



Donor-Advised Fund

Official Guidebook

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Welcome

Thank you for your interest in a Donor-Advised Fund with Jewish Federation of Greater Atlanta d/b/a Atlanta Jewish Foundation (the “Foundation”). We hope that this guide will serve as a useful resource as you begin a new philanthropic journey.

Inside this guide you will find an introduction and explanation of the Donor-Advised Fund as a giving tool as well as a handy “Quick Reference” divided into categories.

We hope this guide will serve as a resource for you, both in establishing your fund and in using it to achieve your philanthropic goals.

Please feel free to contact a Foundation professional if you have any questions or want more information on Donor-Advised Funds or any of the other charitable options offered by the Foundation.

Introduction and Explanation

What is a Donor-Advised Fund?

One of the most effective – and increasingly popular – charitable vehicles in North America today is the *Donor-Advised Fund*. A Donor-Advised Fund, also known as a “phil fund” or a “philanthropic fund,” is a component fund of Atlanta Jewish Foundation. It is established by agreement between the Foundation and the Donor(s), in consideration of an irrevocable contribution of money or property to the Foundation. The assets in a Donor-Advised Fund are owned by the Foundation. The donor and designated advisors may *recommend* distributions from the fund to public charities whose purposes generally are in furtherance of the purposes of the Foundation. These recommendations are advisory only, and the Foundation has the final authority to approve the grant recommendations.

Donor-Advised Funds create a broad base of financial support for the Jewish community as well as the general community. They offer a simple and economical means for benefiting the community and encouraging family philanthropy. Donor-Advised Funds advance the values and goals of the Foundation by:

- Helping members of the Jewish community to engage in *tzedakah*, and training future philanthropists.
- Caring for Jews in need in Israel and around the world.
- Providing financial resources for critical human services in the local Jewish and general communities.
- Nurturing relationships between Jewish philanthropists and Federation/ Foundation professionals.
- Building leadership and social capital in the Jewish community.
- Establishing priorities that consider the future needs of the Jewish community.
- Reinforcing the positive perception of Federation/ the Foundation as a philanthropic partner with the broader community, by leveraging the public relations value of gifts from Foundation Donor-Advised Funds to a broad array of charitable causes outside of the Jewish community.
- Helping to build the Foundation’s Unrestricted Endowment Fund for the Jewish Community.

Why open a Donor-Advised Fund: Who Benefits?

The Jewish Community

The **Jewish Community** benefits, from the relationship established between the donor and the Foundation which leads to an ongoing dialogue about investing in community programs and institutions to address challenges and meet needs. Through efficient administration, sound investment policies, stewardship, and educational programming, the Foundation builds relationships of trust with current and future donors, increasing the likelihood of enhanced giving and involvement. This includes future permanent endowment funds through estate planning and additional investment in the Foundation's Unrestricted Endowment Fund for the Jewish Community. In addition, the Donor-Advised Fund program provides additional opportunities for donor engagement in the organized Jewish community and gives the Foundation insight into individual donor priorities.

Furthermore, as nonprofit programs and charities outside of the Jewish community benefit from the activities of our Donor-Advised Funds as well, the Foundation helps create and reinforce a more positive presence in the broader community. This, in turn, increases goodwill between the Jewish community and local nonprofits, businesses and government, contributing to an environment that is favorable to the fulfillment of the Foundation's mission.

The Donor

Establishing a Donor-Advised Fund with Atlanta Jewish Foundation **benefits the donor**. One major advantage of a Donor-Advised Fund over a private foundation is the freedom the donor enjoys to give anonymously, when the donor so chooses. A private foundation can be besieged by a near constant stream of unsolicited funding requests since its grant making is a matter of public record. In contrast, Donor-Advised Funds allow donors to keep giving a private affair. Information about the total amount of assets in, as well as the programs, organizations and causes supported by a specific fund is strictly confidential.

Additionally, while donors may not receive an impermissible "material benefit" (discussed further below), they enjoy ready access to the knowledge and experience of the Foundation's staff regarding the Jewish community's needs and the organizations that exist to serve them. Donors may also take pride as they engage other family members and involve children and grandchildren in the grant making process, as well as meeting like-minded community philanthropists. As donors develop these philanthropic habits, they will further derive

satisfaction from meaningfully investing in worthy causes, in the Jewish Community and beyond.

Donor-Advised Funds are a cost-effective alternative to private foundations for gifts to public charities. Donors have no tax on investment income or capital gains earned in these funds. The donor receives an immediate tax deduction when he or she makes a contribution to the fund, yet can defer the decision about specific charities to support with these funds to a later date. Donor-Advised Funds are also significantly less expensive to start and maintain than private foundations.

