

Want to Simplify Charitable Giving? Consider a Donor Advised Fund.

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Let's face it. Charitable giving, especially when done very intentionally, can sometimes be a hassle. Let's imagine you bought 100 shares of Microsoft® in 1986. That \$2,100 investment would be worth approximately \$720,000 today. You now wish to donate all or a portion of that investment to the various charitable organizations you support. Since you want to avoid paying capital gains tax, you must donate your shares directly to the various charities, but that is a significant bother since you will need to arrange a separate transaction for each of the charities who receive a gift. What's more, an organization like your church may not be set up to receive a gift of stock.

Perhaps you didn't buy Microsoft® but rather you bought a lake home back when the children were small. Over the years you made improvements to the house and the lake on which it is located has become very popular, increasing the property's value to over \$500,000. The children are now grown, no longer live near the lake and owning the lake house would, for them, be impractical. You want to sell and use the proceeds to support the various charities you support. How do you sell the house and support multiple charities from the proceeds while avoiding capital gains tax?

One of the easiest ways to manage complicated charitable giving scenarios is through a donor advised fund. A donor advised fund is an account that is established for the purpose of managing charitable contributions on behalf of an individual or family. Almost any type of asset can become a charitable gift (e.g. stocks, bonds, real estate, a business interest, life insurance, farm commodities, equipment, artwork, etc). Appreciated assets are especially advantageous for a donor advised fund since appreciation on charitable gifts is not subject to capital gains tax, you receive a tax deduction on the full value of the asset, and this tax deduction could significantly decrease your tax liability. A donor advised fund can help you split hard-to-divide assets among your favorite charities.

A donor advised fund can also help you more carefully manage distributions to your favorite charities. Let's imagine you decide to donate your Microsoft® stock at year-end to take advantage of the tax deduction, but you do not wish to donate to charitable causes until later. You can claim an immediate tax deduction for the value of the stock and distribute charitable contributions out of the donor advised fund at a time of your choosing. You can contribute more assets to your

donor advised fund at any time. You can also involve your children in the process of distributing gifts to your favorite charities and thus teach principles of stewardship and demonstrate your values and the causes that are important to you.

Mid-America is a member organization of the Barnabas Foundation. The Barnabas Foundation has established the Stewards Fund to allow donors of member organizations to quickly and easily create and manage a donor advised fund. The Stewards Fund allows you to make automatic payments to your favorite charities on a quarterly, semi-annual or annual basis. You can submit payment requests for your charity, access your account balance and grant history all online. The Stewards Fund provides a simple and concise tax receipt even after giving to multiple charitable organizations. The Stewards Fund takes the hassle out of charitable giving while offering significant tax benefits.

If you wish to learn more about creating your own donor advised fund contact me at the seminary or the Barnabas Foundation at www.barnabasfoundation.com or 888-448-3040.

This information is not legal, tax or financial advice. Please consult your attorney or other professional adviser before making any financial decisions.