

Donor Advised Funds

An effective and flexible vehicle for charitable giving



It's like having your own foundation...only easier

Jackson Community Foundation
For Jackson. For good. For ever.



Mission:

We connect people and resources to causes that strengthen and build our community. For Jackson. For good. For ever.

Vision:

A thriving community where all people have the opportunity to reach their fullest potential.

Values:

- *Act with Integrity & Transparency*
- *Embrace Diversity & Inclusion*
- *Advance Equity*
- *Inspire Partnerships, Collaboration & Collective Impact*

Values Defined:

- **Act with Integrity & Transparency** – We preserve the public trust through independent governance, objectivity, and honest leadership. We are open and forthright with one another, donors, grantees, and the community.
- **Embrace Diversity & Inclusion** – We lead by example and use our position in the community to promote greater understanding and use of diversity policies and practices. We practice and champion inclusiveness and honor diverse strengths, needs, voices, and backgrounds.
- **Advance Equity** – We advance equity by promoting policies and practices that eliminate disparities. Our work is to bring the wisdom of community to reimagine a society that works for all.
- **Inspire Partnerships, Collaboration & Collective Impact** – We value the transformative power of collaboration and partnerships. By working together on mutual interests we create a more positive and lasting impact on our community.



Jackson Community Foundation

Who We Are

Welcome to the Jackson Community Foundation (JCF). Our Mission is to connect people and resources to causes that strengthen and build our community.

For **Jackson**. For **good**. For **ever**.

Established in 1948 by a small group of community business leaders, the initial funding for the Foundation was a contribution of two \$10,000 death benefit checks received by the families of two young Jackson service men who lost their lives in World War II. These original founders and donors wanted to have a strong community-based organization that could help those in need and create a legacy of caring for the future growth of Jackson County.

The Foundation has grown to its present size because hundreds of community-minded individuals, families, nonprofits, and companies have created permanently endowed funds by gift or bequest, ensuring future generations of the resources they will need to make our community one where businesses *choose* to locate and families *choose* to live.

When you open a donor advised fund at the Foundation, you have chosen a simple, flexible, and effective way to support the charitable causes you care about.

We invite you to learn more about the Jackson Community Foundation and how we help donors fulfill their charitable goals in ways that promise meaningful and lasting impact. Giving has never been easier.

The Martha Pfund Children's Dental endowment fund addresses the oral health of children in Jackson County.





The Jones Family considers our Family Fund a way to ‘pay it forward’ to the Jackson Community. E. Marlin Jones and his bride, Evelyne, made Jackson their home in 1934. They raised and educated their four children here and planted a family company here. To this day, several of the Jones family and their descendants still live in and around Jackson and are proud to call this community ‘home.’

We believe in investing in our community so that it becomes vibrant and thriving. Our primary focus has been funding education, health, and hunger relief initiatives; because an educated, healthy and hunger-free population is unstoppable. In the past we’ve funded grants to The Center for Family Health, the Reading Writing Connection and The Immanuel Lutheran Food Pantry and many others.

We are grateful to be a part of this wonderful community and are pleased to help support it.

-Sarah Jones-Richmond

The Jones Family grandchildren



The Benefits

A donor advised fund at the Foundation offers you many advantages and a wealth of benefits:

- An immediate charitable income-tax deduction for gifts to your fund.
- No capital gains taxes on gifts of appreciated, long-term assets.
- Tax advantages that you won’t receive with a private foundation.
- The opportunity to involve your family in philanthropy.
- The opportunity to name a successor advisor – your child, a family member, a trusted advisor, or a friend – to continue your legacy and advise your fund upon your death or if you become unable to direct your fund.
- Flexible to make grant recommendations to the public charities of your choice.
- Professional investment management to ensure your charitable fund will continue to grow.
- Online access to the details of your fund – current balance, investment performance, available spending, and recent grant distribution – and online access to make grant recommendations.
- Access to JCF’s professional grantmaking staff, our in-depth knowledge of our community’s needs and the many relationships we maintain throughout the private, public and nonprofit sectors.
- The opportunity to leverage your grant distributions with JCF or other donors’ grants to maximize the impact of your philanthropy.
- Freedom from the administrative burdens and expenses of maintaining a private foundation. The community foundation handles all the paperwork, tax reporting and record keeping.
- Recognition or anonymity – whichever you choose.

