



# Legacy Advised Funds

A legacy advised fund (LAF) makes continuing your philanthropic impact easy, efficient, and rewarding. A LAF is a variation of a donor advised fund, the most popular and flexible type of fund sponsored by the St. Louis Community Foundation (STLCF).

Donors establish the fund during their lifetime, allocate certain assets to be distributed to the LAF in the future, and designate family/friends to make grants once the LAF is funded.

## LEGACY ADVISED FUNDS ARE:

**Flexible** Advisor(s) selected by donors may recommend grants locally, nationally, or internationally to any nonprofit that is a registered 501(c)(3).

**Fast:** A LAF can be set up as soon as a fund agreement is completed. The LAF can be up and running as soon as the future funding event, as designated by the donor, occurs and assets are gifted to STLCF.

**Family-Friendly:** STLCF can work with donors and their family to explore their values and interests to ensure they are reflected in the LAF. STLCF and its staff are experts in family and multigenerational philanthropy.

**Strategic:** A LAF is a tax-efficient recipient of IRAs and 401(k) or 403(b) plans. They can be incorporated into an estate and/or financial plan.

## WHO SHOULD CONSIDER THIS TYPE OF FUND?

A LAF is ideal for families and individuals who:

- Want simplicity
- Support multiple charities
- Seek help occasionally or often with decisions about grantmaking
- Are interested in supporting their community
- Want to make charitable contributions in a tax-efficient manner



For more information, please contact a member of the Giving Strategies Team:

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**ST. LOUIS**



**COMMUNITY  
FOUNDATION**



## **FINANCIAL FACTS**

- There is no fee to establish LAFs
- LAFs can be established by means of a fund agreement with STLCF indicating contributions to be made via a donor's will, trust, or life insurance, IRA, or other retirement plan beneficiary designation
- LAFs are not subject to a 5% payout requirement
- LAFs are not subject to an excise tax investments
- LAFs do not require a separate tax identification or tax return
- Donors may choose to invest in STLCF's investment pools or have their financial advisor manage the assets once assets are in the LAF

## **ENDOW A LEGACY ADVISED FUND**

Endowed funds are funds that are designed to be permanent. The assets of an endowed LAF are invested for growth. Each year STLCF's Board of Directors sets and monitors the applicable annual distribution rate as a percentage of fund assets (typically 3.5% to 5%) to ensure that the fund provides a reliable source of income in perpetuity.

At present, this rate is based on 16 trailing quarter balances and is subject to change, based on community needs, investment performance, and the long-term preservation of the fund's principal. The principle of an endowed LAF will never be depleted and historically the balance increases over time. As the fund balance grows, more income is available each year for distribution to support donors' philanthropic missions.