



## **Donor Advised Funds**

### **General Description**

A Donor Advised Fund is similar to a family foundation in many ways, but less complicated to establish and administer. With a Donor Advised Fund at the Catholic Community Foundation, a Donor makes a gift of cash or other assets (\$10,000 is the minimum size gift to establish a new fund). The Donor then receives a full deduction for the value of that gift, to the extent they are eligible per IRS regulations.

At the time of the gift, the Donor names a “Primary Advisor” (or Advisors). Often the Donor is the Primary Advisor, but not always. The Primary Advisor then “recommends” to the Catholic Community Foundation those charities to which grants should be made from the fund.

### **Grants from Donor Advised Funds**

The Catholic Community Foundation Grants Policy states that grants may be made only to legitimate 501(c)(3) charitable organizations, and these charities may not be engaged in activities that are antithetical to Catholic Church teaching. The Foundation asks that approximately 50% of grants made from a Donor Advised Fund over a three year period go to Catholic charitable organizations within the Archdiocese of Saint Paul & Minneapolis or the Diocese of New Ulm. The other 50% may be made to any legitimate charities (religious or secular) that do not operate in conflict with Catholic Church teaching, and have a United States mailing address. Our Grants Manager reviews all grant recommendations and our Grants Committee and Board of Directors ultimately approve all grants prior to issue.

There is not a minimum requirement for grant amounts in a given year, which means that you, the Advisor, have the ability to recommend grants whenever (and if ever) he/she chooses. The Advisor could recommend that up to 100% of the fund is granted out at any time.

When an Advisor wishes to recommend a charity or charities to receive a grant from the Donor Advised Fund, the Advisor completes a Grant Recommendation Form (available on-line or our staff can provide hardcopies) or makes a grant recommendation directly on-line.

## **Life of the Donor Advised Fund**

### **Option 1**

- At death of Primary Advisors, fund will become an Endowed Donor Advised Fund (if there is at least \$25,000 in the fund at that time).
- Successor Advisors (often children of the Primary Advisors) recommend charities to receive grants from the Endowed Donor Advised Fund. Amount available for granting determined annually by the Catholic Community Foundation, according to Grants Policy for Endowed Funds.
- Successor Advisors serve in that role until their death or 40 years from the date the fund was established, whichever occurs first.
- If there is less than \$50,000 in the Fund following the death of the Successor Advisors (or 40 years from the date the fund was established), any remaining assets become part of the Unrestricted Assets of the Catholic Community Foundation and be directed by the Board of the Foundation toward our mission to support financially the spiritual, social, and educational needs of our Catholic community.
- If there is at least \$50,000 in the Endowed Donor Advised Fund following the death of the Successor Advisors (or 40 years from the date the fund was established), the Fund can become a named, Permanent Endowment of the Catholic Community Foundation. Annual distributions are made to charities pre-selected by the original, Primary Advisors during their lifetimes. Amount of distributions is determined by the Catholic Community Foundation, according to Grants Policy for Endowed Funds.

### **Option 2**

At death of Primary Advisors, if there is at least \$50,000 in the Endowed Donor Advised Fund, the Fund can become a named, Permanent Endowment of the Catholic Community Foundation. Annual distributions are made to charities pre-selected by the original, Primary Advisors during their lifetimes. Amount of distributions is determined by the Catholic Community Foundation, according to Grants Policy for Endowed Funds.

### **Option 3**

At death of Primary Advisors, any remaining assets become part of the Unrestricted Assets of the Catholic Community Foundation and be directed by the Board of the Foundation toward our mission to support financially the spiritual, social, and educational needs of our Catholic community.

## **Fund Investment Options**

Cash given to the Catholic Community for further credit to a Donor Advised Fund is invested according to the anticipated time horizon for granting from the fund. Likewise, it is the general policy of the foundation to liquidate assets (stocks, mutual funds, bonds, real estate, privately held businesses, etc.) that are given to the foundation (for further credit to a Donor Advised Fund) upon receipt.

Cash gifts or the proceeds from sales of assets given are then invested according to the time horizon and risk comfort level identified by the Advisor. The investment options are as follows (please specify the option you would prefer for your fund on the attached Information Form):

### **Money Market Fund:**

For funds where Advisor anticipates significant granting in the next 3 years.

### **Sparrow Pool (Target Allocation: 20% Equity/40% Fixed Income/40% Money Market):**

For funds where Advisor does not anticipate significant granting until 3+ years from now and prefers low volatility in fund.

### **Cardinal Pool (Target Allocation: 70% Equity/20% Fixed Income/10% Real Estate):**

For funds where Advisor does not anticipate significant granting until 5+ years from now and comfortable with greater volatility

### **Eagle Pool (Target Allocation: 100% Equity):**

For funds where Advisor does not anticipate significant granting until 10+ years from now and is comfortable with greater volatility.

## **Donor Advised Fund Fees**

Each investment pool has a slightly different investment management/custodial fee, which may vary slightly, quarter-to-quarter, based on changes in the asset allocation. The Foundation will be glad to provide more detail at the time the fund is established regarding specific fees for the various pools. In addition to the investment management/custodial fee, the Catholic Community Foundation (under current policy, which may change from time to time) charges an annual administrative fee of 1% of assets (assessed quarterly), with a minimum annual fee of \$250.

**New Donor Advised Fund Information Form**

**Fund Name:** \_\_\_\_\_

**Primary Advisor(s):** \_\_\_\_\_

**Establishing Gift (\$10,000 minimum):** \_\_\_\_\_

**Description of Establishing Gift (Cash, Securities, etc.):** \_\_\_\_\_

\_\_\_\_\_

**Options for Fund at Death of Primary Advisors (please select one):**

\_\_\_ **Option 1**

\_\_\_ **Option 2**

\_\_\_ **Option 3**

**Create Endowed Donor Advised Fund (\$25,000 minimum):**

**Successor Advisor:** \_\_\_\_\_

**Optional, Additional:**

**Successor Advisor(s):**(Primary) \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Create Permanent Family Endowment Fund (\$50,000 minimum) called:**

\_\_\_\_\_

(i.e. The Smith Family Charitable Endowment Fund)

Charities to receive annual, permanent distributions:

1) \_\_\_ %: \_\_\_\_\_

2) \_\_\_ %: \_\_\_\_\_

3) \_\_\_ %: \_\_\_\_\_

4) \_\_\_ %: \_\_\_\_\_

5) \_\_\_ %: \_\_\_\_\_

**Investment Options**  
**(Select One):**

- a) \_\_\_ **Money Market:**  
*For funds where Advisor anticipates significant granting in next 3 years.*
- b) \_\_\_ **Sparrow Pool:**  
Target Allocation:  
20% Equity/40% Fixed Income/40% Money Market  
*For funds where Advisor does not anticipate significant granting until 3+ years from now and prefers low volatility in fund.*
- c) \_\_\_ **Cardinal Pool:**  
Target Allocation:  
70% Equity/20% Fixed Income/10% Real Estate)  
*For funds where Advisor does not anticipate significant granting until 5+ years from now and comfortable with greater volatility.*
- d) \_\_\_ **Eagle Pool:**  
Target Allocation:  
100% Equity  
*For funds where Advisor does not anticipate significant granting until 10+ years from now and comfortable with greater volatility.*

**To establish your fund, please contact:**

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