

Donor Advised Funds

Planning Guide



A branch of the Jewish Federation of Greater Philadelphia, growing a stronger community and a brighter future.

“My wife and I have been donors to the Jewish Federation for many years and had confidence in its staff to manage the fund professionally and transparently. We never even explored the alternatives to the Jewish Federation’s Donor Advised Funds.”

Dan Bacine, Fund Holder

Since 1901, thousands of individuals and families have partnered with the Jewish Federation of Greater Philadelphia to support the Jewish people and organizations around the world, and to meet their personal philanthropic goals. Donors trust the Jewish Federation's Jewish Community Foundation to make their charitable giving effective and advantageous – both for themselves and for the community.

One of the best ways to organize and implement charitable giving is a Jewish Community Foundation Donor Advised Fund (DAF). A DAF at the Jewish Community Foundation can simplify your charitable giving and provide you with significant tax advantages. With a gift of \$5,000 or more to the Jewish Federation, you can create a DAF in your name or a name of your choosing. As a fund holder, you can recommend charitable distributions to the Jewish and secular charities of your choice whenever you wish. Until distributions are made, the assets of the DAF are invested for tax-free growth from among a menu of investment options.

The Jewish Community Foundation administers the DAF and provides all services needed: investment, record keeping, research and distributions. A single contribution can be used to recommend many grants to qualified charities at any time in the future, freeing you from the pressure of making decisions by year-end deadlines.

This planning guide will give you the information you need to implement this excellent planned giving tool and start reaping the benefits.

ESTABLISHING A DONOR ADVISED FUND

To begin, choose a name for the fund. The fund can be in your name, your family name, or name of your choice; it can reflect an area of interest to you, or it can be anonymous.

Next, make a minimum gift of \$5,000. Your initial contribution can be made by check (payable to the Jewish Federation of Greater Philadelphia), by wire, or by transfer of publicly traded securities or mutual fund shares. The IRS currently prohibits contributions to a DAF from an IRA. All contributions to the DAF are acknowledged with a letter to support your tax reporting. Publicly traded securities and mutual fund shares are sold upon receipt by the Jewish Federation and the net proceeds are added to the DAF.

Generally, contributions to the DAF are fully tax-deductible in the year in which they are made, subject to itemized deduction limitations. Gifts of appreciated securities are deductible at fair market value if the asset was held for more than one year. Donors are encouraged to consult with their legal or tax advisors regarding the tax advantages of charitable giving in their personal situation.

Additional contributions of any size may be made to the fund at any time. Currently, there is no minimum contribution amount for additional contributions over the initial \$5,000 gift.

Other individuals can also donate to the DAF and obtain their own income tax deductions. For example, fund holders might ask that contributions be made to their DAF in honor of a special birthday or anniversary in lieu of gifts. Once assets are contributed to a DAF, the gift is irrevocable and ownership of the assets transfer to the Jewish Federation.

One of the most significant changes in the 2017 Tax Cuts and Jobs Act was the dramatic increase in the standard deduction. For 2024, married couples filing jointly can claim a standard deduction of \$29,200 (higher if you are over 65). The IRS standard deductions are adjusted annually for inflation. This, combined with other provisions in the law, may mean there are fewer reasons for you to itemize your deductions when filing your taxes.

“Bundling” is a strategy whereby you make a larger charitable gift in one year and itemize your deductions in that year. You would take the standard deduction in later years. Establishing or adding to a DAF at the Jewish Community Foundation allows you to place that larger, “bundled” donation into the DAF, claim the charitable deduction in the year you make the contribution while spreading distributions to charities over several years.

FUND ADVISORS

As a DAF donor, you designate your Fund Advisors – the individual or individuals who can make recommendations for grants to qualified charities from the DAF (often the donor or the donor and his/her spouse). You may also designate a successor or successors to succeed the initial Fund Advisor(s) in the event of incapacity or death (often the donor's children).

If more than one Fund Advisor is named, you must indicate in the agreement whether they may act independently in submitting recommendations or whether they must all consent.

A DAF ends upon the deaths of all those entitled to make recommendations, or if the donor voluntarily terminates the DAF at an earlier time by recommending distribution of all assets to charity.

Upon the death or incapacity of all of those entitled to make recommendations, the donor can elect to establish a permanent endowment fund at the Jewish Community Foundation to benefit specific charities or an area of interest OR can recommend that specific charities receive all of the remaining assets in the DAF. In the absence of an accepted written final recommendation from the donor, upon termination of the DAF, the balance will be distributed to the Jewish Federation's unrestricted endowment.

