

PNC Institutional Asset Management New OCIO at Lehigh Valley Community Foundation

The Lehigh Valley Community Foundation recently selected PNC Institutional Asset Management Group (IAM) as its Outsourced Chief Investment Officer (OCIO) for two of the Foundation's portfolios. This decision follows a rigorous evaluation process led by LVCF's ad hoc Investment RFP Committee, which concluded that PNC IAM's expertise and capabilities align most closely with LVCF's mission and goals.



The committee chaired by **Denise Blew**, former LVCF board and finance committee member, carefully reviewed proposals from several esteemed firms, conducted interviews and other due diligence measures before recommending PNC IAM. The committee was composed of LVCF board members, staff, and outside financial experts. "We were impressed by PNC IAM's people, services, and technological capabilities,

recognizing the value they will bring to LVCF's work and asset growth initiatives," Blew noted. "We are excited about the possibilities this collaboration brings and believe it will contribute positively to our investment outcomes and overall success. I thank the committee members for their commitment, insight, and expertise in guiding the Foundation through this very important process."

"PNC IAM comes highly recommended by other community foundations where they have demonstrated exceptional service and support," noted **Trisha Higgins, CPA**, Executive Vice President, and CFO of the Foundation who served on the committee. "Their understanding of community foundation dynamics and commitment to assisting organizations like LVCF manage its assets were particularly noteworthy. We were also impressed with PNC IAM's cutting-edge technology solutions that will enhance LVCF's operational efficiency by ensuring smooth processes."

"In 2023, we made the decision to transition to a new OCIO as part of our ongoing commitment to enhancing our investment strategy and ensuring alignment with our organizational goals," explained **Erika Riddle Petrozelli, CPA, CAP®**, President and CEO of the Community Foundation. "The Foundation conducts periodic reviews and evaluations of our investment program as part of our fiduciary responsibility and commitment to sound governance practices. This includes a thorough assessment of our investment strategy, performance, and investment partners. The decision to open the process reflects our evolving needs and strategic direction."



Keeping it Local with LVCF

Your charitable clients have numerous avenues to allocate their philanthropic funds. Many utilize donor-advised funds at LVCF to support various charities nationwide, including alma maters, organizations in past or second-home communities, and charities in their grown children's locales. Many clients prioritize the Lehigh Valley, where they've raised families and established businesses.

It's essential to remind them that the Community Foundation team offers a [range of fund options](#) including endowments for perpetual community support. LVCF staff offer deep insights into current community challenges and identifies organizations providing essential services, enabling clients to promptly support nonprofits through a DAF or other type of fund.

An unrestricted fund is ideal for clients seeking to benefit future generations amid regional challenges. For clients aged 70 ½ or older, annual IRA distributions of up to \$105,000 per spouse to an unrestricted fund qualify as "Qualified Charitable Distributions" (QCDs). These transfers fulfill Required Minimum Distributions, bypass income taxes, and reduce estate taxes upon the client's demise.

Contact us to learn more about how we can help: carrie@lvfoundation.org or erika@lvcfoundation.org

FAQs: Clients' Tax-time Charitable Giving Questions



The year is in full swing. Attorneys, accountants, and financial advisors are asking clients to start gathering tax documents and related paperwork for 2023 tax returns and 2024 planning. Now is a good time for advisors to review a few basic tax principles related to charitable giving. Here are three questions that are top of mind for many advisors, along with answers that can help you serve your clients.

How important is it to high net-worth clients to get a tax deduction for charitable gifts?

Among clients who own investments of \$5 million or more, 91% of those surveyed [reported](#) that charitable giving is a component of their estate and financial plans. In another [study](#), most affluent investors cited reasons for giving well beyond the possibility of a tax deduction and would not automatically reduce their giving if the charitable income tax deduction went away. What this means for your practice is that it's important to be aware of your clients' non-tax motivations for giving, such as family traditions, personal experiences, compassion for particular causes, and involvement with specific charitable organizations. This also means it's critical to talk about charitable giving with all of your clients because it's likely that most consider it to be important.

Why do clients so often default to giving cash?

Many clients simply are not aware of the tax benefits of giving highly-appreciated assets to their donor-advised or other type of fund at the community foundation or other public charity. Even if they are aware, they forget or are in a hurry and end up writing checks and making donations with their credit cards. It's really important for advisors to remind clients about the benefits of donating non-cash assets such as highly-appreciated stock, or even complex assets (e.g., closely-held business interests and real estate). When clients give highly-appreciated assets in lieu of cash, they often can reduce—significantly—capital gains tax exposure, and they can calculate the deduction based on the full fair market value of the gifted assets.

What are the basic deductibility rules for gifts to charities?

It's important to know that the [deductibility rules](#) are different for your clients' gifts to a public charity (such as a fund at the community foundation) on one hand, and their gifts to a private foundation on the other hand. Clients' gifts to public charities are deductible up to 50% of AGI, versus 30% for gifts to private foundations. In addition, gifts to public charities of non-marketable assets such as real estate and closely-held stock typically are deductible at fair market value, while the same assets given to a private foundation are deductible at the client's cost basis. This difference can be enormous in terms of dollars, so make sure you let your clients know about this if they are planning major gifts to charities.

Make it a habit to mention charitable giving to your clients & reach out to the team at LVCF, we are here to help you and your clients. We make it easy, keep it local, and have an impact.

Trust and the Unrestricted Gift

Trust is a crucial factor influencing donors' decisions and the level of trust in charitable organizations has been [rising in recent years](#). It's vital for donors to understand the role and dedication of the Community Foundation in stewarding these contributions. As you talk with your clients about their philanthropic plans, keep in mind that many individuals and families establish funds at LVCF to meet their charitable giving needs.

The team at LVCF collaborates daily with board members, civic leaders, and nonprofits to gain a deep understanding of our community's evolving needs. Through its convening power, local insights, and enduring mission, the Community Foundation serves as an invaluable resource in advancing our community's well-being.

Donors may contribute to unrestricted funds or designated funds endorsed by the Community Foundation's board to address pressing community needs.

This could include:

- Contributing to an [unrestricted fund](#) to support the Foundation's long-term grant-making efforts.
- Donating to the Community Foundation's operating fund, ensuring sustained support for its mission.
- Supporting special initiative funds aimed at providing immediate assistance to those in need, leveraging the Foundation's expertise to allocate resources where they're urgently required.

By engaging with the Community Foundation LVCF, donors can make a lasting impact on our community.