IMPLEMENT YOUR PHILANTHROPIC GOALS WITH THE CHICAGO COMMUNITY TRUST

YOUR VISION, YOUR LEGACY.

THE CHICAGO COMMUNITY TRUST
225 N. MICHIGAN AVENUE
SUITE 2200
CHICAGO, ILLINOIS  60601
312.616.8000

cct.org
GETTING STARTED WITH THE TRUST.

For nearly a century, The Chicago Community Trust has served as a philanthropic advisor to thousands of individuals and families.

Whatever your goal, the Trust can help you magnify your impact. Build your personal vehicle for philanthropic effectiveness with a donor advised fund through The Chicago Community Trust.

Please allow us to help you, your family and your advisors realize your dreams. We look forward to speaking with you.

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312.565.2175
For one hundred years, people who want to make a difference have been drawn to The Chicago Community Trust.

The Trust exists to transform your philanthropic passions into productive outcomes. Your generosity combined with the Trust’s grant making expertise helps many essential nonprofit organizations keep their operations healthy and vital.

The Trust distributes more than $175 million each year in grants throughout the Chicago region as well as the rest of the United States. Donors advise the Trust to direct the assets from these funds to the fields of their choice — in many cases assigning the assets to the “highest and most pressing use” at any given time.

The options are generous. Your input is assured. And donor confidence in the Trust has been rock solid for generations.
GET MORE OUT OF WHAT YOU GIVE.

Knowing that what you give will go as far as it possibly can is the reassurance everyone seeks.

The financial and administrative structure of The Chicago Community Trust ensures the efficiency and impact of your philanthropic assets. Rest easy with the knowledge that our century of experience will support the nonprofits you select or effect change in the issues that matter most to you.

Our mandate is to help you make a difference. Whatever fields of interest you choose, we can help you magnify your impact in many varied ways.

The depth and breadth of the Trust’s philanthropic reach is recognized throughout the nation and is unmatched in metropolitan Chicago. You are assured of the efficient and professional use of your assets in the charitable areas of your choice — with a dedicated manager’s eye for impact and effectiveness.
TEN REASONS FOR THE TRUST.

Your intentions are uppermost.
The primary focus of The Chicago Community Trust is to help you identify, refine and realize your long-term philanthropic objectives.

Philanthropy is all we do.
Other providers of donor advised funds and similar philanthropic vehicles may primarily function as banks, mutual fund companies or investment managers. Unlike them, our sole business is philanthropy — free of any motivation other than philanthropic service to our donors and their hand-selected grant recipients.

Your advisors are essential.
We work closely with your legal, financial, tax and other advisors to ensure the success of your philanthropic plan.

Family matters.
We are extraordinarily sensitive and responsive to the various interests of family members — differences in desire for personal involvement, for example. We can help mediate family dialogues and address practical matters that will affect your family’s philanthropic impact for decades to come.

Tax advantages.
The Trust, as a public charity, offers maximum tax advantage for most gifts under federal law.

A sterling reputation for effectiveness.
Helping donors identify and deploy the “highest and best use” of philanthropic assets has characterized the Trust as a consistent resource for confidential service and reliability.

Professional investment management.
Due diligence is performed either through the Trust’s investment managers or your own managers to preserve the investment structure of your philanthropic assets.

Expertise across the philanthropic spectrum.
From managing complex asset portfolios to addressing diverse community needs, our areas of expertise span the full range of challenges faced by philanthropic families.

Increased leverage.
Should you so choose, the Trust can multiply the impact of your giving by pooling and amplifying it with other gifts and grants.

You will always have someone to call.
Questions arise all the time — about taxes, about statements, about online giving, about the financial stewardship of a nonprofit in Florida or California or anywhere else. When you give through the Trust, you will have ready contact with a member of our staff who will personally work with you to the degree you choose and who will answer your questions whenever they arise.

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REALIZING YOUR PHILANTHROPIC VISION.

You can fund any field of interest and you can support any nonprofit organization in the United States. With The Chicago Community Trust, there are few limits on where you can direct your philanthropic assets.

Sometimes limitless options can be daunting. That’s why the Trust can help you clarify your point of view. You can choose your interests and we will identify relevant nonprofits, or you can name institutions you admire and we can help you identify related or intersecting fields of interest.

You can determine your own philanthropic objectives, or the Trust can help you focus on areas that complement your world view. We’ll even help you put your thoughts into writing and draft a statement of your philanthropic purposes if you like.

