



Memory Trees Corporation 501(c)(3)
6742 Forest Hill Blvd., Ste 257, West Palm Beach, FL 33413
Tel: 561.290.8833 | Web: www.memorytrees.co | Email: give@memorytrees.co

Donor Advised Fund Information

A **Donor-Advised Fund (DAF)** is a charitable giving vehicle that allows individuals, families, or organizations to make a tax-deductible contribution to a fund, which is then managed by a sponsoring organization, in this case, **Memory Trees Corporation (MTC)**.

The donor is granted a privilege (not a right) to recommend how the funds are distributed to charities over time, while the sponsoring organization manages the administration and ensures compliance with legal and tax requirements.

Here's how it works in more detail:

1. **Contribution:** You (the donor) contribute assets - such as cash, stocks, real estate, or other investments - to a MTC DAF. Once the donation is made, it becomes irrevocable, meaning you cannot take it back, or ask for it to be returned to you, or anyone else. MTC, the sponsoring organization, takes legal control of the donated assets.
2. **Tax Deduction:** You receive an immediate tax deduction for the full value of your contribution in the year you make it, based on IRS rules. For example, donating appreciated securities (like stocks held for more than a year) lets you deduct their current market value without paying capital gains tax on the appreciation.
3. **Investment Growth:** The assets in the DAF can be invested and grow tax-free, depending on the investment options offered by MTC. You may have some say in how the funds are invested (e.g., in mutual funds or other portfolios), but this varies based e.g., on the market's current performance, the Fund Manager's preferences, the desired distributions and/or return on investment targeted, etc.
4. **Grant Recommendations:** You may advise MTC about which qualified charities (in the US, typically 501(c)(3) organizations) should receive grants from the fund. You can make these recommendations at your own pace - immediately, over months, or even years. MTC will review the recommendations to ensure they meet legal standards, and then distribute the grants.
5. **Administration:** MTC manages the paperwork, tax reporting, and legal compliance. MTC will levy quarterly or annual fees (often a percentage of the fund's assets) for the services provided.

Key Features and Benefits

- Flexibility: You can donate now, get the tax break immediately, and then decide later which charities to support.
- Simplicity: It's easier than setting up a private foundation, with less paperwork and lower costs.
- Legacy: You can name successors (like family members) to continue advising the fund after you're gone.
- Anonymity: Grants can often be made anonymously if you prefer.

Example

Let's say you donate \$50,000 in appreciated stock to a DAF. You get a \$50,000 tax deduction for the applicable year of the donation date. The stock may be sold within the DAF (i.e., no personal capital gains tax), and the money is then invested.

Over the next few years, you recommend grants: \$10,000 to a local food bank, \$20,000 to an education nonprofit, and so on.

The fund grows tax-free between grants.

Things to Note

- Minimum contributions: MTC will open a DAF in your name with a \$0 deposit, and provide donation receipts - ongoing - as you make donations into the account.
- In simple terms, annual DAF distributions are 5% or less. The Fund Manager therefore strives to generate at least 6% in annual ROI, in order for the donated funds 'never' to be depleted. It is not unusual to distribute e.g., 3% annually, or even \$0 (for example during negative market performance ROI periods).
- You do not have absolute control - your recommendations can be denied if they don't align with IRS rules (e.g., no grants to individuals or for personal benefit).
- You retain a privilege - not a legal right - to have a say in investment decisions (e.g., "I don't want to invest in tobacco stocks") and distributions to other charities. But as the sponsoring organization, MTC is the legal owner of the donated funds, as per IRS rules. MTC will endeavor to distribute donations to your preferred charities, generate adequate ROI on an ongoing basis, etc.

DAF accounts are a popular tool for strategic philanthropy, balancing tax planning with charitable impact.

For more information, contact Memory Trees via the contact information on the header of the previous page, or email the organization's Fund Manager, Rudi Bester, directly at rudi@memorytrees.co.