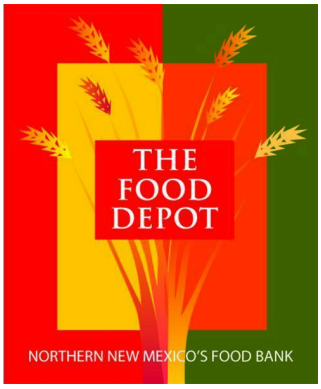

Donor Advised Funds and Gifts of Stock

A Donor Advised Fund (DAF) or gift of stock might be a great solution for you. You can use a DAF to distribute gifts to numerous charities, such as The Food Depot. With a DAF, you can make gifts to The Food Depot during your lifetime, creating a legacy of generosity your family can continue in your memory. Gifts of stock are a donation of shares of stock to The Food Depot. Each method of giving is advantageous for both the donor and The Food Depot.

Donor Advised Funds

Donor-Advised Funds (DAFs) are charitable giving vehicles administered by charitable organizations, such as The Food Depot, that allow donors to make a charitable contribution, receive an immediate tax deduction, and then recommend grants from the fund over time. Find out more about DAFs and their advantages below:

- *Establishment:* A donor establishes a DAF account at a sponsoring organization, which is usually a public charity, such as a community foundation or a national charity like Fidelity Charitable, Schwab Charitable, or Vanguard Charitable.

- *Contributions:* The donor makes an irrevocable contribution of personal assets (such as cash, stocks, or other securities) to the DAF. These contributions are tax-deductible in the year they are made.

- *Investment:* The funds in the DAF can be invested in various investment options provided by the sponsoring organization. Any investment growth is tax-free, which can potentially increase the amount available for charity.

- *Grant Recommendations:* The donor, or their appointed advisor, can recommend grants to qualified public charities over time. While the donor can suggest how and when the money is distributed, the

sponsoring organization must approve these recommendations to ensure they comply with IRS regulations.

- *Tax Advantages:* Contributions to a DAF offer immediate tax benefits. Donors can deduct up to 60% of their adjusted gross income (AGI) for cash contributions and up to 30% of AGI for appreciated securities. Additionally, appreciated assets contributed to a DAF are not subject to capital gains tax.

- *Flexibility:* DAFs provide flexibility in giving. Donors can make a charitable contribution in a high-income year and distribute funds to charities over several years. This allows for strategic philanthropy and potentially greater impact.

- *Legacy Planning:* Donors can name successors or beneficiaries to their DAFs, enabling them to create a legacy of giving that can continue beyond their lifetime.

How a donor advised fund works:

1. You make an initial, irrevocable gift of cash or stock to fund a DAF at a sponsoring organization

2. The assets in your DAF grow tax-free

3. You make annual recommendations on gifts to be made from your DAF

4. Consult your professional representative for more details.

Donor Advised Funds offer a tax-efficient way to manage charitable giving, allowing donors to take immediate tax deductions and then distribute funds to charities over time as they see fit. Please speak with your professional representative to see what the best use of your DAFs are for you.

Gifts of Stock

Gifts of stock refer to the donation of shares of stock to a charitable organization. This method of giving can be advantageous for both the donor and the charity. Below are more details and advantages for gifts of stock:

- *Avoid Capital Gains Tax:* When a donor gives appreciated stock that they've held for more than one year, they can avoid paying capital gains tax on the appreciation. This is a significant tax advantage compared to selling the stock and donating the proceeds.

- *Fair Market Value Deduction:* The donor can generally deduct the fair market value of the stock on the date of the gift. This deduction can be up to 30% of the donor's adjusted gross income (AGI) for the year.

- *Maximize Donation:* By donating stock directly, the donor can potentially give more to the charity than if they had sold the stock, paid capital gains tax, and then donated the proceeds.

Benefits for The Food Depot

- *Receives Full Value:* The charity receives the full market value of the stock and can sell it tax-free, as charitable organizations are not subject to capital gains tax.

- *Potential for Increased Donations:* Stock donations can be larger than cash donations since donors are often willing to give more when they receive tax advantages.

Example Scenario

Cookie Monster purchased shares of stock for $5,000 several years ago, and those shares are now worth $20,000. If Cookie Monster were to sell the shares, then Cookie Monster would incur capital gains tax on the $15,000 appreciation. Instead, by donating the stock directly to The Food Depot, the Cookie Monster can avoid the capital gains tax and potentially receive a charitable deduction for the full $20,000 market value.