Another advantage for the Donor-Advised Fund donors is the freedom from administration and record keeping. There are no separate tax returns or public filings. The Foundation reports receipts, disbursements and investments of Donor-Advised Funds via Federation's federal and state tax returns (in the aggregate - not on a fund by fund basis), provides an independent audit, processes disbursements, mails checks to recipients and grant reports to donors, administers and invests the assets of the fund and issues regular financial reports on the status of the fund to the donors. All of this work leaves donors free to concentrate on the substance of charitable giving.

The Donor-Advised Fund is a win-win combination for the donor, the Foundation and the Community.

Quick Reference Guide

Getting Started/ Frequently Asked Questions

Can I give assets other than cash to a fund?

Yes. You may contribute stock, mutual fund shares, and, in many cases, privately held stock, real estate or other tangible property. Gifts of stock, both publicly traded and closely held, have become more popular in recent years because of the benefits of gifting appreciated assets.

What is the minimum amount required to open a Donor-Advised Fund?

\$2,500

Am I allowed to make additional contributions to the fund? Is there a minimum amount?

The Foundation encourages additional contributions to the fund and there is never a minimum amount required to do so. You are entitled to a tax deduction each time you make an additional gift. Furthermore, other individuals or corporations may make gifts to the fund you have established. This is especially useful for gifts in honor of a special occasion.

Investments and Operations

How are funds invested?

Donor-Advised Fund investments are managed by our outside managers, NEPC. The funds can be invested in one or more of the four pools employed by the Foundation. These pools are: Moderate, Conservative, ESG and Money Market. The vast majority of Donor-Advised Funds are invested in the Moderate pool.

| Investment Model | Current Allocation Range |
|----------------------------|---|
| Conservative Growth | 35%-60% Equity / 35%-65% Fixed Income / 0%-20% Alternatives |
| Moderate Growth | 55%-85% Equity / 15%-35% Fixed Income / 0%-20% Alternatives |
| ESG | 45%-75% Equity/25%-55% Fixed Income |
| Money Market | 100% Cash and Cash Equivalents |

Can I choose where my money is invested?

Donors may select their own investment strategy from one or all of the Foundation Pooled Funds. Donors with funds totaling \$250,000 or more may choose their own asset manager.

What are the fees? Do I have to pay those out of pocket?

The Foundation's annual administrative fee is \$250. In addition, the Foundation's asset management fee is 1% (100 Basis Points) of the yearly daily value of the fund for values up to \$500,000 and then 0.5% (50 Basis Points) for any values over \$500,000 and up to \$10 Million and 0.3%. (30 Basis Points) for any amounts over \$10 Million. All fees are collected quarterly from the fund itself, so donors do not pay any amounts out of pocket. Fees are periodically subject to change.

Can I close a fund?

Contributions to a Donor-Advised fund are irrevocable gifts to the Foundation. All money in the fund must ultimately be held for or disbursed to qualified public charities. However, because you reserve the right to make grant suggestions, you can terminate a fund by making grant suggestions equaling the entire balance of the fund to be disbursed to qualified nonprofit organizations.

Is there a minimum balance the fund must maintain?

Yes, Donor-Advised Funds must maintain a minimum balance of \$1,000.

How often will I receive a statement?

Statements are available on-line on a quarterly basis, usually four to six weeks after the end of a calendar quarter. You will be able to check the status of your fund whenever you please through our online accounts database (please send an email to cweik@atlantajewishfoundation.org to receive your account and password information).

What is a Young Philanthropist Fund and how does it differ from a traditional Donor-Advised Fund?

For our young philanthropists (those under the age of 30), we have a specifically tailored Donor-Advised Fund called a "Young Philanthropist Fund." The Young Philanthropist Fund operates similarly to a traditional Donor-Advised Fund except that the Foundation does not charge any fees in connection with a Young Philanthropist Fund, the minimum contribution to establish a Young Philanthropist Fund is \$1,000, and the Young Philanthropist Fund is only invested in cash.

Fund Advisors

My spouse and I both want to be advisors. Is more than one advisor allowed?

Yes.

I would like my children to be involved. Is that possible?

Your children can be named as current or successor advisors – meaning that they will have the right to make grant suggestions from the fund. In addition, if you wish to engage in "family

philanthropy” (meaning that several generations of your family will work together to support common interests or organizations over time), the Foundation allows you to name successors for up to two generations.

What happens to my fund after I die?

If you have named one or more successor advisors, they will have the right to make grant suggestions until their death(s). If you have not named a successor advisor or after the lifetime(s) of your successor advisor(s), the fund will generally go into the Jewish Community Unrestricted Endowment Fund. Alternatively, you may wish to name a charity or field of interest for which the fund will be used after your lifetime.

