



## Episcopal Foundation of Dallas Donor Advised Fund Guidelines

### **Welcome**

Thank you for your interest in a Donor-Advised Fund with the Episcopal Foundation of Dallas (“EFD”). We hope that this guide will serve as a useful resource as you begin a new philanthropic journey.

Inside this guide you will find an introduction and explanation for the Donor-Advised Fund as a giving tool as well as a handy “Quick Reference” divided into categories.

We hope this guide will serve as a resource for you, both in establishing your fund and in using it to achieve your philanthropic goals.

Please feel free to contact Executive Director, Pam Fellows Jamieson at 214 366-9996 or [exec@episcopalfoundationdallas.org](mailto:exec@episcopalfoundationdallas.org) if you have any questions or want more information on Donor-Advised Funds or any of the other charitable options offered by EFD.

### **Mission**

The mission of the Episcopal Foundation of Dallas is to support and strengthen faith communities by partnering wise investments with purposeful giving.

## **What is a Donor-Advised Fund?**

One of the most effective and increasingly popular charitable vehicles in North America today is the Donor-Advised Fund. A Donor-Advised Fund established with EFD is a component fund of EFD. It is established by agreement between EFD and the Donor in consideration of an irrevocable contribution of money or property to EFD. The assets in a Donor-Advised Fund are owned by EFD. The Donor and designated advisors may *recommend* distributions from the fund to public charities whose purposes generally are in furtherance of the charitable goals of EFD which are ministries and poverty, specifically homelessness, food insecurity and health insecurity. These recommendations are advisory only, and EFD has the final authority to approve the grant recommendations. In exchange the Donor can receive an immediate tax deduction for the amount contributed if IRS regulations are followed.

Donor-Advised Funds create a broad base of financial support of the general community. They offer a simple and economical means for benefiting the community and encouraging family philanthropy. Donor-Advised Funds advance the values and goals of EFD by:

- Providing financial resources for critical human services in the local Episcopalian community and the general community.
- Reinforcing the positive perception of EFD as a philanthropic partner with the broader community.
- Providing a vehicle for the donor to support organizations that reflect their values and philanthropic goals

## **Advantages**

### **What are the tax advantages of establishing a Donor-Advised Fund?**

Donors who contribute stock and other appreciated assets are eligible for tax deductions, and they avoid capital gains tax. Also, there are many ways a charitable fund may help a donor reduce estate taxes, preserve retirement assets for family members and provide gifts for charity. EFD's professional staff works closely with attorneys, accountants and other advisors to help donors make the best choices for their families.

### **What are the advantages of establishing a Donor-Advised Fund compared to establishing a private foundation?**

Because EFD is a public charity, there are fewer tax restrictions for gifts and grants than for a private foundation. Generally, donors receive a higher tax deduction for contributions. Additionally, donor-advised funds are typically not subject to excise taxes, and they have no payout requirement.

## **Who Benefits from opening a Donor-Advised Fund?**

### **Episcopalians and North Texas Communities**

Episcopalians and the local North Texas Area benefit from the relationship established between the donor and EFD which leads to an ongoing dialogue about investing in community programs and institutions to address challenges and meet needs of communities within the Episcopal Diocese of Dallas. Through efficient administration, sound investment policies, stewardship, and educational programming EFD builds relationships of trust with current and future donors, increasing the likelihood of enhanced giving and involvement. This includes future permanent endowment funds through estate planning and additional investment in EFD's Unrestricted Endowment Fund. In addition, the Donor-Advised Fund program provides additional opportunities for donor engagement in the community and gives EFD insight into individual donor priorities.

Furthermore, as nonprofit programs and charities outside of the Episcopal community benefit from the activities of EFD Donor-Advised Funds, EFD helps create and reinforce a more positive presence in the broader community. This, in turn, increases goodwill between the Episcopal community and local nonprofits, businesses and government, contributing to an environment that is favorable to the fulfillment of EFD's mission.

### **The Donor**

Establishing a Donor-Advised Fund with EFD benefits the donor. One major advantage of a Donor-Advised Fund over a private foundation is the freedom the donor enjoys to give anonymously when the donor chooses.

