

2025



**Omaha
Community
Foundation**

Growing good,
together.

Creating a legacy through charitable vehicles

Kathy Schubauer, MPA
Director of Donor Services

OMAHA COMMUNITY FOUNDATION



MISSION

Maximizing the power of philanthropy to strengthen our community.



VISION

A connected community of passionate philanthropists, strong nonprofits, and thriving residents.



BY THE NUMBERS

\$544 million gifts received

\$2.3 billion assets under management

\$237 million distributed across nearly 18,000 grants

3,500 nonprofits receiving grants



WHAT IS A COMMUNITY FOUNDATION?



- 900+ community foundations nationwide
- Structure: 501(c)(3)
- National Standards Accreditation
- Giving tools
 - Charitable giving funds
 - Concierge level service
 - Community connections
 - Partner grantmaking



Why discuss charitable giving?

Transfer of Wealth

GENERATIONAL SHIFT: Changing the face of philanthropy

- **Nebraska:** \$100 billion will transfer by 2030
- **Omaha metro:** \$44 billion by 2030
- **\$1 trillion over next 50 years**

OCF's ROLE: Community Connector & Convener

- **Families:** Next Gen Education, Defining Donor Intent
- **Advisors:** Developing Relationships with Next Gen
- **Nonprofits:** Education and Impact for Next Gen



Multi-Generational Giving: The Generosity Gene

- Parental giving is linked with an 8.7% increase in the likelihood that their children give
- Parental modeling has a greater effect on whether daughters give than whether sons give (11.5% vs. 5.4%)
 - **This rises by 27%** for daughters in wealthy families but is unchanged for sons

WHO INFLUENCES
NEXT GEN DONORS:

89 %
PARENTS

63 %
GRANDPARENTS

56 %
CLOSE FRIENDS

47 %
PEERS



Transfer of Wealth: Our Role

CHARITABLE OPPORTUNITY: 15% of transferred wealth is expected to go to philanthropic causes.

- **Nebraska:** \$15 billion by 2030
- **Omaha metro:** \$6.5 billion by 2030

OCF's ROLE: Philanthropic Advisor with charitable giving tools and vehicles.

- **Donor Advised Funds:** Fastest-growing, flexible and easy charitable giving vehicle.





Your Role and Solutions

Benefits of Discussing Philanthropy

- Deeper client relationships
- Helps connect beyond the individual to the family
- Attract new clients who are charitably-minded
- Link with Next Generation



Conversation Starters

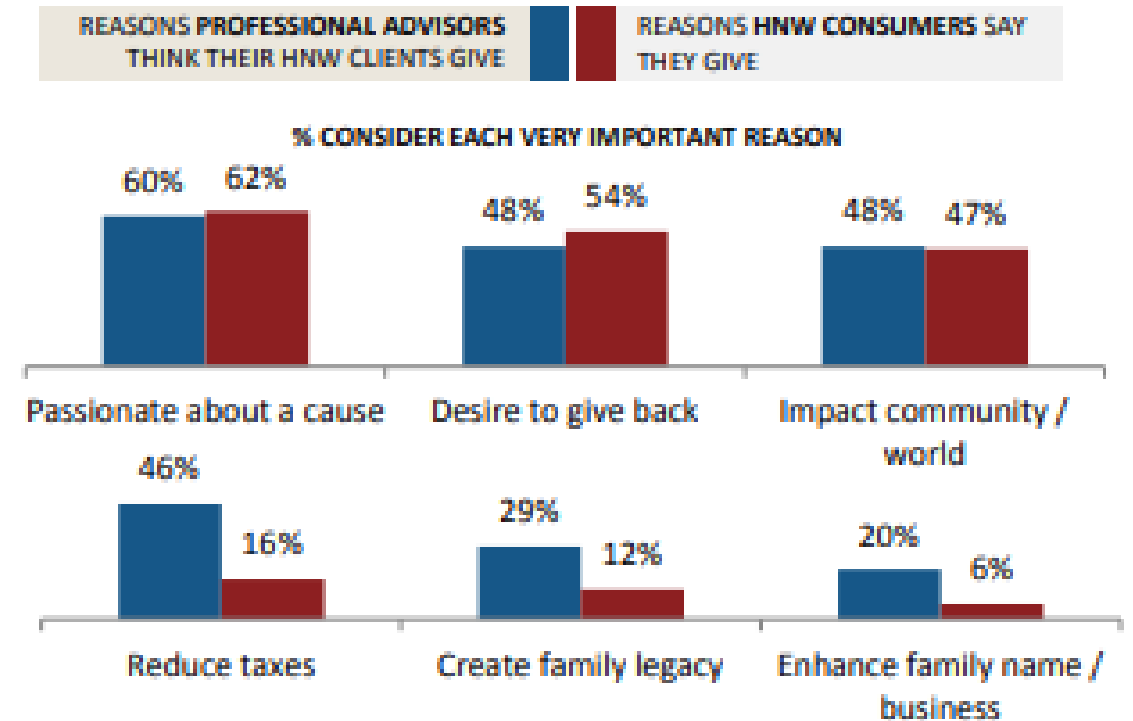
- What is your earliest memory of giving?
- Is there someone you admire who shaped who you are?
- Who is the most generous person you know and why?
- How did/do your parents and grandparents practice generosity? Does that influence your giving?



