

Catholic Diocese of Wichita
Donor Advised Fund

Definition

A Donor Advised Fund (“Fund”) is a charitable vehicle that enables a donor to make an immediate irrevocable charitable contribution to the Diocese and then recommend charitable distributions from the Fund at a later date.

Purpose

The purpose of a Fund is to advance the charitable purposes of the Diocese in a manner that provides donors the opportunity to make non-binding recommendations as to the charitable organizations they desire to benefit. However, the Diocese retains the final authority to determine the use of and distribution from all Funds in a manner that is consistent with the mission and purpose of the Diocese, and in accordance with applicable laws and regulations.

Tax advantage to donor

There are several tax advantages of a Donor Advised Fund.

The Internal Revenue Service presently allows the donor(s) who make a gift of cash to claim an income tax deduction of up to 50% of one’s annual adjusted gross income; or, for a gift of long-term securities or property, a deduction up to 30% of adjusted gross income. With respect to Donor Advised Funds, the donor(s) must satisfy two basic requirements:

- The fund must be the property of the Diocese, and
- A donor may not reserve a right to control distributions that would prevent the Diocese from freely using the assets and earnings of the fund in furtherance of its charitable purposes.

Experience and studies have consistently shown that Donor Advised Funds are more flexible and less costly to maintain than private foundations, yet they afford similar, and in some respects, more advantageous tax planning advantages.

Benefits to donor

Specific benefits to a donor are as follows:

- Accounts can be established in the donor’s family name and thereby allowing loved ones to be memorialized.
- Donors can achieve a potential tax deduction during the current tax year, with the ability to carry forward any excess deductions up to five years.
- Donors can have charitable contributions invested in a professionally managed

investment pool where the contribution may grow and possibly offer more dollars available for future charitable grants.

- Donor Advised Funds are easy to establish with none of the complex administrative headaches and financial burdens of private family foundations.
- Donor Advised Funds are flexible and allow donors to carefully recommend grant recipients. Charitable distributions may be made to Catholic organizations as well as other charities supported by the donor.
- Unlike charitable gift annuities, donors can add to the fund at any time and receive the satisfaction of seeing the fund accomplish its objectives during their lifetime.
- Donors can designate that funds be placed in a true endowment.