

Your Vision. Our Experience.

A Handbook
for
Donor Advised Fund
Advisors



Welcome

The Boston Foundation is delighted to welcome you as an advisor to a Donor Advised Fund. We look forward to working with you to design a philanthropic plan that fits your goals—so that your passions and interests can direct your giving and your contributions can have a real impact.

A Donor Advised Fund is a component fund of the Boston Foundation and, as such, adds to the Foundation's overall strength and ability to play a major grantmaking and civic leadership role in our city. You also will benefit from the synergistic and dynamic relationship the Boston Foundation has with the Greater Boston community and our entire region.

The Boston Foundation has been a Donor Advised Fund expert for 30 years, and today administers hundreds of these funds. We invite you to take advantage of the full array of services and programs we offer: efficient fund and grant administration; easy-to-use online services; stimulating donor programs; services that encourage family philanthropy—and as much guidance as you would like in your charitable giving.

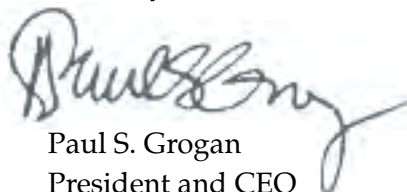
Our knowledgeable staff can serve as a liaison with charities close to home and far away—lending expertise on a wide range of issues and helping you measure the real impact of your giving. The Boston Foundation also offers many ways to incorporate charitable giving into your estate planning and can help you with succession planning for your fund.

We invite you to participate in the full life of the Boston Foundation. Our Boston-area grantmaking and civic leadership promote innovation across a broad range of community issues—from education and workforce development to health, housing and the arts. You can tap into the Foundation's wealth of knowledge by attending some of the many forums we offer through our "Understanding Boston" series, or by learning more about the issues you care about most through the award-winning Boston Indicators reports and website at www.bostonindicators.org.

If you need additional information or assistance, please do not hesitate to call 617-338-1700. Detailed information about Boston Foundation staff members who will serve as your personal contacts are listed on the enclosed Contact Roster.

We look forward to working with you.

Sincerely,



Paul S. Grogan
President and CEO

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Using Your Donor Advised Fund

How to Recommend a Grant

Step One (for you):

Familiarize yourself with the specific grant guidelines for Donor Advised Funds (see page 6).

Step Two (for you):

Submit suggestions of \$250 or more online through “Advisor Xpress” using the secure ID and password provided to you by the Foundation. An unlimited number of grant suggestions can be made and Advisor Xpress provides access to a list of previously approved grants to facilitate grant resubmissions.

or

Fax or mail a *Grant Suggestion Form* to the Foundation.

In order to expedite the processing of your grant suggestion, the Foundation requests that you provide the full name, address and phone number of the organization to which you are recommending a grant. (If you submit your recommendations through Advisor Xpress, the Foundation’s extensive database of organizations and their addresses is at your disposal.) Grants will be designated for general operating support, unless otherwise specified in the “Grant To Be Used For” field. Any special requests should be indicated in the “Note to TBF” field.

Step Three (for the Foundation):

Once your suggestion is received, the Foundation will:

- verify that the organization is classified as a public charity under Section 501(c)(3) of the Internal Revenue Code and, if needed, will request documentation from the organization;
- check for any information in the Foundation’s files that might raise questions about the organization’s public accountability and/or its commitment to diversity and equal opportunity;
- contact the organization, if necessary, for additional information about their mission and purpose;
- clear any matters of concern with you;
- forward your suggestion to the President for approval;
- mail grant awards (with checks) to organizations that have been approved to receive grants from the fund;
- notify you via email that grant suggestions have been approved and paid. (Should you wish to receive a hard copy of grant approval reports, please contact Fund Administration at 617-338-2213.)

Please note: we do not provide your contact information to organizations receiving grants unless you give us explicit permission to do so.

Schedule

The Board of Directors has authorized grants to be approved on a weekly basis. In practice this means that grant suggestions received by Friday of any given week are paid, pending authorization, on or before Friday of the following week.

Grant Payments

Grants are paid from both income and principal, unless you established your fund as a permanent fund.

Grant Guidelines

- You may make grant suggestions of \$250 or more to any qualified 501(c)(3) public charity or operating foundation in the United States.
- Grant suggestions may be submitted either online through Advisor Xpress or by using a Grant Suggestion Form by fax or mail.
- Grants to international organizations with a U.S. 501(c)(3) determination are subject to the Foundation's standard due diligence procedure.
- Grants to international organizations without a U.S. 501(c)(3) determination also may be possible after completing an alternate qualifying process through a third party agency for additional fees. Contact Fund Administration for more information.
- You may choose several options of anonymity with every grant suggestion. For example, you and/or your fund name can be anonymous. These options are listed on the Grant Suggestion Form and online.
- If you want us to share your contact information with organizations you support, please give us permission to do so in the "Note to TBF" field of the form.
- You may recommend multi-year (installment) grants. These grants are approved for the full grant amount, but are paid in installments based on a schedule recommended by you (e.g., annually).
- Due to IRS regulations, you may not recommend grants to fulfill pledge obligations. Please do not sign pledge agreements with charities; rather contact the Foundation first. We are happy to put your grant on a payment plan subject to the availability of funds from your Donor Advised Fund.
- Any grant that provides more than an incidental benefit to donors or fund advisors and/or their families is not allowed. Under the Pension Protection Act of 2006, monetary penalties apply to you personally if you receive a prohibited benefit or you recommended a grant which results in a prohibited benefit. In some situations, monetary penalties even apply to the Boston Foundation if we approve your recommendations.
- U.S. Government regulations prohibit grants for memberships, sponsorships or tickets to events for you or your family members. Bifurcation of grants (splitting the deductible portion from the nondeductible portion of the grant) is not allowed. Monetary penalties apply (see above).
- Grants may not be made to participate in or to sponsor yourself or family members on a charitable bike ride or similar activity where there is any quid pro quo under the gift substantiation rules. Examples include when the riders receive hotel accommodations, dinners, snacks etc. Monetary penalties now apply (see above). You may, however, sponsor people who are not related to you on walks, rides, etc. If your grant suggestion references a specific individual, please indicate "no relation" in the "Note to TBF" field to indicate your understanding and acceptance of this policy.
- You may make a grant to sponsor yourself or a family member on the charitable walk or bike ride, as long as the charity offers nothing more than an incidental benefit (coffee mugs, key rings and the like). The Boston Foundation will determine eligibility.
- Grants may not be made to individuals, private non-operating foundations, or certain supporting organizations.

