

# Philanthropy Journal

A nonprofit newspaper about the nonprofit community  
 Look for us on the World Wide Web at <http://www.pj.org>  
 OF NORTH CAROLINA

## GONE ARE THE DAYS OF THE SIMPLE DONATION

### Community foundations extend benefits of planned giving

*The Community Foundation of Greater Greensboro has established a planned giving service to help nonprofits make the most of complex gifts. Other community foundations offer similar kinds of assistance to make the process more accessible.*

BY LESLIE WAUGH

If the words "charitable remainder trust" make you break out in a cold sweat, take heart: community foundations can help nonprofit organizations simplify the complexities of planned giving, a fundraising vehicle that has the potential to reap huge rewards.

Planned giving has long been a powerful staple of development pro-

grams at universities, hospitals and other large institutions, but smaller nonprofits typically have not been able to afford their own experts.

Last May, the Community Foundation of Greater Greensboro launched a formal planned giving service to assist those kinds of groups. The service is available at no charge to nonprofit managers and individuals interested in exploring planned giving.

"We're providing the planned giving service to small nonprofit organizations that, generally speaking, are

unable to pursue it on their own," says John Farmer, planned giving specialist for the foundation.

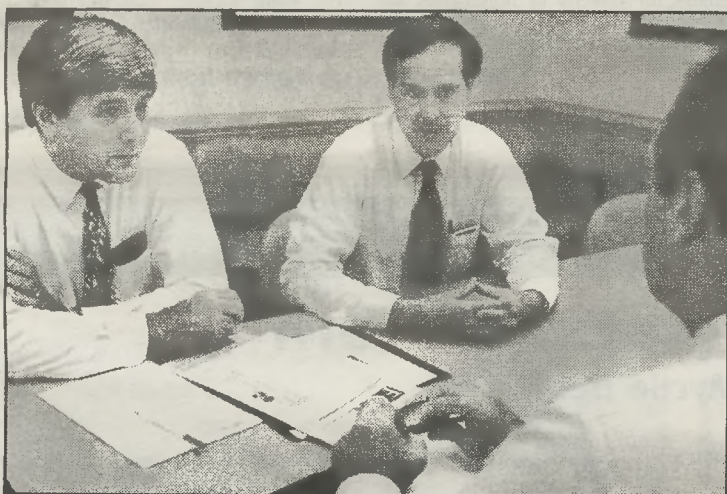
"A community foundation is a natural place to put planned giving expertise at the benefit of other smaller nonprofits," he says. "We have a lot of expertise in fund and trust management."

The foundation's advising committee is made up of about 20 attorneys, trust officers, accountants and financial advisers who provide technical assistance and serve as liaisons with potential donors and officers at other foundations.

Community foundations, one of the fastest growing areas of organized philanthropy, are publicly supported charities that administer funds contributed by individuals, other foundations, businesses and community organizations.

Historically, community foundations have a long tradition of managing planned gifts, says Shannon St. John, executive director of the Triangle Community Foundation. "We've developed expertise in this arena that many community foundations are now sharing with other nonprofits."

While many community foundations offer advice on and manage planned gifts, Farmer says, the Greensboro foundation strives to offer a full-service program. It is designed to educate board members, actively seek potential donors, assist donors in drafting legal documents and provide reference materials on planned giving. It was created in part with grants from the Cemala, Hillsdale and Z. Smith Reynolds foundations.



Planned giving specialist John Farmer (left) discusses services offered by the Community Foundation of Greater Greensboro with Mike Aiken (center) and John Rosser of Greensboro Urban Ministry.

