



OKLAHOMA CITY
COMMUNITY FOUNDATION

Helping you help the community

Advised Fund Policy Statement

LEGACY FUND

A Legacy Fund at the Oklahoma City Community Foundation is an extremely simple way for an individual, family or even a corporation to create a permanent fund, which supports their charitable interests. The Legacy Fund becomes part of the permanent endowment of the Oklahoma City Community Foundation and always carries the name of the individual donor or group, which started the fund. Each year grants can be made from the fund to support qualified 501(c)(3) organizations. The donor or advisors named by the donor recommend grants to specific charitable organizations from the annual spendable amount. The program staff of the Oklahoma City Community Foundation is available to help the donor review organizations and develop specific projects of interest to the donor. The Trustees review the recommendations and approve the grants. Grants made from a Legacy Fund are identified to the recipient organization by the name of the fund unless the donor or advisor wishes to remain anonymous.

The donor's interests and the needs of the community can change from year to year. The Legacy Fund allows the donor to establish a permanent fund but have the flexibility to support current needs and to respond to new issues and opportunities as they arise. A successor advisor may be named to continue the advisory role after the donor is no longer able or interested in participating or the donor may give other instructions for the Trustees to utilize in meeting his or her charitable goals. Most importantly, the fund will continue to make grants long after the original donor is no longer active. The donor's legacy of interest in the community is established and remembered in perpetuity.

For a family seeking to teach children about the importance of community involvement and charitable giving, a Legacy Fund established by one generation and continued on through children and grandchildren can be an excellent vehicle to continue an important family value and tradition.

The following policies have been adopted by the Trustees of the Oklahoma City Community Foundation regarding the establishment and operation of Legacy Funds:

1. Legacy Funds are gifts to the Oklahoma City Community Foundation, which create or add to a permanent fund named by the donors. The funds become part of the permanent endowment of the Oklahoma City Community Foundation. The minimum to begin an active Legacy Fund is \$20,000. Funds may be started with less than \$20,000 but no distributions will be made until the minimum gift total has been accumulated. The

Oklahoma City Community Foundation and the donors will execute a fund agreement related to the fund's operation and the donor's intentions. All Oklahoma City Community Foundation funds are subject to the variance power, which allows the Trustees of the Oklahoma City Community Foundation to modify the donor's instructions if these instructions are no longer practical or possible. The donor's intention will always be followed as closely as possible.

2. The donor to the fund may change the successor advisors. These changes should be made in writing to the President of the Oklahoma City Community Foundation. They will be attached to the fund agreement.
3. Donors to Legacy Funds may name a successor advisor who will provide recommendations on the distribution of the annual spendable amount. The successor advisor would serve when the original donor or named advisor dies or is no longer able to serve. If neither the donor advisor or the successor advisor is able to provide annual grant recommendations, the original donor may provide for the use of the spendable amount in one of the following ways:
 1. By naming one or more charitable organizations or funds that would receive a fixed percent or dollar amount of the annual spendable amount.
 2. By naming a particular area of interest or type of charitable cause to be supported and requesting that the Trustees make grants from the fund to support charitable purposes in that area of interest.
 3. By asking that the Trustees utilize the funds as part of the Fund for Oklahoma City to support the general charitable needs of the community. If requested the Trustees will endeavor to utilize the fund in ways consistent with the grants suggested by the donor during his or her lifetime.
4. For most donors, the continuation of a charitable legacy after their lifetime is best addressed through options given above. For some donors, continuing family participation is a goal of the fund. If the size of the advised fund exceeds \$50,000, the donor may provide that successive generations of advisors may continue to recommend grants from the annual spendable amounts. The succession plan must provide a clear determination of the successor advisor and if there is ambiguity or disagreement, then the Trustees of the Community Foundation may choose one advisor from among those who are eligible. The donor may provide for family members to choose a representative to provide annual advice. The responsibility for choosing the representative shall be that of the family or other eligible persons.
5. The Oklahoma City Community Foundation will provide regular financial and investment reports to the donor or successor advisor. Online access to fund balances, gift and grant history, and regular reports is available through DonorCentral, the Oklahoma City

Community Foundation's online advised fund reporting services. DonorCentral is available to all Legacy Funds. Each year, the donor or successor advisor will be contacted by the Oklahoma City Community Foundation regarding the spendable amount available for grants from the fund. The Oklahoma City Community Foundation staff is available to help the donor with information about community needs or to investigate specific organizations.

