



> BENEFITS OF DONOR-ADVISED FUNDS

Do you want to stay actively involved, or to include your children, in your giving?

If you are considering a private foundation or a commercial donor-advised fund, it makes sense to compare alternatives that might meet your needs more effectively.

| | Hartford Foundation Donor-Advised Fund | Commercial Donor-Advised Fund | Supporting Organization | Private Foundation |
|---|---|--|---|--|
| Donor Involvement | Donor recommends grants to qualified nonprofit groups. Fund is invested in the Foundation's diversified pool, with other investment options at \$2 million or more | Donor recommends grants to qualified nonprofit groups. Investment decisions are made by donor, but are limited to the fund's approved investment choices | Supporting Organization board has complete control over investments and grantmaking. Hartford Foundation and donor work together to select board | Donor appoints board, which controls investments and grantmaking |
| Tax Status | Participates in Hartford Foundation's public charity status | Participates in the entity's public charity status | Receives public charity status based on its relationship with Hartford Foundation | Applies to IRS for private foundation tax-exempt status |
| Income Tax Deductions For Gifts | Up to 50% of adjusted gross income | Up to 50% of adjusted gross income | Up to 50% of adjusted gross income | Up to 30% of adjusted gross income |
| Cash | | | | |
| Publicly-traded Securities | Fair market value up to 30% of adjusted gross income | Fair market value up to 30% of adjusted gross income | Fair market value up to 30% of adjusted gross income | Fair market value up to 20% of adjusted gross income |
| Real Estate and Closely-held Securities | Fair market value up to 30% of adjusted gross income; real estate and closely-held stock accepted | Fair market value up to 30% of adjusted gross income; real estate usually not accepted | Fair market value up to 30% of adjusted gross income; real estate and closely-held stock accepted | Deductible at cost basis up to 20% of adjusted gross income |
| Grantmaking Support | Professional staff is available to help identify and assess grantees, provide input on community needs, and verify nonprofit status of groups. Educational and joint grantmaking programs available | Varies. Most have no grantmaking expertise and do minimum due diligence of grant recipients | Professional staff is available to help identify and assess grantees, provide input on community needs, and verify nonprofit status of groups. Educational and joint grantmaking programs available | Donors must arrange and support their own grantmaking and monitoring structure |
| Grants To Individuals | Allowed under some circumstances (e.g., scholarships) | Typically not supported | Allowed under some circumstances (e.g., scholarships) | Allowed under some circumstances (e.g., scholarships) but extra oversight required |
| Distribution Requirements | None | Varies, up to 5% of net asset value annually | None | At least 5% of net asset value annually |
| Start-Up Considerations | | | | |
| Costs | None | None | Costs kept to a minimum through collaboration with Hartford Foundation | Several thousand dollars for legal and accounting expenses and filing fees |
| Timeframe | Immediate | Immediate | Several months | Several months |
| Minimum Contribution | \$50,000 recommended — may build up from \$25,000 | Varies, usually \$10,000 - \$25,000 for individuals | \$5 million recommended | Typically millions of dollars |
| Annual Administration Requirements | | | | |
| Fees | 1% of assets for administrative fees (minimum \$500) and declining scale over \$500,000. Average of .65% for investment expenses | Usually 1% of assets for administrative fees and .5% - .75% for investment expenses | Varies, but typically base fee of 1% of assets plus actual investment expenses, audit fees, and tax return preparation fees | Grantmaking, administrative, and investment support must be staffed and financed independently |
| Taxes | None | None | None | Excise tax of up to 2% of net investment income, including net capital gains |
| Reporting | None | None | Annual tax returns and audits, including detailed financial schedules filed by Hartford Foundation | Annual tax return, including detailed financial schedules, filed by private foundation |
| Privacy | Donors may remain anonymous | Donors may remain anonymous | Donors may remain anonymous | Donors may remain anonymous on grants but 990 PF is public |

We advise you to seek your own legal and tax advice in connection with gift and planning matters. The Hartford Foundation does not provide legal or tax advice.