



# PHILANTHROPIC DONOR ADVISED FUNDS

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Planning Guide



**Jewish Federation**  
of Greater Philadelphia  
Federation Endowments Corporation

**“My wife and I have been donors to the Jewish Federation for many years and had confidence in its staff to manage the fund professionally and transparently. We never even explored the alternatives to the Jewish Federation’s Donor Advised Funds.”**

Dan Bacine, Fund Holder

Since 1901, thousands of individuals and families have partnered with the Jewish Federation of Greater Philadelphia through its Endowments Corporation to support the Jewish people and organizations around the world, and to meet their personal philanthropic goals. Donors trust the Jewish Federation to make their charitable giving effective and advantageous – both for themselves and for the community.

**One of the best ways to organize and implement charitable giving is a Jewish Federation Philanthropic Donor Advised Fund (DAF).**

A DAF at the Jewish Federation can simplify your charitable giving and provide you with significant tax advantages. With a gift of \$5,000 or more to the Jewish Federation, you can create a DAF in your name or a name of your choosing. As a fund holder, you can recommend charitable distributions to the Jewish and secular charities of your choice whenever you wish. Until distributions are made, the assets of the DAF grow tax-free from among a menu of investment options.

The Jewish Federation administers the DAF and provides all services needed: investment, record keeping, research and distributions. A single contribution can be used to recommend many grants to qualified charities at any time in the future, freeing you from the pressure of making decisions by year-end deadlines.

**This planning guide will give you the information you need to implement this excellent planned giving tool and start reaping the benefits.**

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## **ESTABLISHING A PHILANTHROPIC DONOR ADVISED FUND**

**To begin, choose a name for the fund.** The fund can be in your name, your family name, or name of your choice; it can reflect an area of interest to you, or it can be anonymous. Some examples include: “The Judith and Joseph Goldman Fund,” “Goldman Family Fund,” or “Goldman Fund for Jewish Education.”

**Next, make a minimum gift of \$5,000 in cash or securities to the Jewish Federation of Greater Philadelphia.** Your initial contribution can be made by check (payable to the Jewish Federation of Greater Philadelphia), by wire, or by transfer of publicly traded securities or mutual fund shares. All contributions to the DAF are acknowledged with a letter to simplify your tax reporting. Publicly traded securities and mutual fund shares are sold upon receipt by the Jewish Federation and the net proceeds are added to the DAF.

Generally, contributions to the DAF are fully tax-deductible in the year in which they are made, subject to itemized deduction limitations. Gifts of appreciated securities are deductible at fair market value if the asset was held for more than one year. Donors are encouraged to consult with their legal or tax advisors regarding the tax advantages of charitable giving in their personal situation.

Additional contributions of any size may be made to the fund at any time. Currently, there is no minimum contribution amount for additional contributions over the initial \$5,000 gift.

Other individuals can also donate to the DAF and obtain their own income tax deductions. For example, fund holders might ask that contributions be made to their DAF in honor of a special birthday or anniversary in lieu of gifts. Once assets are contributed to a DAF, the gift is irrevocable and the assets belong to the Jewish Federation.

**Now you are ready to begin to recommend charitable distributions to qualified public charities to the Jewish Federation.** Your DAF agreement will ask you to designate the person or persons who can make recommendations for charitable distributions (“Fund Advisors”) from the fund.

## FUND ADVISORS

As a DAF donor, you designate your Fund Advisors – the individual or individuals who can make recommendations for grants to qualified charities from the DAF (often the donor or the donor and his/her spouse). You may also designate a successor or successors to succeed the initial Fund Advisor(s) in the event of incapacity or death (often the donor’s children).

If more than one Fund Advisor is named, you must indicate in the agreement whether they may act independently in submitting recommendations or whether they must all consent.

A DAF ends upon the deaths of all those entitled to make recommendations, or if the donor voluntarily terminates the DAF at an earlier time by recommending distribution of all assets to charity.

Upon the death or incapacity of all of those entitled to make recommendations, the donor can elect to establish a permanent endowment fund at the Jewish Federation to benefit specific charities or an area of interest OR can recommend that specific charities receive all of the remaining assets in the DAF. In the absence of an accepted written final recommendation from the donor, upon termination of the DAF, the balance will be distributed to the Jewish Federation’s unrestricted endowment.

