



COMBINE CHARITABLE GIVING AND TAX SAVINGS WITH A DONOR ADVISED FUND

You don't have to be a multi-millionaire to create a charitable legacy for yourself and your family. Donor advised funds are increasingly popular and effective vehicles for charitable giving because they allow donors at various income levels to make meaningful gifts and potentially realize significant tax benefits.

A Unique Giving Opportunity

A donor advised fund provides a unique giving opportunity. Rather than making an outright gift or series of gifts to one or more charities, you essentially create your own fund by donating assets in a tax-advantaged manner to a sponsoring organization, such as The Adirondack Trust Company Community Fund (The Community Fund).

The Community Fund was established to serve as a perpetual source of philanthropic support for local charities. As an independent 501(c) (3) charitable organization, The Community Fund is one of the few in our area that is qualified by the IRS to offer donor advised funds.

Once you've created your fund, you recommend how much you'd like distributed and choose the charity or charities that you would like to benefit. Distributions may only be made to IRS qualified 501(c) (3) organizations. The Community Fund makes every effort to honor your requests, but for tax purposes, The Community Fund must retain the right to make the ultimate distribution decisions.

Tax Benefits

Giving through a donor advised fund can provide both income- and estate-tax benefits. You can claim a federal income-tax charitable deduction for your contributions in the year you make them, even if the fund doesn't make grants until sometime later. Because donor advised funds distribute to public charities, you can generally deduct your cash contributions up to 50% of your adjusted gross income (AGI) for the year and up to 30% of AGI for gifts of appreciated securities. Any unused deduction may be carried forward and deducted in future tax years as permitted under federal tax law limits. Please consult your tax advisor regarding your personal tax situation.*

An added benefit: Making irrevocable contributions to a donor advised fund removes the value of the donated assets — and any future appreciation in those assets — from your estate for estate-tax purposes.

Gifts of Appreciated Assets

To make the most of available income-tax benefits, you might want to consider giving appreciated securities, such as stock or mutual fund shares that you've owned for more

than one year, to your donor advised fund. Even if the charitable organization sponsoring the fund later sells the securities, generally neither you nor the charity will have to pay capital gains tax on the securities' appreciation.

Take a look at the tax difference that donating securities, rather than selling the securities and donating the proceeds, can make.

	Gift of Stock	Sale of Stock and Gift of Cash
Original cost (basis) of stock	\$30,000	\$30,000
Current value of stock	90,000	90,000
Gift to charity	90,000	90,000
Capital gains tax on \$60,000 in appreciation ¹ (paid from another source)	0	9,000
Tax benefit of charitable gift ²	\$25,200	\$16,200

¹ Assumes a 15% capital gains tax rate available in 2011 and 2012.

² Assumes a federal income tax rate of 28%.

Offsetting Tax Liability on a Roth Conversion

Creating a donor advised fund this year to make charitable contributions you are already planning to make in the future could help you offset other tax liabilities you may have. For example, have you converted, or are you thinking of converting, a traditional IRA or employer's retirement plan account to a Roth account? Generally, when you convert, any deductible or pretax contributions you and your employer made and any accumulated earnings in the account become taxable in the year of conversion. A significant contribution to a donor advised fund could reduce or eliminate the additional income tax generated by the conversion.*

Starting Your Donor Advised Fund

To create a donor advised fund with The Community Fund, you will need to make an initial contribution of at least \$20,000. Subsequent contributions may be as low as \$1,000. (Contributions become the property of The Adirondack Trust Company Community Fund and are irrevocable.) The minimum amount that can be distributed from your donor advised fund to a charity is \$250.

In addition to providing the required administration for your donor advised fund, The Community Fund can help you accomplish your goals and strategies and will serve as a liaison with local charities.

Please contact us at 518-584-5844 (x) 2311 to learn more about the Adirondack Trust Company Donor Advised Funds and General Fund. Or email us at mail@atccf.org or visit www.atccf.org.

* This article was prepared by Newkirk Products, Inc. Information provided is general and educational in nature. It is not intended to be, and should not be construed as, legal or tax advice. Rules and regulations regarding tax deductions for charitable giving vary at the state level. The Trustees of The Adirondack Trust Company Community Fund must review and approve all contributions. Consult an attorney or tax advisor regarding your specific legal or tax situation. The Adirondack Trust Company assists with the administration and management of The Adirondack Trust Company Community Fund. However, The Adirondack Trust Company Community Fund is independent of The Adirondack Trust Company. © 2019 The Adirondack Trust Company Community Fund