Role of Professional Advisors

U.S. Trust Study of the Philanthropic Conversation: July 2018

REASONS HNW CONSUMERS DECIDE TO GIVE



58% HNW CONSUMERS WILL NOT CHANGE GIVING LEVELS BECAUSE OF THE 2017 TAX POLICY

35% ADVISORS SAY THEIR CLIENTS WILL NOT CHANGE GIVING LEVELS BECAUSE OF 2017 TAX POLICY

29% ARE UNSURE OF THEIR CLIENTS' PLANS

Role of Professional Advisors

U.S. Trust Study of the Philanthropic Conversation: July 2018

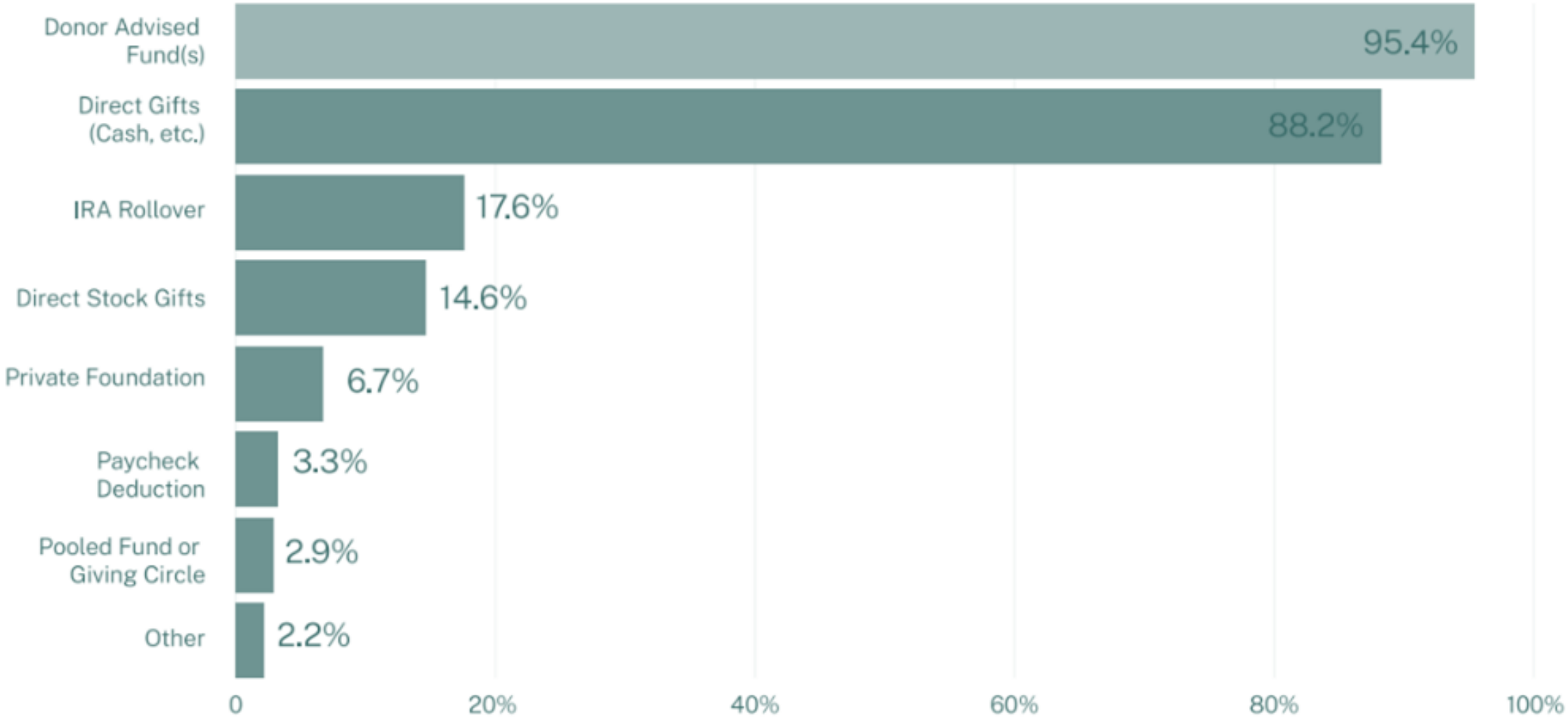
% Rating Each a "Very Important" Reason HNW Consumers Decide to Give (Top Box)



