

Giving back. Looking forward.

Donor Advised Funds at the Grand Rapids Community Foundation



Grand Rapids

community foundation

For **good.** For **ever.**

Making a Difference in the Community Couldn't be Easier.

If giving is one of the values you want to be remembered for, the Grand Rapids Community Foundation can help. A Donor Advised Fund at the Community Foundation will bear your name and represents the hard work and values that define your life. It will become your charitable legacy, and if you wish, loved ones can be involved with grantmaking decisions. A Donor Advised Fund helps connect people through a shared sense of purpose; it can be a tool to help teach young people about financial and community responsibility.



Athletes enjoy a game of tennis at the Grand Rapids Wheelchair Sports Camp.

With the Community Foundation's endowment, your Donor Advised Fund will grow and continue to make important grants to causes you care about—forever. Depending on the option you choose, all or a portion of your fund is permanently endowed, so the principal remains intact and growing as time passes.

Our professional staff handles all administrative and legal requirements for donors. We also provide grantmaking support and access to community information in a wide range of interest areas. Your donor advised fund at Grand Rapids Community Foundation will increase your ability to make a difference today and forever.



All About Animals is a new book at Burton Elementary, Donor Advised Funds helped provide for several new libraries at Grand Rapids Public Schools.

Here's what some donors say about their Donor Advised Funds at the Grand Rapids Community Foundation.

"The administration of the private foundation became burdensome. We are trying to simplify our lives, but wanted to continue with our giving. The long term aspect of the fund is attractive and we hope to have our children involved one day."

— Arvin and Pearl Tap

"We've always been extremely proud of being part of the Grand Rapids community and now we're at a point in our lives where we can give back to this community in a significant way."

— Tom and Mickie Fox

"The Community Foundation offers good ways to set up your charitable giving as a program. And I like the idea of perpetuating it with the family. We hope that they learn the same joy of giving and helping others that we have."

— Herb and Glenna Knape

Donor Advised Funds

A Donor Advised Fund can be created from a gift of cash, stocks, closely held stocks, bonds, real estate or other assets. With your Donor Advised Fund, you are establishing a giving system that is designed specifically to help achieve your philanthropic goals. You are able to make gifts to causes you hold dear, now and long into the future.

Donor Advised Funds can be established during your lifetime or at your death through your will or other planned giving instrument. Charitable income tax deductions generated by such gifts receive the most favorable tax treatment under the Internal Revenue Code since your fund is part of a public charity.



Claudia and Allan Carlson

With your Donor Advised Fund you will avoid many of the burdens of a private foundation, while taking advantage of a wealth of benefits.

- The Community Foundation handles all the paperwork, tax reporting and record keeping.
- You have a flexible tool for carrying out your charitable giving.
- You have access to professional advice on making grants, so you can ensure that your grants are well-used by nonprofits locally, nationally and globally.
- Unlike a private foundation, there is no minimum payout required.
- There are tax advantages to a Donor Advised Fund that you won't receive with a private foundation.
- Additional gifts you make to your Donor Advised Fund are tax deductible.
- The Community Foundation provides professional fund management and quarterly statements with the details of your Fund including investment performance and grantmaking activity.

For people considering a private foundation, this chart compares the two options.

DONOR ADVISED FUNDS

No set up fees.

No specific annual distribution is required.

No excise taxes.

Income tax deductions:

Cash: up to 50% of adjusted gross income.

Appreciated publicly traded stock: fair market value up to 30% of adjusted gross income.

Long term real estate and other securities: fair market value up to 30% of adjusted gross income.

You may choose to make grants anonymously.

Access to professional grantmaking staff.

Set up time is about two hours.

Administration is pooled and an annual fee is charged. Community Foundation handles reporting.

PRIVATE FOUNDATION

Set up costs will include legal, accounting and filing fees.

Annual distribution of 5% is required by the IRS.

Excise taxes of 2% of net investment income.

Income tax deductions:

Cash: up to 30% of adjusted gross income.

Appreciated publicly traded stock: fair market value up to 20% of adjusted gross income.

Long term real estate and other securities: deductible at cost basis.

Tax return with grant listing is public.

You are on your own to investigate and analyze potential grants and bear the expense of staffing the foundation.

Set up time takes many months.

Several thousand dollars annually for legal and accounting expenses and filing fees. An annual 990-PF IRS tax form must be filed.

Two Fund Choices

To meet the philanthropic needs of donors, Grand Rapids Community Foundation offers two different donor advised funds. Both funds have attractive features. Which one you choose, will depend on your financial situation, philanthropic goals and the amount of grantmaking activity you desire.

LEGACY FUND

The Legacy Fund is established with a gift of \$50,000 or more. This fund is permanently endowed at the Community Foundation and each year a percentage of the fund's market value is used for grants that you recommend. The fund is permanent and perpetual—a great way to ensure that causes you care about are supported long into the future. People who have a strong interest in ensuring the future well-being of Grand Rapids might opt for the Legacy Fund.

DYNAMIC FUND

The Dynamic Fund is established with a gift of at least \$250,000. Of this amount, \$50,000 is permanently endowed, with the remaining balance available for immediate grantmaking. This type of fund is permanent, but is designed for the donor who wishes to make more grants than the Legacy Fund allows.

