



## **EXPLORING DONOR ADVISED FUNDS**

A popular charitable giving solution that provides an immediate full tax benefit and can be an alternative to a private foundation.

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**RAYMOND JAMES** *Charitable*

# Giving. Simplified.

You're ready to invest in the people and communities around you and uplift those who need it most. Consider the benefits of an uncomplicated, tax-savvy way to do it: a donor advised fund.



Giving creates positive change in people, institutions and communities. It sustains a multitude of worthwhile organizations. It launches innovative new programs and services. Plus it makes us feel good and want to celebrate.

When you have a lot to give, it can be tricky figuring out the best approach to maximize your effort. That's where a donor advised fund (DAF) can be helpful.

Tax efficient and easy to set up and maintain, donor advised funds offer many benefits:

- > No capital gains tax on long-term appreciated assets that are gifted
- > Immediate tax deduction for the full market value of the gift for most assets
- > No excise taxes, unlike a private foundation
- > Assets donated no longer part of the estate value
- > No minimum annual distribution requirement for DAF account holders

The Raymond James Charitable Endowment Fund (Raymond James Charitable) simplifies giving by making grants to charitable organizations on your behalf.

Because a donor advised fund doesn't have a capital gains or excise tax, you'll watch your giving dollars go even further – without any more effort from you.

As a tax-qualified public charity, Raymond James Charitable provides you with immediate and full tax deductions and, at the same time, seeks to increase the value of your original gift through prudent investing.

And what could be more personal? You can even put your family name on your account and pass it down for generations, ensuring that your gift keeps on giving for years to come.

Raymond James Charitable simplifies and increases your giving power while it addresses your tax and financial needs.

## Give Smarter

When you give to your favorite charities through Raymond James Charitable:

- > Give later, get a tax deduction now
- > No capital gains tax
- > No estate taxes
- > Potential for gifts to grow tax-free
- > Most of the benefits of a private foundation but with less work
- > Consolidated giving efforts that ensure a legacy for generations to come



## IMPORTANT DETAILS ABOUT YOUR RAYMOND JAMES CHARITABLE ACCOUNT

### CONTRIBUTIONS

To establish a Raymond James Charitable DAF account, you can contribute as little as \$10,000 in cash, marketable securities or mutual fund shares. Subsequent contributions can be made in amounts of \$500 or more.

Raymond James Charitable can also assist companies and small businesses with their charitable giving. The minimum contribution for companies is the same as it is for individuals. The fund lets individuals or businesses outsource the administrative responsibilities, leaving more time and resources to focus on grant making and addressing the company's strategic goals.

Whether individuals or corporations make them, all gifts to Raymond James Charitable are irrevocable, so it's important for you to consider your long-range needs before choosing to give.

Before you make your initial gift, you will be asked to complete and sign a DAF account application. You will also be asked to name your account. You can honor a cherished family member – “The Margaret Smith Memorial Fund” – or you can highlight your personal charitable goals – “The Smith Family Foundation for the Performing Arts.”

Name your account in honor of someone or to  
highlight personal charitable goals.

## RAYMOND JAMES CHARITABLE HAS A UNIQUE INVESTMENT APPROACH

Unlike many other donor advised funds, it invests in mutual funds other than those offered by a sponsoring firm, providing you with greater choices of investment options. There are two types of selection options depending on the contribution level. Assets contributed to the fund are invested tax-free.

## LIBERTY OBJECTIVE OPTION: FOR ACCOUNT BALANCES OF ANY SIZE

You may recommend that your donation be invested in one of these seven investment objectives:

**MONEY MARKET OBJECTIVE (100% Money Market)** – Seeks the preservation of capital and the production of income exclusively through investment in a money market fund investing in the highest quality, very short-term debt instruments.

**INCOME OBJECTIVE (10% Growth / 90% Income)** – Seeks income and capital preservation primarily through the use of a mutual fund portfolio consisting of exposure to U.S. government and global corporate bonds.

**INCOME WITH GROWTH OBJECTIVE (30% Growth / 70% Income)** – Seeks income and provides a growth component through the use of a mutual fund portfolio consisting of exposure to U.S. government and global corporate bonds and a modest exposure to diversified common stocks.

**BALANCED OBJECTIVE (50% Growth / 50% Income)** – Seeks to provide a balanced allocation through the use of a mutual fund portfolio – providing both growth and income.

**GROWTH WITH INCOME OBJECTIVE (70% Growth / 30% Income)** – Seeks long-term growth of capital primarily by investing in a diversified mutual fund portfolio consisting of equity exposure and income through the use of U.S. government and global corporate bonds.

**GROWTH OBJECTIVE (90% Growth / 10% Income)** – Seeks long-term growth of capital primarily by investing in a diversified mutual fund portfolio consisting of equity exposure across the market capitalization and growth spectrums, including prudent exposure to international markets.

**ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) BALANCED OBJECTIVE (62% Growth / 38% Income)** – Seeks long-term capital appreciation with strong growth potential through investments with best-in-class environmental, social and governance practices.

To view the Liberty Objective funds and performance, visit [raymondjamescharitable.org](http://raymondjamescharitable.org).

The RJCEF Board of Trustees may change both the specific funds utilized and the asset allocation.

You could lose money by investing in the Money Market fund. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time. The fund will not impose a fee upon the sale of your shares, nor temporarily suspend your ability to sell shares if the fund's weekly liquid assets fall below 30% of its total assets because of market conditions or other factors. Interest rate increases can cause the price of a money market security to decrease. A decline in the credit quality of an issuer or a provider of credit support or a maturity-shortening structure for a security can cause the price of a money market security to decrease.

***Please consider the investment objectives, risks, charges and expenses of an investment company carefully before recommending a Liberty investment objective. This and other important information is contained in the fund prospectuses, which can be obtained from your investment professional and should be read carefully before recommending a Liberty investment objective.***



#### **INVESTMENT ADVISOR PROGRAM (IAP) OPTION: FOR ACCOUNT BALANCES OF \$500,000 OR MORE**

The Investment Advisor Program (IAP) allows you to nominate your Raymond James financial advisor to manage the assets held in the account.

Choosing appropriate investment options is only part of the process. The board must also continually monitor the investments as part of its fiduciary responsibility. Its goal is consistent performance over the long term.

Any income or appreciation achieved will be reinvested. So, to the extent to which your gift grows, additional funds will be available for the charities you recommend.

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#### **When establishing a fund, you will be asked to advise in four areas:**

How the money is invested within the options offered by the fund

Which charities will ultimately receive grants from the fund

How much will be given to each charity

Who will make these decisions instead of or as a successor to you

## CHOOSING THE CHARITIES AND CAUSES YOU WANT TO SUPPORT

While people support different charities, the one common denominator among donors is a generous spirit. You want to make a difference. And now you can watch your giving work harder and smarter for you for years to come.

You may recommend grants to any combination of more than 1.5 million U.S. charities that qualify as 501(c)(3) public organizations under the Internal Revenue code.

The timetable is up to you. Grants can be made at any time – today or 10 years from now – whenever it makes the most sense as a part of your giving strategy. And you can take the full tax deduction on your contribution – up to the limit of the law – immediately. Unlike private foundations, which require at least 5% of assets be distributed annually, there is no minimum annual distribution requirement for DAFs.

You will have plenty of time to consider your choices, and our team will verify the tax-exempt charitable status of the organizations you recommend, thereby protecting you from supporting nonqualified recipients and losing your tax deduction. And because you have plenty of time to think about your choices, you won't be hurried into making snap decisions at year-end to meet tax deduction deadlines.

Although your charitable contributions are usually fully tax deductible, every individual's tax situation is unique. Before donating to the fund, you may want to consult your attorney or accountant with questions about your tax liability.

## MAKING GRANTS TO FULFILL YOUR CHARITABLE WISHES

Once you've chosen your charities and you're ready to give, our team will review recommendations and make grants from your account in amounts of \$100 or more to as many qualified charities as you wish. The fund will send a letter with the grant check to the charity, recognizing that you recommended the gift, or, if you wish, you can remain anonymous.

## Your choices of charities may include:

ELEMENTARY SCHOOLS

COLLEGES

MEDICAL RESEARCH

MUSEUMS

HOSPITALS

NATURE PRESERVES

RELIGIOUS ORGANIZATIONS

HOMELESS & ABUSE SHELTERS

COMMUNITY CENTERS

FINE ARTS

YOUTH CAMPS

ANIMAL RESCUE

... plus many other worthy organizations

Among the **largest areas of interest** for grants made from Raymond James Charitable donor advised funds are **faith-based, education and schools, and social services.**

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## A WIDE RANGE OF BENEFITS, FROM REDUCING TAXES TO LEAVING A LEGACY

### IMMEDIATE TAX DEDUCTION

One of the most appealing benefits of a DAF is that you can take an immediate tax deduction – up to the maximum allowed by law – for the amount you’ve donated.

Then, you can recommend the fund make grants to your favorite charities at any time in the future – next week, next year or 10 years from now. You avoid the pressure of having to make snap year-end decisions because of an income tax deadline, and you can spread your giving over time. Recurring grants can be arranged, putting your charitable giving on a schedule for us to administer. And because the fund is a public charity, you may be able to take a larger deduction within a given year than you would for a donation or contribution to a private foundation.

