



Oklahoma City

Community
Foundation

the adviser

a newsletter for legal and financial advisers

March 2001



IRS Proposes Simpler Minimum Distribution For IRAs and Qualified Plans, Added Flexibility

by Donna McCampbell, Fund Management Services

The minimum distribution rules under the Internal Revenue Code generally require that participants and beneficiaries begin receiving distributions by certain deadlines and limit the period over which benefits can be paid. These rules apply to IRAs, 401(k) plans and qualified retirement plans, 403(b) plans and 457 plans. In January 2001, the IRS

issued a new set of proposed regulations governing the required minimum distributions. The regulations simplify the distribution requirements and give plan participants and their beneficiaries more flexibility.

Distributions During the Participant's Life

Generally, a participant must begin receiving minimum distributions from their qual-

ified plan or IRA not later than April 1 following the calendar year in which the participant reaches age 70½. If the participant continues to work after age 70½, and is not more than a five-percent owner, distributions may be postponed until April 1 following the year in which the participant's employment terminates.

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INSIDE

CONSIDER THIS:

New Endowment Funds Added

Donors Who Make A Difference

www.occf.org Offers Free Access to Planned Giving Design News

www.occf.org

Chris Hoyt to Speak at Financial Seminar

A noted expert on planned giving will be in Oklahoma City June 12 for a financial advisers seminar sponsored by the Community Foundation. Chris Hoyt, professor of law at the University of Missouri (Kansas City), will serve as speaker. Hoyt is a frequent speaker at legal and other educational programs. He is widely quoted in publications such as *The Wall Street Journal*,

The Christian Science Monitor, *Forbes* and *The Washington Post*.

Hoyt is also the author of *The Legal Compendium for Community Foundations*, the most widely used legal reference for community foundations.

At UMKC, Hoyt teaches in the areas of federal taxation, business organizations, retirement plans and tax-exempt organizations.

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OKLAHOMA CITY COMMUNITY FOUNDATION, INC.
Combined Statement of Activities
Unaudited

	Six Months Ended December 31, 2000	Year Ended June 30, 2000
REVENUE AND SUPPORT		
Contributions	\$ 50,462,064	\$ 10,179,155
Investment income	6,397,284	10,516,602
Net investment Gains/ (Losses)	(11,680,782)	15,357,639
Change in value of split-interest agreements	-	103,507
Other income	5,253	54,051
TOTAL REVENUE AND SUPPORT	45,183,819	36,210,954
EXPENSES AND DISTRIBUTIONS		
Grants and program services	6,541,903	9,709,236
Investment management fees	521,264	962,338
Charitable remainder trusts & annuities payments	27,472	-
General and administrative	529,300	990,863
Development	195,768	366,102
TOTAL EXPENSES AND DISTRIBUTIONS	7,815,707	12,028,539
INCREASE IN NET ASSETS	37,368,112	24,182,415
NET ASSETS AT BEGINNING OF PERIOD	380,360,295	356,177,880
NET ASSETS AT END OF PERIOD	\$417,728,407	\$380,360,295

Statements of Financial Accounting Standards No. 136 is not applied to the financial statements on an interim basis. For purposes of comparability, the year end numbers are also stated without those adjustments.

OKLAHOMA CITY COMMUNITY FOUNDATION, INC.
Investment Performance
Pooled Investments

	<i>Percentage Returns</i>			
	Six Months Ended December 31, 2000	Year Ended June 30, 2000	Three Years Ended June 30, 2000	Five Years Ended June 30, 2000
EQUITIES				
Community Foundation	- 9.62	13.38	19.74	23.19
Standard & Poor's 500	- 8.71	7.26	19.68	23.83
FIXED INCOME				
Community Foundation	6.98	4.42	5.79	5.83
Lehman Int. Gov. Corp.	6.68	4.20	5.64	5.84
TOTAL FUND				
Community Foundation	- 3.87	10.30	14.29	15.78
65% S&P/35% Lehman	- 3.32	6.19	14.82	-
60% S&P/40% Lehman	-	-	14.04	16.56

Results given are for all Community Foundation Funds excluding those in separately invested supporting organizations. Special assets are also excluded. Equity performance is compared to the Standard and Poor's 500 Stock Index; fixed income performance is compared to the Lehman Intermediate Government Corporate Index; total return is compared to a composite of these two indices, with weighting based upon applicable asset allocation.