** Note: Grant policies are subject to Boston Foundation review.*

SAMPLE GRANT AWARD LETTER

Date

A2009-0035

It is a pleasure to present a \$1,000 grant to ORGANIZATION NAME, to be used for PURPOSE. If you are not able to fulfill this purpose, please contact the Fund Administration Office at 617-338-2213. This grant was made at the recommendation of a fund advisor through a Donor Advised Fund at the Boston Foundation.

Fund Advisor: John Doe
Fund Name: John Doe Fund

Please note that it is not necessary to send the Boston Foundation any tax receipt or acknowledgement letter and we kindly ask that you do not send us any general mailings unless requested. In the interest of our donors' privacy, we do not disclose donor contact information, and have asked our donors to contact you directly if they would like to be on your mailing list.

The Boston Foundation wishes you continued success.

By accepting this grant your organization certifies to the Boston Foundation that: 1) this grant may not be used to satisfy the payment of a pledge or other personal or corporate financial obligation on behalf of the above-referenced Fund Advisor(s); and 2) no goods or services (memberships, tickets to events, benefits of a personal or corporate nature, etc.) will be provided to any individuals or entities as a condition of this grant.

When making any public announcement about this grant, we would appreciate it if you would recognize the support from the above named fund at the Boston Foundation.

Online Fund Services / Advisor Xpress

The Boston Foundation is pleased to offer you the ability to access your fund information online, whenever it's most convenient for you. Advisor Xpress is a secure site that donors and fund advisors may access by using a personalized user ID and password. All donors who provide us with their email address on the Fund Agreement are registered for immediate access to the site. If you are unsure of your user ID and password, please contact Fund Administration.

The features include:

Online grant suggestions	Submit an unlimited number of grant suggestions online in one session. Access a list of previously approved grants for resubmission as new grants.
Contribution history	See the gifts you have made annually and cumulatively to your fund, including the number and types of securities, etc.
Grant history	See a list of grants you have made annually and cumulatively from your fund. Sort this grants list by organization name or dollar amount.
Quarterly fund statement	Access and print your quarterly fund statement and investment performance update.
Calendar of events	Learn about upcoming Boston Foundation events and forums.
Forms	Access and print a Grant Suggestion Form and a Donor Advised Fund Succession Plan Form.

Please refer to our Frequently Asked Questions on pages 10 and 11 or contact Fund Administration for assistance.

Adding to Your Fund

You may add to your Donor Advised Fund by making additional contributions at any time. There is no minimum requirement for additional contributions and all contributions are irrevocable. The Boston Foundation can accept most types of assets including outright gifts of cash, publicly traded and restricted stock, tangible personal property and real estate. The Foundation also offers a variety of planned giving vehicles (see page 21 for detailed information).

To make an additional gift other than cash, please contact Fund Administration first at 617-338-2213 or fundadmin@tbf.org. This ensures that we credit your fund properly.

Cash Gifts

Cash gifts must be in U.S. dollars and delivered by check or wire. Checks should be made payable to Boston Foundation, Inc. with the specific fund name listed on the memo line. Alternatively, contact Fund Administration for cash wire instructions.

Securities

Please call Fund Administration for assistance with the following gifts:

Publicly-Traded Securities. Publicly-traded stocks and bonds can be transferred by wire or delivered in certificate form.

Mutual Funds. Mutual fund shares are also accepted.

Restricted Securities. Gifts of Rule 144 Stock are reviewed by the Boston Foundation prior to acceptance.

Closely-Held or Founders Stock. Gifts of closely-held stock are reviewed on a case-by-case basis.

Real Estate

Gifts of real estate can be accepted. Residential, corporate and undeveloped land held more than one year is reviewed by the Boston Foundation on a case-by-case basis prior to acceptance to ensure that certain conditions are met.

Private Foundations

It is easy and convenient to consolidate a private foundation into a Donor Advised Fund. Advantages include: anonymity, unlimited generations of successor advisors, consolidation of administrative costs and preferred charitable deductibility of additional gifts. To discuss private foundation termination or consolidation, contact our Development Office at 617-338-1700.

Planned Gifts

The Boston Foundation offers a broad range of planned giving options, and participates actively in serving as trustee of charitable trusts and issuing charitable gift annuities. Our Director of Estate and Gift Planning is available to work with you and your advisor to create a charitable gift plan that meets your personal and charitable goals (see page 21 for more information).

Credit Card Donations

Please visit www.tbf.org to make a donation using your credit card.

Fundraising

The Boston Foundation maintains rigorous donor fundraising policies in accordance with IRS guidelines and the Massachusetts Division of Public Charities. The Foundation must approve all fundraising efforts prior to any third-party solicitations. Please contact us for a copy of the complete fundraising policy.

Third-Party Contributions

Individuals other than the founding donor may make contributions to any charitable fund at the Boston Foundation. Checks should be made out to Boston Foundation, Inc. with the specific fund name listed on the memo line. All contributors will receive a gift acknowledgement for tax purposes.

Gift Acknowledgement

All gifts will be acknowledged in accordance with Internal Revenue Code requirements. Generally, the IRS requires taxpayers to complete and file a Form 8283 with their federal income tax return for gifts of property valued at \$5,000 or more. It is the donor's responsibility to get an appraisal for all gifts other than cash and marketable securities for tax deduction purposes.

Gift Acceptance Fees

Any costs incurred to evaluate, acquire, or sell a complex gift asset, such as real estate, partnership interest, or closely-held stock, will reduce the net proceeds credited to the beneficiary fund.

