



JEWISH COMMUNITY FOUNDATION ORANGE COUNTY

LEGACY PLANNING FAQs

What is a foundation?

- Foundations are grant-making organizations that are regulated by the Internal Revenue Code, which defines what types of activities are considered charitable.
- There are different types of foundations, including private, corporate, and community foundations.
- Most foundations award grants only to non-profit, charitable organizations.
- Foundations are prohibited from lobbying and political activities.

What is a legacy plan?

- A legacy plan preserves and communicates a donor's values, memories, and wishes in order to ensure clarity for future support of organizations and causes the donor cares about.
- It may encompass a family history statement, endowment(s), donor advised funds for children, outright distributions, family advisory committees, and a number of other philanthropic structures.
- Organizations can encourage donors to include them in their legacy plan or contribute to an existing organization endowment fund to help ensure the organization's long-term financial sustainability.

What is a bequest?

- A bequest is the act of giving property through a will.
- The Foundation can provide sample language for a donor's will to indicate a bequest to the Foundation. It can reference the donor's legacy plan – and then that legacy plan specifies the individual beneficiaries. Therefore, if a donor wants to make alterations to a legacy plan (e.g., change beneficiaries or advisors), this can be done without making any changes to the donor's will. To view sample bequest language online, go to <http://jcfoc.org/sample-bequest-language-donors/>

What is an estate?

- An estate refers to the assets and liabilities left after one's death.

What is an endowment?

- An endowment is a permanent fund that earns money to benefit a charitable organization.
 - The principal remains in perpetuity – annual distributions are made to the beneficiary from the funds' earnings.
 - The Foundation maintains endowment funds for individuals, families and organizations.
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- There is no minimum dollar amount for a legacy plan. However, to establish a named endowment fund requires a minimum of \$10,000 to assure distributions are large enough to support the formal structure.

Other than cash, what assets can a donor contribute to his fund?

- Stocks & Bonds
- Insurance policies
- Personal residence
- Commercial property
- Business holdings & Partnerships

How do donors decide on a funding amount?

- This is their choice. Donors may fund a specific dollar amount or specify a percentage of their estate.
- Percentages work well because donors may not know the exact assets that will be available in their estate. Donors can bequeath a percentage of their estate to the Jewish Community Foundation, and then specify in their fund agreement with the Foundation what percentage each beneficiary will receive.

Are donors limited to the types of nonprofit organizations they can select?

- No. Donors may select any non-profit organization that reflects their values and charitable interests. They may also target a field of interest, such as Jewish education or geriatric care.
- The beneficiaries must simply be recognized as non-profit entities under the requirements of Section 501(c)3 of the Internal Revenue Code.

Can a donor change his/her plan after it is established?

- Yes. Donors can modify their legacy plans as often as they wish.
- Changing a legacy plan does not involve altering the donor's will or trust.

Are there fees for legacy planning assistance?

- No. There are no fees whatsoever until the time of funding. Thereafter a 1% annual fee is charged on the endowment fund. This is the same or less than other commercial or non-profit institutions.

Can a donor's children decide where the money goes?

- Yes. Donors can name their children as advisors for part or all of their funds. The Foundation encourages using the creation of a legacy plan as an opportunity to have a family dialogue about the kind of legacy donors want to leave and how their children can help shape it.
- The Foundation's professionals will help explore the options for intergenerational legacy planning, to find the best solution for donors and their families.

What if the donor moves to a different city or state? Is this only for Orange County?

- A legacy plan can be easily altered to reflect the changes in the donor's life. The beneficiaries are not geographically limited to Orange County.

How does the Foundation manage donor funds and investments?

- The Foundation's investment manager, SEI, ensures that funds held at the Foundation are wisely invested for optimum performance over time.
- The Foundation's Investment Committee, a group of volunteers with expertise in finance and investments, provides oversight to Foundation fund management.
- To ensure that distributions to a donor's beneficiaries are not dramatically affected by fluctuations in the market, the Foundation's Board of Trustees establishes a spending rate, which is evaluated annually. The rate is based, in part, on a three-year rolling average of the Foundation's investment returns.

Are donor transactions with the Foundation confidential?

- Absolutely. The Foundation does not share donor information with any individual or organization.

Should donors talk to a lawyer and accountant?

- The Foundation strongly recommends that donors consult with their own professional advisors regarding their legacy plan.
- The Foundation will provide sample language and information to assist donors' advisors.
- The Foundation's endowment professionals will work with donors and their advisors to ensure that the legacy plan is tailored to best meet the donor's expectations and means.