

Leaving a Charitable Legacy

Field-of-Interest and Designated
Funds at KBFUS



KING BAUDOUIN
FOUNDATION
UNITED STATES



> The Marie-Antoinette Carlier Fund supports young entrepreneurs in the Democratic Republic of Congo

The King Baudouin Foundation United States (KBFUS) facilitates thoughtful, effective giving to Europe and Africa. Through a field-of-interest or designated fund at KBFUS, you can create a charitable legacy to support the causes or nonprofit institutions you most cherish. Because KBFUS is a public charity, within the meaning of Sections 501(c)(3) and 509(a)(1) of the Internal Revenue Code (IRC), donors may claim the maximum tax benefits allowed by U.S. tax law for their contributions. Please read further to learn about how you can leave a lasting legacy for generations to come.

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Legacy Philanthropy

A Lasting Commitment to the Generations that Follow

As we go through life, many of us think about how we can leave a positive imprint on this earth. Yet we do not all realize that meaningful charitable contributions are one of the most effective and reliable vehicles to do so. Through planned giving, you can create a charitable legacy for the benefit of future generations.

At the King Baudouin Foundation United States (KBFUS), we make it easy for you to establish a legacy fund that will make gifts in your name, forever or for a specified number of years, to support the causes you cherish or the organizations you revere, anywhere in Europe or Africa.

The assets of legacy funds are invested by KBFUS, under the guidance of our investment committee, allowing them to earn income and grow over time - thereby increasing the impact of your legacy. A sustainable percentage of the balance is used each year to support charitable initiatives

overseas, consistent with the wishes and instructions you provide when establishing your fund.

We offer donors two kinds of legacy funds: field-of-interest and designated funds.

FIELD-OF-INTEREST FUNDS

Giving that passes the test of time

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As a donor looking into the future, the challenge is to ensure that your funds continue to be used in a way that truly makes a difference, regardless of changing social and environmental conditions. Field-of-interest funds have the flexibility to move with the times, so your contributions will not be locked into just a few specific programs.

When you open a field-of-interest fund, you can choose to focus on a particular issue or topic that matters most to you. You can also select a specific city, region, or country. Building on these directives, we

identify the nonprofit institutions active in that field and geography, select those organizations achieving the greatest impact, and make gifts from your field-of-interest fund to support their work. Because no two individuals are alike in their charitable interests, when you create your fund, you can customize how it will operate and define its purpose and geographic focus as broadly or as narrowly as you wish. You might, for example, want to promote entrepreneurship in South Africa, advance women's rights in Egypt, stimulate research at Italian universities, or preserve the cultural heritage of the city of Bruges, Belgium.

Field-of-interest funds are uniquely powerful because they remain relevant. We are constantly reviewing and selecting effective nonprofit institutions, providing you with assurance that your charitable giving will never become obsolete. Your fund will continue to satisfy contemporary needs well into the future, regardless of any economic, social, technological or other shifts that may take place over the years.

DESIGNATED FUNDS

Supporting your favorite nonprofit,
year after year

Even if you have a specific nonprofit institution that you would like to support through a legacy gift, you may want to

ensure that your funding remains relevant far into the future, regardless of new leadership styles or changes in an organization's mission or priorities that may not be aligned with your values.

A designated fund allows you to create an endowment that benefits your favorite nonprofit institution(s) in Europe or Africa, such as the university where you studied or a museum you cherish, without giving the entire amount of the endowment to the nonprofit institution at the outset. At the time you create the fund, you can hand-pick the beneficiary organization and set a timeline for your funding, whether perpetually or for a specific number of years.

We manage the investment of your fund's assets and use a portion of the fund - derived from investment earnings or, in some cases, a combination of investment earnings and part of your original contribution - to support specific initiatives and programs implemented by the organization.

If in the future the nonprofit institution were to terminate its operations or change its mission, our board of directors would be able to redirect funds to other organizations that are working in the same field and region. This authority of our board (called the "variance power") is an attractive feature to donors who want to establish funds in perpetuity but who also understand that the future is difficult to predict.

Inspiring Stories



THE TONY JULIUS FUND Giving Back to One's Birthplace

A forgotten seaside village of breathtaking beauty, Kyparissi is a secluded paradise backed by the craggy slopes of Mount Parnon and fronted by the cobalt blue of the Myrtoan Sea. Sitting on the northeast coast of Laconia, Greece, it was only accessible by sea or on foot down a steep mountain path until 1970. With one small school, the community relies on farming and fishing, olive oil production, beekeeping, and, in the summer, tourism.

