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Greetings Professional Advisors Council Members



Please enjoy this edition of the annual Professional Advisors Council ("PAC") newsletter, which includes a calendar of upcoming programs.

Thank you to our members for helping to make the Collier Community Foundation ("CCF" and the "Foundation") a valued and respected organization in our community. The PAC supports CCF by connecting the Foundation with people looking to make an impact with their philanthropic giving.

As you know, the tremendous transfer of wealth that will take place in Collier County in the next decade is an opportunity to take CCF and CCF's impact on our community to the next level. Your efforts and support have already resulted in many new and significant donors to the Foundation, including

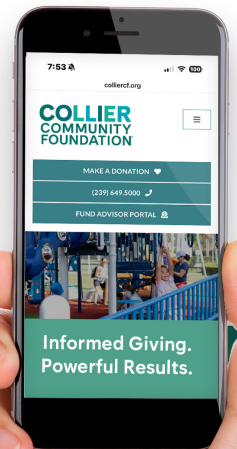
the recently announced \$17 million estate gift to CCF. Thank you for your ongoing dedication and hard work.

In my new role as the liaison between the Board of Directors of the Collier Community Foundation and the PAC, I look forward to meeting you at an upcoming event and working with you to share CCF's opportunities with our colleagues and clients.

MARCIE CHARLES, J.D., LL.M.

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Collier Community Foundation Receives a Momentous Unrestricted *\$17 Million Estate Gift*



The Collier Community Foundation (CCF) received an unrestricted estate gift of approximately \$17 million from G. Jeffrey "Jeff" Provol, a Naples resident whose legacy will significantly impact the community through his quiet yet visionary philanthropy. These generous funds represent the most substantial gift CCF has received in its 39-year history.

Photo of Jeff Provol courtesy of Tax Advisory Group at HBK

“He wanted it to go directly to organizations who could use it the most.”

- Amy Dalen Garry, JD
Principal of the Tax Advisory Group at HBK
and personal representative of the Provol estate

When Provol, 81, who wasn't married and had no children, passed away on September 5, 2023, he left this enduring gift in the trusted hands of CCF so that the funds could address emerging and future issues and natural disasters. **“It's hard to put into words the impact these funds will have in the long run,” said CCF President and CEO Eileen Connolly-Keesler. “This gift will allow for larger impact grants to nonprofits critical to this community.”**

Jeff's father established the family fortune when he founded the George J. Provol Company and Classified Inc. mail order advertising company in Chicago in 1930. Jeff took over when his father passed away in 1989. After selling the company, he moved to the Naples community of Pelican Bay in 2005.

Amy Dalen Garry, JD, principal and the chair of the Tax Advisory Group at HBK, is the personal representative of Provol's estate. She said Provol had many interests through the years, such as car racing and collecting art, but was ultimately intent on lifting others with his wealth. “He was a private man, but he was a kind man. He really cared about other people. He wanted to make sure that what he had would benefit everyone,” Garry said. “He was very fortunate and successful in his life—and he didn't take that lightly. He wanted to pass that on.”

Connolly-Keesler said, “It is perfect timing” for this unprecedented gift as CCF and its philanthropic partners prioritize gaps and address needs based on the recent Collier County Community Assessment survey, including workforce housing and the environment. She noted that Provol's only previous donation to CCF before this substantial gift was to the Collier Comes Together Hurricane Ian Relief Fund.

When Provol worked with Garry and Roetzel & Andress estate attorney Lisa Lipman, he already considered the Community Foundation his biggest beneficiary. “It's fantastic,” Lipman said. “The Community Foundation helps so many other organizations, this gives the Community Foundation the power to do more than they are already doing. I'm sure it contributes to the foundation's sustainability overall.”

Added Garry: “He wanted it to go directly to organizations who could use it the most.”

As the baby boomer generation is transferring \$34.8 billion over the next nine years in Collier County, Connolly-Keesler agreed that providing unrestricted gifts to the foundation ensures long-term community sustainability.

“This is how you build your communities—you ensure the community you care about is taken care of today and 50 years from now, even if you bequeath a small portion of your estate. Provol's gift guarantees that there are reserves in this community for when things happen. He saw that you need resources when a crisis hits your community.”

