



Facts About Charitable Donor Advised Funds

A Charitable Donor Advised Fund is a philanthropic vehicle established at a community foundation. It allows donors to make a charitable contribution, receive an immediate tax benefit and then recommend grants from the fund over time.

An easy way to think about a donor advised fund is like a charitable savings account: a donor contributes to the fund as frequently as they like and then recommends grants to their favorite charity or cause when they are ready.

Reasons to establish your Donor Advised Fund:

1. **Fewer Charitable Receipts:** The IRS requires that contributions be supported by a receipt. When you establish a Donor Advised Fund, you will only need one receipt for the contribution made to Our Fund Foundation. Distributions from your Fund do not require receipts as your tax deduction occurs when you make your contribution to the Fund.
2. **Avoid Capital Gains Taxes on Appreciated Securities:** When you transfer appreciated securities to your Fund, you not only avoid the capital gains tax but you may be able to take a tax deduction for the market value of the securities and your Fund will receive full value of the asset when it is sold and liquidated.

3. **Tax Free Growth:** Funds at Our Fund Foundation are invested in one of two pools – a diversified pool containing a balanced allocation of stocks, bonds, and other marketable securities or a fixed income pool which provides asset stability and is invested in money market and high grade government bonds. In either pool, investment gains or losses are allocated to all Funds associated with the specific pool with no tax consequences to you.
4. **Flexibility of Contributions:** You can maximize your tax benefit by making a higher level of gifts to your Fund in some years and lower in others. Distributions from your Fund to charitable organizations can still be made in years when little or no money is added. On a gift-by-gift basis, you can also make your contribution anonymously and the recipient organization would only see the Our Fund Foundation name on the check.
5. **Easy to Start, Low Fees and Advice:** You can start your Fund in less than 15 minutes and our fees start at the annual rate of 1.2% of the Fund balance and goes down with larger balances. Our Fund deals with issues in our community every day and we are happy to supply as much or as little advice, guidance, assistance, support and help as is requested – for no additional cost.

Major Classifications of Donor Advised Funds:

1. **Endowed Funds** are held in perpetuity that provide annual payouts based on 5% of the 12 quarter rolling average balance of the Fund. This gift provides, in perpetuity, an annual income stream to charities or causes you support.
2. **Non-Endowed Funds** can be distributed to a non-profit organization at any time. Grants must be recommended to be distributed to an IRS designated 501(c)(3) charity, an educational or religious organization.
3. **Temporarily-Endowed Funds** are held for a specific amount of time and may provide the dependability of an endowment for a fixed number of years only.

Donor Advised Fund Investment Pools:

1. The Diversified Asset Pool is designed to provide long-term capital appreciation and current income. The portfolio will contain a blend of securities expected to grow in value over the long-term and those expected to produce income.
2. The Fixed Income Pool has an emphasis to minimize principal fluctuation, without consideration for long-term capital appreciation. Income is secondary and dependent upon the returns available from short-term money market instruments. The intent of this pool is to avoid the fluctuation of principal.