This was the village in which Tony Julius was born and raised. After settling in California later in life, he decided to leave three quarters of his estate to create a field-of-interest fund that would support Kyparissi in perpetuity. The Tony Julius Fund, which has been managed by KBFUS since 2011, has an endowment of just over \$550,000, the annual revenue of which is used to fund initiatives benefiting Kyparissi.

To ensure that moneys go where they are needed most, KBFUS decided to collaborate with the Bodossaki Foundation, one of Greece's most respected foundations. Working closely with Kyparissi's local community leaders, the Bodossaki Foundation determines current and future needs, identifies funding opportunities, and submits proposals to KBFUS for projects to be supported with the Fund's revenue - from supporting the village's needy individuals to maintaining and developing public infrastructure such as the church, the school, tourist hiking trails, and the water supply.

Thinking Ahead

Establishing a Legacy Fund with KBFUS

1 CLARIFYING YOUR CHARITABLE GOALS

The first step in your philanthropic planning is identifying your passions and values. Do you want to strengthen the healthcare infrastructure in Western Africa? Are you concerned about human rights in the Democratic Republic of Congo? Do you want to improve youth employment in Spain? Or, would you rather provide long-term support to the business school of the University of Brussels? Whatever your decision, we will ensure that your funds are securely devoted to the desired charitable purposes.

2 DEVELOPING A FUND THAT MEETS YOUR NEEDS

Whether your interests are broad or narrow, you can support them through a legacy fund at KBFUS. Our team is available to answer all questions and concerns in helping you decide what type of fund to establish, as well as how best to structure that fund to match your charitable goals. Whether your interest is in a field-of-interest or a designated fund, and whether your desire is to

support a particular cause or a specific non-profit institution, there will always be someone at KBFUS prepared to help you.

Once these initial decisions are made, you will need to set a timeline and decide upon a name for your fund. While some donors want to set up a legacy fund of permanent duration, others prefer to concentrate their giving on a limited number of years, expending all funds within a specified number of years after their passing. Similarly, donors differ in their preferences for recognition. Certain individuals choose to give in their name, while others like to remain anonymous. In this latter case, you may wish to name your fund after its mission or the objectives of your legacy.

3 OPENING YOUR LEGACY FUND

Opening a field-of-interest or designated fund is simple and straightforward, and there are no set-up or legal fees involved. You can open a fund with a contribution as low as \$1,000, and your fund will become operational and its assets invested

once a minimum balance of \$100,000 is reached.

Even if you intend to contribute the bulk of your fund's assets at a later date through a testamentary gift, you may wish to establish your fund now. Doing so would be prudent financial planning, as it will allow you to take advantage of tax deductions for contributions made to the fund during your lifetime. In such a case, we will formalize the opening of your fund through a letter agreement (available upon request), which will spell out the characteristics of your fund, such as its name, objective, intended duration, and the investment of its assets.

If you prefer not to open a fund at this stage, you may choose to include instructions for a charitable bequest to KBFUS in your last will and testament, for the purpose of establishing a field-of-interest or designated fund. We will be happy to provide you with sample language to do so.

4 CONTRIBUTING ASSETS TO YOUR FUND

Giving should happen when it works for you. Some donors choose to give during their lifetime and claim an income tax deduction for their contributions. Others prefer to make a charitable bequest, so that their estate will benefit from an estate tax deduction. At KBFUS, you can do either or both. You can also contribute to your field-of-

interest or designated fund through a planned gift. The term "planned gift" refers to any major gift that involves financial or estate planning, such as gifts of life insurance policies, gifts of retirement plan assets, charitable remainder trusts, and charitable lead trusts. See a brief overview of the main types of planned gifts on page 11.

KBFUS has the experience and expertise to accept any type of charitable gift - from simple donations of cash to more complex planned giving transactions. And, because we are a Section 501(c)(3) public charity, you receive the maximum charitable tax deductions allowable by law for income or estate tax purposes.

5 INVESTING YOUR FUND'S ASSETS TO GENERATE INCOME

Through professional investment, your legacy fund can earn income and grow, tax-free, over time, thus increasing the amount available to support charitable purposes. When establishing a field-of-interest or designated fund, you can select one of our four investment pools for the allocation of the assets of your fund: *Growth Pool*, *Growth & Income Pool*, *Income Pool* or *Money Market Pool*.

