



DONOR ADVISED FUND

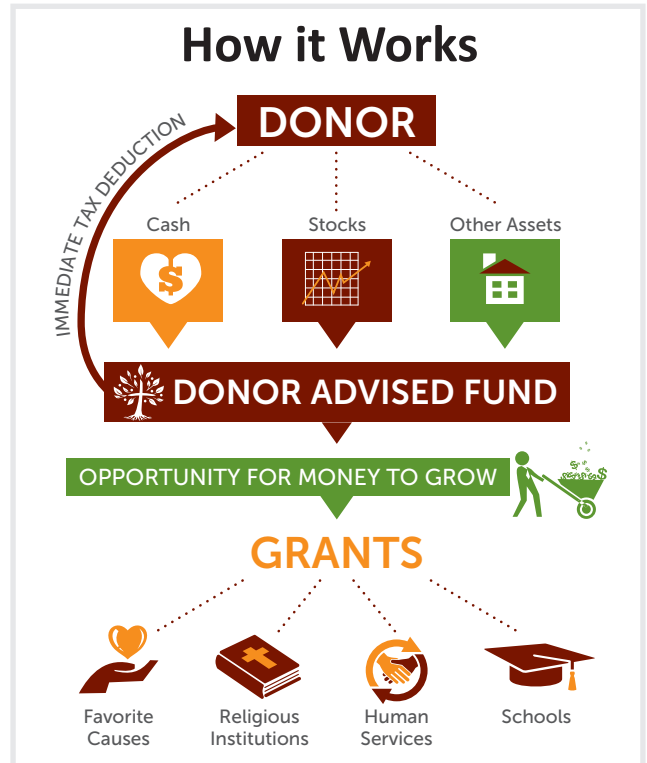
A Donor Advised Fund (DAF) is a tax-advantaged, convenient vehicle for donating to all the organizations you already love. You receive the full tax deduction in the year that the contribution is made to your DAF, and you can take your time in deciding when and to whom you would like to advise grants.

A DAF may advise grants for up to two lifetimes, creating a legacy of philanthropy within a family. The investments will grow tax-free for future grants to charitable causes. In the case of appreciated assets, a Donor Advised Fund can assist you in turning capital gains into charitable gains!

Why the Catholic Community Foundation?

Our core value is in providing donors the opportunity to advise grants in their key areas of interest. Commercial funds lack our personal touch and focus on a charitable mission. We connect donors with similar interests and provide educational opportunities to enhance donors' giving experience and efficacy.

As an active grant maker to the local community, we are well equipped to advise you about effective programs and organizations that would benefit from your support. Donor Advised Funds with the Foundation can grant to any qualified 501(c)3 as long as the charitable organization engages only in work that aligns with Catholic social teachings. All of the Foundation's funds are managed under Catholic guidelines for socially responsible investing.



Quick Facts

- Donor may grant to non-Catholic organizations that are aligned with Catholic Social Teaching
- Grant anywhere in the United States
- High-touch: Staff is available to assist donors with granting and fund management
- High-tech: Online portal allows grants to be made completely online and access to fund balances, grant history, gift history & database of grantees at any time
- Grant checks mailed within 30 days of the grant request

Fees & Minimums

Minimum to Open: \$5,000

Annual Fee: 1% - measured and paid as 0.25% quarterly

Minimum Grant: \$250 unlimited quantity & timing



Donor Advised Fund vs. Private Foundation

While DAFs may seem similar to Private Foundations at a glance, there are many important distinctions which often make DAFs a simpler, less burdensome, and less expensive option.

Feature	CCF DAF	Private Foundation
Set-Up Cost	None	Legal and accounting
Ease of Set-Up	A simple form & can grant as soon as funds received	Can take months, including set-up with IRS and state
Excise Tax	None	2%, typically
Admin Fee	1% plus investments	Costs of lawyers, accountants, staff, etc. can be significant
Fillings Required for Donors	None	Annual Return

“Bunching” with a Donor Advised Fund



Bunching happens when taxpayers “**combine multiple years of ‘normal’ annual charitable contributions into a single year.**” During the years in which bunching occurs, the charitable deduction combines with other itemized deductions to increase the likelihood of the taxpayer exceeding the standard deduction.

Bunching donations directly to charities gives the donor the tax benefits but may cause greater volatility for the charity’s revenue stream. The solution for both taxpayers and charities is a Donor Advised Fund. This allows the taxpayer to receive the full tax benefit of bunching, but also gives them time to advise grants to multiple charities from their fund gradually instead of in one lump sum.

An Example

Here is a four-year comparison of the Lee family’s deductions. In the first example, they give \$10,000 to their Donor Advised Fund and distribute that money to the charities they love. They don’t anticipate any major changes in their finances in the next four years, so they are planning to utilize the standard deduction of \$24,000, for a total of \$96,000 over four years.

Without Bunching	2018	2019	2020	2021	Total
Charitable Deduction	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 40,000
State & Local Tax	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	
Tax prep, medical, mortgage, etc.	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	
Total of Itemized Deductions	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	
Standard Deduction	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,000	
Deduction Used	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,000	\$ 96,000

With Bunching	2018	2019	2020	2021	Total
Charitable Deduction	\$ 20,000	\$ -	\$ 20,000	\$ -	\$ 40,000
State & Local Tax	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	
Tax prep, medical, mortgage, etc.	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	
Total of Itemized Deductions	\$ 33,000	\$ 13,000	\$ 33,000	\$ 13,000	
Standard Deduction	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,000	
Deduction Used	\$ 33,000	\$ 24,000	\$ 33,000	\$ 24,000	\$ 114,000

Increase in deductions taken: \$ 18,000

NOTE: Actual tax savings will depend on bracket

This example shows the Lees bunching their donations into their Donor Advised Fund in two years instead of evenly spread across all four. Everything else stays the same, and they take the standard deduction in the years they don’t donate.

As you can see, the Lees gave the same amount of money to charity in both scenarios (\$40,000), but their tax deduction increases by \$18,000 over four years if bunching is used.

catholiccf.org/donor-advised-fund

