

# The Universe of Giving Structures

## *A Philanthropist's Quick Guide*

You have decided to be strategic and proactive in your philanthropy. Congratulations on making this move!

You may be aiming to make more of a difference on issues that matter to you, make better tax decisions, or both. By being thoughtful in deciding how you will give—which giving structures you will use—you are sure to find the outcome to be more rewarding, efficient, and effective.

In this resource, we provide you with a list of available giving options—including direct giving, planned giving, and a range of other vehicles—definitions to facilitate a conversation with an advisor, and questions to prepare you for a meeting with an advisor.



# Getting Started

You'll be more successful in choosing an appropriate giving vehicle if you start with your vision for your philanthropy and let the structure follow. Begin by identifying your philanthropic goals, the activities you want to engage in, and your tax priorities.

We strongly recommend that you work with a professional advisor to decide which giving structure serves your needs. To get the best advice, find an attorney who specializes in nonprofit law and will give you candid information so you can make good choices to accomplish your goals.

Although advisors who are financially tied to one type of structure and peers who share their experiences can offer helpful perspectives, they should not be your only sources of advice. Be sure to incorporate a knowledgeable and neutral point of view into your considerations.

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## GUIDING QUESTIONS FOR SELECTING A GIVING STRUCTURE

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With your responses to the following questions and a few additional ones tailored to your situation, a skilled advisor will be able to more efficiently recommend one or more options for you:

- What do you want to do? What activities will you undertake?
- Where will funding come from, and at what level?
- What values will be reflected in your giving?
- Who will be involved in making decisions? In ongoing governance? In administration?
- What are the financial and tax deductibility needs and priorities?
- How much time do you have to devote to managing your philanthropy?
- Will someone be hired to conduct some or all of the work?

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## GIVING OPTIONS

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This list provides a cursory overview of the structures you can use to carry out your philanthropy. To facilitate your understanding of the range of options available and the conversations with your attorney, each structure is defined. The definitions do not address the advantages, disadvantages, flexibility, or lack thereof, of each option. To learn more, consult a qualified, experienced advisor.

- **Direct contribution**—An individual transfers assets to a public charity or private foundation. Contributions can be of any type or amount, but the gift is only tax deductible for the donor up to a certain amount. This maximum deductibility changes based on the type of asset, the type of recipient organization, and the individual’s income level.
- **Private foundation**—This entity can make grants and run programs, and typically has a single income source or very few income sources. It does not need, and typically chooses not to engage in, fundraising. Types of private foundations are:
  - *Independent*—governed by individuals, most of whom are not related to the founder
  - *Family*—governed by individuals, most of whom are related to the initial donor/founder or aiming to support a family’s philanthropic goals
  - *Corporate*—funded by a single or very few for-profit businesses; often shares or donates overhead and staff
  - *Operating*—primarily operates programs that directly carry out charitable activities, in contrast to nonoperating foundations that primarily make grants; either type can operate programs or make grants, but this designation clarifies which the entity does more of
  - *Pass-through or conduit*—any of the preceding foundation types that receives assets each year and spends down completely each year
  - *Pooled or common fund*—any of the preceding foundation types that receives its assets from multiple sources
  - *Standby*—the shell of any type of private foundation that exists without assets and does not engage in any activities until it is triggered by an influx of assets
- **Donor advised fund (DAF)**—This fund is held by a public charity for the purpose of making charitable grants. The types of public charities that most commonly accept and hold DAFs are:
  - *Community foundation*—a public charity holding funds, managing investments, and making grants; targets a community or geographic region with its grantmaking
  - *Public foundation*—like a community foundation but targets a cause or identity-based issue (e.g., the environment, women’s issues, concerns within the Jewish community)
  - *National sponsor*—usually affiliated with financial institutions (e.g., Fidelity, Charles Schwab, Vanguard, Goldman Sachs)
  - *Other charitable institution*—United Way, other federated campaigns, religious entities, or universities, for example

- **Other fund type**—This is any of a number of different types that, like a DAF, can be held and administered by community foundations, public foundations, and other charitable institution. These types include designated funds, field-of-interest funds, endowment funds, and many others.
- **Supporting organization**—This public charity (not a private foundation) exists solely to support another specific public charity, a specified group of charities, or a class of charities (e.g., “any public charity or project in the southwest neighborhood working to improve water quality”).
- **Planned giving options**—This structure provides a range of giving options, including bequests, charitable remainder trusts, charitable lead trusts, and charitable gift annuities. Work with an estate planning expert and consider whether you want your philanthropic gift to be made at your death or during your life, and whether you want to derive any income from the structure during your life or for your heirs after your death.

## Resource

**Directory of Foundation and Professional Advisors.** Find advisors to help you select a giving structure that best meets your needs and fulfills your goals. [www.exponentphilanthropy.org](http://www.exponentphilanthropy.org)

*DISCLAIMER:* Exponent Philanthropy cannot be held liable for the information provided in this tear sheet. We strongly encourage you to consult your attorney to ensure compliance with federal and state laws.