

Advisor
Guide

Private
Client
Group



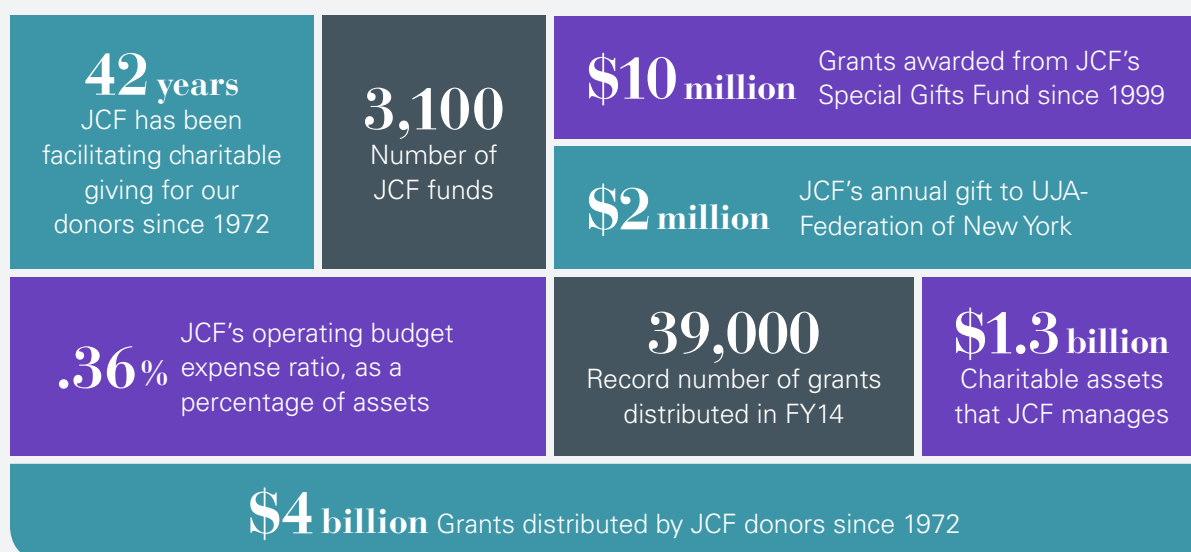
JEWISH 
COMMUNAL
FUND Your personal connection
to charitable giving®

Wealth Advisors and JCF: An Opportunity in Common

A New “Advice Premium” Focused on Philanthropy:

With recent market tailwinds and concern about rising tax rates, the appeal of strategic charitable giving has never been higher among high-net-worth (HNW) clients. Indeed, 95% of HNW clients contribute to charities on an annual basis.¹

As advisors seek to help clients achieve their financial goals, they can enhance and deepen the advisor-client relationship with informed counsel around philanthropic giving. Advisors, in cooperation with Jewish Communal Fund (JCF), can maximize clients’ tax savings and charitable impact. Furthermore, establishing a JCF fund provides the opportunity to facilitate meaningful conversations around philanthropic and other shared family values to enhance engagement across family generations. JCF provides resources and seminars to enhance your philanthropic knowledge and skills for counseling multi-generational families. Leverage JCF’s deep relationships within the philanthropic community, the investment world, and the Jewish community. Entry into JCF’s Private Client Group is available to clients who establish funds of \$1 million or more.



1. Bank of America 2012 Study of High Net Worth Philanthropy

The Rise of DAFs for Efficient and Strategic Philanthropy

Donor advised funds (DAFs) have become the preferred vehicle for charitable giving due to their maximum tax advantages and flexible timetable for charitable disbursements. After making a contribution to JCF to establish a DAF, grants can be recommended to IRS-qualified public charities – both sectarian and non-sectarian – at any time. This is all with a degree of privacy not afforded by private foundations (PF). The tax returns that PFs file are publicly available documents that disclose the foundation’s financial activities and a complete list of grants awarded. JCF’s tax returns report grants in aggregate and do not have to disclose individual donor identities and grant activity. DAFs provide confidentiality while allowing donors to recommend which charities to give to and when the donations are made.

