

## iGiftFund Liquidity Account Explanation

Below is an explanation of the Liquidity Account associated with each donor-advised fund at the Independent Charitable Gift Fund (iGiftFund).

### What is it?

iGiftFund will retain a portion of each donor-advised fund's assets in the fund's Liquidity Account. The Liquidity Account is like a cash reserve, from which cash is distributed, primarily for grants and administrative fees. Cash in the Liquidity Account is invested so that each donor-advised fund continues to earn income on its Liquidity Account balance.

### What is its purpose?

The purpose of the Liquidity Account is to streamline the process and reduce the cost of requesting funds to process:

- Donor grant distributions, and/or
- The iGiftFund quarterly administrative fees.

### How does it work?

When a donor-advised fund is established, approximately 2% of the initial contribution is placed in the fund's Liquidity Account. The donor's Financial Advisor typically manages the remaining 98% of funds contributed. The donor may recommend we retain a higher amount in his Liquidity Account for pending large grants, as a holding place while investment decisions are solidified or to reduce exposure to market fluctuations.

Over time, through administrative fees and grants, each fund's Liquidity Account balance draws down. As it approaches zero, iGiftFund will request that the donor's Financial Advisor liquidate investments to replenish the fund's Liquidity Account balance to approximately the 2% level.

### How is it invested?

The Liquidity Account balance from all iGiftFund donor-advised funds is invested primarily in a top-ranked institutional money market fund. Net earnings on the Liquidity Account are allocated to each donor-advised fund on a monthly basis.

### **Transferring funds into the Liquidity Account:**

Funds may be transferred into the Liquidity Account via check or ACH as follows:

**Check:** Please make check payable to: The Independent Charitable Gift Fund fbo(Fund's name) and mail to: 110 W Streetsboro St, Ste 2A, Hudson, OH 44236

**ACH:** Routing #: 021052053                      Account#: 99752103

It is best to link the liquidity account to the investment account to facilitate liquidity transfers.