



# Madison

## COMMUNITY FOUNDATION

May 10, 2023

[madisongives.org](https://madisongives.org)

## Leveraging Our Investments



MCF has used a variety of tools to create leverage, including three we've seen great success from over the past few years: harnessing community enthusiasm for collective impact through The Big Share, Community Shares of Wisconsin's day of online giving; helping nonprofits unlock state and federal funds, such as the Census Outreach project in 2020; and supporting state-wide advocacy efforts to help pass the renewal of the Knowles-Nelson Stewardship Program, ensuring state funding for conservation and outdoor recreation programs.

### **Harnessing Community Enthusiasm: The Big Share**

When Community Shares proposed the idea of the Big Share – a community-wide online day of giving – in 2015, MCF recognized the potential this event could have for nonprofits and the future of the Madison community. “MCF has supported the Big Share since its inception,” shares Tom Linfield, MCF's Vice President of Community Impact. “As Madison's first giving day, this was a bold, new way to help build the fundraising capacity of and increase annual giving to the many organizations that comprise Community Shares of Wisconsin.” The Big Share reflects MCF's mission to enhance the common good through philanthropy. Making the decision to award a \$55,000 capacity building grant to help launch the initial event an easy one.

“The Big Share has been a powerful way to democratize philanthropy for the community as thousands of donors come together to demonstrate the impact of working towards the same cause,” explains Cheri Dubiel, Executive Director of Community Shares of Wisconsin. On March 7, 2023, the ninth annual Big Share brought in more than \$650,000 for the 70 participating nonprofits, with contributions made by more than 3,500 donors in 24 hours. MCF continues to support the Big Share as the Principal Partner, sponsoring bonuses and a power hour of giving. MCF's contributions to the Big Share have helped Community Shares raise \$4.1 million for its member organizations over the past nine years.

Leverage, continued on page 3

Help MCF make an impact.

**GIVE TODAY**



## Use Your Excess Retirement Savings to Fund Your Giving

*If you have reached retirement age and find that you don't need the income from your individual retirement account to cover your living expenses, you may want to consider using a qualified charitable distribution to meet your charitable giving goals while lowering your taxable income.*

QCDs are tax-free transfers made by someone age 70½ or older directly from their qualifying retirement account to a qualifying charity. Most taxpayers are permitted to make QCDs totaling up to \$100,000 each year; however, a lower annual limit may apply to taxpayers who made deductible contributions to certain types of retirement accounts.

For purposes of the QCD requirements, a “qualifying retirement account” typically includes a traditional IRA, an inherited IRA, an inactive Simplified Employee Pension plan or an inactive Savings Incentive Match Plan for Employees (SIMPLE) IRA. (In theory, you could make a QCD from a Roth IRA, but it is rarely advantageous to do so because Roth IRA distributions are already tax-free.) A “qualifying charity” typically includes most 501(c)(3) organizations; it does not include private foundations, supporting organizations and donor advised funds held by 501(c)(3) organizations.

To help you understand how QCDs work, and whether they might work in your plans, here are five frequently asked questions about them:

### Why are QCDs popular?

If you are between ages 70½ and 72, QCDs can remove pre-tax funds from your retirement account before you reach age 73 and need to start taking required minimum distributions. Lowering the balance of your account prior to age 73 can lessen the eventual income tax hit that accompanies your RMDs.

QCDs, continued on page 4



## Nonprofit Fundholder Conversations Continue

Madison Community Foundation is happy to be able to bring back this series for 2023.

### Coming Soon: Share Your Story: How to Communicate More Effectively

Join MCF's communication team to discover tips and tricks to communicate more effectively with existing donors and prospects. Whether you have a dedicated communication person on staff, are trying to fit communications in around your other job duties or are working with volunteers, being more effective with your communications is important. We'll look at a range of tactics, including newsletters, social media posts and public relations and explore which methods will best help you accomplish your goals.

### Investment Update for MCF Endowment Fundholders April 4, 2023

Carmen Jeschke, MCF's Vice President of Finance and Operations, and Commonfund OCIO presented a webinar to learn about the philosophy, strategic asset allocation and performance of MCF's endowment investments.

If you missed this session, you can watch the replay here.

### Storytelling for Fundraising March 7, 2023

Join MCF's Community Impact team for a hands-on session as you learn to develop a compelling one-pager that will concisely tell your organization's story to potential funders. Participants will leave with a working draft of a one-pager and an understanding of which stories they should share with different types of funders.

If you missed this session, [you can find the materials used here.](#)



## Leverage, continued from page 1

### Reaching Undercounted Populations for the Census

When the 2020 Census outreach began in Dane County, MCF saw another opportunity to leverage a relatively small investment that could have a large impact. For each individual counted in the census, the community receives around \$2,000 in federal funding each year for the next 10 years – or \$20,000 total per person. To ensure a more accurate count in the Madison area, MCF partnered with other Dane County funders to establish a pool of \$105,000 for a Census Outreach project.