- Eileen Connolly-Keesler
President & CEO of Collier Community Foundation

Empowered Philanthropy: *A Testimonial*

As an estate planning attorney and Chartered Advisor in Philanthropy (CAP), I regularly meet with clients eager to contribute to charitable causes but unsure where to direct their generosity. Donor advised funds (DAFs) offer a versatile and impactful solution, especially through organizations like the Collier Community Foundation (CCF). We are proud to not only recommend CCF to our clients but also to actively support their mission as a corporate sponsor for the past three years.



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Flexibility of Donor Advised Funds

One powerful reason I often recommend donor advised funds is that they offer a unique advantage: they allow donors to earmark a portion of their estate for charity without finalizing the recipients at the time of their estate planning. For instance, clients can allocate 10% of their estate to charity and direct these funds to CCF. This decision doesn't slow down the estate planning process because it doesn't require choosing the final beneficiaries immediately.

Donors can work with CCF directly to specify and amend their beneficiaries at their convenience, eliminating the need for codicils or trust amendments. This flexibility allows for changes in charitable intentions without the need to revisit legal documents.

Clients can also appoint a successor to their donor advised fund, such as an attorney or family member, empowering others to continue their philanthropic legacy.

Field of Interest Approach

Another benefit of the CCF team is their ability to guide donors through the giving process. For example, suppose a client expressed interest in senior citizen support or environmental conservation. In that case, we recommend a field of interest approach, entrusting CCF's advisors to allocate funds based on specified interests. This approach taps into the foundation's expert knowledge of local needs, ensuring impactful donations that align with the donor's values.

Local Advantage

While there are benefits to national charitable funds, I find CCF has distinct advantages. They have cultivated a caring team focused on local philanthropy, encouraging donors to invest in their community and raising the overall "charitable bar" in SWFL. While donors can still support national or international causes, CCF encourages allocating at least a percentage of donations to local projects.



Integrating DAFs with Other Financial Tools

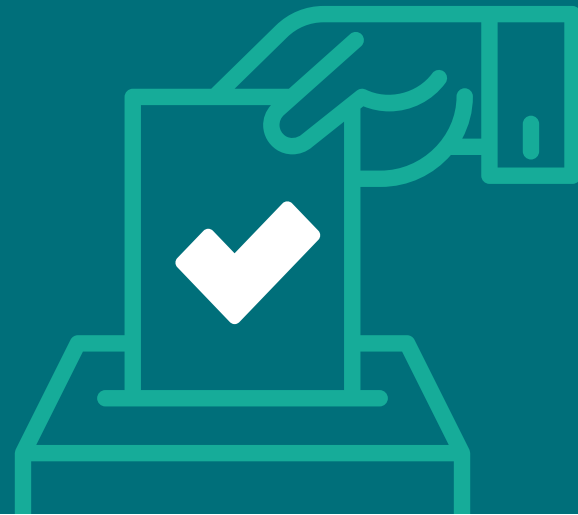
In practice, we often pair donor advised funds with other financial planning tools, such as charitable remainder trusts (CRTs). A CRT secures immediate financial benefits for our clients and ensures that the remainder of their estate is used effectively for charitable purposes through CCF. This dual benefit is just one example of the versatility of DAFs that reinforces our clients' philanthropic legacies.

Making a Successful Referral to CCF

We frequently refer clients to CCF. This collaboration has also proven highly beneficial for our firm. It underscores our commitment to responsible, community-focused planning, and our clients appreciate having the ability to integrate meaningful philanthropic strategies into their estate plans. With CCF as a trusted partner, we are grateful to contribute to our community's well-being, now and for generations to come.



How do Election Years Affect the Markets?



As the 2024 U.S. presidential election approaches, many investors are anxious about the impact politics might have on their portfolios. While this concern is primarily driven by the uncertainty a typical election year brings, a review of past cycles suggests that the upcoming presidential election shouldn't be a cause for concern.

To better understand the typical market dynamics during election years, we analyzed the returns of U.S. stocks over the last 60 years and compared those results to the returns generated during presidential election years and the year immediately following election years.