A21. Thinking in general about your clients who engage in charitable giving or philanthropy, how important do you think each of the following is in their decision to give?
Q7. How important are each of the following in your decision to give?



Current Ways of Giving



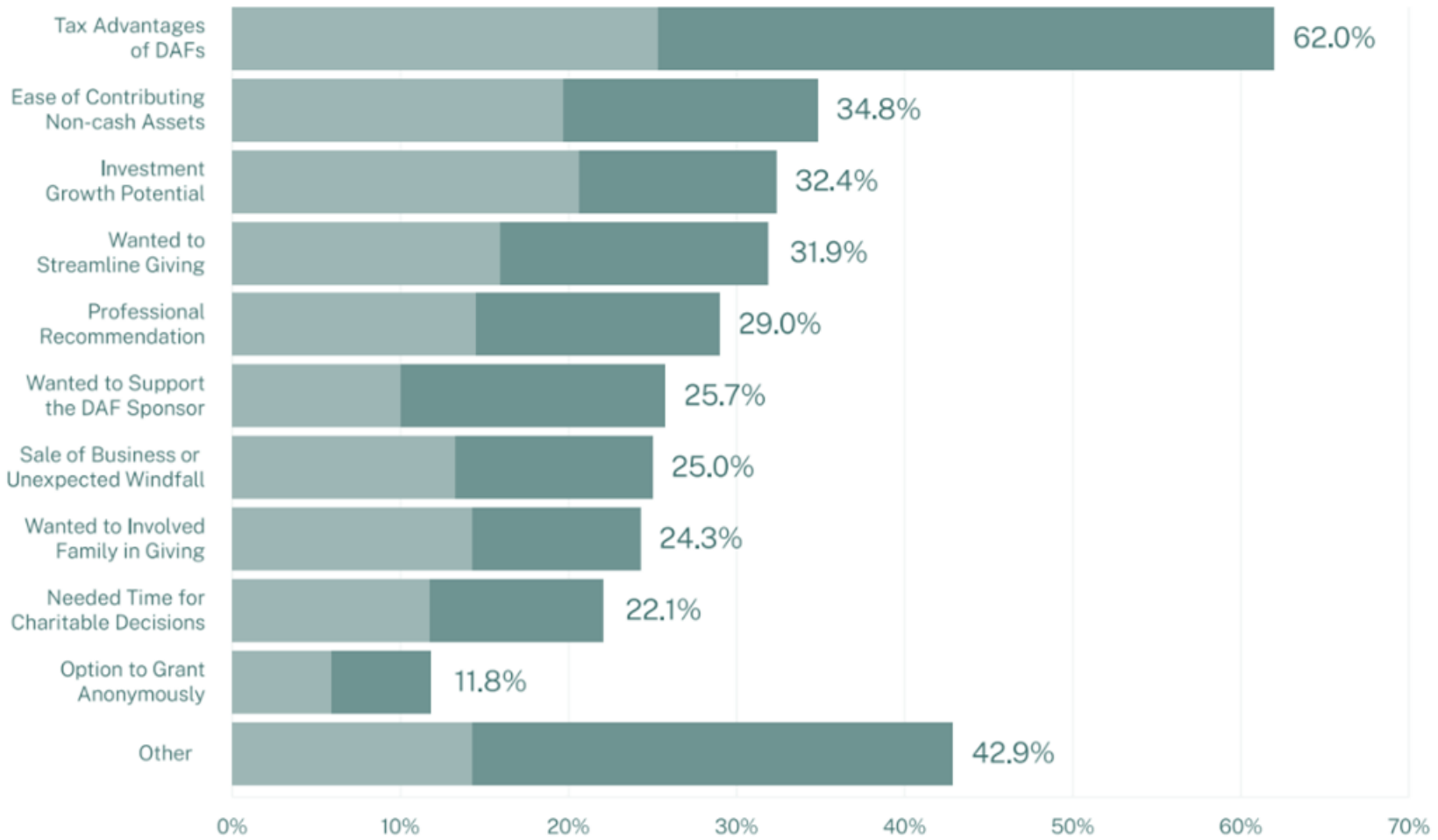
PERCENTAGE OF ACCOUNTS

*Source: DAFRC, National Study



Motivation When Opening a DAF

● A Lot ● A Great Deal



*Source: DAFRC, National Study





Define the WHY then the HOW

Giving Fund Options

1 Charitable Checkbook

- \$1,000 minimum
- Simplest option to start your giving

2 Donor Advised Fund

- \$25,000 minimum
- Provides benefits of private foundation without the added expenses

3 Designated Fund

- \$10,000 minimum
- Support specific nonprofits today and into the future

4 Field of Interest Fund

- \$100,000 minimum
- Support a specific cause area today and into the future

5 Supporting Organization

- \$1M minimum
- Separate entity exists to support OCF mission; entity is granted public tax status

6 Private Foundation

- \$10M minimum recommended
- Entity granted private tax status, so it is subject to different regulations and additional taxes



Case Study: Individual or Married Couple

Client Profile

- Jo and John are married. They want to initially contribute \$10,000 via check to their OCF fund for lifetime giving.

Key Considerations

- They may want to add more money over time.
- They want the flexibility to give to nonprofits over time.
- They don't want to be subject to market conditions.

Charitable Checkbook

- \$1,000 minimum
- Simplest option to start your giving



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What is a Donor Advised Fund?