IRS Proposes

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The proposed regulations provide one table to be used to determine distributions from a plan after attaining age 70½. Since the table is based on an assumption of a joint life expectancy with a beneficiary who is ten years younger than the participant, the table will result in smaller minimum distributions for many participants. The exception to an age 70½ plan participant using the table is if the participant is married to a person who is more than 10 years younger and he or she is the only beneficiary on the account. In such circumstances, the required distribution amounts are based upon the actual joint life expectancy of the participant and his/her younger spouse.

Distributions After the Participant's Death

After a participant's death, the general rule in the regulations provides that the participant's plan is to be paid out over the life expectancy of a person the same age as the decedent. For example, Jane died at age 80 with an IRA. The remaining balance in her IRA must be paid out over the next 9.5 years, the life expectancy of an 80 year old based upon the table in the regulations.

However, there is an exception to the general rule if there is a younger beneficiary designated. Instead of distributing the plan balance over the life expectancy of someone who

is the decedent's age, amounts can be distributed over the longer life expectancy of the designated beneficiary. The life expectancy of the designated beneficiary is determined by using the beneficiary's age as of the beneficiary's birthday in the calendar year immediately following the calendar year of the participant's death. For example, Jane died at age 80 and named her 39-year-old daughter, Ann, as the sole beneficiary of her IRA. The year following Jane's death, Ann was age 40. The distributions from the IRA can be distributed over 42.5 years, Ann's life expectancy based on the IRS regulation's table instead of 9.5 years, the life expectancy of someone Jane's age.

Generally, if there is more than one beneficiary named, the distributions will be measured by the beneficiary with the shortest life expectancy. However, separate computations may be made if the plan account is separated. For example, Mr. Kenobi named his son, Ben, age 45, and his granddaughter, Kate, age 10, as equal co-beneficiaries of his qualified plan. Distributions to both beneficiaries will be based on Ben's life expectancy. However, separate distribution computations may be possible with separate accounts for each beneficiary.

The proposed regulations

also provide flexibility for distributions after a participant's death. For purposes of minimum distributions, the determination of the designated beneficiary can be made as late as December 31 of the year after the participant's death. This rule will permit such things as disclaimers by beneficiaries, or immediate distribution of a particular beneficiary's entire benefit, in order to adjust the life used to measure when post-death distributions commence to the beneficiaries.

The proposed regulations are a departure from the prior regulations. Under the prior regulations, participants were required to elect the details of how required minimum distributions were to be calculated, including individual or joint life expectancy, by the required beginning date. Additionally, under the prior regulations, the default for distributions to a non-spouse beneficiary required that distributions be completed within five years following the participant's death. This did not allow the beneficiary the flexibility provided in the new regulations.

The ability to allow disclaimers and separation of accounts can allow beneficiaries to structure distributions over a shorter or longer period depending upon the beneficiary's age and the family's financial needs. The separation of

accounts can also be useful to make distributions to charities, such as the Oklahoma City Community Foundation. A separate account can be used to establish a donor-advised fund with the Community Foundation. The donor-advised fund provides beneficiaries with a vehicle to make charitable contributions and avoid the double taxation of qualified retirement plans in estates.

Effective Dates

The proposed regulations are currently submitted for comment through April 19, 2001, and a public hearing is scheduled for June 2001. The regulations are to become final and to apply to all distributions made after January 1, 2002, but they may electively be applied to distributions in 2001 as well.

