

DONOR ADVISED FUNDS & OTHER PLANNED GIVING OPTIONS



How a Donor Advised Fund Works

Creating a Donor Advised Fund with the Maine Women's Fund is much like opening a bank account, and it can be done in less than half an hour. You provide the necessary information and once the account is open, you transfer at least \$10,000 in cash, bonds, mutual fund shares or publicly traded stocks to the Maine Women's Fund to begin the Donor Advised Fund. You then can recommend grants from the Donor Advised you created, and monitor the impact of those grants. The process is simple; the rewards are significant.

Financial Benefits of a Donor Advised Fund

The Donor Advised Fund offers flexibility plus the greatest philanthropic tax benefits available to individuals.

- Federal income tax deductions can equal up to 50 percent of your adjusted gross income;
- Avoid capital gains taxes and get a charitable tax deduction for the current market value of the donation;
- Any income in the account you create accrues tax-free; and
- You have few of the burdensome expenses associated with private foundations.

Cash contributions: The entire amount of a cash contribution is deductible up to 50 percent of your adjusted gross income in the tax year of your contribution, with up to 5 years to carry unused amounts forward.

Publicly traded securities: {Long-term} - For those held more than one year, the amount of the deduction is the mean value of the high and low prices of the security on the day of the contribution, up to 30 percent of your adjusted gross income, with a 5 year carry-forward. {Short term} - For securities held for one year or less, the deduction is the lesser of the mean value of the high and low prices of the security on the day of the contribution or your cost basis, up to 50 percent of your adjusted gross income.

Estate taxes: All lifetime contributions to the Donor Advised Fund are outside the Donor's estate and are not subject to either estate tax or probate.

Capital Gains Advantages: A gift of appreciated securities to the Donor Advised Fund frees you of capital gains taxes while making more money available to philanthropy, as our chart shows. With just one transaction, you can use one large gift to benefit many different charities.

Advantages to establishing a DAF with \$50,000 in appreciated stock:

	Selling the stock and donating proceeds directly to charity	Donating Stock Fund to Establish DAF
Donor's capital gains tax*	\$8,000	\$0
Value of gift to charity	\$42,000	\$50,000
Tax savings for Donor**	(\$15,120)	(\$18,000)
Donor's "cost" of donation	\$34,880	\$32,000

*Assumes purchase price of stock was \$10,000 and a capital gains tax rate of 20 percent.

**Assumes individual income tax rate of 36 percent. Does not reflect effects of certain tax limitations, such as alternative minimum tax, state or local taxes, adjusted gross income limitations, or the limitation on itemized deductions.

Advantages of Donor Advised Funds Over Private Foundations

The savings a Donor Advised Fund represents over a private foundation are substantial. With a Donor Advised Fund, you are eligible for an immediate federal income tax deduction of up to 50 percent of your adjusted gross income for cash gifts, compared with just 30 percent for private foundations. You have few administrative responsibilities and no startup fees, and a Donor Advised Fund, unlike a private foundation, is not subject to excise taxes on its investment income. Instead of paying high-cost retainers, an annual administrative fee is deducted monthly for administration, management, marketing, education, and investment fees.

	Donor Advised Fund	Private Foundation
Start-up Costs	None	Substantial
Deduction Limits for Cash Gifts	50% of adjusted gross income	30% of adjusted gross income
Deduction Limits for Appreciated Assets	30% of adjusted gross income	20% of adjusted gross income
Excise Taxes	None	Up to 2% of foundation's net investment income annually
Tax Reporting	None***	Annual state, federal returns
Administrative Responsibilities	Recommending grants	Managing assets, keeping records, selecting charities, administering grants
Privacy	Anonymity, if desired	Grants part of public record

***The Donor must obtain a receipt of the contribution from the Maine Women's Fund and report the contribution on his or her individual income tax return for the year of the contribution to the Maine Women's Fund.

Additional Features of Donor Advised Funds

- \$5,000 of the original gift of \$10,000 or more to establish a Donor Advised Fund is permanently restricted endowment for the Maine Women's Fund.
- Grant recommendations must be at least \$500 per grantee and qualifying 501(c)(3) organizations.
- Distributions may not be used to discharge a pledge, purchase tickets or otherwise used to benefit the donor or other donors directly or indirectly.
- Donors may designate a spouse or other person to serve in their stead for recommending grants and one person may be named as a successor advisor.
- When no advisors remain, any amount remaining in the Donor Advised Fund shall become part of the Maine Women's Fund's permanently restricted endowment.

Other Planned Giving Options:

Bequests

Maximum flexibility now, while supporting future work on behalf of women and girls.

Charitable Gift Annuities

Reduce capital gains tax exposure, create a current fixed income and secure future charitable gifts.

IRA Gift

Donors 70 ½ and older may make tax-free gifts directly from an IRA. An annual maximum of \$100,000 applies.

Stock

Contribute appreciated securities to provide valuable support while receiving tax advantages.

CONTACT: Sarah Ruef-Lindquist
CEO, Maine Women's Fund
207-774-5513
sarah@mainewomensfund.org



mainewomensfund.org