If you prefer, when establishing your fund, you may recommend that the management of your fund's assets be entrusted to a designated investment advisor or asset manager.

All of our investment portfolios are managed using reasonable and prudent investment practices. Our investment committee selects the asset managers, monitors their performance, and reviews their recommendations, paying particular attention to diversification of the investment portfolios. For more information, please see our Investment Policy Statement.

6 SUPPORTING YOUR CHARITABLE GOALS

Your fund will start its operations as soon as a minimum balance of \$100,000 is reached, unless you instruct us otherwise.

With a field-of-interest fund, we will work with our networks to identify the nonprofit institutions that are active in the field and location of your choice, select the organizations achieving the greatest impact, and make gifts from your fund to support their work. For designated funds, we will reach out to the named nonprofit institution(s) and work with them to identify initiatives that match your wishes and instructions.

All projects supported through your fund will be carefully vetted, and payments will only be made after review and approval by our board of directors. A grant agreement will be signed with the grantee, specifying the purpose for which the grant may be used and requesting a brief report after one year.

To help us cover our operational expenses, KBFUS charges an investment fee of 100 basis points per year (that is, 1% of the invested assets of your fund). In addition, a management fee is applicable for each grant made from a fund to a nonprofit organization overseas, currently as follows: 5% of the first \$100,000 of each grant; 2% of the next \$300,000; 1% of the next \$300,000; and 0.5% of the amount of each grant in excess of \$700,000.

Inspiring Stories

THE JEAN-PIERRE NAETS FUND Fostering Original and Audacious Research



With the help of a small research team, it was Jean-Pierre Naets, the Belgian hematologist and Université Libre de Bruxelles professor, who discovered that erythropoietin (EPO) is a hormone secreted in the kidneys, rather than produced in the pituitary gland beneath the brain, as previously believed.

While used as a doping drug by cyclists, EPO is primarily a drug to treat patients suffering from kidney failure.

Having had to battle to secure funding for his research in the 1960s and 1970s, Professor Naets decided to set up a field-of-interest fund that, after his death, would support independent and interdisciplinary research teams. In 2013, after the hematologist's death, the Naets Fund was created at the King Baudouin Foundation.

The Jean-Pierre Naets Fund is a flexible instrument, just like Naets wanted it to be. Its funding doesn't shackle research teams, which can be the death of creativity and innovation. The choice of research subjects is not dictated by current trends, but by the researcher's interest and intuition. It also allows them to reorient their research as needed, and they may be granted funding to extend the mandate of a researcher by six months, if this turns out to be necessary. The Naets Fund truly perpetuates Naets' belief that small, independent teams are key to producing original and audacious research.

Lifetime, Deferred and Planned Gifts

A Wide Range of Giving Options

A brief overview of the primary planned giving vehicles and related tax rules is provided below. This summary is for informational and educational purposes only and does not provide specific legal advice. While KBFUS will be happy to help you identify the legal and tax issues relating to your gift, the information we provide is not a substitute for competent legal advice, and we strongly encourage you to consult with your own legal or financial advisor as to how the tax rules described below apply to your specific circumstances.

LIFETIME GIFTS

If you decide to contribute to your fund during your lifetime, please note that, for income tax purposes, gifts of cash are ordinarily tax deductible up to 50% of your adjusted gross income in the year of your contribution, with a five-year carryover for the excess not used. If you contribute long-term securities or other appreciated prop-

erty, capital gain taxes are usually eliminated, and you can take a charitable deduction for the full, fair market value of the gift, up to 30% of your adjusted gross income.

BEQUESTS

We can provide you with sample language to include in your last will and testament to make a charitable bequest to your existing field-of-interest or designated fund, or for the purpose of establishing a new field-of-interest or designated fund at KBFUS. You can bequeath a specific dollar amount, property to be sold, or a percentage of your residual estate (that is, what is left after your other gifts have been made). Your estate will receive an estate tax charitable deduction for the entire amount of the gift.

LIFE INSURANCE POLICIES

You can name your field-of-interest or designated fund held by KBFUS as the beneficiary of an existing life insurance policy that

is no longer needed to provide for dependents. This offers a simple way to support your charitable vision. Since you are the policy owner, you retain the flexibility to change your beneficiary designation later if your circumstances were to change. While the value of the policy will be included in your estate, an offsetting estate tax charitable deduction will generally be allowed.

