



# DONOR-ADVISED FUND

*Toolkit*

# EXPERTISE IN GIVING

## *Serving Donors for More Than 40 Years*

Greater Horizons helps donors create their charitable legacies through donor-advised funds and other charitable giving vehicles.

We offer a comprehensive platform of charitable tools and can help donors think through all of their options, which might include donor-advised funds, scholarship funds or designated funds.

Greater Horizons is a public charity, so donors receive the maximum tax deduction allowed by law for their donations.



### **Your Giving Specialists**

Donors work with us to achieve their charitable goals. Our expertise in accepting gifts of complex assets is unparalleled. And we handle each transaction with care and attention.

Our team of philanthropic experts understands the art of grantmaking, and we are equipped to provide research and guidance on charitable landscapes and giving strategies.



### **World-Class Service**

Donors receive world-class service, no matter the size of their account. We have a dedicated team answering donors' calls and emails, and we provide a confidential and secure environment for donors' charitable activities.



### **Flexible Solutions**

Giving should be easy. Donors like to use their donor-advised funds for all of their giving, and they do not want to be constrained by unnecessary limitations and minimums. We support charitable giving at all levels and recognize that every gift, no matter the size — whether \$25 or \$25 million — will make a difference.



### **Creating Charitable Legacies**

Donors care about legacy, and they expect us to be forward-thinking. We think carefully with donors to develop a vision for their giving, now and after their lifetimes. Donors can transition their donor-advised funds to future generations who can continue to give in perpetuity. If there are no successors, we will carry out a donor's charitable intent.

We are governed by an independent board that cares deeply about our donors' intentions. We exist to serve generations to come.

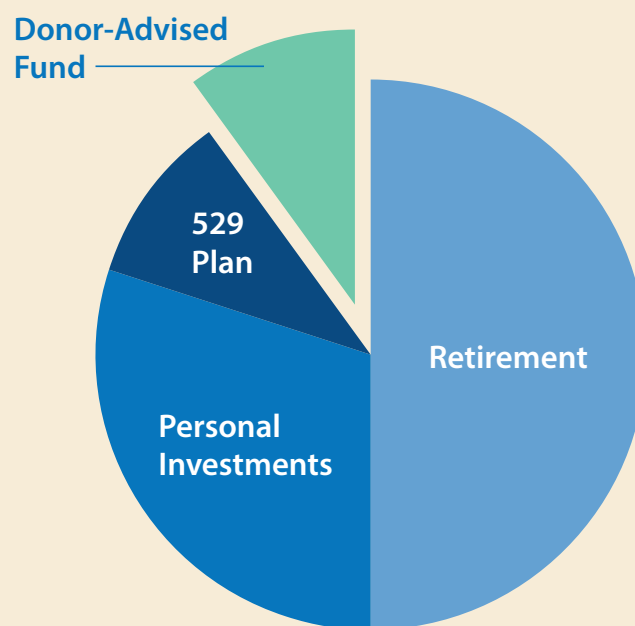
# DONOR-ADVISED FUND

## *Your Charitable Giving Account*

Just like you have retirement accounts, 529 plans and other investment accounts, a donor-advised fund is another piece of your financial planning picture. A donor-advised fund is a separate account for your charitable dollars.

Donor-advised funds have been around since the 1930s and are now the fastest growing charitable giving vehicle in the U.S.

### Sample Financial Portfolio



### Why choose a donor-advised fund over a private foundation?

- ▶ Less Expensive to Set Up and Run; No Need to Hire Staff
- ▶ Maximum Tax Benefits
  - Higher AGI Tax Deduction Limitations
  - Receive Fair Market Value Deduction for Gifts of Real Estate and Closely Held Stock
  - Avoid Annual Excise Tax Payments
  - Avoid Excise Taxes on the Sale of Highly Appreciated Gifts
- ▶ More Confidentiality; Ability to Grant Anonymously

## How a Donor-Advised Fund Works

### GIVE

Give cash, stock or other assets to your donor-advised fund. Contributions are tax deductible.



### **Avoid unnecessary limitations and minimums.**

- No minimum required for the initial contribution.
- No minimum for additional contributions.
- No minimum grant amount.
- No limit to the number of annual grants.
- No minimum account balance required to name an external investment manager.
- No limit to the number of individual successors or charitable beneficiaries.

# CONTRIBUTING

## *to Your Donor-Advised Fund*

You can maximize your charitable dollars and receive tax-related benefits through donor-advised funds and other types of charitable giving accounts.

- ▶ Contributions to donor-advised funds are tax deductible to the maximum extent allowed by law. We will issue a tax receipt for each donation to your fund.
- ▶ We can accept donations of cash, publicly traded securities and complex assets.
- ▶ Cash gifts are a great place to start, but donations of appreciated assets (held longer than one year) to a donor-advised fund often provide the additional benefit of avoiding long-term capital gains tax, as shown below.

