



## *What is a Donor Advised Fund?*

A Donor Advised Fund allows donors to make contributions to the Community Foundation, which are invested and become eligible to take an immediate tax deduction, and then donors make recommendations for distributing the funds to qualified nonprofit organizations on their own timetable.

## *Five Philanthropic Reasons to Consider a Donor Advised Fund*

1. We offer benefits such as flexibility in grant recommendations, including the ability to remain anonymous as well as the due diligence to verify nonprofits are in good standing with State and Federal agencies.
2. We keep records of the grant amount, date and intent of each donation and send the donor an annual statement detailing all transactions and donations for tax purposes. This can greatly simplify the giving process for donors who plan to allocate funds to several different charities by requiring only one letter of substantiation from the Community Foundation instead of one from each individual nonprofit.
3. Donors can set up programs that provide an ongoing income stream to a charity, which can continue after death. The fund holders can name successors to continue family involvement.
4. Donor Advised Funds allow contributors to separate tax planning from charitable planning.
5. Our professional program staff has broad expertise regarding community issues and needs.

## *Five Financial Reasons to Consider a Donor Advised Fund*

1. Donors are eligible to take a tax deduction of up to 30% of their adjusted gross income for contributions of securities, and up to 50% for cash contributions.
2. For individuals facing large capital gains because of a stock buy-out, or whose stock portfolios have become too heavy in equities, contributing such stocks to create a Donor Advised Fund will avoid capital gains tax on the contributed stocks.
3. The Donor Advised Fund may grow depending on investment performance providing additional support to the donor's philanthropic interest.
4. The Donor Advised Fund's ability to sell marketable securities and convert to cash makes it an ideal vehicle for charitable stock donations. An individual can carry over any contributions they cannot deduct in the current year because they exceed their adjusted-gross-income limit. They may deduct the excess in each of five years, until it is used up. This enables donors to contribute a larger amount to the Fund by allowing the individuals to keep what would otherwise be paid in taxes.
5. For donors who receive large amounts of ordinary income in a particular year (such as in a retirement or bonus year), a Donor Advised Fund can offer an offsetting tax deduction and the opportunity to develop a charitable giving plan.

## *For More Information Contact:*

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