6. The donor may advise the Oklahoma City Community Foundation to use his/her funds in any of the following ways:
 1. To make a grant to any organization or charitable purpose that has an endowment fund at the Oklahoma City Community Foundation.
 2. To make a grant to another 501(c)(3) public charity serving the education and charitable needs of the Oklahoma City community, the State of Oklahoma, or the United States which has been investigated by the Community Foundation and meets the I.R.S. criteria for a tax-deductible gift.
 3. To participate with other donors and the Oklahoma City Community Foundation to fund specific grant requests that have been approved by the Trustees of the Community Foundation.
7. The grant from a Legacy Fund should not be used to fulfill any legally binding pledge or obligation of the donor or advisor, to purchase tickets or memberships with personal benefit to the donor or advisor, or to support fund-raising events where the deductible amount is less than the grant from the fund. Additionally, grants should comply with the guidelines provided by the 2006 Pension Protection Act which include:
 1. Prohibition against donors, advisors or related parties from using advised funds to fulfill pledges.
 2. Prohibition against donors, advisors, or related parties from using advised funds to secure benefits from the grant recipient.
 3. Prohibition against grants to individuals or to directly benefit any individual.
 4. Prohibition against donors, advisors, or any related individual from receiving grants, loans or any similar payment.
8. The Internal Revenue Service requires that the Trustees of the Oklahoma City Community Foundation approve the grants from any advised fund. The staff of the Oklahoma City Community Foundation will investigate the recommendations, if necessary, to ensure that the grants are being used to meet appropriate charitable needs. This process protects the Oklahoma City Community Foundation and the donor and insures the full tax-deductibility of the donor's gift.

9. The Oklahoma City Community Foundation will inform recipient organizations of grants from Legacy Funds and will provide the organizations with the name and address of the donor unless the donor requests that the contribution be anonymous. The donor will have a Donor Profile in the Oklahoma City Community Foundation annual report unless otherwise requested. The names of Legacy Funds at the Oklahoma City Community Foundation are not made available to grant seekers or non-profit organizations.
10. Legacy Funds are invested in the Oklahoma City Community Foundation Investment Pool. The Community Foundation charges an administrative fee which is assessed against the market value of the fund each quarter. The current fee schedule is attached to this policy statement as Appendix A.
11. The annual spendable amount available from the fund is calculated based on a spending rule: Five percent (5%) of the average market value of the fund for the preceding 12 quarters. The spendable amount is determined at the end of the Oklahoma City Community Foundation's third quarter, March 31, and made available following the annual audit. The fund receives a proportionate share of all income and all realized and unrealized capital gains and losses. These allocations are made monthly from the Oklahoma City Community Foundation investment pool. The spendable amount stays in the fund and is available for grants at any time after the fiscal year end. There is no future time limit on distributions.
12. The minimum grant for a Legacy Fund shall be \$100.00 or the total spendable balance if that amount is less than \$100.00.

Legacy Fund Policy Statement
Appendix A

Annual administrative fees for Legacy Funds are assessed quarterly based on the market value of the fund at the end of the quarter and the following schedule:

60 basis points (0.6%) for the first \$500,000 of the fund's market value

40 basis points (0.4%) for portion of market value between \$500,000 and up to \$1 million

20 basis points (.20%) for portion of market value in excess of \$1 million

The minimum annual fee for a Legacy Fund is \$300.00 to cover administrative and reporting costs.

July 19, 2016