Insight into what makes your support effective — the financial stewardship of a nonprofit organization or its long-term program success rate — is one key reason why thousands of donors have invested their confidence in the knowledge and experience of the Trust.

MECHANISMS AND ADVANTAGES.

HOW A DONOR ADVISED FUND CAN MEET YOUR GOALS.

A donor advised fund offers one of the most powerful and flexible vehicles for personal or family philanthropy.

The Chicago Community Trust administers donor advised funds that are characterized by a number of unique advantages:

• Recognition or anonymity — or both
• Professional investment management
• Contribution flexibility
• Administrative simplicity
• Ease of grant making
• Maximally favorable tax status
• Very low expenses
• Personal relationship manager

Case Study: SUDDENLY LIQUID.

“WE DIDN’T FULLY UNDERSTAND OUR OPTIONS UNTIL OUR ATTORNEY RECOMMENDED THAT WE MEET WITH THE TRUST.”

The sale of a business or any asset held for much of your life can be an overwhelming transition. In an instant, all the capital stored within it becomes unlocked and subject to a new set of pressures.

The sudden liquidity brought on by the sale of a family business, for example, can trigger tax events that effectively erase much of the company’s value. The key to emerging from this difficult transition is to fully understand your options — such as your family’s own donor advised fund administered by The Chicago Community Trust.

That’s why many attorneys advising owners of family businesses recommend consulting with the Trust.

Beyond the obvious philanthropic benefits, the once-in-a-lifetime tax benefits can help preserve the value of any high-profile asset like a family business. There is no obligation to give when you consult with the Trust — and knowing the full range of your options can give you a much stronger position for your future.

WHEN IN DOUBT, CONSULT WITH THE TRUST.
You have control over visibility. Many donors take no issue with being recognized for their contributions. But for professional or personal reasons, a sensitive situation may demand that a certain grant remain anonymous. Whether you want to be recognized for your contributions or not, the Trust can help you realize your wishes with a range of options.

**AT THE FUND LEVEL** You have the option of recognition or anonymity in the way you name your donor advised fund. For example, grants can be made in a public way by the Michael and Mary Jones Fund or anonymously by the Double J Fund.

**AT THE GRANT LEVEL** You have further options of recognition or anonymity when making grants. For example, the Michael and Mary Jones Fund can make anonymous grants to any organization — whereas a private foundation must disclose its giving and cannot make anonymous grants.

This wider set of options in recognition and anonymity makes giving through the Trust more flexible than giving through a private foundation.

**BUILDING YOUR FUND.**

Establish your own donor advised fund with three actions:

1. Name your fund and its advisors.
2. Contribute assets to the fund.
3. Take your immediate tax deductions.

Once started, your contributions grow tax-free while you, your advisors and your successors recommend grants to nonprofit organizations on a schedule you choose.
WORKING WITH YOUR ADVISORS.

Because our ultimate goal is to convert your wishes into philanthropic action as effectively as possible, we welcome the input and ongoing insights of your trusted advisors. The Trust’s century-long reputation is based on our harmonious relationships equally with donors and their advisors.

Your legal advisors will welcome the participation of the Trust as the advocates of your philanthropic goals. We work closely with your attorneys because the Trust’s unique skills align with theirs to complement one another in the service of your charitable objectives and legacy.

Your financial advisors may partner with the Trust because the effectiveness of your assets will require ongoing due diligence. The Trust ordinarily will perform this function for you, but if you establish a fund with more than $1 million, you are free to invite your financial advisors to continue to oversee and manage the assets.

Other trusted family advisors are welcome to participate as well.

POWERFUL TAX IMPLICATIONS.

The Chicago Community Trust is a public charity so making a contribution to your donor advised fund through the Trust provides you with substantial tax benefits.

For example, imagine if you were to donate $50,000 worth of a long-held stock to your donor advised fund. Imagine also that your cost basis is $5,000. By donating through the Trust, you would be able to deduct the entire contribution — and you would enjoy the additional benefit of fully avoiding capital gains tax on the $45,000 appreciation in your shares.

If, on the other hand, you sold your shares instead and donated the proceeds, you would still owe the IRS thousands of dollars in capital gains taxes.

The implications are profound: Donating through your own donor advised fund via the Trust can offer substantial tax benefits — making it an excellent vehicle for gifting and for optimizing the use of appreciated assets.
DONOR ADVISED FUND VS. PRIVATE FOUNDATION.

The differences are clear. The choice between a donor advised fund and a private foundation can be puzzling to donors — but a point-by-point comparison can clarify the many distinctions.

