



## Donor-Advised Funds Empower Charitable Giving

By Baruch Littman

THE FOUNDATION  
JEWISH COMMUNITY FOUNDATION  
LOS ANGELES

For Terri and Michael Smooke, giving back plays a very prominent role in their lives. The long-time Beverly Hills residents—champions of the Jewish community locally and abroad, as well as devoted arts patrons—demonstrate this commitment not only through generous support, but also in their community-wide volunteer leadership.

Over the years, Terri Smooke has been very active in lay leadership roles at Los Angeles's Jewish Federation, and former California Governor Gray Davis appointed her to a key staff position as liaison to the state's Jewish community. She currently also serves as a trustee at MOCA. Michael Smooke, a real estate lawyer and of counsel at Eisner, a professional corporation in Beverly Hills, presently serves as a trustee at the Los Angeles County Museum of Art and the Jewish Community Foundation of Los Angeles (The Foundation), where he and his wife also have a charitable fund through which they sustain their favorite causes.

"With our donor-advised fund (DAF), we're able to support a wide range of causes more efficiently and strategically," said Michael Smooke. "Our charitable fund provides us with a lot of flexibility, as well as access to The Foundation's helpful philanthropic resources and guidance with our giving, when we need it."

Why did the Smookes, as well as hundreds of others, select Foundation DAFs as the best vehicle to conduct their philanthropy?

### Streamline Your Giving

DAFs are arguably the fastest growing segment of philanthropy, offering many of the advantages of a private foundation, but without the costs and administrative complexities of a private foundation.

One of the smartest ways to enhance your philanthropy is by establishing a DAF—essentially a charitable-giving account—at The Foundation. It provides you convenience and flexibility with your donations, and allows you to give more strategically. You can fund a DAF with a variety of assets. You can recommend grants to your favorite charities, Jewish or secular, on your own schedule, and you may select investment options to potentially grow your fund. The Foundation streamlines the entire process by handling the administrative responsibilities, freeing you to focus on the joy of giving.

The benefits of a donor-advised fund at The Foundation include:

- With an initial contribution of at least \$5,000 in cash, you can create your own donor-advised fund, **receive an immediate fair market value charitable tax deduction**, and have your charitable dollars in one convenient account where you can maintain total privacy about your giving.
- By using appreciated assets such as marketable stocks and bonds, real estate, or interests in a limited liability company to fund your DAF, in addition to the fair-market-value tax deduction, you will **avoid all capital gains tax on your gift**. And, through thoughtful pre-planning, a DAF

can even help maximize tax benefits in the event of the sale of a business.

- **You can recommend grants of \$100 or more to a nearly limitless range of nonprofit organizations**, Jewish or secular, locally, nationally, or in Israel via 24/7 online access to your fund. Plus you can review your fund's balance and giving history and add to your fund anytime with a credit card or online check.
- If your fund's balance is \$50,000 or more, you can access several types of investment options providing **diversity and potential tax-free growth of your fund's assets**.
- Additionally, our Center for Designed Philanthropy offers **complimentary philanthropic consultations and educational programs** on giving more strategically. For example, we can help you determine which causes to support based on your passions and fields of interest.

### For the Good of Community

The only cost associated with a DAF at The Foundation is a modest annual fee—1.5 percent of the DAF's assets—that covers several important administrative and portfolio management functions. A portion of that fee is reinvested in The Foundation's own grantmaking to numerous causes throughout our community—creating, in effect, philanthropic sustainability.

### Multigenerational Giving

Studies indicate that children whose parents actively discuss giving are significantly more

likely to become charitable adults themselves than those whose parents do not. This same research shows that charitable families volunteer more, and consider themselves happier and closer-knit. That's why we suggest engaging your family early on to communicate your charitable values and decision-making process.

To encourage their children's philanthropic values, many Foundation donors have opened funds for their children and grandchildren, too, enabling them to experience firsthand the fulfilling power of giving at an early age.

### DAFs and the Tax-Reform Act

This year's income-tax reforms changed the standard deduction and raised numerous questions about its impact on charitable giving. The need for well-planned strategies to maximize the tax benefits of your philanthropy is essential. The next article in this four-part series will examine how one approach—charitable-gift "bunching"—utilizes DAFs as an ideal vehicle for maximizing the deductibility of your donations.

To explore smart giving strategies—and the fulfillment that comes with it—as well as to amplify the impact of your giving, please visit [www.jewishfoundationla.org](http://www.jewishfoundationla.org) or contact us at (323) 761-8704, or [development@jewishfoundationla.org](mailto:development@jewishfoundationla.org).

*About the author: Baruch Littman is vice president of development for the Jewish Community Foundation of Los Angeles, which manages more than \$1 billion in charitable assets and distributed \$100 million in grants in 2017 to causes locally, nationally and around the world.*