An Advised Fund at The Community Foundation gives individuals, families and corporations great flexibility in their charitable giving, with minimal cost. The Foundation helps maximize the joy of giving while minimizing the effort.

**CREATING THE FUND**
There are no setup fees, legal expenses or cumbersome paperwork involved in establishing an Advised Fund. You can be up and running in a matter of minutes; there is no need to get IRS approval. The only requirements are a three page fill-in-the-blank document and initial contribution to the Fund of at least $5,000.

**BUILDING THE FUND**
Once in place, people can make gifts of any size, at any time to their Advised Fund. They can choose the amount of their gifts, the type of gift and the timing of any gift to maximize their convenience and tax benefits. Gifts of cash, publicly traded or closely held securities, insurance, IRAs, interests in Remainder or Lead Trusts, real property, etc. are welcome.

**USING THE FUND**
The money in an Advised Fund is never used for grants without the written request of the donor. While The Foundation must own the Fund in order for the donor to qualify for a tax deduction, grants are made only at the donor’s request. The donor can ask that grants be made from the Fund at any time in accordance with the establishing document. Grants can go to support charitable organizations working in many areas ranging from “arts to zoology” — in other words, the broadest range of charitable needs. Although we hope most of the money will benefit organizations operating within Middle Tennessee and will be in amounts no smaller than $100, grants from Advised Funds can be used to support charitable organizations throughout the country. We also ask that the Fund maintain a minimum balance of no less than $5,000.

All that is required to recommend a grant is completion of a fill-in-the-blank form. After The Foundation receives that form and processes the grant, it is forwarded to the recipient organization with a letter citing the Fund from which it has come and the donor responsible for the gift. We work very hard to ensure that a recipient organization “gives credit where credit is due.” Donors wishing to act anonymously may do so with ease and confidence.

To support our charitable work, The Foundation charges an annual fee of 1.25% of the total assets of the Fund annually, payable quarterly in arrears on an accrued basis, on the average value of the Fund during the preceding quarter. Since for larger funds investment options may vary, The Foundation’s fee has been separated for clarity. In most cases, there is also an investment management fee.

**SECURING THE FUND’S FUTURE**
The corpus of the Fund is invested by The Foundation Board in an effort to ensure that it can do the most good for the longest time. Virtually all of the Funds at The Foundation are invested in a diversified portfolio designed to manage market risk, dampen market volatility and ensure steady growth over time. The portfolio aims to be at or near 35% in fixed income/cash and 65% in equities. Donors receive semi-annual statements detailing the activities of their Fund and giving them a target for prudent use of the endowments they have created.

**ADVANTAGES OF AN ADVISED FUND**
With an Advised Fund, there are no public disclosure requirements, no corporate minutes to keep, no IRS forms to file, no separate legal regulations to keep track of, and no administrative burden. All that is required of the donor is to time their gifts to maximize their tax benefits and to decided which charities they deem worthy of support.

That having been said, it is important to note that whenever a person, family or organization puts money aside for future charitable use and takes a tax deduction, the IRS gives its blessing but attaches certain strings.
For an Advised Fund there is only one such “string” and that is that it must be “a completed gift.” The charity — The Community Foundation — must own the assets but the donor can reserve the right to “advise” The Foundation on grantmaking from the Fund. Your recommendations need to be for grants to a qualified 501(c)(3) charitable organization, which do not represent payment of a personal obligation, which do not secure you any tangible benefit like tickets to an event, and which would be deductible if the gift came from your own pocket, but the ultimate decision must, by law, reside with The Foundation.

For a Private Foundation, which is the usual alternative to an Advised Fund, the IRS also limits a donor’s control but does so by attaching other strings. The government tells you when you must pay out certain amounts - regardless of your personal goals or preferences - and imposes severe penalties if you fail to meet these requirements. There are excise taxes due on investment income; rules about holding too much of a company; rules about significant public disclosure of the assets and the activities of the private foundation; and rules about self-dealing. Most importantly for some, there are less generous tax deductions available to donors based both on their Adjusted Gross Income (where applicable) and the timing of gifts of any appreciated securities. If you time a gift incorrectly you may only be able to take a deduction based on the cost of your securities not on their market value.

The Community Foundation staff is available to work with any donor to think strategically about opportunities to invest in issues that matter to them, to determine how to get the greatest charitable “bang for the buck” and/or how to make their charitable vision a reality.

TO LEARN MORE
Consult your own professional advisors and contact The Community Foundation of Middle Tennessee at 615-321-4939.