Because of structural disadvantages and market volatility, studies show that private foundations with assets of $25 million or less are ordinarily too small to operate efficiently.

Even with larger sums, a private foundation offers relatively few advantages for all except those fully committed individuals who wish to be “in the business” of philanthropy.

For many donors, the administrative and other burdens of managing a private foundation can overshadow their primary desire to do good.

A donor advised fund with The Chicago Community Trust offers the welcome alternative of powerful features without inconvenience.

<table>
<thead>
<tr>
<th>INITIAL COST</th>
<th>PRIVATE FOUNDATION</th>
<th>DONOR ADVISED FUND WITH THE CHICAGO COMMUNITY TRUST</th>
</tr>
</thead>
<tbody>
<tr>
<td>START-UP TIME LINE</td>
<td>Typically months</td>
<td>Immediate</td>
</tr>
<tr>
<td>ADMINISTRATION</td>
<td>Substantial grant research and tax reporting administration — also management of assets, record keeping, grant administration and maintenance of board minutes</td>
<td>The Trust provides all grant research and tax reporting, asset management, record keeping — with no need for foundation board minutes</td>
</tr>
<tr>
<td>IRS REPORTING</td>
<td>Form 990-PF must be filed annually</td>
<td>No annual Form 990-PF is necessary</td>
</tr>
<tr>
<td>ANNUAL DISTRIBUTIONS</td>
<td>Required at 5% of net investment assets per year, regardless of investment returns</td>
<td>None required</td>
</tr>
<tr>
<td>GIFT VALUATION</td>
<td>Fair market value for publicly traded stock — but cost basis for all other gifts, including closely held stock, real estate or other real property</td>
<td>Fair market value</td>
</tr>
<tr>
<td>CHARITABLE TAX DEDUCTIONS</td>
<td>Annual limit on cash donations: 30% of adjusted gross income (AGI) Annual limit on securities held more than one year: 20% of AGI Long-term capital gain property usually deductible at cost basis</td>
<td>Annual limit on cash donations: 60% of adjusted gross income (AGI) Annual limit on securities held more than one year: 30% of AGI Long-term capital gain property usually deductible at fair market value</td>
</tr>
<tr>
<td>EXCISE TAXES</td>
<td>Ordinarily 1%-2% of annual net investment income</td>
<td>None</td>
</tr>
<tr>
<td>OPERATING COSTS AND FEES</td>
<td>Typically in the range of 2%-4% per year</td>
<td>0.6% or less, plus investment management fees</td>
</tr>
<tr>
<td>ANONYMITY AND RECOGNITION</td>
<td>All foundation grants are a matter of public record — with detailed tax returns on grants, investment fees, trustee names, staff salaries</td>
<td>Fully anonymous grants are among your many naming and recognition options</td>
</tr>
<tr>
<td>ONLINE CONTROL</td>
<td>Possible to build</td>
<td>Already in place</td>
</tr>
<tr>
<td>MINIMUM ASSETS</td>
<td>Typically $10 million and up</td>
<td>$10,000</td>
</tr>
<tr>
<td>MAXIMUM ASSETS</td>
<td>No maximum</td>
<td>No maximum</td>
</tr>
<tr>
<td>INVESTMENT OPTIONS</td>
<td>Self-generated selection of initial investments and ongoing due diligence of investment managers</td>
<td>Professional, philanthropically-oriented investment managers or your own investment managers for funds of $1 million and up</td>
</tr>
<tr>
<td>PHILANTHROPIC CONSULTATION</td>
<td>Developed in-house and/or sourced through consultant engagements</td>
<td>Provided by the Trust at no additional cost</td>
</tr>
</tbody>
</table>
THE TRUST PERFORMS YOUR DUE DILIGENCE.

Two essential functions of due diligence are fulfilled by the Trust on behalf of its donor advised funds.

First, the Trust identifies and selects investment managers for your donor advised fund’s portfolio, relieving you of that burden. Above a funding level of $1 million, however, you have the option of recommending your own investment managers.

Second, examining nonprofit organizations to be certain they qualify for your support is an equally important aspect of philanthropic intent.

The Trust performs thorough due diligence on both the investment of your assets, as well as the executive soundness and effectiveness of the organizations you intend to support.

With its open architecture investment platform, the Trust selects top-tier investment managers to manage your donor advised fund.
INVOLVING YOUR SUCCESSOR GENERATIONS.

A donor advised fund can be one of the most effective ways for a family to bond in an expression of their common values. When family members are directly involved in grant making, their participation can act as a family statement: “This is who we are.”

