

Giving Vehicle Comparison

The chart below reveals key differences between a donor-advised fund at the Community Foundation of Grundy County and a private foundation



	<u>Donor-Advised Funds</u>	<u>Private Foundations</u>
Start-Up Time:	Immediate	Can take several weeks or months
Start-Up Costs:	None	Legal (and other) fees are typically substantial
Ongoing Administrative and Management Fees:	200 basis points (2%), which includes investment management fees	Can be in the range of 250-400 basis points (2.5% to 4% per year)
Tax deduction limits for gifts of cash:	50% of adjusted gross income	30% of adjusted gross income
Tax deduction limits for gifts of stock or real property:	30% of adjusted gross income	20% of adjusted gross income
Valuation of gifts:	Fair market value	Fair market value for publicly-traded stock, cost basis for all other gifts, including gifts of closely-held stock or real property
Required Grant Distribution:	None	Must expend 5% of net asset value annually, regardless of how much the assets earn
Excise Taxes:	None	1% to 2% of net investment income annually
Privacy:	Names of individual donors can be kept confidential if desired, and grants can be made anonymously.	Must file detailed and public tax returns on grants, investment fees, trustee names, staff salaries, etc.
Administrative Responsibilities:	Recommend grants to favorite charitable causes	Manage assets, keep records, select charities, administer grants, file state and federal tax returns, maintain board minutes, etc.