

## Donor-Advised Funds at the Hartford Foundation for Public Giving

### The numbers

- The Hartford Foundation manages donor-advised funds with total assets of over \$160 million. The Foundation's first donor-advised fund was established in 1974.
- 24 new donor-advised funds were created in the past 5 years, reflecting a growing interest by donors in being involved with grantmaking during their lifetimes.
- The minimum for a donor-advised fund is \$25,000, but donors may build up to that amount.
- 45 of the funds have assets greater than \$250,000.

### The services

- Each fund is assigned a staff liaison at the Hartford Foundation who provides various services, including grantmaking advice, grant processing, quarterly fund reports, donor briefings, site visits as appropriate and a listing of grant opportunities called *Grants Express*, available online and published three times a year.
- Fees are charged at 1.2% up to \$500,000, after which fees are based on a sliding scale.

### The grants

- 815 grants totaling more than \$7.6 million were made from donor-advised funds in 2014.
- Donor-advised grants accounted for 23% of total Hartford Foundation grants in 2014.

- Major grantmaking categories include arts and humanities, education, health, housing and economic development, and family and social services.
- Grants from donor-advised funds are made after review and approval by the Foundation's board of directors, taking into account the specific donor's wishes and providing flexibility outside the requirements of the Foundation's guidelines for grantmaking from unrestricted funds. For example, grants may be made to religious organizations, independent schools and nonprofit organizations outside our 29-town geographic area.
- Succeeding generations may advise on funds if such provisional language is included in the original fund agreement.

### Sample grants from donor-advised funds

- Oak Hill – music therapy for disabled clients (\$2,500)
- Hands on Hartford – weekend backpack nutrition program (\$8,000)
- Malta House of Care – eye care services for diabetes patients (\$5,000)
- Riverfront Recapture – youth programming on the river (\$3,000)
- Harriet Beecher Stowe Center – general operating support (\$1,500)
- Network Against Domestic Violence – bullying prevention workshops (\$3,000)

Donor-advised funds offer community engagement, flexibility and access to the expertise of the Hartford Foundation staff about grantmaking and the region's nonprofit community.



# Benefits of Donor-Advised Funds

Do you want to stay actively involved, or 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	Private Foundation
<b>Donor Involvement</b>	Donor recommends grants to qualified nonprofits. Fund is invested in the Foundation's diversified pool, with other investment options at \$2 million or more	Donor recommends grants to qualified nonprofits. Investment decisions are made by donor but are limited to the fund's approved investment choices	Donor appoints board, which controls investments and grantmaking
<b>Tax Status</b>	Participates in Hartford Foundation's public charity status	Participates in the entity's public charity status	Applies to IRS for private foundation tax-exempt status
<b>Income Tax Deductions For Gifts</b>	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. If appreciated, may claim	Fair market value up to 30% of adjusted gross income. If appreciated, may claim	Fair market value up to 20% of adjusted gross income. If appreciated, may claim
Real Estate and Closely Held Securities	Fair market value up to 30% of adjusted gross income; real estate and closely held stock accepted. If appreciated, may claim	Fair market value up to 30% of adjusted gross income; real estate and closely held stock accepted. If appreciated, may claim	Deductible at cost basis up to 20% of adjusted gross income. If appreciated, may claim
<b>Grantmaking Support</b>	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	Donors must arrange and support their own grantmaking and monitoring structure
<b>Grants to Individuals</b>	Allowed under some circumstances (e.g., scholarships)	Typically not allowed	Allowed under some circumstances (e.g., scholarships) but extra oversight required
<b>Distribution Requirements</b>	None	Varies, up to 5% of net asset value annually	At least 5% of net asset value annually
<b>Start-up Considerations</b>	None	None	Several thousand dollars for legal and accounting expenses and filing fees
Costs			
Time Frame	Immediate	Immediate	Immediate
Minimum Contribution	A \$25,000 minimum is required for grantmaking.	Varies, usually \$10,000 – \$25,000 for individuals	Typically millions of dollars
<b>Annual Administration Requirements</b>	1.2% of assets for administrative fees (minimum \$500) and declining scale over \$500,000. Average of 0.70% for investment expenses	Usually 1% of assets for administrative fees and 0.5% – 0.75% for investment expenses	Grantmaking, administrative and investment support must be staffed and financed independently
Fees			
Taxes	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 private foundation
<b>Privacy</b>	Donors may remain anonymous	Donors may remain anonymous	Donors may remain anonymous on grants but IRS form 990 PF is public

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