



CAUSE CONNECTION

Connecting people who care to causes that matter

The Power of an Area of Interest Fund

The area of interest fund, often overlooked compared to the popular donor-advised fund, is powerful in its impact on the community and the fundholder.

The donor specifies an issue or issues that he would like to support over time, and the Community Foundation applies our community knowledge and leadership to identify worthy grant recipients. The area of interest fund also offers some flexibility in structure and approach, so we can personalize the fund to the needs and interests of the donor. For example, area of interest funds can accept IRA charitable distributions, while donor-advised funds cannot. (See the back side of this newsletter for more info on IRA gifts.) This semi-discretionary approach to grantmaking and the services provided to area of interest funds are at the heart of our work.

Area of Interest Fund Case Study: The Barry M. Kessler Fund

After giving through designated funds at LVCF for several years, Barry Kessler expressed an interest in learning about new organizations and particular needs in the Lehigh Valley while remaining involved in the grantmaking process. The Community Foundation had a solution.

LVCF helped Mr. Kessler establish an area of interest fund, but with a twist. This fund included an opportunity for Mr. Kessler to take a deep dive into one of the community's most pressing needs by participating in LVCF's application review process.

In 2018 the Barry M. Kessler Fund focused its attention on the issue of food and housing access. Food and housing was one focus area within LVCF's Igniting Change Fund, a follow-up to our 50th anniversary Spark Grants. Through this platform LVCF sourced high-quality grant applications from a diverse set of organizations serving various aspects of the issue. LVCF's grant management software made it possible for the full grants committee, including Mr. Kessler, to efficiently and effectively review these individual applications using specific evaluation criteria. A robust committee conversation followed.



Barry Kessler (r.) Meeting with Staff

Ultimately the grants committee recommended \$50,000 in support of ten organizations best positioned to have a positive impact on food and housing access in the Lehigh Valley.

This fund structure met Mr. Kessler's interests in leaning on the Community Foundation's knowledge and expertise to learn more about a particular issue while gaining insight into nonprofits doing good work in that space.



Building Community Knowledge

The LVCF team, Mr. Kessler, and other interested fundholders had an opportunity to visit some of the food & housing nonprofits to see the grant dollars put to work. Together we saw a clearer, bigger picture of the issue in the Lehigh Valley and how organizations collaborate in their work towards a common goal. Leadership shared their successes, their challenges, and their visions for the organizations. Last but not least, we left with a better understanding of how individual philanthropists can make a difference to the nonprofits.

On-site nonprofit visits are an important part of the Community Foundation's community knowledge-building and due diligence process. We now invite you to join us at these visits, so you can learn with us.

Each month we will visit a different nonprofit, driven by a recent grant from a LVCF charitable fund. We hope to see you soon for this powerful and insightful experience.

Join Us | On-site Nonprofit Visit - July



Contact Erika Riddle Petrozelli (erika@lvcfoundation.org) if you would like to visit Northeast Community Center, 1161 Fritz Drive in Bethlehem, to hear about their work in the Marvine-Pembroke neighborhood, including the food pantry and kids summer camp.

LVCF Visit | Wednesday, July 24 - 9:00 - 10:30 a.m.

Have you considered a charitable gift from your IRA account?



A Qualified Charitable Distribution or “QCD” from an IRA account can be a very tax-efficient way to give for individuals over 70 ½ years old. LVCF has seen this gift type grow in popularity since its benefits became permanent in 2015 and the standard deduction increased during 2017 tax reform. **For those givers who are of the right age and have one or more IRAs, a QCD may be a solution to be both charity-generous and tax-thrifty.**

The benefits include

- Up to \$100,000 of QCDs are **excluded from gross income** in a tax year, which is unlike regular withdrawals from an IRA. The \$100,000 limit applies to each individual IRA account owner, so both spouses of a married couple filing jointly can each make up to \$100,000 in QCDs each year if their QCDs come from their respective IRA accounts.
- QCDs **count toward your required minimum distributions (RMDs)** for the year.
- The **lower taxable income** resulting from a QCD strategy has its own benefits, particularly for those tax deductions, tax credits, and benefit payments that are tied to adjusted gross income. These may include lower taxable Social Security benefits, larger itemized deductions for medical expenses, or lower Medicare Part B and prescription drug coverage premiums.
- QCDs **don’t require that you itemize** deductions to receive a tax benefit for your charitable giving, which means you may decide to take advantage of the higher standard deduction as well.

Certain rules apply, including

- You must be at least 70 ½ years old, and the QCD must be initiated after the half-birthday, not just the year in which you turn this age.
- The distribution check from the IRA trustee must be addressed to the public charity, not the individual. Some custodians mail the distribution to the individual’s home address, which is okay as long as the check is properly addressed and not deposited.
- A distribution will be treated as a QCD only if it otherwise would be includible in gross income.
- The QCD amount is not taxed in gross income, so you cannot claim the distribution as a charitable tax deduction.

LVCF can help you and your advisors with your IRA Qualified Charitable Distribution to establish one of the many types of charitable funds that are eligible to receive IRA gifts, such as area of interest funds and designated funds.



Case Study: A donor annually gives to the Tocqueville Society at the United Way and wishes to endow her support. Over five years, she requests qualified charitable distributions from her IRA to a designated fund at LVCF, totaling \$300,000, with the United Way as the beneficiary. The designated fund at LVCF will grant to the United Way in the donor’s family name, in perpetuity.

IN THE NEWS

Meet Intern Zahnia Richardson

Zahnia Richardson joined LVCF as the Community Investments Intern this spring. She works closely with Megan Briggs, Director of Community Investments, on grants administration, grants-related research, and provides assistance in coordinating grants-related meetings.



LVCF Sponsored 2019 Lehigh Valley Philanthropy Institute

LVCF sponsored AFP’s (Eastern Pa. Chapter) 2019 Lehigh Valley Philanthropy Institute on May 15.



The Morning Keynote focusing on the rise of women as family philanthropic leaders was presented by Amy Castoro, president & CEO, The Williams Group, and Kathleen Loehr, senior philanthropic family coach, The Williams Group.

The day-long program was attended by over 150 development professionals and a number of LVCF donors and board members interested in learning more about family philanthropy.



Learn More | Contact...

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