

## Need<sup>2</sup> know

**The Northern New York Community Foundation** works with advisors to help shape the impact of clients' charitable dollars and to select the degree of involvement their client wants to have with their charitable fund. Virtually any type of charitable giving your client might want to do can be accommodated. In addition to the donor-advised fund that is featured in this issue, each of the following fund types allow donors to personalize their giving:

■ **Named community fund:** This fund provides the most flexibility, allowing the foundation staff to address changing needs of the community, which often cannot be anticipated when a fund is established. This type of fund gives donors an opportunity to make a lasting impact on the community and can be structured to benefit a particular geographic region.

■ **Scholarship funds:** Donors can invest in the community's future and inspire the next generation, all with guidance and personal service of foundation staff. Donors determine the criteria students must meet to earn a scholarship. The foundation also manages scholarships for nearly 30 school districts in the region.

■ **Designated funds:** A simple way to ensure specific organizations can count on your clients' support forever; designated funds provide ongoing funding for one or more particular nonprofit agencies, in perpetuity, with options to protect the fund should an organization's future be uncertain. A better way to endow annual giving.

■ **Named field-of-interest fund:** These funds allow a donor to address a specific area of interest, such as the environment or health and recreation. Donors can target their fund to address needs in a specific area of community life or a region, or they can leave flexibility for the Foundation to identify projects that may arise in the future.

# Giving Together

A Northern New York Community Foundation Publication for Donor Advisors

## Donor-advised fund a valuable tool Easy-to-use vehicle has many advantages, streamlines giving

**P**eggy and Ben Coe, Watertown, have held a donor-advised fund (DAF) at the Community Foundation for more than 30 years, starting it in 1988 as a means to consolidate their charitable giving. As a giving tool itself, Mrs. Coe cites the convenience and tax benefits of a DAF.

"The tax advantages for stock transactions are wonderful," Mrs. Coe said. "Instead of paying capital gains on it, if we make a gift from our donor-advised fund at the Community Foundation, we don't have to pay any tax on it."

Charitable giving is a powerful way to create a legacy and carry the family name into the future. It also offers a financial tool for tax management and family estate planning



**TRUST AND TAX BENEFITS:** Longtime community philanthropists Peggy and Ben Coe, Watertown, have held a donor-advised fund at the Northern New York Community Foundation for more than 30 years.

that has gained popularity in recent years among people of all income levels.

The donor-advised fund, or DAF, is a charitable giv-

ing vehicle that is popular with many active donors and families like the Coes. Choosing this type of fund to help

**See DAFs on next page**

## A new resource for our valued partners

**A**s the Northern New York Community Foundation prepares to mark its 90th anniversary this year, we do so well aware of the critical role donor advisors play in assisting charitably inclined clients find paths to support their interests in the most responsible, impactful ways that are stewarded to endure in perpetuity.

With this first issue of *Giving Together*, we continue to provide information that is helpful to you, with examples of ways advisors have worked with the Community Foundation to best provide value those meaningful legacy conversations.



I have witnessed firsthand the magical ways advisors have aligned both the needs of their clients and the needs of the community we all share.

We look forward to sharing stories of how you, and others have best honored their deep and personal relationships with those

they serve. Look for future issues of *Giving Together* in your mail later this year.

Thank you for your valued partnership.

## DAFs from page 1

donors accomplish charitable goals offers convenient ways to make substantial gifts over a long period of time while enjoying significant tax advantages.

“We have complete trust in the Community Foundation. It’s an established, worthy organization that works in Northern New York, and we know all the



**“The Community Foundation is very, very responsive in its ability to move the money rapidly and very efficient once you have the money with them.”**

— Gil Pearsall, Carthage, donor-advised fund holder since 2016

good it’s done in the past that we would want to continue,” Mrs. Coe said.

As a tool available to donors, the DAF has a long history. The New York Community Trust established the first donor-advised fund in 1931 and, nearly 40 years later, rules addressing DAFs were added to the Internal Revenue Code by the Tax Reform Act of 1969. In the past decade, DAFs have grown in popularity.

The gifting vehicle is easy to establish and maintain. As a 501(c) (3) nonprofit organization, the Northern New York Community Foundation serves as a parent organization and steward of the fund. Once a donor decides to

create a DAF, a fund agreement with the Community Foundation is drafted and a donor makes a contribution that funds the account. Donors may choose an invested fund that invests contributions, helping to grow the fund, or may choose a non-invested fund, in which case only contributions to the fund are available to award. Either allows the donor or designee to make grants up to the entire account balance.

A DAF enables donors to contribute tax-deductible assets, including cash and securities, to an account administered by the Community Foundation.

A donor-advised fund at the Community Foundation can make grants to any charity in the United States, including houses of worship, and schools and universities. Many donors view a DAF much like a family foundation. It works in a fashion similar to a private foundation, but with greater tax advantages and with fewer administrative burdens

and expenses than a private foundation.

