

Philanthropic Planning: Donor-Advised Funds



Charitable giving through a donor-advised fund (DAF) is an easy and flexible way to make tax-advantaged charitable gifts.

A donor advised fund is a philanthropic vehicle established by the donor at a public charity. Because the contributions are unconditional and irrevocable, gifts to a DAF qualify for a federal income tax charitable deduction in the year they are made. The donor has the opportunity to make grant recommendations from the DAF to their choice of charitable causes.

The benefits of a DAF are similar to those of a private foundation, only the setup and management of a DAF are less expensive. However, for families who desire a stronger measure of intergenerational control, a private foundation may be preferred.

ABOUT THE AMERICAN GIFT FUND

The American Gift Fund (AGF)¹ is a tax-qualified public charity that receives donations nationwide, including donations to DAFs established within it. The American Gift Fund was established to provide clients with a flexible charitable gifting option and it has been making grants to numerous charities since 1998. RBC Trust Company (Delaware) serves as the trustee for DAFs opened with the American Gift Fund. Through City National Bank's affiliation with RBC Trust Company (Delaware), AGF is available to City National Bank and City National Rochdale clients who want to establish their own donor-advised fund.

Grants made from a DAF established with the American Gift Fund are very flexible. Clients

may select one or more charities, such as a local community foundation or any other qualified 501(c)(3) organization,² annually as grant recipients based on the recommendations they make to AGF. Clients may also change future grant recommendations. While deciding on grant recommendations, a client's donation can also potentially grow based on their investment preferences, making more money available to support future grantee recommendations. Clients may nominate someone as a successor – often a family member or agent – to make grant recommendations after they die or are incapacitated. If clients prefer, grants made from their DAF funds may be made anonymously.

Investment management services provided by City National Bank through its wholly owned subsidiary City National Rochdale, LLC, a registered investment advisor.

Non-deposit Investment Products: ■ are not FDIC insured ■ are not Bank guaranteed ■ may lose value

ASSETS GENERALLY ACCEPTED (SUBJECT TO REVIEW AND FINAL APPROVAL) INTO A DAF WITH AGF CAN INCLUDE:

- Cash equivalents
- Publicly traded securities
- Certain restricted, controlled or lock-up stock
- Mutual fund shares
- Private equity and hedge fund shares
- Real estate
- Certain complex assets such as privately held C-corporation shares

BENEFITS INCLUDE:

- Streamlined setup and account administration
- Ability to make additional contributions after the initial gift to generate additional tax deductions³
- Contributions of cash can be deducted up to 60 percent of the donor's adjusted gross income
- Contributions of marketable securities are valued at fair market value and can be deducted up to 30 percent of the donor's adjusted gross income
- Any unused tax deduction generated in the first year can be carried forward for an additional five years.⁴ Please consult a tax professional for further details.

Charitable giving through a DAF provided by the American Gift Fund can help build a family legacy, monitor the impact of giving over time and help maximize federal income tax deductions.

For more information about creating a customized, tax-advantaged charitable legacy, please contact your Financial Advisor or City National Rochdale Senior Investment Consultant (SIC) or Portfolio Manager (PM)

¹ The American Gift Fund is a public charity exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code and receives donations and makes grants for a variety of charitable purposes. Please see AGF's website at www.giftfund.org for further information and the AGF Disclosure under Financial Advisor, Client Materials. Consult your financial advisor for AGF fees applicable to your DAF. AGF's fees are deducted from the DAF and are not charged separately to the donor. RBC Trust Company (Delaware) Limited serves as trustee to AGF and is paid a fee by AGF. City National Bank may receive a fee from the trustee for contributions by CNB clients to a DAF with AGF.

² The charitable beneficiary of a DAF cannot be a private foundation. Grant recommendations are subject to AGF approval.

³ The minimum initial contribution is \$5,000. Subsequent gifts may be made in the amount of at least \$250. Each donor must complete and sign an application when he or she makes an initial gift. All gifts to AGF are irrevocable.

⁴ Tax information contained herein is for example only. Your tax situation may differ. CNB, its affiliates and subsidiaries, as a matter of policy, do not give tax, accounting, regulatory or legal advice. Rules in the areas of law, tax and accounting are subject to change and open to varying interpretations. You should consult with your other advisors on the tax, accounting and legal implications of actions you may take based on any strategies presented, taking into account your own particular circumstances.

Important Disclosures

Any products and services offered by City National Rochdale are non-deposit investment products, are not FDIC insured or bank guaranteed. Investments in such products or services are subject to the risk principal value.

The information presented does not involve the rendering of personalized investment, financial, legal or tax advice. This presentation is not an offer to buy or sell, or a solicitation of any offer to buy or sell, any of the securities mentioned herein.

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Past performance is no guarantee of future performance. As with any investment strategy, there is no guarantee that investment objectives will be met, and investors may lose money.

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