



Pooled Income Fund Program

The Alliance Community Foundation Pooled Income Fund program aims to help professional advisors and their clients understand how charitable gifts to the ACF PIF are financially beneficial in meeting philanthropic, financial, tax and estate planning objectives.

How does the ACF PIF program operate?

- The ACF PIF is offered to income beneficiaries of all ages and the PIF can operate for multiple generations.
- ACF prefers that the donor's qualified investment manager manage PIF investments for the ACF PIF Trustee.
- ACF pays out all net-realized, short-term capital gains to the income beneficiaries. This allows the PIF investment manager to have greater flexibility and opportunity to potentially engineer more favorable investment returns for the income beneficiaries.
- The ACF PIF includes an optional total return feature to pay out a portion of the net-realized, post contribution, long-term capital gains. This allows the PIF investment manager to have greater flexibility and opportunity to potentially engineer more favorable investment returns for the income beneficiaries.

- ACF is willing to accept PIF contributions of any legally permitted asset (including privately-held securities and real estate).
- ACF allows PIF donors to give to 99% of the charitable remainder amount to any number of qualified charitable organizations, through a Donor Advised Fund, when the PIF ends. ACF requires 1% of the charitable remainder amount for its own unrestricted charitable purposes.

Charitable Gifts to ACF

ACF PIF donors often discover that the primary source of funds needed for the upfront professional services (legal, accounting, appraisal fees, etc.), actually comes from the Federal income tax savings, which flow from the PIF's income tax charitable deductions. And, for donors who pay estimated income taxes, the tax savings are enjoyed sooner, because the next estimated tax due may have to be recalculated.)

Administration Fees

ACF charges the PIF an annual trustee fee. The non-prorated fee is billed quarterly, based upon the value of the PIF assets at the end of the quarter. **A significant portion of these fees represent a charitable gift percentage to enable ACF to fulfill its overall charitable mission.** There are no set up fees.

(Importantly, when donors contribute long-term capital assets to the PIF, that are subsequently sold for reinvestment, the PIF pays no capital gains taxes. This means there are more after sale proceeds to invest.

Additionally, the income tax savings, generated by the Federal income tax charitable deduction, may offset taxable income for up to 6 years, depending on the donor's circumstances.

PIF Planning Opportunities

The PIF can create significant income tax savings, by generating substantial charitable deductions (not affected by the Alternative Minimum Tax). The tax deduction can offset post-transaction taxable income or offset other ordinary taxable income. The PIF deduction may be engineered to average down the tax cost of nearly any liquidity event. It can create a virtual capital gains type of taxation on an ordinary income tax transaction if half of the ordinary income event is sheltered by the deduction. Imagine being able to create a charitable deduction without forgoing the income earned from the gift that was donated to the PIF.

Notable Features and Benefits of the PIF

- Receive payments with the potential to increase with inflation, including net realized short-term gains
- Transfer qualified debt-encumbered assets to the trust
- UBTI is not taxed to the trust when its distributed to income beneficiaries
- Involve multiple family members as concurrent or consecutive income beneficiaries
- No minimum or maximum payout rate
- No 10% minimum charitable remainder interest requirement
- Enjoy lifetime income that includes optional long-term capital gains income (see the “Total Return” PIF section above)
- Receive deductions significantly higher than a comparable Charitable Remainder Unitrust/Annuity Trust or Gift Annuity

To contribute to the Alliance Community Foundation Pooled Income Fund, please follow these instructions:

1. Please request the ACF PIF Disclosure Statement and PIF Donor-Beneficiary-Remainderman Form and review these documents with your legal and financial advisors.
2. Contact the ACF Planned Giving Office regarding the type of gift you intend to contribute. Email: info@alliancecommunityfoundation.org
3. If you wish to make a gift to the ACF PIF, please complete and return the ACF PIF Donor-Beneficiary-Remainderman Form. Afterwards, we will send you the PIF Agreements, with the relevant forms and instructions that you will need, in order for you to make your completed gift to the PIF.

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