



Fund or Foundation?

Find out whether a donor-advised fund meets your needs better than a private foundation.

A private foundation can help you accomplish philanthropic goals. But donor-advised funds are often a more flexible and cost-effective option for achieving similar results. When you create a donor-advised fund at the Community Foundation, you can recommend grants while we handle all recordkeeping and administration - bypassing the hands-on legal, financial, and administrative management required by a private foundation. A donor-advised fund also offers greater and more immediate tax benefits, with an option to give anonymously if so desired.

POINTS TO CONSIDER	DONOR-ADVISED FUND	PRIVATE FOUNDATION
Naming Option	[Your Choice of Name] Foundation	[Your Choice of Name] Foundation
Tax Status	Public charity - a component fund of the Community Foundation	Private foundation
Donor's Role	Donors recommend grants to eligible nonprofits, and may name successor advisors. Investments are managed by the Community Foundation.	Private foundation's board controls investment, grantmaking, and administration.
Privacy	Full donor anonymity, if desired	All information about assets, gifts, and grants is public
Minimum Contribution to Start Fund	\$5,000	Typically, millions of dollars
Annual Payout Requirement	None	5% of foundation's assets
IRS Reporting	Handled by Fairfield County's Community Foundation	Annual IRS Form 990 required
Liability and Risk Insurance	Covered by Fairfield County's Community Foundation	Purchased by the private foundation
INCOME TAX DEDUCTIONS		
Cash Gifts	Limited to 60% of adjusted gross income	Limited to 30% of adjusted gross income
Appreciated Stock Gifts	Fair market value, limited to 30% of adjusted gross income	Fair market value, limited to 20% of adjusted gross income
Real Estate & Closely Held Stock Gifts	Fair market value, limited to 30% of adjusted gross income	Fair market value, limited to 20% of adjusted gross income
PHILANTHROPIC SERVICES		
Establishment and Incorporation	One simple fund agreement required; covered by the Community Foundation's tax-exempt status	Formation of corporation or trust required; must apply to IRS for tax-exempt status
Grantmaking	If desired, we help identify and vet potential grantees and monitor grant outcomes	Must establish and maintain independent grantmaking and monitoring procedures
Administration	All recordkeeping and financial services handled by Fairfield County's Community Foundation	Foundation board or hired staff handles accounting, investment, IRS filings, and all expenses
Excise Taxes	None	Up to 2% of foundation's net annual investment income

This chart is simplified for clarity. Fairfield County's Community Foundation does not provide legal, tax, or financial advice.

Simplify your giving

Want to explore the benefits of a donor-advised fund versus a private foundation? Let's talk.
 Contact Joseph Collin, Vice President of Philanthropy, at 203-750-3211 or JCollin@FCCFoundation.org.