

MEMORANDUM

DATE: April 13, 2018
TO: The Foundation's Family of Donors
FROM: Ellen R.Z. Rosen, General Counsel
RE: Important Changes Regarding Your Donor Advised Fund

Due to recent IRS guidance, The Foundation is making two important changes that affect your Donor Advised Fund.

1) The Foundation will no longer process grant requests for charity-sponsored events you attend. The IRS has stated that these grants result in an impermissible benefit to the donor and therefore are prohibited. This could result in a penalty imposed on both you and The Foundation.

What this change means: Effective immediately, you may no longer recommend grants from your Donor Advised Fund related to any event you are attending if personally paying for the event would not be fully deductible. Further, you cannot split the deductible and non-deductible portion of the ticket. (If you recommend a grant for an event you are not attending and are merely sponsoring, we ask that you clearly note in the comments section that it is sponsorship of the event.)

2) Under certain circumstances, The Foundation may begin issuing grants from Donor Advised Funds to organizations related to personal pledges. The IRS has stated a grant from a Donor Advised Fund to an organization to which the donor has made a personal charitable pledge does not result in an impermissible benefit if the grant does not expressly satisfy the pledge. However, in making such a grant, The Foundation cannot make any reference whatsoever to the pledge in its communications with the organization. As with all grant recommendations, please remember that grant recommendations related to pledges are solely advisory. The Foundation has the sole discretion to approve (or deny) all grants.

What this change means: You can now make pledges to charitable organizations and recommend grants from your Donor Advised Fund so long as the recommended grant does not expressly fulfill the pledge. As stated above, The Foundation cannot refer to the pledge in its communications with the organization and you should not advise The Foundation that you are satisfying a pledge.

Although formal regulations have not yet been issued, The Foundation will apply these changes, effective immediately, both to Donor Advised Funds and support organizations. These changes were made after conferring with legal counsel.

Please let me know if you have any questions regarding these changes. I can be reached at erosen@jewishfoundationla.org or 323.761.8708.