



**DONOR ADVISED FUNDS**  
GENEROSITY. FOR GOOD.





## A DONOR ADVISED FUND

### What is it?

A Donor Advised Fund is an effective tool for charitable giving that provides benefits similar to a private or family foundation without the hassles. Donor Advised Funds minimize the worries and administrative burdens of grantmaking, so you can put your time and energy into what really matters: making a meaningful impact on the community, organizations and causes you value.

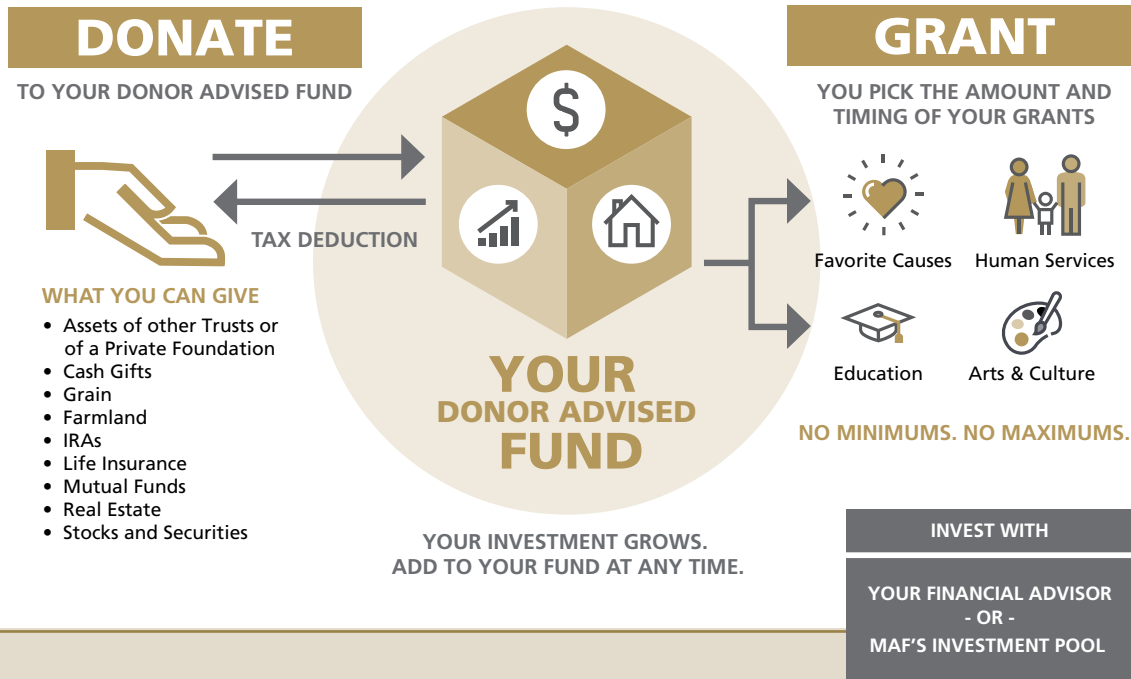
You can contribute to the fund when it is most convenient and receive a tax deduction for the contribution. What's more, you can appoint others, such as children or grandchildren, to serve as advisors and share in your family's tradition of giving and growing a legacy.



[mankatoareafoundation.com](http://mankatoareafoundation.com)

# How does a Donor Advised Fund work?

The first step is to meet with the expert staff at the Foundation to determine your current philanthropic approach and charitable goals for the future. You can choose to name a cause or philanthropic interest or have a broad scope of giving. We then work together to shape a grants program that meets those charitable objectives and interests.



## We will work with your trusted advisor.

### MANKATO AREA FOUNDATION INVESTMENT PARTNERS PROGRAM

We created the Investment Partners Program (IPP) specifically to enable donors to maintain existing investment relationships while benefiting from our community knowledge and philanthropic expertise. Through the program, professional advisors remain involved in fulfilling your charitable goals while the Foundation maintains an investment advisory role.

