

The logo for Rockefeller Philanthropy Advisors is positioned in the upper right corner of a dark orange header. The word "ROCKEFELLER" is written in a large, white, serif font. Below it, the words "Philanthropy" and "Advisors" are stacked in a smaller, white, sans-serif font. The background of the header features a repeating pattern of light orange hexagons.

ROCKEFELLER
Philanthropy
Advisors

A HERITAGE OF EXCELLENCE SERVING INDIVIDUALS, FAMILIES AND FOUNDATIONS

THE PHILANTHROPIC COLLABORATIVE

DONOR-ADVISED FUND

A Service of

Rockefeller Philanthropy Advisors, Inc.

ABOUT OUR DONOR-ADVISED FUNDS

A donor-advised fund offers the opportunity to create an easy-to-establish, low cost, flexible vehicle for charitable giving as an alternative to direct giving or the creation of a charitable trust or private foundation. Donors enjoy administrative convenience, cost savings and tax advantages by conducting their grantmaking through a public charity. And like our other clients, they can use the expert program services of Rockefeller Philanthropy Advisors. In addition, the staff can administer all aspects of grantmaking through a donor-advised fund, including conducting due diligence, issuing grant letters and checks, wiring funds, maintaining records and generating reports.

Rockefeller Philanthropy Advisors, Inc. can provide philanthropic advisory, program and management services for foundations, charitable trusts and for donor-advised funds, whether or not these funds are in our own donor-advised vehicle, The Philanthropic Collaborative (TPC). In some cases, donors may wish to establish a fund through TPC, especially for international giving, giving collaboratives, or other special projects.

FINANCIAL ADVANTAGES

Because The Philanthropic Collaborative is housed in a public charity, donors receive the maximum tax deduction available, while avoiding excise taxes and other restrictions imposed on private foundations. In addition, donors save the cost of establishing and administering a private foundation, and legal fees.

The Philanthropic Collaborative permits gifts to qualified organizations outside the U.S., and can also be used for collaborative giving and special projects, including program-related expenses that are not paid to a tax-exempt organization.

Contributed funds are managed by multiple investment managers depending on asset class.

Benefits of a Donor-Advised Fund vs. a Private Foundation		
	<u>Donor Advised Fund</u>	<u>Private Foundation</u>
Appreciated property deduction as a percentage of adjusted gross income	30%	20%
Limit on deductibility of cash donation as a percentage of donor's adjusted gross income	50%	30%
Excise tax on investment income	No	Yes
Federal and state reporting requirements	None	Substantial
Taxable grant exposure	No	Yes
Lobbying grants	Yes	No
International Grants	Yes	Yes, with more complexity
Program-Related Investments	Yes	Restricted

CREATING A FUND

How to set up a donor-advised fund

Individuals can establish a fund quickly and easily through TPC. A fund can be started with a donation of any type of asset, including cash, securities and closely held stock. Donations are irrevocable.

A TPC fund may have more than one donor-advisor designated, and successors may be named. Sub-funds can also be created, allowing specific donor-advisors to recommend up to a certain dollar amount of grants per year. Donor-advised funds can be established to focus on a specific issue; to pursue broadly based giving programs; and/or to provide opportunities for

younger generations to learn about philanthropy and to gain experience in grantmaking.

A fund can have any name the donor wishes to choose, such as a family name or one that relates to the subject matter or region being funded. Donors can also choose to remain anonymous in some or all of their giving.

At the donor's option, a fund may have a staff advisor who will assist the donor and others involved through all stages of creating the fund as well as future grantmaking activities.

GRANTMAKING

How to make grants from a donor-advised fund

Donors may make recommendations for distributions from funds that they have established or may appoint other advisors to do so. Donors can also provide for the addition of other advisors or family members in the future. All grant recommendations are reviewed by staff and submitted to our board for approval.

There are no limits as to the number of grants that may be made from a donor-advised fund.

There are some legal restrictions on funds. Copies of a full set of the guidelines governing the operation of donor-advised funds may be obtained through TPC.

SERVICES AND RESOURCES

- ◆ *Gift processing only:* TPC processes gift recommendations from fund advisors, but its due diligence is limited to ascertaining that the organization is an eligible tax-exempt U.S. 501(c)(3). Research, program design and advisory work are not included in this level of service. This level of service is currently assessed at 3% of gifts/disbursements.
- ◆ *Advisory/Program resources:* Fund advisors can work with Rockefeller Philanthropy Advisors' professional staff, who will structure their philanthropy program, provide issue expertise, develop and monitor budgets, identify funding opportunities, involve family members, research organizations, review proposals, communicate with grantee organizations, and assess the impact of a giving program. Fund advisors also receive custom reports based on their giving categories. Funds using these resources are currently assessed 7% on the first \$1 million of gifts/disbursements per year, and 5% for gifts/disbursements in the same year above that level.
- ◆ *Collaborations and Special Projects:* Rockefeller Philanthropy Advisors also serves as the program staff for collaborative giving funds as well as various special projects. Assessments for these programs are developed based on the specific needs of each program.

GUIDELINES

Establishing and Using a TPC Fund

- ◆ Funds can be established easily and quickly with a letter describing the nature and intent of the fund.
- ◆ A donor may establish a fund with a grant of \$25,000 or more.
- ◆ Each fund retains all investment income earned, less 25 basis points (0.25%) per quarter to cover management expenses.
- ◆ Donors/fund advisors may recommend grants of \$500 and above to be made through a TPC fund, subject to staff review and Board approval.
- ◆ A fund should maintain an average annual balance of \$5,000 unless the fund is going to be closed.
- ◆ Grants cannot be made for memberships, benefits, special events, and other purposes where some portion of the gift is not deductible. In addition, political gifts may not be made from a TPC fund.
- ◆ Pledges require the approval of the TPC Board. Fund balances should be sufficient to cover the full pledge amount. Payments on previously existing pledges cannot be made.

General Information

- ◆ The time required to deliver a grant is approximately 10 business days from receipt of grant recommendation because of the requirements for review, due diligence, and Board committee approval.
- ◆ Upon notification of gifts of securities, instructions are immediately given to sell the securities and remit the proceeds to TPC.
- ◆ Grants are made to tax-exempt, charitable organizations. Grants in some cases may also be recommended to organizations which do not hold charitable, tax-exempt status and to foreign charities where the purpose of the grant is charitable as defined by the tax code.
- ◆ TPC has elected to be governed by the lobbying expenditures test set forth in Internal Revenue Code Section 501(h). Based upon those rules, TPC may make some grants for lobbying purposes, up to a percentage of total grants made annually.

INVESTMENT MANAGEMENT

The Board of Directors of Rockefeller Philanthropy Advisors has authorized the use of multiple investment managers for TPC. TPC's various asset classes are currently managed by the following firms:

- ◆ JP Morgan/Chase: cash/money market fund and US government obligations.
- ◆ BlackRock: a fixed income fund geared to short term and intermediate duration investments.
- ◆ Vanguard: a global equity fund geared to longer term investment horizons.

More detailed information is available from Rockefeller Philanthropy Advisors.

The Board receives advice from an investment consultant with respect to asset allocation strategies based upon grantmaking needs, investment time horizons, risk tolerances, and specific fund investment goals and objectives.