Both Funds are an excellent alternative to a private foundation.



Steele and Mary Taylor

Grantmaking—Community Knowledge at your Fingertips

The use of your Donor Advised Fund is up to you. You can choose to support any nonprofit organization that is recognized by the Internal Revenue Service and that is serving a bonafide charitable purpose. These include the most well-known national organizations and local nonprofits. It includes most churches and faith-based organizations. We can also help facilitate gifts to global organizations that have a presence in the U.S.

If you are interested in a specific nonprofit or area to support, our grantmaking staff can help you find quality organizations. If you are considering supporting an organization that is new to you, program staff can help you review information that will tell you if the organization is reputable. With the expertise of the Grand Rapids Community Foundation program staff, you never have to guess if your grant has the impact you desire.

Investment Management

Funds established with the Grand Rapids Community Foundation are kept under the watchful eye of the Board of Trustees, Investment Review Committee and staff.

Because of the permanent nature of the Community Foundation's philanthropic assets, the investment portfolio is structured to take advantage of long-term opportunities. These long-term opportunities are best achieved with an asset allocation that emphasizes equities over fixed income securities. The goal of this asset allocation is to allow the Community Foundation, over time, to increase the value of the portfolio corpus at a rate greater than inflation, while at the same time meeting administrative expenses and providing sufficient funding for grant awards.

The Community Foundation's portfolio is under the direct oversight of the Investment Review Committee whose members have been selected for their expertise. The Foundation staff and Investment Review Committee are responsible for recommending asset allocation parameters, choosing investment managers and monitoring performance.



Student art projects help kids at Oakleigh learn about art and enterprise.

The Investment Review Committee reports to the Board of Trustees on a quarterly basis and uses a national firm to help manage the portfolio.

Multiple Tax Advantages



Reading at the Dickinson Elementary School Library.

Contributions to your Donor Advised Fund are tax deductible in the year that they are made and unused deductions can be carried forward for up to five years. In addition, your gifts receive the most favorable tax treatment under the Internal Revenue Code, because your Donor Advised Fund is part of a public charity.

The tax deductions available through gifts to a donor advised fund will help you maximize your charitable impact.

Giving long-term appreciated securities, privately held business interests or other long-term appreciated assets may enhance your tax benefits. You may avoid capital gains tax on these gifts and may receive a tax deduction equal to the full fair market value of the gifted property, up to 30 percent of your adjusted gross income.*

**Be sure to consult with your tax attorney or professional advisor to determine the tax deductibility of your contribution.*

Getting Started with a Donor Advised Fund

- Call our development staff at 616.454.1751.
- Choose the name of your Fund.
- The Community Foundation will prepare an agreement for review by you and your professional advisor.
- Make your initial contribution to the Fund.
- Set an appointment with a Community Foundation staff member to learn how to recommend grants and access your fund information on line. You will learn how to access our grantmaking staff for their expertise.
- Enjoy the ease, tax benefits and unending support of causes you care about through your Donor Advised Fund.



Ruth Loeks and her grandchildren

Things to Remember About Donor Advised Funds

You may make a grant at any time and are not tied to a December 31 deadline.

You may support any 501 (c) 3 organization (locally based or national). If you have questions about an organization—our grantmaking staff will be happy to assist you.

Completing a legally binding pledge through your Fund is prohibited.

You can support your place of worship, faith-based schools and nonprofits through your Donor Advised Fund.

After your grant is made, the Community Foundation will send you an acknowledgement.

Because it provides a personal benefit, the Foundation cannot make a distribution from your Fund for a membership. You can support a fundraising event with your Fund, but you cannot accept tickets or receive any other benefit for your contribution.

You do not have to make grants from your Fund each year. You may want to skip a year of grantmaking to make a larger grant in the future.

By establishing your Donor Advised Fund at the Grand Rapids Community Foundation you are relinquishing the investment and direct management of your funds to the Foundation. The Foundation's investment policies are subject to approval by the Board of Trustees of the Foundation, as are the grants made from your fund.

Information changes and updates

The information in this piece is intended to provide you with an overview of administrative and tax rules regarding Donor Advised Funds, which are subject to change. When changes are made, most often for state and federal legal compliance purposes, we will inform you as quickly as possible if these changes are significant.

Privacy Policy

The Grand Rapids Community Foundation collects and uses personal information such as: name, address, phone number, and email address when a donor voluntarily provides it to us. In addition, the Grand Rapids Community Foundation keeps a record of each donor's giving history. This information is kept on file for IRS purposes and is used by the Foundation to analyze overall giving patterns in order to make more accurate budget projections.

The Grand Rapids Community Foundation does **NOT** sell, trade, or share its donor list with any other organization.

If you are interested in learning more about a Donor Advised Fund at the Grand Rapids Community Foundation, contact the Development staff at 616.454.1751.

Grand Rapids Community Foundation
185 Oakes Street S.W.
Grand Rapids, MI 49503
Tel: 616.454.1751, Fax: 616.454.6455
Email: grfound@grfoundation.org
Website: www.grfoundation.org



Grand Rapids Community Foundation meets standards as set forth by the Council on Foundations.



Grand Rapids
community foundation

For **good.** For **ever.**