For example, many families consist of multiple generations who attend the same university, and their grant making jointly supports that university. Other families may share a commitment to medical research, the arts, or other areas of interest held in common.

At The Chicago Community Trust, we have witnessed many younger generations of family members who discover and experience the fulfilling nature of philanthropy through a donor advised fund.

UNDERSTANDING THE UNUSUAL.

Often overlooked in the assembly of assets for a philanthropic legacy are unusual classes of sometimes illiquid assets beyond ordinary securities. Donating an appreciated asset instead of cash can often make more financial sense for the donor who wishes to maximize both tax advantage and philanthropic impact at the same time.

The Chicago Community Trust can help you convert these complex assets, among others, into your donor advised fund:

- Real estate
- Mineral and other property rights
- Collections and works of art
- Patents
- Royalties
- Other intellectual property rights
- Judgments and settlements
- Trusts
- Partnership interests
- Insurance policies
CONVERTING A PRIVATE FOUNDATION INTO A DONOR ADVISED FUND.

The decision to convert a private foundation into a donor advised fund may be made by looking at what you keep, what you gain and what you lose.

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<th>What You Gain</th>
<th>What You Lose</th>
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<td>Identity</td>
<td>Favored Tax Status</td>
<td>Distribution Requirements</td>
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<tr>
<td>Charitable Intent</td>
<td>Professional Investment Management</td>
<td>Excise Tax</td>
</tr>
<tr>
<td>Grant Making</td>
<td>Selective Anonymity</td>
<td>Tax Returns and Audits</td>
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<tr>
<td>Family Legacy</td>
<td>Grant Making Support</td>
<td>High Expenses</td>
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</table>

WHAT YOU KEEP.

Identity A donor advised fund lets your family or the original founding donor retain its identity and stature in the community. For example, the Jones Family Foundation typically becomes the Jones Family Fund.

Charitable Intent The same mission and focus of a private foundation can be incorporated into guidelines and objectives of your donor advised fund.

Grant Making As fund advisor(s), you recommend grants, which are then vetted and approved by The Chicago Community Trust. Trust staff ensures that your fund, and the organizations you recommend for support, comply with all IRS guidelines and requirements.

Family Legacy A fund established at the Trust allows families to teach their children and subsequent generations the importance and wisdom of philanthropy that can make a positive impact in the community, the region and the nation. Successor fund advisors can also be named for succeeding generations.

WHAT YOU GAIN.

Favored Tax Status As a public charity, the fund will retain favorable tax status compared to a private foundation. Cash gifts to the fund are deductible up to 60% of adjusted gross income vs. 30% for a private foundation. Gifts of appreciated property are deductible up to 30% of adjusted gross income vs. 20% for a private foundation.

Professional Investment Management Fund holders gain professional investment management of their assets. The Trust’s investment consultants support asset allocation and manager selection. Oversight is provided by the Trust’s Finance Committee, comprised of members who are experienced investors and investment professionals. Additionally, due to the Trust’s economy of scale, investment fees are much lower than similarly structured private portfolios. Funds with assets of $1 million or more also have the option of recommending an outside investment manager with the approval of the Finance Committee.

Selective Anonymity While most individuals and families are comfortable with recognition for their generosity, some may desire anonymity. Fund advisors can either choose to be recognized or make grants anonymously.

Grant Making Support The Trust has a professional grant making staff with deep knowledge of the organizations that comprise our region’s vibrant nonprofit community. Individuals and families who have donor advised funds at the Trust have access to this expertise as they seek knowledge about specific organizations and make decisions about their philanthropic interests and grant making.

WHAT YOU LOSE.

Distribution Requirements IRS regulations require private foundations to distribute at least 5% of the foundation’s assets each year. Donor advised funds currently have no such annual requirement. This provides fund advisors with flexibility in their grant making.

Excise Tax Private foundations are required to pay a 1-2% excise tax on investment income. Donor advised funds at the Trust are not subject to such tax.

Tax Returns and Audits Private foundations are required to file annual Form 990-PF. Tax returns and, depending upon the size of the private foundation, may need annual audits as well as incur legal expenses. These administrative costs and functions are not required of funds at the Trust.

High Expenses The annual cost of administering a private foundation is typically three to six times more than administering a donor advised fund through the Trust.
MAKING A STATEMENT.

Establishing your donor advised fund is a declaration of commitment. By dedicating a portion of your assets to support the institutions and causes you value, you are making a statement of who you are and what your family stands for.

