



DONOR-ADVISED FUNDS



A **Donor-Advised Fund (DAF)** is a simple, flexible way to support the charitable causes you care about—now and in the future.

When you establish a donor-advised fund with the Community Foundation of Eastern Connecticut, you make a

charitable gift and recommend grants to nonprofit organizations over time. We handle the administrative details so you can focus on the impact you want to make.

HOW IT WORKS

1. **Make a gift:** Contribute cash, appreciated securities, or other assets to establish your fund.
2. **Name your fund:** Your fund can be named for yourself, your family, a business, or another name of your choosing.
3. **Receive an immediate tax benefit:** You may be eligible for a charitable tax deduction in the year your gift is made.
4. **Recommend grants to charities:** Over time, you recommend grants from your fund to support nonprofit organizations locally or nationwide.
5. **We manage the details:** The Foundation verifies eligibility, processes grants, and provides ongoing stewardship of your fund.

WHY DONORS CHOOSE DONOR-ADVISED FUNDS

Donor-advised funds are one of the most popular charitable giving tools because they offer:

- **Flexibility** – Support different organizations and causes over time
- **Simplicity** – We manage administration, recordkeeping, and grant distribution
- **Tax advantages** – Receive potential tax benefits when you contribute
- **Family involvement** – You can name children or loved ones as successor advisors
- **Long-term impact** – Funds can grow through investment and support nonprofits for years to come



FUND OPTIONS

You may choose between two types of donor-advised funds:

Endowed Fund	Pass-Through Fund
Minimum: \$10,000 Funds are invested and generate annual grantmaking over time.	Minimum: \$5,000 Funds are typically distributed more quickly to charitable organizations.

POTENTIAL TAX ADVANTAGES

Donor-advised funds can provide significant tax benefits depending on the type of gift.

- **Cash donations:** Cash contributions are generally eligible for a charitable deduction of up to 60% of adjusted gross income.
- **Donations of appreciated assets:** Donating long-term appreciated securities directly to a donor-advised fund may allow you to:
 - Receive a charitable deduction for the full fair market value of the asset (up to 30% of adjusted gross income)
 - Avoid capital gains taxes on the appreciation if the asset has been held for more than one year

We recommend consulting with your financial advisor or tax professional to determine the best approach for your situation.

GETTING STARTED

Establishing a donor-advised fund is simple and can usually be completed with a short conversation and a fund agreement outlining your wishes.

To learn more, please contact the Development Team:

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