Frequently Asked Questions

Q: Is there a limit to how many grants I can recommend in a year and will it cost more if I recommend over a certain number or amount of grants?

A: There is no limit to the number of grants an advisor can recommend, and there are no additional processing fees. The minimum grant size is \$250.

Q: I recently made a pledge to support my favorite charity. Can I use my Donor Advised Fund to make payments?

A: No. The Internal Revenue Service views paying a pledge on the same terms as paying any other debt, and therefore, takes the position that paying a pledge confers an impermissible private benefit. It is for this reason that the Boston Foundation does not allow you to use your Donor Advised Fund to make pledge payments. As part of the grant suggestion process, the Foundation requires you to acknowledge your acceptance of this policy each time you recommend grants. However, you may recommend multi-year (installment) grants. These grants are approved for the full grant amount, but are paid in installments based on a schedule recommended by you (e.g., annually).

Q: Who can recommend grants from the Donor Advised Fund I established?

A: Anyone listed as an advisor on your Fund Agreement can recommend grants from the fund. The Foundation also will consider written requests to add additional advisors or successor advisors to the fund.

Q: Why don't I receive thank you letters from nonprofits I support through my Donor Advised Fund?

A: The Boston Foundation does not disclose donor contact information in grant award letters unless you give us explicit permission to do so. In addition, we ask grantee organizations not to send any mail to fund advisors in care of the Boston Foundation. Please contact organizations directly if you would like to be on their mailing list. You also are welcome to give us permission, on a grant-by-grant basis, to share your contact information with grantees. You may do this in the "Note to TBF" field.

Q: Can I recommend grants anonymously?

A: Yes, there are various levels of anonymity available for each grant recommended. In the award letter to the organization any or all of the following can be anonymous: fund name, advisor name(s), both fund name and advisor name(s). You also may request that the grant and the fund name not be made public through any of the Boston Foundation's external communications. Lastly, you may request that the grant and the

fund name not be made public through external communications of the grantee organization. Please note that this language will be included, but compliance is at the prudence of the grantee organization.

Q: May I support my or my family member's participation in a charitable walk/event?

A: You may do so only when there is no quid pro quo under the gift substantiation rules. For example, if the bike ride or walk offers nothing more than an incidental benefit (coffee mug, key ring and the like) you may recommend the grant. However, if there is any quid pro quo under the gift substantiation rules (for example, when the riders receive hotel accommodations, dinners, snacks, etc.) the grant may not be made to support you or your family member's participation. Monetary penalties apply to you personally if you receive a prohibited benefit or you recommended a grant that result in a prohibited benefit. In some situations, monetary penalties even apply to the Boston Foundation if we approve your recommendations.

Q: Can I ever change the name of the Donor Advised Fund I established?

A: Yes. The Foundation will consider changing the name of the fund. A written request to change the name of the fund is required.

Q: I want to make grants to a childcare organization, but I am not familiar with any. Can the Foundation help me identify some programs?

A: Yes. The Foundation's Philanthropic and Donor Services staff is able to provide information on a wide variety of programs in the Greater Boston area. We also are able to research funding areas of interest to you and to link you to the Foundation's program staff expert in your area of interest. Should your interests be outside of Greater Boston, we are able to tap into our extensive network of community foundations throughout the country to find the information you need.

Q: May I serve on the board of an organization and recommend a grant to it from my Donor Advised Fund?

A: Yes, you may make Donor Advised Fund grants to organizations in which you, your spouse or family members participate in a volunteer or board capacity. We simply ask that you certify that you will receive no personal benefit from the grant by agreeing to the terms and conditions at the bottom of the form.

Q: What do I do if I forget my Advisor Xpress password?

A: Enter your user ID and click on the link that says "Forgot your password? Click here." You will be prompted to enter in your email address, which must match the address the Boston Foundation has on file. Your password will then be emailed to you.

Q: When looking at my grants list online, I sometimes see a "GS" next to the organization. What does this mean?

A: "GS" stands for GuideStar, a national online database which provides information about the operations and finances of nonprofit organizations. If you click on the link, you will be taken into www.guidestar.org, specifically to receive information on the particular organization from your list.

Q: I recently moved and want to update my record at the Boston Foundation. Is there a way to do this via Advisor Xpress?

A: Yes! Login to Advisor Xpress and choose "My Profile Information." Edit the information and click "Submit Changes."

Fund Management

Investment of Your Donor Advised Fund

Total Return Investment Philosophy

The Boston Foundation has a total return approach to investment management under the Uniform Management of Institutional Funds Act. This allows the Foundation to capture a portion of the historically higher appreciation in the equity and equity-like markets. Total return is a term used to describe the total change in fund value over a given time period resulting from both interest and dividends and capital appreciation (realized and unrealized gains).

Investment Vehicle: The Fund for the 21st Century

The Boston Foundation invests its funds in a pool of investment products known as **The Fund for the 21st Century**. As an investment vehicle, the Fund has a long-term time horizon and is structured to achieve returns in excess of the spending policy, fees and inflation. All of the investment firms are nationally known. The guiding philosophy of the Fund's management at all times is to promote the prudent stewardship of funds entrusted to the Boston Foundation for the benefit of the community of donors and charitable organizations we serve.

Investment Committee

The Investment Committee, made up of members of the Boston Foundation's Board of Directors, is responsible for the overall management of invested funds held by the Foundation, most of which are placed in the Fund for the 21st Century. Committee members meet at least four times a year, as well as in response to developments in the capital markets and other investment demands, such as portfolio rebalancing and manager-related decisions. They also are responsible for selecting, monitoring and terminating investment managers and consultants, and reviewing long-term performance relative to the Fund's investment objectives. The Foundation also employs a full-time Chief Investment Officer and uses the services of an outside investment consulting firm.

Investment Strategy

The Fund for the 21st Century is very broadly diversified across asset classes and investment styles to achieve the best possible investment results in all market environments. Alternative investments are a part of the asset allocation as they enhance the predictability of returns, and they lower the overall risk of the portfolio. They include real estate, private equity, commodities and timber investments.