Since 1960, the S&P 500 has averaged an annualized price return of roughly 8.2%. As you can see from the chart below, returns during a U.S. presidential election year were slightly below average, coming in at 7.3% per year. However, returns generated the year after a U.S. presidential election were significantly above average, at 10.2% annually. We also reviewed the returns during calendar years when a Republican or Democrat was voted into the White House, though it's worth noting that there's a limited sample size (i.e., 16 U.S. presidential elections since 1960, with an even split between appointed Republicans and Democrats). If a Republican was elected, returns were roughly 9%

per year during the election year (higher than the average annual return since 1960). In contrast, if a Democrat was elected, returns were below average at 5.6% per year during the election year. Meanwhile, the opposite was true during the calendar year following an election. If a Republican was elected, returns only averaged 3.1% per year, while if a Democrat was elected, returns averaged a whopping 17.3% per year in the year following a U.S. presidential election.

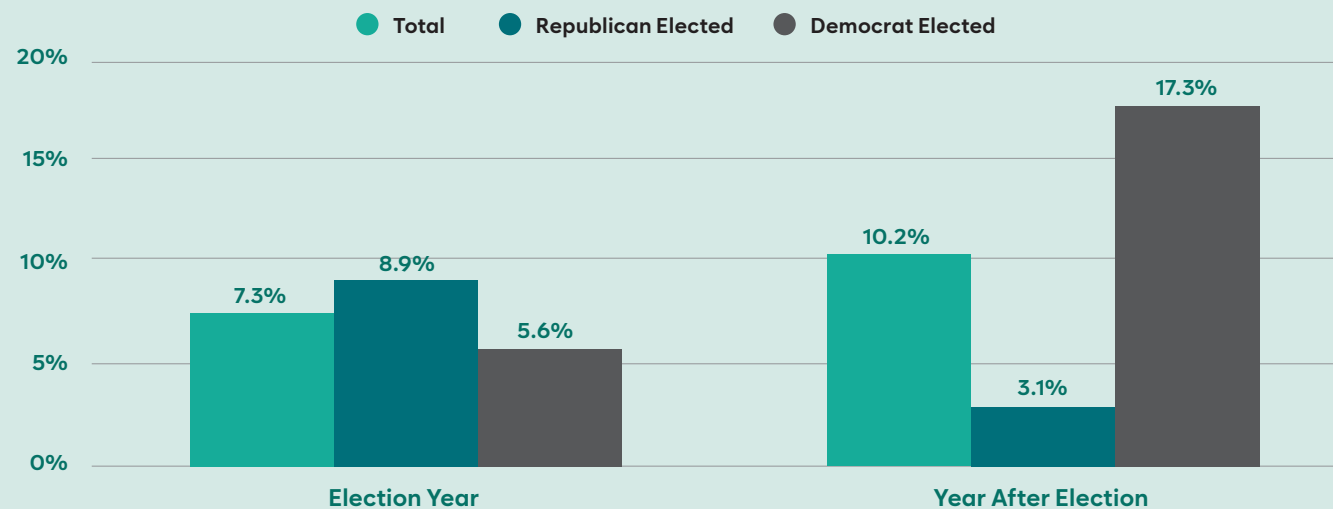
There are of course many factors that impact performance in a given year, and macroeconomic trends such as growth, inflation, and the level of interest rates tend to demonstrate a stronger relationship with asset returns than the discrete results of a specific election. For example, during the 1980 election year, the S&P 500 rallied approximately 26% as newly elected Chairman of the Federal Reserve ("the Fed"), Paul Volcker, was able to begin reigning in stubbornly high inflation that began manifesting in the late 1970s.



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As you will see from our 2024 market outlook, we're cautiously optimistic regarding the U.S. economic backdrop heading into the new year. However, the market is starting to become expensive at the index level, as the S&P 500 will likely end 2023 up over 20%. Still, many pockets of the market failed to participate in last year's rally, and several attractively priced companies with long-term return potential remain. High quality U.S. government and corporate bonds are another important portfolio diversifier, especially as the Fed pivots towards easing policy. Despite the near-term uncertainty an election year typically brings, we believe a diversified portfolio of high-quality growth and dividend-paying stocks, combined with appropriate amounts of short-to-intermediate term bonds and cash, will help our clients meet their financial goals. Contact an advisor for assistance with your investment strategy.

