

The Dayton Foundation's Unrestricted Endowment Option For Clients Looking to Help the Community Broadly

By Kevin L. McDonald, Vice President and Trust Administrator, KeyBank

“Why broach unrestricted giving with your clients? First and foremost, it gives clients knowledge of the full range of opportunities open to them.”

—Kevin L. McDonald

In my 29 years as a trust administrator working with high-net-worth clients, I have had many opportunities to discuss charitable giving as part of my clients' tax and estate plans. Rarely is making provision for charity the first priority of a client. Family issues virtually always come first.

As part of the planning process, however, a discussion about providing for charity can be a welcome addition and provide opportunities to clients that they otherwise may not have considered. Among these opportunities is to give to the Greater Dayton community generally, versus to a specific nonprofit, by establishing an endowed, unrestricted fund through The Dayton Foundation. This has proven to be a good fit for a number of my clients.

One Approach with Clients

Some financial and estate advisors have expressed discomfort with bringing up charitable giving to clients who have not raised the issue themselves. I'm happy to share a method I've used that has

worked well for me over the years.

Typically, once my clients feel secure that they and their family members are provided for, they are most likely to be open to a discussion of their charitable interests and how they may provide for them specifically

or for the community in general today or in the future.

Most clients only think of providing charitable gifts outright through their wills and trusts. But it only requires a short discussion to help a client see the benefit of having a community foundation, such as The Dayton Foundation, manage an unrestricted charitable gift that can meet both current and future community needs.

To help them understand The Dayton Foundation generally, I tell them about the Foundation's strength and accountability and their track record of good stewardship of donors' charitable funds since 1921. I explain how the Foundation's stewardship extends into perpetuity and how none of us can know what the greatest community needs will be in the future.

I remember an example used by Fred Bartenstein, a former President of The Dayton Foundation. It entails a donor who may have established a fund to help polio victims – and years later, polio is eradicated. If instead, this donor had established a fund – or designated a percentage of the fund – to be utilized by The Dayton Foundation to help the community with health issues or the greatest needs in any sector at any point in time, polio could have been addressed when it was a major public health issue and another pressing need could receive help from the donor's fund at another time.

Modern examples of how the Foundation has helped the community include The Job Center, the Schuster Performing Arts Center and current efforts to reduce the impact of a poor economy on local nonprofits. All of these endeavors

have involved both dollars and leadership from The Dayton Foundation and may never have gone forward without the Foundation's help. They are made possible by donors who make endowed, unrestricted funds available to The Dayton Foundation to meet the pressing needs of the times. When I explain this, it all makes good sense to people.

In addition, many of my clients have served on charitable boards and committees and seen dollars received from estates spent out quickly, versus endowments that provide long-term, sustaining resources for an organization. This endowed, perpetual aspect resonates with people.

Some Characteristics of Donors to Unrestricted Funds

Beyond being legacy (deferred) donors who wish to give to charity after their lifetimes and help the community broadly, there are other characteristics of people who tend to be more open to this endowed, unrestricted option. Frequently they are people age 75 or older, have been retired for awhile and have become more comfortable with what they can afford to give away.

They are people who have a high level of trust in their relationship with you, the advisor. They are people who understand the big picture – and frequently want something to round out their legacy to their families and their community. Sometimes it is just what they were looking for – and you know you have added value to the service you are providing to them.

Tax savings generally is not their

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KEVIN L. MCDONALD

"[Clients] are grateful...to know they are doing something lasting to help the place where they have lived, worked and raised a family."

– Kevin L. McDonald

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The Dayton Foundation's Unrestricted Endowment Option

Continued from page 1

up-front reason for making their charitable gift. Knowing that they can pass more to charity because they are paying less in taxes, however, definitely has its appeal.

They may be willing to consider either setting up an endowment fund purely for unrestricted giving or designating a percentage of their Dayton Foundation charitable fund to endow the Foundation's community work in perpetuity. If a purely unrestricted fund does not look to be the right option for them, I generally suggest that they consider designating 25% of their endowed fund for this unrestricted purpose. Many clients are receptive to this.

Why Discuss Unrestricted Giving?

So why broach unrestricted giving with your clients? First and foremost, it gives clients knowledge of the full range of opportunities open to them. Second, it answers a need they sometimes haven't articulated. Most of the clients with whom I have the unrestricted giving discussion have earned a living in this community. Many have raised their children here. They care about Greater Dayton and want to put something back.

Giving to individual charities directly is a fine option, if that is what the person chooses to do. But having volunteered with local charities, some clients see the virtue of a third party – in this case The Dayton Foundation – administering a sustaining income to their favorite charities in perpetuity. Furthermore, they see the value of entrusting their funds to an organization that has been working well in this community for nearly 90 years and has broad initiatives that help our community in unique ways year after year. They are grateful to be made aware of this unrestricted option

Dayton Foundation Donors Talk About Their Experiences with Unrestricted Funds



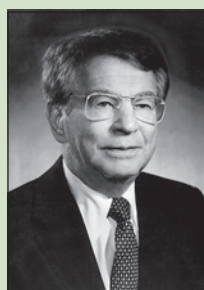
"Giving unrestricted funds is a wonderful idea that everyone should consider. My husband, Harry Toulmin, always said one shouldn't try to dictate from the grave. I think the world of The Dayton Foundation, and I know that they will use these dollars wisely. I'm so glad to be doing this for the community that was so good to Harry and me."

– Virginia B. Toulmin, deferred unrestricted endowment fund donor and client of Kevin L. McDonald



"We believe that The Dayton Foundation's leadership knows best what the Greater Dayton community's needs are, not only today, but tomorrow as well. Our unrestricted endowment fund gives The Dayton Foundation the liberty to meet those needs."

– Adam Lutynski and Joyce Bowden, unrestricted endowment fund donors



"Times change so fast, the needs of the future can scarcely be visualized today, much less taken care of. By using The Dayton Foundation, donors can be assured that the funds they donate today are not directed to obsolete or unimportant needs in the future. Donors can give discretionary judgment to people who are on the scene long after we're gone."

– Jesse Philips, former Dayton Foundation Governing Board member and chair who founded an unrestricted endowment fund in 1987, prior to his death

and to know they are doing something lasting to help the place where they have lived, worked and raised a family.

I feel a sense of confidence about offering this alternative to clients, as I have worked with The Dayton Foundation on many occasions and have found the staff and Governing Board of The Dayton Foundation to be excellent stewards over the years. Foundation staff always are available to offer ideas and background information to assist advisors in finding the best fit for clients' charitable needs. They also can aid in explaining the unrestricted and other charitable options to clients.

Offering the help of a community foundation like The Dayton Foundation is one more way we

can help our clients – and in the process, we can help our community as well. 🌱

Note: Solutions will differ from case to case. The above does not constitute professional financial or tax advice.

Kevin L. McDonald is Vice President and Trust Administrator with KeyBank, with over 29 years of personal trust administration experience with banks in Cincinnati and Dayton. Over the years, he has referred many clients to The Dayton Foundation to help them in their charitable giving and help them in supporting Greater Dayton with tens of millions of dollars in endowment funds through The Dayton Foundation.

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