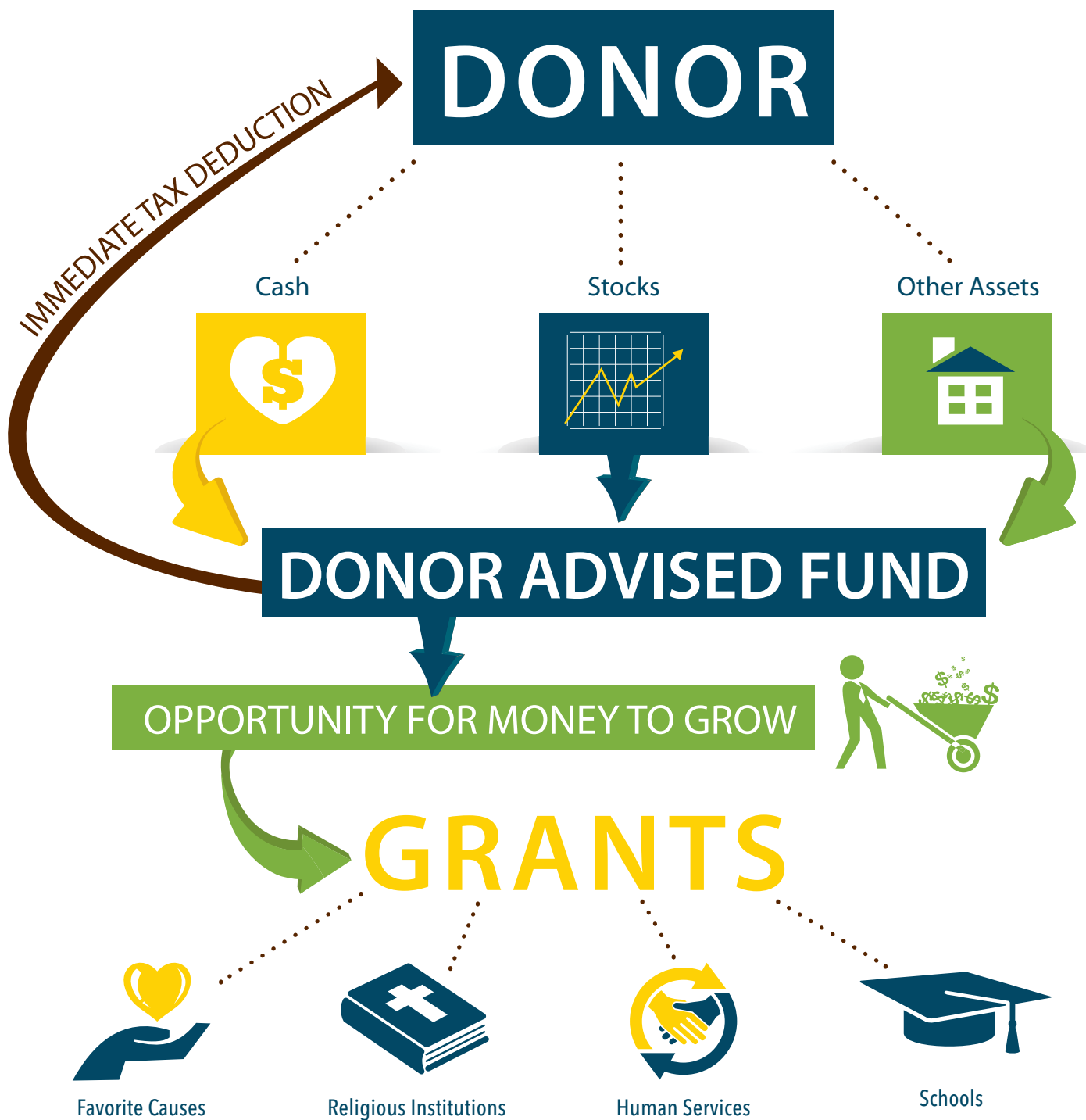


# What Is A Donor-Advised Fund?



# Why Create a Donor-Advised Fund at THCF?

Truman Heartland Community Foundation is viewed by many in Eastern Jackson County as a leader in philanthropy and a respected partner in charitable giving. With an initial gift of \$5,000, you can create your named family foundation fund for charitable giving and join your many friends in Eastern Jackson County who support local nonprofits. **Having a family fund is just like having a private foundation - only better.**

Having a Donor-Advised Fund at the Community Foundation helps donors become **organized and strategic in their giving, receive tax benefits while their investment grows** and allows them to better support the charities they care about. The **benefits** are many, including:



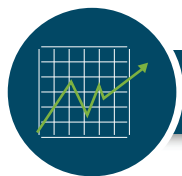
## Simplifies Charitable Giving Recordkeeping

Donors enjoy making a gift(s) to their fund and then making grants from their fund to their favorite charities. During tax time, there's no hassle with collecting receipts. Donors have all their giving records in one place. Our charitable partners receive quarterly fund statements (either online or by mail) documenting all activity (gifts, grants, investments) that quarter.



## Effective Tax Planning Vehicle

Make a gift today and make grants tomorrow (or some day in the future). Donor advised funds are a great way to enjoy the tax benefits today while supporting charity at some point in the future. Many people will make a year-end gift to their fund as a tax planning strategy.



