

**DONOR ADVISED FUNDS OF THE SAINT PAUL FOUNDATION**  
*An Engaging Way to Enrich Lives and Communities*



# Discover the Flexibility and Advantages of a Donor Advised Fund



**H**ave you dreamed of investing in a new branch for your public library? Or perhaps you want to support an innovative after-school program for minority youth? You may want to fund a shelter for women and children or preserve a natural habitat for wildlife. For all of your philanthropic goals, The Saint Paul Foundation is dedicated to enriching the communities you care about, here or wherever you decide to direct your gifts.

The Saint Paul Foundation is the community foundation for Saint Paul and surrounding areas. We provide expertise and support to help donors follow their philanthropic interests and engage in thoughtful giving to projects that make a difference. The Saint Paul Foundation works closely with donors and community organizations to understand and address key issues that affect our community. We are part of a strong philanthropic tradition in the Twin Cities that helps donors and grantees enrich our lives and the place we call home.

# Support the Issues that are Important to You



**T**he Saint Paul Foundation's Donor Advised Funds offer a simple and flexible way for you to make a difference in your community while consolidating your charitable giving. You will gain satisfaction from playing an active role in making gifts to charitable projects and organizations that are important to you.

A Donor Advised Fund allows you to set aside money and recommend grants to the charitable organizations of your choice. While your contributions to your fund are irrevocable, you or others you designate serve as the "advisor" and recommend the charitable causes you would like to support. You make grant recommendations on your own timetable at any time during the year in writing, by fax or by e-mail, with a minimum grant recommendation of \$100. Our role is to help you shape your philanthropic vision by providing charitable gift planning expertise and management of your fund.

Some donor advisors know exactly how they want to use their fund and regularly make recommendations to the Foundation. Other donors tap the expertise of Foundation staff to help determine where gifts are best used in conjunction with their interests. Our knowledge and involvement in the community allow us to act as a vital link between donors and grantees.

## Building a Family's Program of Giving

**When a Saint Paul business owner sold his company, he was able to accomplish a lifelong dream while doing something that made very good tax sense. He created a Donor Advised Fund. By donating a portion of his company's stock to the fund prior to the sale, he received a charitable deduction that offset some of the taxes on the sale. More importantly, his new Donor Advised Fund allowed him to involve his wife, children and grandchildren in a family charitable giving program. Because of the Donor Advised Fund at The Saint Paul Foundation, the family meets as a group, reviews needs in the community and commits together to invest in programs and agencies that address these needs.**



# Benefits of a Donor Advised Fund

## Family Creates Legacy that Benefits Nonprofits Across the Country

In the early 1970s, a successful businessman decided to turn his good fortune into something he could share with others. He created a private foundation, but as time passed, he discovered that the administration, tax filings and overall management became too unwieldy. A family member knew how a community foundation could support his philanthropy and ease the burden of administration. With their support, he converted the private family foundation into a Donor Advised Fund.

Today the \$2 million fund supports education, the arts and cancer-related organizations, as well as Habitat for Humanity in each area of the country where the family lives, including California, Texas, Florida and Minnesota. They value the Foundation's deep knowledge of nonprofits and its due diligence process to help them make better choices about their giving. The family is thrilled with the results – they say they worry less about the cumbersome administrative details and focus on the issues and impact that are important to them.

**D**o you find that you are making a lot of contributions without an easy way to direct or track your gifts? A Donor Advised Fund allows you to organize your philanthropy professionally and inexpensively so that more of your money goes directly to the causes that you want to support. Here are some key advantages of establishing a Donor Advised Fund:

### **FLEXIBILITY AND EASE**

A Donor Advised Fund provides a way for donors to organize their charitable giving including their annual fund gifts. It is extremely flexible and may be described as a charitable checking account. You make one gift to the Foundation, receive your charitable deduction at that time, and then direct grants to things you normally support on an annual basis. Setting up a fund like this saves you time and effort.

### **CHOICE**

You may name your fund anything you choose. You may contribute in a variety of ways, including cash, securities, real estate and other appreciated assets.

### **INVESTMENT AND TAX ADVANTAGES**

A Donor Advised Fund has all the benefits of the Foundation's investment opportunities and services, and independent financial auditing and accounting services. Foundation staff work with donors to determine the most appropriate investment strategy for their fund based on the donor's giving objectives.

The Foundation has the advantage of combining all of its assets for investment purposes. Donor Advisors may choose between four investment pools managed with specific investment objectives:

**Diversified Equity Portfolio** — Seeks to provide growth of capital through domestic and international stocks.

**Balanced Portfolio** — Seeks to earn the highest possible return with reasonable risk through a targeted allocation of stocks and fixed income.

**Fixed Income Portfolio** — Seeks a competitive level of income through an intermediate bond mutual fund.

**Money Market Portfolio** — Seeks to preserve principal by investing solely in money market funds.

### **HIGH-TOUCH CUSTOMER SERVICE**

The Saint Paul Foundation is uniquely positioned to provide unsurpassed customer service and knowledge about the community. The donor relations staff is here to support the vision of each donor, and the program staff can provide information about nonprofits and community organizations meeting the needs of the area.

The Saint Paul Foundation provides a number of management, administrative and financial services for Donor Advised Funds. You will receive regular financial statements detailing all contributions, grants recommended and investment performance of your fund. You will always have personal access to Foundation staff, and will be invited to seminars, tours and other events designed with donor interests in mind.

### **CONVENIENT ONLINE FUND MANAGEMENT**

Through FundLink, the Foundation's convenient online access to your Donor Advised Fund, you can make new grant recommendations and review fund balances, status of grants or contribution activity.