To Learn More Visit www.occf.org

For a full text of the proposed regulations, please visit the Planned Giving Design Center on the Community Foundation's website at: www.occf.org.
see related story on page 4

Donna McCampbell is a certified public accountant currently working at the Oklahoma City Community Foundation in Fund Management Services. Prior to the Community Foundation, Donna worked as a senior tax manager for KPMG.

Community Responds to Death of Two Officers

When two law enforcement officers were killed in a horrifying, head-on car crash Aug. 31, the community was quick to respond. Highway patrol trooper Matt Evans and Oklahoma City Police Department officer Jeffrey Rominger, independently pursuing a fleeing vehicle with two occupants, collided on Interstate 40 in Oklahoma City. The suspect vehicle and one of the officers were traveling the wrong way on the divided highway. Trooper Evans, officer Rominger and the two occupants in the eluding vehicle were all killed in the crash.

In the hours that passed after the wreck, it was learned that some trooper cruisers were not equipped to communicate with the Oklahoma City police radio system. The revelation shocked some, angered others, but it also inspired the creation of the Special Trooper Radio Fund at the Oklahoma City Community Foundation.

Jay Dunham, with Tyler Media, was among the first to take action. One of his earliest calls was to the Community Foundation. The foundation quickly agreed to act as trustee and handle all the necessary acknowl-

edgments and other administrative duties. The foundation's involvement left Jay free to raise the kind of awareness and financial support that he hoped would prevent another tragedy through improved communication equipment.

On both fronts, the Special Trooper Radio Fund has proven successful. For the short term, donors provided funding to buy 26 new radios for the Highway Patrol. Over the longer term, Jay and others have raised the issue to a high priority. Legislators, other public officials and some taxpayers have voiced support for doing what it takes to adequately equip remaining Highway Patrol cruisers.

The flexibility of the Community Foundation permitted a quick response to an immediate community need and made it easy for a donor to achieve his goal.

The Community Foundation can also respond in a timely way to the need for charitable memorials. For example, the Community Foundation is also administering the Bill Teegins Memorial, which was created in memory of the KWTW sports director who died in the Jan. 27 plane crash



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Oklahoma Highway Patrol Capt. Mike Grimes, left, and patrol Chief Gary Adams look at a new radio unit for trooper patrol units. Public Safety Commissioner Bob Ricks, right, also was on hand. The fund was established in honor of slain Oklahoma City police officer Jeffrey Rominger and trooper Matt Evans.

that killed 10 persons associated with the Oklahoma State University basketball program.

For more information on charitable memorials, please contact Penny Voss at 405/235-5603 or p.voss@occf.org.

www.occf.org Offers Free Access to Planned Giving News

It's a good time to add www.occf.org to your favorite bookmarks. The site provides registered users with access to the Planned Giving Design Center (PGDC), a comprehensive source for industry news. The PGDC can keep you abreast of breaking news that other services might miss.

Check out these recent PGDC news alerts:

IRA Charitable Rollover Act of 2001, S. 205, by Sen. Kay Bailey Hutchinson — PGDC provides a summary of the bill and access to its full text.

February Charitable Mid-term Federal Rate — 6.2% for purposes of determining the present value of an annuity, an interest for life or a term of years, or a remainder or reversionary interest. Monthly updates on percentages are e-mailed to all PGDC registrants.

IRS Analysis of Intermediate Sanctions Regulations — IRS Exempt Organizations Division Director Steven T. Miller prepared an analysis of the intermediate sanctions regulations.

Annual Revision of IRS Procedures — The IRS published its revised proce-

dures for issuing ruling letters, determination letters and information letters.

These and many other news items are carried on the easy to use "News Alerts" section of the PGDC site.

Also accessible are:

- Gift Planners Digest
- Gift Vehicle Review
- Gift Asset Review
- Tax Review
- Reference Desk.

Log on for more information.

Community Foundation Adds New Scholarship Funds

The Oklahoma City Community Foundation administers the state's largest independent scholarship program.