### THE FUND ENABLES YOU TO

- > Create a legacy of giving in your family name
- > See the benefits in your lifetime and designate a successor donor
- > Name charities to receive grants beyond your lifetime

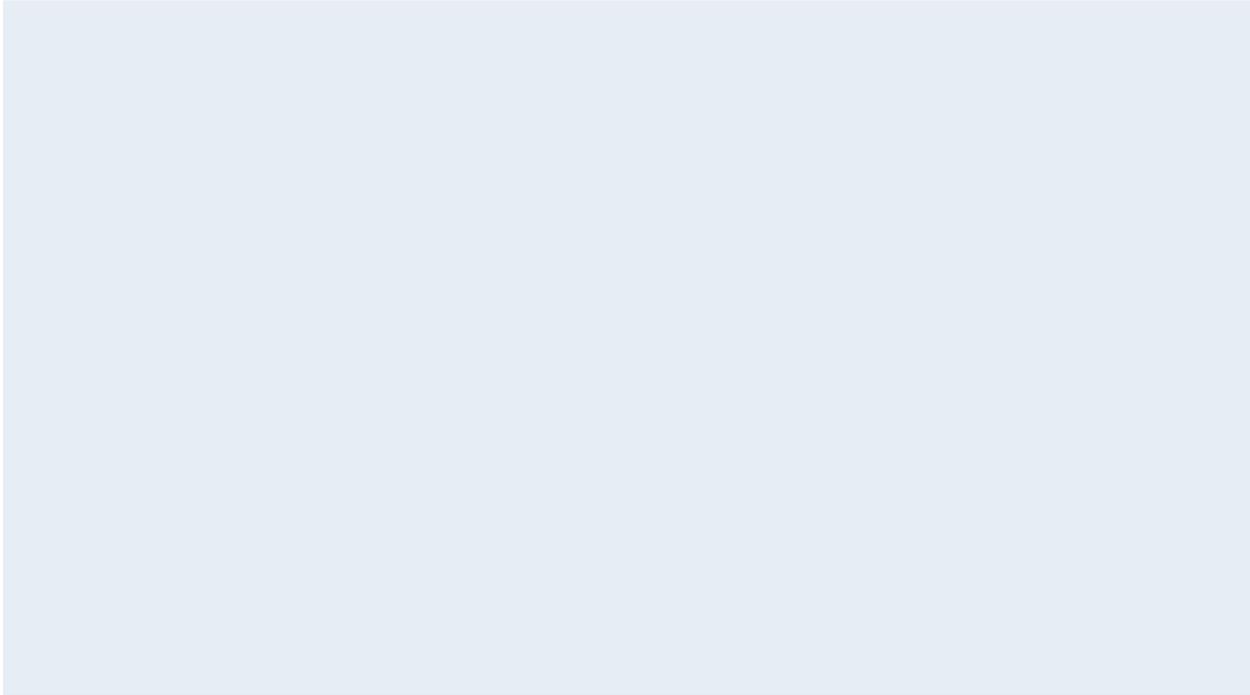
### NO CAPITAL GAINS TAX

If you contribute long-term appreciated securities to the fund, you’ll avoid capital gains tax on the appreciated portion and receive an immediate charitable tax deduction for the full fair market value of your gift. This is particularly useful for shares bought at a very low price (or other basis) that have appreciated greatly over the years.

### NO ESTATE TAXES

Assets donated to a DAF during your lifetime are no longer part of your estate and, therefore, not subject to probate. To gain additional estate-planning benefits, you may leave a bequest to the fund or name the fund as the beneficiary of a charitable remainder trust, an IRA or other retirement assets. Of course, you should always consult your tax advisor for in-depth guidance on these strategies.

Your gifts have the potential to grow. Depending on the investment objectives you select and the number of grants you make, your gift may earn interest and build over time, so you may be able to give even more than the value of your original gift.



#### CREATING A TRADITION OF GIVING

You can't live forever, but your passion for helping others can. The fund enables you to create a legacy of giving in your family name, see the benefits in your lifetime and designate a successor donor – your children, grandchildren or other important people in your life – to recommend grants for you after your death. Alternatively you may name specific charities to receive grants beyond your lifetime.

#### THE PLEASURE OF GIVING WITHOUT THE BURDEN

Raymond James Charitable provides all the administration and reporting services you need for your giving program, including the documentation you need to calculate and support income tax deductions.

Raymond James Charitable will keep you apprised of account activity with status reports each quarter and an end-of-year contribution summary statement for easier year-end tax preparation.

## GAIN THE ADVANTAGES OF A PRIVATE FOUNDATION WITHOUT THE EXPENSE

Donor advised funds are easy to set up, require no startup fees and protect giving dollars from being taxed. Plus, Raymond James Charitable does all the recordkeeping so you can focus on what's important: carrying on your legacy.