- Contract between donor and sponsoring organization
- Donor donates assets to the sponsoring organization (donor is eligible for a charitable tax deduction in the year it is given); sponsoring organization owns and controls the contributed asset
- Donor recommends distributions to charities/nonprofit organizations
- Sponsor approves the distributions
- Donor names charitable recipient of DAF balance at donor's death (or successor advisor on the DAF)



Sponsoring Organizations



National Charities

Offered through financial firms such as Fidelity, Schwab, Vanguard, National Philanthropic Trust, and American Endowment Foundation



Community Foundations

Pioneered donor advised funds and are among leading providers



Single Issue

Includes Jewish Foundations and Federations, religious organizations, hospitals, universities and others

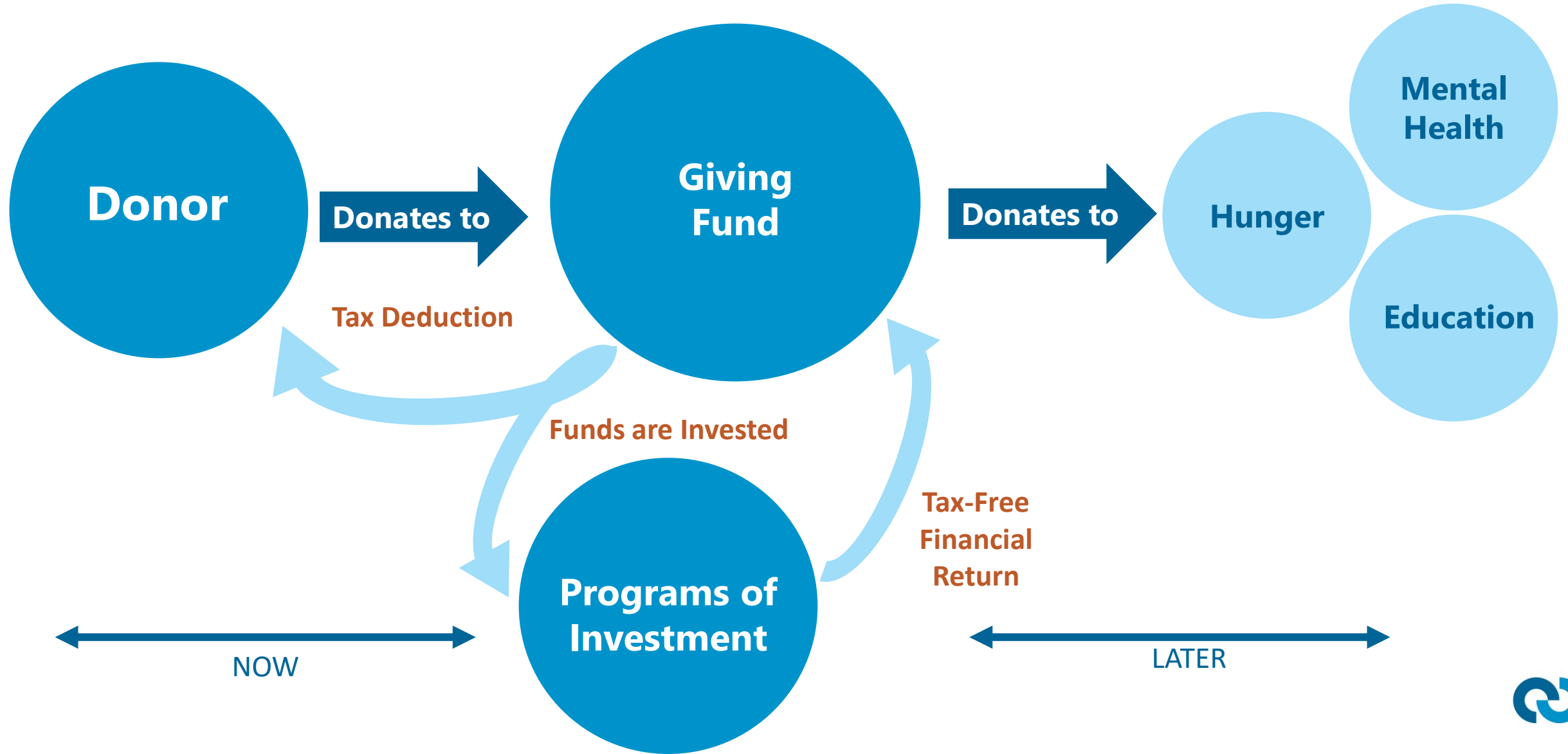
Must be a 501(c)(3) public charity



Dan Heist's Analogy: Tubs, Tanks and Towers



How a Donor Advised Fund Works



Additional Key Traits

- DAF is separately identified by reference to contributions of a donor(s) in the organization records
- Fundholders cannot receive a benefit from a grant out of the DAF
- Sponsoring Organization charged with confirming that the grant goes to a 501(c)(3) or 509(a)(1)
- Authority to make investment recommendations



