



Cumberland Community Foundation, Inc.

308 Green Street • P.O. Box 2345 • Fayetteville, NC 28302
www.cumberlandcf.org

Overview - Donor Advised Funds

What is a Donor Advised Fund (“DAF”)

A donor advised fund is a simple and tax-efficient way to give to your favorite charities.

DAFs are the fastest-growing charitable giving vehicle in the country because they are the easiest and most tax-advantageous way to give to your favorite charities. When you donate to your donor advised fund, you make a tax-deductible donation to the community foundation.

A DAF is a charitable giving vehicle at Cumberland Community Foundation that allows you to make a contribution to CCF and then recommend grants over time to any IRS-qualified public charity.

A DAF makes your charitable contributions as effective as possible.

But because your account is a donor advised fund, you “advise” the community foundation on how to grant the money out to your favorite charities.

Your donation may be *endowed* and become a permanent charitable legacy, or it may be *pass-through* and available to spend down as you wish.

How A Donor Advised Fund Works

Make a donation

Donate cash, stocks or other assets and get your tax receipt. You will be eligible for a tax deduction in the year of your gift if you itemize.

Support charities you love, now or over time

You can support any IRS-qualified public charity with the assets in your donor advised fund. Cumberland Community Foundation will conduct due diligence to ensure the funds granted out will be used for charitable purposes and the grantee is an IRS-qualified public charity.

Grow your donation, tax-free

If you establish an endowed donor advised fund, your donation can grow, making available even more money for charities.

Benefits of a Donor Advised Fund

Ease of gifting

What if you could support all your favorite charities with just one donation? That is the power of a donor advised fund.

Ability to gift appreciated assets

Contributing assets other than cash is simple with a donor advised fund; other types of charities may not be able to accept non-cash donations.

Tax benefits

As soon as you make a donation, you are eligible for a tax deduction, just as you would by donating to another public charity. Your tax deduction may depend on the type of donation and if you itemize. *Always check with your own tax advisor.*

- **Cash donation-** If you donate cash, via check or wire transfer, you're generally eligible for an income tax deduction of up to 60% of your adjusted gross income (AGI).
- **Long-term appreciated assets-** Donating long-term appreciated securities potentially allows you to maximize capital gains tax advantages, which could help you reduce taxes and ultimately give more to charity. If you have long-term appreciated assets, such as stocks, bonds or real estate, you have an opportunity to further maximize your deduction. By donating these types of assets directly to charity, you generally won't have to pay capital gains, and you can take an income tax deduction in the amount of the full fair-market value, up to 30% of your adjusted gross income (AGI).

Other advantages of donor advised fund

Other advantages of donor advised funds are:

- Simplified gift recordkeeping – it's much easier to keep track of one tax receipt instead of a different slip of paper every time you make a gift.
- Grantmaking recordkeeping – at any time you may request a report of all grants you have paid from your fund to your charitable interests.
- Support your legacy planning.
- Involve your heirs and name a second generation of advisors to your fund.
- Name your donor advised account as a family legacy, such as the Jones Family Advised Fund.

How to Get Started

The minimum initial gift depends on the type of fund:

- For a pass-through donor advised fund the minimum initial donation is \$5,000. Your fund balance is fully spendable.
- For an endowed donor advised fund the initial donation is \$25,000. Your fund will be invested and a portion of the income will be available for grantmaking annually. Name up to two generations of grant advisors.

A Family Legacy

A donor advised fund allows you to continue your family legacy of giving by naming up to two generations of advisors. You may designate specific charitable causes as the beneficiary after the end of the second generation of advisors.

You may also include a gift in your will or designation of an IRA, Charitable Remainder Trust, or insurance policy to empower your heirs to continue your philanthropy. This is a good way to bring children and grandchildren together around giving and values, even after the parents are gone.

Fees

There is no fee charged for the administration of a pass-through donor advised fund.

There is a tiered fee structure for the administration of an endowed advised fund:

- 1% on the fund balances \$0 - \$499,999.99
- ¾% on the fund balances \$500,000 - \$999,999.99
- ¼% on the fund balances \$1,000,000 and up

For More Information

Contact us:

Cumberland Community Foundation

Mary Holmes

910-483-4449 x103

Mary@CumberlandCF.Org

Cumberland Community Foundation, Inc.

Tax Id #: 58-1406831

Tel: (910)483-4449

Fax: (910)483-2905

www.cumberlandcf.org

Mailing Address:

PO Box 2345

Fayetteville, NC 28302

Physical Address:

308 Green Street

Fayetteville, NC 28301

Parking and entrance in the back