Smart Money

Community Foundation News for Advisors

Winter 2014

A PUBLICATION OF THE CENTRAL NEW YORK COMMUNITY FOUNDATION

Year End Giving Tips

Earlier is better. Beat the year-end rush by sending gifts early. Also, more complex gifts, such as an IRA distribution or a gift of stock, may take longer to process, so please allow enough time.

Notify us when transferring stock. It is important to contact us when donating securities so that we may credit the gift appropriately. Also, please disclose the client's name when transferring the shares so we can identify them easily.

Use our online resources. Using our website, www.cnycf.org, donor-advised fundholders can make grant suggestions, replenish a fund, access our stock transfer form, and much more.

Dates to Know: Gifts credited for 2014 tax returns must be delivered to the Community Foundation by 4:30 p.m. on December 31, postmarked on or before December 31, or given online by 11:59 p.m. on December 31.

Using Donor-Advised Funds to Help Your Clients

Donor-advised funds help donors simplify their giving and allow them to achieve greater impact in their communities. This is something we have observed first hand which was recently confirmed in a study conducted by Vanguard Charitable. The Vanguard survey found that when giving through a donor-advised fund, donors are more strategic about giving and more involved with the charities they support.

At the Community Foundation, we know the value this giving vehicle has for the more than 250 individuals, families and companies who use donor-advised funds to manage their philanthropy. These funds provide donors with many benefits, including the avoidance of capital gains tax on gifts of appreciated securities and simplified gift reporting. Donor-advised funds can also be a stepping stone to create a charitable legacy that can provide an endowed charitable benefit to our community long after the donor is gone.

Other advantages of Donor-Advised Funds (DAFs):

• Your client can use assets other than cash to fund their charitable giving. We can accept cash, publicly traded securities, closely held shares, LLP or LLC interests, real estate, commodities (e.g., silver bars), and other assets to fund a DAF. Some of these asset types take more planning and effort and can't be implemented quickly, but cash and publicly traded securities can usually be used to capitalize a DAF in one or two days.

• A DAF can protect the donor's anonymity. Unlike a private foundation where the individuals involved, gifts received and the grants made each year must be publicly disclosed, a DAF has no such requirements. Individual grants can be done on an anonymous basis or the entire DAF could be anonymous. It is completely up to the donor. This is a major reason people choose a DAF over creating a private foundation — not to mention that DAFs can be created more cost effectively with any level of assets.

• Rebalancing, resetting cost basis, and required minimum distributions (RMDs) can all be done in connection with a DAF. By making gifts to a DAF of assets that create taxable events you can potentially mitigate the tax impact on your client. **Examples:**

- When rebalancing a client's stock allocation, some portion of this rebalancing may be achieved by donating appreciated securities and then using cash to buy the assets that need to be increased within the allocation.
- A highly appreciated stock can be donated to a DAF, thus avoiding capital gains tax. Then, you can repurchase that very same stock and thereby reset the cost basis for that holding.

(continued)

CENTRAL NEW YORK COMMUNITY FOUNDATION, INC.

Where the Smart Money Gives.

Contact Us

Our development team is available to assist you with the information and tools that help your clients achieve their charitable goals.

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Using Donor-Advised Funds to Help Your Clients

- Retirement plan RMDs can be taken by the client and then donated to their DAF which generates a charitable deduction to help offset the additional taxable income.

As this calendar year comes to an end, the DAF can be a great tool for your clients who could benefit from a charitable deduction for 2014. For example, a client who has a larger than normal adjusted gross income due to a taxable event this year (e.g., deferred compensation payout, business sale, large bonus) could make a contribution to a DAF at the Community Foundation, which is a public charity. Then, the donor can decide later what organizations to support from their fund. Depending on the assets used, a DAF can be created quickly, often with just a single meeting.

If you have questions or would like to discuss a specific situation, please feel free to contact Tom Griffith, Gift Planning Officer, at 315-883-5544 or tgriffith@cnycf.org.