If at any time the principal of any fund remains below the minimum amount of \$2,500 for a period of one year, the Jewish Federation will encourage the donor to make a contribution sufficient to bring the principal of the fund up to this amount. If the donor is unable or unwilling to do so, Jewish Federation may at its sole discretion terminate that fund by distributing its principal and income to Jewish Federation’s Unrestricted Endowment Fund. The Jewish Federation will give the donor 60 days notice of this impending distribution. If the donor does not submit any recommendation as to qualified charitable recipients within the 60-day period, the DAF will be terminated and its remaining funds redistributed.

## USING THE PHILANTHROPIC DONOR ADVISED FUND

Fund Advisors submit grant recommendations with the names and addresses of their identified charities, any special purpose for the grant, and the amounts recommended to be distributed to each charity. The minimum amount that can be granted from a DAF is \$100.

Grant recommendations are submitted online via the website: [jewishphilly.reninc.com](http://jewishphilly.reninc.com). They also can be submitted by fax, email, or post mail at any time.

The Jewish Federation verifies the tax status, mission, and viability of the recommended charitable organization(s), and disburse checks within 10 business days following approval. A cover letter accompanies each check informing the recipient charity that the disbursement was sent as a result of a donor’s recommendation from the fund and states the purpose of the gift, if any is identified.

Grants can only be used for charitable purposes. Fund Advisors may not receive any goods or services in exchange for the grant.

Donors have online access to fund accounts 24 hours a day, seven days a week, at [jewishphilly.reninc.com](http://jewishphilly.reninc.com). There they can check balances, contributions and distributions, and make grant recommendations. Donors also receive quarterly reports by mail or email.

## INVESTMENT OPTIONS

The Jewish Federation’s Investment Committee, in conjunction with its professional investment advisors, is responsible for overseeing the Jewish Federation’s investments. The investments are reviewed on a regular basis.

There are five investment pools and a money market fund option available to DAF holders, all currently invested with Wells Fargo.

Investment Model		Fund Name / Symbol
<b>Money Market Fund</b>	100%	Wells Fargo Government MM Fd-Inst (GVIXX)
<b>Conservative Income (9/86/5) *</b>		
Domestic Equity	7%	Vanguard Total Stock Market Index Inst (VITSX)
International Equity	2%	Vanguard Developed Markets Index Inst (VTMNX)
Fixed Income	65%	Vanguard Total Bond Market Index Inst (VBTIX)
Fixed Income	21%	Vanguard Short-Term Bond Index-Admiral (VBIRX)
Money Market	5%	Wells Fargo Government MM Fd-Inst (GVIXX)
<b>Conservative G&amp;I (35/63/2) *</b>		
Domestic Equity	25%	Vanguard Total Stock Market Index Inst (VITSX)
International Equity	10%	Vanguard Developed Markets Index Inst (VTMNX)
Fixed Income	63%	Vanguard Total Bond Market Index Inst (VBTIX)
Money Market	2%	Wells Fargo Government MM Fd-Inst (GVIXX)
<b>Balanced G&amp;I (53/45/2) *</b>		
Domestic Equity	40%	Vanguard Total Stock Market Index Inst (VITSX)
International Equity	13%	Vanguard Developed Markets Index Inst (VTMNX)
Fixed Income	45%	Vanguard Total Bond Market Index Inst (VBTIX)
Money Market	2%	Wells Fargo Government MM Fd-Inst (GVIXX)
<b>Balanced Growth (70/28/2) *</b>		
Domestic Equity	51%	Vanguard Total Stock Market Index Inst (VITSX)
International Equity	19%	Vanguard Developed Markets Index Inst (VTMNX)
Fixed Income	28%	Vanguard Total Bond Market Index Inst (VBTIX)
Money Market	2%	Wells Fargo Government MM Fd-Inst (GVIXX)
<b>Growth (86/12/2) *</b>		
Domestic Equity	59%	Vanguard Total Stock Market Index Inst (VITSX)
International Equity	27%	Vanguard Developed Markets Index Inst (VTMNX)
Fixed Income	12%	Vanguard Total Bond Market Index Inst (VBTIX)
Money Market	2%	Wells Fargo Government MM Fd-Inst (GVIXX)

You will be asked to select an investment strategy when the DAF is established. You may request a change to your asset allocation at any time and changes may be made up to 12 times per year.