A donor-advised fund also permits donors some flexibility in the type of gifts that can be made to a fund. Gifts in the form of cash, appreciated stock or mutual funds are each permitted. Presently, IRA Required Minimum Distributions, or RMDs, cannot be applied to donor-advised funds. They can, however, be used to establish other types of charitable funds at the Community Foundation, including a scholarship, field-of-interest fund or an endowment.

Gil and Kathleen Pearsall, Carthage, established a donor-advised fund at the Community Foundation in 2016.

The convenience of keep-

## The Donor-Advised Fund Top 10

■ Is your client unsure whether to itemize charitable deductions? Donor-advised funds are a great tool to lock in a tax deduction and have the ability to make charitable contributions over time. When considering charitable giving options, the DAF presents clients with many advantages. Here are the Top 10 reasons to use a donor-advised fund for charitable giving:

1. Keep track of fewer charitable receipts.
2. Avoid capital gains taxes on appreciated securities.
3. Your donations continue to grow.
4. Fund growth is tax free.
5. Use the fund to make a difference in perpetuity.
6. Ability to distribute funds anonymously.
7. Flexibility of contributions.
8. Availability of advice and assistance.
9. Easy to get started.
10. Low or no fees.

ing track of charitable giving to several different organizations without having to maintain multiple receipts is one feature of the DAF that Mr. Pearsall appreciates as he actively gives to local and national charities.

The DAF also offers an “ease in its ability to move money into it via a stock transfer,” Mr. Pearsall said.

The relationships Community Foundation staff cultivate with donors makes fund management feel less transactional and more personal, he added.

“The Foundation is very, very responsive in its ability to move the money rapidly and very efficient once you have the money with them,” Mr. Pearsall said. “It’s also easy to track the donations with quarterly statements and always knowing what you have in the account.”

Donor-advised fund relationships stewarded though an advisor helps provide additional value to your clients and the communities and differentiate yourself when working across the generations with charitably minded individuals, couples and families.

### QUESTIONS?

Contact **Rande Richardson**, executive director, or **Max DelSignore**, assistant director, at [rande@nnycf.org](mailto:rande@nnycf.org) or [max@nnycf.org](mailto:max@nnycf.org), or **315-782-7110** to learn more about establishing a donor-advised fund at the Northern New York Community Foundation.

# Charitable contributions a ‘non-factor’ in donor domicile

**C**an a donor make a contribution to a New York-based charity and not have it affect his or her legally declared “domicile” in another state? Absolutely!

Clients frequently ask how they can effectuate the change of their “residence” from New York to another jurisdiction with a more friendly tax code.

However, the change of “residence” is not really the issue. In order to avoid New York income and estate tax, a donor must change his or her “domicile.”

Individuals may have many residences, but they can only have one home — or domicile — for purposes of income and estate taxes. Your domicile is where you call home, it is the place to which you return to when you are away for any reason. It is where you vote, collect your mail, where your medical providers are, and where you have made your roots into the community.

When taxpayers attempt to leave New York for another jurisdiction, they must prove that they intended to, and then actually did, effect the change from the former jurisdiction to the new one. A mere change in residence without an intention to actually change your domicile — for example, make your new home — will not be sufficient to escape New York taxes. Again, the mere move to another jurisdiction is not enough. The

taxpayer must “abandon” New York State as his home and establish all of the ties which constitute a new domicile in the new state.



MARCY ROBINSON DEMBS

New York State has issued guidelines for its auditors which include the “rules” the auditors are expected to follow when auditing a taxpayer with regard to a change of domicile. These guidelines divide the factors to be considered into

two groups: primary factors, and secondary factors. If the primary factors are not satisfied, auditors do not even consider the secondary factors. None of the primary factors is alone, significant. They must be evaluated together. Primary factors are:

**HOME** — The taxpayer’s and his immediate family’s idea of home, and where the taxpayer has established ties to his community, the size and value of the residence in New York as compared to the other jurisdiction, whether the residence in New York is for sale, or is seasonal.

**ACTIVE BUSINESS INVOLVEMENT** — The taxpayer’s continued employment or active participation in a New York business.

**TIME** — Where the taxpayer spends his time when not in New York. If the taxpayer is not in New York State, but is not in the new jurisdiction he claims is his domicile, the evidence that he has established his domicile in the new jurisdiction is more difficult to establish.

**NEAR AND DEAR** — The location of the taxpayer’s pets, family heirlooms, family photographs, and those items of tangible personal property which “enhance the quality of the taxpayer’s life.”

**FAMILY CONNECTIONS** — Where the taxpayer’s family members live, where holidays are celebrated, how often the taxpayer returns to New York to see his grandchildren, for instance.

Significantly, the auditor’s guidelines specifically state that the taxpayer’s charitable contributions are a “non-factor” and are not to be taken into account in determining domicile. Indeed, an “Opinion of Counsel” issued on Nov. 22, 1984, specially stated that ... “it is the policy of the Department that the making of contributions to a New York State charity will not be taken into account in determining domicile under New York’s personal income tax.”

