PERMANENT ADVISED FUNDS

An advised fund is a very flexible vehicle that enables the donor, a family, or an organization to:

- contribute a tax-deductible gift, using appreciated securities or cash, at a time that best meets financial and tax planning needs;
- recommend grants, at the donor's 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; and
- establish a legacy in the community.

The donor can make contributions to the Foundation and then request that the Foundation to make distributions to their favorite charities. With a permanent advised fund**,** only the income (based on the Foundation's spending policy) is available to distribute annually. The principal remains – and grows over time – to establish a legacy in the community.

Foundation staff is available to assist the advisors in assessing community needs and recommending organizations that address their charitable interests.

CONTRIBUTIONS

A minimum contribution* is required to establish a 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, a donor reports gift(s) to the Foundation to the IRS.

ADVISORS

A donor may be the advisor or name others as the advisors to recommend grants from the fund. A donor may also at any time authorize, in writing, a successor advisor to make recommendations for grants either during a donor's lifetime or upon a donor's 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 for to pay pre-existing pledges or for a contribution where any benefits are received such as tickets to events, gifts or memberships that carry more than a token value as defined by current I.R.S. regulations.

In order to recommend grants from an advised fund, the advisor must submit a signed, written grant recommendation form to the Foundation. In order 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 the donor does 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 7 - 10 working days. The advisor will be contacted if the grant recommendation cannot be approved. When the grant recommendation is approved, the advisor will receive a letter confirming the grants have been made.

Grant letters to the nonprofit organizations will include the name of the fund unless anonymity is requested. Grants from a fund are not deductible by as a charitable contribution for federal tax purposes as a donor receives a tax deduction when the gift is made to the Foundation.

DISTRIBUTION OF REMAINDER ASSETS

When the advisory privilege terminates (e.g. at the death of the donor, advisor, or successor advisor), the remaining assets in the fund can be handled in one of three ways:

1) A donor may establish a permanent unrestricted, field-of-interest, scholarship or designated fund.

2) If a donor does not wish to establish a permanent fund, they may provide a written request for the distribution of any remaining income and principal to specific 501(c)(3) nonprofit agencies.

3) If a donors dies without specific requests, the remaining assets in the fund will become an unrestricted fund at the Connecticut Community Foundation with the annual income used for the general charitable purposes of the Foundation. The elections a donor made on the fund agreement, or in any subsequent written correspondence with the Foundation, regarding disbursement of income and principal and the disbursement of any remaining principal upon the death of the advisors can only be changed by the successor advisor if specific written authorization for such changes has been provided by the original donor who established the fund.

INVESTMENT OF CONTRIBUTIONS AND FEES

Contributions to a permanent advised fund are used to purchase units in the Foundation's endowment fund pool, which is invested in a balanced equity/fixed income portfolio. The actual rate of return on the endowment will fluctuate with market conditions. The permanent advised fund will receive a proportionate share of the endowment fund's investment results quarterly.

For permanent advised funds in the endowment fund pool, an annual investment management fee* and annual administrative fee* are charged quarterly based on the market value of principal assets.

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

DONOR COMMUNICATIONS

A donor will receive confirmations of all donations to the fund and grants from the fund. A donor will also receive a financial statement and grant recommendation form annually.

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.

Connecticut Community Foundation
43 Field Street • Waterbury, CT 06702 • Tel: 203-753-1315 • Fax: 203-756-3054
Email: info@conncf.org • Website: www.conncf.org