PRIVATE FOUNDATION	RAYMOND JAMES CHARITABLE
Legal and accounting fees to establish	No startup cost
Foundations need to manage assets, maintain records and prepare tax returns	All administrative, investment and recordkeeping services are provided by the fund
Current year tax benefit limited to 30% of adjusted gross income for cash gifts and 20% of adjusted gross income for fair market value of marketable securities held long term	Current year tax benefit limited to 60% of adjusted gross income for cash gifts and 30% of adjusted gross income for fair market value of marketable securities held long term
Excise tax of 1-2% of investment income annually	No tax on fund investment income
5% of foundation assets must be distributed annually to avoid income taxes	No annual distribution required*
Must verify tax deductibility of charity	DAF team verifies the tax status of all charities

\*Raymond James Charitable has historically distributed 15-20% of its assets every year. In the event that it distributes less than 5% in any given year, the board of trustees reserves the right to request donors make a grant distribution.

## FREQUENTLY ASKED QUESTIONS

### Q. Are there certain requirements to set up and maintain my DAF account?

**Yes.** A \$10,000 minimum contribution is required to open a DAF, and the minimum additional contribution into your DAF (after its initial setup) is \$500. There are administrative fees on all DAFs and investment management fees on DAFs with active management. There are no annual requirements to contribute into or grant out of your DAF. The minimum amount to grant to charity out of your DAF is \$100. Grants generally take three to 10 business days to process, as each charity is reviewed for approval according to IRS requirements for DAF distributions.

### Q. Can I recommend that my DAF make grants to any charity of my choice?

**Yes.** You can recommend a grant to any U.S.-based public charity qualified under Section 501(c)(3) of the Internal Revenue Service tax code, which we will verify for you.

### Q. Are there any limitations or requirements for grant recommendations that I request to charity?

**Yes.** Because your contribution to a DAF is fully tax deductible at the time of the donation, all grants recommended out of a DAF must be for fully tax-deductible purposes and satisfy IRS rules. For this reason, grants from a DAF cannot be used in certain cases.

Please note, this information is general and educational in nature. It is not intended to be, and should not be construed as, legal or tax advice. For complete information consult a tax attorney.

- We cannot make grants that provide or are **associated with a personal benefit** (i.e., tickets, table, auctions, etc.).
- We cannot make grants that are being used to pay for things that are only **partially deductible** (i.e., bifurcated grants).
  - *Because contributions to a DAF provide you with a full tax write-off, grants out of the DAF cannot pay for things that are only partially deductible. Oftentimes, dues or membership fees, buying tickets to a benefit, or purchasing goods at a charitable auction, are only partially deductible. Generally, grants from a DAF for these purposes are prohibited, unless it is deemed 100% tax-deductible and any/all benefits are waived.*
- We cannot make grants that satisfy a **legally binding pledge**.
  - *This is because, for the IRS, a pledge has the appearance of a personal debt, an agreement between you and the charity. Grants made out of your DAF are technically viewed as a grant from RJ Charitable (not you) to the charity. If the charity receives a check from RJ Charitable, they may not apply it to your pledge and in the future could claim that they are owed payments from your personal estate.*
- We cannot make grants that **benefit a specific individual(s)/account number(s)**.
  - *This is because DAF grants generally must be used to fund public charities that support the general public and must have documented and formalized programs for selecting and granting to individuals. For example, a grant cannot be used to pay tuition for a specific student that you name (even if that student is not related to you) because RJ Charitable does not have a program that evaluated and selected that student as deserving of a scholarship. You can, however, make a grant request from your DAF to a charity that has its own scholarship program.*
- We cannot make grants to **private non-operating foundations**.
  - *This is because donations to this type of organization have different tax treatment than donations made to a DAF.*
  - *While a DAF cannot pay into a private foundation, the reverse is acceptable. You can move funds from a private foundation to a DAF.*
- We cannot make grants that are being used for **lobbying, political contributions or political campaigns**.

**Q. Can I make changes to the investment selection at a later date?**

**Yes.** You have the ability to change your investment strategy at any time.

**Q. If I put money into my DAF, may I take it back later?**

**No.** All contributions to a DAF are irrevocable gifts.

## Getting started is easy.

To establish a Raymond James Charitable account, work with your Raymond James financial advisor, or visit [raymondjamescharitable.org/getting-started](https://raymondjamescharitable.org/getting-started) to see how you can apply directly.

In most cases, your charitable program can be initiated within 24 hours.

## **RAYMOND JAMES® Charitable**

RAYMOND JAMES CHARITABLE ENDOWMENT FUND

P.O. BOX 23559, ST. PETERSBURG, FL 33742 // 866.687.3863 // FAX: 727.567.8040

[RAYMONDJAMESCHARITABLE.ORG](http://RAYMONDJAMESCHARITABLE.ORG)

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