DAF v. Charity

- Name the DAF as a charitable beneficiary of an estate - you can give to multiple charities and change the charities without changing the estate plan
- You can let successive generations have the joy of gifting
- You can fund the DAF in part now and then fund it more with your estate
- It is not subject to the restrictions of private foundations - no separate entity, no annual tax return, no mandatory distributions, no investment tax on earnings
- If you get a windfall, you can put the money into the DAF rather than have to give it out immediately. It can invest tax free, and then you can decide at a later date who to give it too

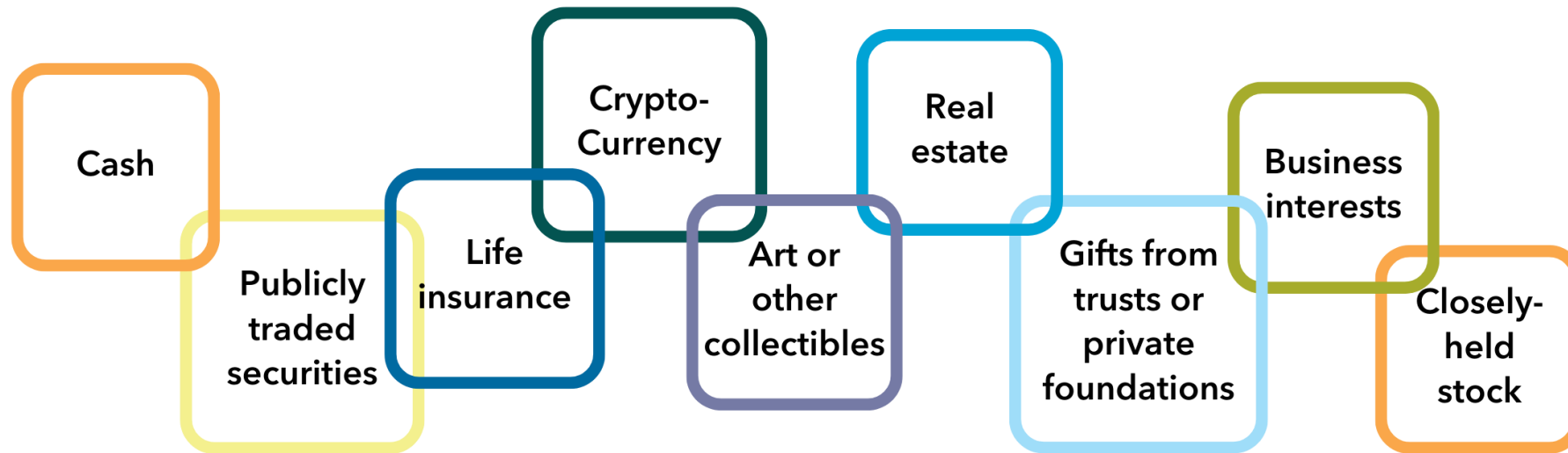


Pitfalls of DAFs

- Prestige factor of a private foundation - this is through a sponsoring organization but you can name your DAF a foundation
- Donor control is greater in private foundations
- DAFs cannot be used to pay legally enforceable obligations (i.e., pledges)
- Bifurcated gifts are not allowed except "de minimus benefit"
- QCDs from IRA cannot be made to DAF - bequest from IRA to DAF is permitted



What Types of Assets May Be Donated?



