

OFFICIAL GUIDEBOOK
To
**DONOR ADVISED
FUNDS**

**Jewish Federation of Las Vegas
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Thank you for your interest in a Donor Advised Fund with the Jewish Federation of Las Vegas! We hope that this guide will serve as a useful resource as you begin a new philanthropic journey.

Inside this guide you will find:

1. An introduction and explanation of the Donor Advised Fund as a giving tool **(p. 3)**
2. A handy “Quick Reference” divided into categories **(p. 5)**
3. A Donor Advised Fund agreement **(p. 10)**

We hope this guide will serve as a resource for you, both in establishing your fund and in utilizing it to achieve your philanthropic goals.

Please feel free to contact a Federation Planned Giving professional if you have any questions or want more information on Donor Advised Funds or any of the other charitable options offered by Federation.

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INTRODUCTION AND EXPLANATION

What is a Donor Advised Fund?

One of the most effective – and increasingly popular – charitable vehicles in North America today is the *Donor Advised Fund*. A Donor Advised Fund, also known as a “phil fund” or a “philanthropic fund,” is a component fund of the Jewish Federation of Las Vegas (JFLV). It is established by agreement between Federation and the donor, in consideration of an irrevocable contribution of money or property to Federation. The assets in a Donor Advised Fund are owned by JFLV. The donor and designated advisors may *recommend* distributions from the fund to public charities whose purposes generally are in furtherance of the purposes of Federation. These recommendations are advisory only, and JFLV has the final authority to approve the grant recommendations.

Donor Advised Funds create a broad base of financial support for the Jewish community as well as the general community. They offer a simple and economical means for benefiting the community and encouraging family philanthropy. Donor Advised Funds advance the values and goals of Federation by:

- Helping members of the Jewish community to engage in *tzedakah*, and training future philanthropists.
- Caring for Jews in need in Israel and around the world.
- Providing financial resources for critical human services in the local Jewish and general communities.
- Nurturing relationships between Jewish philanthropists and Federation professionals.
- Building leadership and social capital in the Jewish community.
- Establishing priorities that consider the future needs of the Jewish community.
- Reinforcing the positive perception of Federation as a philanthropic partner with the larger community, through leveraging the public relations value of gifts from Donor Advised Funds to non-Jewish charities.
- Helping to build Federation’s Jewish Community Endowment Fund.

Why open a Donor Advised Fund: Who Benefits?

First, **Federation benefits**, because the relationship established between the donor and JFLV leads to an ongoing dialogue about community priorities and challenges and the importance of federation funding to meet them. Through efficient administration, sound investment policies, stewardship, and educational programming, Federation builds relationships of trust with current and future donors, increasing the likelihood of enhanced giving and involvement. This includes potential additions to Federation’s Jewish Community Endowment Fund. In addition, the Donor Advised Fund program provides another opportunity for donor engagement in the organized Jewish community and gives the federation insight into individual donor priorities. Furthermore, as non-

Jewish charities also benefit from Donor Advised Funds, Federation creates a more positive presence in the community. In turn, increased goodwill between the Jewish community and local nonprofits, businesses and government contributes to an environment that is favorable to the fulfillment of Federation's mission.

Second, establishing a Donor Advised Fund with Federation **benefits the donor**. One major advantage of a Donor Advised Fund over a private foundation is the freedom the donor enjoys to give anonymously, when the donor so chooses. A private foundation can be besieged by a near constant stream of unsolicited funding requests since a private foundation's grant making is a matter of public record. In contrast, a Donor Advised Fund allows the donor to keep giving a private affair. Information about the total amount of dollars in a fund, as well as the pattern of a fund's distributions is considered confidential.

In addition, while donors may not receive an impermissible "material benefit" (discussed later in this *Guide*), they enjoy ready access to the knowledge and experience of Federation's staff regarding the Jewish community's needs and the organizations that exist to serve them. Donors may also take pride as they engage other family members, and involve children and grandchildren in the grant making process, as well as meeting like-minded community philanthropists. And as donors develop philanthropic habits, they enjoy the satisfaction that comes from meaningful philanthropic giving to worthy causes in both the Jewish and general communities.

The Donor Advised Fund is a cost-effective alternative to a private foundation for gifts to public charities. The donor enjoys more favorable tax deductions and the Donor Advised Fund has no tax on investment income or capital gains. The donor receives an immediate tax deduction when he or she makes a contribution to the fund, but does not need to make quick decisions about which charities the donor wishes to support. Donor Advised Funds, unlike private foundations, are also accessible to donors of relatively modest means.