New Option!

How It Works

Establish and name your donor advised fund. Donor advised funds can be established during your lifetime or through your will or other planned giving instrument.

Make an initial minimum gift of \$10,000. Flexible giving options include: a gift of cash, publicly traded or closely held stocks, bonds, real estate or other assets. Your initial gift to establish your fund may be pledged over time.

Mechanics of service fees and spending policy:

- **Investment management fee:** Covers the professional investment management of your fund. It is deducted from your fund monthly at a rate of 1/12th of .5% of the total market value of the fund from the prior month.
- **Administrative service fee:** Covers the Foundation's services associated with operating the fund. A donor advised fund's administrative service fee is 1.6%. The services include among other things:
 - Fund Administration and recordkeeping (including web-based fund statements)
 - Investment Manager Performance Reports
 - All reporting to the IRS, Attorney General, State of Michigan, etc.
 - Acknowledgment of all contributions to your fund with a letter to the donor that also serves as appropriate tax documentation.
 - Inclusion of your fund in the Foundation's Annual Report and other printed and web-based marketing materials. We also issue a press release to all area media announcing the creation of the fund.
- **Spending policy:** Spending 5% of the average market value of the fund over four rolling quarters net of the administrative service fee is available annually. Each year the number of rolling quarters used to determine the average market value will increase by 4 until you reach 16 rolling quarters. **For example**, a donor advised fund with an average market value of \$50,000 would distribute \$2,500 (5%) minus an annual service fee of \$800 (1.6%), for a total distribution of \$1,700.
- **Saving option:** During any given year, the donor or agency may forgo payment of the earnings and can either leave these earnings as available income throughout each year, or on an annual basis request that the Foundation reinvest these earnings in the principal of the fund. Any spendable available on October 31st of each year will automatically be reinvested in the principal of the fund unless otherwise indicated by the fund representative.

Exciting New Option! For gifts of **\$250,000** or more, you may now qualify for an **Individually Managed Fund**. This allows you to keep your investment advisor while getting the tax advantages of a Donor Advised Fund and the resources of using a community foundation to guide you through the grantmaking process!

Once your fund is established, you have the opportunity to:

- Recommend grant distributions from the fund at any time. Grants must be a minimum of \$250 and directed to a 501(c)3 public charity located in Jackson County or the United States.
- Review your fund's performance and grant distributions online at www.jacksoncf.org
- Make additional tax-deductible contributions to your fund at any time.
- Consult JCF's professional grantmaking staff for timely and reliable guidance whether you are...
 - Looking for an organization that supports your favorite cause.
 - Exploring new areas of interest.
 - Wanting to learn more about our community's needs and opportunities to make a difference.
- Leverage your gifts with our Community Needs grants and expand the impact of your philanthropy.



The Allen E. Spiess, Jr. Endowment fund has granted support to Jackson community programs including the Cascades Humane Society.

Flexibility:

Endowed and Non-permanent

The “endowed” donor advised fund is a permanent endowment that allows you to make grant recommendations in accordance with JCF’s spending policy. The principal balance is invested in a highly diversified portfolio focused on long-term growth. The endowed fund at JCF:

- Creates a permanent legacy of your generosity that grows over time and will benefit future generations.
- Ensures that your gift’s principal remains, preventing the possibility of terminating your legacy with unlimited grants.
- Provides continued oversight to ensure your charitable intentions and original intent will be sustained in perpetuity.

A “non-permanent” donor advised fund permits you to make grant recommendations that could result in distributing a portion of or all of the fund’s balance. If non-permanent, your fund will be invested in a short-term portfolio focused on protection of principal.

With the minimum gift of \$10,000 required to establish the fund, it may be allocated between your permanently endowed fund and your non-permanent fund with at least \$5,000 contributed to the permanent endowed fund.

For example, a donor advised fund with a market value of \$50,000 would distribute \$2,500 (5%) minus an annual service fee of \$800 (1.6%), for a total grant of \$1,700.

