



# The Rotary Foundation

## Donor Advised Fund — A Quick Guide

### About the Program

The Rotary Foundation Donor Advised Fund (DAF) is an innovative way for individuals and Rotary-affiliated groups to create a separate investment or savings account with the Foundation that is earmarked exclusively for charitable giving. You can choose to do this with an “Individual” account or in conjunction with a larger group of Rotary friends through a “Group” account.\* In many ways, establishing a DAF is like having your own foundation to support the causes you believe in, but without the hassle and paperwork that go along with operating one.

### How The Rotary Foundation Donor Advised Fund Works

- 1 Individual(s) or a Rotary-affiliated group (e.g., the Rotary Club of Anytown, USA) makes a minimum initial contribution of US\$20,000 in cash or securities and receives an immediate tax deduction.\*\*
- 2 Account holders may recommend how the contribution will be allocated among four available investment portfolios.
- 3 Individual(s) or a Rotary-affiliated group recommends when and how much to grant to other IRS-approved charities. Each year, The Rotary Foundation’s programs benefit from an annual grant distribution to the Annual Programs Fund. “Individual” DAFs will eventually create a lasting legacy with the Foundation’s Permanent Fund.

### Appropriate for Rotarians Who

- Wish to support The Rotary Foundation and other favorite charities
- Want to maximize their tax deductions, especially in years when offsetting tax liabilities is especially desirable
- Own highly appreciated securities, restricted stock, or privately held stock
- Are concerned about managing the paperwork and tax reporting associated with operating a separate foundation
- Are looking to incorporate charitable giving into estate planning
- Want their charitable dollars professionally managed

### Key Benefits

#### Financial advantages

- Receive an immediate tax deduction
- Benefit from professional asset management
- Contribute complex gifts such as stock, mutual funds, and retirement plan assets
- Support the programs of The Rotary Foundation and other charities

#### Special features

- Leave a lasting legacy to The Rotary Foundation’s Permanent Fund with an “Individual” account
- Name a child(ren) as a successor of an “Individual” account\*\*\*
- Receive multiple donor receipting for “Group” accounts
- Make contributions and grant recommendations with a single account

\* At this time, the Donor Advised Fund is structured for a U.S. audience. If you are not a U.S. citizen or your Rotary-affiliated group is not located in the USA, please contact The Rotary Foundation before trying to establish a DAF account.

\*\* Rules and regulations regarding tax deductions for charitable giving vary at the state level. Please check with your tax adviser. Tax deductions discussed throughout this publication refer specifically to federal taxes at the time of printing and could change.

\*\*\* Please refer to The Rotary Foundation Donor Advised Fund Program Circular at [www.rotary.org](http://www.rotary.org) for specific requirements.

For assistance, please call (847) 866-3100 or visit RI’s Web site at [www.rotary.org](http://www.rotary.org).

## Tax Savings You Can Realize Immediately

Giving appreciated securities to a DAF instead of selling securities and giving the proceeds saves taxes.

	Sell appreciated securities and give proceeds	Give appreciated securities to a Donor Advised Fund
Before tax "cost" of a \$100,000 gift	\$100,000	\$100,000
Deduction of gift (35% bracket)*	\$(35,000)	\$(35,000)
Taxable capital gains (15%)**	\$9,000	—
After tax "cost" of a \$100,000 gift	\$74,000	\$65,000
Taxes saved by contributing \$100,000 of appreciated securities through a DAF		\$9,000

\* Does not account for any state and local taxes, alternative minimum tax, or limitations to itemized deductions applicable to taxpayers in higher income brackets.

\*\* Cost basis of shares donated: \$40,000

## Program Details

### Making contributions

- Donors can make contributions and add to their Rotary DAF account as often as they wish.
- Minimum initial contribution: \$20,000
- Subsequent contributions: \$1,000
- Assets accepted:
  - Cash
  - Publicly traded stock
  - Restricted stock
  - Privately held stock
  - Bonds
  - Mutual funds

### Recommending grants to charities

- Minimum grant: \$250
- Processing fees: None
- Qualifying organization: Any IRS-approved charity
- Number of grants allowed each year: Unlimited
- Annual grant to The Rotary Foundation from "Individual" accounts: \$250
- Annual grant to The Rotary Foundation from "Group" accounts: 1% of account balance

### Donor recognition

- Grant distributions to The Rotary Foundation's Annual Programs Fund and other restricted giving such as PolioPlus or approved Matching Grants are eligible for Paul Harris Fellow recognition.
- Benefactor and Bequest Society recognition is given to "Individual" DAFs for the amount committed to the Permanent Fund.
- Grant distributions made to The Rotary Foundation from "Individual" DAFs can be applied toward Major Donor recognition.

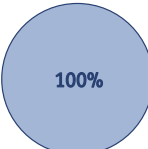
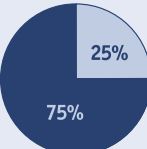
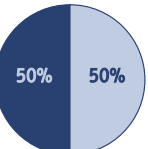
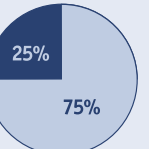
## Comparing the Program to a Private Foundation

Donor Advised Funds are frequently compared to private foundations and have significant advantages.

The Rotary Foundation Donor Advised Fund	Private Foundation
No start-up fees	Start-up fees
Generally 1% or less is annually granted to The Rotary Foundation	5% annual distribution is required
No excise taxes	Excise taxes of up to 2% of annual income
Full charitable deduction <ul style="list-style-type: none"> <li>• Up to 50% of adjusted gross income for cash contributions</li> <li>• Up to 30% of adjusted gross income for appreciated securities</li> </ul>	Partial charitable deduction <ul style="list-style-type: none"> <li>• Up to 30% of adjusted gross income for cash contributions</li> <li>• Up to 20% of adjusted gross income for appreciated securities</li> </ul>
The Rotary Foundation Donor Advised Fund handles legal, administrative, and filing requirements	Donor is responsible for annual IRS filing and other legal and administrative requirements
Donor may choose to remain anonymous	Tax return is public record

## Investment Portfolios

Your contribution is invested in your choice of one or any combination of four investment portfolios. It has the potential to grow until you decide when and where to recommend grants. This creates the opportunity for more money to go to charitable causes over time.

Capital Preservation	Conservative	Moderate Growth	Growth
100% money market fund and short-term instruments	25% stock funds, 75% bond funds, and short-term instruments	50% stock funds, 50% bond funds, and short-term instruments	75% stock funds, 25% bond funds, and short-term instruments
			

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