If the principal of any fund remains below the minimum amount of \$2,500 for a period of more than one year, the Foundation will encourage the donor to make a contribution sufficient to bring the principal of the fund up to this amount. If the donor is unable or unwilling to do so, the Foundation may at its discretion close that fund by distributing its principal and income to the Jewish Federation's Unrestricted Endowment Fund. The Foundation will provide the donor 60 days notice prior to this fund-closing distribution. If the donor does not submit any recommendation as to qualified charitable recipients within the 60-day period, the DAF will be closed and its remaining funds placed in the Jewish Federation's Unrestricted Endowment Fund.

USING A DONOR ADVISED FUND

Fund Advisors submit grant recommendations with the names and addresses of their identified charities, any special purpose for the grant, and the amounts recommended to be distributed to each charity. The minimum amount that can be granted from a DAF is \$100.

Grant recommendations are submitted online via the website: jewishphilly.donorfirstx.com. They also can be submitted by fax, email, or post mail at any time.

The Foundation verifies the tax status, mission, and viability of the recommended charitable organization(s), and disburses checks within 10 business days following approval. A cover letter accompanies each check informing the recipient charity that the disbursement was sent as a result of a donor's recommendation from the fund and states the purpose of the gift, if any is identified.

Grants can only be used for charitable purposes. **Fund Advisors (or anyone else) may not receive goods or services in exchange for the grant.**

Donors have online access to fund accounts 24 hours a day, seven days a week, at jewishphilly.donorfirstx.com. There they can check balances, contributions and distributions, and make grant recommendations. Donors also receive quarterly reports by mail or can view them online.

INVESTMENT OPTIONS

The Jewish Federation's Investment Committee, in conjunction with its professional investment advisors, is responsible for overseeing the Foundation's investments. The investments are reviewed on a regular basis. There are five investment pools, a money market fund option and an Israel ETF option. Donors may also invest DAF assets in State of Israel Bonds.

Investment Model		Fund Name / Symbol
Money Market Fund	100%	Allspring Treasury Plus MM Fd-Inst (PISXX)
Conservative Income (9/86/5) *		
Domestic Equity	7%	Vanguard Total Stock Market Index-Admiral (VTSAX)
International Equity	2%	Vanguard Developed Markets Index-Admiral (VTMGX)
Fixed Income	65%	Vanguard Total Bond Market Index-Admiral (VBTLX)
Fixed Income	21%	Vanguard Short-Term Bond Index-Admiral (VBIRX)
Money Market	5%	Allspring Government MM Fd-Inst (GVIXX)
Conservative G&I (35/63/2) *		
Domestic Equity	25%	Vanguard Total Stock Market Index-Admiral (VTSAX)
International Equity	10%	Vanguard Developed Markets Index-Admiral (VTMGX)
Fixed Income	63%	Vanguard Total Bond Market Index-Admiral (VBTLX)
Money Market	2%	Allspring Government MM Fd-Inst (GVIXX)
Balanced G&I (53/45/2) *		
Domestic Equity	40%	Vanguard Total Stock Market Index-Admiral (VTSAX)
International Equity	19%	Vanguard Developed Markets Index-Admiral (VTMGX)
Fixed Income	28%	Vanguard Total Bond Market Index-Admiral (VBTLX)
Money Market	2%	Allspring Government MM Fd-Inst (GVIXX)
Growth (86/12/2) *		
Domestic Equity	59%	Vanguard Total Stock Market Index-Admiral (VTSAX)
International Equity	27%	Vanguard Developed Markets Index-Admiral (VTMGX)
Fixed Income	12%	Vanguard Total Bond Market Index-Admiral (VBTLX)
Money Market	2%	Allspring Government MM Fd-Inst (GVIXX)
Israeli ETF (98/2) **		
Israeli Equities	98%	BlackRock iShares MSCI Israel ETF (EIS)
Cash	2%	Wells Fargo Bank Deposit Sweep

You will be asked to select an investment strategy when the DAF is established. You may request a change to your asset allocation at any time and changes may be made up to 12 times per year.

* Equity/Fixed Income/Money Market

** Daily Model trades over \$25,000 may take longer to execute

APPROVAL OF GRANT RECOMMENDATIONS

IRS regulations require that DAFs support the mission of the organization administering the funds. The Jewish Community Foundation's Donor Advised Fund Advisory Committee approves all recommendations. There are two major criteria that must be met before a distribution will be made:

- The distribution must be to a 501(c)(3) public charity approved by the IRS.
- The function of the charity must be in keeping with the broad purposes of the Jewish Federation.

