

## FUND HIGHLIGHTS



### Harold W. & Jessie L. Freeman Foundation - established 2011

Harold Freeman feels blessed.

At age 93, Harold Freeman has a social calendar that would give pause to people half his age. He works out thrice weekly in the gym, attends Bible study groups (at Daylesford Abbey and First Presbyterian) and his schedule is filled with breakfast and lunch appointments.

Harold is clear: "I'm not rich. But I'm rich in God's blessings. I have enough. The truth is, these days I give away more money than I take in. This is what God wants me to do."

God also had something to do for Richard Clark, CPA, CFP®, ChFC® of Pillar Wealth Advisors. Colleague George Sherbak of Harvey Insurance Group phoned Rick, saying, "There is a gentleman in my Bible Study Group at First Presbyterian that I want you to meet. I'm not sure how he could help you. But you might be able to help him."

A brief discussion resulted in a cyber-introduction. Rick noted, "The first thing I got from Harold's e-mail was a 'blast' of love, faith and generosity. I knew that whoever this Harold Freeman was, he was unique. When I met Harold I was even more amazed--this man who communicates so clearly and energetically via e-mail is 93 years old!"

Rick continues, "Our first meeting was just about getting to know each other. At our second meeting, Harold mentioned that he had these trusts, and he didn't like what was going on with them....the balances were going down. Harold told me, 'I'm getting money from these trusts, but I'm concerned about the trusts going away.'"

Harold's concerns were well-founded. Harold's two unitrusts were paying out at 9% and 11%. At that rate, the trusts were withering.



Turns out, there is a love story behind these trusts. When Harold talks about Jessie, his whole face smiles and his eyes mist over, "Jessie turned out to be a living angel. We were soulmates."

A graduate of the University of Pennsylvania, Jessie taught Latin to Philadelphia junior high school students before she became a supervisor at the Philadelphia School District's Central Administration Offices. That is where she met Harold, a WWII Army veteran and 16-year Industrial Arts teacher who served as Director of School Planning for the district.

Harold continues, "We got married in 1967 at the Wissahickon Parkside Hotel, and we moved into a new deluxe apartment in Berwyn. It was a pleasure to catch the train and commute to the Philadelphia School District together. We loved the peacefulness of Berwyn, and the bustle of the City. In our work together, we made a difference every day in the lives of children."

"One day we were driving home from a friend's wedding near Cheyney, and we decided to drive around the campus to see my alma mater. We came across a peaceful, tree-filled two-acre site with a sign that said, 'Lot for Sale.' It occurred to us that instead of renting, we should own our home. We asked Lawrence Derry (who turned out to be the brother of a friend of mine from Cheyney), known for his extraordinary masonry work, to build our dream home."

Harold credits Jessie with instilling a passion for charitable volunteerism in him. "Jessie loved to help the children of the world. She was an especially active volunteer for the Girl Scouts, and for the United Way SE PA. We dreamed of retiring together and spending the rest of our lives immersed in volunteer work."

Harold retired in 1980 at age 60. He took over the cooking, shopping and cleaning, while Jessie continued to work until her retirement in 1983. Harold reminisces, "Those were blessed days, filled with peace, friendship, joy, and charitable work. When you give to others, you get much joy in return. Jessie taught me that."

Tragically, Jessie only had 3 years of retirement before she passed of cancer.

Of course Harold was devastated. But instead of being bitter, Harold fulfilled his pledge to Jessie and immersed himself in volunteer work. "I felt like I had gone through a tremendous experience with Jessie's cancer. I had much to offer other cancer victims and their families. So, I intensely volunteered for the American Cancer Society...for 12 years, actually."

Several months after Jessie passed away, a representative from the Philadelphia School District showed up at Harold's front door. He handed Harold a check for \$483,000—Jessie's pension annuity death benefit check. Harold was stunned, "I didn't want to touch the check. I couldn't touch it. I had no idea that this was coming. I didn't feel that this was my money."

Harold explains, "It took a few years to figure it out. Finally God spoke to me and it became clear that I should share what God had given to me. I found a financial advisor and told him I wanted this money to go to charity. The advisor told me a CRUT was the way to do it, so that's what I did."

