



# Endowment Building Program & e-Tools

Nearly 50 nonprofit organizations have established endowment funds at the Community Foundation of Northern Colorado. Many nonprofits started their funds to help them develop greater financial stability and to provide their donors with a way to support them with planned or legacy gifts. Nonprofits not only benefit from pooled investments and the Foundation's administrative services and endowment building expertise, they also receive the helpful materials and tools provided in our endowment building toolkit.



We can help you build your endowment fund and a strong future for your organization in three important ways:

## **Help your donors understand the value of endowment and legacy giving**

Our experience shows that many people don't understand how endowments and legacy or planned gifts work, but once they do they are willing to help build a permanent source of financial support for the causes they care about. We can meet with your and your prospective donors to explore their giving options. You'll find marketing materials for your website and publications available for download on our website.

## **Support your staff and board members**

The many endowment giving options, both current and deferred, can be confusing for staff and board members. We can help. We can meet with the

members of your staff and board to provide them with a basic working knowledge of the most common types of gift planning options. Our step-by-step guide to endowment building will help staff and board members understand the options available to them.

## **Finalize gifts to endowment funds for your organization**

Whether your donor has met with a member of our staff or wishes to remain anonymous, we can prepare fund agreements and sample gift language. In each case, we recommend that gift proposals and agreements be reviewed by the donor's professional advisor(s).

## To help your donors understand the value of endowment and legacy giving, let's start with the basics.

### What is an endowment fund?

An endowment is a permanent fund that provides income each year to support a charitable cause. Endowment funds at the Community Foundation of Northern Colorado are professionally managed to ensure the funds remain strong over time. Each year, 4.5% of the average fund balance becomes available for distribution.

### Why is an endowment important?

An endowment provides essential stability. It facilitates the strategic use of funds because it allows an organization to plan on the income from one year to the next. The endowment fund also presents an excellent option for donors who want to make legacy or planned gifts.

### What is a legacy or planned gift?

Legacy or planned giving describes a variety of giving vehicles that allow donors to support charity during their lifetime and/or after their deaths, while meeting their current income needs and providing for their heirs. Planned giving is typically done in conjunction with estate planning and is a viable option for donors of all income levels.

### Who makes gifts to the endowment?

Donors can support an organization's future with an endowment gift of any size and of all types, including:

- Gifts made through your will or trust;
- Gifts of retirement plan assets;
- Gifts of life insurance;
- Gifts that pay you income for life;
- Gifts through a charitable lead trust.

Although most donors contribute cash or publicly traded stock, we also accept closely-held stock, real estate, tangible personal property, or assets of a private foundation.

### What is a named fund?

A named fund is a permanent fund that honors an individual or family and benefits the organization they care about most. Named funds are created with a gift of at least \$25,000. The gift may be current or deferred, as in the case of a gift made through a will.

### Are endowment funds restricted in purpose?

Most endowments provide unrestricted support to a nonprofit organization. It is also possible to establish funds to benefit specific purposes within an organization. Individuals and families often create funds to honor an individual and to support a program of special importance to them.

### Who are your potential legacy donors?

Experience has shown that the people most inclined to include charitable causes in their estate plans are those who:

- Are loyal to your mission, as demonstrated by consistent annual gifts of any amount;
- Volunteer for your organization;
- Express a desire to give back to the community;
- Express a desire to meet others' expectations of them;
- Are at any income level. Wealth is not an indicator of an individual's likeliness to make a legacy gift.

### *Creating a Legacy Society*

A legacy society offers your organization a way to recognize and thank those individuals who have taken the extra step of including your cause in their long-term plans. Just like any donor recognition, a legacy society may also help encourage others to consider making similar gifts themselves. Here are some tips for establishing your own Legacy Society:

- Consider naming the group in honor of something unique and meaningful for your organization.
- Make sure you have at least a handful of individuals who will qualify for the Legacy Society before announcing it.
- Determine criteria for membership in the Legacy Society; they should be broad and recognize all who have included your organization in their long-term planning.
- Highlight Legacy Society members in your organization's publications and events.
- When announcing the start of your Legacy Society, offer to those who make planned gifts during the first year of the Society's existence the opportunity to become founding members.
- Consider hosting an annual reception or event for Legacy Society members to publicly thank them for their support.

# A Checklist for Endowment Building and Legacy Giving

Now that you are ready to build your nonprofit organization's endowment fund and encourage legacy gifts, the Community Foundation's Endowment Building Toolkit can provide you with the effective tools you need. You'll find downloadable fact sheets, articles, postcards, solicitation letters, and advertisements that can help you build awareness about how endowment and legacy gifts can create a brighter future for your organization.



Here's a simple checklist to help walk you through the steps to build your endowment. Our team is available to provide you with additional program support along the way.

## **Educate and engage your organization's leadership**

- Make sure you can articulate what a strong endowment will do for your mission and future.
- Engage your board and committees with endowment building and legacy giving through a brief presentation by the Foundation staff.

## **Communicate the value of endowment building and legacy giving**

- Make sample bequest language and your legal name easily available; include one-line legacy or planned giving messages in your various publications and on your website.
- Print and distribute endowment and legacy giving fact sheets at your offices, board and committee meetings, and in appropriate mailings.
- Include advertisements and articles about endowment building and planned giving in your publications and on your website.
- Print and mail postcards that highlight endowment building and planned giving.

- Print and display posters at your facilities.
- The more your prospective donors see your messages, the more likely they will be to increase their giving.

## **Engage, educate and recognize endowment and legacy donors**

- Identify prospective endowment and legacy donors.
- Mail solicitation letters to prospective legacy donors.
- Follow up on the mailings by having your staff and/or volunteers contact the prospective donors. The Foundation can provide detailed gift examples and meet with donors on your behalf.
- Provide contact information for estate and/or financial planners to donors who request assistance.
- Establish a Legacy Society to recognize and thank your donors.

To learn more about the Community Foundation of Northern Colorado's Endowment Building Toolkit, please contact Ella Fahrlander, Chief Engagement Officer, at 970-488-1979 or [ella@NoCoFoundation.org](mailto:ella@NoCoFoundation.org).

To download any of our e-Tools, please visit [www.NoCoFoundation.org](http://www.NoCoFoundation.org).



## About the Community Foundation of Northern Colorado

The Community Foundation is a nonprofit, public foundation working to build permanent endowments for the benefit of charitable causes and organizations in Northern Colorado. It manages hundreds of individual charitable funds and serves a unique leadership role by bringing people and resources together around important local issues. Nearly 50 local nonprofit organizations have their endowments housed with the Community Foundation, and many individuals and businesses have established donor advised funds.

The Community Foundation proudly serves our region by promoting local philanthropy. We are the regional leader in building a more engaged, philanthropic, and visionary community by strategically connecting people with the causes they care about most. Through our annual grant and program distributions, we play a key role in enhancing the extraordinary quality of life the Northern Colorado region offers its residents.



Since 1975, the Community Foundation of Northern Colorado has been connecting people who care to the causes they care about. The Foundation serves as the long-term steward for charitable funds — a multifaceted role that involves receiving and managing complex gifts, acting as the trustee of charitable trusts, providing numerous investment options for donors, and accounting for each individual fund.