

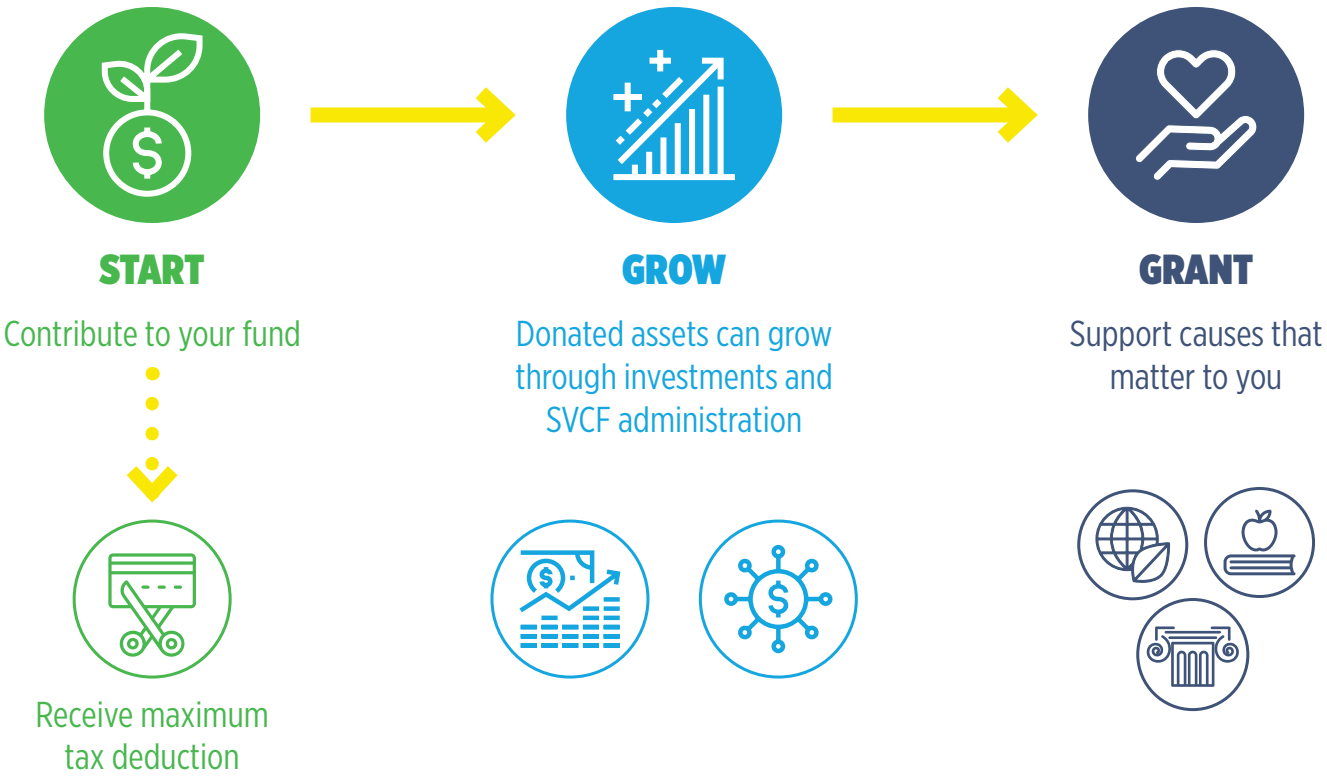


# **A Guide to** **Donor Advised Funds**

Creating positive impact in your community



# What is a donor advised fund?



A donor advised fund is a simple vehicle for charitable giving that you can establish at a public charity like Silicon Valley Community Foundation (SVCF). It starts with a donor making an irrevocable contribution of assets that can be granted toward other charitable organizations immediately or over time.

# Why consider a donor advised fund?

## Easy to Set Up and Use

Starting and using a donor advised fund with us is a quick and straightforward process. After providing some basic information and contributing a minimum of \$5,000, you'll be ready to start recommending grants to the causes you care about. SVCF makes it easy to evaluate nonprofit grantee candidates, track your giving and communicate with our philanthropy advisors.

## Tax Advantages

Regardless of whether you choose to issue grants to charities from your fund right away or over time, you are eligible for substantial and immediate tax benefits. In addition, the tax deductions for donor advised fund gifts are more advantageous than deductions available through private foundation giving.