	Gift of Cash	Gift of Appreciated Stock
Fair Market Value of Gift	\$25,000	\$25,000
Charitable Deduction	\$25,000	\$25,000
Income Tax Savings	\$8,750	\$8,750
Long-Term Capital Gains Tax Avoided	n/a	\$4,600
<b>Total Donor Tax Savings</b>	<b>\$8,750</b>	<b>\$13,350</b>

*This example includes the following assumptions:*

- The donor is in the 35% federal income tax bracket.
- The cost basis of the stock is \$2,000.
- The stock has been held for more than a year.
- The federal tax rate on long-term capital gains is 20%.

*The example does not take into account state or local taxes, alternative minimum taxes, the 3.8% net investment income tax, or limitations on itemized deductions that may be applicable.*

*We do not provide tax, legal or accounting advice. This is for informational purposes only.*

# Consider Donating COMPLEX ASSETS

You may be able to attain a new level of giving through assets you already own. Our complex asset team will work with you and your advisors to help you weigh your options and determine the best course for donating your hard-to-value assets.



## **Gifts of Privately Held Business Interests**

- C-Corp or S-Corp Stock
- Limited Liability Company (LLC) Interests
- Limited Partnership Interests



## **Gifts of Real Estate**

- Residential Property
- Commercial Property
- Farmland or Undeveloped Property



## **Other Alternative Asset Gifts**

- Life Insurance Policies
- Retirement Plans
- Negotiable Instruments (*such as notes receivable*)
- Oil and Gas Interests
- Private Equity
- Bitcoin

*This list is not intended to be all-inclusive of acceptable complex assets.  
Gift acceptance is dependent upon asset review and approval.*

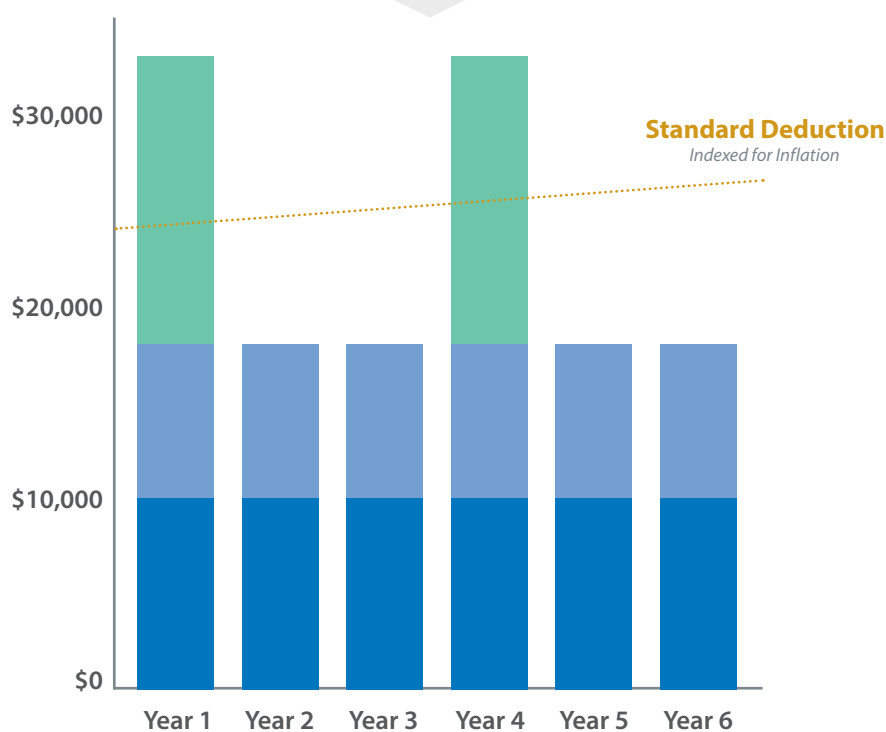
# BUNCHING DONATIONS

## *in a Donor-Advised Fund*

You can use a donor-advised fund to bunch multiple years' worth of donations in a single year to receive maximum tax benefits for your charitable contributions.

Gifts to donor-advised funds are tax deductible, so you can combine two or three years of charitable contributions in one calendar year in order to exceed the standard deduction in that year. You can then use the assets in the donor-advised fund to consistently support your favorite charities, even in years when you take the standard deduction.

The following scenario shows how a married couple, filing jointly, who typically gives \$5,000 a year to charity can benefit from bunching their charitable contributions into a \$15,000 donation every three years. In this example, the couple itemizes in years one and four and takes the standard deduction in years two, three, five and six.