When considering grants, the donor can benefit from the knowledge and experience of EFD's staff regarding the community's needs and the organizations that exist to serve them.

Donor-Advised Funds are a cost-effective alternative to a private foundation. Donors have no tax on investment income or capital gains earned in these funds. The donor receives an immediate tax deduction when he or she makes a contribution to the fund, yet can defer the decision about specific charities to support with these funds to a later date. Donor-Advised Funds are also significantly less expensive to start and maintain than private foundations.

Finally, Donor-Advised Fund donors are free from administration and record keeping. EFD reports receipts, disbursement and investment of Donor-Advised Funds in the aggregate, provides an independent audit, processes disbursements, mails checks to recipients and grant reports to donors, administers and invests the assets of the fund and issues regular financial reports on the status of the fund to the donor. All of this work leaves donors free to concentrate on the substance of charitable giving.

## **Frequently Asked Questions**

### **Can I give assets other than cash to a fund?**

Yes, you may contribute stock, mutual fund shares, and in many cases, privately held stock, real estate or other tangible personal property. Gifts of tangible personal property will be considered and received on an individual basis. If the value of the donated property exceeds \$5,000, the donor must provide a qualified appraisal for contributions of property (other than money or publicly traded securities).

### **What is the minimum amount required to open a Donor-Advised Fund with EFD?**

\$25,000.00

### **Am I allowed to make additional contributions to the fund? Is there a minimum amount?**

EFD encourages additional contributions to the fund. You are entitled to a tax deduction each time you make an additional gift. Furthermore, other individuals or corporations may make gifts to the fund you have established. This is especially useful for gifts in honor of a special occasion or memorial.

## **Investments and Operations**

### **How are Funds Invested?**

Donor-Advised Fund investments are managed by our outside managers, Vanguard with oversight by the Foundation's Investment Committee. The funds are invested in the Foundation's pooled portfolio.

### **What are the fees?**

EFD's asset management fee is .73% (computed based on quarter-end market valuation of total assets under management and are collected in arrears in the month after the quarter-end). All fees are collected quarterly from the fund itself, so donors do not pay any amount out of pocket. Fees are subject to change with 30 days' notice.

### **Can I close a fund?**

Contributions to a Donor-Advised fund are irrevocable gifts to EFD. All money in the fund must ultimately be held for or disbursed to qualified public charities. However, because you reserve the right to make grant suggestions, you can terminate a fund by making grant suggestions equaling the entire balance of the fund to be disbursed to qualified nonprofit organizations.

**Is there a minimum balance the fund must maintain?**

Yes, funds must maintain a minimum balance of \$1000.

**How often will I receive a statement?**

Statements are available on a quarterly basis, approximately 15 work days after the end of a calendar quarter.

**Fund Advisors****My spouse and I both want to be advisors. Is more than one advisor allowed?**

Yes.

**I would like my children to be involved. Is that possible?**

Your children can be named a current or successor advisors - meaning that they will have the right to make grant suggestions from the fund. In addition, if you wish to engage in “family philanthropy” (meaning that several generations of your family will work together to support common interest or organizations over time) EFD allows you to name successors for up to two generations.

**What happens to my fund after I die?**

If you have named one or more successor advisors, they will have their right to make grant suggestions until their deaths. If you have not named a successor advisor or after the lifetime of your successor advisor, the fund will go to the EFD unrestricted endowment fund. Alternatively, you may wish to name a charity or field of interest for which the fund will be used after your lifetime.

**Grant Distributions****What is the minimum grant distribution amount I can suggest?**

\$1000

**What are the restrictions on grant distributions?**

By law:

- EFD can only make distributions for public charitable purposes. EFD will distribute only to qualified tax-exempt 501(c)(3) charities that are public charities (not private foundations).
- Similarly, EFD cannot make a grant that will enable a donor to receive material benefit of goods and services (e.g., raffle tickets, meals, event tickets, payments of a relative’s tuition to an educational institution)

Additionally:

- Grants can only be made within the geographic boundaries of the Episcopal Diocese of Dallas. (See attached map)

### **What do I do when an organization asks for a pledge?**

A pledge is a promise that binds an individual to make a charitable contribution and satisfying a pledge through a grant from a donor-advised fund constitutes an impermissible benefit to that individual.

