

# The Watsonville Wetlands Watch Endowment



## What is an endowment?

An endowment is a commitment to hold the principal of a fund in perpetuity in order to generate earnings that will benefit a charitable use. Earnings from an endowment over time provide a steady income stream supporting the nonprofit's programs forever. An endowment is essential to the long-term financial health of our organization's programs.

## Does the Watsonville Wetlands Watch (the Watch) have an endowment fund?

Yes, in 2008 the Board established the Watsonville Wetlands Watch Endowment Fund (WEF) at the Community Foundation of Santa Cruz County with an initial deposit of \$25,000. The Community Foundation, with nearly \$40 million in assets and with high regard in the community, will administer the WEF. It will invest the original deposit and future donations and distribute a portion of the investment earnings to the Watch each year. Our initial deposit is small, but it represents a long-term commitment to our programs. And our endowment will grow.

## How large should our endowment be?

The annual earnings from the endowment should be large enough to keep our programs going when other

funding may be unreliable. For example, although private donors, foundations and government agencies have been generous in their support, our 2009 budget shortfall is over \$50,000. To obtain annual earnings of this amount would require an endowment of \$1,250,000. In accordance with our strategic plan, the Watch Board expects substantial future growth in our programs. To help fund them, it has set an endowment goal of \$5,000,000.

## What is the difference between your normal annual donations to the Watch and your special donations to the Watch's endowment?

Your donations to the Watch in any given year are immediate and direct; they support the Watch's programs - usually in that year. In contrast, your donations to the Watch's endowment increase its investments; then a portion of the earnings from those investments support the Watch's programs every year thereafter ... forever.

## Will your contribution to an endowment replace your normal annual contribution?

We hope not. The Watch depends on your annual contributions to fund immediate program needs, especially while its endowment fund is small.

How can you give to an endowment fund that will support the Watch's activities forever? There are four ways.

1. You can give any amount to our recently established WEF. Your gift can be in cash, stocks, real estate or other assets. You will receive an income tax deduction.

2. You can establish a new Named Endowment Fund (NEF) at the Community Foundation specified for the benefit of the Watch. This NEF can be in your name, in the name of your family or business, or in honor of any person or organization you select. (You can give anonymously, too.) Again, your gift can be in cash, stocks, real estate or other assets. You will receive an income tax deduction. The minimum gift to establish a NEF is \$25,000.

3. You can give to the WEF or to your NEF through a *charitable gift annuity*. A charitable gift annuity is a contract you make with the Community Foundation that provides fixed income to you over your lifetime with a deferred charitable gift to the WEF or to your NEF. Your annuity is a stream of income that is fixed, regardless of market conditions. You are entitled to an immediate tax deduction for the charitable portion of your gift. Upon your death, the Community Foundation will place your gift where you designate - either in the WEF or your NEF.

4. You can name the WEF or your NEF as a beneficiary in your will. Either way, your estate will be 100% free of federal estate taxes (which can otherwise be as high as 55%.) Here are some examples of wording that could be used in your will:

(a) Bequest of specified gifts to the WEF: "I give and bequeath [\$ \_\_\_\_\_ or \_\_\_\_% of \_\_\_\_\_ or property, securities, etc., as described below] to the Watsonville Wetlands Watch Endowment Fund at the Community Foundation of Santa

Cruz County, a nonprofit corporation under the laws of the State of California and located in Santa Cruz, CA.

(b) Bequest of specified gifts to your NEF: "I give and bequeath to [\$ \_\_\_\_\_ or \_\_\_\_% of \_\_\_\_\_ or property, securities, etc., as described below] to the [name of your Named Endowment Fund] at the Community Foundation of Santa Cruz County, a nonprofit corporation under the laws of the State of California and located in Santa Cruz, CA.

(c) Bequest of residuary estate: "All the rest, residue, and remainder of my estate, both real and personal property of whatever kind and wheresoever situated, which I may own or have the right to dispose of at the time of my decease, I give, devise, and bequeath the [name of WEF or NEF], at the Community Foundation of Santa Cruz County, a nonprofit corporation existing under the laws of the State of California and located in Santa Cruz, CA.

Who can you call or write if you have questions?

If you have questions about making immediate or deferred gifts to an endowment for the benefit of the Watch, you are welcome to call or write to Lou Rose, Treasurer of the Watch at (831) 477-0360, [ramblingroses@yahoo.com](mailto:ramblingroses@yahoo.com). You are also welcome to visit the Community Foundation on line at [www.cfsc.org](http://www.cfsc.org) or call them at (831) 477-0800. As a part of its service to the Watch and to the community, the Foundation has experienced professionals in charitable giving available for consultation at no charge to you.

Thank you for giving!