

Charitable Giving Options

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“At this festive season of the year . . . it is more than usually desirable that we should make some slight provision for the poor and destitute, who suffer greatly at the present time.” - Charles Dickens, A Christmas Carol

Charitable giving is a particularly timely topic. Each of us has organizations that are near-and-dear to our hearts, and that we support through charitable donations. People donate for many reasons. Some donate for the immediate needs of those we support, some to celebrate the arrival of the “festive season”, and others for the benefit of taxable deductions. The reason why each person donates is a personal preference. However, it does make sense to think about charitable giving options. For those considering a significant contribution, establishing and contributing to a donor-advised fund can be an excellent and cost-effective vehicle for charitable giving.

A donor-advised fund is a private fund established to manage charitable donations of individuals, couples, families and institutions. It is sponsored by a 501 (c) (3) non-profit organization. One such organization that TPI has found is the Fidelity Charitable Fund, part of the Fidelity family. Fidelity Charitable has been in business over 20 years and is currently the 5th largest fund of this type.

The process for gifting through a donor-advised fund is as follows:

- You make an irrevocable contribution of cash or securities to the fund.
- You get an immediate tax deduction, even if the ultimate distribution of funds to the charity will occur at a later date.
- The fund invests the cash or securities in an account you create; the assets benefit from tax-free growth.
- While the fund has legal control over the irrevocable contribution you have made, you advise the fund where the assets in your account should go and how they should be invested.
- The fund is the actual grant maker that writes the checks to the charities and non-profit groups that you recommend and at the time that you wish.

Funds of this type are particularly well-suited if you have a taxable event this year, but you wish to spread your contributions out over a number of years. Donating a portion to a charitable fund can be utilized as a tax advantaged strategy to rebalance your portfolio without triggering capital gains.

Privacy is also a concern for some charitable givers. While some have no problem with being known to the organizations to which they contribute, others may prefer to make anonymous donations. Donor-advised funds give you the option of whether you want to be acknowledged or not.

Donor-advised funds are a cost effective, simpler solution to setting up a family foundation envisioned for substantial charitable contributions. Typically, a family foundation requires an initial \$1,000,000 investment. A donor-advised fund with Fidelity Charitable can be started for as little as \$5,000. Cash contributions in the account are invested as the client directs from among available investment options. For accounts with balances of \$250,000 or more, Fidelity offers the client the option of having his account managed by a qualified independent investment advisor. We are pleased that Tri Pillar has been qualified by Fidelity to work in that capacity.

If you would like further information on donor-advised funds or on how to set up an account with Fidelity Charitable, please contact the TPI office at 919-493-0900.