

# FFTC DONOR ADVISED FUNDS: MAXIMIZE THE IMPACT OF YOUR PHILANTHROPY



Center for Personal Philanthropy

## A streamlined, cost-effective alternative to private foundations for your charitable giving

FFTC Donor Advised Funds are a cost-effective and efficient alternative to private foundations for your charitable giving.

Donor advised funds offer a convenient way to manage and boost the impact of giving, allowing donors to maximize tax-deductible contributions today for future grantmaking to nonprofits throughout the nation.

Donors can make gifts of many types of assets, identify causes to support, recommend grants and establish a charitable legacy – all while FFTC handles the burden of administration.

FFTC strives to make it easy to convert your private foundation, with little to no cost. Our dedicated team of philanthropic experts will provide you with highly personalized support and guidance every step of the way.

Let us help you amplify the experience of philanthropy and ensure the greatest impact for the community.

### Contact us today for more information:

**Visit**  
220 North Tryon Street  
Charlotte, NC 28202

**Call**  
704.998.6412

**Email**  
philanthropy@fftc.org

**Learn more**  
www.fftc.org

### FFTC Donor Advised Funds offer significant advantages to private foundations.

Facilitate family philanthropy across generations with an easy, cost-effective philanthropic solution.

Establish a fund with as little as \$10,000 and a variety of assets, including complex gifts such as real estate or closely held business interests.

Avoid the legal and compliance requirements of a private foundation, including start-up costs, annual filing requirements, governance requirements and annual minimum payouts.

Enjoy maximum tax advantages for contributions and maintain flexibility in distributions and investment options.

Grow your fund over time through a variety of diverse investment options.

Manage your account and recommend grants to nonprofits through our online portal, making giving easy and convenient.

Make grants anonymously, if desired, and avoid the detailed public disclosures of a private foundation, which often generate unsolicited charitable requests.

Appoint advisors (including family members) in perpetuity to continue a family's charitable legacy.

Name your fund to retain your identity and philanthropic recognition, as desired.

### Common motivators for converting a private foundation to a donor advised fund:

- ▶ Management and reporting has become too demanding
- ▶ Burden of keeping up with government regulations
- ▶ Difficulty meeting the annual 5% payout requirement
- ▶ High costs of maintaining the foundation
- ▶ Preference for anonymity
- ▶ Desire to qualify for larger tax deductions
- ▶ Increased access to grantmaking experts
- ▶ Aspiration to focus on philanthropy, rather than administration

### Converting your private foundation is easy and efficient\*:

- 1) Board passes resolution to terminate private foundation
- 2) Assets distributed to a public charity (i.e. FFTC Donor Advised Fund)
- 3) Terminate private foundation
- 4) File final Form 990-PF

*\*State laws vary, additional steps may be required to terminate the foundation. Information provided is general in nature. It is not intended to be, and should not be construed as, legal or tax advice. Foundation For The Carolinas does not provide legal or tax advice.*

# GIVING VEHICLE COMPARISON: MAXIMIZE THE IMPACT OF YOUR PHILANTHROPY



Center for Personal Philanthropy

| Charitable Vehicle  | FFTC Donor Advised Fund   | Private Foundation  |
|---|---|---|
| Donor Involvement   | Donor recommends grants and investments. Donor can serve as advisor and name advisors. Successor advisors (including family members) may be appointed. Fund bears name chosen by donor. | 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.   | 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 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 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.   | Cost basis deductible up to 20% of AGI.   |
| <b>Grantmaking</b>  |   |   |
| Minimum Payout Requirements                                 | 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.                      | Private foundations are required to file Form 990-PF, which makes public the foundation's assets, grants, investment fees, and board compensation. Public information can generate unsolicited charitable requests. |
| 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.                             | 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.   | Record keeping and filing with 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.ffmpeg.org">www.ffmpeg.org</a> ).  | Create a corporation or trust following state legal requirements; file for and obtain IRS approval, requiring substantial legal and accounting support.   |
| Timing to Create  | Immediate.  | 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 (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.                          | 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).                  | Must establish, research and manage own investment vehicles, or hire an outside manager to do so.   |
| Operations and Record Keeping                               | Provided by FFTC.   | Must establish, acquire and manage on its own.  |
| Fiduciary Responsibility                                    | FFTC fulfills associated fiduciary responsibilities.  | Private foundation board has full fiduciary responsibilities.   |
| Liability and Risk Insurance (including D&O)                | Covered by FFTC's policies.   | Must be provided and purchased by private foundation.   |
| <b>Annual Requirements</b>                                  |   |   |
| Annual Taxes  | 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.  | Annual IRS Form 990-PF, including detailed financial statements, must be prepared and filed.  |