Napa
Valley
Community
FOUNDATION

For Advisors: Different Clients, Different Needs

When it comes to philanthropy, one size does not fit all. In our work with your clients, we recognize that many variables drive decisions. We also know that other vehicles are sometimes a better choice than a Fund at the Community Foundation.

Here are some examples:

1. Family Foundation. A family foundation (known as a private non-operating foundation in the Internal Revenue Code) is a great choice for certain donors. Very often, the discussion about the merits of a family foundation hinges on legal control. We start from the premise that all donors want control; and that any gift to charity—including a family foundation—involves giving up legal sovereignty over donated assets.

   When is a family foundation an excellent option? Usually, one of the following is true about your client. They:
   - Are making an initial gift above $10 million (which we consider minimum efficient scale to start up and run a separate entity)
   - Are not contributing appreciated property other than publicly traded securities (since assets like real estate are deductible only at cost basis, not fair market value)
   - Want to play an active role in investment management of donated assets
   - Are reluctant to have only an advisory role with respect to grant distributions (which is true at a Community Foundation or any Donor Advised Fund program)
   - May want to hire family members to serve as officers

2. Donor Advised Fund at Fidelity or other financial services company. Sometimes mislabeled "commercial gift funds," a Donor Advised Fund offered by a charitable corporation associated with a financial services firm can be a good fit for certain clients. Generally, these clients:
   - Are making an initial gift of $5,000 to $50,000
   - Already know the charities to which they want to make distributions, or don't feel the need for ongoing support, consultation, etc.
   - Are looking for easy-to-use, online account access
   - Are fee sensitive
   - Are donating stock, cash or mutual funds rather than less liquid, complex assets.

3. Personal Checkbook. Sometimes the obvious choice is the easiest one to overlook. In our experience, many clients use multiple vehicles to distribute resources to charity. The personal checkbook offers the most flexibility, because nothing irrevocable happens until your client signs his or her name and puts a check in the mail. While the drawbacks to this approach are well documented (and include shoe boxes full of gift receipts for itemizers), some of your clients will find checkbook philanthropy very useful. Such clients often:
   - Make frequent, smaller gifts of cash to multiple charities (between $100 and $1,000 each)
   - Attend charitable events or fundraisers, where only a portion of the price of admission is tax deductible (and the balance is goods and services), and where a grant from a Donor Advised Fund or family foundation may be illegal or impractical
   - Hold wealth in securities or other assets that they desire to transfer to children, or possibly to charities, but not for several more years.