



Donor-Advised Funds

A donor-advised fund enables you, your family, or your organization to:

- contribute a tax-deductible gift, using appreciated securities or cash, when it best meets financial and tax planning needs;
- recommend grants, at your convenience, to qualified nonprofit organizations anywhere in the United States;
- rely on the Foundation's experienced staff for administration, record keeping and help with charitable giving.

You can establish either a **permanent advised fund** from which only the income is distributed annually or a **non-permanent advised fund** from which both income and principal can be expended. With either choice, you make contributions to the Foundation and then request the Foundation to make distributions to your favorite charities.

Contributions

A minimum \$10,000 contribution is required to establish a permanent advised fund and \$25,000 to establish a non-permanent advised fund at the Connecticut Community Foundation. After the initial contribution, gifts of any amount can be added to the fund at any time. For the charitable income tax deduction, you report only their gift(s) to the Foundation to the IRS.

Advisors

You may name yourself or others as advisors to recommend grants from the fund. As a part of the fund agreement, you may also, at any time, choose to authorize, in writing, a successor advisor to make

recommendations for grants either during your lifetime or upon your death.

Grants

Grants of \$200 or more from the advised fund may be recommended to tax-exempt organizations qualifying under Section 501(c)(3) of the Internal Revenue Code, government entities, or to established religious denominations anywhere in the United States. Distributions to foreign nonprofit organizations may be recommended through a U.S. 501(c)(3) nonprofit organization that is either an affiliate of the foreign organization or an organization that carries out due diligence on grants to foreign agencies. The Foundation does not allow grants to private foundations as defined under section 509 (a) of the Internal Revenue Code. Grants **may not** be used to pay pre-existing pledges nor may the donor, advisor or related parties of either receive any benefits from the grant such as tickets to events, gifts or memberships that carry more than a token value as defined by current I.R.S. regulations.

To recommend grants from an advised fund, you or the person you designated as an advisor must submit a signed grant recommendation form to the Foundation. To meet Treasury regulations for advised funds, the Board of Trustees cannot be bound by the advice of the advisor and must always maintain the right to distribute the funds in accordance with the charitable purpose of the Foundation. The Treasury regulations are designed to ensure that donors do not receive a maximum charitable deduction at the time of the gift and still maintain control over the gift.

Grants will normally be processed within 10 business days if a grantee has been approved by the Board of Trustees within the last five years and the required information on the grantee is readily available. If a potential grantee does not meet these criteria, the staff will gather the appropriate information on the grantee and make a recommendation to the Board of Trustees at their next meeting. The Board approves or rejects the recommendation. If a grantee is approved, the grant will normally be processed within 10 business days. If a grantee is not approved, you will be notified and asked to make an alternate suggestion. Once the Board of Trustees has approved the recommendations, you will receive a letter confirming the grants have been made. Foundation staff is also available to assist you in assessing community needs and recommending grants to organizations that address their charitable interests.

Transmittal letters with the grant checks will include the name of the fund unless anonymity is requested. Grants from a fund are not deductible by the donor as a charitable contribution for federal tax purposes because you received a tax deduction when your made to the Foundation.

Distribution of Remainder Assets

When your advisory privilege terminates (e.g. at your death or the death of other advisors or when you termination of the privilege of another advisor), the remaining assets in the fund can be handled in one of two ways.

- 1) You may establish or contribute to an existing permanent unrestricted, field-of-interest, scholarship or designated fund at the Foundation.
- 2) If you do not wish to establish a permanent fund, any remaining income and principal will be distributed to specified 501(c)(3) nonprofit agencies.

Investment of Contributions

Contributions to a **permanent** advised fund are used to purchase units in the Foundation's endowment fund pool, which is invested in a balanced portfolio. The

actual rate of return on the endowment will fluctuate with market conditions. The advised fund will receive its proportionate share of the endowment fund's investment results quarterly.

Contributions to a **non-permanent** advised fund will usually be invested in a money market or equivalent account. Contributions are used to purchase units in the Foundation's money market account.

If you expect to distribute the non-permanent fund's assets over a period of three years or more, you may invest the non-permanent advised fund assets in the Foundation's endowment fund pool.

Fees

For advised funds invested in the endowment fund pool, an annual investment fee of .60-65% and administrative fee of 1.5% are charged quarterly based on the market value of principal assets.

For advised funds invested in the money market fund, the annual administrative fee of 1.5% is charged quarterly based on the highest market value of principal assets during the quarter.

The fee structure is subject to annual review and modification by the Board of Trustees.

Donor Communications

You will receive receipts for contributions, confirmation of a grant when made and notification when a grant cannot be made. You will also receive an annual financial statement and periodic communications from the Foundation's donor services office regarding grant recommendations and funds available to grant.

Funds with Special Features

Foundation staff can provide information on advised funds that carry out their own request for grant proposal process or have an advisory committee.

Advised Funds for Organizations

An advised fund at the Connecticut Community Foundation is an excellent vehicle for corporations, associations, and community groups that wish to pool their philanthropic efforts without the burden of establishing a separate 501(c)(3) organization or administering a charitable giving program. The organization can set up an advisory committee to recommend grants from the fund. With an advised fund, an organization benefits from:

- investment management at a low cost; and
- low cost administration including receipt and acknowledgement of all contributions, financial statements, required IRS and state filings, and grant payments.

A fund may be established for a minimum of \$10,000. An annual investment fee of .60-65% and administrative fee of 1.5% are charged quarterly based on the market value of principal assets. The Foundation can provide a fee structure for other services depending on the level of services.

Advised Funds for Nonprofits

An advised fund at the Connecticut Community Foundation is also an excellent vehicle for a nonprofit. The nonprofit can contribute to the Fund or ask its donors to make contributions directly to the Foundation to be held in the Fund for its benefit. The nonprofit appoints an advisory committee which can request up to the entire value of the assets for the purpose specified in the fund agreement. With an advised fund, a nonprofit benefits from:

- investment management at a low cost;
- low cost administration including receipt and acknowledgement of all contributions, financial statements, required IRS and state filings, and grant payment; and
- funds invested in our endowment pool.

A fund may be established for a minimum of \$10,000. An annual investment fee of .60-65% and administrative fee of 1.0% are charged quarterly based on the market value of principal assets. The Foundation can provide a fee structure for other services depending on the level of services.

The fee structure is subject to annual review and modification by the Board of Trustees.