**MARCY ROBINSON DEMBS** is a North Country native and a partner in the regional law firm Barclay Damon. She is based in Syracuse and Watertown. She focuses her practice in the areas of trusts and estates. Marcy has been practicing for more than 30 years throughout Central New York while maintaining a large presence in the North Country, furthering a commitment to families and business owners in New York. She serves as a Trusts & Estates Practice Area co-chair. She holds a Juris Doctor, magna cum laude, from Syracuse University College of Law and a Bachelor of Arts from Middlebury College.

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## Starting a charitable fund at the Community Foundation is easy

**C**reating a fund at the Northern New York Community Foundation is an easy way to invest in our community. By establishing a fund today, your clients can support favorite charities during their lifetimes. Many donors add to their funds each year, recommend grants on a regular basis, and name the fund in their wills as a way to responsibly support their charitable interests in perpetuity.

As a public charity, the Northern New

York Community Foundation offers donors the maximum charitable tax deduction permitted by law. It may be advantageous for your client to make a current gift based on this year’s tax situation, and to determine grants from their fund in future years.

Opening a fund at the Community Foundation is quick and easy — in most cases, the fund is operational in less than 24 hours. It can be done by you on behalf of your client, or you may refer your client to us

directly. Our team is here to help meet their objectives. The Community Foundation is able to keep it just as simple establish a fund for the future — as part of your client’s legacy plan, for example.

The following are simple steps to establishing a fund. Community Foundation staff is always happy to help answer any questions or issues that arise during the process.

- Identify your client’s charitable

See **EASY STEPS** on next page



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Community Foundation  
SINCE 1929

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## A FOREVER GIFT

# Donor works with advisor to honor her parents, create legacy fund for Potsdam

The Community Foundation feels very strongly about the thoughtful stewardship of legacies of the lives of those for whom the people and places of Northern New York held special meaning. In this enduring way, their passions, values and interests can continue to be supported when they can no longer do so personally.

Such is the case with Potsdam native **Susan J. (Van Ness) Sewall**. Susan was the daughter of **John S. and Dorotha (Ticknor) Van Ness**. Susan came from a family that was very community minded. Her father was active in Potsdam government and served as Potsdam mayor from 1955 to 1961. He also held leadership positions with the Potsdam Chamber of Commerce, Potsdam Rotary Club and was a trustee at Paul Smith's College. Susan's mother began teaching at Potsdam High School in 1939 and later joined her husband in the management of Sunshine Stores. She served as president of the Canton-Potsdam Hospital Guild and was an active member of Potsdam United Methodist Church.

Prior to her untimely and sudden death in 2017, Susan worked with her advisor and the Community Foundation to appropriately honor her parents and their long-standing commitment to the

betterment of the Potsdam area.

Because of her foresight and thoughtful planning, the **John and Dorotha Van Ness Family Fund** within the Northern New York Community Foundation will be a permanent grantmaking resource that will forever support programs, activities and initiatives that support the quality of life of the Potsdam community. Susan believed that strong, healthy, vibrant communities help provide the backdrop from which many other aspects of community vibrancy and development can occur.



SUSAN J. SEWALL

The fund will forever be a resource to enhance Potsdam. We are honored and grateful to Susan to be entrusted with perpetuating her family's love of Potsdam through such an incredibly thoughtful and enduring bequest.

Susan's story is just one example of how the Northern New York Community Foundation, through its valued relationships with donor advisors, can help people to create meaningful vehicles that steward legacies thoughtfully in perpetuity. If you have a client who may wish to talk about establishing a family fund or any other permanent fund, with additional stewardship, please contact the Community Foundation.

### EASY STEPS from page 3

purpose or intent. This can range from highly specific — for example, an alma mater, church, or synagogue — to general in scope, including geographic.

- Select the type of fund that best fulfills that purpose or intent. See "Need to know" on page 1 for common types of funds that might appeal to your clients.

- Complete a simple fund agreement to make your client's intentions clear. Depending on the type of fund being established, your clients should designate current fund advisors (such as themselves) and successor advisors (their children and grandchildren).

- Name the fund. Funds can be named after the donor, his or her family, a cause, or something else entirely. Donors can also choose to remain anonymous.

- Activate the fund by making an establishing tax-deductible gift.

The Northern New York Community Foundation considers attorneys, accountants, financial advisors, investment managers, insurance professionals and other advisors to be our partners in the charitable giving process.

We want to be a resource for you and help you and your clients understand the many ways they can support their community and achieve their charitable goals more effectively and efficiently. Whether your

clients are planning for the future, selling a business or stock options, or managing an inheritance, you can help them achieve their financial goals by working with the Community Foundation.

The Community Foundation is a single, convenient vehicle for meeting a variety of your clients' charitable interests. With expertise in planned gifts, donor service, and grantmaking, we can work with you to tailor a charitable fund to meet your client's needs now or through their wills or other deferred giving arrangements. Since 1929, it has been our honor to be the permanent home of donor legacies of those who have charitable interests throughout Jefferson, Lewis and St. Lawrence counties.