The aforementioned example provided is only to illustrate a possible example and is not intended to represent your unique needs and wishes.

How Gifts of Stock Work

- *Selection of Stock:* The donor selects publicly traded stock from their portfolio that they wish to donate.

- *Transfer Process:* The donor initiates a transfer of the chosen stock to the charity. This usually involves notifying the brokerage firm to transfer the shares directly to the charity's brokerage account.

- *Charity Receives Stock:* The charity receives the stock and will sell immediately at current market rate.

- *Acknowledgement and Tax Receipt:* The charity provides the donor with an acknowledgment of the donation, which includes the date of transfer and details of the stock gifted.

Steps to Donate Stock

1. Initiate Transfer: Contact your broker or financial advisor to initiate the transfer of the shares to The Food Depot's brokerage account (instructions below).

2. Document the Donation: Ensure that you document the transfer date and the fair market value of the stock on that date for tax purposes.

Gifts of stock are a tax-efficient way to support The Food Depot, offering substantial benefits to both you and the organization.

Transfer Information for The Food Depot

The following transfer information covers most types of contributions made in kind to The Food Depot:

- *Morgan Stanley*
- *Internal Transfer:*
    - Transfer from a Morgan Stanley account to The Food Depot by requesting a "journal" to the following:
    - The Food Depot account #217-027980-049

- *All External Transfers:*
    - Transfer from another brokerage firm to The Food Depot by requesting a Depository Transfer Check (DTC) transfer to the following:
        - Morgan Stanley DTC #0015
        - The Food Depot account #217-027980-049

Please ensure your broker includes your name on the stock gift so The Food Depot can properly acknowledge the gift.

ACH Instructions

Donors access ACH by clicking "e-check" when making a donation on The Food Depot website.

If it's an ACH coming from a donor-advised fund, it is best to call Finance at 505-510-5803 or email them at finance@thefooddepot.org.

Local Estate Planning Contacts

Below is a list of local Estate Planning Attorneys, Financial Advisors, and Certified Public Accountants (CPAs). The Food Depot does not endorse or recommend any specific individual or firm.

	Name	Phone	Address
Estate Planning Attorneys	Thomas W. Banner	(505) 428-0523	1512 Pacheco St., Unit D203, Santa Fe, NM 87505
	Ryan Sise	(505) 302-5456	4801 Lang Ave NE #110, Albuquerque, NM 87109
	Kate Fitz Gibbon	(505) 216-9349	460 St. Michael's Drive, Ste. 1203, Santa Fe, NM 87505
	Dorene A. Kuffer	(505) 924-1000	150 Washington Avenue, Suite 210, Santa Fe, NM 87501
Financial Advisors	John Rochester, QPFC	(505) 988-7722	150 Washington Avenue, Suite 301, Santa Fe, NM 87501
	LongView Asset Management	(505) 988-9555	136 Grant Avenue, Santa Fe, New Mexico 87501
	The Rikoon Group	(505) 989-3581	2218 Old Arroyo Chamiso, Santa Fe, NM 87505
	Savant Wealth Management	(505) 800-7797	2000 Old Pecos Trail, Suite C, Santa Fe NM 87505
Certified Public Accountants	Jim Colombo, CPA	(505) 983-9000	1424 Paseo De Peralta, Santa Fe, NM 87501
	Kuderik and Associates	(833) 637-2281	1012 Marquez Pl Suite 301-A, Santa Fe, NM 87505
	Mike Swain	(505) 988-3770	2050 Botulph Road, Suite A, Santa Fe, NM 87505
	Carolyn H. Gonzales, CPA	(505) 424-9444	2213 Brothers Road #200, Santa Fe, NM 87505

Contact Information

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development@thefooddepot.org

The Vista Group at Morgan Stanley
John A. Rochester
Senior Vice President, Wealth Advisor
150 Washington Ave., Suite 301
Santa Fe, New Mexico 87501
(505) 988-7752 or (800) 757-3834

Additional Information

- IRS - Requirements for Retirement Plan and IRA Minimum Distributions
- The Food Depot’s Estate Gift Intention Form