Although the CRUT structure provided a modest benefit to Harold, that was not his aim. His primary goal was for the trusts to do charitable good works in Jessie's memory. Over 20 years, the CRUT's charitable intent was eroding. Harold explained to Richard Clark the reason he began seeking new options in 2010: "God took Jessie from me, and left me here on Earth. So, my aim is to honor Jessie's life while I am still here, and when I'm gone. I don't want Jessie's trust to wither and die. I want the funds to be used to perpetuate Jessie's memory and do the charitable good works she was so devoted to."

As luck (or providence) would have it, the Community Foundation's annual meeting and legacy awards ceremony was just around the corner--literally. Rick invited Harold to the 2011 event. Harold witnessed Mary Hewlett tell the audience of the two charitable funds she oversaw in honor of her husband and her sister, both lifelong educators. Harold heard the Meikle family describe the funds they had created to benefit Henderson High School and Drexel University in honor of their daughter, Laura. Harold learned the story of the Herr Family receiving the Jordan Award for longstanding philanthropy. Harold explains his reaction: "It was clear. I sensed that God had sent me to this place in my backyard filled with caring, extremely competent people. This is the Community Foundation that listens to what I care about, and helps me chart a path to honor Jessie's memory."

Adds Rick, "As pious and devout as Harold is, he is also very cerebral about his giving. Harold is really attuned to Charity Navigator, ratios, administrative costs, etc. The Community Foundation can provide Harold with even more assistance analyzing charities. Also, Harold wants to include his son in Mt. Airy and grandson in Louisiana in his philanthropy in some way, and the Community Foundation can help with family philanthropy, too."

But the fact is, Rick's firm doesn't handle trusts. So even though Harold had selected a new home for his trust proceeds, there were questions about terminating CRUTs and tax considerations. Enter Steve Olsen, Esq. of Gawthrop Greenwood.

Steve reviewed the trusts with Harold. From one, Harold was receiving his annuity payment like he should. From the second, Harold wasn't receiving a payment. The second was a SuperCRUT—designed in the 1990s, but no longer a viable option. Harold couldn't take distributions from the SuperCRUT without changing the asset structure; but then the remainder beneficiary charities wouldn't have gotten any donations, which was completely against Harold's intent. Harold wanted to come up with a way to get the funds to charities sooner rather than later. If Harold cashed out the SuperCRUT, took the distributions, and then gave the funds to charities, it would have been taxable income.

Steve looked at ways to terminate the trust in a more tax efficient way, to get 100% of the funds to charities in good standing, and not lose any money to taxes. The answer: have the Attorney General sign off on a transaction to distribute all the SuperCRUT's funds to Harold's new donor advised fund at the Community Foundation. Notes Steve, "The Attorney General essentially loves Harold, as Harold immediately requested a change the moment he realized the SuperCRUT was thwarting charitable intent."

Harold liked the notion of providing benefits to charity immediately, so much that he decided to terminate a second CRUT. This was a traditional CRUT with a provision allowing Harold to request that the trustees make distribution of principal and accumulated income to 501 ( c ) ( 3 ) nonprofits. This was a relatively straightforward transfer to Harold’s new donor advised fund at the Community Foundation.

Today, the Harold W. and Jessie L. Freeman Foundation focuses on nonprofit charities that are Christian themed, financially stable, financially efficient, and operationally effective. Harold has shared with the Community Foundation a list of specific nonprofit charities he has supported during his lifetime. Of these, 60% are located in and serve Chester County, 20% serve the Philadelphia region, and 20% are international in scope. Half of the nonprofits are Christian-themed. All have a focus on basic needs such as food, clothing, shelter and basic health care. Education and social justice are also an underlying core value.



Rick Clark explains, “Harold was already hugely philanthropic when we met him. This very quickly became a labor of love. We straightened it out and put the puzzle back together in a way that got Harold a better outcome. Our time spent with Harold is incredibly gratifying. There is something about Harold that makes it so easy to want to help him. He is luminous.”

Harold notes, “God puts people in my life for reasons. I unconsciously follow what God wants me to do. He sent me jewels in the form of Richard Clark, Steve Olsen, and the Community Foundation people. I look forward to our continuing journey. Thank God for His dominant presence in our lives and how He is using us to help in making His world a better place in which to live.”