Ensuring Your Gifts Have Impact

What causes you choose to support with your donor advised fund are up to you – and you can change them over time. While JCF's focus is local, you have the opportunity to support any nonprofit organization that is recognized by the IRS and is serving a charitable purpose. These include local nonprofits, most churches and faith-based organizations, schools and governmental agencies.

For each grant you recommend, our staff ensures the recipient organization is a valid 501(c)3 public charity, school, church or governmental entity.

If you are interested in supporting a local nonprofit organization, specific area of interest, or are considering a local organization that is new to you, our grantmaking staff can provide great insight and knowledge.

Our staff and Board of Trustees have a deep understanding of our community's needs and priorities, what organizations have the capacity to create change, and where there are opportunities for innovative solutions. We can share with you giving opportunities you may not have otherwise considered, and can help you make the best recommendation based on your charitable interests.

A Donor Advised Fund for Your Business

Establishing a donor advised fund is an excellent alternative to creating a corporate charitable foundation. Whether a corporation, partnership, limited liability company or sole proprietorship, your business can establish a donor advised fund at the community foundation to:

- Establish or continue a charitable-giving program and communicate your organization's commitment to supporting our community's well-being.
- Provide a source for future charitable giving in years when revenues might not otherwise warrant charitable gifts.



Professional Investment Management

The Jackson Community Foundation provides wise, thoughtful and professional stewardship of the philanthropic assets entrusted to us.

JCF's Board of Trustees and our Finance Committee are charged with overseeing JCF's investment portfolio. The Finance Committee – a highly qualified group of local finance and accounting professionals – meet regularly with our finance staff and our professional investment consultant to review JCF's investment strategy, asset allocations and investment performance, and to evaluate and recommend investment managers.

JCF employs a diversified asset allocation that supports a long-term investment strategy to ensure that the value of your fund, if endowed, will continue to grow over the long-term – at a rate of return that covers inflation *and* provides sufficient funding to meet administrative fees and support future grant distributions.

Multiple Tax Advantages

Contributions to your donor advised fund are tax deductible in the year they are made. Any unused deductions can be carried forward for up to five years. In addition, because your fund is part of a public charity, your gifts to your fund at JCF receive the most favorable tax treatment under the Internal Revenue Code.

Giving long-term appreciated securities, privately held business interests, or other long-term appreciated assets may enhance your tax benefits. You may avoid capital gains tax on these gifts and may receive a tax deduction equal to the full fair market value of the gifted property, up to 30-50% of your adjusted gross income. (See table on page 7)

We encourage you to consult with your tax attorney or professional advisor to determine the tax deductions associated with your gifts.



The Booth Family Fund

It was time for us to give more structure to our community commitment by giving in a more meaningful way. The Jackson Community Foundation's Donor Advised Fund allows us to stay involved in the giving process while being able to use their staff to better understand the current issues Jackson County is facing. We are grateful for this opportunity to make a small difference in our community.

Dr. Jerry & Jackie Booth

An Attractive Alternative

A donor advised fund at the Jackson Community Foundation offers many advantages and a wealth of benefits over a private foundation – without the burdens of costs associated with managing a private foundation.

Donor Advised Fund:	Private Foundation:
No set up fees	Set up costs include legal, accounting and filing fees.
No minimum annual distribution required.	Annual distribution of 5% - based on average value held in Foundation is required by IRS.
No excise taxes.	Excise taxes of 1% - 2% of net investment income.
Greater Income Tax Deductions: <i>Cash:</i> Up to 50% of adjusted gross income. Appreciated publicly traded stock: Fair market value up to 30% of adjusted gross income. <i>Long term real estate and other securities:</i> Fair market value up to 30% of adjusted gross income.	Income Tax Deductions: <i>Cash:</i> Up to 30% of adjusted gross income. Appreciated publicly traded stock: Fair market value up to 20% of adjusted gross income. <i>Long term real estate and other securities:</i> Deductible at cost basis.
You may choose to make grants anonymously.	Grants are listed publicly through tax return.
You have access to a professional grantmaking staff, JCF's knowledge of community needs and priorities, and the opportunity to leverage other donors' gifts to maximize the impact of your philanthropy.	You are on your own to investigate and analyze potential grant opportunities and bear the expense of staffing the foundation.
Set up time: as fast as needed to meet your needs	Set up time can take many months.
Administrative costs are pooled. An annual fee of 1.6% is charged.	Annual filing fees and accounting expenses.
Investment costs are pooled. An annual fee of .5% is charged 1/12 per month.	You negotiate with your Investment Advisor.
The community foundation handles all the paperwork, tax reporting and record keeping.	Annual tax return filing; Form 990-F.