DONATION TYPE	DONOR ADVISED FUNDS	PRIVATE FOUNDATION
<b>Cash Contributions</b>	Can deduct up to 60% of your adjusted gross income (AGI)	Can deduct up to 30% of AGI
<b>Publicly traded securities held longer than one year</b>	Can deduct up to 30% of AGI — assets valued at fair market value on the date of donation	Can deduct up to 20% of AGI — assets valued at fair market value on the date of donation
<b>Real property and privately held assets</b>	Can deduct up to 30% of AGI — assets valued at fair market value on the date of donation	Can deduct up to 20% of AGI — deductibility limited to the lower of cost basis or fair market value

## Additional Tax Benefits

- As soon as you make a donation, you are eligible for an immediate tax deduction.
- When donors contribute real property or privately held assets directly to their donor advised fund, they often can eliminate capital gains tax as well as claim the fair market value deduction of the donation up to 30% of adjusted gross income (AGI), providing a double tax incentive to donate these types of assets.
- The IRS permits a carryforward for five tax years, should your charitable deduction exceed AGI limits in a given tax year.





### **Advisors Welcome**

You may already be working with legal, financial and accounting professionals. We welcome the opportunity to partner with your advisors to make sure your fund with us is properly aligned with your other legacy and philanthropy plans.

### **Anonymity or Recognition**

A donor advised fund allows complete flexibility with regard to recognition. For instance, you can name your fund, but keep some individual grants anonymous. Alternatively, you can keep everything anonymous if you wish. We can help you decide what feels right for you.

### **Sound Strategy for a Wealth Event**

Donor advised funds offer important tax advantages that allow you to counterbalance a sudden “wealth event,” such as appreciation of stock shares as a result of an initial public offering (IPO) or an inheritance. Instead of losing a significant portion of assets to taxes, you can retain their value and put them to work for the causes you or your heirs wish to support.

### **Proven Approaches to Complex Challenges**

Donor advised funds are particularly well suited to address complex factors like special customization or sensitive succession plans. SVCF’s team will work with you to find the solutions that meet your needs.

# Why choose SVCF?

SVCF stands out from other foundations and providers in several important ways.

## History and Connection to San Mateo and Santa Clara Counties

Our team works with nonprofit leaders, elected officials and local philanthropists to make equality of opportunity a reality in our own backyard, building pathways to success and security for everyone in our community. We have in-depth local knowledge and networks that national providers cannot match, so we can help you make a positive impact here in Silicon Valley.

- Thanks to generous donors, SVCF's COVID-19 response funds mobilized \$63 million to aid Bay Area families, nonprofits, small businesses and educational partners in 2020.
- More than 700,000 local residents benefited from this assistance.
- Our donors gave more than \$500 million to Bay Area nonprofits of all kinds last year.

## Supporting Donors' Philanthropy at Home and Abroad

SVCF has a long record of supporting our donors' interests in giving locally, nationally and internationally. We facilitate donor-recommended grants to other countries, and our fees for this service are usually lower than those charged by other providers of donor advised funds.

## Personalized Service

When you establish a fund with SVCF, you have a dedicated team of professionals to help navigate your giving opportunities and process. Our philanthropy advisors are well-versed in working with donors to develop customized giving strategies for the issues they care about most — locally, nationally, and abroad. We have been working this way for many years.

## Learning Opportunities

SVCF regularly offers events and salons at which donors can gain insight on important challenges facing our region and consider effective ways to address them through philanthropy. In addition, we offer a variety of Donor Circles on topics ranging from the environment to the arts. Donor Circles allow philanthropists to collaborate and achieve greater impact by learning and giving together.

## Ability to Accept and Manage Complex Gifts and Investment Portfolios

SVCF regularly accepts and manages complex gifts, including highly appreciated assets, and has experience supporting innovative investment portfolios.

We have a proven history of working with entrepreneurial donors who create charitable funds using illiquid or restricted gifts, and who frequently pursue philanthropic strategies that include impact investments and direct investment opportunities to extend their philanthropy. Our experience can help you reach your goals.

# Assets We Accept

One of the best benefits of charitable giving through a donor advised fund is the wide range of assets you can donate. We can help you choose the funding approach that works best for you when establishing and adding to your fund.



## Cash

- Check
- Electronic funds transfer
- Wire transfer
- Cash position from a brokerage account

## Stocks & Other Securities

- Publicly traded stocks
- Mutual fund shares
- Bonds

## Privately Held Business Interests

- Private company C-corp stock
- Private company S-corp stock
- LLC and Limited Partnership interests
- Private equity
- Hedge fund interests
- Pre-IPO shares

## Other Non-publicly Traded Assets

- Cryptocurrencies
- Life insurance
- Oil and gas royalty interests
- Real estate
- Restricted stock
- Retirement assets
- Royalties and distribution rights
- Tangible personal property
- Transfer of a private foundation

# Investment Options

## Investment Pools

You can choose to direct funds to one or more of our five investment pools, all developed to meet a range of philanthropic goals and time horizons. We maintain your fund's investment pool allocation through regular monthly rebalancing, and you have the option of changing pool allocations once per year or upon a significant change in charitable goals or time horizon.

