



## Why Consider a Catholic Fund over a Private Foundation?

Donor Advised Funds are an easy, flexible way to support the faithful charities that are important to you and your family. The Catholic Foundation of Michigan welcomes the opportunity to work with you, your family, and your legal and financial advisors. We can provide our distribution, reporting, or grant-making services either via a grant from your private foundation that establishes a philanthropic fund at the Catholic Foundation, or via a conversion of your private foundation into a fund or support organization of the Catholic Foundation.

### **What if I have a family foundation already?**

Private foundations and community foundations like the Catholic Foundation of Michigan are not mutually exclusive; they may serve similar, although not identical purposes. The Catholic Foundation often affords greater tax advantages and distribution flexibility. The Catholic Foundation assumes the otherwise costly and time-consuming record-keeping and reporting responsibilities associated with private/family foundations.

In addition, the Catholic Foundation brings a unique philanthropic focus, providing donors with a way to build a rich legacy in the Catholic community. Funds within the Catholic Foundation are stewarded in accordance with Gospel values and the socially responsible investment guidelines set forth by the U.S. Conference of Catholic Bishops. The Catholic Foundation can offer personalized services for your family to help discern where God is calling you to share your gifts. You will be part of a larger faith community that sits at the center of Catholic philanthropy in southeast Michigan.

### **How can I involve my family in my giving?**

Donor Advised Funds make it easy for parents to involve children, grandchildren or godchildren in philanthropic decision making. Donors can invite them to participate in discernment about grant recommendations from the fund, and even consider allowing each child to recommend a certain amount of giving on an annual basis. In this way, future generations share the joy of philanthropy, and witness first-hand their parents', grandparents' or godparents' commitment to helping those in need.

### **Can my children, grandchildren, or godchildren participate as advisors to the fund(s) I establish?**

Yes. When you establish your fund, you will name the advisors – usually yourself and your spouse, and if you choose, your adult children, grandchildren or godchildren. Many donors find their donor advised funds to be helpful tools for teaching philanthropy to the next generation(s). You can also stipulate that your children serve as advisors to the fund after your death, so as to retain your family's participation for an additional generation.

Additionally, if one's heirs may not want to continue a family foundation, conversion of your private foundation into a fund allows your heirs to continue to give charitably in line with the Catholic faith.

### **Is it possible for grants from the Foundation to be made anonymously?**

Yes. Many Catholic Foundation donors choose anonymity. Simply request that neither the name of the donor nor the name of the fund be released.

### **It is possible to preserve our family name on the fund?**

For family funds over \$1M, families can be named first on the grant distributions, for example:

Smith Family Foundation *at the Catholic Foundation of Michigan*

**What are some differences between a fund with the Catholic Foundation and a private foundation?**

	<b>Donor Advised Fund with the Catholic Foundation</b>	<b>Private or Family Foundation</b>
Creating the Foundation/Fund	Established by a simple agreement	Nonprofit corporation or trust organized as a private foundation
Tax Exempt Status	Shares the public charity tax exempt status with the Foundation	Must apply for private foundation tax exempt status from the IRS
Start-up costs	No cost to donor. Annual administrative costs shared by all Foundation's funds.	Similar to a corporate start-up requiring legal, accounting and operational costs.
Administration	Services provided by the Foundation	Must establish these services/personnel
Operational and Grantmaking Guidance	Catholic Foundation staff available to consult with client and research charities	Little assistance available
Recommended Size	\$5,000 minimum	\$1 million+ to justify start-up costs is recommended by Council on Foundations
Charitable Deductions for Cash Gifts	Tax deduction of up to 60% of adjusted gross income	Tax deduction of up to 30% of adjusted gross income
Federal Distribution Requirements	There is no minimum distribution requirement	The IRS requires at least 5% distribution annually for charitable purposes based on asset value
Annual Tax Filing & Return (990 report)	Not required (The Catholic Foundation reports annually as a 501c3 tax-exempt entity)	Must be filed by the private foundation with required reporting schedules
Investments	Fund assets are professionally invested through the Foundation's options with Merrill Lynch	Must research, secure, and monitor own investment vehicles

**How can I learn more about working with the Catholic Foundation?**

We encourage you to set up an appointment to discuss your particular charitable intentions with a member of our professional staff. Together with your legal and financial advisors, we will work with you and your family to develop a successful and satisfying program for your faithful philanthropy. Contact us.

The Donor Advised Fund Guide and Application are available to review at [catholicfoundationmichigan.org/resources](http://catholicfoundationmichigan.org/resources)