## Easily Gift Assets

At times non-liquid assets may be the best choice for contributing to a donor advised fund. Gifts of appreciated stock are a great way to avoid capital gains taxes while being charitable. We are also pleased to discuss the transfer of real estate and non-liquid assets. The Community Foundation has a comprehensive set of gift acceptance policies which govern how we process gifts of real estate, closely held stock, S-corporation stock and similar assets.



## Involve Generations of Family in Giving

A great gift to leave children and grandchildren is the gift of giving. Many donors enjoy the permanence and security of the Community Foundation because it promises to look after their interests forever. Donors are able to identify family members or friends they'd like to involve in their giving in the future and the Foundation follows their wishes.



## Expertise in Helping You Develop an Effective Grantmaking Program

The Community Foundation is best known for our knowledge of local nonprofits. It's our goal to help you be the most informed grantmaker. Through our Behind the Scenes series and Donor Central services, we do our best to help you support the causes you care about in our region. For some, their cause is education, for others it's social services. Tell us who you want to support and our committed staff will help you develop a program for grantmaking that will allow you to be strategic in your support of our community.



## Effective Estate Planning Tool

There are numerous ways to use a donor advised fund in estate planning. Donors can make a gift from their estate (including real estate) to endow their fund, they can name their fund at the Community Foundation in their bequest and they can name their fund as a beneficiary of their life insurance policy or retirement assets. In addition, donors can create a Charitable Remainder Unitrust or Charitable Gift Annuity that designates their fund as the remainder beneficiary.



# A Flexible, Low Cost Option

A Donor-Advised Fund offers maximum tax benefits compared to a private foundation. Plus, through THCF, you benefit from our knowledge of local nonprofits to help you support the causes you care about in our region.

	<b>Community Foundation</b>	<b>Private Foundation</b>
Maximum Tax Benefits	<b>YES</b>	No
AGI Tax Deduction Limitation – Cash	<b>60%</b>	30%
AGI Tax Deduction Limitation – Long Term Capital Gain Property (Publicly Traded Stock, Closely-held Stock and Real Estate)	<b>30%</b>	20%
Gifts of Qualified Appreciated Stock (i.e., Publicly Traded Stock)	<b>Fair Market Value Deduction</b>	Fair Market Value Deduction
Gifts of Real Estate or Closely-held Stock	<b>Fair Market Value Deduction</b>	Cost Basis Deduction
Privacy/Confidentiality	<b>YES Confidentiality Maintained</b>	No Disclosure of IRS Form 990PF* is Required
Excise Taxes on the Sale of Highly Appreciated Gifts	<b>NO</b>	Yes
Annual Excise Tax Payments	<b>NONE</b>	1 - 2% of Net Income & Net Realized Gains
Customized/Personalized Investment Program for Each Charitable Entity or Fund	<b>YES</b>	Yes
Ease of Establishing Charitable Entity	<b>SIMPLE</b>	Complex
Annual Minimum Distribution Requirement	<b>NONE</b>	5%
Personal, Local Service by a Mission-based Organization	<b>YES</b>	No
Knowledge about Local Nonprofits	<b>YES</b>	No

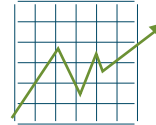
# Establishing a Donor-Advised Fund

1

Types of  
Gifts



Cash



Stocks



Other Assets

**Determine the type of gift** you will make (initial gift of \$5,000 or more). This can be a gift of cash, stock or an other asset.

2

Name Your  
Fund



**Decide Who to Involve**



Then, determine what to **Name Your Fund** (perhaps the name of your business or your family) and **decide any colleagues or family members you'd like to involve in giving** (either as successor advisors or additional advisors).

3

Donor-Advised  
Fund



Next, the Community Foundation will draft the **Donor-Advised Fund** Document to create your personal foundation; a **sample document** is available in the forms section of our website.

4

Grant Your  
Causes



Favorite Causes



Religious Institutions



Human Services



Schools

**Identify what types of causes you're passionate about supporting and make grants out of your fund to support them.**  
If you need help, your Community Foundation staff can share some community opportunities that may pique your interests.

# Investment Options

THCF offers **flexibility** to customize your fund's investments to meet your charitable goals, whether immediate or long-term. There are two ways for donors to participate. You can **select your financial advisor** to manage your fund OR you can **select your own investment** mix using the Community Foundation's investment pool.

## ☐ OPTION 1: Select Your Financial Advisor to Manage Your Charitable Fund

With this option, you can benefit from customized **investment management by an advisor** you already know and trust. If this option is right for you, simply put the Community Foundation in touch with your financial advisor and **our team will take care of the rest!** A segregated fund will be managed directly by your advisor, investing your charitable dollars in accordance with the Community Foundation's most current investment policies and standards.

## ☐ OPTION 2: Select the Community Foundation's Investment Pool

In this option, you can select to invest the assets of your charitable fund in the Community Foundation's Investment Pool. The responsibility for managing the Community Foundation's Investment program is vested in our **Board of Directors through our Investment Committee**. The Committee works closely with staff and investment advisors to set policy, establish performance benchmarks and monitor performance.

### Select Your Investment Strategy

If you select the Community Foundation's Investment Pool, you are able to match your risk tolerance and the long-term objectives for your fund. You can select an existing mix or create your own.

- ☐ **Long-Term Mix:** Recommended Mix
- ☐ **Risk Averse Mix:** 100% Money Market and CD Pool
- ☐ **Create Your Own Mix:** Select your percentages of Money Market, Fixed Income and Equity Pools to match your fund's goals and your risk tolerance.