

Getting Involved Through Community Foundations - A Bloch Legacy

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Henry W. Bloch, co-founder of the national tax-preparation firm H&R Block, is one man who knows first hand the pleasure of giving back to his community.

For decades, Bloch has passionately supported dozens of causes in Kansas City, his family's home and the birthplace of his company. In many cases he has played a lead volunteer role in addition to driving significant institutional support to those charities most dear to him. "Kansas City saw my company through the lean years, and I'm grateful for the opportunity to give back," says Bloch.

But even though he had a corporate and family foundation to support this work, many of Henry Bloch's endeavors with the local charities have taken place through the local community foundation. Bloch served as director of the Greater Kansas City Community Foundation for 15 years because he values the active partnership they create with donors and their ability to create targeted funds to assist causes in the community.

"The Community Foundation does a wonderful job," says Bloch. "I've been working with [the foundation] for many years, and it really encourages participation in helping the community."

The list of Henry Bloch's charitable undertakings is exhaustive. He has endowed the Bloch Business School at a local university and has secured the future of the Nelson Atkins Museum of Art. He has also greatly assisted St. Luke's Hospital, a premier medical institution in the Kansas City area.

Continuing the Legacy Through a Community Foundation Partnership

But why does a successful businessman like Henry Bloch believe so adamantly in community foundations, especially when he already serves as chairman of the H&R Bloch Foundation, his firm's corporate foundation, and the Henry W. and Marion H. Bloch Foundation, a private foundation established by him and his wife to channel their own giving?

The answer lies in Bloch's belief in personal involvement.

"You have to be involved in organizations that do work that is important to you," he says. "Working with causes just steps from your back yard is the only way to get as much enjoyment as possible from your giving. Community foundations encourage donors to combine personal involvement with financial support. They also educate

donors who don't know about how to do this. I think this is a critical role in any community."

This is also a concept Bloch has taught to his own children over the years as he encouraged them to become involved in giving. Years ago, when one daughter urged him to donate \$1,000 to her favorite charity, he said he would match a \$500 donation from her. She agreed.

Today, Bloch's four children who are grown and living in Kansas City are charged with creating their own philanthropic legacy, and they'll be doing it through a community foundation.

"Our private foundation's assets will be divided equally at my death among our children's donor-advised funds at the Greater Kansas City Community Foundation," says Bloch.

His decision is partially a result of his belief that givers must support causes they care deeply about. And he knows that his children have interests of their own, many of which can be best fulfilled through a community foundation that supports numerous local charities. In essence, through the use of a community foundation, Bloch has empowered his children to carry on the family tradition of giving, but leave legacies of their own.

Advantages of Community Foundations

But there are also other factors that prompted Henry Bloch to transfer his private foundation to a community foundation. In fact, there are several important advantages for donors.

Administration is both simpler and less costly than through a private foundation. Plus, tax benefits are more significant, investment income is not subject to excise tax, and there are no minimum annual payout requirements. Moreover, you also get the benefits of a private foundation, namely personal recognition, involvement and flexibility [See chart.]

Although donors can channel their giving through a community foundation from the outset, funds can be transferred from a private foundation at any time during your life, not just at death, as Henry Bloch chose.

Section 507 of the Internal Revenue Code permits termination of a private foundation in either trust or corporate form if two conditions are met. The private foundation must distribute all of its net assets to one or more public charities and each must have been in existence for at least five years.

Upon termination, a final income tax return must be filed by the private foundation. In addition, as in the case with the Henry W. and Marion H. Bloch Foundation, which has made long-term commitments to various organizations, charitable commitments will be fulfilled before the foundation is dissolved.

Making a Difference

Community foundations exist nationwide and can offer you grant-making advice, briefings on charitable issues and organizations, research on charitable programs and

a variety of funding vehicles to meet your needs and the needs of the local causes you wish to support.

In addition, you can establish personal or family charitable funds with current gifts, deferred gifts, or both.

Giving back to a local community can be a rewarding and enjoyable experience. If you find a cause that you care deeply about, a community foundation may be one of the best ways in which to benefit both you and your community. Like Henry Bloch, you, too, can discover the merits of active charitable involvement.

Community Foundation	Private Foundation
The individual fund is established with one signed document and is automatically covered by the community foundation's tax exempt status	Corporation or trust must be established and must apply to IRS for tax-exempt status, which can take to six months or longer.
Cash gifts deductible up to 50% of AGI	Cash gifts deductible up to 30% of AGI
Full market value of publicly-traded securities deductible up to 30% of AGI	Full market value of publicly-traded securities deductible up to 20% of AGI
Full market value of closely held stock or real estate deductible up to 30% of AGI <i>or</i> cost basis deductible up to 50% of AGI	Deduction limited to donor's cost basis, up to 20% of AGI
No excise tax on investment income	A 2% or 1% excise tax on investment income
Money can be accumulated toward future grants, with minimum distribution requirement.	A minimum of 5% of average asset value must be paid out each year
The Foundation files annual tax returns and provides an annual independent audit	Trustees must file an annual tax return or hire staff to do so

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