### **Why does EFD have the final authority to approve or deny the distributions?**

IRS regulations require that a donor relinquish control over the gift at the time a contribution is made. Donors only qualify for a tax deduction if they give the money to a public charity and relinquish the right to control it. Consequently, EFD is legally empowered to approve or deny a donor's recommendations.

### **Are recommendations ever denied?**

EFD reserves the right to review each and every recommendation on a case-by-case basis. If the recommended recipients are qualified public charities that fall within the general scope of EFD's mission, and there is no suggestion of private benefit to the donor, EFD will make every effort to honor the donor's wishes. In cases where recommendations are denied, they typically have been denied because they were to organizations that:

1. Do not qualify for federal tax-exempt public charity status; or
2. Provide material benefits of goods or services to the Donor as a result of the distribution (event tickets, meals, etc.)

### **To What Organizations can I recommend distributions?**

The donor-advised fund can make distributions to any 501(c)(3) that is a public charity. Private foundations do not fall under this definition.

### **Can I recommend distributions to organizations outside the Episcopalian community?**

Yes, almost every qualified public charity in North Texas may receive grants from EFD's donor-advised funds. The exceptions occur where a charity's mission falls extremely outside the general scope of EFD's mission which are ministries and organizations addressing poverty in the area of homelessness, food insecurity and health insecurity.

### **Is there a limit to the number of grant distributions I recommend each year?**

No. There are no restrictions other than the minimum balance requirement.

### **Do I have to make grant distributions every year?**

You are under no obligation to make recommendations from the fund in a given year. We encourage fundholders to make a grant at least once every three years unless there are philanthropic plans that preclude this.

### **How do I make a grant recommendation?**

1. Fill out the Donor Advised Fund Distribution Request and email to the Foundation.  
(See attachment)
2. Or, you can email our Executive Director to request a grant distribution.

### **How quickly will a check be cut once I submit my grant recommendation?**

Checks are cut once a month at the end of each month. Recommendations must be received seven days prior to the end of the month. If the distribution recommendation is to an organization that has not been previously reviewed, that recommendation may take additional time for processing.

### **Can I remain anonymous when establishing a fund or recommending grants?**

Yes. Advisors may request that grants be awarded anonymously. Some donors prefer to use a pseudonym when naming funds.



**GRANT RECOMMENDATION FORM – Donor Advised Fund**

Donor Advised Fund: \_\_\_\_\_

As advisor to the fund listed above, I recommend that the Board of Trustees of the Episcopal Foundation of Dallas consider the following grant:

Grant Amount: \_\_\_\_\_  
 Organization: \_\_\_\_\_  
 Phone: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 Contact: \_\_\_\_\_

This grant is for the following charitable purpose:  
\_\_\_\_\_

Special instructions: \_\_\_\_\_

\_\_\_\_\_ I wish for this grant to be anonymous

I attest that the recommendation above does not represent payment of a pledge or other personal financial obligation on behalf of the Advisor or family members. If the agency offers any benefits or privileges in connection with the grant, I have not accepted and will not accept them.

I understand that this is a recommendation only and that the Board has full grantmaking discretion.

\_\_\_\_\_  
Signature of Advisor

\_\_\_\_\_  
Date

Please return this form to:  
 Episcopal Foundation of Dallas  
 Email: [exec@episcopalfoundationdallas.org](mailto:exec@episcopalfoundationdallas.org)  
 214 366-9996  
 10000 N. Central Expressway, Suite 400  
 Dallas, TX 75231

For office use: <ul style="list-style-type: none"> <li>• Taxpayer Identification Number of recipient organization _____</li> <li>• Recipient organization is an official church, school, or agency of the Episcopal Diocese of Dallas _____ <i>initials</i></li> </ul>
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### Map of the geographical boundaries of the Episcopal Diocese of Dallas

The Diocese of Dallas was organized December 20, 1895 and divided in 1982.  
It includes twenty-five counties.

