

STRATEGIC GIVING

DONATING THE RIGHT ASSET AT THE RIGHT TIME

Total giving in 2011 was nearly \$300 billion, according to the 2012 Giving USA Report by the Center on Philanthropy at Indiana University. One of the trends is contributing more strategically and maximizing the amount being put to work for good causes.

“Today’s donors, many with the guidance of their advisors, are actively looking for ways they can give more,” says Sarah Libbey, President of Fidelity Charitable®, an independent public charity with a donor-advised fund (DAF) program. Fidelity Charitable® has helped donors support more than 150,000 nonprofit organizations with more than \$13 billion in grants since 1991. “One way to do this is to maximize the opportunity presented by donating appreciated securities or other types of illiquid assets. With the right planning, and a giving vehicle such as a donor-advised fund, what may have been paid in capital gains taxes can instead help the causes donors care about.”

The Strategic Advantage of Donor-Advised Funds

One of the smartest ways to give is with a DAF, in which one makes an irrevocable contribution to a sponsoring charitable organization, and then recommends grants to qualified nonprofit organizations on a personal timetable while the remaining DAF balance is invested in particular investment options.

DAFs have become incredibly popular. In fact, the number of DAFs has grown at an average annual rate of 13.8% since 1995, and total assets have increased to nearly \$30 billion. And no wonder: A DAF provides an immediate tax deduction; may eliminate capital gains tax for gifts of long-term appreciated securities as well as other types of assets; can create a ready reserve of charitable dollars to support future giving; and can be passed



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on to successors to maintain family involvement. Advantages accrue to every major giving scenario, including:

- **Long-Term Appreciated Securities**
Inherited stocks with an unknown cost basis or those that have grown greatly in value can be contributed to fund a DAF, and the donor can generally take a tax deduction for the securities’ full fair-market value.
- **Complex Assets**
Contributing illiquid assets such as private company stock, limited partnership interests or real estate to fund a DAF can be a smart strategy for individuals looking to minimize potential tax implications and effectively support their future charitable giving. Since its inception, Fidelity Charitable

has accepted nearly \$925 million in complex assets.

- **Private Foundations**

DAFs are an alternative to or can complement a private foundation. DAFs can be lower cost, provide more flexibility in granting to causes outside the private foundation’s mission and allow anonymity.

The Charitable Investment Advisor Program at Fidelity Charitable brings even more value, allowing donors to nominate a qualified investment advisor to manage their DAF balance at Fidelity Charitable while building portfolios that integrate giving with overall personal financial plans.

“The simplicity, convenience and cost-effectiveness of donor-advised funds are helping our donors support causes in the short term and providing opportunities to allow assets to grow for longer-term philanthropic goals,” says Libbey. “The added flexibility to accommodate donations of appreciated securities and complex assets, as well as to integrate advisors into planning and giving strategies, is also helping to fuel the growth of this giving vehicle.”



Learn more at FidelityCharitable.org.

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Support generously, give strategically.

Fidelity Charitable® offers a flexible way to streamline your recordkeeping, simplify your charitable giving, and potentially minimize your taxes. With a wide range of investment options, your contributions of cash or complex assets have the potential to grow, so you can make more of a difference for the causes you care about.

To learn more, speak with your financial advisor, visit FidelityCharitable.org, or contact a Charitable Planning Specialist at 800.262.6714.



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