#### When to Start a Donor Advised Fund

- When planning to sell a private business
- During a “transition” phase in your life—empty nest, retirement, or estate planning
- To receive a charitable tax deduction now, with the flexibility to make distributions in the future
- Because of a desire to give something back to your community now
- You want to leave a legacy for future generations

#### How to Get Started

- If you have a trusted advisor, talk to them about your philanthropic interests
- To participate in IPP, we ask that you have a goal of reaching \$25,000 within the first three years
- To establish a fund, you sign an agreement with MAF and request your advisor manage the assets
- MAF and the advisor enter into the advisor’s standard investment services agreement, and the advisor manages the newly gifted funds according to MAF’s Investment Policy. The advisor will provide MAF with quarterly reports including asset allocation and rate of return



*“What the foundation does is make it incredibly easy to give back to the community that you love. Giving should be enjoyable, and the foundation makes it enjoyable.”*

*- Denny & Carole Dotson*

## Why should I choose Donor Advised Fund?

### PRIVATE VS. COMMUNITY FUND COMPARISON CHART

	Private Foundation	Community Foundation Fund
AGI Tax Deduction Limitation—Cash	30%	60%
AGI Tax Deduction Limitation—Long Term Capital Gain Property (Publicly-traded Stock, Closely-held Stock and Real Estate)	20%	30%
Gifts of Qualified Appreciated Securities (i.e. Publicly-traded Stock)	Fair Market Value Deduction	Fair Market Value Deduction
Gifts of Real Estate or Closely-Held Stock	Cost Basis Deduction	Fair Market Value Deduction
Privacy/Confidentiality	No; Disclosure of IRS form 990-PF* Is Required	Yes; Confidentiality Maintained
Excise Taxes on the Sale of Highly Appreciated Gifts	Yes	No
Annual Excise Tax Payments	Usually 2% of Net Investment Income	No
Customized/Personal Investment Program for Each Charitable Entity or Fund	Yes	Yes
Ease and Cost of Establishing Charitable Entity	Complex; Legal Expenses, IRS 1023 Application Fees and Expenses and Annual 990-PF Preparation Costs	Simple; No Cost
Annual Minimum Distribution Requirement	5%	None
Personal, Local Service by a Mission-based Organization	No	Yes
Knowledge about Local Nonprofits	No; not without significant and ongoing monitoring of local nonprofit community	Yes; ongoing knowledge of community and local nonprofit organizations
Knowledge about Local Nonprofits: Geographic Area Served	Flexible	Anywhere

*Donors should always consult with their professional tax advisor.*

## Who should consider a Donor Advised Fund?

Donors who want a simple and efficient way to manage their giving with the flexibility to support multiple charities over time. A Donor Advised Fund may also be appropriate as an alternative to a private or family foundation.

Whatever your giving goals might be, the Mankato Area Foundation can create a fund to help you make the most of your philanthropy.

## What are the benefits of a Donor Advised Fund?

- A low-cost, flexible giving vehicle that is easy to establish
- Administrative convenience (e.g., consolidation of the management and tracking of tax receipts associated with charitable donations)
- Give complex or unusual assets at fair market value (e.g., real estate, closely-held stock)
- Continue to work with your trusted financial advisor through our Investment Partners Program
- Opportunity to name the fund after you or in honor of a family member, a friend or an organization (e.g., the John Doe Family Fund)
- Experienced, professional staff with in-depth knowledge to help you achieve your charitable giving goals
- Involve children or other relatives in your philanthropy
- Choose if you would like recognition or anonymity for all of your charitable activities or on a grant-by-grant basis
- No annual minimum distribution requirements, unlike private foundations



*"We appreciate the Foundation's willingness to work with us as we find those projects and programs that align with our passions. It is very important to both of us that we work with an organization that values our philanthropic goals."*

*- Dave Christensen and Jill Evans*



# Giving to Support Our Community

Since 1974, the Mankato Area Foundation has been dedicated to building a community of individuals who believe in the strength of giving. We continue today to shape Greater Mankato through connecting acts of giving with our community's needs. As a permanent, trusted resource, donors look to the Mankato Area Foundation to help them make their charitable giving more effective. The Mankato Area Foundation is impacting individuals in our community now and for generations to come by providing the expertise to help donors nurture their philanthropic dreams and shape their legacy.

**For more information, contact:**

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