This funding helped support eight organizations working to help typically undercounted populations complete the census during the height of the pandemic. Through this outreach, more than 1,000 additional Madison residents completed the Census, which, in turn, helped to ensure \$22.9 million in federal funds for the Madison community over the next 10 years.

### Advocating for Environmental Funding

The Knowles-Nelson Stewardship Program has helped fund conservation and recreation projects across the state since it was established in 1989. Created by Wisconsin legislators to increase public investment in protecting natural resources, the Stewardship Program has invested \$1.3 billion in projects across the state, including \$50 million in Dane County.

When this crucial source of funding was threatened in the state budget debate in 2019, Gathering Waters knew it needed to rally support for renewal. MCF awarded Gathering Waters a \$50,000 grant to help establish Team Knowles-Nelson, which supported a grassroots effort to lobby for the program's renewal. Land trusts and individuals across the state joined in the advocacy efforts, which ultimately succeeded in extending the fund for four years at \$32 million per year.

### Continuing to Find Ways to Increase Our Impact

Working with other funders and supporting efforts to rally the community or take advantage of state and federal funding have helped MCF to successfully leverage our investments. MCF continues to explore new ways to increase the impact we have on the community.

## Thank You to Our 2023 Madison Gives Sponsors!

If you haven't registered for Madison Gives, you can still join us virtually to celebrate philanthropy in our community. Register [here](#) to receive a link to the virtual program, which will start at 7:00 p.m.

### Lead Sponsor



### Event Sponsors



### Sponsors





## QCDs, continued from page 2

After you turn 73, any QCDs you make will count toward your annual RMD requirement. This means that the more tax-free QCDs you make during a calendar year (up to the annual limit), the less you will have to withdraw and include in taxable income to meet your RMD amount.

### **What is the difference between a QCD and an RMD?**

There are two main differences between RMDs and QCDs. First, while you are required to take RMDs from your qualified retirement plan upon reaching age 73, you are never required to make QCDs to eligible charitable organizations. Secondly, any RMDs you receive from your qualified retirement plan will be included in your taxable income, while any QCDs you make to an eligible charitable organization will not be included in your taxable income.

### **Can I make a QCD even if I am not yet required to take RMDs?**

While it would seem logical that both RMDs and QCDs would have the same age thresholds, they do not. The SECURE Act shifted the required date for starting RMDs from age 70½ to age 73 (which is better for taxpayers who want to delay taxable income); however, it did not make a corresponding shift in the eligible age for making QCDs. Therefore, anyone over age 70½ can still make QCDs.

### **Can I direct a QCD to my fund at MCF?**

Yes, if it's a qualifying fund. Although donor advised funds cannot accept QCDs, Madison Community Foundation has other types of funds that can accept them. For example, you could contribute QCDs to a designated fund for a specific nonprofit, a field of interest fund benefiting a broad area of interest, or an unrestricted fund (for example, MCF's Priority Fund).

### **I had the custodian of my retirement account send me a check, and plan to sign it over to my selected nonprofit organization. Will this qualify as a QCD?**

No. The rules around QCDs are very rigid and require that the custodian of your qualifying retirement account make the distribution check payable to your selected nonprofit. This is one of the many reasons why you should consult with your tax advisor before making any transfers you would like to claim as QCDs.

If you and your advisor determine that QCDs will work as part of your financial plan, and you would like to make a QCD to a fund at MCF, we would be happy to help you explore what types of qualifying funds will best help you meet your goals.

## What are field of interest and designated funds?

The Council on Foundations defines a "field of interest fund" as "A fund held by a community foundation that is used for a specific charitable purpose such as education or health research." For example, if you are passionate about rare-disease solutions, feeding the food insecure or preserving works of art, you could create a fund at MCF (named after your family, your selected cause, or something else) to address that cause and establish the criteria for funding. MCF's knowledgeable community impact team would then distribute grants from the fund in a way that is aligned with your values and wishes.

Designated funds are defined as, "A type of restricted fund in which the fund beneficiaries are specified by the grantors." These are a good choice for someone who knows they want to support a particular nonprofit for multiple years. You can name the fund, and MCF will handle making the annual distributions from the fund to your selected beneficiaries. Nonprofit organizations appreciate being the beneficiaries of designated funds since they can incorporate the annual distributions into their overall cash flow planning.

# Upcoming Dates to Remember

MAY

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## Madison Gives

Monona Terrace. Cocktails at 5:00; dinner and program at 6:00. There's still time to join us virtually. [Register today.](#)

MAY

31

## Letters of Inquiry for AFFW Grants Due

Organizations wanting to apply for a grant from A Fund for Women must submit a letter of inquiry by 4:30 p.m. on May 31. [Learn more.](#)

SEP

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## Legacy Society Luncheon

Legacy Society members, save the date for our fall luncheon at the Overture Center.

## Last Word

As the community's foundation, MCF works to help community members achieve their philanthropic goals, allowing them to tap into MCF's expertise in charitable giving, deep knowledge of the community, and commitment to permanent, sustainable philanthropy.

Have an idea for a story? Have exciting news you'd like to share?  
Join the conversation.



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## Madison Community Foundation

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