



Christian Community Foundation Financial & Retirement Services

Your financial and retirement plan should include a donor advised fund to provide for charitable giving during retirement.

If you are planning and saving for retirement, you probably have an Individual Retirement Account (IRA) or a 401-K account. Both are tax efficient ways to accumulate wealth to enjoy during your retirement years. But have you thought about your charitable giving during retirement? Do you wish to maintain your level of giving after you have retired?

If your answer is yes, consider the advantages of opening a donor advised fund (DAF) at Christian Community Foundation. A DAF allows you to make tax-deductible contributions during your highest income earning years prior to retirement and then make withdrawals after you are retired to make charitable contributions when your income is likely lower. The contributions are invested and grow tax-free until you decide to make grants or distributions from the account.

A DAF also serves to eliminate the natural tension or conflict which arises when one is concerned about depleting savings after retirement. The concern or worry about depleting savings by making charitable contributions can be eliminated by having a donor advised fund which can be the source of all your charitable giving after retirement.

Since your marginal tax-rate is likely lower during your retirement years, deductions prior to retirement save you more in taxes than deductions after you retire. In addition, contributions to a DAF have much higher limits than do the limits on contributions to your IRA or 401-K. Charitable contributions are limited to 50% of your adjusted gross income which is usually much higher than the usual limits on IRAs or 401-Ks. Finally, the ability to make charitable donations from a DAF after you retire allows you the full use of distributions from your other retirement accounts to meet your living expenses during retirement.