Another advantage for the donor is the freedom from administration and record keeping. There are no separate tax returns or public filings. JFLV reports receipts, disbursements and investments of Donor Advised Funds on its federal and state tax returns (in the aggregate, not on a fund by fund basis), files its federal and state tax returns, provides an independent audit, processes disbursements, mails checks to recipients and grant reports to the donor, administers and invests the assets of the fund and issues regular financial reports on the status of the fund to the donor. The donor is free to concentrate on the substance of charitable giving.

In short, the Donor Advised Fund is a win-win combination for the donor and Federation.

QUICK REFERENCE GUIDE

Getting Started

Can I give assets other than cash to a fund?

Yes. You may contribute stock, mutual fund shares, IRAs, real estate or other tangible property. Gifts of stock, both publicly traded and closely held, have become more popular in recent years because of the benefits of gifting appreciated stock.

What is the minimum amount required to open a Donor Advised Fund?

\$1,000

Am I allowed to make additional contributions to the fund? Is there a minimum amount?

Federation encourages additional contributions to the fund and there is never a minimum amount required to do so. You will receive a tax receipt for all contributions to your Donor Advised Fund. Please consult with your tax professional regarding the deductibility of these contributions. Additionally, other individuals or corporations can make gifts to the fund you established. This is especially useful for gifts in honor of a special occasion.

Investments and Operations

Can I “close” a fund?

Contributions to a donor advised fund are irrevocable. All money in the fund must ultimately be held for or disbursed to qualified public charities. However, because you reserve the right to make grant suggestions, you could terminate a fund by requesting that the entire balance be granted to a qualified nonprofit organization.

Is there a minimum balance the fund must maintain?

Yes, Donor Advised Funds must maintain a minimum balance of \$1,000.

How often will I receive a statement?

JFLV mails statements quarterly, usually between 4 to 6 weeks after the end of a calendar quarter.

Fund Advisors

My spouse and I both want to be advisors. Is more than one advisor allowed?

Yes.

I would like my children to be involved. Is that possible?

Your children can be named as current or successor advisors – meaning that they will have the right to make grant suggestions from the fund. In addition, if you wish to engage in “family philanthropy” (meaning that several generations of your family will work together to support common interests or organizations over time), JFLV allows you to name successors for up to two generations.

What happens to my fund after I die?

If you have named one or more successor advisors, they will have the right to make grant suggestions until their death(s). If you have not named a successor advisor or after the lifetime(s) of your successor advisor(s), the fund will generally go into the Endowment Fund. Alternatively, you may wish to name a charity or field of interest for which the fund will be used after your lifetime.

Distributions**What is the minimum distribution amount I can suggest?**

\$100

What are the restrictions on distribution?

By law:

- Federation can only make distributions to public charitable purposes. JFLV will distribute only to qualified tax-exempt 501(c)(3) charities that are public charities (not private foundations).
- Federation cannot fulfill a donor’s individual pledge or legally binding commitment through a grant from a Donor Advised Fund. If JFLV is made aware that a recommendation relates to a pledge or commitment, the Board will have no choice but to deny the request.
- Similarly, JFLV cannot make a grant that will enable a donor to receive material benefit of goods and services (e.g., raffle tickets, meals, payment of a relative’s tuition to an educational institution, etc.).

What do I do when an organization asks for a pledge?

A donor might respond to a request for a pledge in this way:

We have suggested (or We will be suggesting) that a distribution be made from the {name of fund} of The Jewish Federation of Las Vegas to {organization}. Pending approval by the JFLV Endowment Board, a check will be issued from the Federation to {organization}.”

What about my synagogue dues?

This is the exception to the membership rule. Because no physical goods or services are exchanged for your dues, they can be paid out of a Donor Advised Fund.

Why does the Board of Directors have the final authority to approve or deny the distributions?

IRS regulations require that a donor relinquish control over the gift at the time a contribution is made. (Donors only qualify for a tax deduction if they give the money to a public charity and relinquish the right to control it.) Consequently, the JFLV Board is legally empowered to approve or deny a donor's recommendations.

Are recommendations ever denied?

If a donor recommended a distribution to an organization that

- 1) Does not qualify for tax-exempt public charity status,
- 2) Provides material benefits of good or services to you as a result of the distribution.

The Board of Directors would deny the request. However, if all recommended recipients are qualified public charities whose mission falls within the general scope of Federation's mission, and there is no suggestion of private benefit to the donor, the Board will make every effort to honor the donor's wishes.

To what organizations can I recommend distributions?

The fund can make distributions to any 501(c)(3) that is a *public charity*. Private foundations do *not* fall under this definition.