### **COST-EFFECTIVENESS**

The Saint Paul Foundation will handle your fund's grant administration, tax reporting and record keeping in a cost-effective manner. This ensures that more of your charitable dollars go to the projects and issues close to your heart. Combining Foundation assets for investments also yields stronger returns and more savings.

### **PROMOTE GENERATIONS OF GIVING**

By involving your family, your Donor Advised Fund will establish a lasting tradition of philanthropy. If you wish, you may name successor advisors — family members or trusted friends — to continue making grant recommendations after your death. When there are no longer any living advisors, the dollars remaining in the fund can be used by the Foundation to meet emerging community needs, making gifts in your name forever. Or you may also designate specific charities or charitable causes to continue to receive annual grants. By allowing successive generations to participate in the decision-making, a Donor Advised Fund provides an excellent opportunity to instill a culture of philanthropy within your family.

## **Real Estate Gift Benefits Community with \$1 Million Donor Advised Fund**

**Farming is a tough business and after 40 years wondering whether a devastating storm or drought would result in losses, one family opted to sell some land to gain financial security as their retirement approached.**

**They were surprised to learn they would have to pay significant capital gains taxes and their professional advisor referred them to the Foundation for advice. Through the Foundation, the couple established a Donor Advised Fund and donated a portion of their farmland to it. Once sold, the proceeds created a \$1 million charitable fund with no capital gains implications for the couple.**

**Through their Donor Advised Fund, the family has made grants to numerous housing organizations and literacy projects. They also have involved their adult children in grantmaking decisions.**

# Types of Donor Advised Funds

Donor Advised Funds are ideal for those who want more flexibility in their charitable giving and are an attractive alternative to more traditional grantmaking structures such as private foundations.



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## Retirement Plan Assets

When a local businesswoman retired, she was pleasantly surprised at the accumulations in her qualified retirement plan. However, since she had other assets to help meet her retirement needs, she determined that she would take only the minimally prescribed annual amount from her qualified plan. Realizing that money remaining in her qualified plan at her death would be heavily taxed to her estate or heirs, she left the remainder of her plan to a Donor Advised Fund at The Saint Paul Foundation. Her two children were named as advisors for the fund, which she named after her family.

When your fund is established, The Saint Paul Foundation staff will help you determine whether a Provisional or Permanent Fund best suits your needs.

A **Provisional Fund** allows you to recommend grants of any amount, including the entire balance of the fund. At the death of the last surviving advisor, you may stipulate that assets remaining in the fund be designated for a particular organization, a particular area of need, or become part of the unrestricted permanent assets of the Foundation.

A **Permanent Fund** allows you to recommend grants of approximately five percent of the fund's market value annually. This allows your fund to increase in value over time, creating a sustained annual income for charitable giving during and after your lifetime.

Another option is to establish a **Provisional Fund that converts to a Permanent Fund** upon the donor's death. This allows you the flexibility to make grants at any level during your lifetime, and to create a permanent charitable legacy that allows successor advisors to carry on your charitable intentions in the future.



# Let Us Help You Enrich the Life of Your Community

No matter what your charitable goals are, a Donor Advised Fund at The Saint Paul Foundation is an effective and convenient way to make them happen.



We invite you to contact us for more information on our Donor Advised Funds or any of our other charitable giving programs. We look forward to talking with you. Call or write our Development Office, or visit our Web site at [www.saintpaulfoundation.org](http://www.saintpaulfoundation.org) for more information.

*As a public charity and community foundation, The Saint Paul Foundation operates as a 501(c)(3) nonprofit organization and is publicly accountable. Gifts made to the Foundation are tax-deductible, according to the limits of the law.*

## Corporate Donor Advised Fund Supports a Healthy Community

A group of physicians focused on improving the lives of their patients is now extending that care and treatment to the community. The association, with more than 40 doctors and their employees, set up a Corporate Donor Advised Fund to support issues related to healthcare in the Twin Cities area.

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Their goal was to streamline their charitable giving. Each member can make contributions directly to the Fund, some using a payroll deduction option. Employees work together to recommend grants in the community and see their philanthropy in action.

Corporate Donor Advised Funds can illustrate an organization's commitment to its community through mission-driven philanthropy.

# Top 10 Reasons to Open a Donor Advised Fund at The Saint Paul Foundation

1. **Impact.** Set aside money, recommend grants to nonprofits of your choice and create a philanthropic legacy.
2. **Family Legacy.** Establish a named family fund, giving you the recognition and pride of a private family foundation but with easier administration, lower fees and greater tax benefits.
3. **Tax Advantages.** Contributions to Donor Advised Funds through the Foundations are fully tax-deductible.
4. **Community Knowledge.** Foundation staff members have deep expertise in philanthropic giving and the community.
5. **Many Ways to Give.** Gifts to your fund may range from cash to real estate to wills. In particular, gifts of closely-held stock receive more favorable tax treatment than similar gifts to a private foundation.
6. **Family Ties.** Involve your children as advisors now and arrange for future generations to continue your charitable legacy for lifetimes to come.
7. **Give Anywhere.** Make contributions right in your backyard or throughout the country.
8. **High-Touch Service.** Foundation staff are available to answer questions, provide advice or take care of details. We are part of your team.
9. **Ease.** Consolidate all your charitable giving in one fund, let the Foundation manage it and free yourself to focus on making an impact.
10. **Flexibility.** Recommend the grants of your choice, on your schedule. Gain exposure to diverse investment options.

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Create the charitable giving program that's right for you.