Visit our website at www.tbf.org for a list of current asset allocation targets and investment managers. For additional information about investment products, managers and performance, call Fund Administration at 617-338-2213.

Short-Term Investing Option

For funds that have a short-term time horizon for grantmaking, the Foundation offers a current-use option. This option is invested in a money market product that preserves capital.

Proxy Voting

Because of its financial interests and commitments to the values of access, diversity, fairness and respect, the Boston Foundation has a policy of voting shareholder resolutions in accordance with these values, particularly on issues related to the environment, community well-being and citizenship, diversity and equity, and good corporate governance. The Foundation has been cited repeatedly as a leader in proxy voting and institutional social investing.

To learn more, please visit our website at www.tbf.org.

Reporting

A quarterly fund statement is available to you online through Advisor Xpress, the Foundation's online Donor Services portal. This statement will show the balance of the fund and will detail the previous quarter's activity including all contributions to and grants from your fund. If your fund is invested in the Fund for the 21st Century, you also will receive a quarterly update on its performance. If you prefer to receive your statement via mail, please notify Fund Administration.

Fees

Each fund will be allocated a portion of the Boston Foundation's administrative and investment expenses as set forth below.

Administrative Fees

Administrative fees are deducted in four quarterly installments based on the Fund's principal balance on December 31 of the previous year. Fees are reviewed annually by the Boston Foundation's Board of Directors, and are subject to change at the sole discretion of the Boston Foundation. Contact Fund Administration for current administrative fees.

Administrative fees for Donor Advised Funds cover grant and fund administration, such as due diligence procedures, the receipt and acknowledgement of contributions, processing and payment of grants, and compliance with federal and state reporting requirements. Fees also support online fund access through Advisor Xpress and most of the Foundation's extensive donor services designed to enhance fund advisors' giving and philanthropic experience.

Investment Fees

The Boston Foundation has negotiated competitive fees from investment managers not typically available to individual investors. Funds are responsible for an allocable portion of these fees as investment expenses. Such expenses are charged directly to the earnings, with net earnings credited to the fund. Investment fees are subject to change in the sole discretion of the Boston Foundation and its investment managers. For current investment fees, contact Fund Administration.

Low Balance Funds

The Foundation periodically reviews funds with balances under the Foundation's \$10,000 minimum, and will contact the fund advisor to offer assistance, including the option to make additional contributions to the fund, to bring the fund up to the minimum, or grant out the fund balance and close the fund. Should a non-permanent fund, with a balance below the Foundation's \$10,000 minimum, become inactive for two years, neither receiving additional contributions nor making any grants, the fund advisor will be notified with 90 days warning that the Fund will be terminated and the balance moved to the Permanent Fund for Boston—the Foundation's endowment used to meet the most pressing needs of the Greater Boston region.

Low Activity Funds

The Foundation encourages fund advisors to retain an active role in their Donor Advised Fund. In order to carry out its mandate of distributing charitable dollars to the community, the Foundation periodically reviews the grantmaking activity of all Donor Advised Funds. Should a fund not make any grants over a five-year period, the Boston Foundation will contact the fund advisor(s) to discuss intentions for the fund. At that time, the fund advisor(s) will be given the following options:

- Recommend the balance of the grantmaking account (see below) be granted to one or more 501(c)(3) public charities of their choice.
- Recommend that the balance of the grantmaking account be transferred to the Permanent Fund for Boston or to one of the Foundation's Field of Interest Funds.
- Provide a plan for funding a specific charitable project that requires an accumulation of resources for more than a five-year period.

In the event that the fund advisor(s) cannot be located or is/are unresponsive, the balance of the fund's current grantmaking account will be transferred to the Permanent Fund for Boston.

Spending Rule Policy and Grantmaking Account

The Boston Foundation uses a Spending Rule policy to determine the amount available for annual grantmaking from permanent Donor Advised Funds, Field of Interest Funds, Designated Funds and the Permanent Fund for Boston. Most Donor Advised Funds are not established as permanent funds, and therefore, are not restricted to the Spending Rule amount. For more information on the Spending Rule, contact Fund Administration at 617-338-2213.

In order to maintain adequate liquidity for grantmaking, an amount equal to the Foundation's Spending Rule is transferred out of the Fund's principal account and into the Fund's cash account (grantmaking account) on a quarterly basis. Fund advisors who have chosen Fund Permanence will have annual grantmaking restricted to this grantmaking account. For others the grantmaking account is a starting place and the full balance of the fund may be accessed at any time.

Legal and Tax Implications of Donor Advised Funds

Tax Implications of Donor Advised Funds

As a **public charity** under Sections 501(c)(3) and 170(b)(1)(a) of the Internal Revenue Code, initial and subsequent contributions made to the Boston Foundation currently receive the maximum charitable deduction permitted under state and federal law. *Note: The Boston Foundation is not a licensed tax advisor. Donors should work with their financial, tax or legal professional to determine the best charitable giving strategy for their situation.*

Control of Assets / Material Restrictions

In order for a contribution to be treated as a charitable gift, the IRS requires that the Boston Foundation retain ultimate control over investments, administration, and granting activity. Additionally, the IRS requires all such funds be free of material restrictions imposed by donors in a manner consistent with the requirements of Section 1.507-2 of the Treasury Regulations. This means that while you, as fund advisor, may suggest grants, the Boston Foundation is not legally bound by your advice.

Variance Power

All contributions to the Boston Foundation are subject to the Boston Foundation's variance power, as stated in Article 4.7 of the Articles of Organization, which gives the Board of Directors of the Boston Foundation the right to redirect the use of any fund in the event that, over time, the distributions from a fund have become unnecessary or incapable of fulfillment due to the changing needs of the community. For example, a fund set up early in the 20th century for research and treatment of polio, no longer considered a threat to public health, might be redirected to a more pressing current medical need in the community.

Transfers

Neither party to a fund may transfer or assign a fund or its obligations to a third party without the prior written consent of the other party. The advised function of any fund cannot be assigned without the approval of the Boston Foundation.

