

Tax Advantages of Opening a Fund

1

Income Tax - Receive an immediate income tax deduction in the year a contribution is made to a Donor Advised Fund. Unlike a private foundation, there are no annual granting requirements attached to the Donor Advised Fund. Since The Foundation is a public charity, contributions immediately qualify for maximum income tax benefits.

2

No Capital Gains Tax - No capital gains tax on gifts of appreciated assets (i.e. securities, real estate, other illiquid assets).

3

No Estate Tax - Donor Advised Funds will not be subject to estate taxes.

4

Tax-Free Growth - Investments in a Donor Advised Fund can appreciate tax-free.

5

Alternative Minimum Tax (AMT) - If the Donor/Fundholder is subject to alternative minimum tax (AMT), the contribution will reduce AMT impact.

Other Benefits - Donors/Fundholders can deduct the full market value of certain contributed assets, subject to the AGI limitations. These assets include closely held stock (C-corp or S-corp) and real estate. Visit our website to view the comparison of a Private Foundation and a Donor Advised Fund at The Community Foundation.

What is tax advantaged philanthropy?

Current tax law allows you an immediate tax deduction for the full amount contributed to a fund at The Community Foundation.

With an established fund, you can choose the timing and amount of grants made to non-profits locally, nationally or internationally. Grants can be made in a week, a month, a year or beyond.

“Establishing a fund at The Community Foundation with appreciated assets was an ideal solution to both avoid the burden of taxes on capital gains, and achieve my philanthropic goals. Under existing tax laws, the entire value was deductible the year of the contribution. This unique vehicle allows me to distribute grants at my discretion, without any time restrictions.”

- Gytha Von Aldenbruck, Board Member & Fundholder