S&P 500 Average Calendar Year Price Return (1960-2020)



Conversely, the S&P 500 was down 38.5% during the 2008 election cycle, driven by the burgeoning global financial crisis and the damage it inflicted on the economy and markets. In both cases, markets reverted the following year as the S&P 500 declined roughly 10% in 1981 as inflation resurfaced, and rallied 23.5% in 2009 as the Fed embarked on quantitative easing. Therefore, it's important to understand the economic and market backdrop leading into an election year, and how that backdrop evolves: Is the economy on solid footing? Are interest rates accommodative or restrictive? Are asset prices over or under-valued? Are corporate profits sustainable? And so forth.



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Not FDIC Insured | No Guarantee | May Lose Value

Tools for Advisors: Fund Types Tailored to Your Client's Charitable Goals



CCF offers charitable giving vehicles to meet a wide range of clients' needs. In many cases, a single client can benefit from setting up multiple funds of different types.



Here's a quick primer on a few of the most popular fund types.

Donor Advised Fund

A donor advised fund enables your client to establish a specific account for charitable giving. Your client makes tax-deductible contributions of cash (or, ideally, stock or other highly-appreciated assets) to the fund, and then recommends grants to favorite charities.

Collier Forever Fund (Unrestricted)

CCF has its finger on the pulse of the community's most pressing issues. A Collier Forever Fund gives your client the opportunity to support community needs that can't be identified until the future. One of the biggest benefits of a community foundation is its perpetual structure that allows clients and their families to offer support to nonprofits that evolve over time as priorities in the community shift.

Field of Interest Fund

Clients who want to target their giving to specific areas of community need (such as education, health, environment, or the arts) can set up a field of interest fund to establish parameters for grant making under the ongoing guidance and expertise of CCF's staff.

Designated Fund

A designated fund allows a client to direct giving to a specific nonprofit and purpose. Over time, CCF's staff manages distributions from the fund according to the terms established by your client.

Agency Fund

An agency fund is similar to a designated fund, except in the case of an agency fund, the source of the initial contribution is the beneficiary nonprofit organization itself, not a donor or donors as is the case with a designated fund. If your client serves on boards of directors of charities, they'd likely be interested in learning more about agency funds. Indeed, if you represent nonprofit organizations and their board members in your practice, it's helpful to keep in mind that organizations frequently establish agency funds at CCF to set aside endowment reserves or rainy day funds. The team at the community foundation is adept at navigating the specific accounting standards that are unique to this type of arrangement.

Scholarship Fund

Clients can set up funds to support students' educational pursuits based on the parameters and application requirements they outline with help from the experts at CCF.

PRO-TIP

If you represent clients who are age 70 ½ and older, consider recommending a Qualified Charitable Distribution from a client's IRA to a fund at the community foundation. All of the fund types noted above are eligible recipients, with the exception of only the donor advised fund.



We look forward to working together to discover the asset and fund type that fits your client's unique charitable giving goals.

Celebrate Variety: Many Assets Make Great Gifts to Charity

When your client is getting ready to make a contribution to a fund at the Collier Community Foundation (CCF) or other charity, remind them not to automatically reach for the checkbook! Here are other (and typically more tax-savvy) options to consider.

Marketable Securities

Gifts of long-term appreciated stock to a donor advised or other type of fund at CCF is always one of the most tax-savvy ways to support favorite charitable causes because capital gains tax can be avoided. Gifts of publicly-traded stock, for example, are easy to transfer to a fund. The CCF team can provide you and your clients with transfer instructions to make the process simple.

As is the case with a cash gift, CCF will provide a receipt for tax purposes, and the gift of stock will be valued at the shares' fair market value on the date of transfer. When CCF sells the shares, the proceeds flow into the client's fund without any reduction for capital gains taxes. This is because CCF is a 501(c)(3) charitable organization and therefore does not pay income tax. That would not have been the case, however, if the client had sold the stock first and then transferred the proceeds to a fund at CCF; the client would owe capital gains tax on the sale. Especially in cases where the client has held the stock a long time and it's gone up significantly in value, the capital gains hit can be big.