Disputes

The fund agreements between donors and the Boston Foundation are governed by the laws of the Commonwealth of Massachusetts without regard to its conflicts of law principles. Venue for any disputes arising out of or in connection with a fund shall be sited in the federal or state courts of Massachusetts.

The Boston Foundation's Privacy Policy

The Boston Foundation deeply values its relationship of trust with its donors and fund advisors. The Foundation's Confidentiality Policy governs the maintenance of personal data and provides that the Foundation will not sell, trade or exchange information about its donors or fund advisors, and will honor the wishes of those who prefer to remain anonymous in all communications materials. The full policy is available at: www.tbf.org/privacy.aspx.

Philanthropic and Donor Services

The Boston Foundation has an entire department that is dedicated to working closely with donors to make their philanthropy as effective and fulfilling as possible. Philanthropic and Donor Services staff can help you support your favorite charitable programs, identify and evaluate new giving opportunities, learn about current areas of need in the community, involve your family members in your giving, and plan for the future of your Donor Advised Fund. With your vision and our experience, we can help you make a difference in the communities you care about. We invite you to call upon us to get the assistance you need. Refer to the enclosed staff Contact Roster for specific names and numbers.

Our services include:

Strategic Planning

The Foundation's staff can help you develop and articulate a philanthropic mission and giving goals, and help you to prioritize those goals to achieve maximum impact in the community. We have a variety of written materials available to help address your questions, and our staff is skilled in handling specific needs and concerns.

Family Philanthropy

Working alongside and making philanthropic decisions with your family members can be incredibly rewarding. Family philanthropy offers you the opportunity to pass on your philanthropic values, come together for meaningful activities and discussion, learn more about each other as individuals, and develop a common vision. It also enables you to address social needs in a way that draws upon the strengths of all family members. Without the guidance of experienced professionals, however, articulating and implementing a plan for your family's giving can be challenging. Philanthropic and Donor Services staff is here to help.

We have worked one-on-one with donors and their children and grandchildren to develop and implement philanthropic plans for their families. We have organized "learning & doing" events for parents and their children. We have a growing library of written resource materials and guides that can help inform and shape your giving. In addition, the Foundation's Director of Estate and Gift Planning can help you incorporate philanthropy into your family's plan for the future by utilizing creating gift planning techniques (see page 21).

Should you wish to explore family philanthropy, please contact us.

Site Visits

Visiting a nonprofit organization you are, or may consider, funding as well as the neighborhood it serves, is an excellent way to gather data about the organization and see its work in action. It also enables you to evaluate a potential grant more effectively, and enhance your own understanding of the community and how you and the organizations you fund can best serve its needs. The Boston Foundation can arrange site visits with potential grantees, as well as advise you on questions to ask staff and board members and other issues to consider. The Foundation also organizes periodic group visits exclusively for donors and fund advisors.

Information on Local Programs and Giving Opportunities

The Boston Foundation has a rich and long history of making grants in the Greater Boston area and is grateful to the many donors who have made those grants possible. Our program staff is comprised of skilled grant-makers whose role is to analyze and recommend funding for hundreds of worthy organizations in Greater Boston each year in many different areas, such as education, health and human services, job training, the environment and the arts. You may access this tremendous wealth of information and knowledge through an individual consultation with our Philanthropic and Donor Services staff. We can work with you to identify giving opportunities that fall within your areas of interest or we can share with you our knowledge of specific organizations. We also circulate regular newsletters and reports keeping you up-to-date on current issues, special initiatives, and successful programs in various sectors.

Much information about our city and region is available to you online through the Foundation’s major websites.

What you are looking for:	Where you will find it:	What you will find:
Information about a specific area of community life (e.g., education or health)	Go to www.tbf.org and choose Understanding Boston from the blue menu bar at the top of the page	How the Boston Foundation frames the issue, access to fresh Boston Foundation research—and links to the <i>Boston Indicators</i> site, which contains detailed charts, analyses and downloadable data
Information about an <i>Understanding Boston</i> forum	Go to www.tbf.org and choose Forums from the grey menu bar at the very top of the page	Descriptions of, and reports released at, forums as well as video clips from more recent forums
Examples of how the Foundation and its donors have worked together to make a difference	Go to www.tbf.org and choose There at The Beginning from the blue menu bar at the top of the page	Brief stories about the many effective nonprofit institutions that received early support from the Boston Foundation and its donors
Data and analysis for the major issues affecting Boston and the region today	Go to www.bostonindicators.org and choose an area of interest	Updated research and data revealing trends and ‘At-a-Glance’ synopses of the areas that interest you most

Donor Education and Events

Understanding Boston

Understanding Boston is a series of forums, educational events and research sponsored by the Boston Foundation to provide information and insight into issues affecting Boston, its neighborhoods, and the region. By working in collaboration with a wide variety of partners, the Boston Foundation provides opportunities for people to come together to explore challenges facing our constantly changing community and to develop an informed civic agenda. Presentations have included:

- Boston's Education Pipeline: A Report Card
- Passion & Purpose: Raising the Fiscal Fitness Bar for Massachusetts Nonprofits
- Vital Signs: Illuminating Greater Boston's Arts and Culture Sector
- The Boston Paradox: Lots of Health Care, Not Enough Health
- The Greater Boston Housing Report Card

Practical Skills

Whether you are a new donor or an experienced one, the Boston Foundation is committed to helping you learn practical skills to enhance your philanthropy. Topics covered in past programs include "International Grant-making," "Giving to Medical Research," "Planning for the Future of your Donor Advised Fund," and "Models for Family Giving." Because we recognize that donors have much to learn from each other, we build in plenty of time for donors to engage with each other. We welcome your ideas on what programs you would find most useful.

Estate and Gift Planning

As part of its ongoing series on Estate and Charitable Gift Planning, the Foundation is pleased to offer estate and gift planning seminars each year to donors and friends. These educational programs provide you with an excellent opportunity to learn about the advantages of creative gift planning from an expert in the field. Past programs have included "Responding to Financial Markets: Life Income and Related Plans," "Charitable Planning with Real Estate Interests," and "Estate and Gift Planning Basics."

