

Community Foundation

FOR SOUTHEAST MICHIGAN

WHAT IS A DONOR ADVISED FUND?

A Donor Advised Fund is an extremely simple, inexpensive, and effective way for you to support your favorite charitable causes in a tax-efficient manner. A Donor Advised Fund is a separate fund within the Community Foundation for Southeast Michigan that is established by an individual, a family, a business, or a foundation, and for which a designated individual or group of individuals serve as advisors. These advisors may make recommendations to the Community Foundation regarding the investment of the fund and grant suggestions to support other public charities.

THE “COMMUNITY FOUNDATION DIFFERENCE”

When you establish a Donor Advised Fund with the Community Foundation you will have access to our professional staff who offer expertise in many fields including health, human services, youth, and arts and culture. They will work with you and your professional advisors to plan gifts into your fund, research charities and causes that you wish to support, create family charitable mission statements and ensure your charitable giving experience is enjoyable. Our staff know the issues and trends in the seven counties we support in southeast Michigan and will vet every organization — locally and nationally — that you wish to support.

ESTABLISHING A DONOR ADVISED FUND

One of the advantages to opening a Donor Advised Fund is that it's simple. We can establish your Donor Advised Fund in a day. Simply call the Community Foundation at 313.961.6675. Information that we will need includes the name of the fund (or you can decide to create an anonymous fund), the identity of the advisor(s) to the fund, the investment option you recommend, and basic contact information. A minimum contribution of \$10,000 is also required.

ADVISORS TO THE DONOR ADVISED FUND

Any person can be an advisor to the Donor Advised Fund. Advisors are limited to two lineal generations — typically spouses and then their children. In the case of a donor-business, the Community Foundation and the founder or the board of directors determine, in advance of establishing a fund, who will serve as advisor(s) and for how long they may serve. When the designated advisor is no longer serving, the Donor Advised Fund becomes an endowed fund in your name, permanently supporting the charitable causes you determine, or as determined by the Community Foundation.

GIFTS TO A DONOR ADVISED FUND

You may give cash and marketable securities including mutual funds, restricted stock, closely held business interests, real estate, qualified intellectual property, as well as other assets, provided the same are consistent with the Community Foundation's gift-acceptance policy, applicable federal and state law, and any restrictions governing the transferability of assets.

Donor Advised Funds typically receive gifts from one source — an individual, a family, or a business. Community Foundation policies do not permit the use of fundraising events to secure gifts for a Donor Advised Fund, nor can Donor Advised Funds be used as memorial funds.

GRANTS FROM A DONOR ADVISED FUND

Grants may be recommended to any eligible public charity in the United States for charitable purpose provided that the grant:

- is at least \$250
- does not result in a personal benefit to any individual (as provided by Federal tax law)
 - > *This typically means that a donor advised fund grant cannot be used to:*
 - Pay an enforceable charitable irrevocable pledge obligation
 - Purchase a membership at a nonprofit that provides benefits of value
 - Purchase a fundraising event ticket
 - Earmark support to a person or family being served by or working for the recipient charity, including other advisors to the fund or parties related to the donor

TAX BENEFITS

Whether a donor makes one gift to a Donor Advised Fund, regular gifts, or infrequent gifts as in connection with the sale of a business or receipt of an inheritance, a donor to a Community Foundation Donor Advised Fund receives the most favorable charitable income tax deduction treatment as the Fund is considered a component of the Community Foundation and hence a public charity. You can deduct the full amount of a cash contribution provided the deduction does not exceed 60% of your adjusted gross income. You may also gift appreciated, long-term marketable securities to a Donor Advised Fund, though the deduction may not exceed 30% of your adjusted gross income, and not recognize the inherent gain. Any amount you cannot deduct in the year of the gift may be carried over for deduction during the next five years.

Donor advised funds grow tax free and are not subject to mandatory distribution requirements like private foundations. There is also no requirement to file annual tax returns or other regulatory forms as the fund is included in the filings of the Community Foundation.

DONORCENTRAL

DonorCentral is an online service provided to donor advisors. This online tool gives you access to comprehensive fund activity and allows you to make online grant recommendations. You may also receive quarterly reports in the mail that summarize the activities of the Donor Advised Fund. DonorCentral and the quarterly reports show your contributions, investment returns, and distributions to charities.

CONTACT US"

Our staff is happy to work with you and your professional advisors to create a Donor Advised Fund and develop a plan for you. Call us at **313.961.6675** or email pservices@cfsem.org to get started today.

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Donor Advised Funds are regulated by Federal law. As such, the Community Foundation (i) reserves the right to amend its policies and procedures relating to donor advised fund grants without notice as necessary to comply with any applicable statute or regulation, and (ii) any provision herein contrary to such statutes or regulations is modified to comply with same.
