

TOOLS FOR GIVING



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FOR IOWA.
FOR EVER.

It is important for your clients to consider the best vehicle for their charitable giving. This chart compares the differences between setting up a **Donor-Advised Fund** at a community foundation versus establishing a **Private Foundation** for their philanthropy.

		Community Foundation Donor-Advised Fund	Private Foundation
Donor Involvement		Donor recommends grants to qualified nonprofit. Grants are approved by community foundation board of directors.	Donor appoints board of directors, which controls investments and grantmaking.
Tax Status		Public charity	Private charity
Income Tax Deductions	<i>Cash gift</i>	Up to 60% of adjusted gross income.	Up to 30% of adjusted gross income.
	<i>Appreciated stock gift</i>	Fair market value up to 30% of adjusted gross income.	Fair market value up to 20% of adjusted gross income.
	<i>Real estate & closely held stock gift</i>	Fair market value up to 30% of adjusted gross income.	Cost basis up to 20% of adjusted gross income.
Income Tax Considerations		No excise tax on fund's investment income. Donors to Endow Iowa qualified funds can receive a 25% state tax credit in addition to normal federal deductions.	2% excise tax on investment income. Does not qualify for Endow Iowa tax credit.
Grantmaking Support		Professional staff is available to help identify and assess grantees, provide input on community needs, and verify nonprofit status of organizations.	Donors must arrange and support their own grantmaking and monitoring structure.
Administration		Community foundations handle accounting, audit, due diligence, checkwriting, etc. Professionally managed, diversified investment portfolio. Pooled administration, audit & investment fees. No annual minimum fund distribution.	PF responsible for all costs including payroll, audit, compliance, legal, etc. Investment vehicles selected and overseen by the board. Investment management fees are responsibility of PF. Annual required minimum payout of 5% of assets.
Start-up Costs	<i>Initial costs</i>	None	Several thousand dollars for legal and accounting expenses and filing fees.
	<i>Minimum contribution</i>	Donation amounts can vary – visit with your local community foundation.	No fund minimum.
Visibility		Flexible donor preferences including anonymity or public recognition.	Full public disclosure of grants and balance.
Administrative Requirements	<i>Ongoing costs</i>	Pooled administration; typically an annual fee. Contact your local community foundation.	Several thousand dollars for legal and accounting expenses and filing fees.
	<i>Reporting</i>	Community foundation handles reporting.	Annual 990 tax form must be filed.

We encourage you to visit with a tax professional or your local community foundation to learn more.

www.IowaCommunityFoundations.org