Co-investment Opportunities

For donors, private foundations and other friends who have significant resources, the Boston Foundation provides opportunities to leverage charitable dollars and meet mutually agreeable goals. This often means partnering with the Foundation on a specific grant which has undergone the rigorous review process by the Boston Foundation's program staff. This also could mean partnering with the Boston Foundation and other funders on one of our special initiatives. For information on initiatives currently underway, such as StreetSafe Boston or College Access and Success, please contact us.

Other Resources for Donors

Publications

The Boston Foundation produces publications of interest to donors, grant seekers, financial and legal advisors and other residents of the Greater Boston community, including “TBF News,” the Foundation’s newsletter, an annual report, and a variety of *Understanding Boston* reports (see above). The Foundation also produces a donor exclusive newsletter featuring tips and tools on charitable giving, gift planning strategies and helpful reminders. These publications are available on our website at www.tbf.org.

The Boston Indicators Project

The Boston Indicators Project is a civic initiative coordinated by the Boston Foundation in partnership with the City of Boston/Boston Redevelopment Authority and the Metropolitan Area Planning Council. Its goal is to engage the general public, as well as civic and community-based institutions, the media, business and government, in better understanding Boston’s key challenges and opportunities through shared access to high quality objective data. The Project relies on the expertise of hundreds of stakeholders gathered in multiple convenings to frame its conclusions, and draws data from the wealth of information and research generated by the region’s excellent public agencies, civic institutions, think tanks, and community-based organizations. We invite you to peruse the groundbreaking website this project has launched at www.bostonindicators.org.

Planning for the Future of Your Fund

Effective philanthropy requires thoughtful planning—including decisions related to the future of your Donor Advised Fund. The planning, of course, begins with an introspective look at your motivations and the development of some goals. Do you want to pass along a tradition of giving to your children or grandchildren? Do you know what specific institutions or causes you want to support? Have you thought about incorporating charitable giving into your overall estate plans? To help you begin, please refer to the Succession Planning Guide found in this packet. In addition, the Foundation is happy to work directly with you to develop customized plans to meet your goals in the three intersecting areas of philanthropy, estate planning and family.

Succession Planning Options

Please note that all succession plans must be communicated to the Foundation in writing for approval. Please use the Donor Advised Fund Succession Plan Form available in this packet or available on our website.

Name co-advisors	Involve the next generation now by adding them as co-advisors . Begin a tradition of giving together.
Name successor advisors	Pass the fund on to another generation or split equally into separate funds for each of your successors . There is no limit on the number of successors or the number of generations. Note: Donor Advised Funds created by organizations, rather than by individuals, and/or those established as scholarship funds, are often advised by an appointed committee with a process for selecting new members. As with funds created and advised by individuals, successor advisors must be named in writing by the organization and/or the appointed committee.
Designate specific institutions	Convert the fund to a Designated Fund . Grants will be made annually from the “income” of the fund in perpetuity to your designated organizations.
Designate specific causes	Convert the fund to a Field of Interest Fund . The Boston Foundation will identify organizations in your area of interest. Grants will be made annually from the “income” of the fund in perpetuity.
Leave a lasting gift to Greater Boston	Designate all, or a portion, of your Donor Advised Fund to the Boston Foundation’s Permanent Fund for Boston . Through this fund, the Foundation meets some of Greater Boston’s most pressing community needs.

If, upon the death of all of the original advisors, the Boston Foundation does not have a succession plan on file for your fund, the balance of your fund will be added to the Permanent Fund for Boston. The Foundation would prefer to honor your charitable intentions rather than see this scenario occur by default. Please contact the Foundation to discuss your wishes. We are happy to design a plan that meets your needs.

Planned and Legacy Giving

Leaving a Lasting Legacy through the Boston Foundation

Planned and legacy gifts are a way to further your philanthropic goals, plan for the future of your fund and, if so desired, incorporate philanthropy into your family's plan for the future. Planned giving combines financial planning, estate planning and tax planning techniques to help you make charitable gifts, often with dramatic tax and financial rewards. The Boston Foundation offers a full range of planned giving vehicles that you can use to your tax, income and philanthropic advantage.

Flexibility of Fund Choice

Planned and legacy gifts can be made to any type of fund at the Boston Foundation. The type of fund you select to benefit from your gift will depend on your individual circumstances. For example, you may want to build the assets of your Donor Advised Fund for your use, or for the use of future generations. You may want to provide lasting support to your handful of favorite charities; in this case, a planned or legacy gift could be used to establish a Designated Fund. You may want to support broad areas of interest such as health care or education through a Field of Interest Fund, or you may want to give the Foundation the ability to use your gift to meet the most pressing needs in Greater Boston through a gift to a fund within the Permanent Fund for Boston. Through creative and thoughtful gift planning, you can accomplish any of these objectives and we are happy to help.

Rogerson Legacy Society

Donors who make planned or legacy gifts to a fund at the Boston Foundation will be invited to join the Foundation's *Rogerson Legacy Society*. If you have already included the Boston Foundation in your gift plan through a bequest, charitable trust, charitable gift annuity, life insurance policy or retirement asset, we invite you to become a part of this legacy society. The Boston Foundation will, of course, honor your request for anonymity if so desired.

To discuss planned and legacy giving options and benefits, receive sample gift calculations or arrange a confidential consultation, please contact the Director of Estate and Gift Planning (see the enclosed Contact Roster or use the enclosed planned giving response card).

Types of Planned Gifts

Bequests

A bequest to a fund at the Boston Foundation is a wonderful way to ensure that the charitable causes that have become important to you and your family over the years continue to be supported beyond your lifetime.

Bequests can be made by will or revocable trust.

Bequests can take a variety of forms, such as a specific amount, a percentage of your estate or a certain asset. You also can name your Donor Advised Fund or any other type of fund at the Foundation as the "residuary beneficiary" of all or part of your estate after other bequests have been made, or as a "contingent beneficiary" in the event that other named beneficiaries do not outlive you.

The sample language below is provided to assist donors and their attorneys in making gifts to an existing Donor Advised Fund at the Boston Foundation by bequest. To receive language to benefit other types of funds, contact the Director of Estate and Gift Planning.

