



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 public charities and other organizations qualified to receive charitable contributions. The donor or advisors named by the donor recommend grants to specific charitable organizations from the annual spendable amount. The 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. It is expected that the fund will be used by donors to support current gifts to the community. All inactive funds are administered according to our Fund Policy Guidelines. 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 Most importantly, the fund will continue to make grants long after the original donor is no longer active.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.

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 become a 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 to the greatest extent possible.

- 2) The donor may advise the Oklahoma City Community Foundation to use his/her funds in any of the following ways:
 - a) To make a grant to any organization or charitable purpose that has an endowment fund at the Oklahoma City Community Foundation
 - b) To make a grant to public charities and other organizations qualified to receive charitable contributions.
 - c) 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.

The minimum grant for a Legacy Fund shall be \$100.00 or the total spendable balance if that amount is less than \$100.00. There is no limit on the number of grants issued in a year.

- 3) The grant from a Legacy Fund should not be used to purchase tickets or memberships with personal benefit to the donor or advisor, or to support fund-raising events where the donor is receiving a benefit – a grant of this type shall be designated as nonparticipatory. Additionally, grants should comply with the guidelines provided by the 2006 Pension Protection Act which include:
 - a) Prohibition against donors, advisors, or related parties from using advised funds to secure benefits from the grant recipient.
 - b) Prohibition against grants to individuals or to directly benefit any individual.
 - c) Prohibition against donors, advisors, or any related individual from receiving grants, loans or any similar payment.
- 4) The Internal Revenue Service requires that the Trustees of the Oklahoma City Community Foundation approve the grants from any advised fund according to the Foundation's current advised fund due diligence policy. The staff of the Oklahoma City Community Foundation will conduct an independent investigation of the donor's recommendation, if necessary, to ensure that the grant is 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.
- 5) 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 grant be anonymous. The donor will be listed 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.

- 6) Legacy Funds, which may be established with securities or other non-cash assets, will be credited with the net amount available after the sale of the asset. No grants from a Legacy Fund will be made until assets are converted to cash. No grants will be made in excess of the spendable balance in the fund at any time. The donor will be provided with an acknowledgment of the gift.
- 7) The donor to a Legacy Fund may name successor advisors to recommend grants from the fund in case the donor is no longer able to do so. If the value of the advised fund exceeds \$50,000, the donor may provide that successive generations of advisors may continue to recommend grants. 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. 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. If no successor advisor is named and/or no distribution plan is stated, the fund will go to the Fund for Oklahoma City when the donor is no longer able to participate. 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:
 - a) By naming one or more charitable organizations or funds that would receive a fixed percent or dollar amount of the annual spendable amount.
 - b) 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.
 - c) 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.
- 8) The Oklahoma City Community Foundation will provide regular financial and investment reports to the donor or successor advisor(s). Online access to fund balances, gift and grant history, and regular reports is available through the online portal. Each year, the donor or successor advisor(s) will be contacted by the Oklahoma City Community Foundation regarding the spendable amount available for grants from the fund.
- 9) Legacy Funds are invested within one of the Oklahoma City Community Foundation Investment Pools. Details of those pools can be found in Appendix B.

- 10) 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.

Legacy Fund Policy Statement
Appendix A

Annual administrative fees for Legacy Funds are assessed quarterly based on the average 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 or a minimum of \$300.
- 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

Effective May 1, 2020

Legacy Fund Policy Statement
Appendix B

Endowment Pool

Investment Objective: Preserve the purchasing power of assets by investing in a diversified pool targeting capital growth for long-term grant making.

Risk Profile: Achieve targeted long-term performance expectations while accepting some level of short-term capital volatility.

Total Fund Benchmark Composition:

Blended benchmark comprised of the Russell 3000 Index (50%), MSCI ACWI Index minus US (15%) and Barclays US Aggregate Index (35%).

100% Equity Fund

Investment Objective: To mirror the equity investments of the Endowment Pool. This fund is only available to Donor Advised Funds and Affiliated funds with a balance of \$250,000 or greater.

Risk Profile: Achieve targeted long-term performance expectations while accepting increased capital volatility.

Total Fund Benchmark Composition:

85% Russell 3000 and 15% MSCI ACWI Index

Growth Pool

Investment Objective: Preserve the purchasing power of assets by investing in a diversified pool targeting appreciation and capital growth. This fund is only available to Donor Advised Funds and Affiliated funds with a balance of \$250,000 or greater.

Risk Profile: Achieve performance expectations while accepting some level of short-term capital volatility.

Total Fund Benchmark Composition:

Blended benchmark comprised of the 80% Vanguard Total World Stock Index and 20% Vanguard Total Bond Market Index