Many families tell the Trust that starting their donor advised funds unexpectedly provided a way to bring their family members closer together. The unique nature of philanthropy inspires and motivates meaningful family conversations that might not have otherwise taken place.

Deciding who or what to support is a rewarding and illuminating exercise that reaps emotional benefits across the generations. What often begins as a desire to help others may also be a way for a family to strengthen itself and encourage the permanence of its character.

TAKING ACTION.

ESTABLISHING YOUR DONOR ADVISED FUND.

A simple process provides lasting benefits. Establishment of your donor advised fund is as simple as opening a new account.

Before you establish your donor advised fund with The Chicago Community Trust, we recommend that you first consult with our experts. Although the process itself is simple, there are many variables to consider — the nature of the assets donated, the tax implications, and the naming of family or other advisors to the fund.

Speaking with a representative from the Trust in advance does not oblige you in any way. Many donors are surprised by the wide range of useful options available. By taking advantage of these options before establishing your donor advised fund, you can significantly increase its value to your finances, to your grant recipients, to your family and to your legacy.

Case Study: MOBILE AND GLOBAL.

“EVEN WITH FAMILY MEMBERS IN DIFFERENT COUNTRIES, WE CAN EASILY MANAGE OUR GIVING.”

With members in Chicago, Colorado and London, one family experienced the advantages of the The Chicago Community Trust’s online infrastructure firsthand. Instant Impact, the online donor system, allowed all family members to review the status of their donor advised fund and their giving history at a glance — anywhere in the world.

On the fund’s private giving home page, any member of the family or other advisor can be authorized to:

• See fund balances
• Review grants for the last 12 months or earlier, sorted and color-coded by organization type
• View total gifts by calendar year
• Make a new grant to the organization(s) of your choice
• Make a new gift to any donor advised fund

Instant Impact makes it easy to view nonprofits you supported in the past, to search the nonprofit database, to recommend a new nonprofit to support, or to set up recurring grants for automatic support in the future.

WHEN IN DOUBT, CHECK INSTANT IMPACT.
How are investment managers selected? Can I use my own?
The Trust engages in thorough due diligence for the selection of its investment managers, guided by a documented investment policy. The goal is to achieve a portfolio total return that maintains a prudent level of risk. Asset allocation strategy and benchmarked performance, combined with periodic rebalancing, also ensure that a consistent investment policy is applied to the portfolio. If your fund has more than $1 million, you are free to invite your financial advisors to continue to oversee and manage the assets in accordance with your existing fee and service agreement.

Can I add new advisors to my donor advised fund later on?
Yes. You have complete control over who advises your fund’s grant making. For as long as you advise your fund, you maintain the right to name additional advisors or to remove existing advisors.

Can I change my mind about the causes I wish to support?
Yes. For as long as you can change your estate (even if you are converting a family foundation), you can also change the direction of your philanthropic assets within the Trust. What the Trust seeks to prevent is any alteration of your intentions after you are gone.

Why has the Trust become so important to Chicago philanthropy?
Over the course of a century, the Trust’s role in the support of philanthropy for metropolitan Chicago and beyond has evolved considerably. We serve the intentions and the implementation of our donors’ wishes. The size, scope and longevity of the Trust, in addition to our persistent emphasis on impact and effectiveness, allow our donors to magnify the impact of what they want to achieve in their charitable giving.

Who will I contact when I have a question?
A representative from the Trust will act as your relationship manager — your dedicated contact person. You can phone, e-mail or meet them with questions or concerns at any time.
“I can call and rely on the Trust to help me give my clients actionable advice — especially when the year comes to an end.”

Every tax attorney who seeks to reduce liability for clients in any given year knows that December is a mad rush for significant deduction opportunities.

The Trust provides prudent but valuable insights into how certain options — such as a donor advised fund — may improve clients’ tax situations while simultaneously advancing their charitable intentions.

Our assistance is expert and quick. A phone call to the Trust can give you and your clients a new outlook on practical solutions as December draws near.

Establishing a donor advised fund is a purposeful and rewarding experience in any case — but more so when the decision to establish it is made for reasons that perfectly fit your clients’ circumstances.

Each year offers a new set of possibilities.

The Trust does not provide legal or tax advice. Donors should consult with their own financial, legal, or tax advisors to determine the best charitable giving strategies for their needs and the tax implications associated with any contribution to the Trust.
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Please allow us to help you, your family and your advisors realize your dreams. We look forward to speaking with you.

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YOUR LEGACY.

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