“I give and bequeath the sum of _____ /the following described property _____ (description of assets given) to Boston Foundation, Inc., with the request, as consistent with the Articles of Organization and By-Laws of Boston Foundation, Inc., as amended from time to time, that the funds thus be added to _____ (name of fund), [SELECT ONE: the income OR the income and/or principal] to be used to enhance the quality of life for the citizens of Greater Boston. While the Boston Foundation is given complete discretion in making grants, suggestions may be made from time to time by the Foundation’s Governing Board by _____ (individuals named by the donor).”

Charitable QTIP Trusts

With a charitable QTIP (Qualified Terminable Interest Property) trust, income (and principal, if needed) is paid to your spouse for life, after which the remaining assets will pass to your fund at the Boston Foundation. If you create the trust to take effect at your death, the trust completely escapes estate or gift tax because the portion passing to your spouse qualifies for the marital deduction and the gift to your Donor Advised Fund or other fund qualifies for the charitable deduction.

Charitable Remainder Trusts

Charitable remainder trusts are flexible vehicles that allow you to make a charitable gift but retain an income stream (for yourself and/or others) for life or a fixed number of years. At the end of the term of the trust, the remaining trust assets pass to your fund. These trusts are particularly well suited for gifts of cash and appreciated securities or other assets such as real estate or securities producing little or no income at the time of the gift. Because the trust is tax-exempt, it can sell the asset without incurring capital gains tax and reinvest for a higher yield. This flexible gift planning strategy is best suited for gifts of \$100,000 or more, and can be established during life or by will to provide income for family members.

There are two general types of charitable remainder trusts: the charitable remainder unitrust and the charitable remainder annuity trust. With a charitable remainder unitrust, you receive a fixed percentage (minimum 5%) of the trust’s assets each year. Income payments will fluctuate as the value of the trust changes each year. With a charitable remainder annuity trust, you receive a fixed dollar amount each year. The Boston Foundation can serve as trustee of charitable remainder trusts, providing sound management and investment at a low cost as well as the trusted stewardship of your charitable intent.

BENEFITS

With a charitable remainder trust, you will:

- receive an immediate income tax charitable deduction in the year the gift is made
- receive an income stream that may be larger than the net earnings you have been receiving
- avoid capital gains when making a gift of appreciated securities
- reduce estate tax liability
- benefit from expert trust management by experienced professionals
- make a generous gift to your Donor Advised Fund or other fund

Charitable Gift Annuities

A charitable gift annuity is an agreement between you and the Boston Foundation. You make an irrevocable gift of at least \$25,000 to the Boston Foundation and receive a fixed, guaranteed income from the Foundation each year for the rest of your life and/or the life of another person. At the end of the annuity period, the remaining value of the annuity gift will be allocated to your permanent Donor Advised Fund. You can start drawing the income immediately or defer the start of the annuity payments until a later date. Because the payments can be deferred, gift annuities are a popular vehicle for supplementing retirement income. The Boston Foundation offers annuity rates recommended by the American Council on Gift Annuities.

BENEFITS

With a current or deferred charitable gift annuity, you will:

- receive an income stream for life that will be backed by the assets of the Boston Foundation
- receive an immediate income tax deduction upon making the gift
- reduce capital gains taxes which can spread out over a number of years
- receive a portion of each annuity free from income tax
- leave a legacy by making a generous gift to your permanent Donor Advised Fund or other fund at the Boston Foundation

Charitable Lead Trusts

With a charitable lead trust, you transfer assets to a trust and direct the trustee to make income payments immediately to your Donor Advised Fund or other fund for a term of years or for the lives of specified individuals. With the most common type of charitable lead trust (a non-grantor charitable lead trust), at the end of the trust's term, the remaining assets pass to family members or other individuals you designate.

Although you do not receive an immediate income tax charitable deduction for the gift, you will receive a federal gift tax deduction for the value of the income interest passing to the Boston Foundation. In addition, you are not taxed on any of the income earned by the trust. Taxable income generated by the trust and capital gains realized by the trust are taxed to the trust, but the trust is allowed a charitable deduction each year for the amount of the distributions to the Boston Foundation in that year. Gift taxes are locked in based on the value when the trust is funded, not on the amount that ultimately passes to family members. As a result, any appreciation that ultimately passes to family members is not subject to gift tax. You can use all or part of your lifetime unified credit to offset gift taxes. In addition, the trust assets will be removed from your estate for estate tax purposes. (Please consult your attorney about gifts to grandchildren that may result in the Generation Skipping Transfer Tax.)

With a charitable lead unitrust, your fund will receive a fixed percentage of the trust assets each year. With a charitable lead annuity trust, your fund will receive a fixed dollar amount each year. Charitable lead trusts may be established during life or by will. The Boston Foundation can serve as trustee of charitable lead trusts, providing sound management and investment at a low cost as well as the trusted stewardship of your charitable intent.

BENEFITS

With a non-grantor charitable lead trust, you will:

- receive a federal gift tax deduction
- pass all of the remaining trust assets on to your heirs with any growth in the trust passing tax-free to your heirs

- reduce estate tax liability because the trust assets will be removed from your estate
- benefit from expert trust management by experienced professionals
- make a generous gift to your Donor Advised Fund

Gifts of Retirement Plan Assets

When retirement assets pass to your heirs, these assets can be subject to both estate and income taxes that can total more than 70% of the assets. Many donors are electing to avoid these taxes by designating their fund as the beneficiary of their retirement accounts and designating other assets (such as appreciated stock with a stepped-up cost basis) to their heirs.

The Boston Foundation offers two strategies for gifts of retirement plan assets. First, you may designate your Donor Advised Fund to receive your IRA or qualified retirement plan assets. Your estate will be reduced by the amount of the gift and your estate will pay no income taxes on the IRA. A second alternative is to name a charitable remainder trust as the beneficiary of your IRA or qualified retirement plan. The trust can benefit your family for a period of time that you specify, no income taxes will be due on the assets at your death and your estate tax liability will be reduced. When the trust term ends, the remaining trust assets will pass to your Donor Advised Fund.

