

# Connecticut Community Foundation and American Funds

## A Partnership in Charitable Giving

As a financial advisor to your clients, one of the tools you need is a vehicle addressing your clients' charitable interests. Such a vehicle would enable you to ask your client during estate planning or end-of-the year tax planning, "Have you considered a charitable gift to your community or your favorite nonprofits?"

In particular, look for the following situations:

- Your client holds appreciated securities.
- Your client already makes a number of charitable gifts annually but using appreciated securities would make more sense since the capital gains tax is avoided.
- Your client has a particularly high income in one year – the potential income tax could be offset by charitable giving.
- Your client has no direct heirs.
- Your client would like to increase the income from his/her assets for charitable purposes.
- Your client has asked for information about starting a private foundation.
- Your client has expressed interest in supporting specific non-profit organizations and/or causes.
- Your client is interested in creating a legacy as part of their estate.

### How does the **Connecticut Community Foundation** partner with you?

We make available the charitable giving vehicle for clients you have identified that would benefit from a charitable donation. An individual fund can be established for \$10,000.

- Provide your client with information about the Connecticut Community Foundation. Explain the two primary options:
  1. **Advised Funds** – Donors can make ongoing recommendations for grants from their fund to their community or specific nonprofits anywhere in the United States.
  2. **Permanent Funds** – Donors can set up a permanent fund that will provide grants or scholarships in perpetuity to the community or specific nonprofits.

- Representatives from Connecticut Community Foundation will meet with you and/or your client or send additional information on their particular interests.
- Foundation representatives will complete the fund establishment forms with your client.

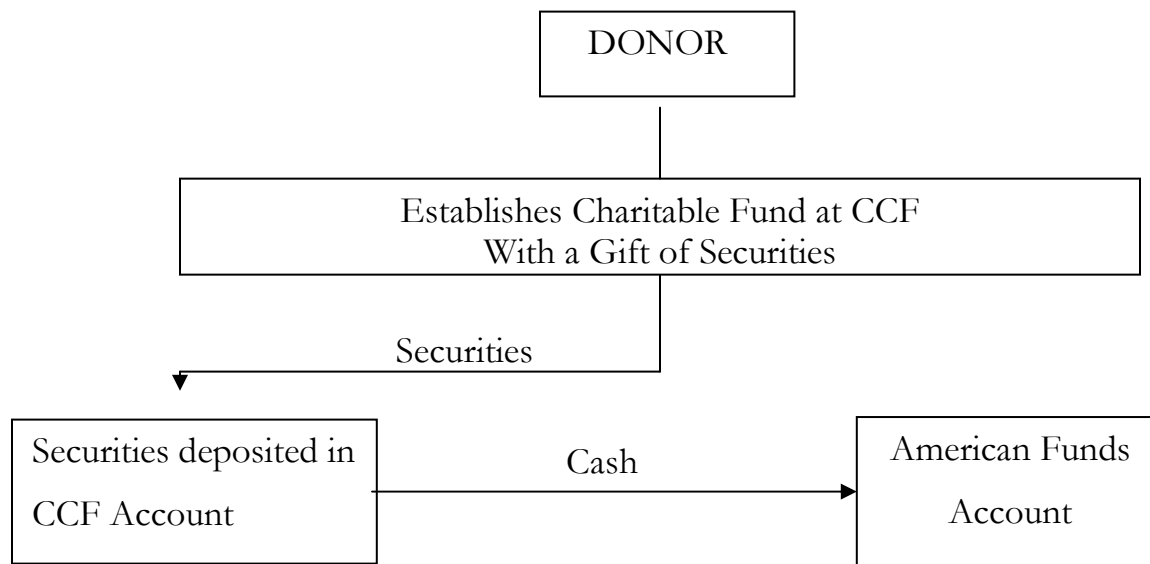
How do **American Funds** partner with you?

- Once your client has completed the fund forms, the client authorizes transfer of appreciated securities or cash to the Connecticut Community Foundation brokerage account. The value of the donation for the client is the value of the securities at the time they are deposited into the Connecticut Community Foundation account.
- The Foundation sells the securities and **you receive the commission on the sale.** The Foundation transfers the cash to American Funds for the following investments **under your sub-account name.**
  - Permanent Funds – A portion of our endowment pool is invested in American Funds with the specific fund selected by our Investment Committee. **(You receive the American Funds commission when the fund units are purchased plus an annual .25% trailer.)** Your client’s fund will partake in the investment return for the entire endowment fund – not the return on the American Funds portion alone.
  - Nonpermanent Advised Funds – For donors who expect to maintain their advised fund balances for more than one year, the assets are invested in the American Funds **(TBD)**. Assets are reduced as grants are made from the fund. **(You receive the American Funds commission when the fund units are purchased plus an annual .25% trailer on the assets remaining in the account.)**
- Unless donors request otherwise, nonpermanent advised funds that will be fully granted out to nonprofits in less than one year are placed into the Foundation’s money market account at Webster Bank. This ensures that the market value of the gift will remain constant until the grants have been awarded. **(In these cases, you DO NOT receive commissions or trailers.)**
- You receive quarterly statements from American Funds on your sub-account at American Funds. Your clients receive financial statements for their funds from the Connecticut Community Foundation either on a quarterly or annual basis.

**This partnership benefits all involved, most importantly, our community and the nonprofits who serve us all.**

## American Funds Process

The Connecticut Community Foundation Works with **You**  
to Establish Charitable Gift Funds for **Your Clients**



### At Connecticut Community Foundation

1. Connecticut Community Foundation sets up account at brokerage firm.
2. Advisor deposits securities to account.
3. The gift value for the donor's tax purposes is the market value on the date the securities enter the brokerage account.
4. CCF sells securities and advisor receives a commission.

### At American Funds

1. Advisor establishes American Funds account with assistance from the Connecticut Community Foundation staff.
2. Cash from sales of securities goes into individual American Funds account. Advisor receives commission when cash is invested and receives annual .25% service fee on assets in the account.
3. Advisor receives quarterly report on account.

# CONNECTICUT COMMUNITY FOUNDATION

## DISCLOSURE STATEMENT

### INVESTMENT MANAGEMENT OF CONTRIBUTIONS

The Connecticut Community Foundation may invest donated assets with American Funds. The Connecticut Community Foundation will be charged a fee by American Funds for investment management services, a portion of which will be rebated on an annual basis to the financial consultant at \_\_\_\_\_ (list brokerage firm if applicable) with whom the donor has had a previous relationship. The Connecticut Community Foundation always reserves the right to withdraw the assets from American Funds and invest the assets with other financial institutions, investment managers or mutual funds.

I acknowledge that I have received and read the Disclosure Statement regarding the Investment Management of Contributions.

\_\_\_\_\_  
Signature of Donor/Executor of Estate

\_\_\_\_\_  
Date