

A Poor Person's Foundation



If you were Bill Gates you would understand the advantages—both tax and otherwise—of establishing a private foundation for your charitable giving. A private foundation gives immediate tax deductions when you contribute to it. Then, you have time to think about what charities you wish the foundation to make grants to as time goes by.

For those of us who are not in a financial position to establish a private foundation, there is an excellent alternative that offers many of the same advantages but is much simpler and cheaper. It is called a “Donor Advised Fund,” or DAF for short. And the good news is that Episcopal Charities has just made a Donor Advised Fund available to Episcopalians in the Diocese of California.

For those who make total charitable contributions in excess of \$5,000 annually, a DAF can be an excellent financial tool. It assists in getting tax deductions sooner, permits anonymous gifts, allows funds destined for charity to grow tax-free, and can be a way to involve children and heirs in charitable giving.

A DAF works this way: transfer cash or shares into a DAF and get an immediate charitable income tax deduction. Within a DAF, donated appreciated stock may be sold tax-free. When you wish to make a contribution to your parish or any other charity, you advise the DAF sponsor (Episcopal Charities) to send the check and they do. Meanwhile, while the funds are resting in your DAF account, they may be re-invested so that they are growing tax-free until such time as you decide to distribute them to a charity.

When my wife and I set up our DAF, we named it “The Loaves and Fishes Fund.” But you may name yours whatever you wish. One woman named hers “The Blossom Fund,” after her late beloved cat. We named our daughter as successor donor so that after we are gone, she will take over making the distributions to charities selected by her. We also made “The Loaves and Fishes Fund” a beneficiary of our trust.

But the best use of a DAF is right now. Use it to claim tax benefits sooner, and to conveniently use appreciated shares for gifts to a variety of nonprofit organizations. Every charitable giver I know who has tried out using a DAF (it costs nothing to set it up) has loved it. You can open one with Episcopal Charities for as little as \$10,000 cash or stock. No more than 10% needs to go to Episcopal-related organizations. For more information, click on the Episcopal Charities logo at www.EpiscopalGift.org.

A Donor Advised Fund can make your giving go farther. You don't have to be Bill Gates, just who you are: a would-be faithful pilgrim and steward of God's gifts.