

# Creating a Designated Fund

A designated fund at the Hawai'i Community Foundation (HCF) can be a great way to support specific nonprofits for generations to come. Many donors recognize their gifts as a critical resource for the nonprofit organizations they care about most. Designated funds name specific nonprofits as the beneficiaries of their grants, and can ensure that giving in the donor's name continues in perpetuity. You choose the name of your designated fund and select the organization(s) you would like to support.

## How does a designated fund work?

Here are the basic steps for creating and using a designated fund.



### 1. CONTRIBUTE

Make your initial contribution and make additional gifts of any size at any time. Designated funds are also popular for legacy gifts through your estate plan.

### 2. RECEIVE TAX DEDUCTIONS

You receive a tax deduction in any year contributions are made. You may also reduce estate taxes with testamentary gifts.

### 3. FUND GROWTH

Your funds are invested with the intention to protect principal, generate current income, and grow the capital.

### 4. SHARE

HCF distributes regular grants and current fund information to your chosen organization. Each beneficiary will be monitored to help ensure that the grant dollars are used as you intended.

## What are the benefits of creating my designated fund with HCF?

### >> Your philanthropic legacy will make a lasting impact.

Should an organization cease to exist or change missions, HCF will honor your original intent while directing your grants to a comparable organization, making certain your contributions will continue to make a difference in perpetuity. You can also choose to be anonymous; that decision is yours.

### >> Granting on a set schedule can simplify the process and provide peace of mind.

Your scheduled grant will relieve you of making grants manually. HCF will manage your designated fund to provide regular and sustainable grants, both now and long after you are gone.

>> **It's easy to gift complicated or unusual assets of any size.** HCF has the gift planning expertise to help if you want to contribute real estate, insurance, partnership interest, or personal property to create a designated fund. With your guidance, a large, one-time gift can continue to contribute dependable support over time, enhancing organizational capacity and mission fulfillment.

>> **Your gift provides more than just funding.** Your favorite, designated organization(s) will benefit from HCF's investment stewardship, ability to manage endowed funds, and handling of all administrative details.





## The nuts and bolts

**A minimum gift of \$25,000 will establish an HCF designated fund.** Generally designated funds are endowed to provide a permanent base for ongoing funding to the named beneficiary organization(s). For all our endowed funds, HCF adheres to a payout policy intended to preserve the growth of the fund's assets and ensure a steady stream of grants from income and earnings. The annual amount available for your designated fund's grantmaking is 4 percent of the fund's assets, based on the average balance of the fund over the past 48 months. Larger funds can support multiple organizations with meaningful annual support.

The Hawai'i Community Foundation charges a low **1 percent annual administrative fee (\$250 minimum)** to support our costs and services including grantee due diligence and community information.

\* Fees are subject to change without prior notice.

