



ELFEC

responsible investing • gift planning

Donor Advised Funds (DAF) Frequently Asked Questions

What are the advantages of a donor advised fund (DAF)? Your donor advised fund (DAF) is a highly flexible tool that can be used to provide a continuous stream of income to your favourite charities. Your DAF can be used to give back during over a defined period or it can exist in perpetuity. It can support many different charities that are important to you as the donor. It is a special way of giving that offers great flexibility and attractive tax advantages and creates the potential to grow your charitable dollars by taking advantage of ELFEC's ethical faith-based charitable investment strategies - resulting in more support for your favourite charities. Also, your DAF can simplify your annual charitable giving, but it can do much more—it can provide a perpetual family legacy.

Are the donations which are made to create a DAF with ELFEC eligible for a charitable tax receipt? Yes, you can claim as a non-refundable tax credit. If you are using your corporation to make the gift, you can claim a tax deduction for the corporate donor on the donor's income tax return.

How do I create a donor advised fund (DAF)? ELFEC does all the work, you as the donor simply have to decide on the size of the donation to create your fund, which charities will benefit and over what period of time. ELFEC is happy to lead you through the process, drafting the necessary documents, providing the administration and regular progress reports back to you.

How does ELFEC's donor advised fund (DAF) program work? ELFEC provides the necessary charitable administration in order to create your fund thereby minimizing your administrative duties. When you establish your donor advised fund (DAF) with the ELFEC, you can be assured that the ELFEC will oversee your program and be your direct link to your chosen beneficiaries. ELFEC's donor advised fund program is a personalized service, designed to meet the philanthropic and charitable goals of you and your family. Our management services include accounting, legal, investment and disbursement functions. Your donor advised fund will be professionally managed and invested in a success ethical and faith-based way. ELFEC works with professional wealth management counsel to achieve solid year-over-year returns and guarantees the lowest management fees of any charity that is operating a donor advised fund program in Canada

What are my giving options? With a donor advised fund (DAF), you have great flexibility. You can give during your lifetime, or later, using your estate. You and others, such as family members and friends, can also add to your fund at any time. The minimum irrevocable gift needed to establish your DAF is twenty-five thousand dollars (\$25,000).

What are the tax advantages of a donor advised fund (DAF)? A DAF can help you enjoy substantial and significant tax benefits now or in the future. The maximum amount of charitable contributions you can claim for credit in any one year is 75 percent of your net

income. After factoring in provincial and federal tax savings, your donations could save you anywhere from 44 percent to 53 percent in taxes, depending upon where you live and assuming the top marginal tax rate. Any unused charitable contributions can be carried forward for up to five (5) years, subject to the 75 percent limit. When gifting publicly traded securities or mutual funds, such as those from your own corporation, there may be no tax on the capital gain (subject to certain conditions). If you make a gift through your estate planning, e.g. will (bequest), your estate can claim an amount of charitable donations up to 100 percent of your net income in the final year of your life and in the year immediately before you pass away. ELFEC can work with you, your accountant or financial advisor to find the most tax-efficient gift structure for you and your family.

Is there a minimum gift to start a donor advised fund (DAF) with ELFEC? You can set up a personalized DAF fund with a minimum of twenty-five thousand dollars (\$25,000) however contributions can be made over a period of up to five (5) years in order to reach the \$25,000 minimum goal.

Why should I create a donor advised fund (DAF)? Your DAF with ELFEC provides you with the freedom to fund the charities most important and personal to you and your family with privacy and without administrative burden and high costs. ELFEC manages all disbursements and communication from your donor advised funds to the charities of your choice, freeing you from the burden. As the donor you receive a tax receipt for every gift made, regular communication surrounding disbursements from your fund and timely information on the investment performance of your fund.

Are there the administrative fees associated with my DAF? For any charity administering a DAF program there are administrative costs. ELFEC regularly undertakes a market review to ensure any fees and charges are in keeping with leading industry practices. In so doing, ELFEC can assure our DAF donors that we are offering or matching the lowest rates. At present administrative fees range between 0.13% and 0.25% per quarter depending on the size of the fund.

When will I receive my tax receipt for my donation? ELFEC works to ensure charitable tax receipts are issued within thirty (30) days of receiving any gift.

How are recipients (beneficiaries) of my DAF selected? You as the donor may select the recipients as well as the percentage of funds you would like each to receive, the only requirement is that beneficiaries must be recognized by the Canada Revenue Agency (CRA) as being charitable of purpose.

How often are disbursements made? On your behalf ELFEC seeks to make annual disbursements from your DAF to those beneficiaries you have selected.

Do I have any administrative responsibilities associated with my donor advised fund (DAF)? ELFEC ensures all disbursements are made in a timely manner, and also takes care of all other associated administrative tasks and reporting. You don't have any administrative responsibilities or obligations

How often will I be contacted about my donor advised fund (DAF)? You may choose whether to receive regular notifications of annual disbursements and other communications

surrounding your DAF. You may also contact ELFEC at any time with questions regarding your donor advised fund.

What gifts can I expect to be provided to my DAF beneficiaries each year? A number of factors determine the size of the annual gifts to the beneficiaries you choose for your DAF. These variables include how the fund is structured (i.e. is the fund being dispersed over a set period of time or held in perpetuity), the investment performance, and importantly the advice you have provide to ELFEC. Typically, you can expect at least a 3.5 per cent disbursement from the fund.

What types of gifts can I make in order to establish my donor advised fund (DAF)? An ELFEC DAF is flexible. Cheques or gifts by wire transfer are accepted, as are gifts of qualified publicly listed stocks, bonds, mutual funds, life insurance policies, RRSPs, RRIFs, gifts-in-kind and will bequests. Indeed, anything that can be converted to cash can be used to establish your DAF with the ELFEC but we do need at least twenty-five thousand dollars (\$25,000) in order to establish your fund.

Can my donor advised fund be jointly with someone else? Yes, any one or more people can establish a named DAF with ELFEC there just has to be agreement as to the gifting strategy including the beneficiaries.

Can a donor advised fund (DAF) be created anonymously with ELFEC? Yes. A DAF can be created using any name (e.g., The Charitable Faith Fund).

Can restrictions be put on the funds gifted to the donor advised funds (DAFs) beneficiaries? Gifts transferred to beneficiaries are most often for “general charitable purposes”; however, more specific designations are possible. ELFEC will work with you and the beneficiaries of your DAF to ensure your charitable and philanthropic goals are met.

Can I change the beneficiaries from my donor advised fund (DAF)? Funds used to create or maintain a ELFEC (ELFEC) donor advised fund (DAF) are irrevocable; however, donors may recommend a change to their beneficiaries by sending a written notice to the ELFEC at any time.

What happens if one of my donor advised fund (DAF) beneficiaries ceases to exist? If a DAF beneficiary ceases to exist, ELFEC works with you or your estate Trustees to find one or more new/replacement beneficiaries.

How can I get additional information about ELFEC and my charitable giving options? For Additional Information about ELFEC’s donor advised fund (DAFE) program, other planned giving options or our ethical faith-based investment partnerships, please contact us at 1.888.308.9461 or visit www.ELFEC.ca.