Grant Distributions

What is the minimum grant distribution amount I can suggest?

\$100

What are the restrictions on grant distribution?

By law:

- The Foundation can only make distributions to public charitable purposes. The Foundation will distribute only to qualified tax-exempt 501(c)(3) charities that are public charities (not private foundations).
- Similarly, the Foundation cannot make a grant that will enable a donor to receive material benefit of goods and services (e.g., raffle tickets, meals, event tickets, payment of a relative’s tuition to an educational institution, etc.).

What do I do when an organization asks for a pledge?

Donors may pay for pledges from the donor-advised fund, but the word “pledge” should not be used when making the grant.

What about my synagogue dues?

This is the exception to the membership rule. Because no physical goods or services are exchanged for your dues, they can be paid out of a Donor-Advised Fund.

Why does the Foundation have the final authority to approve or deny the distributions?

IRS regulations require that a donor relinquish control over the gift at the time a contribution is made. (Donors only qualify for a tax deduction if they give the money to a public charity and relinquish the right to control it.) Consequently, the Foundation is legally empowered to approve or deny a donor’s recommendations.

Are recommendations ever denied?

The Foundation reserves the right to review each and every recommendation on a case by case basis. If the recommended recipients are qualified public charities that fall within the general scope of the Foundation's mission, and there is no suggestion of private benefit to the donor, the Foundation will make every effort to honor the donor's wishes. In cases where recommendations are denied, they typically have been because they were to organizations that:

- 1) Do not qualify for tax-exempt public charity status; and/or
- 2) Provide material benefits of goods or services to the Donor as a result of the distribution, (event tickets, meals, auction items, etc.).

To what organizations can I recommend distributions?

The fund can make distributions to any 501(c)(3) that is a *public charity*. Private foundations do *not* fall under this definition.

Can I recommend distributions to organizations outside the Jewish community?

Yes, almost every qualified public charity in the U.S. may receive grants from the Foundation's Donor-Advised Funds. The exceptions occur where a charity's mission falls *extremely* outside the general scope of the Foundation's mission.

Is there a limit to the number of grant distributions I recommend each year?

No. There are no restrictions other than the minimum balance requirement.

Do I have to make grant distributions every year?

You are under no obligation to make recommendations from the fund in a given year. We encourage fundholders to make a grant at least once every three years unless there are philanthropic plans that preclude this.

How do I make a grant recommendation?

1. Simply login to your donor portal to make a grant recommendation
2. Or, you can email or call Cindy Weik to request a grant distribution 404-870-1623 cweik@atlantajewishfoundation.org

How quickly will a check be cut once I submit my grant recommendation?

Checks are typically cut once a week. Recommendations received by Friday of each week will be sent within 5 business days. Any distribution recommendation to an organization that has not been previously reviewed will be submitted for approval and may take an additional 5-10 business days processing. The following distribution and transfer restrictions apply:

| Funds of Less than \$5 Million | | | |
|---------------------------------------|----------------------------------|----------------------------------|-----------------------------------|
| Payout | Up to \$1 Million | The Next \$2.5 Million | Remaining Balance |
| Distributions | Within 30 days of initial notice | Within 90 Days of initial notice | Within 180 days of initial notice |

| Funds of \$5 Million or More | | | |
|-------------------------------------|----------------------------------|-----------------------------------|-----------------------------------|
| Payout | Up to \$2.5 Million | Lesser of \$5 Million or 50% | Remaining Balance |
| Distributions | Within 30 days of initial notice | Within 120 Days of initial notice | Within 180 days of initial notice |

Can I remain anonymous when establishing a fund or recommending grants?

Yes. Advisors may request that grants be awarded anonymously. Some donors prefer to use a pseudonym when naming funds.

Advantages

What are the tax advantages of establishing a Donor-Advised Fund at Atlanta Jewish Foundation?

Donors who contribute stock and other appreciated assets are eligible for tax deductions, and they avoid capital gains tax. Also, there are many ways a charitable fund may help a donor reduce estate taxes, preserve retirement assets for family members and provide gifts for charity. The Foundation’s professional staff works closely with attorneys, accountants and other advisors to help donors make the best choices for their families.

What are the advantages of establishing a Donor-Advised Fund at Atlanta Jewish Foundation compared to establishing a private foundation?

Because the Foundation is a public charity, there are fewer Internal Revenue restrictions for gifts and grants than for a private foundation. Generally, donors receive a higher tax deduction for contributions. Additionally, Donor-Advised Funds are typically not subject to excise taxes, and they have no payout requirement.

For more information on using the Federation as an alternative to a private foundation, please contact Jori Mendel, Interim Chief Foundation, of the Jewish Foundation at 404.951.6900 or jmendel@jfga.org.