Don't Forget! For gifts of **\$250,000** or more, you may now qualify for an **Individually Managed Fund**. This allows you to keep your investment advisor while getting the tax advantages of a Donor Advised Fund and the resources of using a community foundation to guide you through the grantmaking process!



The Walz Family Fund

When I joined the Jackson Community Foundation Board in 2002, one of the things I learned very quickly was about the enduring nature of a foundation. At JCF we say "for good, for ever". My personal reaction to that information was to start an endowment fund, named for my children, The Walz Family Fund. Although the amount was nominal, I knew that over time, the fund would grow and that my children and grandchildren would be given the opportunity to make decisions about what community projects the Fund could support with its earnings for as long as there are descendants to act. After that the Fund still goes on under the direction of the Foundation Board. How great is that? A gift to the Foundation where the donor can participate in the Fund's activity and in addition be assured that the potential for giving lives on.

I was taught early in my life about the importance of philanthropy and it has been fun for me to pass on the same message to my granddaughters, the youngest of whom have been members of JCF's Youth Advisory Committee. The Jackson Community Foundation offers the possibility of giving of the highest order whether ones gives time or treasure....for good, for ever.

Carlene Walz Lefere, Trustee.

Granddaughter's Left to Right: Lindsey, Emily, Madeleine and Katelyn

Benefits of Giving

Through the Jackson Community Foundation

- We provide highly personalized and flexible service to support our donors' varied philanthropic interests.
- We manage more than 270 charitable named funds. Our philanthropic expertise has helped connect our donors to the causes they are about.
- We provide wise thoughtful stewardship for individuals, families, businesses, and nonprofit organizations that entrust their charitable assets to our care.
- A donor advised fund at the community foundation offers maximum tax advantage under state and federal law.
- Our focus is local. We know our community well, and can help identify grant opportunities that fit donors' philanthropic interests.
- Donors have the opportunity to multiply the community impact of their giving by pooling their grant distributions with other resources and grants.
- We give those who care about our community flexible and meaningful ways to fulfill their charitable objectives.



Things to Remember...

- You may make a grant at any time and are not tied to a December 31st deadline.
- You may support any 501(c)3 organization – local or national.
- You can support your place of worship, faith-based schools or nonprofits.
- If you have any questions about an organization, our grantmaking staff can help.
- Completing legally binding pledge through a donor advised fund is prohibited.

Current tax laws prohibit donor advised funds from making grants to:

- Pay for tickets, or any portion of tickets, to fundraisers or benefits that include a material benefit such as a meal, a seat at an event, to purchase or fulfill memberships having any tangible economic benefit, or other goods and services for the donor, advisor or any related party;
- Support an individual;
- Fulfill a legally enforceable pledge a donor, advisor, or a related party has already made; and
- Support political campaigns, or for lobbying purposes.
- Tax law also prohibits donors, advisors, or related parties from receiving grants, loans, compensation, or similar payments from donor advised funds.
- You do not have to make grant distributions from your donor advised fund each year. Some donors opt to skip a year to allow for a larger grant in the future.
- JCF will send you an acknowledgment after grants are distributed from your fund.
- By establishing a donor advised fund at the Jackson Community Foundation, you are relinquishing the investment and direct management of your fund(s) to JCF.

Getting Started

- Call, email, and/or meet with Jackson Community Foundation staff.
- We will prepare an agreement for your review.
- Make an initial contribution to establish your fund.
- Set an appointment with staff to learn how to recommend grants, access your fund information, and leverage JCF's knowledge of community needs and grantmaking experience.



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Excellence. Accountability. Impact.™

*Confirmed in compliance with
National Standards for
U.S. Community Foundations.*

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