Gifts of Non-Cash Assets

- Cash is the easiest but usually the least effective donation
- Non-cash market – real estate, closely-held stock
- Non-cash gifts are accelerating to change lifestyle, maximize tax benefits and permits donor to retain liquidity
- Long-term capital gain property with the lowest adjusted cost basis



Case Study: Individual Giving

Client Profile

- A single 72 year-old with no children who is an executive at a local corporation is interested in gifting charitable donations during lifetime and beyond.

Key Considerations

- Flexibility during life and after
- Funding with a variety of assets
- Strong Donor Intent - commitment to ensuring charitable wishes are accomplished



Individual & Family Giving Opportunities

FUND TYPES

DONOR ADVISED FUND

*CAN BE MANAGED BY
CHILDREN AFTER
PARENTS' DEATH

Assets During Life:

- Closely Held Stock
- Appreciated Publicly Traded Stock
- Real Estate

Assets from the Estate:

- Charitable Provisions in Estate
- Life Insurance Beneficiary

DESIGNATED FUND

*WILL BE MANAGED BY OCF
AFTER DEATH

- IRA Qualified
Charitable Distribution

GIFTED ASSETS



Case Study: Sale of Family Business

Client Profile

- A 60-year-old with three grown children who all live outside of Omaha, has a net worth of \$15 million and an impending tax burden of \$2 million on the sale of family business.

Key Considerations

- Timing of tax deduction with sale of family business
- Wants advisory privileges over investment and distribution of funds
- Focused on family giving model that involves children



Sale of Family Business Giving Opportunities

**TOTAL CHARITABLE
DONATIONS FROM
SALE OF FAMILY
BUSINESS (\$2M)**

**CATEGORY 2
DAF FOR
CHILD #1
(\$10,000)**

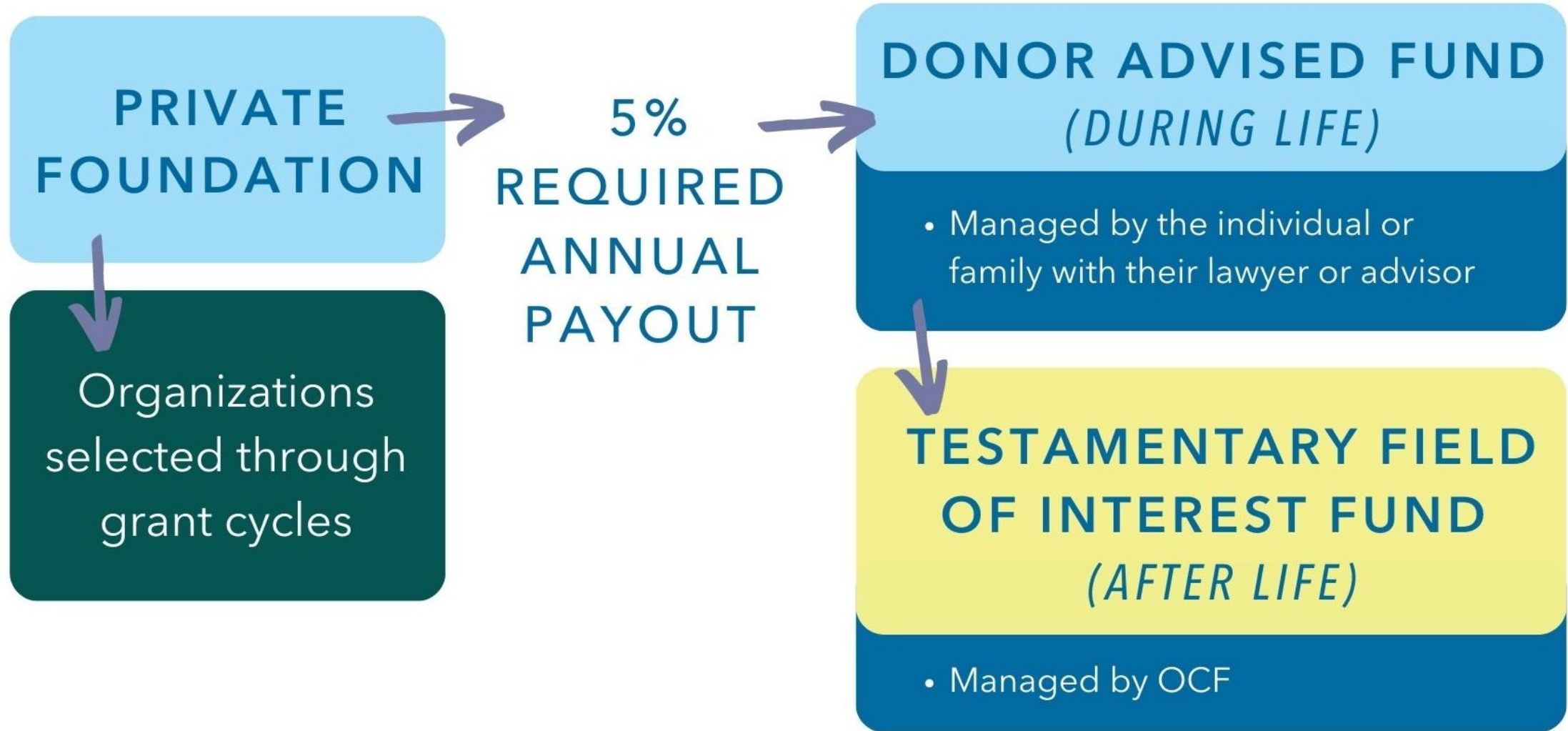
**CATEGORY 2
DAF FOR
CHILD #2
(\$10,000)**

