

## Helpful Hints...

# Make the Most of Your Experience

### How do I use my donor-advised fund to support a community event?

One of the things we love most about our HJCF family is how you show up for the charities you care about. We want to make sure your generosity goes as far as possible, so we are sharing a friendly reminder about how donor-advised funds work when events and personal benefits are involved.

Because DAFs are designed exclusively for charitable giving, IRS guidelines generally don't allow them to be used for contributions that come with a personal benefit. It applies to items such as event tickets, gala tables, race registrations, auction items, or memberships. This also means a DAF can't cover part of a payment while personal funds cover the rest; the two portions can't be combined in a single transaction. This is called bifurcation.

The good news? There's an easy way to do both! If you'd like to support an organization at a sponsorship level and attend their event:

- Recommend the sponsorship grant through your donor-advised fund.
- Purchase your event tickets separately with personal funds.

#### *Example 1*

##### **Bifurcation**

Some charitable organizations promote giving levels. A \$2,000 level (for instance, "Gold") allows you to enjoy about \$600 worth of benefits and \$1,400 goes to support the charity's mission. You cannot recommend a \$1,400 grant from the Houston Jewish Community Foundation and fulfill the rest with a \$600 personal check. Idea: send the \$2,000 from your DAF and decline the benefits.

#### *Example 2*

##### **Tickets**

You would like to recommend a grant for \$5,000 from your DAF to support a charitable organization's annual gala. In return for the grant, the charitable organization gives you ten tickets to attend the gala. While you can recommend the \$5,000 grant from the Houston Jewish Community Foundation, you must decline the tickets in order to make the gift using the DAF as the tickets would be considered more than an incidental benefit. The charitable organization can acknowledge you in its advertising materials in an effort to recognize you for the general support/recognition of the event.

If you have a specific situation you would like to talk through, please don't hesitate to reach out.

Click here to email: [donate@hjcf.org](mailto:donate@hjcf.org)

Thank you for your continued partnership in thoughtful philanthropy.