LEGACY COMMUNITY ENDOWMENT RESOURCE

JEWISH COMMUNITY FOUNDATION of GREATER MERCER

FREQUENTLY ASKED QUESTIONS ABOUT DONOR ADVISED FUNDS

A **Donor Advised Fund (DAF)** is a philanthropic account where a donor sets aside money for charitable contributions. A DAF represents a flexible alternative to direct giving or creating a private foundation. Once established, the donor (or anyone designated by the donor) can recommend grants at any time to any Jewish or secular charitable organization, so long as the designated recipient is a 501(c)(3) nonprofit organization.

Donors enjoy administrative convenience, cost savings and tax advantages by conducting their charitable giving through their fund. Assets in your DAF are placed in a pooled portfolio, managed by a professional investment advisor and monitored by the Foundation's Investment Committee.

Whether you are looking to minimize taxes, create a charitable family legacy, or honor a loved one's memory, a Donor Advised Fund may be for you.

HOW DOES IT WORK?

First, you transfer assets (including cash, securities, stock or insurance) into the fund. Then, you can recommend grants to charitable organizations of your choice on any time schedule. The assets in the fund continue to grow to be used for future grants. The Foundation processes the grants, maintains records and provides you with receipts and statements for tax reporting purposes. Records are also available online.

ARE THERE TAX ADVANTAGES?

Each time you deposit assets into your fund, you may receive an immediate charitable tax deduction for the maximum allowable for gifts to a public charity. For gifts of long-term appreciated stock, you may avoid paying capital gains tax. While tax savings are immediate, funds can be given away at any time – now or in the future.

HOW ARE THE ASSETS MANAGED?

All assets are pooled in a portfolio that is managed by a senior investment team in Vanguard Institutional Advisory Services. The professional advisors work in collaboration with the Foundation's Investment Committee to choose an asset allocation for the portfolio. A common theme of all purchases and asset allocation is high liquidity such that adjustments can easily be made to keep portfolios contemporary.

The Investment Committee meets quarterly at which time the Vanguard team provides both a written and in person comprehensive report on the portfolio including the rate of return, market conditions and related topics.

WHO RECEIVES THE INVESTMENT EARNINGS?

All investment earnings are credited to the Donor Advised Fund, giving you more to give away to the organizations that mean the most to you. The funds grow tax free.

CAN I SET UP THE FUND IN ANY NAME I WANT?

Yes. You select the name of the fund. Use your own name or another name that is meaningful to you. You can also create a Memorial Fund and name it for someone whose legacy who are honoring. The fund can also be anonymous.

WHAT ARE THE FEES?

There is no fee to establish a fund at the Jewish Community Foundation. Funds with a balance under $15,000 are subject to a $150 minimum annual fee. The Board of Trustees of the Foundation applies a fee schedule on each fund. The current fee on funds $15,000 and over is 1%. Please do not hesitate to talk with staff regarding questions on fees.

HOW CAN I ACCESS ONLINE INFORMATION ABOUT A FUND?

The Foundation offers 24-hour online access to information about your Donor Advised Fund. You can view your balance, download grant and contribution letters as well as statements, and recommend grants. This information is confidential and only available to those who have established a DAF.

ARE THESE FUNDS ONLY FOR THE RICH?

That is a common misconception. Donor Advised Funds can be opened with a minimum of $6,000 and require a $6,000 minimum balance. The minimum amount for a grant to your favorite charity is $100.

SHOULD I HAVE MY PROFESSIONAL ADVISOR TALK TO YOU ABOUT THIS?

While Donor Advised Funds are very easy for donors to handle directly, we are happy to consult with your accountant, attorney or other professional advisor.

*For more information about setting up a Donor Advised Fund at the Jewish Community Foundation of Greater Mercer, please contact our leadership team at 609-240-9511 or **info@foundationjewish.org** or visit us online at **www.foundationjewish.org**.*