

# Compare Your Charitable Options

COMPARE YOUR OPTIONS	DONOR-ADVISED FUND	CHARITY	PRIVATE FOUNDATION
Set-up time	As little as 1 day	Immediate	6-9 months
Start-up costs (e.g. legal and accounting fees)	None	None	Typical costs of creating a corporation (legal, accounting, etc.)
Annual costs	Total fees less than 2%	None	Extensive administration, legal and investment costs
Initial gift minimum	\$5,000	None	\$5-10 million recommended
Annual tax filings and returns	Not required (part of ACF annual reporting)	Charity conducts	Must be filed by private foundation staff
Record keeping / accounting	Provided by ACF staff	No	All services arranged by private foundation staff
Administrative support	ACF professional staff	Charity's staff	None, must hire private foundation staff
Payout required	None	None	Yes – 5% annually
Annual taxes	None	None	Yes – up to 2%
Governance and oversight	ACF board of directors	Charity's board	Private foundation board
Grant-making strategy assistance; information on community issues	Yes, if donor desires	No	None, must hire private foundation staff
Confidentiality	Yes. Donor can choose anonymity both in giving and grantmaking	No	No
Donor control of distributions	ACF carries out donor's wishes via grant recommendations, subject to ACF board approval	Donor can request restrictions on gift, but charity has final say	Subject to private foundation's board
Ability to give to multiple nonprofits and causes	Yes	No	Yes
Investments	Active board oversight, record of long-term growth by top-tier investment managers	Charity not required to invest gift for growth	Private foundation staff must oversee, management could be costly, depending on assets

# Ways to Give to a Donor-Advised Fund

## TYPE OF ASSET

### CASH

### SHORT-TERM CAPITAL GAIN PROPERTY

### ORDINARY INCOME PROPERTY

- Stocks, bonds, capital assets held less than one year
- Inventories
- Agricultural products
- Oil and gas property

## CHARITABLE DEDUCTION AND LIMITATION

For a cash gift, the deduction is typically deductible up to 60% of the donor's adjusted gross income (AGI) in the year the gift is made, if the donor itemizes deductions. Any excess contributions can be carried over the next five years.

Example: Mr. Jones has an adjusted gross income of \$300,000. He makes a cash gift of \$200,000 to the community foundation. The first year he may deduct up to 60% of his \$300,000 AGI (up to \$180,000). The remaining \$20,000 of his charitable gift may be deducted the following year.

Or, if you decide to give property other than cash, the deduction is typically limited to cost basis and is deductible up to 50% of the donor's AGI in the year the gift is made, if the donor itemizes deductions. Any excess contributions can be carried over the next five years.

On the other hand, if Mr. Jones gave the same \$200,000 to a private foundation instead, he would be limited to a charitable deduction of only 30% of his \$300,000 AGI (a one-time deduction totaling \$90,000).

### LONG-TERM CAPITAL GAIN PROPERTY

- Stocks, bonds, capital assets held more than one year

In general, the big advantage here is that the charitable deduction is based on the current fair market value: You not only receive a charitable tax break based on the full amount, but you pay no capital gains tax. The deduction is limited to 30% of the donor's AGI (50% if taken at cost basis). Any excess contributions can be carried over the next five years.

### TANGIBLE PERSONAL PROPERTY

- Antiques
- Artwork
- Automobiles
- Coin collections
- Jewelry

Deductions for gifts of personal property to community foundations are generally based on the cost basis of the gift and are deductible up to 50% of the donor's AGI. Excess contributions can be carried over the next five years. Special rules may apply to gifts of artwork.

### REAL ESTATE

- Home
- Apartment building
- Vacation property
- Farmland
- Commercial property
- Income-producing or non-income producing land

Raw land without any depreciable property is equal to the fair market value of the land; the 30% limitation applies. If the property contains depreciable assets or is mortgaged, a separate calculation is made. If special environmental or other concerns exist, consult Akron Community Foundation staff.

### CLOSELY HELD STOCK

Charitable gifts of stock in a closely held corporation may be made to a community foundation with the same deduction rules as publicly traded securities. (This is not true for gifts to a private foundation.) Because of the special issues of valuation and corporate privacy inherent, consult Akron Community Foundation staff.

### PLANNED GIFTS

- Bequests
- Gifts that pay income
- Gifts that protect assets

Akron Community Foundation offers donor-advised fundholders the unique ability to perpetuate their philanthropy after they are gone. In addition to offering unlimited succession to heirs, we also offer many options to grow your fund through gifts from your estate, trust, CGA, retirement assets or life insurance policy.