

Charitable Gift Fund

Frequently Asked Questions

The AF Charitable Gift Fund is classified as a “Donor Advised Fund” by the Internal Revenue Service (IRS).

What is a “Donor Advised Fund”?

In order to receive a valid tax-deductible contribution receipt, the IRS requires that a donor must relinquish control of donated funds. When you make a contribution to the Charitable Gift Fund program, you are making an irrevocable gift to Anabaptist Foundation and giving up the ability to control the use, disbursement, or investment of the funds. Because it is a “donor-advised” fund, your gift is kept in a segregated account, and the Foundation allows you to offer non-binding advice (recommendations) on which churches or charities benefit from it. Your gift recommendations do have to meet the Foundation’s “Guidelines for Responsible Giving” and be approved by the Foundation management. You may share the ability to recommend gifts with someone else, such as your spouse or children.

What types of gift recommendations are permitted?

Donors may recommend which churches or charities benefit from their gift. The charities must possess 501c3, tax-exempt status from the IRS. You can support churches, schools, mission or relief organizations, or even your local volunteer fire department or community organization.

If a church or a charity has specific needs that it is attempting to meet and has published or made that need known, you may recommend that your gift be used to meet those needs or projects, but we don’t allow binding recommendations. Churches and charities need discretion to use gifts where most needed.

In the cover letter that we send with gifts, we state that the church should consider the recommended use, but that gifts from the Charitable Gift Fund Program are “no strings attached” gifts, so churches are free to redirect gifts to the areas of greatest need, if necessary.

What types of gift recommendations are not permitted?

The Charitable Gift Fund Program cannot make any gift disbursements to an individual. Also, a donor or donor-advisor may not make a gift recommendation that they know will provide a direct benefit to one of their family members. The IRS definition of family members includes: spouse, ancestors, children, grandchildren, great-grandchildren, brothers, sisters, or the spouses of any of the above. As an example, a donor is not permitted to make a gift recommendation to a church’s alms fund to be used to help pay the medical bills of the donor’s father or daughter. In short, the only benefit the donor can receive as a result of a gift is supposed to be the intangible blessing of giving.

Also, a donor may not make a gift recommendation to pay tuition at a parochial or church school for a specific student, but they may make gifts to a school for things like operating expenses, projects, or a general gift to the school’s scholarship fund, if that scholarship fund uses objective guidelines based on need to determine who benefits from funds.

The IRS has specific financial penalties on a donor who recommends a gift knowing that it will provide an impermissible benefit to the donor or the donor’s family and on the fund manager who knowingly approves such an improper gift.

May I make gifts to the alms or deacon fund of a church or church district?

Yes, you may make gifts to a specific church or church district's alms or deacon fund. Using the Charitable Gift Fund Program is a good way to anonymously support the work of the local church. You may recommend that your gift be used for projects the church has already approved and for which it is taking a collection. If a gift is recommended for a communion offering, give us at least a week's advance notice to be certain the gift check can be mailed in time. When you make such a recommendation, please be prepared to supply the name and contact information for the local deacon or church treasurer. We contact church deacons to confirm that recommended uses are needs that the church has taken responsibility to meet. All gifts to alms or deacon funds are given without restriction and with clear understanding that the church has the right to use the funds where most needed. ***Gifts may not be earmarked to benefit an individual.***

How do I make a gift recommendation from my account?

You may write, call, or email gift recommendations to the Foundation Officer. You should provide the following information: name of the church or charity, address, contact information, and amount of recommended gift. If you do not know the address or contact information, we can assist in locating that information.

How does the approval process work?

When a gift recommendation is received, it is passed on to the Foundation Officer, who confirms the charitable (church or 501(c)(3) charity) status and decides whether or not to approve the gift. If it is approved, an authorization is sent to the AF office to send out a gift check with an appropriate cover letter. Typically, gifts can be mailed out within 3 days of receiving the gift recommendation, although it may take longer if we have difficulty confirming the 501(c)(3) status or getting required information for our records (like contact information or an EIN number for a church).

Will my gift be anonymous or will the church or charity know who I am?

Unless you request otherwise, all gifts from the Charitable Gift Fund Program are assumed to be anonymous gifts. If the recipient church or charity needs to know who you are, you need to make that known when you make the gift recommendation. We will then pass that information on to the recipient.

What does it cost to use the Charitable Gift Fund Program?

The fee for using the Charitable Gift Fund Program is 0.75% on incoming donations, with a \$25.00 minimum. There is no ongoing maintenance fee on most accounts. These modest charges do not always cover our costs to operate the program, but they are kept minimal to encourage charitable giving. Donors are not required to make any gifts to the Foundation itself. Those who do make occasional gifts to support our operating costs and charity work are appreciated.