Closely-held Business Interests

The CCF team can work with you and your client to explore how the client might give shares of a closely-held business to a fund at CCF. Not only will transfers be eligible for a charitable deduction during the year of transfer (and at fair market value if the shares are held for more than one year), but also these gifts could potentially reduce income tax burdens triggered upon a future sale of the business. Be sure to talk with our team well before any potential sale is in the works; otherwise, you could lose out on tax benefits.

QCDs from IRAs

As always, keep in mind that the Qualified Charitable Distribution ("QCD") is a very smart way to support charitable causes. If your client is over the age of 70 ½, the client can direct up to \$105,000 (in 2024) from an IRA to certain charities, including a field of interest, designated, unrestricted, or scholarship fund at CCF. If your client is subject to the rules for Required Minimum Distributions (RMDs), QCDs count toward those RMDs. That means your client avoids income tax on the funds distributed to charity. Our team can work with you and your client to go over the rules for QCDs and evaluate whether the QCD is a good fit.



Real Estate

Your client's fund at CCF can receive a tax-deductible gift of real estate, such as farmland or commercial property, in a variety of ways. An outright gift is always an option; lifetime gifts of real estate held by the client for more than one year are deductible for income tax purposes at 100% of the fair market value of the property on the date of the gift, which also avoids capital gains tax and reduces the value of your client's taxable estate. Other ways to give real estate include a bargain sale or a transfer to a charitable remainder trust which produces lifetime income for the client and the client's family.

Life Insurance

Don't overlook life insurance as an effective charitable giving tool, whether by naming a client's fund at CCF as the beneficiary or, in the case of whole life policies, naming the fund as beneficiary and transferring the policy itself. If your client transfers a policy, the client may be able to make annual, tax-deductible contributions to CCF to cover the premiums.

OTHER ALTERNATIVE ASSETS?

Our team can help you and your clients explore options for giving other non-cash assets to funds at CCF including:



Oil and Gas Interests



Negotiable Instruments



Cryptocurrency



Artwork



Collectibles

TIMELY TOPICS

Charitable Giving in an Election Year

While charitable giving has historically been resilient in the midst of elections, it's worth bearing in mind that some sources predict that political donations will eat into your clients' budgets for charitable gifts. As you talk with clients about their philanthropy plans for 2024, you might pass along the election year analysis (see page 6) so your clients can factor into their target gift amounts the potentially greater demand for funding community organizations. This is also a good time to remind clients that political donations are not tax deductible. This may seem elementary, but it still trips up some people who don't track the rules closely.

Donor Advised Funds Facing Regulatory Changes

At the time of printing, no one could predict what will happen with the proposed donor advised fund regulations: whether and how they will be revised or when they might become effective, if ever. As always, our team is staying on top of the issues. We'll keep you posted!



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Celebration OF PHILANTHROPY

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*to celebrate with us at
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UPCOMING EVENTS: *Save the date!*



- ▶ **THANK YOU TO EVERYONE WHO ATTENDED OUR JUNE 12TH EVENT!**
TECHNIQUES FROM VENTURE PHILANTHROPY
WITH TIM CARTWRIGHT OF FIFTH AVENUE ADVISORS
WEDNESDAY, JUNE 12 • 8:00 a.m.
Collier Community Foundation
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- ▶ **PROFESSIONAL ADVISORS BREAKFAST**
THURSDAY, AUGUST 22 • 8:00 a.m.
Collier Community Foundation
1110 Pine Ridge Road • Suite 200 • Naples
- ▶ **ESTATE PLANNING COUNCIL OF NAPLES AND COLLIER COMMUNITY FOUNDATION PROFESSIONAL ADVISORS JOINT MEETING**
TUESDAY, SEPTEMBER 10 • 11:30 a.m. – 1:30 p.m.
Imperial Golf Club
1808 Imperial Golf Course Blvd. • Naples
Speaker: David York

To register or for more information, contact Julie Van Tongeren,
jvantongeren@collieref.org or 239.307.4521.