

# Donor Advised Funds



## What Is a Donor Advised Fund?

A Donor Advised Fund (DAF) is a giving vehicle that provides you with immediate tax benefits and the ability to support nonprofits you care about most. Donor Advised Funds are one of the most efficient, flexible and cost-effective alternatives to private or family foundations.

## Who Should Consider a Donor Advised Fund?

- You're looking for an easy introduction to philanthropy.
- You want to take advantage of a tax deduction now without the pressure of granting it immediately.
- You want to be more strategic – all of your philanthropy is in one place with access to philanthropic advisors and programmatic experts.

## What Are the Benefits Of a Donor Advised Fund?

**Simple.** Give now, grant later: take time to learn more about great nonprofits or let assets grow for larger grant-making. Recommend contributions to your favorite non-profits and/or review fund balances 24/7 through our secure online donor portal. Donor Advised Funds are easier and less costly to manage than private foundations — there is no set-up fee and we manage the record-keeping and tax-filing so you can focus on your philanthropy.

**Flexible Philanthropy.** A Donor Advised Fund can be established by an individual, family, business, or organization. Your charitable purpose can be as broad or specific as you'd like. Your named Donor Advised Fund can be used to make grants in the East Bay, throughout the US, or internationally. Donor Advised Funds also offer donors the benefit of 100% anonymity unlike a private foundation. There are also no annual required minimum distributions like a private foundation.

## At a Glance

### Donor Advised Fund

- » Quick and easy charitable vehicle offering you the most tax advantaged deduction
- » Grants may be made now or later to nonprofit organizations in the East Bay and beyond
- » Access to expert staff and a dedicated relationship manager
- » Minimum to establish: \$10,000

**Asset Options.** A wide variety of assets may be contributed to a Donor-Advised Fund beyond cash and publicly traded stock—such as real estate, mutual funds, fine art, or privately held C-Corp or S-Corp shares—which other nonprofits may not be able to accept directly.

**Strategic.** You have access to the foundation's expert staff who can help you develop a strategic giving plan, identify nonprofits to invest in, engage your family, connect with other donors, and co-invest with others to make the greatest impact. While many institutions offer Donor-Advised Funds, only a community foundation can also offer the deep regional expertise that transforms your charitable giving into powerful impact.

## How Does A Donor Advised Fund Work?

- 1 Donor gives assets to EBCF, who will steward the fund.
- 2 Donor evaluates and recommends grantees/nonprofits with the assistance of EBCF.
- 3 EBCF distributes grants from the fund to eligible nonprofits.



## How Does a Donor Advised Fund Work?

**Give:** Establishing a Donor-Advised Fund is simple. Open your fund with a gift of cash or other assets, and take advantage of an immediate tax deduction for your gift. You may add to your fund over time; the minimum to open a Donor-Advised Fund at EBCF is \$10,000.

**Invest:** Your fund assets can grow tax free in pooled, professionally managed portfolios. Five portfolios are tailored to your grant time horizons and personal goals, including a socially responsible investment option so your investments align with your values. For funds of \$1M or more, your own qualified investment advisor may manage the charitable assets in your Donor Advised Fund.

**Grant:** You have the power to recommend grants at any time to eligible nonprofits here locally or around the world. We take care of all the paperwork, due diligence, and required reporting.

## Considerations

In compliance with federal regulations:

- A donor may not receive a material benefit from the beneficiary nonprofit agency in exchange for a grant (e.g., dinner tickets, participation in golf tournaments, etc.)
- A donor may not recommend grants to individuals.

## What Are the Tax Advantages of a Donor Advised Fund?

- Enjoy an immediate charitable tax deduction when you create your Donor Advised Fund and every time that you add assets to it.
- Gifts of appreciated assets qualify for tax deductions at current fair market value (as opposed to a cost-basis when contributed to a private foundation) and avoid capital-gains taxes.
- Avoid restrictions required of private foundations.

## What Are the Account Minimums and Fee Calculations?

A Donor Advised Fund may be opened with a minimum of \$10,000. Additional contributions may be made at any time thereafter.

Administrative fees are assessed quarterly and are generally 1.25% of the assets in the fund.

Administrative fees charged to funds cover general operating costs for gift establishment, receipt of assets and contributions, grants and fund administration, and EBCF's other charitable purposes. Investment management fees related to the foundation's investment pools are also charged.

Additional fees may be charged or mutually agreed upon for other services rendered on behalf of a fund.