

# DESIGNATED FUNDS

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Many donors have a passion for one or more specific nonprofits and the missions they serve. Designated Funds ensure that a stream of ongoing income will be available to the organization(s) even after a donor's lifetime. The donor can rest assured that if an organization goes out of business or changes its purpose, at the Community Foundation of Middle Tennessee the donor's charitable intentions will survive. It's lasting.

## How it Works

- You make a gift to the Community Foundation of Middle Tennessee. This gift may be cash, publicly traded or closely held securities, bequests, planned gifts, insurance, IRAs, Remainder or Lead Trusts, real property, etc.
- The Fund is established in the name you choose, supporting the organizations you select when you make the initial gift and complete an agreement outlining how the Fund will work.
- You receive tax benefits in the year the gift is made. Additional gifts can be made at your convenience.
- Grants may only be made to qualified charitable organizations, and cannot represent payment of a personal obligation or pledge.
- In order for the donor to qualify for a tax deduction, the Community Foundation must own the Fund. As long as the Fund exists, annual grants are made only to the donor's chosen organization(s).
- Our professional staff handles the administrative details and assists you in realizing your charitable goals, while keeping within the policies and procedures of the Community Foundation and the IRS' rules.

## Financial Facts

- Designated Funds can be established with a minimum gift of \$5,000.
- They are endowed and approximately 5% of the balance of the Fund is used annually for grantmaking.
- Funds are generally invested in a diversified portfolio designed to manage risk and ensure steady growth over time.
- In addition to an annual investment fee, all Funds will be charged an annual fee of 1.25% to support the charitable work of the Foundation.

## Getting Started

- Discuss a Designated Fund with the Community Foundation's staff.
- Consult your professional advisor for your own personal tax implications.
- Make a gift to the Community Foundation of Middle Tennessee and complete the Fund agreement.
- Join the Community Foundation, as together, we connect generosity with need.

