

Donor Advised Funds

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For people who incorporate charitable intent into their financial plans, donor advised funds provide an efficient and tax friendly vehicle. Immediate tax deductions are taken for contributions, and distributions to charities like the YMCA can be made later at the discretion of the donor.

Contributions of cash or securities can be made at times that are advantageous to the donor; under certain circumstances illiquid assets may also be contributed. Appreciated securities are particularly useful as they can generate a tax deduction for the full market value with no resulting capital gains tax on profits.

After contributions are made to a sponsoring organization, the funds are professionally managed to allow for potential growth of assets. Charity selection and the timing of distribution is up to the donor, which allows for a great deal of flexibility. To make a distribution the donor recommends a grant to a qualified charity, like the YMCA, be made. The recommendation is made to the sponsoring organization that created the donor advised fund. The board of that organization does have legal control and must approve all grant recommendations. If the donor wishes, grants may be made anonymously.

The YMCA has benefited greatly from gifts from donor advised funds. Two years ago, when the Y had the devastating floods, many of our largest contributions for rebuilding came from donor advised funds. The Y's Capital Campaign has received some significant donations from people who have well managed donor advised funds and the capacity to make transformative gifts. The Annual Campaign also receives many yearly contributions from donor advised funds.

Compared to private foundations, donor advised funds are subject to more favorable tax rules, have less start up and maintenance costs and offer greater privacy. Record keeping is done by the sponsoring organization; there is no tax filing, no legal fees, no required annual distribution and no tax on investment income.

If a donor advised fund sounds like something you might be interested in contact the YMCA development office and your financial advisor or tax professional to discuss your individual circumstances.

Should you or a loved one be interested in learning more about giving options at the YMCA of Frederick County, please contact Tom Clingman at (301)663-5131 or tclingman@frederickymca.org