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# *Donor Advised Funds*

## *Community Foundations*

### *Private Foundations*

Presentation – Overlook Foundation  
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#### 1. Donor Advised Funds: Easy Tax Advantaged Charitable Giving

- Positives
  - Easy to get started
  - Immediate tax deduction/avoidance of capital gains/turns assets into cash
  - Your money grows as you make charitable decisions
  - Easy “Bill Pay Like” costless recordkeeping/distribution of your gifts
  - Allows for small gifts otherwise impractical for stock gifting
  - Easy diversification of your giving
  - Anonymity if desired

- Disadvantages

- Gifts irrevocable
- Shouldn't use appreciated stock held less than 12 months or stock held for a loss
- Administrative/Asset management fees
- Charities kept waiting/no payout requirement

## 2. Community Foundations: A Backyard Donor Advised Fund With Inside Knowledge On How Best to Help Your Community

- Positives

- Similar tax advantages as Donor Advised Funds
- Local expertise to advise you on most worthy beneficiaries
- Keeping your money in your community
- Opportunity for field research on your charities
- Joining a network of like-minded philanthropists
- Influence how other monies in the fund are used
- May more readily accept nonstandard assets

- Disadvantages

- Potentially less anonymity
- Whiz Bang websites not typically as available
- Separate account may not be available for smaller amounts

### 3. Private Foundations: For Big League Philanthropists Willing to Devote Large Amounts of Money and Time

- Positives

- Prestige
- Putting your friends/family on the payroll
- Greater opportunity to customize your investments pre-gifting

- Disadvantages

- Expensive due to high startup/operational costs
- Lesser tax deductions (30/20 vs. 50/30)/excise taxes (2%)
- Annual gifting requirements
- Time consuming
- Becomes a burden when founder loses interest and or can no longer continue
- Less privacy/public tax returns