Can I recommend distributions to organizations outside the Jewish community?

Yes, almost every qualified public charity in the U.S. may receive grants from a JFLV Donor Advised Fund. The exceptions occur where a charity's mission falls *extremely* outside the general scope of Federation's mission.

Is there a limit to the number of distributions I recommend each year?

No. There are no restrictions other than the minimum balance requirement.

Do I have to make distributions in every year?

You are under no obligation to make recommendations from the fund.

How quickly will a check be cut once I submit my grant recommendation?

Checks are typically cut twice each month. Any distribution recommendation to an organization that has not been previously reviewed and approved by the Foundation Board will be submitted for final approval to the Federation Board of Directors and may take an additional 3-4 extra weeks for processing.

Can I remain anonymous when establishing a fund or recommending grants?

Yes. Advisors may request that grants be awarded anonymously. Some donors prefer

to use a pseudonym when naming funds.

Advantages

What are the tax advantages of establishing a Donor Advised Fund at the Jewish Federation of Las Vegas?

Donors who contribute stock and other appreciated assets maybe eligible for tax deductions, and they avoid capital gains tax on the income earned on the fund. Also, there are many ways a charitable fund may help a donor reduce estate taxes, preserve retirement assets for family members and provide gifts for charity. Federation's professional staff works closely with attorneys, accountants and other advisors to help donors make the best choices for their families.

What are the advantages of establishing a Donor Advised Fund at the Jewish Federation of Las Vegas compared to establishing a private foundation?

Because Federation is a public charity, there are fewer Internal Revenue restrictions for gifts and grants than for a private foundation. Generally, donors receive a higher tax deduction for contributions. Additionally, Donor Advised Funds are not subject to excise taxes, and they have no payout requirement.

An alternative to creating a Donor Advised Fund is establishing a *Supporting Foundation* of the Federation. A Supporting Foundation offers the advantages of a Donor Advised Fund, but it is governed more like a private foundation. For more information on using the Federation as an alternative to a private foundation, contact Juley Kurs, Director for Planned Giving and Endowments at (702) 732-0556 or juley@jewishlasvegas.com.

JEWISH FEDERATION OF LAS VEGAS
DONOR ADVISED FUND AGREEMENT

This agreement updates and supersedes any previous Donor Advised Fund agreement. Delivery is made herewith by the undersigned Donor(s) of the property listed in schedule “A” and made a part hereof. Delivery of said property constitutes an irrevocable gift of same to the Jewish Federation of Las Vegas (the “Federation”) upon acceptance of the gift and with the following terms and conditions:

1. Establishment of the Fund. A fund will be established on the books of the Federation which will be known as the:

_____ Fund.

2. **Contributions to the Fund.** The Fund shall include the property this day received from said Donor(s), any property as may from time to time be transferred to the Federation by the Donor(s) for inclusion in the Fund or any property received from time to time by the Federation from any other source and accepted by the Federation for inclusion in the Fund, and the proceeds and all income from the foregoing property.

3. **Ownership and Control.** The Fund shall be the property of the Federation held by it in its normal corporate capacity; it shall not be deemed a trust fund held by it in a trustee capacity. The Federation will have the ultimate authority and control over all property in the Fund, and the proceeds and the income derived therefrom, for the charitable, educational and religious purposes of the Federation.

4. **Purpose:** The Fund shall be used only for charitable, educational, or religious purposes (or any combination of such purposes) that are within the scope of purposes of the Federation, either directly by the Federation or by contributions to other organizations for such purpose or purposes.

5. **Distributions.** Donor(s) or their designated advisors(s) retain the privilege of recommending distributions or grants, from the Fund.

Distributions from the Fund of the income or principal or both of the Fund, within the limitations provided for in paragraph 4 above, shall be made at such times, in such amounts and in such ways for charitable, educational or religious purposes (or any combination of such purposes) as the Federation shall determine. The recommendations with respect to distributions will be solely advisory and the Federation will not be bound by such recommendations.

A. **No Benefit Received.** A Donor of a Donor Advised Fund or any other person may not receive any benefit or privilege in return for a distribution from a Donor Advised fund (includes tickets to events, meals, auctions, museum memberships)

B. **No Pledge or Obligation Satisfied.** It is understood that no distributions will be used to discharge or satisfy a legally enforceable pledge or obligation of any person, including the Donor of the Donor Advised Fund.

