

DONOR ADVISED FUNDS

Donor Advised Funds (DAF) are an excellent alternative to a private family foundation and offer donors a very flexible way to address their charitable interests over both the short- and long-term. While there are many ways to structure charitable giving, there are few alternatives that offer the versatility and tax efficiency of a Donor Advised Fund. Donor Advised Funds offer donors the opportunity to establish an individually named DAF and remain actively engaged in the gift making process through recommendations regarding the use of fund income and principal.

A Donor Advised Fund allows you to take action today to fund a future of charitable giving...simple as 1-2-3.

Here's how it works:

1. DONATE

- To establish your Donor Advised Fund, complete an application and submit to Covenant Estate Planning Services® along with your irrevocable tax-deductible contribution to the Evangelical Covenant Church. An initial donation of \$10,000 or more is required to establish a Donor Advised Fund. Additional gifts to a Donor Advised Fund must be \$5,000 or more. There is no maximum gift amount.
- Donations may be made with
 - Cash
 - Marketable securities
 - Real estate, personal property assets, such as coin or stamp collections, etc. require prior approval from Covenant Estate Planning Services. The Donor is responsible for securing an appraisal of such property prior to approval.
- Since donations of real estate and/or personal property assets require special effort, the Donor may incur expenses which are unique to the transfer of such assets.
- All Donor Advised Fund gifts are to be made to the Evangelical Covenant Church, and will be coordinated and processed by Covenant Estate Planning Services. The written agreement used to establish an individual Donor Advised Fund shall be between the Evangelical Covenant Church and the Donor.
- Each Donor Advised Fund will be individually named, e.g. The George Johnson Family Donor Advised Fund.
- The Donor can be the Advisor for a Donor Advised Fund, and may name one or more additional Advisors.

2. INVEST

- These contributions are placed in your named Donor Advised Fund and are professionally managed by Covenant Trust Company on behalf of the Evangelical Covenant Church for the published Investment Management Account fee. These assets have the potential to grow tax-free and fund more charitable giving. The Donor may choose from these investment strategies:
 - Money Market Fund
 - Conservative Growth
 - Moderate Growth
 - Focused Growth
 - Strategic Growth

3. GIVE

- The Advisor can recommend at any time that distributions be made from the account to Covenant and/or other ministries of your choice.
- Covenant Estate Planning Services shall give careful and thoughtful consideration to all recommendations for gift distributions under the authorization of the Evangelical Covenant Church and based on Evangelical Covenant Church guidelines.
- When two or more persons are named as Donor Advised Fund Advisors, Covenant Estate Planning Services may accept and act on recommendations for gift distributions from any one Advisor without any requirement to contact or receive concurrence from the other named Donor Advised Fund Advisors.
- Recommendations for gift distributions from a Donor Advised Fund must be written and signed by a Donor or named Donor Advised Fund Advisor.
- The minimum gift distribution from a Donor Advised Fund is \$500.
- Donor Advised Fund Gift Distributions will be made twice a month.
- During each calendar year, every Donor Advised Fund is required to distribute to charity 5% or more of its January 1 value, or a minimum of \$500 unless there are special circumstances such as the Donor Advised Fund holding non-liquid assets.

- If the required 5% distribution has not been made from a Donor Advised Fund by December 25th of each calendar year, it shall be made automatically. The Donor will be encouraged to include a 'default' charity in the fund agreement, but if there are no written recommendations or default provisions on file from the Donor regarding distribution, the 5% distribution shall be made to the Evangelical Covenant Church to be used where needed most.
- Donor Advised Funds may recommend up to 50% of the annual distribution be made to 501(c)(3) charities other than Covenant ministries. Any such charity must have goals and objectives compatible with those of the Evangelical Covenant Church. Covenant Estate Planning Services reserves the right, in the exercise of its sole and absolute discretion, to approve or disapprove distribution recommendations

WHAT ELSE DO I NEED TO KNOW?

- When a Donor Advised Fund has maximum assets of less than \$5,000 for a full calendar year, the Donor Advised Fund will be closed and its assets distributed to Covenant ministries. If there are no written recommendations on file from the Donor regarding ultimate distribution, the Donor Advised Fund assets will be distributed to the Evangelical Covenant Church to be used where most needed.
- Upon the death of the last surviving Donor, the assets of a Donor Advised Fund will be distributed to Covenant ministries. If there are no written recommendations on file from the Donor regarding ultimate distribution, the Donor Advised Fund assets will be distributed to the Evangelical Covenant Church to be used where most needed.
- A Donor may provide for the Donor Advised Fund to continue after death with gift distribution recommendations being received from one or more Advisors selected by the Donor for a time period up to 20 years or for the lives of the named Advisors, whichever is less.

Distributions from a Covenant Trust Company Donor Advised Fund may not be used to discharge or satisfy a charitable pledge or obligation that is legally enforceable against the Donor or any other person, or to pay for goods or services of value or any other private benefit received by the Donor or any other person affiliated with the Donor.

Information contained in this brochure is for purposes of information and education only, and is not intended as either tax or legal advice.

Covenant Trust Company reserves the right to revise these guidelines at any time. Contact your Financial Services Representative for the current published guidelines.

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