



COMMUNITY FOUNDATION OF LOUISVILLE

DONOR ADVISED FUND

WHAT IS A DONOR ADVISED FUND?

A donor advised fund is a charitable giving tool that combines maximum tax benefits with the flexibility to support your favorite charitable organizations at any time. You make a tax-deductible contribution to start your fund, the contributions are invested for long-term growth, and you (or an Advisory Committee you name) recommend grants to the causes you care about.



GIVING TO YOUR FUND

Minimum Gift: \$25,000 to start the fund; additional gifts of any amount may be made at any time.

Types of Gifts Accepted:

- Cash
- Public securities
- Real estate
- Insurance policies
- Closely-held stock
- Other readily converted assets

GROWING YOUR FUND

You select an investment option when you create your donor advised fund:

- **Signature Fund** (65% stocks; 25% fixed assets; 10% non-traditional strategies)
- **Equity Fund** (100% equities)
- **Socially Responsible Fund** (Up to 75% equities; diversified mix of assets based on analysis of financial, environmental, social, governance factors)
- **Fixed Income Fund** (100% bonds and bond mutual funds)
- **Investment Pool at partnering institution** You may select an investment pool at PNC, Stock Yards Bank, Commonwealth Bank & Trust, Hilliard Lyons or Glenview Trust.

Note: Funds with a balance of \$1 million or more have the option to recommend a separate investment manager.

GRANTS FROM YOUR FUND

Amount Available for Grantmaking: For a traditional endowment fund, 5% of the fund's total balance (based on a 12-quarter average) is available for grants and our support fee. If you would prefer a more flexible spending policy, you have the option to grant the entire balance of your fund or spend down to a specified floor that you identify when setting up your fund.



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Anonymous Grants: Grants can be made anonymous.

Advisory Committee: You, your spouse, children and grandchildren may be named to the Advisory Committee, which recommends grants from the fund. You may also name friends or trusted associates. Advisory Committee members can serve for their natural life or for a certain time period.

Note: Each grant recommendation is verified by staff, and our Board of Directors has the ultimate authority to approve all grants.

YOUR PERMANENT LEGACY

When the Advisory Committee for your fund ceases to exist, your fund will perpetually support the charitable causes that are important to you. You can name specific organizations, address a general area of interest or need, or create a *Fund for Louisville* fund that supports the Community Foundation's grantmaking and leadership initiatives. Whatever its ultimate purpose, your fund will continue to carry your fund's name.

THE POWER OF ENDOWMENT

When you create a permanent endowment fund, the initial gift is invested and only a portion of the fund balance* is used for charitable grantmaking. The balance remains invested to maintain the long-term "purchasing power" of the fund. Over time, the grants from the fund may exceed your original gift.

Here is an example of an actual donor advised endowment fund that has been a part of the Community Foundation for more than 20 years. As you can see, the current fund balance is more than the total gifts to the fund, and the grants exceed the total gifts by more than \$25,000 (38%).

DONOR ADVISED FUND – 22 Years of Activity	
Total gifts received	\$ 71,216
Net Investment Growth	123,674
CFL Fees	(22,429)
Grant Distributions	(98,520)
CURRENT FUND BALANCE:	\$ 73,941

*A flexible donor advised fund, which permits grants of any portion of the fund balance but requires a minimum amount to remain in the fund, would not have the same long-term results as a fund that only makes grants based on the standard spending policy.

WHY CREATE A DONOR ADVISED FUND AT THE COMMUNITY FOUNDATION?

- **Benefit multiple charities with one gift:** Rather than writing multiple checks and tracking numerous receipts, you only need your receipt for your gift to the Community Foundation.



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- **Involve your family in philanthropy:** You can name children and grandchildren to your fund's Advisory Committee and provide hands-on experience in charitable giving.
- **Create a lasting charitable legacy:** Years from now, when the Advisory Committee ends, you will have a fund that perpetually supports the causes you care about.
- **Local philanthropic expertise:** Our professional staff can help you make your giving more meaningful than you may have ever thought possible.
- **Receive maximum tax benefits:** Because we are a public charity, you can take advantage of better tax benefits – and fewer administrative burdens – than a private foundation.

INVESTMENT FEES FOR COMMUNITY FOUNDATION INVESTMENT OPTIONS

Sub-manager Fees: .55%

These are fees for both active and passively managed mutual fund investments. As is typical with most mutual fund investments, these fees are deducted from investment returns. Investment income reported on the quarterly Donor Fund Statements are net of these fees.

Investment Advisor and Custodian Fees: .09%

A portion of this fee compensates the Foundation's independent investment advisor, who works with the Foundation's Investment Committee to manage our strategic asset allocation and monitor investment performance. A portion of this fee compensates our investment custodian, who is responsible for reporting investment balances and activity to the Foundation and for executing investment transactions as directed by the Foundation. The Foundation passes these fees directly through to the Donor Funds. These fees are reported as a line item on the quarterly Donor Fund Statements.

SUPPORT FEE

This fee compensates the Foundation for grant support and guidance, mission-related activities and overall Foundation administration. This fee is reported as a line item on the quarterly Donor Fund Statements. The fee is based on a graduated scale, as follows:

1.00%	On the first \$1,500,000 of the fund balance
0.50%	On the second \$1,500,000 of the fund balance
0.20%	On the fund balance exceeding \$3,000,000

HOW DO I GET STARTED?

It's easy! Just call **Heather Cash**, Director of Gift Planning, at **502.855.6955** or email her at heatherc@cflouisville.org. We'll work with you to create a customized charitable fund that carries out your unique philanthropic goals. You can also find more information on our website, www.cflouisville.org.