**Tax-Deductible Expenses:**

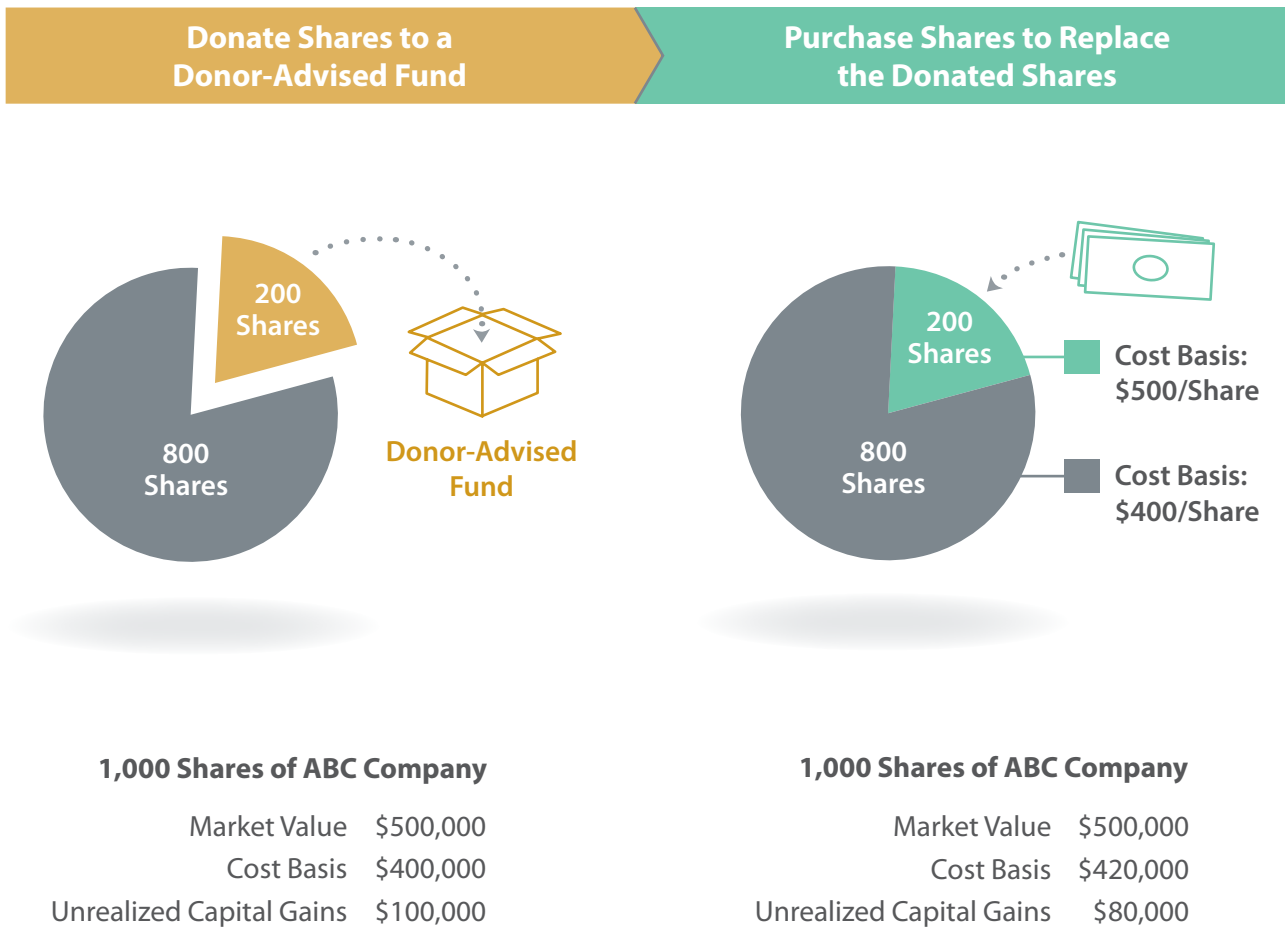
Charitable Donation	\$15,000	<span style="color: green;">■</span>
Mortgage Interest	\$8,000	<span style="color: blue;">■</span>
State and Local Taxes	\$10,000	<span style="color: darkblue;">■</span>



# DONATE AND REPLACE

You can avoid paying long-term capital gains tax and maintain your existing portfolio using a tax strategy known as donate and replace. Using this strategy, you can donate appreciated shares of stock with large capital gains, decrease your potential tax liability, and receive a tax deduction for your donation. You can then buy shares to replace the donated shares, which will increase the cost basis in your portfolio.

The following scenario illustrates how a couple who wants to donate \$100,000 to their donor-advised fund can use this strategy. In this example, the couple owns 1,000 shares of ABC Company, which are worth \$500,000. The couple could donate \$100,000 cash to their donor-advised fund. However, if they donate 200 shares of ABC Company, which are worth \$100,000, and then use cash to replace the ABC Company shares they just donated, they can increase the cost basis and decrease the unrealized capital gains. This strategy also works well in smaller increments to manage capital gains over multiple years.



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## *Donor-Advised Funds*

# MAKE GIVING EASY

Setting up a donor-advised fund is quick and easy. Follow these simple steps to get started.

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1

Complete our Donor-Advised Fund Agreement to set up your donor-advised fund. Or, visit [www.greaterhorizons.org](http://www.greaterhorizons.org) to use our online form.

We do not require a minimum balance for the fund, and fees start at just \$21 a month.

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2

When you are ready, contribute tax-deductible gifts of cash, stock or other assets to your fund.

You can choose how contributions to your fund are invested. Your trusted financial advisor can manage your assets, or you can select a custom mix using one or more of our investment pools.

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3

We will send you a username and password, so you can access our online donor portal and make grants from your fund at your convenience.

Begin granting to support your place of worship, your alma mater, the arts, social services or any 501(c)(3) public charity in the country.

**Questions? Contact us at 866.719.7886 or [info@greaterhorizons.org](mailto:info@greaterhorizons.org).**