



So that future generations
will know the goodness of God

What is a donor-advised fund?

A donor-advised fund is a charitable giving vehicle where an individual, family, or corporation makes an irrevocable, tax-deductible contribution of cash, securities, or other property to WELS Foundation and at any time thereafter can recommend grant distributions to WELS ministries.

The donor-advised fund has been popular in recent years with the higher threshold for itemizing on taxes. People set up a donor-advised fund to bunch gifts and itemize deductions in a particular year.

The WELS donor-advised fund program provides an alternative to the private family foundation. You can accomplish many of the same goals but with far less administrative work and expense.

What are the features?

- **Gift size:** The minimum initial gift is \$10,000.
- **Individual:** You may name your donor-advised fund. You, or the persons you designate, may recommend distributions to organizations listed in the WELS Yearbook from your fund—anonously if you so choose.
- **Distribution recommendations:** The minimum amount that may be recommended is \$250. It is encouraged that each fund distributes at least five percent of its asset value annually.
- **Lasting impact:** You may designate others to continue recommending distributions after your lifetime (usually for a period of 20 years) to support your home congregation or other favorite WELS ministries.

What are the benefits?

- **Joy:** Arrange to benefit the areas of the Lord's work that are closest to your heart, including WELS congregations, mission work, schools, and other ministries.
- **Tax savings:** You receive an income tax charitable deduction in the year of your gift to your donor-advised fund. As with all gifts of long-term appreciated securities, none of the appreciation is subject to capital gains tax.
- **Recommend gifts when ready:** Contribute to your donor-advised fund this year and decide later which WELS ministries you want to support.
- **Encourage family stewardship:** Help your children and other loved ones experience the joy of giving by involving them in the decision-making process for the grant recommendations.

Frequently Asked Questions →

FREQUENTLY ASKED QUESTIONS about Donor-Advised Funds

➤ What are the investment options for my donor-advised fund, and when is each appropriate?

You have two investment options: a money market account and the WELS Balanced Fund.

Money market account: ideal if you want to make distributions over a short period of time. There are lower investment returns, but no market volatility.

WELS Balanced Fund: more appropriate for longer-term distributions. There is potential for growth over time, but also potential market volatility.

➤ What organizations can I recommend to receive distributions from my fund? Can I recommend distributions to non-WELS charities?

The donor-advised fund was designed to help donors support WELS and WELS-affiliated ministries. However, up to 50% of the distribution requests may be to qualified non-WELS charities.

➤ What distribution amounts are allowed from my donor-advised fund?

The minimum distribution from your donor-advised fund is \$250, and the maximum distribution that you can make is 100% of the fund value.

➤ How can I add funds to my donor-advised fund?

You can give cash, marketable securities, and/or other assets (subject to WELS Foundation board approval) to your donor-advised fund at any time. Gifts of appreciated securities or real estate may also benefit you by avoiding potential capital gains tax.

➤ What are the annual expenses of my donor-advised fund?

The donor-advised fund fee schedule is consistent with that of larger discount investment companies (like Schwab, Fidelity, and Vanguard).

Funding Asset	Min. Initial Gift	Annual Administration Fee*		Distribution Fee***
Cash	\$10,000	First \$500,000	0.60%**	0.15% per distribution
Marketable Securities		\$500,001 to \$1,000,000	0.30%	
Illiquid Property (<i>board approval required</i>)		\$1,000,001 to \$2,500,000	0.15%	
		More than \$2,500,000	Call	

*Admin fees processed quarterly

**or \$100 annually (whichever is greater)

***Charged in lieu of administration fee on distributions

MORE QUESTIONS?

Contact WELS Foundation at WELSFoundation@wels.net or 800-752-8940.