Given what DAFs offer – maximum convenience, flexibility and tax mitigation – it is little wonder that private clients are increasingly moving over to donor advised funds.

The Growth of DAFs: By the Numbers

+18.9% Percent change in total DAF assets from 2011 to 2012

+35.5% Percent change in total DAF contributions from 2011 to 2012

Source: National Philanthropic Trust 2013 Donor Advised Fund Report

Offering distinct advantages over checkbook charity, a DAF is an easy, low-cost and tax-efficient vehicle that simplifies charitable giving.

“ Donor-advised funds have become the hot thing for philanthropists who have grown weary of foundations. These setups promise a number of advantages over foundations, such as lower annual costs, more privacy and no required minimum payout each year...”

– **Veronica Dagher**, *Wall Street Journal*, April 13, 2014



Deepen Your Ties With Existing Clients

Helping your clients manage their philanthropic giving thoughtfully and in a cost-saving manner can cement relationships and strengthen your bond with both the current and the next generation. The conversation about giving can happen related to life cycle events or other meaningful occasions, or it can simply be part of an annual planning meeting. Rely on the long and deep expertise of JCF, which has been facilitating charitable giving since 1972.

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About JCF:

- More than four decades of experience
 - Over 3,100 DAFs
 - More than \$1.3 billion in charitable assets
 - More than \$4 billion granted to charities since 1972
 - Secure, user-friendly website
 - A non-commercially affiliated DAF that permits outside advisors to participate with their clients on their JCF funds
 - Dozens of highly rated investment options, including Israel-related investments
 - Ability to be vetted as an outside investment manager for your clients' JCF funds
 - Local, regional and international grant-making expediently processed
 - Accepts contributions of a wide array of assets
 - JCF makes an annual Community Grant to UJA-Federation of NY from its fees and endowment income to **promote the welfare of the Jewish community.**
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Why Partner with JCF?

We are Advisor-Centric

JCF allows advisors to participate in each step of our philanthropic process. Once the fund is established, **your clients have the opportunity to add you to their funds** with privileges that may include: receiving confidential information, suggesting and signing investment recommendations, and signing grant recommendations. JCF's advisor portal makes available the latest charitable giving resources for you and your clients. JCF's advisor-only seminars and networking events provide educational opportunities, networking with experts in related disciplines, and frequently offer complimentary CLE and CPE credit. A broad spectrum of advisors refers clients to us, including multi-family offices, single family offices, private wealth managers, accountants and attorneys.

We are Experts

One of the oldest DAFs with over 40 years of history, JCF is the 7th largest DAF by assets and 5th largest by grants. We use our expertise to work with highly-regarded advisors and their clients to streamline charitable giving and maximize time for philanthropic engagement. JCF is known for our superior customer service and has an extraordinarily high retention rate of 97%. Benefit from JCF's strong ties within the investment and philanthropic worlds.

We are Flexible

JCF accepts a wide variety of assets including stocks, mutual funds, bonds and, of course, cash. JCF can also accept illiquid assets such as art and real estate and other complex assets. In addition, JCF can accept assets from private foundations, CLATs, CRTs and other trusts. The client takes the tax deduction in the year the gift is made, but the timing of the grants

to charities is recommended by the client based on his or her philanthropic goals, affording maximum flexibility. JCF specializes in customizing philanthropic solutions to meet your clients' needs.

We are Multi-Generational

Four generations of stewarding relationships and facilitating philanthropy has given us unmatched experience in multi-generational philanthropy, helping families of means transmit their values across generations. This is vital to what we do, especially as philanthropists become more interested in engaging family members of every age.