RETIREMENT PLAN ASSETS

Retirement plans may represent a large portion of your total assets and therefore may be an important factor in planning testamentary charitable gifts. Left to family members or friends, these assets are subject to income tax, in addition to estate tax and generation-skipping transfer tax. However, if you name your field-of-interest or designated fund as a beneficiary of all or a specified percentage of a retirement plan upon your death, the portion of the plan payable to KBFUS will not be liable for estate taxes, and we will not be required to pay income tax on the distributions.

CHARITABLE REMAINDER TRUSTS

With a charitable remainder trust, you make an irrevocable contribution of cash, securities, or other property. This is placed in trust and payments are annually made by the trust to one or more named beneficiaries from either the contributed assets or earnings from their investment, for life or for a

set number of years. When the trust terminates, the remaining assets are transferred to your field-of-interest or designated fund held by KBFUS. A charitable remainder trust generally allows you to claim an immediate income tax charitable deduction and may help you eliminate capital gains and gift and estate taxes.

CHARITABLE LEAD TRUSTS

A charitable lead trust is the reverse of a charitable remainder trust: your field-of-interest or designated fund receives annual payments from either the assets placed in trust or earnings from their investment, not the remainder. A charitable lead trust enables you to provide income to your fund immediately, for a set number of years or for a term measured by one or more lifetimes. When the trust terminates, the trust assets pass to you, your estate, or your heirs, who may benefit from significantly reduced gift and estate taxes.

Inspiring Stories

THE MARIE-ANTOINETTE CARLIER FUND

Investing in Africa's Youth

Marie-Antoinette Carlier was the youngest daughter of Hector Carlier of Kalmthout, Antwerp, one of the founders of the Belgian oil company Petrofina. She died at the end of 2007. Carlier had stipulated in her will that part of her estate should go to the King Baudouin Foundation for the creation of a field-of-interest fund.

Established in 2009, the Marie-Antoinette Carlier Fund is one of the foundation's largest legacy funds. In accordance with Carlier's wishes, the Fund supports initiatives that improve the living conditions of young people and their families in Burundi and the Democratic Republic of Congo. With an annual budget of about 450,000 euros, the Marie-Antoinette Carlier Fund focuses on access to water, education and health.

To date, a total of 2 million euros has been granted to support 19 projects. In



the Democratic Republic of Congo, for example, the Fund supports activities that foster economic independence for disadvantaged women and young girls in Lubumbashi. And, by supporting I&F Entrepreneuriat, a business incubator in Bas-Congo, it helps train and support young entrepreneurs so that they can create sustainable small and medium-sized businesses in the agricultural sector.

Meanwhile, in Burundi, one of the projects builds professional skills among young people in Ndava, in the province of Mwaro, so that they can participate in the local economy, in particular in fruit growing and processing.

Why KBFUS?

With KBFUS, you will gain a knowledgeable, experienced partner to support and further your legacy through smart charitable giving. For the past 15 years, KBFUS has advised hundreds of U.S.-based donors with international interests. Operating as a domestic Section 501(c)(3) public charity, we have facilitated more than \$40 million in grants over the past three years, supporting a wide variety of causes in Europe and Africa. KBFUS has an extensive network of nonprofit institutions, governmental bodies, and other organizations working for a better society in these regions, active in issues ranging from research, education, and the arts, to healthcare, employment, and human rights.

In addition, KBFUS builds on the long grantmaking history of its Brussels-based parent foundation. Established in 1976 and

named for Belgium's late head of state, the King Baudouin Foundation (KBF) is one of Europe's leading foundations, with programs across Europe and Africa. A founding member of the European Foundation Center, KBF manages field-of-interest and designated funds with assets from \$200,000 to \$20 million.

Working with KBFUS, you will benefit from our extensive networks and community expertise, as well as from the professional guidance of our investment committee. Because of our vast experience with strategic grantmaking, you can rest assured that your moneys will go where they are needed most, supporting nonprofit institutions and initiatives that meet the highest standards. You can rely on us to honor your charitable intentions and ensure that, year after year and generation after generation, your fund has the impact you desire.



> The Jean-Pierre Naets Fund stimulates original scientific research



Please contact us to discuss setting up a legacy fund at KBFUS.

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