**CATEGORY 2
DAF FOR
CHILD #3
(\$10,000)**

**FAMILY DAF
(\$1,970,000)**



DAF with Private Foundation



How the Process Works

Due Diligence

OCF conducts due diligence on all proposed gifts.



Gift Received

Upon approval, the donor gifts the non cash assets to OCF.



Liquidation

OCF collaborates with the donor to determine the liquidation strategy for assets.



Funds Available

After liquidation, proceeds are transferred to OCF and are available to distribute to nonprofits.



Investment Options

Program 1: Vanguard Indexed Pool

Comprised of Vanguard-indexed mutual funds entirely indexed to track the market with a target allocation 2% cash, 38% fixed income, and 60% equity.

Program 2: Actively Managed by Principal

Principal-managed portfolios invested in mutual funds as outlined below.

NAME OF INVESTMENTS	ALLOCATION
Conservative	20% Equity and 80% Fixed Income
Moderate	35% Equity and 65% Fixed Income
Balanced	60% Equity and 40% Fixed Income
Aggressive	80% Equity and 20% Fixed Income

Program 3: Donor Recommended Investment Manager

- Independent management by the donor’s advisor
- Must be approved by OCF’s Finance Committee
- \$250,000 fund minimum

Program 4: Capital Preservation

Frequently used for funds that will be distributed in the short-term. Commingled in OCF’s capital preservation portfolio, with a target allocation of 95% money market and 5% cash.

Impact Investing Program

A pooled fund known as the Community Loan Fund.



Case Study: Individual Giving

Client Profile

- A single 65 year-old with no children who is retired with an estate valued around \$15 million, but is scared to outlive his means

Key Considerations

- Funding with a variety of assets
- Strong Donor Intent - commitment to ensuring charitable wishes are accomplished
- Need for QCD/RMD deposits



Field of Interest Fund

Upsides

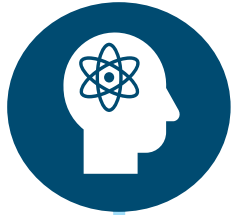
- Donor intent guides every decision
- Flexibility to meet the community and cause where they're at
- Ability to accept any asset

Downsides

- Cannot name an entity
- Cannot appoint members of the grant committee



Our Value Proposition



Local knowledge and philanthropic expertise



Networks and partnerships



Concierge level service



Questions?

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