JCF offers a number of programs and services to enable multi-generational giving, including:

- **NextGen Philanthropy:** JCF develops tools and resources to educate and inspire philanthropy in young Jews in their teens, 20s and 30s.
- **Legacy Planning:** JCF offers **unlimited succession** so funds can continue for many generations. Bequests of \$500,000 or more can establish endowed funds, which distribute income to the charities your clients have designated. Families can create memories and engage with our Legacy Guide and Scrapbook, Legacy Planner, Legacy Discussion Cards, and educational workshops and seminars, all to facilitate multi-generational dialogue.
- **Jewish Life Cycle Funds:** Help clients celebrate special occasions by establishing a charitable fund and inviting family and friends to make tax-deductible contributions to the fund. For example, we offer Bar/Bat Mitzvah and Wedding Funds.

plans that embody the values that connect generations.

Leverage JCF's Expertise and Unique Position in the Jewish and Philanthropic Communities

JCF provides your clients with the following high-quality complimentary services:

- **Enhanced Investment Options** so your clients can recommend investment managers not currently on our platform.
- **Special expertise** in Israel- and mission-related investment options.
- **One-hour legal advisement session** for clients interested in converting a private foundation to a donor advised fund.
- **Legacy and succession planning** resources, including the JCF Legacy Scrapbook.
- **Philanthropic Consulting Services** include three complimentary one-hour sessions with top-tier, pre-vetted advisors to help your clients maximize their philanthropic impact.
- **Educational opportunities** for clients interested in funding particular issue areas, such as women and girls, Israel, day schools and general education.
- **"Giving Circle"** resources.
- **Access to a wealth of other resources** including guidebooks, webinars and online tools to help your clients achieve greater impact with their philanthropy.

What Else Does JCF do for its Donor Community?

- **Secure and fast online Donor Portal** to manage the donor advised fund.
- **Prompt Processing of Grants:** Many grants are processed and mailed to charities within one to three business days.
- **Facilitation of international grant-making** to charities that do not have American 501(c)(3) status.
- **Connects your clients with a network of Jewish philanthropists** who share values, passions, and interests.

Your Clients Will Receive the Value-Added Benefits of JCF:

- Organized** Clients receive a single letter for tax filing, so you **do not need to track receipts** for donations to individual charities.
- Easy** Our **secure website** makes it easy to recommend grants and view fund balance and grant history. All aspects of fund management may be handled on a computer or mobile device.
- Confidential** JCF reports grant-making in the aggregate; individual fund holders' grants are not subject to public disclosure.
- Efficient** When clients make a contribution of cash or appreciated securities, they can take an **immediate tax deduction** and pay no capital gains tax.
- Flexible** Clients have the flexibility to **set the timetable** for making grants to their favorite IRS-qualified **sectarian and nonsectarian** public charities.
- Strategic** Assets may be **invested and grow tax-free**, providing more money for charity.
- Perpetual** JCF does not limit succession, so **funds can continue for generations**.



The administrative fee is based on the average daily balance of the fund:

Balance	Fee
Under \$5 million	0.75% (75 basis points) or \$150, whichever is greater
Next \$15 million	0.50% (50 basis points)
Next \$20 million	0.10% (10 basis points)
Balances above \$40 million	0.05% (5 basis points)

In addition, investment fees are dependent on the investment portfolio selected.

JCF is a Cost-Effective Alternative to a Private Foundation

Offering the Ultimate Level of Confidentiality

If your clients are looking for a simpler way to manage their giving without the administrative burdens of a private foundation, look no further than JCF. The chart below illustrates some of the most significant advantages of using a Donor Advised Fund (DAF), especially the ability to protect donors' confidentiality. A DAF can also sit beside existing foundations for giving that is off-mission or to **involve the next generation**. Some of our donors have converted their private foundations to a JCF DAF as part of their succession planning.