Scholarship and award funds differ from other funds at the Community Foundation in that the recipients of the distributions are individuals, rather than non-profit organizations. Earnings from these funds are used to make awards for educational assistance or for recognition of achievement to individuals chosen through a careful selection process administered by the Community Foundation.

Donors benefit from a wide range of services and the Community Foundation's considerable experience in administering scholarships.

Since the end of the fiscal year June 30, 2000, five new scholarship funds have been established.

For more information on scholarships, please contact Anna-Faye Rose at 405/235-5603 or a.rose@occf.org.

PATRICK S. BONDS SCHOLARSHIP FUND

This fund was established by the Bonds family in memory of their son.



Patrick S. Bonds

The scholarship fund will benefit students in the Midwest City-Del City area who have demonstrated academic excellence, the desire to pursue a higher education and financial need. Patrick Bonds was an

outstanding student and citizen at Del City High School, where he was a valedictorian in 1989. He earned dozens of additional academic awards, including the University of Oklahoma's Outstanding Achievement in High School.

CAPITOL HILL HIGH SCHOOL SCHOLARSHIP FUND

The fund has been initiated by alumnus John Orr. Forty-two percent of the students at Capitol Hill are recent immigrants to the United States or first generation Americans. Because these students need encouragement and incentives to continue their education after high school, Orr challenged his alumni class to join him in funding an annual award for a Capitol Hill graduate. School staff and an alumni representative will select the recipient.

JONES HIGH SCHOOL SCHOLARSHIP FUND

A group of committed community volunteers responded to counselor Mary Winters' challenge to provide scholarships for graduates of Jones High School. Students applying must be involved in extracurricular activities at the high school or in the community, must have at least a 3.0 grade point average, must write an essay on why they deserve a scholarship and include future goals of their continuing education. A group of Jones community members and school faculty will determine scholarship winners.

ELAINE JOHNSTON TUCKER SPEECH DRAMA AWARD FUND

The fund honors a former Classen High School teacher who taught speech, drama and broadcasting and will benefit Classen High School graduates who pursue a speech or drama education. Mrs. Tucker estab-

lished the National Forensic League (NFL) chapter at Classen and later received the Diamond Award from the NFL. She began educational radio for Oklahoma City and subsequently started the Oklahoma City educational television station. Mrs. Tucker was a member of Women in Radio and Television, served on the board of directors for the Oklahoma Education Association and was president of the Oklahoma Speech Association and Oklahoma City Pilot Club. She taught 43 years before retiring in 1966.

DERAL E. WILLIS SCHOLARSHIP FUND

The fund will benefit graduates of Sentinel High School who demonstrate academic excellence and financial need. Willis was a retired Army colonel who was born in Foss, Okla., and grew up on sharecrop farms near



Deral E. Willis

Sentinel. He was valedictorian of the Sentinel High School class of 1957, and a graduate of Oklahoma State University.

Col. Willis was an Army officer from 1962. He commanded the 319th Division Artillery of the 82nd Airborne Division and served two combat tours in Vietnam. After his retirement from the Army, Willis worked for U.S. Sen. Ernest F. Hollings, D-S.C., serving as legislative aide for national defense issues.

New Endowments Support Local Charitable Activities

The Oklahoma City Community Foundation administers endowment funds for more than 250 non-profit organizations. The program is the largest of any community foundation in the United States. During 2000, more than \$4 million in endowment fund earnings were distributed to participating organizations.

An endowment fund is a permanent fund which receives contributions from many donors. The gifts are invested and the annual earnings provide on-going support for organizations.

The minimum amount needed to start this type of fund at the Community Foundation is \$20,000. For more information about the agency endowment program, contact Gayle Farley 235-5603 or g.farley@occf.org. The following seven funds have been established since June 30, 2000.

MIDWEST CITY-DEL CITY PUBLIC SCHOOLS FOUNDATION FUND

The fund will secure and distribute contributions from individuals, families, corporations and foundations for the benefit of the students of Mid-Del schools.

