

TOOLS FOR GIVING



ENDOWMENT - LUXURY OR NECESSITY

What is the Montgomery County Community Foundation?

The Montgomery County Community Foundation is a nonprofit organization created in 1991 that works to enhance the quality of life for residents in Montgomery County. The Foundation provides a variety of options through which individuals, families, corporations and organizations may donate gifts of any amount to meet community needs. Guided by the Board of Directors, the Community Foundation makes grants to nonprofit organizations and awards scholarships to students.

Does my community really need an endowment?

An endowment fund with the community foundation helps stabilize your community's assets. This permanent pool of assets generates income and grows over time. Like your personal savings account, a permanent fund for your community can provide a reliable source of additional charitable income each year to ensure that effective programs will continue to be so.

How exactly does an endowment work?

An endowment is a "savings account" within which a substantial amount of money can be built from contributions both large and small. These gifts are invested - ideally in a balanced, diversified portfolio - and the proceeds are used to support specific nonprofits or projects as determined by the Fund's community leaders. The scope of the endowment is defined by the people creating it. The staff of the Community Foundation handles the "administrative detail" and frees up those critical volunteers to evaluate and assess the needs and opportunities within the community.

Generally, donors to endowments are those who want to ensure the future of their community. Most endowment gifts are "planned" and donors use such charitable vehicles as bequests, trusts, life insurance policies and retirement accounts.

Whatever the gift, donors make it with the intention of having it prudently invested and protected for the future. When the foundation accepts an endowment gift, the foundation promises the donor that their wishes will be observed.

How will we get the help we need?

The Montgomery County Community Foundation will help you create your fund and assist you in beginning your planned giving effort. We offer you the following advantages:

- Your endowment is invested with our larger pool of assets which can lead to greater growth, greater income, and lower investment fees.
- The Community Foundation handles investment management and oversight, all accounting and financial reporting, and the fund's annual audit.
- All gifts are tax-deductible at the highest level allowed by law.

How much does it all cost?

Our annual administrative fee for helping build and safeguard endowments ranges from 1% to 1.5%, which covers our expenses. We share our services among many so that the price to each is small. If you were to do these jobs yourself or find another way to contract them out, you would likely pay substantially more. The Community Foundation invests for both long-term growth and income.

When can we start?

Please know that TODAY you can make use of your Community Foundation to begin or continue to secure the future of your community. To establish an endowment, all it takes is a fill-in-the-blank form document and an initial contribution of \$5,000 (\$25,000 for scholarship funds). There are no set-up fees or legal bills.

