

Case Strategy: *Private Foundation Grant to Donor-Advised Fund*

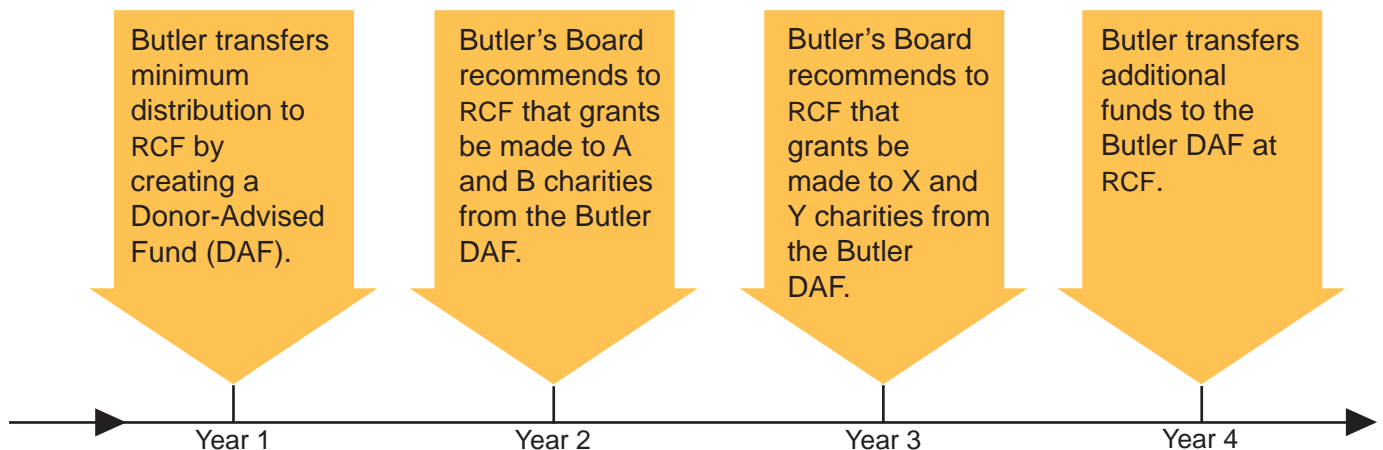
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Butler Foundation (“Butler”) is a private non-operating foundation founded by Alfred Jeeves. Alfred recently retired as Chairman of the Board, leaving his adult children as Directors. Since Alfred’s retirement, the Board has become divided over its grantmaking policy. With year end approaching, Butler faces a stiff excise tax liability if it fails to distribute at least 5% of the average fair market value of its investment assets to public charities (“minimum distribution”).

The Board consults a financial advisor who suggests making the minimum distribution to Renaissance Charitable Foundation Inc., a public charity that sponsors a donor-advised fund program. A donor-advised fund (“DAF”) is an individual, component fund of a public charity from which grants are made to other charities. As owner of the DAF, Renaissance Charitable Foundation has ultimate control over managing the DAF assets and making DAF distributions to other charities. Importantly though, Butler’s Board retains the capacity to recommend charities as recipients of DAF grants.

Butler’s Board creates a DAF with Renaissance Charitable Foundation (“RCF”) for the following reasons:

- Butler’s grant to RCF, a public charity, satisfies its minimum distribution requirement for the current year.
- Because RCF is not required to distribute funds from Butler’s DAF by year-end, Butler won’t forfeit its capacity to recommend grant recipients despite the Board’s current stalemate.
- Without limits on the number or amount of grant requests it makes of RCF, Butler expects its preferred charities to ultimately benefit from the DAF.
- Because DAF distributions are neither mandatory in amount or frequency, Butler’s DAF may last for many years.
- Because RCF designates all grants it makes from Butler’s DAF in the name of the Butler Foundation Donor-Advised Fund, Butler’s Charitable image is enhanced.



For more details about this strategy or any other charitable or trust case, please call Renaissance at 866.803.0389.



This example is hypothetical and for educational use only. The situations, tax rates or return numbers do not represent any actual clients or investments. There is no assurance that the rates depicted can or will be achieved. Actual results will vary. Please consult with legal and tax counsel about the suitability of this plan before proceeding.

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