

DONOR DIRECTED POOLED FUNDS

DONOR DIRECTED POOLED FUND (DDPF)

Donors who wish to take an active role in their grant making can establish a DDPF, allowing the donor and the spouse of the donor* (but no other successor advisors) who created the DDPF to make suggestions regarding grants from the fund. A DDPF may be given any name one wishes.

THE FOUNDATION REQUIRES \$10,000 TO ESTABLISH A DDPF.

Once a DDPF is established, gifts (donations) to the fund can be made by the establishing donor or others with cash, credit card, publicly-traded securities, bequests, life insurance, retirement funds including IRA rollovers and Required Minimum Distributions, real estate, tangible personal property, charitable remainder trusts, charitable lead trusts, or the transfer of a private foundation.

A DDPF allows fund advisors to submit recommendations regarding the distribution of both fund principal and annual earnings, although not below the minimum required fund balance of \$10,000.

Distributions from a DDPF can be made to any qualified nonprofit organization, without geographic restriction, but the Internal Revenue Service (IRS) places certain requirements on charitable distributions from a DDPF:

1. Grants from a DDPF can only be disbursed to publicly supported charities designated as both 501(c)(3) and 509(a)(1) organizations by the IRS.
2. All net income earned during any given calendar year on a DDPF must be disbursed to one or more qualified charities by March 15th of the following calendar year.
3. Grants from a DDPF may not be used to fulfill a donor's personal pledge or dues to a charity.
4. Grants from a DDPF may not be disbursed "quid pro quo" with the recipient organization. That is, grants cannot be disbursed to a charitable organization that then provides one with merchandise, a trip, etc. or any goods or services in exchange for the contribution.
5. A DDPF is part of a pool that is classified as a Private Foundation. Private Foundations are subject to excise tax (1% to 2%) on capital gains of stock gifts and earnings. The DDPF pays this tax (on an allocated basis), not the donor.

At the death of the last spouse, a DDPF becomes an unrestricted fund at Greater Toledo Community Foundation, unless prior arrangements as to otherwise have been made.

*The donor's spouse is that person to whom the donor is married on the date the fund agreement establishing the fund is created, provided always that if the donor and donor's spouse are divorced hereafter, the right and power of the donor's spouse to direct distributions from this fund shall cease.

FOR FURTHER INFORMATION, CONTACT:

Mike George, VICE PRESIDENT, PHILANTHROPIC SERVICES & ADVANCEMENT | E: Mike@toledocf.org

Bridget Brell Holt, PHILANTHROPIC SERVICES OFFICER | E: Bridget@toledocf.org



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