The Foundation reserves the right to reject grant recommendations (and may request the return of grants) that are discovered to be for purposes contrary to its mission or directly counter the interests of the Jewish community. The Foundation will not fund organizations that through their mission, activities, or partnerships: endorse or promote antisemitism, other forms of bigotry, violence or other extremist views; actively seek to proselytize Jews away from Judaism; or advocate for, or endorse, undermining the legitimacy of Israel as a secure independent, democratic Jewish state, including through participation in the Boycott, Divestment and Sanctions (BDS) movement, in whole or in part. It may also refuse or return grants recommended to organizations that fail to maintain proper standards of financial oversight or accountability or are not qualified 501(c)(3) public charities.

Examples of grant recommendations that may be approved include: recommendations to the Jewish Federation (either for the annual campaign or other purposes) and to most Jewish and secular local and national charitable, cultural, educational, scientific, medical, and religious institutions.

Most grants to Israeli organizations can be facilitated through a 501(c)(3) "Friends of" organization or through Jewish Federations of North America.

Under IRS rules, donors may not receive a benefit (such as event tickets) as a result of a grant from a DAF. To ensure compliance with the law, the Foundation will not pay the tax-deductible portion of a grant when there is an associated non-deductible portion.

For example, if a fundholder wishes to make a gift to a charity for an event and accept tickets, payment may not be made through a DAF; the entire amount must be paid personally. If the fundholder declines the tickets, the grant may be made from the DAF. We ask that fundholders confirm that no benefits will be received whenever a grant is recommended from a DAF.

Example: A ticket to an event costs \$500, and \$300 of that amount goes to support the charity's mission and is tax-deductible, while \$200 is the non-deductible cost of the event. The full ticket price of \$500 (both the tax-deductible portion and the non-deductible portion) must be paid by the individual personally and not through the Fund. A fundholder cannot recommend a \$300 grant from the Fund and fulfill the rest with a \$200 personal check.

This document was prepared in and reflects accurate information as of September 2024.

Information contained in this publication is for informational purposes only and should not be construed as legal or tax advice. Consult your lawyer or tax advisor when considering planned giving strategies.

TAXES AND FEES

The Foundation currently charges an administration fee calculated on a monthly basis.

The annual administrative fee is charged as follows:

First \$1 million in assets	60 basis points
Next \$1 million to \$2.5 million	40 basis points
Next \$2.5 million to \$5 million	20 basis points
Next \$5 million to \$15 million	10 basis points
Next \$15 million and above	5 basis points

Assets held in the Money Market Fund are charged an annual administrative fee as follows:

If interest earned is less than 3%	0 basis points
If interest earned is 3% or more	25 basis points

The administrative fee is based on market value and is calculated monthly. Assets invested in Israel Bonds are excluded from the administrative fee.

Additionally, our investment manager, custodian and outside administrator charge a fee totaling 40 basis points for management and custody of funds, with the exception of the Israeli ETF fund which is approximately 50 basis points higher. Our fee structure maximizes your dollars while allowing us to help you support your charitable intentions through a Jewish lens—all while providing you with a direct and personal connection to a Foundation professional.

Donor Advised Funds grow tax-free. In establishing a DAF, you have made a completed charitable gift and are, therefore, not taxed on any income earned in the DAF. The investment growth provides additional funds from which you may recommend grants. Thus, you may recommend grants from these additional funds.

GETTING STARTED

Establishing a Donor Advised Fund with the Jewish Community Foundation of Greater Philadelphia is a smart investment - for you, your loved ones, and your local and global Jewish communities. To get started, choose the name you would like to use for the DAF, and contact the Foundation. We will prepare a simple Fund Agreement and Investment Model Allocation Form for you to complete and sign.

The Foundation offers complimentary philanthropic consulting services to help you achieve your charitable objectives. Our knowledgeable staff are available to speak with you on a confidential basis to discuss options for investing in the Jewish community locally, in Israel, or around the world and can provide current, expert information on a broad range of topics including strategic grantmaking, Jewish community needs, and multi-generational philanthropy. There is no minimum fund balance required to access our services.

We thank you for your support and look forward to working with you.

CONTACT:

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Visit jewishphilly.org/DAF



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