Photo courtesy of Community Foundation of Greater Greensboro

Look for GIFTS, page 2

### Planned giving primer

Planned gifts have become increasingly popular because of their significant tax advantages and ability to provide lifetime income. The most common types of planned gifts include:

- **Bequest** — Charitable gift upon death of donor.
- **Charitable gift annuity** — Contract between charity and donor. In exchange for donation, charity agrees to pay fixed payment for life to donor or person of donor's choosing.
- **Pooled income fund** — Often compared to mutual fund. Charity "pools" contributions for investment purposes. Donor contributes remainder interest irrevocably to charity and retains life-income interest for one or more beneficiaries.
- **Charitable remainder trust** — Trust that provides income to individual for life or a specific period of time. At end of time period, trust principal is distributed to charity. In charitable annuity trust, payout is set percentage of trust's original value, while in charitable remainder unitrust, income is based on percentage of fair market value of trust assets.
- **Charitable lead trust** — Assets are placed in trust with specified amount of income, either fixed or percentage of principal, generated by trust to be distributed to charity. At end of trust term, principal can be returned to donor or designated heir.
- **Retained life estate** — Donor gives home to charity, while retaining right to live in house for remainder of his or her life.

### Fidelity makes mark on charitable giving

*Fidelity Investment's charitable gift fund has skyrocketed in five years to become the 12th-largest U.S. charity.*

BY RACHEL MUIR

In 1992, Fidelity Investment created a charitable gift fund that gives individuals and organizations an alternative to creating their own foundations.

Since then, Fidelity has made nearly \$500 million in grants from that fund to more than 50,000 charities around the world. The fund's assets of nearly \$1 billion placed it 12th in the most recent ranking by *The Chronicle of Philanthropy* of the 400 largest national charities — up 10 places from 1996.

The fund was the brainchild of Fidelity Chairman Edward C.

Look for FIDELITY, page 7

### A journey, not a destination

## Quality movement hits nonprofit sector

*United Way holds an orientation session in Winston-Salem for nonprofits interested in its Excellence in Service Quality Awards, a program modeled after the Malcolm Baldrige National Quality Awards.*

BY KELLY PRELIPP LOJK

Winston-Salem

United Way of America is promoting a concept among nonprofits that has long been a sta-

ple of business consultants' lingo: Quality.

While nonprofits have always been concerned with doing their jobs well, the Excellence in Service Quality Awards program seeks to help nonprofits think about their "business" in a more formal, structured way to increase efficiency and improve performance.

In November, United Way of Forsyth County hosted an orientation session for about 50 individuals interested in the program. The Winston-Salem orientation, open to all nonprofits, was one of five held in the U.S. last year.

The program, modeled after the for-profit sector's Malcolm Baldrige National Quality Award, presented its first awards in 1994. United Way of Wake County was among the 1995 awardees. In 1996, United Way of America opened up the program to all nonprofit human service organizations located in the U.S.

The mantra of the movement — "quality is a journey, not a destination" — underscores the program's focus on continuous improvement.

"Receiving an award is not the main goal by any means," says Ron Drago, who heads United

Way of Forsyth County and was president of United Way of Wake County when it received an award.

The purpose of the program, Drago says, is to change the culture of an organization and adopt a philosophy of excellence.

"It is important to understand that an organization never reaches perfection, that an organization needs to constantly be looking at its key processes and be improving on them."

Look for QUALITY, page 5

**INSIDE**

- Connections .....3
- Grants & Gifts .....15
- In January.....15
- Opinion .....10
- People.....16
- Professional Services..17

**NONPROFITS**

- Rising to the occasion**  
VOICES, a Raleigh nonprofit literacy organization, aims to do more than just teach reading and writing.
- Page 4

**FOUNDATIONS**

- Honoring heroes**  
The Z. Smith Reynolds Foundation recognizes the work of three Tar Heel humanitarians with the Nancy Susan Reynolds Awards.
- Page 6

**VOLUNTEERS**

- Helping hands**  
With a November appearance in the Tar Heel state, Gen. Colin Powell helps the state gear up for the Governor's Summit on Volunteerism in Greensboro.
- Page 8

**CORPORATE GIVING**

- Public relations lesson**  
Ramada hotels become the first official corporate sponsor of Childreach, the U.S. component of PLAN International, which sponsors 91,000 children in 42 countries.
- Page 12

**FUNDRAISING**

- Widening the circle**  
Legacy societies provide lessons in planned giving and raise awareness about estate planning, an exercise that isn't just for the very wealthy.
- Page 14