

Designated Funds

Designated funds allow donors to ensure their gifts benefit a specific nonprofit organization or organizations.

The Community Foundation distributes money from a designated fund to a specific nonprofit organization. Distributions from Designated Funds can be endowment-like, based on the Community Foundation's spending rate, usually about 5%, or over a term of years. Designated funds are distributed once a year.

A designated fund may also be established upon the death of a donor or from a grant from a private foundation. A designated fund may be established by an individual donor or a small number of donors or an organization.

As donor, you may have input into how the Community Foundation invests a designated fund, by choosing amongst the Foundation's internal investment options. For amounts greater than \$500,000, the donor may recommend an individual investment manager.

Designated Funds might be right for you if your goal is:

To contribute regularly over time to one or more named charities through a limited number of substantial gifts.

To make a perpetual gift to any charity that does not have extensive investment management capabilities or experience.

To make a permanent gift with the assurance that the principal will not be invaded or used improperly.

To make a permanent gift to a new, small or struggling organization.

Designated Funds at Work

Through his estate, one donor will **fund 52 nonprofits over 15 years, with each nonprofit receiving a specific percentage each year. The donor is able to amend this list up until his death by telling the Foundation his plans without having to rewrite his estate plan.** The Foundation will be sure the funds are used by the nonprofit as requested.

One donor will have his donor-advised fund converted to a designated fund upon his death. **The designated fund will then benefit his five treasured charities in perpetuity, leaving a lasting legacy for good.**

A private foundation established a designated fund for a small nonprofit so that **the nonprofit now has a professionally-managed endowment, setting it up for lasting success and health.**