

# CHARITABLE FUNDS



A CHARITABLE FUND at a community foundation is a smart choice for individuals, families or organizations that want a strategic and simple approach to their long-term philanthropic giving. These funds offer flexibility for donors, allowing them to choose their level of involvement. Some donors wish to recommend every grant that comes from their fund, while others wish to convey their charitable intent to the foundation and let them make the best decisions for the community. With a variety of charitable fund types, Akron Community Foundation has a solution to fulfill nearly every donor's charitable wishes.

Most of our funds require an initial tax-deductible donation of \$5,000. This establishes your fund, which you are then able to name as you wish – after your family or business, or in a way that provides you anonymity. We suggest getting started by meeting with our staff to discuss the fund options that best fit your charitable needs. We also suggest you bring your professional advisor(s), such as your attorney, accountant or financial planner, along for this discussion, as they can also help you make the most tax-advantageous decisions for your financial situation. Combined, we'll find the perfect solution for your charitable giving.

## BENEFITS OF A CHARITABLE FUND

### **Low cost**

Donors never have to pay out-of-pocket fees for their charitable fund. We deduct a modest fee (around 2%) to cover administration and investment costs, but only after you have received a full tax deduction for gifts to your fund.

### **No administration**

Akron Community Foundation handles all the due diligence, record keeping, check writing, gift acknowledgments and tax filings.

### **Tax deductibility**

Donations to our funds are deductible up to 60% of adjusted gross income on gifts of cash, and 30% on gifts of appreciated assets like stock, mutual funds and real estate – the largest deduction allowed by law. Donating long-term appreciated assets to a fund may even eliminate capital gains taxes.

### **Strategic giving**

A fund gives you time to plan your charitable giving. You can establish the fund when it makes the most tax sense, but wait to distribute grants from the fund when the right charity or project comes along. In the meantime, your fund's assets will be invested, with earnings growing untaxed.

### **Legacy**

Your fund can make a statement. It can be named for your family or company, or in honor of a colleague or loved one. You also have the option to endow your fund so it will grow in perpetuity. The dollars available for grantmaking will be limited, ensuring your fund lasts forever.

LOW COST

NO ADMINISTRATION

TAX DEDUCTIBILITY

STRATEGIC GIVING

LEGACY

## TYPES OF FUNDS

### **Corporate and Donor Advised Funds**

An ideal alternative to costly private foundations, corporate- and donor-advised funds offer you the most involvement. You recommend the grants, and the community foundation does the paperwork in your name. Plus, you can take advantage of our knowledge of local issues, if and when you want to.

### **Designated Funds**

A permanent alternative to annual giving, a designated fund supports one or more of your favorite charities forever (designated funds are almost always endowed). Should the designated organization, or the purpose it served, eventually cease to exist, the community foundation will redirect the fund's income to maintain your original charitable intent.

### **Agency Endowment Funds**

An agency endowment fund offers nonprofits a predictable, stable source of income for their mission, with access to grants periodically or as needed while the fund grows in perpetuity.

### **Scholarship Funds**

A scholarship fund allows you, your school or your company to create a brighter future for students. A minimum gift of \$25,000 starts your fund. You can determine the selection guidelines and, as long as there is no conflict of interest, assist in recommending the selection committee and scholarship winner.

### **Field-of-Interest Funds**

Is there a particular issue – like arts, education or health – that is close to your heart? With a field-of-interest fund, the community foundation selects the best organizations and projects that align with your wishes.

### **Board Discretionary Funds**

A board discretionary fund puts the full power of the community foundation to work for you. Each quarter, we accept applications from nonprofits that are meeting the community's most pressing needs. Then, we study, vet and award grants to the nonprofits best equipped to tackle these important issues – all in your fund's name.

## THE POWER OF ENDOWMENT

Put simply, endowing your fund means it will last forever. Our funds are not required to be permanently endowed, meaning many of our fund advisors are able to invade principal and decrease or diminish their fund balance should they choose. But, endowing a fund offers a number of benefits, from providing perpetual income to your favorite causes to carrying on your family's name in perpetuity. For our permanently endowed funds, Akron Community Foundation limits spending to a total of 5% of the average value of assets.

## INCLUDING YOUR ADVISOR

Akron Community Foundation recognizes the importance of your longstanding relationship with your investment manager. If you establish a fund of at least \$250,000, you can request that your advisor manage the assets. For more information about our outside investment manager policy, please contact Laura Fink at **330-436-5611** or **lfink@akroncf.org**.

## LET'S GET STARTED

Set up a consultation with one of our staff members to learn more about which fund type could work for your charitable giving. Call us at **330-376-8522**.