

GIVING THROUGH A *Donor Advised Fund*

A Donor Advised Fund is Right for You if...

- You want to simplify your giving into one fund instead of making individual donations to various charities
- You have considered creating a private foundation and would like a lower cost alternative
- You have appreciated assets such as real estate, stocks, bonds, etc.
- You want to teach principles of generosity to children or grandchildren by allowing them to assist in charitable distribution recommendations
- You are expecting the sale of a business or property that is not your principal residence
- You receive a non-taxable life insurance death benefit, an inheritance, or a legal settlement
- You want to give now and see how that gift is making a difference while you're still alive

A donor advised fund (DAF) is a great way to manage all your charitable giving in one place, practice generosity, and teach younger generations the importance of philanthropy by involving them in distribution recommendations to charities. A donor advised fund has several appealing benefits as an avenue of generosity, including the flexibility to change which United Methodist churches and organizations will benefit from the fund each year, minimal start-up time and costs, donations that are generally deductible at fair market value, and not being subject to capital gains taxes (for gifts of real estate and appreciated securities).

How a Donor Advised Fund Works

1. Create a donor advised fund with the Foundation with a minimum initial contribution of \$10,000
2. Receive an immediate tax deduction for the value of your gift
3. The Foundation invests the funds in a balanced, conservative portfolio that follows Book of Discipline guidelines and your fund assets grow tax-free
4. Make initial and annual recommendations of how the funds should be distributed to 501(c)(3) charities (50% of annual distributions must benefit a United Methodist church or ministry)
5. At any time you and others can make additional contributions to the fund in any amount
6. Receive annual statements of all contributions, distributions, and fund earnings
7. Appoint a successor to continue your legacy of generosity when you pass or have the Foundation convert the donor advised fund into a permanent endowment supporting your chosen charities

This publication is for general information purposes and is not a source of legal or tax advice. Individuals should consult professional advisors regarding all appropriate matters. Specific tax benefits from this strategy depend on your personal tax situation and how you report your gift. Remember, to claim your charitable gift deductions you must meet/exceed the standard deduction to itemize on your income tax return.

Generous Gifts



Jack and his wife Jen held stocks for a number of years and decided to donate the shares to avoid capital gains taxes. The couple transferred \$12,000 in stocks to the Foundation in order to create a perpetual endowment donor advised fund. Now, they can annually support multiple United Methodist ministries and charities with this fund, including their church, for years to come.