

# GIVING VEHICLE COMPARISON: MAXIMIZE THE IMPACT OF YOUR PHILANTHROPY



Center for Personal Philanthropy

| Charitable Vehicle  | FFTC Donor Advised Fund  | FFTC Supporting Organization*   | Private Foundation   |
|---|--|---|--|
| Donor Involvement   | Donor recommends grants and investments. Donor can name advisors. Successor advisors (including family members) may be appointed in perpetuity. Fund bears name chosen by donor. | The governing board approves all grants and investments. The board may include donor and related persons, but cannot comprise majority of the board.  | Governing board may consist of donor and related persons. The governing board approves all grants and administration.  |
| Tax Status  | Shares public charity status with FFTC.  | Separately incorporated public charity under FFTC. Must apply to IRS for tax-exempt status.   | Private charity, must apply to IRS for tax-exempt status.  |
| <b>Income Tax Deduction for Gifts</b>                       |  |   |  |
| Cash  | Up to 60% of adjusted gross income (AGI).  | Up to 60% of AGI.   | Up to 30% of AGI.  |
| Appreciated Publicly Traded Stock                           | Full fair market value deductible up to 30% of AGI or cost basis deductible up to 50% of AGI.  | Full fair market value deductible up to 30% of AGI or cost basis deductible up to 50% of AGI.   | Full fair market value deductible up to 20% of AGI.  |
| Appreciated Real Estate and Closely Held Business Interests | Full fair market value deductible up to 30% of AGI or cost basis deductible up to 50% of AGI.  | Full fair market value deductible up to 30% of AGI or cost basis deductible up to 50% of AGI.   | Cost basis deductible up to 20% of AGI.  |
| <b>Grantmaking</b>  |  |   |  |
| Minimum Payout Requirements                                 | None.  | None.   | Annual payment of at least 5% of net assets, with penalty tax on undistributed amounts.  |
| Privacy   | A fund's assets, gifts and grants are kept private. No public disclosure is required. Donors are generally recognized for grants, but can make grants anonymously.               | Subsidiary foundations are required to file Form 990, which makes public the foundation's assets, grants, investment fees and board compensation. FFTC coordinates filing for its subsidiary foundations. | Private foundations are required to file Form 990-PF, which makes public the foundation's assets, grants, investment fees, and board compensation.                         |
| Philanthropic Advice, Grantmaking & Community Knowledge     | FFTC staff is available to help identify and assess grantees, provide input on community needs and ensure recipients are qualified 501(c)(3) organizations.                      | FFTC coordinates and supports the subsidiary foundation's grantmaking and evaluation activities as part of the custom service platform.   | Donor or foundation staff, if applicable, must arrange and support its own grantmaking and evaluation activities. FFTC can provide custom services to private foundations. |
| Time Commitment   | Conveniently recommend grants online, while FFTC processes the payments. No board meetings required and no staff to manage.  | FFTC staff assists with board meetings, grantmaking, record keeping and IRS filings. Public information can generate unsolicited charitable requests.   | Record keeping and filing for IRS alone can take a significant amount of time each year. Public information can generate unsolicited charitable requests.                  |
| <b>Administrative Considerations</b>                        |  |   |  |
| Ease of Establishing  | Typically requires only one signed document (donor advised fund agreement available at <a href="http://www.fftc.org">www.fftc.org</a> ).   | Create a corporation or trust following state legal requirements; file for and obtain IRS approval, requiring legal and accounting support.   | Create a corporation or trust following state legal requirements; file for and obtain IRS approval, requiring substantial legal/accounting support.                        |
| Timing to Create  | Immediate.   | Can take 6 months or longer for IRS approval.   | Can take 6 months or longer for IRS approval.  |
| Start Up Costs  | None.  | Varies, but minimally several thousands of dollars for legal and accounting expenses and filing fees; often less than a private foundation when working with FFTC.  | Varies, but minimally several thousands of dollars for legal and accounting expenses and filing fees (similar to corporate start-up).                                      |
| Annual Costs  | FFTC funds are charged annual administrative fees, assessed monthly based on the fair market value of the assets in the fund. The minimum annual fee is \$500.                   | FFTC assesses annual administrative fees monthly based on the fair market value of the assets in the subsidiary foundation.   | Can be costly, including administration, accounting and audit expenses.  |
| Investments   | Access to FFTC's diverse and expertly managed investment options, or you may recommend an outside manager via the Investment Alliance Program (for funds > \$250,000).           | The board directs investment strategy with access to FFTC's diverse and expertly managed investment options, or an outside manager can be utilized via the Investment Alliance Program.                   | Must establish, research and manage own investment vehicles, or hire an outside manager to do so.  |
| Operations and Record Keeping                               | Provided by FFTC.  | Provided or managed by FFTC.  | Must establish, acquire and manage on its own.   |
| Fiduciary Responsibility                                    | FFTC fulfills associated fiduciary responsibilities.   | FFTC works with subsidiary foundation board to fulfill fiduciary responsibilities.  | Private foundation board has full fiduciary responsibilities.  |
| Liability and Risk Insurance (including D&O)                | Covered by FFTC's policies.  | Covered by FFTC's policies.   | Must be provided and purchased by private foundation.  |
| <b>Annual Requirements</b>                                  |  |   |  |
| Annual Taxes  | None.  | None.   | Generally income tax exempt, but subject to an excise tax of 1.39% of net investment income, including capital gains.  |
| Tax Filings   | None required.   | FFTC coordinates filing of annual IRS Form 990 and may conduct a separate annual financial audit.   | Annual IRS Form 990-PF, including detailed financial statements, must be prepared and filed.   |

\*Information in this chart is specific to Type I Supporting Organizations under IRC(a)(3)(B)(i).

IMPORTANT DISCLAIMER: This chart is intended for informational purposes only. It is not intended to constitute tax or legal advice and should not be relied upon as such. Potential donors should discuss the implications and consequences of a specific charitable gift with a legal and/or tax advisor.