

What is a Donor Advised Fund?

Donor-advised funds have three primary elements:

- The donor makes one or a series of irrevocable gifts to the Bainbridge Community Foundation to establish the fund.
- The donor retains the ability to advise the Foundation on how the fund's income (or principal and income) should be distributed.
- The original donor can pass on the advisory role to two generations of successor advisors.

What is a Donor Designated Fund?

Donor designated funds are somewhat similar to Donor Advised Funds, but differ in that disbursements from the fund are established at the time of the fund's creation and do not require ongoing action on the part of the original donor:

- The donor makes one or a series of irrevocable gifts to the Bainbridge Community Foundation to establish the fund.
- The donor identifies one or more public charities to be the beneficiary of distributions of the fund's income (or principal and income) and the desired terms of those disbursements.
- Per the terms of the agreement, regular disbursements are made from the fund and in the event that one of the original beneficiary charities ceases to exist, the Foundation will redirect that support to a public charity with a similar mission.

Benefit for Donors

The tax consequences to the donor are similar to, but even more advantageous than, setting up a private foundation. The donor gets an immediate deduction for the entire amount gifted to the fund in a particular year (subject to the public charity contribution base limits), but can spread the actual charitable gifts he or she recommends over several years.

Process

1. After consulting with his/her tax advisor, a donor contacts the Foundation to receive the *Donor Designated and Donor Advised Fund Agreement* form and the Foundation's *Donor Designated and Donor Advised Fund Terms and Conditions*. This form is a legal document that specifies the donor's wishes with regard to the fund name, terms of distribution, and successor advisors in the context of the Foundation's established policies.
2. Once complete, the donor submits the form to the Foundation and makes the gift(s) to establish the fund's value.
3. Following the acceptance of the gift, the Foundation returns copies of the signed agreement to the donor along with a welcome packet containing more information about grant recommendations and ongoing account activity.
4. The new fund is typically eligible for making outgoing grants within 1-2 weeks of the Foundation's receipt of the original gift and signed agreement.

For Questions or More Information

Please email Jim Hopper (jim@bainbridgecf.org) or Debbie Kuffel (debbie@bainbridgecf.org) at the Bainbridge Community Foundation or call 206.842.0433.