



THE COMMUNITY FOUNDATION
of FREDERICK COUNTY
For Good. Forever. For Frederick County.

SAMPLE LANGUAGE FOR GIFTS AND BEQUESTS
Creating a Testamentary Fund

1. **Will Language**

A. Specific Bequest

“I give, bequest, and bequeath to The Community Foundation of Frederick County, MD, Inc., a not for profit corporation of Maryland, the sum of \$_____ OR all my right, title and interest in the following described property: _____, to be used in such manner to create* an endowment** fund, called The _____, for the purpose of _____.”

B. Residuary Bequest

“I give, devise, and bequest to The Community Foundation of Frederick County, MD, Inc., a not for profit corporation of Maryland, all the rest, residue and remainder of my estate, to be used in such manner to create* an endowment** fund, called The _____, for the purpose of _____.”

C. Proportional Bequest

“I devise to The Community Foundation of Frederick County, MD, Inc., a not for profit corporation of Maryland, an amount equal to ___% (___percent) of my estate, to be used in such manner to create* an endowment** fund, called The _____, for the purpose of _____.”

D. Contingent Bequest

“In the event that _____ (name of wife, son, brother, etc.) shall not survive me, then I devise _____ (Asset) _____ to The Community Foundation of Frederick County, MD, Inc., a not for profit corporation of Maryland, to be used in such manner to create* an endowment** fund, called The _____, for the purpose of _____.”

E. Gift or Bequest of Charitable Remainder Interest

“Upon the death of _____, the trustee shall distribute all of the remaining principal and income of the trust, other than any amount due _____, to The Community Foundation of Frederick County, MD, Inc., a not for profit corporation of Maryland, to be used in such manner to create* an endowment** fund, called The _____, for the purpose of _____.”

*Donors may choose to add to an already existing fund of The Community Foundation of Frederick County, MD, Inc. If so, please change the language on the above examples accordingly.

According to IRS regulations and accounting standards, **endowment funds distribute or “spend” net income *only* for the charitable purpose for which the fund is intended. Moreover, **endowments** limit the distributions so that capital gains may not be spent and may possibly expose the nonprofit beneficiaries or deserving students to unnecessary financial loss if interest rates decreased substantially. With this in mind, the Community Foundation encourages donors to create **quasi-endowment funds** that are able to spend a portion of the annual market value of the fund without ever depleting the fund. As in all cases, please call the Community Foundation to discuss your options and the effect of your decisions.

2. **Distribution and Spending Policies**

The Community Foundation’s current “spending” policy is to distribute 5 percent of the market value of each quasi-endowment fund at the end of the fiscal year. Capital appreciation may be distributed to achieve the 5 percent distribution. Investment return in excess of the 5 percent distribution is reinvested in the fund. In years in which investment return is less than 5 percent, distributions would still occur, in the spirit of providing annual grants and scholarships from the fund. These distributions in down-market years would possibly invade principal but would never entirely deplete the fund.

As stated above, endowment funds “spend” net income only.

When referring to endowment funds, the term “income” is correct when stating what is distributed. When referring to quasi-endowment funds, the terms “proceeds” or “a portion of the fund” may be used.

3. **Considerations**

A. A new fund may be created with a minimum bequest of \$25,000.

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- B. Donors may name the fund according to their wishes.
- C. Donors may choose to create *unrestricted funds* with their gifts. The fund's annual distributions would benefit nonprofit organizations determined by the Community Foundation Board of Trustees based upon current community needs.
- D. Donors may choose to create *designated funds* with their gifts. The fund's annual distributions would benefit the charitable cause(s) the donors determine.
- E. Donors may choose to create *donor-advised funds* with their gifts. The donors' named advisors would recommend grants and scholarships from the fund to the Community Foundation Board of Trustees for its approval. (Please state the successor advisors after the initial ones.)
- F. Donors may choose to create *field of interest funds* with their gifts. The donors must give some guidelines for the Community Foundation Board of Trustees to use for determining the charitable recipients of the funds' annual distributions but need not name a specific organization. Examples include: children's programs; art classes for senior citizens; emergency shelter programs.
- G. *Scholarship funds* should include instructions for selection criteria, whether the Community Foundation's Scholarship Committee or the college financial aid office should determine the scholars, and any conditions on the use of the award (tuition, books, lab fees, etc.).
- H. As The Community Foundation of Frederick County's primary objective is to create permanent funds which will provide annual financial support to charitable organizations, all real assets bequeathed to the Community Foundation must be able to be sold, with no conditions set forth by the donor directing the Community Foundation to never sell or liquidate the asset. The proceeds of the sale of the asset are placed in the funds and invested, with distributions made as instructed and for the charitable purpose for which the fund was intended.

4. The Cornerstone Society

The Community Foundation offers membership to its Cornerstone Society to those who have included the Community Foundation or one of its funds through estate provisions, including through a bequest, life insurance policy, charitable gift annuity, charitable trust, investment account beneficiary, or pooled income fund. Members may be listed by name or by "anonymous." Membership includes being listed on the Community Foundation's website and in its publications, as well as an invitation to a special appreciation luncheon each year.

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Donors who would like to be included on the Cornerstone Society roster should contact the Community Foundation.

As always, please refer to the Community Foundation's website at www.FrederickCountyGives.org for additional information or contact The Community Foundation of Frederick County at (301) 695-7660 with any questions or concerns you may have.

Thank you for your interest in The Community Foundation of Frederick County and for your interest in creating a lasting legacy for our community through your generosity and planning.

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