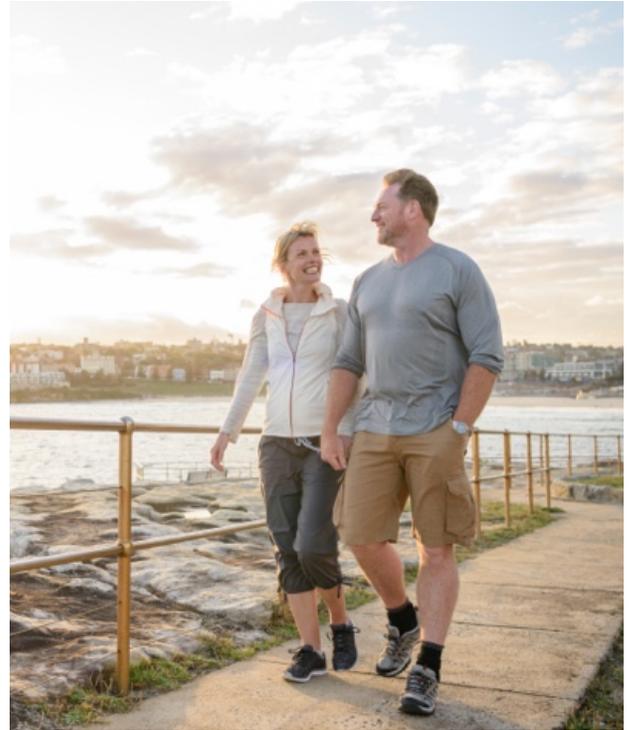


## The Schmidts' Story – Donor Advised Fund

Robert and Emma Schmidt endured a family tragedy that parents usually only fear. Their 16-year-old daughter, Holly, was taken from them in a car accident as she made her way home from a high school game and missed a turn on a very sharp curve. After a very painful grieving process, and with the support of their Moravian Church, the family started to consider how to keep Holly's memory alive. The Schmidts and their two surviving children want to honor Holly by creating a memorial of some type so her memory can live on and at the same time support worthy causes that are dear to their family. Robert and Emma both make modest salaries, but they have saved well throughout their lives. They also have received a \$100,000 life insurance settlement due to their daughter's untimely death. The Schmidts are fortunate to have a very large extended family, and they would love the opportunity for their family to have a means to honor Holly as well.



### Objectives

- Honor the memory of their daughter by establishing a fund that can give back to the community.
- Create a lasting memory having impact beyond the lifetimes of Robert and Emma.
- Allow and encourage family participation.

### Current Situation

- Tax savings is not the primary issue these donors are concerned with – they want to honor their daughter's memory. However, tax benefits may be attractive to the extended family in addition to honoring Holly.
- Any donor may be eligible to claim income tax charitable deductions for cash donated to a public charity (60% of adjusted gross income) and for any gifts of qualified long-term marketable securities (30% of adjusted gross income) if they itemize deductions.
- Family involvement will be a key factor.

**Answer** — The Schmidts, look to Moravian Ministries Foundation for a solution and they learn about the Moravian Donor Advised Fund, a Donor Advised Fund sponsored by The Moravian Ministries Foundation in America

## How it Works

- The Schmidts establish a gift account naming it The Holly Schmidt Memorial Gift Fund with the MMFA. They transfer \$100,000 cash to open the account.
- Various family members each contribute modest gifts to Holly's fund, bringing the total balance of the account up to \$120,000.
- The Schmidts select an investment pool consistent with their balanced investment style that in turn determines how the funds in Holly's gift account are invested.
- The Schmidts serve as the initial grant advisors and support charitable giving by making recommendations to MMFA for distributions to their selected charities. The Schmidts choose charities that support youth activities within their community and the Moravian denomination.



## Results

Contributions to Holly's account will qualify for charitable income tax deductions for all of the donors since donor advised funds are recognized as Public Charities.

Most importantly, Robert and Emma Schmidt are able to honor their daughter by furthering philanthropic work in their church and community. They can also broaden their philanthropic endeavors by funding new charities and/or by further exploring ways to increase their funding in future years and/or limit tax liability by making additional donations to their account. When Robert and Emma end their journey in this life, they take great comfort in knowing their other two children will continue to honor Holly's memory by making grant recommendations into the next generation.

**Does a donor advised fund make sense for you? Please contact Chris Spaugh at 888-722-7923 or email us at [daf@mmfa.info](mailto:daf@mmfa.info) to learn more**

This example is hypothetical and for educational use only. The situations, tax rates, or return numbers do not represent any actual clients or investments. There is no assurance that the rates depicted can or will be achieved. Actual results will vary.