

# Why choose Fairfield County's Community Foundation



## Ten reasons why establishing a charitable fund with us can be more advantageous than creating a private foundation

- 1. It's easy and inexpensive to establish a fund.** When you want to establish a private foundation, you're required to create a new organization, apply for tax-exempt status, pay filing fees and incur legal and accounting expenses.
- 2. You can deduct a gift of cash to a charitable fund up to 60% of your Adjusted Gross Income (AGI).** A gift of cash to a private foundation allows you to deduct up to 30% of AGI.
- 3. By creating a charitable fund, you may deduct gifts of closely held long-term appreciated stock at its fair market value, up to 30% of AGI.** If the same gift is given to a private foundation, deductibility may be limited to its cost basis up to 20% of AGI.
- 4. No tax is imposed on the investment income of a charitable fund** because it is a component of a public charity. A private foundation pays up to 2% federal excise tax on its investment income and net realized capital gain.
- 5. You can give anonymously.** A private foundation must make available to the public the name and address of any substantial contributor.
- 6. There are no minimum distribution requirements** for a charitable fund at a community foundation. A private foundation must annually distribute at least 5% of its net investment assets, regardless of whether the amount is actually earned.
- 7. There are fewer restrictions on a charitable fund.** For private foundations, however, there are strict regulations regarding self-dealing between the foundation and those who manage, control, or contribute to it and persons or corporations closely related to them.

For example, a private foundation, along with its donor and other "disqualified persons" (including members of the board and staff), may not hold more than 20% of a related corporation's voting stock.
- 8. There are fewer investment restrictions on a community foundation's funds.** A private foundation may not make certain types of investments. For example, a community foundation may hold more than a 20% ownership in a particular corporation, but private foundations may not.
- 9. There are fewer IRS reporting requirements on community foundation grants and funds,** and requirements that do exist are handled by the foundation's staff at no extra charge to individual donors.
- 10. Charitable gifts to a community foundation fund are almost always considered "public support,"** and helping the recipient charity retain its public charity status. A private foundation grant is usually not considered "public support" in its entirety, and may not be as helpful to the recipient charity in retaining its public charity status.

*We are available to help you consider your charitable options. Please contact Kristy Jelenik, Vice President of Development, 203.750.3211 or [KJelenik@FCCFoundation.org](mailto:KJelenik@FCCFoundation.org).*