

# Comparing personal approaches to giving

## Private family foundation versus community foundation **Donor Advised Fund**

If you're looking for a highly personal way of giving without all the guidelines, responsibilities, and costs that come along with establishing and maintaining a private foundation, then a community foundation Donor Advised Fund is the right charitable vehicle for you.

Items to Consider	Private Foundation	Community Foundation Donor Advised Fund
<b>Setup procedure</b>	Must incorporate and apply for IRS tax-exempt approval	Simple agreement. Can be set up in as little as one day
<b>Initial costs</b>	Setup fees	No setup fees
<b>Ongoing costs</b>	Liability insurance, direct administrative costs	Pooled administration, low costs
<b>Tax benefits</b> - Cash - Appreciated stock - Closely held stock	Up to 30% of adjusted gross income Up to 20% of adjusted gross income Deduction limited to basis	Up to 50% of adjusted gross income Up to 30% of adjusted gross income Deduction at fair market value
<b>Excise taxes</b>	Usually 2% of investment income annually	None
<b>Reporting requirements</b>	Annual 990-PF must be filed by foundation or hired staff	None required of the donor. Community foundation handles all reporting
<b>Grantmaking</b>	Must research and identify agencies/programs to fund	Community foundation program staff educates donors regarding worthy agencies and programs; provides information on qualified giving opportunities
<b>Grant management</b>	Must ensure all recipients are qualified 501(c) (3) organizations	Community foundation verifies organization's status. Plus, donors can access the community foundation's strategic grantmaking services
<b>Distribution requirements</b>	5% annual distribution required Self-dealing restrictions	None. Donors can make grant recommendations at their discretion
<b>Privacy</b>	Tax return is public record	Donor may choose to remain anonymous

### Benefits of a community foundation Donor Advised Fund:

- Maximize your tax savings and simplify your charitable giving
- Gain advice and information on local nonprofit organizations and community needs
- Create a fund without having to dedicate your gift to a single charitable organization or local cause
- Expose your children or grandchildren to the joys and responsibilities of philanthropy, with access to professionals who can provide information on local community issues, opportunities, and resources
- Ensure your philanthropic interests will continue in perpetuity
- Establish a named fund, or remain anonymous in your giving

*There's so much more we'd like you to know. Your community foundation can help you help your clients achieve their charitable giving goals. To locate the community foundation near you, visit [www.forgoodforeverCA.org](http://www.forgoodforeverCA.org).*

**community foundations**<sup>SM</sup>

For good. For ever.<sup>SM</sup>



This symbol identifies community foundations that achieve national standards of excellence.