	Donor Advised Fund	Private Foundations
Cash contributions	Deductible up to 50% of adjusted gross income (AGI)	Deductible up to 30% of AGI
Appreciated marketable securities	Deductible at fair market value up to 30% of AGI	Deductible at fair market value up to 20% of AGI
Closely held stock and most other appreciated property [†]	Deductible at fair market value up to 30% of AGI	Deductible at cost up to 20% of AGI
Required annual distributions	Flexible	5% of assets
Excise tax on net investment income	None	1% – 2%
Annual tax reporting	None for individual fund holder	Annual Federal and State returns
Legal and accounting fees	Typically none	Typically incurred annually
Confidentiality	Can grant anonymously	The 990PF is available to the public

[†] May not apply to tangible personal property like art and real estate.

Cost Comparison:

Private Foundation vs. JCF Donor Advised Fund, \$1 Million in Charitable Assets

	Private Foundation	Jewish Communal Fund	Difference
Initial Setup Fee	\$15,000 *	\$0	\$15,000
Annual Operational Fee	\$33,000 **	\$7,500	\$25,500
Subtotal	\$48,000	\$7,500	\$40,500

* Setup fees may exceed \$15,000, including liability insurance.

** Annual operational fees range from 250 – 400 basis points (2.5% – 4%), depending on asset levels. The chart above assumes the average rate, 3.3%.

JCF Accepts Many Types of Assets:

cash ● **appreciated securities** ● **bonds** ● **mutual funds**
private foundation assets ● **insurance policies**

JCF also accepts interests in charitable lead and remainder trusts.

Clients with Complex Assets? We Turn “Problems” into Giving Opportunities

Do your clients have illiquid assets such as art or real estate? Maximize their tax advantage and provide substantial capital for charitable projects by seeding a JCF donor advised fund with **gifts of non-marketable assets***, such as stock in closely-held companies, limited partnership interests, limited liability company interests, art and real estate.

Benefits:

- Potential to avoid capital gains tax on sale of assets.
- Deduction is taken in the year the gift is made, but proceeds can be granted to multiple charities over time.

**The acceptance of gifts of nonmarketable assets is at the discretion of JCF's Board of Trustees and is determined by a number of factors, including assessed value, risk, and liquidity. Please see the enclosed terms and conditions for acceptance of non-marketable gifts.*

Investment Management

We make this easy for your clients by offering a robust platform of highly-rated investment options vetted by our independent investment advisor and reviewed by the JCF Investment Committee. The assets in a JCF fund earn tax-free income that can be rebalanced into your clients' JCF portfolio.

Enhanced Investment Opportunities for Private Clients

In addition to our standard menu of investments, donors with a minimum balance of \$500,000 may choose to invest in a variety of pre-approved additional investment options. This platform includes fixed income, global equity, long/short equity hedge funds, fund of funds and private equity managers. Donors with a minimum fund balance of \$1 million may suggest investment options not currently on JCF's platform, including alternatives, mission-related and socially responsible investments. Due diligence is conducted by JCF's investment consultant and subject to approval by the JCF Investment Committee.

Join Your Clients on Their Philanthropic Journeys

The Weinbergs:

- The Weinbergs were involved in dozens of charities, and their accountant suggested they consider using a DAF. They also wanted to make their giving more focused and strategic.

HOW JCF HELPED: JCF established a DAF for the family to organize their giving and matched them with a vetted philanthropic advisor who provided three hours of complimentary philanthropic advice.

THE RESULTS: Family philanthropic mission and vision statements were developed to focus their giving. In addition, a customized portfolio that included alternative investments and Israeli ETFs that were consistent with the family's mission were added to the platform at the Weinbergs' request.

The Steins:

- Running a foundation that their parents had created proved cumbersome, and the Steins sought a more cost-effective way to continue their philanthropy. They were looking for a way to spend less time on administration and more time working with their charities.

HOW JCF HELPED: JCF provided a complimentary legal session to discuss converting the Steins' private foundation to a donor advised fund. This is precisely what they did.

THE RESULTS: Today, each member of the Stein family has a fund to serve his or her personal philanthropic interests. The conversion to a DAF at JCF enabled them to save over 15% on overhead, and these savings are added to the assets available to support their charitable organizations.

