

# Outright Major Gifts

## Description, Features and Benefits

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### Introduction

This kit is one in a series that together make up a program (the “Program”). The Program is shared by multiple public charities and donors that have chosen to use a common umbrella charity to accept and administer gifts. This kit provides basic information about outright major gifts. An application form that donors and their advisors may use is included in the kit.

### Why Use Program To Make An Outright Gift?

If a donor intends to make a small gift to a charity, he or she probably should do so by simply writing a check or using the charity’s on-line facility for accepting credit or debit card gifts. The receiving charity will issue a gift receipt for tax purposes.

But if the gift is a major gift to one or more charities, especially if it is a non-cash gift, it may be more convenient for all parties concerned to use this Program. With this Program an umbrella charity receives the gift – whatever the asset(s) might be – issues a single gift receipt, liquidates the asset(s) and sends the proceeds to the particular charities as instructed. One final consideration is anonymity. If for whatever reason a donor wishes to remain anonymous, this Program can process the gift and the receiving charity will not know the donor.

### What’s An Outright Gift?

By “outright” we mean a gift where the donor does not retain any kind of income or remainder interest as is the case with certain charitable trusts or other arrangements. In an outright gift the donor is giving away his or her entire ownership interest in the asset. We also mean by “outright” that there is no endowment element to the gift. The receiving charity may spend the entire gift. In an endowment the so-called “principal” of the gift must remain invested. Note that an outright gift is not necessarily unrestricted with regard to how or for what purpose the receiving charity spends the gift.

### Unrestricted Outright Gifts

Unrestricted outright gifts are very helpful to charities because they enable charities to use 100% of the gift proceeds for whatever their highest priorities may be. Donors are encouraged to make unrestricted outright gifts. Such gifts are testaments to

the donor’s faith and confidence not only in the mission of the charity, but in its particular programs and management decision-making. If at all possible, please make unrestricted outright gifts.

### Restricted Outright Gifts

On the other hand, if the donor has strong preferences about how the gift is to be used – the purpose of the gift is central to the donor’s motivations for giving – few charities would refuse the gift. Clearly there are rare circumstances where charities decline restricted gifts. Sometimes donor restrictions simply cannot be made to fit the mission and programs of the charity. The gift, in other words, is impractical. It won’t work despite everyone’s best intentions.

If one is contemplating a restricted gift, he or she should talk it over with a representative of the charity or another trusted advisor to test out one’s thinking. What’s practical? What may not be practical?

### Public Recognition

It is valuable to charities to give public recognition to donors and their gifts. By allowing the receiving charity to publish the donor’s name, the donor is making a second gift of sorts. How’s that?

Donors feel more comfortable giving to a charity when they notice that other people like themselves have already given. A charity’s donor recognition program helps build a community of donors; a certain level of awareness among donors that they are not alone in their faith and confidence in the mission and programs of the charity. By allowing one’s name to be added to the published community of donors a person gives encouragement to future donors. Allowing public recognition is a second gift.

### Anonymity

On the other hand, some donors prefer to remain anonymous about their philanthropy or with regard to a particular gift. It is perfectly okay to request anonymity without further explanation.

### What’s the Next Step?

Finish reading the pages of this kit. Complete the gift application form. Send it to the umbrella charity who will telephone the applicant to review the application and answer questions. ♣

# Schedule of Expense Deductions as of January 1, 2010

**Introduction:** The Program is shared by multiple public charities and individual Donors through the use of a tax-exempt umbrella charity (“Umbrella Charity”).<sup>1</sup> This Schedule of Expense Deductions lists some of the current administrative practices of the Umbrella Charity and the deductions it makes to cover its costs. **Please note that ...**