*\* Equity/Fixed Income/Money Market*

## APPROVAL OF GRANT RECOMMENDATIONS

IRS regulations require that DAFs support the mission of the organization administering the funds. The Jewish Federation of Greater Philadelphia's Fund Advisory Committee approves all recommendations. There are two major criteria that must be met before a distribution will be made:

- The distribution must be to a 501(c)(3) public charity approved by the IRS.
- The function of the charity must be in keeping with the broad purposes of the Jewish Federation.

The Jewish Federation reserves the right to reject grant recommendations (and may request the return of grants) that are discovered to be for purposes contrary to its mission or directly counter the interests of the Jewish community. It may also refuse or return grants recommended to organizations that fail to maintain proper standards of financial oversight or accountability or are not qualified 501(c)(3) public charities.

Examples of grant recommendations that may be approved include: recommendations to the Jewish Federation (either for the annual campaign or other purposes) and to most Jewish and secular local and national charitable, cultural, educational, scientific, medical, and religious institutions.

A DAF cannot be used to satisfy an existing obligation, commitment or pledge. Therefore, you should not make a pledge to a charity that you want to support through a DAF. When approached for a pledge to the Jewish Federation's annual campaign or another charity, indicate that you are NOT making a pledge but intend to recommend a grant from a DAF.

Most grants to Israeli organizations can be facilitated through a 501(c)(3) "Friends of" organization or through Jewish Federations of North America.

Under IRS rules, donors may not receive a benefit (such as event tickets) as a result of a grant from a DAF. To ensure compliance with the law, the Jewish Federation will not pay the tax-deductible portion of a grant when there is an associated non-deductible portion.

For example, if you wish to make a gift to a charity for an event and accept tickets, you may not make payment through the DAF; the entire amount must be paid personally. If you decline the tickets, you may recommend a grant from the DAF. We ask that donors confirm that no benefits will be received whenever a grant is recommended from a DAF.

Example: A ticket to an event costs \$500, and \$300 of that amount goes to support the charity's mission and is tax-deductible, while \$200 is the non-deductible cost of the event. The full ticket price of \$500 (both the tax-deductible portion and the non-deductible portion) must be paid by the individual personally and not through the Fund. A donor/advisor cannot recommend a \$300 grant from the Fund and fulfill the rest with a \$200 personal check.

*This document was prepared in and reflects accurate information as of May 2018.*

*Information contained in this publication is for informational purposes only and should not be construed as legal or tax advice. Consult your lawyer or tax advisor when considering planned giving strategies.*

## TAXES AND FEES

The Jewish Federation currently charges an administration fee calculated on a monthly basis. Additionally, our investment manager and custodian charge a fee of 40 basis points for management and custody. See Administrative Fee Schedule for more detail.

Philanthropic Donor Advised Funds grow tax-free. In naming a DAF, you have made a completed charitable gift and are, therefore, not taxed on any income earned in the DAF. The Jewish Federation, as a public charity, does not pay tax on the growth. Thus, you may recommend grants from these additional funds.

## ADMINISTRATIVE FEE SCHEDULE

The annual administrative fee is charged as follows:

Up to \$1 million in assets	60 basis points
\$1 million to \$2.5 million	40 basis points
\$2.5 million to \$5 million	20 basis points
\$5 million to \$15 million	10 basis points
\$15 million and above	5 basis points

Assets held in the Money Market Fund are charged an annual administrative fee as follows:

If interest earned is less than 3%	0 basis points
If interest earned is 3% or more	25 basis points

*The administrative fee is based on market value and is calculated monthly. Assets invested in Israel Bonds are excluded from the administrative fee.*

## GETTING STARTED

Establishing a Philanthropic Donor Advised Fund with the Jewish Federation is a smart investment—for you, your loved ones, and your local and global Jewish communities.

To get started, simply choose the name you would like to use for the DAF, and securely open the DAF with a beginning balance of \$5,000 or more online at [jewishphilly.reninc.com](http://jewishphilly.reninc.com).

Or, if you prefer, contact the Jewish Federation to discuss how best to use Philanthropic Donor Advised Funds and other charitable giving tools to meet your personal philanthropic goals. Our knowledgeable staff can provide current, expert information on a broad range of topics including strategic grant making, Jewish community needs, and multi-generational family philanthropy.

**However you choose to get started, we thank you for your support.**

### FOR MORE INFORMATION

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**Jewish Federation**  
of Greater Philadelphia

The Jewish Federation of Greater Philadelphia mobilizes financial and volunteer resources to address the communities' most critical priorities locally, in Israel and around the world.

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