

Donor Advised Funds

The power of giving.....Simplified.

Donor Advised Funds are a very efficient charitable gift planning tool, available to anyone looking to make and distribute a major gift or create a legacy of charitable giving that will last for generations. Donor advised funds can function very much like a private foundation without the costs, restrictions and administrative challenges of a private foundation.

Donor advised funds give the donor the opportunity to contribute to a fund, when it is best for them to do so and later designate the charities which will benefit from it. For example, retiring business owners or farmers who may have a large tax liability, may choose to use this type of giving.

Donors wishing to set aside funds to support their favourite charities may determine whether the capital of the Fund is to be retained for a specific length of time or in perpetuity, or determine that the funds will be distributed over a period of time as they direct.

If the donor decides that the capital of the funds is to be held for a period of years or in perpetuity, the Fund is called a Donor Advised Endowment fund. In this case the capital is retained and only the earnings are distributed to designated charities.

Alternatively, the donor may wish the capital to be distributed over a period of time; this Fund would be a Donor Advised Gift Fund. In this case the donor may then make recommendations for distribution of gifts at a later date. The distribution of interest as well as capital over these years is also possible.

A CSS Donor Advised Fund (Also known as Designated Gift Funds) offers:

FLEXIBILITY: An effective giving mechanism combining immediate tax benefits with the ability to support your favourite charities on a flexible timetable.

PRIVACY: A CSS Donor Advised Fund ensures confidentiality and privacy. Gifts can be made anonymously if you wish.

EFFICIENCY: No “start up costs”. The Fund is assessed an annual fee for the administration and investment management of the funds. The fee is based on the size of the fund, and is pegged at 1% for funds under \$1 million. CSS performs all administration and record keeping.

CONTINUITY: Creates a legacy of charitable giving that can last for many generations



Donor Advised Funds...continued

How does a CSS Donor Advised Fund Operate?

- As a donor, you receive an immediate charitable tax receipt when the original and any subsequent donations are made to your donor advised fund.
- You then set up your own account at CSS to hold these donations until you are ready to gift them to individual registered Canadian charities.
- The accounts accrue interest which may also be directed to the charities of your choice, but you will not receive any additional tax receipts for this interest, as this is no longer considered by the CRA to be owned by the donor at this point.
- You give direction to make gifts over time, either on monthly or annual basis, or as one-off gifts.
- Gifts can be in the form of appreciated securities, which has additional benefits of eliminating the need to pay capital gains tax. Using a Donor Advised Fund means that you can donate at the best time for realizing gains in share value, even if you are not ready to decide where you want the funds to be given.

What Happens to the Money I give to CSS?

CSS invests the money and pays interest to the account at its pool rate. Investments are typically in long term bonds, mortgages and loans to Christian charities, schools, churches, and equities. The pool rate is currently around 5%.

How do I Use the Money in my Fund?

At any time you can give written instruction to CSS to send money to charities of your choice – (charities must be registered Canadian charities in order to qualify for your tax receipt).

What Happens When I Pass Away?

Although a Donor Advised Gift Fund is set up for you with the intent that all the funds will be distributed to charities within your lifetime, we will have you sign a Letter of Direction to indicate your beneficiaries for the Fund in the event of your death. You may also direct the funds at that time into an Endowment Fund.

A Donor Advised Endowment Fund will continue to pay out to the charities of your choice after your death. You can also choose to add to the Endowment Fund with a gift from your estate, in which case a charitable tax receipt will be given to your Estate.

February, 2015