NATIONAL MULTIPLE SCLEROSIS SOCIETY FUND, OKLAHOMA CHAPTER

The fund will support services for Oklahomans with multiple sclerosis and their families. It also educates the public about the disease and the needs of the people with multiple sclerosis.



Multiple Sclerosis Board Member David Surgnier & "James," his beloved service dog at the Multiple Sclerosis Oklahoma City Walk 2000.



Lil Williams, founder and former president of Oklahoma Community Theatre Association.

OKLAHOMA COMMUNITY THEATRE ASSOCIATION-LIL WILLIAMS FUND

The fund perpetuates the memory of Lil Williams, founder and former president of OCTA, by encouraging theatre development, advancement and interest. The fund will financially assist theatres to participate in the statewide play festival.



Elizabeth and Gary Huckabay

OKLAHOMA HERITAGE ASSOCIATION-GARY & ELIZABETH HUCKABAY SCHOLARSHIP FUND

The fund promotes enhanced pride in Oklahoma by establishing a scholarship competition open for high school students in Canadian County. The competition will be objective and deal

with the history and geography of Oklahoma. The scholarship will honor Gary and Elizabeth Huckabay for their years of involvement with the Oklahoma Heritage Association.



Thousands of people participate in the Annual Red Bud Classic, which is held in the spring.

REDBUD FOUNDATION FUND

This fund will support the Foundation's efforts to provide Oklahoma City community members with an opportunity to become involved through fitness, fun and philanthropy. The foundation will also sponsor an annual 10K run through northwest Oklahoma City.

STILLWATER MUSEUM ASSOCIATION-SHEERAR MUSEUM FUND

Established to support the Florence J. and Russell H. Baugh Educational Endowment Fund at the Sheerar Museum, which is dedicated to increasing public interest in and knowledge of the history of Stillwater, Okla., from the territorial period to the recent past.

UNIVERSITY OF CENTRAL OKLAHOMA- DEPARTMENT OF HISTORY AND GEOGRAPHY - DIANE NEAL KREMM FUND

The fund was established in honor of Dr. Diane Neal Kremm for her long-term service as a teacher and mentor to the university. It will assist outstanding history and geography students and faculty members with developmental and research expenses.

Lawton Benefits From Three New Endowment Funds

The Lawton Community Foundation has been established to support the charitable interests and concerns of the people of the Lawton community and surrounding areas. The LCF was founded through initial funding from the community-owned Lawton Retail Merchants' Association. It is affiliated with the Oklahoma City Community Foundation.

The LCF's structure ensures that Lawton's cultural, artistic, educational and charitable work will have a lasting source of funding from which future generations will benefit. The following are new LCF funds.

ROBERT E. GREINER SCHOOL FOR THE HANDICAPPED OF COMANCHE COUNTY FUND

The fund supports the operation of the Robert E. Greiner School for the Handicapped, Inc., which focuses on instruction for handicapped adults. The school provides educational classes including basic reading, writing, math, personal hygiene, cooking, music and physical education.

ON THE CHISHOLM TRAIL-HERITAGE CENTER FUND

The fund supports the operation of the Chisholm Trail Heritage Center in Duncan, Okla. The Heritage Center was dedicated to commemorating and celebrating the great cattle trails of the 19th century, particularly the Chisholm Trail.

LAWTON PUBLIC SCHOOL FOUNDATION

The fund supports the need to improve the quality of education in the Lawton area schools by forming a partnership with the Lawton area schools.

Donors Who Make a Difference...

Charles Guyton Anderson, III

There are thousands of individuals who have used the Oklahoma City Community Foundation to accomplish their charitable goals or to leave a lasting legacy for causes they support. Our job is helping donors' dreams come true. There are many remarkable stories in the rich history of the Community Foundation, such as Charles Guyton Anderson, III.

Please let us know if we can apply our special ability to be flexible in dealing with a variety of gift-giving strategies, accountable and perpetual to your client's needs. Feel free to contact Donna McCampbell at 405/235-5603 or d.mccampbell@occf.org for more information.

