

A Brief History:

The first Donor-Advised Funds (DAF)'s were created in the 1930's, although Congress didn't establish the legal structure for them until 1969. In the 1990's, donor-advised funds began to grow in visibility and popularity, and have become philanthropy's fastest-growing vehicle in recent years.

How DAF's Work:

A DAF is like a charitable investment account that can accept funds from the original donors and others at any time. A donor/s transfer cash or other assets to a tax-exempt organization such as the ABF. They can then recommend—but not dictate—how much and how often money is provided through the DAF to be used for various acceptable charities and/or charitable causes. The ABF focuses on Christian ministry causes some examples include but are not limited to:

- A Donor's Local Church
- The Southern Baptist Cooperative Program
- Special Missionary Offerings (State, National, and Worldwide)
- Christian Camps
- Christian Ministry Agencies
- Baptist Hospitals
- Other

If you are looking for an easy, cost-effective way to support charitable causes you love. A DAF, through the ABF can be an excellent option.

The information presented in this brochure is for informational purposes only. It is not to be construed as specific investment advice nor is it an exhaustive analysis of the topic. Prospective donors should always receive professional insight/counsel which is tailored to the donor's specific needs and objectives. The ABF assumes no liability explicitly or implied resulting from actions taken on the general information provided in this brochure.

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Alaska Baptist Foundation



Donor Advised Funds

Illustrative Example-How a Donor-Advised Fund (DAF) Can Work:

Peter and Joanne Smith want to give back to ministry causes they've supported for years. They want to do something that will continue giving support until the Lord comes. Through the Alaska Baptist Foundation (ABF), Peter and Joanne establish a \$40,000 DAF. With the assistance of the ABF the couple establish a fund that provides:

1. 50% of the earnings distributions to their local church .
2. 50% of earnings distributions to the Cooperative Program through the Alaska Baptist Convention (ABC) .

The couple receives a federal income tax charitable deduction for the amount of \$40,000. The couple, as well as any other donors, may contribute additional funds and receive a charitable tax credit in the year that such funds are given.

The table below represents a visual example of the impact to Kingdom work based on the Smith's DAF. The table includes a modest \$1200 a year contributed to their DAF up until their deaths. The table concludes by demonstrating the lasting impact for Kingdom work by the couple distributing 25% of their \$800,000 estate for the benefit of the beloved Christian causes outlined in their DAF.

What Donors Receive:

1. An immediate federal income tax charitable deduction at the time of contribution to the account
2. The power to make recommendations on charitable causes to support whenever they wish.
3. A means to centralize giving and record-keeping in one location.
4. A convenient way to start a legacy of giving by letting children help decide which cause or causes to support.

A DAF provides individuals the flexibility benefits of a private foundation while avoiding the cost and complexity of managing such an involving enterprise.

The Smith Family's Ministry Fund						
Years	Smith families local church	Cooperative program through the ABC	Earnings distribution of 4.75%	Principal amounts contributed to fund	Market value of fund through the years An average of 7% Return	
1	\$ 1,016.50	\$ 1,016.50	\$ 2,033	\$ 40,000.00	\$ 42,800.00	
2	\$ 1,066.49	\$ 1,066.49	\$ 2,133	1,200.00	44904.69	
3	\$ 1,117.43	\$ 1,117.43	\$ 2,235	1,200.00	47,049.74	
4	\$ 1,169.35	\$ 1,169.35	\$ 2,339	1,200.00	49,235.92	
5	\$ 1,222.27	\$ 1,222.27	\$ 2,445	1,200.00	51,464.01	
6	\$ 1,276.20	\$ 1,276.20	\$ 2,552	1,200.00	53,734.84	
7	\$ 1,331.17	\$ 1,331.17	\$ 2,662	1,200.00	56,049.20	
8	\$ 1,387.19	\$ 1,387.19	\$ 2,774	1,200.00	58,407.95	
9	\$ 1,444.28	\$ 1,444.28	\$ 2,889	1,200.00	60,811.92	
10	\$ 1,502.47	\$ 1,502.47	\$ 3,005	1,200.00	63,261.99	
11	\$ 1,561.78	\$ 1,561.78	\$ 3,124	1,200.00	65,759.04	
12	\$ 1,622.22	\$ 1,622.22	\$ 3,244	1,200.00	68,303.97	
13	\$ 1,683.82	\$ 1,683.82	\$ 3,368	1,200.00	70,897.69	
14	\$ 1,746.60	\$ 1,746.60	\$ 3,493	1,200.00	73,541.16	
Couple with the Lord						
15	\$ 6,862.59	\$ 6,862.59	\$ 13,725	200,000.00	288,951.31	
16	\$ 6,994.18	\$ 6,994.18	\$ 13,988	\$ 0.00	294,491.95	
17	\$ 7,128.30	\$ 7,128.30	\$ 14,257	\$ 0.00	300,138.83	
18	\$ 7,264.98	\$ 7,264.98	\$ 14,530	\$ 0.00	305,894.00	
19	\$ 7,404.29	\$ 7,404.29	\$ 14,809	\$ 0.00	311,759.51	
20	\$ 7,546.27	\$ 7,546.27	\$ 15,093	\$ 0.00	317,737.50	
Total given to ministry causes over 20 years	\$ 62,348.39	\$ 62,348.39		\$ 255,600.00	\$ 317,737.50	