INVESTMENT POOL	INVESTMENT HORIZON	DESCRIPTION
<b>Long-term Growth</b>	7 years or more	Diversified portfolio of global stocks and bonds; 55% equity, 15% fixed income and 30% alternatives
<b>Social Impact</b>	7 years or more	Diversified portfolio of global stocks and bonds from companies with strong financial and social records; 60% equity, 27% fixed income and 13% alternatives
<b>Balanced</b>	3 to 7 years	Balanced portfolio of global stocks and bonds; 48% fixed income, 45% equity and 7% alternatives
<b>Short Term</b>	1 to 3 years	Portfolio of U.S. short-term and global bonds; 100% U.S. and global fixed income
<b>Capital Preservation</b>	1 year or less	Portfolio of liquid, short-term securities; 100% money market securities and certificates of deposit

## Individually Managed Funds

You may be working with a preferred professional advisor already. For advised funds of \$1 million or more, donors may recommend a trusted investment advisor to create a customized investment approach, manage the fund and ensure its growth. This may be the best option if you are interested in combining the expertise of your chosen advisor with our philanthropic services.



# Grantmaking Process

SVCF's process is designed to make issuing grants from your fund to charitable organizations as straightforward as possible. You can recommend grants to qualified organizations at any time, as long as there is an available balance in your fund.

## How It Works

- 1** You start by submitting a grant recommendation through our online donor portal or by email. Your philanthropy advisor is available to help as needed.
- 2** We review all grant recommendations to verify the recipient organization is eligible to receive grants. In most cases, we're able to review and process grant recommendations within a few days.
- 3** When your grant recommendation is approved, SVCF sends a check or electronic transfer to the recipient charitable organization. We include a letter stating the purpose of the grant and the source fund, unless you prefer anonymity. In the event that we cannot approve your grant recommendation, we will explain clearly why we cannot approve it and propose alternative grantmaking options.

## International Grantmaking

To support our donors' philanthropic goals around the world, our in-house international grants team relies on accepted practices for vetting prospective grantee organizations outside the United States. If you are interested in recommending any international grants, we will carefully assess the proposed recipient organizations to ensure compliance under U.S. tax law.



## Stay Informed

With 24-hour access through our online fund management portal, you can recommend and track grants, review your giving history, check fund balances, download fund statements and investment performance reports, learn about SVCF events for donors and identify local giving opportunities.



# Creating a Legacy

Through a variety of legacy giving approaches offered by SVCF, you can ensure that the causes you support remain top priorities for generations.

## Successor Advisors

The successor advisor — commonly a donor’s child or children — manages funds after a donor’s death. You have the option of designating anyone to serve in this role. If the successor is a family member, they must be within one generation of you (e.g. your parent or child). Successor advisors may assume the privilege of advising the fund only after the deaths or resignations of all initial advisors named on the fund.

## Endowed Funds

To support charitable causes of your choice in perpetuity, you may establish endowed funds with the assets held in your donor advised fund.

## Planned Giving

Many donation types are possible through planned giving, including bequests, gifts of life insurance and gifts of retirement plans. The community foundation can serve as the income beneficiary of charitable lead or remainder trusts as well. SVCF is licensed in the state of California to issue charitable gift annuities.

## Legacy Society

As a member of SVCF’s Legacy Society, you join the company of others who recognize the value of leaving a legacy and strengthening the community. Any donor designating a gift of \$10,000 or more to SVCF through a will, trust or other planned gift qualifies as a member. In addition, anyone making single or cumulative gifts with a value of \$10,000 or more to our Community Endowment Fund is invited to be part of the Legacy Society.



# How to Get Started

## OPEN

Opening your donor advised fund with us is a simple process. We will work with you to gather the following information, answering any questions you have and providing guidance whenever you need it:

- Your choices about who will be involved in grantmaking from your fund: Designating your fund advisor(s) and successors
- Your preference about naming your fund
- Your preferences about how and whether you'd like to be recognized when you recommend grants (e.g. by fund name, remain anonymous, etc.)
- Your preferences about how we invest the charitable assets in the fund

We can help you with these decisions via phone or email at your convenience. We're happy to provide the guidance you need to achieve your charitable giving goals.

## DONATE

Creating a donor advised fund requires an initial minimum donation of \$5,000. The total amount of your contribution is deductible in the year you make the gift, in most cases.

We'll show you how easy it is to keep track of your funding and granting activity — and how to make informed, strategic decisions about future gifts and grants.



## Contact Us

Still have questions?  
Ready to get started?

**Let's talk.**

[donate@siliconvalleycf.org](mailto:donate@siliconvalleycf.org)

650-450-5444