6. **Advisors and Successor Advisors to the Fund.** The individuals named in the Schedule “B” maintain the right to recommend distributions.
7. **Investments.** The Federation shall at all times retain the full authority and control over the investment of the assets contributed to the Fund. Donor(s) acknowledge that there are market risks with respect to any investment and there can be no assurance against risk of loss.
8. **Policies and Procedures.** The Fund will be administered under and subject to the Donor Advised Fund Policies and Procedures as the same may be revised from time to time.
9. **Component Fund.** It is intended that the Fund will be a component part of the Federation and that nothing in the Agreements will affect the status of the Federation as an organization described in Section

501(c)(3) of the Internal Revenue Code of 1986 and as an organization which is not a private foundation within the meaning of Section 509 (a) of the Code. This Agreement shall be interpreted in a manner consistent with the foregoing intention and as to conform to the requirements of the foregoing provisions of the federal tax laws and any regulations issued pursuant thereto. The Federation is authorized to amend this agreement to conform to the provisions of any applicable law or government regulation in order to carry out the foregoing intention. References herein to provisions of the Internal Revenue Code of 1986 shall be deemed references to the corresponding provisions of any future Internal Revenue Code.

Kindly indicate below your acceptance of this gift and of the foregoing terms and conditions.

Very truly yours,

Donor(s)

Accepted this ___ day of _____ 20__.

Receipt of the above-described property on this date is acknowledged.

Jewish Federation of Las Vegas, by:

Name

Title

Signature

SCHEDULE A

Listing of property transferred to the Federation to fund a new Donor Advised Fund.

(If funding with cash, please make check payable to Jewish Federation of Las Vegas and indicated check number, date and amount.)

SCHEDULE B

Advisors and Successor Advisors

A. **Advisors:** Recommendations from the fund will be made by:

_____ and/or _____

B. **Successor Advisors/Disposition of the Fund:** Upon the death or disability of all of the above-named individuals, we recommend that:

____% Fund assets be retained in the Fund with recommendations to be made by:

_____ who is my/our _____

Name _____ Relationship _____

Age: _____ Address: _____

Phone # : _____ E-mail: _____

Other: _____

_____ who is my/our _____

Name _____ Relationship _____

Age: _____ Address: _____

Phone # : _____ E-mail: _____

Other: _____

____% Fund assets to be transferred to the Federation's Unrestricted Endowment Fund.

____% Fund assets to be transferred to the Jewish Federation of Las Vegas as a permanent Endowment for the Annual Campaign.

____% Fund assets to be transferred to the Jewish Federation of Las Vegas as a permanent Endowment Fund to benefit specific organizations or areas of interest. (Please Note Below)

____% Fund assets to be transferred to the following Jewish Federation of Las Vegas Beneficiary Agencies or Affiliates. (Please Note Below)

Organization Amount or Percentage

SCHEDULE C
Publicity and Grant Acknowledgement

PUBLICITY

You may include my/our name(s) and the name of the Fund as part of a list of donors, with no dollar amounts indicated, in Federation promotional materials.

Yes

No

Signature: _____ Date: _____

Signature: _____ Date: _____

GRANT ACKNOWLEDGEMENT

When sending grants to organizations in the Fund's name you may use:

My/our names as indicated in the Publicity Agreement and my/our address.

My/our name only with no address included.

I/we prefer grants to be made anonymously.

Section: Demographic Data

DONOR ADVISED FUND INFORMATION

The donors of a fund have full and equal rights to recommend grants and to elect the successors of the fund. For two or more donors, all correspondence will be sent to Donor 1 if the mailing addresses are different. (Please attaché an additional sheet if necessary.)

Donor 1

Name:	Daytime Phone:
Mailing Address:	City, State, Zip
E-mail:	
Fax:	
Home Phone:	Birth Date:

Donor 2

Name:	Daytime Phone:
Mailing Address:	City, State, Zip
E-mail:	
Fax:	
Home Phone:	Birth Date:

Section 2: Your Philanthropic Interests.

A. Please indicate if you have a charitable interest in the following charitable areas:

- Arts and Culture
- Children and Teens
- Education
- Environment
- Health/Medical Research
- Human Rights/Social Action
- Human Services
- Israel
- Jewish Education
- Overseas
- Seniors
- Emergency Relief
- Other _____

B. What organizations locally or nationally do you currently support?

What synagogue are you a member of (if any)?

C. Please describe your current Jewish Federation of Las Vegas involvement and affiliations.

Donor 1	Donor 2

Section 3: Legacy Planning

Please describe any estate gifts you have for the Jewish Federation of Las Vegas:

We would be more than happy to speak with you on the phone or in person to help you fill out the information. Please contact Juley Kurs, Director of Planned Giving & Endowments at 702-479-4437.