

Why CFFK?

- Helps create a legacy of philanthropy that's easy to manage
- Provides leadership that makes grantmaking more effective
- Provides stewardship that helps philanthropy endure

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Your "Go To" Resource for effective philanthropy

- Convene and empower people...
 - Respond to current needs while investing in future...
 - Inspire and mobilize people and resources...
 - Build capacity to strengthen nonprofit sector...
-for our community

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Nonprofit Partnership Benefits

CFFK helps its nonprofit partners

- Cultivate major donors
- Develop endowment strategies
- Enhance their marketing & volunteer recruiting
- Use CFFK's extensive online resources, email, and website capabilities
- Better manage their funds with professional financial management
- Use pooled funds to enhance returns while maintaining flexibility
- Accept non-event related donations

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CFFK - Your Philanthropic Partner

- Donor donates assets to CFFK
- Donor creates named fund at CFFK
- Donor establishes purpose with criteria for uses of funds, i.e., an organization, mission, causes, programs (seniors, arts, education, etc.)
- Donor may determine level of involvement or set specific annual payout
- CFFK manages & invests funds
- CFFK distributes grants according to the purpose

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Mason Investment Advisory Services

Charitable Giving Considerations and Techniques

Investment Stewardship: So You Can Focus on Your Mission

Presented by:

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The Value of Endowment Investing for the Long Term

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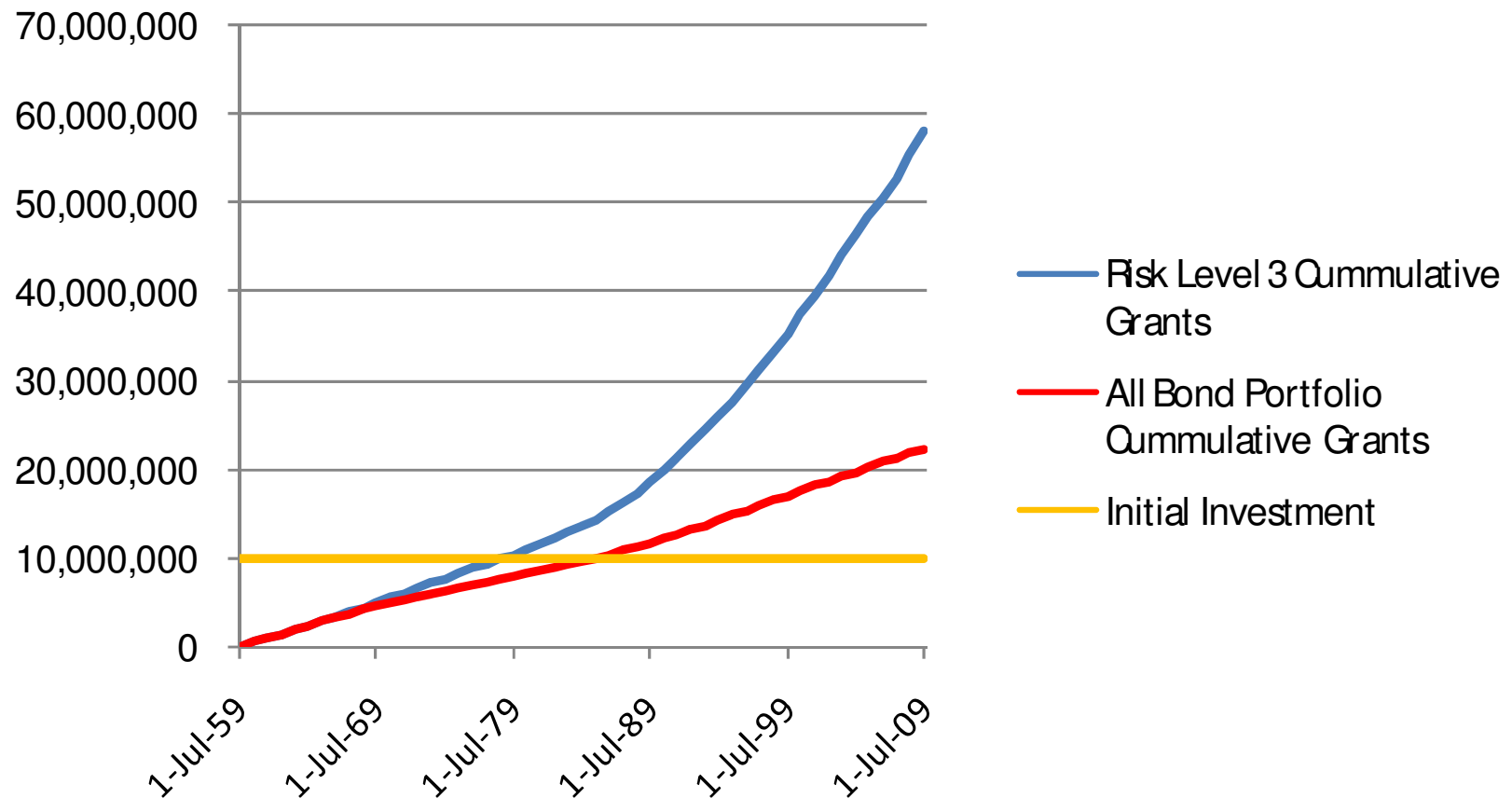
All Bonds Versus Risk Level 3 Cumulative Grants and Terminal Value

- The next 2 slides compare two portfolios each starting on 7-31-1959.
- Assumptions:
 - We assume the first is invested in a 100% allocation to intermediate government bonds.
 - The other is invested in the Risk Level 3 Portfolio (65/35).
 - Beginning value of \$10 Million.
 - 5% annual gifts based on rolling 12 quarter balances.
 - 2% Administrative and investment management fees.