**TOTAL EXPENSES = ADMINISTRATION (Schedules ‘A’ through ‘C’) + INVESTMENT (Schedule ‘D’)**

## Schedule ‘A’ – ADMINISTRATION - Transaction Minimums, Setup & Flat Annual Deductions

	1	2	3	4	5	6	7	8	9
	Outright Gift	Endowed Gift	Donor Advised Fund	Charitable Remainder Trust	Charitable Lead Trust*	Gift Annuity Contract	Pooled Income Fund	Life Estate Agreement	Charitable Living Trust
Kit	#1	#2	#3	#4	#5	#6	#7	#8	#9
<b>Initial Minimum</b>	\$10,000	\$25,000	\$10,000	\$150,000	\$150,000			\$100,000	\$150,000
<b>Setup Deduct.</b>	(1)	100	100	750	750			750	750
<b>Annual Deduct.</b>		100	100	500	500				500 Schedule ‘C’
<b>Addition Minimum</b>		1,000	1,000	(2)	(2)				1,000
<b>Checks going out</b>		Annually	As needed	Quarterly	Annually				As needed
<b>Minimum Check</b>		250	250	<p>(1) To process outright gifts of cash/publicly-traded securities to charities, the deduction is 2.5% of the asset, plus \$10 per charity. If the gift is not cash or public securities, please note the additional charges of Schedule ‘C.’</p> <p>(2) Only “unitrust” versions can accept additional contributions. If the addition is made as of December 31<sup>st</sup> there is no additional expenses deduction. For other dates there is a setup deduction of \$250.</p>					
<b>Minimum Balance during Life</b>		5,000	5,000						
<b>Minimum Balance after Death</b>		10,000	10,000						

## Schedule ‘B’ – ADMINISTRATION - Asset-Based Deductions

**First \$1 million:** 0.57% per year; **Next \$1 - \$5 million:** 0.25%; **Next \$5 - \$15 million:** 0.15%; **Next \$15 - \$50 million:** 0.10%; **Amounts above \$50 million:** 0.05%.

Calculated on January 1<sup>st</sup> and deducted quarterly. Minimum total deduction \$1,500 per year for charitable trusts; \$100 minimum for all other account types.

## Schedule ‘C’ – ADMINISTRATION - Other Expense Deductions

Out of pocket expenses for appraisals, surveys, taxes, insurance, etc. must be funded with cash from the Donor. Will deduct additional amounts from gift for transactions that require more time compared to cash/public stock gifts. For Charitable Living Trusts there is no additional charge for standard quarterly distributions, but other tasks such as paying household bills will be charged at an hourly rate.

## Schedule ‘D’ – INVESTMENT EXPENSES

In most cases, Donors and Stewards may make suggestions, but cannot direct action by the Umbrella Charity concerning the broker-dealer (the “stock brokerage firm”), the registered representative (the individual “stock broker”) and/or the registered investment advisor (a professional who manages a portfolio), and the particular investments. Investment expenses are thus determined by the decisions made by the Umbrella Charity in selecting these firms, professionals and investments. None of the individuals involved with investments may be related by blood or marriage to the Donor or Steward.

<sup>1</sup> The initial Umbrella Charity is Charitable Foundation USA, Saint Louis, MO

<b>Agreement for Outright Major Gift (Not Endowed)</b>	Write in name of Introducing Organization:
<p><b>Introduction:</b> The organization whose name appears in the box to the right is the “Introducing Organization” of this Program, which is shared by multiple public charities and donors through the use of a tax-exempt umbrella charity (“Umbrella Charity”).<sup>1</sup> This Agreement is your request for the Umbrella Charity to accept a gift for the benefit of the public charities you designate in Section ‘D.’ Please complete this form, sign and date it. Please fax this form to 800-757-8711. <b>Upon receipt, an administrator will telephone to review this form with you.</b> Please mail the original signed form (make a copy for your files) to: Charitable Foundation USA c/o Wise &amp; Scott, LLC, 2333 Grissom Drive, Suite 106, Saint Louis, MO 63146-3322. Telephone: 314-779-1898.</p>	Contact person:
	Telephone:
	<b>Please FAX To:</b> 800-757-8711
	<b>Also Mail Original To:</b> Charitable Foundation USA c/o Wise & Scott 2333 Grissom Dr., Ste. 106 Saint Louis, MO 63146-3322

**Section ‘A’ – About You – The Person(s) Making the Gift**

1	Your Name:	M/F:	Date of Birth:
2	Residence - Street:		
3	City:	State:	Zip: Res. Tel:
4	Status: <input type="checkbox"/> Married, <input type="checkbox"/> Widowed, <input type="checkbox"/> Single, <input type="checkbox"/> Divorced		Bus. Tel:
5	Spouse Name:	M/F:	Date of Birth:

**Section ‘B’ – About the Assets Being Gifted**

6	Describe the assets to be gifted. <b>Check ALL OPTIONS that apply:</b>							
<input type="checkbox"/>	(a)	Enclosed Check payable to “CFUSA” for \$	Name on Bank Account:					
<input type="checkbox"/>	(b)	Publicly-traded securities. Do you have certificates? <input type="checkbox"/> Yes, <input type="checkbox"/> No, they are held in street name at						
		Broker’s name:	Firm:	Telephone:				
		Security Name	SYMBOL	Number of Shares	Owner	Est. Value	Cost Basis*	Year Purchased
		* Need this information as soon as you can find it.						
<input type="checkbox"/>	(c)	Private C-Corporation** Name of Co:					State:	
		Number of shares outstanding:		Per share value:	No. of Shares to be gifted:			
		Is Company able to redeem shares? <input type="checkbox"/> No, <input type="checkbox"/> Yes						
<input type="checkbox"/>	(d)	Real Estate Location: **						
		At what price do you believe it will it sell:				How long will it take:		
		Your cost basis:	Annual costs (Insurance, Taxes, etc.):			Revenue:		
		Are hazardous materials on this site? <input type="checkbox"/> Yes, <input type="checkbox"/> No, <input type="checkbox"/> Don’t know.						

<sup>1</sup> The initial Umbrella Charity is Charitable Foundation USA, Saint Louis, MO

**(Section ‘B’ Continued on Next Page)**

**Section 'B' – Continued**

(e) **Other: \*\***

**\*\* An appraisal from an independent qualified appraiser will be required.**

(f) **Amount of Grant \$ \_\_\_\_\_ from (Check one):**

Private foundation name: \_\_\_\_\_ Contact: \_\_\_\_\_ at Tel. \_\_\_\_\_

Donor advised fund firm: \_\_\_\_\_ Contact: \_\_\_\_\_ at Tel. \_\_\_\_\_

Name of your individual fund: \_\_\_\_\_ ID number: \_\_\_\_\_

**7** Are there debts, mortgages or liens against any asset described in Question 6 (a) thru (e)?  No,  Yes

**8** Any assets described in Question 6 (a) thru (e) jointly owned?  No,  Yes – Who:

**9** If sold today would any asset in Question 6 (a) thru (e) produce ordinary taxable income?  No,  Yes

**Section 'C' – Honoree for Purpose of Public Recognition – Also check column (d) of Question 11.**

**10** This gift is made in honor of (check one):  The Donors in Section 'A',  Anonymous,  Other person to be honored:

**Section 'D' – To Below Charities. Unrestricted unless otherwise explained on attached separate page. Gifts will be processed as quickly as possible and paid to the below charities:**

11	%	(a) Name of Charity	(b) Complete Address	(c) Telephone	(d) Is this gift anonymous?
	1.				Yes - No
	2.				Yes - No
	3.				Yes - No
	4.				Yes - No
	5.				Yes - No
	<b>100%</b>				

**Section 'E' – Disclosure Statement & Signature(s)**

I understand and agree that Introducing Organization, Umbrella Charity and the charities listed in Section 'D' do not render tax or legal advice. I understand and agree that I should seek the tax and legal advice I determine is appropriate for me in my situation. I understand and agree that Umbrella Charity is not an agent for Introducing Organization or the charities listed in Section 'D,' and they are not agents for Umbrella Charity. This Agreement is exclusively between Umbrella Charity and me, the terms of which can be modified only in writing and only by the President of Umbrella Charity making specific reference hereto. I understand that once I transfer an asset to the Umbrella Charity it becomes an **IRREVOCABLE Gift**. The asset cannot be returned. I understand Umbrella Charity may not accept my assets or any restrictions I may have placed upon them if they do not conform to Umbrella Charity's tax-exempt purposes or standards. **I have read this Agreement and to the best of my knowledge and belief all the information entered is true and complete.**

**DONOR SIGNATURE:** \_\_\_\_\_ **DATE:** \_\_\_\_\_

**SPOUSE SIGNATURE: \*** \_\_\_\_\_ **DATE:** \_\_\_\_\_

\* Spouse must sign if he/she joint owner of an asset listed in Section 'B.'

**Administrator Use Only. Donor was interviewed by:**

**Print:** \_\_\_\_\_ **Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_