

Creating a Donor Advised Fund

Interested in bringing your charitable goals to life? A donor advised fund (DAF) at the Hawai'i Community Foundation (HCF) is an extremely popular philanthropic vehicle that is simple to create, convenient to manage, and flexible enough to offer you as much hands-on involvement as you would like.

You contribute to the fund when it is financially most suitable, receive a tax benefit, and then make grants to qualifying charities from the fund you set up — without the administrative burden and expense of a private foundation. Every donor advised fund is named by its creators. Contributions to donor advised funds at HCF are deductible as gifts to a public charity.

How does a donor advised fund work?

Here are the basic steps for creating and using a DAF.

1. SET UP YOUR FUND

You make a gift of cash or other assets to establish your fund at HCF. You select the name for your fund and name a fund advisor — that can be you, or another one or two individuals of your choice.

2. RECEIVE A TAX DEDUCTION

You receive a tax deduction in any year contributions are made.

3. FUND GROWTH

Your funds are invested with the intention to protect principal, generate income, and ensure capital growth to benefit your charitable purpose.

4. RECOMMEND GRANTS

You recommend grants from your donor advised fund to support local or national charitable organizations of your choice. After our review and approval, we make the grants in your fund's name (or anonymously, if desired).



What are the benefits of creating a donor advised fund with HCF?

» **A philanthropic services representative will be your personal guide.** We will research charitable organizations and answer any questions you might have to help tailor your giving plan and support your grantmaking. Online tools allow you to manage your fund 24/7, if you choose.

» **With offices across the state, we know the community.** We know firsthand the changing needs of each Island community, which nonprofits are effectively addressing those needs, and how you can maximize the impact of your giving.

» **Philanthropic regulations can get complicated.** **You don't have to go at it alone.** Our experience ensuring federal and state compliance, relieving you of administrative burdens, and our scale enables us to service your fund at a very reasonable cost.

» **You're in good company.** You will join a large network of individuals, families, and businesses who are deeply committed to Hawai'i. You can be acknowledged for your philanthropy in our publications and invited to donor events, or you can choose to remain anonymous.





The nuts and bolts

HCF donor advised funds are established with a minimum gift of \$10,000, and additional resources can be added to the fund at any point. The minimum grant amount is \$250, and you can recommend grants at any time. If the fund balance drops below \$5,000, we'll ask that you add to the fund or spend out the fund within 12 months. If you hope to have multiple donors supporting the fund, you can talk with us about potential structures and restrictions.

The annual fee for a donor advised fund, covering administrative costs and support services such as donor consulting, workshops, and community work, **is 1 percent, with a minimum fee of \$250**. Additions to **non-endowed (non-permanent) funds are subject to a one-time 2 percent fee** on the contribution.*

* Fees are subject to change without prior notice.

How much input do I have?

Once the fund is established, you recommend grants to charities of your choice. These charities are then vetted by HCF to ensure they meet the legal requirements. You can also choose to give alongside other donors through existing HCF initiatives and pooled funding opportunities that further leverage your grants.

When you establish your donor advised fund — or, at a later point — you might consider making a bequest to your fund or to HCF. That way, your gift will benefit charitable organizations during and after your lifetime. It's up to you.

Get Started Today

For additional information and to maximize the impact of your giving, contact us at **(808) 566-5560** or **donorservices@hcf-hawaii.org**. A philanthropic advisor can help you with your philanthropic plans.