

moneywise



# Leaving A Legacy

**Q** What should I start doing now if I would like to set up an endowment in my own name?

**Jocelyn Stevens, Community Foundation of Sarasota County vice president of Donor Engagement says:** An endowment is when you leave a sum of money to a foundation for a cause, and that money stays intact. The intention is the principle never gets touched, but that money goes out to an endowed fund in a person's name forever. Then we execute that for them. People often go through their own attorney to set up wills and trust documents. Donors can indicate that they would like to leave something to the Community Foundation of Sarasota County to do whatever it is they want to support when gone, and then they work with us on the document. Or you can leave a gift through life insurance or an IRA [Individual Retirement Account], which doesn't involve attorney. Sometimes people don't leave a document with us before they die and we get a surprise because it says it in their trust, but we have a better understanding of a donor's needs and desires if they meet with us before. If you have a field a interest like education, then the Community Foundation can decide with team of volunteers and staff how to help a whole list of education initiatives we have. Some donors are very specific in what they want and some are more general. I suggest people get very specific. If there is a specific kind of cancer research or a specific church or synagogue or alma mater, that you have to spell out. You can't assume we will send money to your former school, especially if we haven't met you. Once you do a fund agreement, you can always change mind before your death. Nothing is locked in, and we don't tell someone who is designated in a fund agreement that they will get money before the fund is established; it's all confidential. I meet once a year with donors after an agreement is set up and ask if they want to change intentions, and if they do, that is perfectly find with us. There is no fee until a fund becomes active. There is also no minimum dollar amount.

**Marc J. Soss, Esq., estate planning attorney says:** The establishment of an endowment begins with the donation of a sum of money to a non-profit entity (fraternal organization, museum, charity) or institu-

tion (college, university, hospital, research program) for a stated purpose. The endowment can be created during an individual's lifetime or established at their death through a testamentary bequest or insurance policy. The purpose for the endowment can range from the establishment of an educational scholarship or creation of a faculty teaching position to the establishment of a wing at a hospital. A lifetime endowment can be created by working directly with the planned giving department of the entity or institution. A testamentary endowment will typically be drafted by an attorney and included into your estate planning documents. It will be established at your death and funded with proceeds of your estate. Regardless of how the endowment is established, it is important to have a specific stated goal and objectives for the use of the funds and restrictions on the investment of the funds. Without specificity, a board of directors could deviate from the donor's goals and utilize the funds for other purposes or invest in unsuitable investments that prevent the endowment from achieving its objectives. Endowments can be designed to have both short and long-term life expectancies. Long-term endowments are typically designed to maintain the principal donation and utilize the investment income for the endowment purpose. Short-term endowments typically utilize both the principal and investment income to achieve their stated purpose. The endowment fund will typically be managed by a board of directors at the non-profit entity or institution to which the funds have been donated. The donor may select individuals to oversee its operation and sit on the board to ensure its stated purpose is met. In situations where the stated purpose has been met or is no longer possible to achieve, the endowment policy may be modified to achieve a similar goal. The establishment of an endowment fund is an opportunity to leave a lasting mark on your community, create a scholarship program for future students at your alma mater or fund future research programs. They can be created in your name or done anonymously. —by JACOB OGLES 

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