Gifts of Life Insurance

You can make a gift to your fund by irrevocably designating the Boston Foundation as the owner and beneficiary of a paid-up insurance policy. You will receive an income tax charitable deduction equal to the lesser of the replacement value or cost basis of the policy. You can also use life insurance as a wealth replacement asset. You may replace the dollar value of an asset transferred to the Boston Foundation with a life insurance policy of which your family members are beneficiaries. The income tax and other tax savings from your gift to the Boston Foundation are often more than enough to cover the cost of the insurance premiums.

Glossary of Terms

501(c)(3): Section of the Internal Revenue Code that designates an organization as charitable, tax-exempt, and nonprofit. Organizations qualifying under the code include religious, educational, charitable, amateur athletic, scientific, or literary groups; organizations testing for public safety; or organizations involved in prevention of cruelty to children or animals. Most organizations seeking foundation or corporate contributions have a 501(c)(3) status. The Boston Foundation's due diligence on grants includes verifying 501(c)(3) status.

Advised Fund: A fund through which the donor (or person or committee designated by the donor) can advise the community foundation on charitable distributions. The recommendations are only advisory; the governing body of the community foundation has legal control over all distributions.

Community Foundation: A community foundation is a tax-exempt, nonprofit, autonomous, publicly supported, philanthropic institution composed primarily of permanent funds established by many separate donors of the long-term diverse, charitable benefit of the residents of a defined geographic area. Typically, a community foundation serves an area no larger than a state.

Community foundations provide an array of services to donors who wish to establish endowed funds without incurring the administrative and legal costs of starting independent foundations. There are more than 500 community foundations across the United States today.

Permanent Fund for Boston: The Permanent Fund for Boston is the Boston Foundation's largest and most flexible unrestricted fund. Through a competitive grants process, the Permanent Fund for Boston provides grants to nonprofit organizations to meet current needs. In addition, through this fund the Foundation addresses major issues that have far-reaching impact on our city and the communities we serve.

Component Funds: Multiple funds (such as Donor Advised Funds) which comprise a community foundation. A Donor Advised Fund is a component fund and asset of the Boston Foundation, Inc. (a qualified public charity), and as such, any contribution to a component fund is automatically treated as a gift to a public charity.

Designated Fund: A fund from which distributions are restricted to one or more public charities that have been named by the donor. The Boston Foundation oversees the annual grant process ensuring that the organization has not changed its legal status and that its purpose remains charitable in nature. In the event that the organization ceases to operate or changes its purpose, the Boston Foundation will see that the fund is used to continue the donor's charitable objectives.

Endowed Fund: Also known as a permanent fund, an endowed fund is intended to be kept permanently and invested to generate income for charitable grants. Endowed and permanent funds are restricted to the spending rule and may not dip below historical gift value.

Field of Interest Fund: A fund from which distributions are restricted to a charitable purpose specified by the donor (for example, the arts, education, or summer activities for the youth of Chelsea).

Private Foundation: A foundation that receives most of its income from, and is subject to control of, an individual or other single or limited source. Also the technical IRS term for an organization which is tax-exempt under Section 501(c)(3) but does not have to meet a public support test, so therefore is classified as a private foundation under the Internal Revenue Code.

Private Operating Foundation: A private foundation (see above) that uses its income to operate a charitable activity, such as a school or camp, rather than to make grants. A private operating foundation has a different tax status yet again from either a public charity or a private non-operating foundation.

Spending Rule: Cash usage or “spending” determination made each year by the Board of Directors aimed at both the long-term growth of endowment fund principal and also a consistent level of annual grants to charity.

Unrestricted Fund: A fund that gives the Boston Foundation complete discretion to make charitable grants. The Boston Foundation’s largest unrestricted fund is the Permanent Fund for Boston.

Variance Power: The ability of a community foundation to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to any specified organization if, in the sole judgment of the governing body, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served. All funds accepted by the Boston Foundation are subject to this variance power.

The Boston Foundation gratefully acknowledges the Council on Foundations, Donors Forum of Chicago, the Foundation Center and Associated Grant Makers, who are responsible for many of these definitions.

About the Boston Foundation

History

Established in 1915, the Boston Foundation was one of the first and today is one of the largest community foundations in the country—major grantmaker, partner in philanthropy, key convener, provider of information and civic leader. The Foundation is made up of many different funds, which are pooled and invested together. The result is a permanent resource for the community with the flexibility to respond to changing times.

Innovation

The Boston Foundation's grantmaking, special initiatives and civic leadership promote innovation across a broad range of compelling community issues—from educational excellence to affordable housing to workforce development to galvanizing support for health and the arts.

Information

Through its *Understanding Boston* series, the Foundation commissions fresh research—adding to a growing body of knowledge about the most important issues facing Greater Boston. The Foundation shares this information through a series of forums that are attended by thousands of people every year. The Foundation also sponsors the Boston Indicators Project, which provides a constantly-updated body of information about every aspect of life in Greater Boston through an award-winning website at www.bostonindicators.org.

Impact

In its unique role as a grantmaker, developer of special initiatives and civic leader, the Foundation focuses on tangible, measurable results, while leveraging millions of dollars in investments from other foundations, donors, and government. It also establishes cross-sector task forces to tackle the toughest community challenges.

Governance and Staff

The Foundation is overseen by a 20-member Board of Directors, selected to represent diverse interests within the community, and some 50 staff members who work closely with donors, grantees, civic leaders, and community residents to have a positive impact on Greater Boston. The staff includes professionals in the areas of grantmaking, philanthropy, finance, administration and communications.

Grantmaking

The Boston Foundation and its donors make millions of dollars in grants to thousands of nonprofit organizations in Greater Boston and, through Donor Advised Funds, across the country and internationally. The Foundation's Boston-area grantmaking and special initiatives are designed to improve community life in areas that are deemed crucial to the future competitiveness of Greater Boston and the region.

For more information about the Boston Foundation visit our website at www.tbf.org.

Notes



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