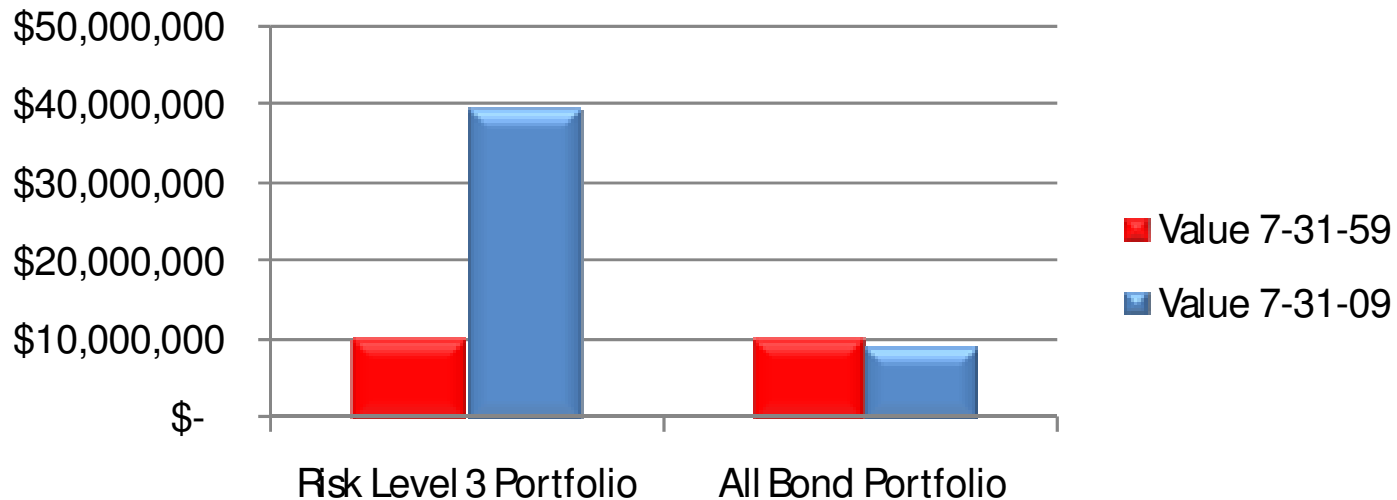
All Bonds Versus Risk Level 3

Cummulative Grants 50 Years Ended 7-31-09



Definition of "Percentile"

July 31, 2009 Portfolio Value



Portfolio	Value 7-31-59	Value 7-31-09	Cummulative Grants Plus Ending Value
Risk Level 3 Portfolio	\$ 10,000,000	\$ 39,365,939	\$ 97,371,157
All Bond Portfolio	\$ 10,000,000	\$ 9,199,520	\$ 31,491,719

Charitable Giving Techniques

- Annual giving
- Charitable Remainder Trusts
- Charitable Lead Trusts
- Retirement plan beneficiary
- Life Insurance
- Bargain Sale
- Charitable Annuity
- Charitable IRA Required Minimum Distributions (2009)
- Disclaimers



Tax Considerations

- **Estate, gift and income taxes**
- **AGI limits**
- **Substantiation requirements**
- **Carryovers to future years**
- **Remainder and partial interests**



What is Your Retirement and Charitable Vision?

- **Desired standard of living: Current & Retirement**
- **Net after-tax, after-debt cost of living**
- **One-time versus recurring items**
- **Charitable goals and activities**
- **Calculating the Capital need**



Simplified Financial Capital Model

Annual Cost of Living (After-tax, After-debt) \$ 160,000

Capital required to fund your cost of living ($\$160,000/4\%$) \$4,000,000

Diversified Assets

Cash Accounts \$ 50,000

Diversified Investment Portfolio \$4,250,000

401(k) Balance \$ 500,000

PV of Social Security Benefits \$ 300,000

LESS:

Income & Capital Gains Tax - Portfolio (\$ 290,000)

Taxes on 401(k) (\$ 200,000)

Taxes on Social Security (\$ 110,000)

Primary Home Mortgage (\$ 600,000)

Net Income Producing Assets \$3,900,000

Simplified Financial Capital Model (Cont.)

Sub-Total Available Income ($\$3,900,000 * 4\%$)	\$ 156,000	
Pension Benefit and Annuities (Annual After-Tax Income)	<u>\$ 65,000</u>	
Total Available Income	\$ 221,000	
% of Available Income to Cost of Living ($\\$221,000/\\$160,000$)		138.13%
<u>Undiversified Assets</u>		
Closely-Held Business Stock (CHBO)	\$ 600,000	
LESS:		
Capital Gains Tax on CHBO Stock	\$ (100,000)	
Net Undiversified Assets	<u>\$ 500,000</u>	
Net Undiversified Assets as % Of Capital Required ($\\$500,000 / \\$4,000,000$)		<u>12.50%</u>
Net Investable Assets as % of Capital Required		150.63%
Discretionary Capital Over 120% Retirement Income Need (30.63%)	1,225,000	

How Sufficient Are My Assets?

- **What is my current percentage of financial independence? 151%**
- **Where am I vulnerable?**
- **What Do I Really Have?**
- **What Does Uncle Sam Own?**
- **Do I Have Discretionary Capital? Yes:\$1.2M**



Key Capital Needs Issues

- **Goal clarification (retiree, family and charity)**
- **Concentration in single stock**
- **Market volatility and downturns**
- **Poorly designed investment portfolio**
- **Inflation and taxes**
- **Amount of discretionary capital**



Financial Planning and Charitable Giving Resources

- **Community Foundation of the Florida Keys – cffk.org**
- **AARP – aarp.org/makeadifference/giving**
- **American Bar Association – abanet.org/public.html**
- **American Institute of CPA's – 360financialliteracy.org**

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