

Are you considering setting up a private family foundation?

Key differences between donor-advised funds and private foundations

	Donor-Advised Fund	Private Foundation
Startup costs and time	None and can be established immediately	Legal and startup fees; typically takes months to create and obtain tax exemption
Income tax deduction (maximum eligibility with five-year carryforward)		
Cash	Yes, 60% of adjusted gross income (AGI), with deduction based on amount of cash given	Yes, 30% of AGI, with deduction based on amount of cash given
Appreciated publicly-traded stock held by donor for more than one year	Yes, 30% of AGI, with deduction based on fair market value (FMV)*	Yes, 20% of AGI for gifts of qualified appreciated stock, with deduction based on FMV
Appreciated complex assets, private stock and other assets held by donor for more than one year	Yes, 30% of AGI, with deduction based on FMV*	Yes, 20% of AGI, with deduction based on adjusted basis
Net investment income tax	None	Generally, 2% of the annual net investment income
Donor generally may name vehicle	Yes	Yes
Privacy	Names of individual donors may be disclosed on U.S. Charitable Gift Trust (Gift Trust) IRS Form 990. However, donor names need not be disclosed to the public, and grants can be made anonymously	No, must file IRS Form PF, which is a detailed public tax return on grants, investment fees, director/trustee and officer names, staff salaries, etc. This information, including donor names, is publicly available
Donor's role in investment management	Donor recommends allocations among eight Eaton Vance investment funds	Donor has greater flexibility with investments within limitations applicable to private foundations
Donor's administrative responsibilities	Recommend grants to favorite charitable causes; Gift Trust has ownership of assets and associated administrative responsibilities	Manage assets, keep records, select charitable grantees, administer grants, file annual state and federal tax and other returns, maintain board minutes, etc.
Annual required distribution to charitable organizations	None currently at individual account level (policy of 5% at Gift Trust level)	Yes, 5%

* Or, 50% of AGI if donor elects to base deduction on adjusted basis.

The Donor-Advised Funds have online capabilities that allow Donors to view account activity and send grant requests electronically. Simplify your management of a private foundation by transferring assets to a Donor-Advised Fund.

Call us today at **800.836.2414** for more information.

The Gift Trust is a tax-exempt public charity offering donor-advised funds. The Gift Trust is located at Two International Place, Boston, MA 02110. All Gift Trust activities and the participation of Donors in the Gift Trust are subject to the requirements of state and federal law, the terms and conditions of the Gift Trust's Declaration of Trust, the current Gifting Booklet for the Gift Trust's Donor-Advised Funds (Gifting Booklet) and the completed Donor Contribution Form submitted by each Donor. The Board of Directors reserves the right to modify the Gift Trust's program at any time, subject to the provisions of the Gift Trust's Declaration of Trust and state and federal law. Any contribution to the Gift Trust, once accepted by the Trustee, represents an irrevocable commitment. Contributions cannot be rescinded or changed, and are subject to the exclusive legal control of the Gift Trust, the Trustee and the Board of Directors. The tax consequences of contributing to the Gift Trust will vary based on individual circumstances. Prospective Donors should consult their own tax advisors. Nothing in this presentation should be construed as tax advice. The Gift Trust has not been registered under federal securities laws, pursuant to available exemptions. The Gift Trust is not guaranteed or insured by the United States or any of its agencies or instrumentalities. Contributions are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of, or guaranteed by, any depository institution.

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