CREATING A LEGACY OF GIVING

When people think of leaving a legacy, many first consider the path of creating a private foundation. Private foundations bring with them a certain level of prestige and provide you with total and private control. But there are costs associated with that autonomy, including administrative burdens that could be reallocated into other charitable means.

For many, a donor-advised fund is an attractive alternative. With this option, you retain a strong influence on how your charitable gifts are used, but free yourself from significant costs. A private foundation requires more money, time, legal assistance and administration to establish and maintain compared to a donor-advised fund, which is a relatively flexible strategy.

What is a donor-advised fund?

A donor-advised fund, or DAF, is a type of charitable fund that is administered by a public charity and can be established with as little as $10,000. One such organization is the Raymond James Charitable Endowment Fund (RJCEF), which receives donations from individuals and other entities and then donates these funds to the appropriate charitable recipients per the donor's wishes.

Both a private foundation and a DAF allow you to choose what charities you want to assist at a later date. In addition, they both can be named to honor you personally. And like a private foundation, a DAF is immediately deductible for federal income tax (subject to applicable restrictions), estate and gift purposes upon acceptance from the RJCEF.

As with a private foundation, a DAF gives you the flexibility to assign the fund allocation to your children.

Family or friends appointed to a donor-advised fund may:

- Recommend how donations are to be invested within the fund
- Identify the charities that will ultimately receive grants from the fund
- Specify how much will be given
- Determine who will make the above decisions instead of, or as a successor to, themselves

The DAF also provides key tax advantages such as:

- While both strategies offer immediate tax deductions, donor-advised deductions are more generous.
- You can deduct cash contributions to a fund totaling up to 50% of your adjusted gross income each year; the limit for donations to a private foundation is 30%.
- You can also deduct up to 30% of your adjusted gross income for donations to a fund of long-term securities that have appreciated in value since you bought them; for a private foundation, the limit for such donations is 20%.

- With a private foundation you are required to pay a 2% excise tax on investment income annually; with a donor-advised fund, however, there is no tax on investment income.

Choosing the path that fits.

Is a DAF right for you? Or should you pursue the private foundation path instead? If you would like to explore either option for your charitable giving strategy, be sure to work closely with your financial advisor. Not only can they help you reach your charitable giving goals, they can also help you develop a strategy – working alongside your CPA or tax professional – that best integrates into your overall financial plan.

No matter which route you choose, supporting deserving organizations can create positive changes in people's lives and communities for years to come. But remember, for any successful financial plan, it's important to establish your personal goals for both the short and long term early in the process.

A few steps taken today can go a long way toward helping your charity tomorrow.

Please note, changes in tax laws or regulations may occur at any time and could substantially impact your situation. You should discuss any tax or legal matters with the appropriate professional.

INTERNATIONAL HEADQUARTERS: THE RAYMOND JAMES FINANCIAL CENTER
880 CARILLON PARKWAY // ST. PETERSBURG, FL 33716 // TOLL-FREE: 800.248.8863 // LIFEWELLPLANNED.COM

RAYMOND JAMES®