The Simons:

- A very successful hedge fund manager, Mr. Simon wanted to make a gift of appreciated shares in his fund and was seeking the optimal vehicle. He considered opening a private foundation, but his attorney suggested he consider the cost-effective solution of a donor advised fund.

HOW JCF HELPED: JCF's outside advisors vetted Mr. Simon's fund, and after thorough due diligence, the gift was accepted. Mr. Simon did not have to redeem the shares because his fund was approved and added to the JCF platform for private clients.

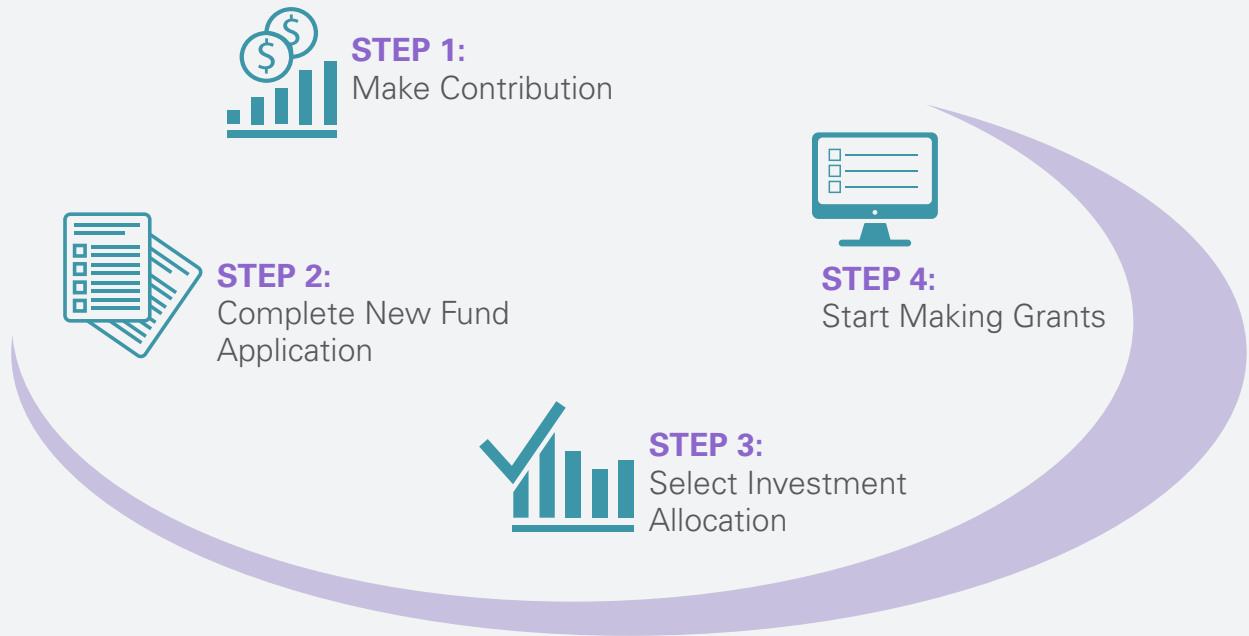
THE RESULTS: JCF was able to accept appreciated shares of Mr. Simon's own fund, and he was able to invest his JCF DAF assets in his own hedge fund. He took the tax deduction in the year that he needed it, and he and his wife had the time to thoughtfully approach their philanthropy. Now this fund grants more than \$5 million annually.

If your clients resemble any of the above scenarios, take this opportunity to strengthen and deepen your existing client relationships by giving them a gift — an introduction to the Jewish Communal Fund.

“ JCF has one of the best donor advised funds out there.
I give them an A+ for client service. ”

– **Barbara Novick**, Investment Professional and Philanthropist

Establish a JCF Fund with a minimum of \$1 million* and
enjoy all of the benefits that the Private Client Group has to offer:



* General Charitable Fund may be established with a minimum gift of \$5,000

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