With a tip of his hat and a ready smile, Guyton Anderson (see photo on the right) would greet passersby in his beloved Putnam Heights neighborhood in Oklahoma City. His neighbors have missed Guyton's bright presence since his death in November of 1998. But like so many other Community Foundation donors, his gift keeps giving to the community and neighborhood he loved.

A Renaissance man with an educational pedigree to match, Guyton left his calling card all over the world. After receiving two degrees, studying as a Fulbright Scholar, mastering seven languages and teaching French and Latin for 35 years in the Washington, D.C. area, Guyton came home to live in his parents' home in Oklahoma City.

He continued a family tradition of celebrating New Year's Day with the Black-Eyed Pea Party that drew all ages of family friends.

He also proudly followed in his mother's footsteps by generously volunteering his time to the Putnam Heights Neighborhood Association. His dream was to make Putnam Heights a premier neighborhood, a prestigious address, one resident recalled.

As if to underscore the importance of a local neighborhood to this world traveler, Guyton directed the proceeds from the sale of his home to fund an endowment. The Community Founda-



tion received the proceeds from the sale of the property and will handle the mechanics of administering the fund. As a result, Guyton's generosity will benefit the Putnam Heights Preservation Area, which is working for the dream he had for his community. The gesture, one person noted, is a reflection of the man himself.

"His last generous gift to his neighbors and his neighborhood – the home he grew up in – will benefit all of us for years to come. Many have uttered the words, 'Love thy neighbor,' without really understanding what they meant. Charles Guyton Anderson, III, lived those words every day of his life."

MISSION STATEMENT

The mission of the Oklahoma City Community Foundation, a non-profit public charity, is to serve the charitable needs of the Oklahoma City area through the development and administration of endowment funds with the goal of preserving capital and enhancing its value for the benefit of the Oklahoma City area.

The mission will be fulfilled by pursuit of these goals:

- Provide convenient, efficient, and effective ways through which donors can contribute assets to charitable purposes.
- Encourage donors to create funds which will benefit the community both now and in the future.
- Advocate for the development of endowment funds and provide appropriate means by which permanent endowment funds can be built and wisely managed to provide long-term support.
- Develop the Funds for Oklahoma City, restricted and unrestricted community endowments, which can be used by the Trustees and the community to develop, coordinate, and enhance services and programs which meet the changing needs of the community.

For comments or suggestions about material for The Adviser, contact Donna McCampbell (d.mccampbell@occf.org) at the Community Foundation. For information on starting a fund, contact Penny Voss (p.voss@occf.org). Additional information is available at the Community Foundation web site, www.occf.org. Phone: 405/235-5603.

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Fast Facts:

The Oklahoma City Community Foundation has come a long way in its 30-plus years. Its first annual report showed a net worth of \$45,299 from one major donor. At calendar year-end 2000, assets exceeded \$421 million from thousands of donors. The Oklahoma City Community Foundation is now the nation's 20th largest U.S. community foundation in terms of asset size.

Some other indicators of the breadth of the Community Foundation include:

- servicing 300 agency endowment funds, comprising assets of \$115 million and spinning off \$6 million in income to agencies;
- handling 175 donor-advised grant-making funds, with assets of \$240 million and distributions of \$12 million;
- operating the largest independent scholarship program in the state, which has grown from 20 five years ago to more than 300 annual scholarship recipients;
- administering 90 unrestricted funds with a total value of \$14 million and \$700,000 in annual distributions.

Chris Hoyt to Speak

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He serves as chair of an American Bar Association Task Force that will recommend legal reforms in the area of charitable bequests from retirement plan accounts. He is also a member of the Mid-America Planned Giving Council.

The Community Foundation has

applied for Continuing Legal Education and Continuing Professional Education credits for lawyers and certified public accountants. The seminar will run from 1-4 p.m. at Metro Tech, 1900 Springlake Drive in Oklahoma City. Registration information will be available in a few weeks.



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