Gifts Through a Donor Advised Fund

The benefits of using a donor advised fund are strong and, with the new tax laws, are expected to grow in appeal to strategic donors. They are far easier to establish than a private foundation and allow you to support ADI with relatively small amounts of money.

How does it work?

When you open a donor advised funds (DAF), you are creating a separate entity with the sole purpose of using the assets under management to support qualified charities.

You can fund it by irrevocably contributing assets such as cash, appreciated stock, insurance proceeds, or various other forms of capital. Given that your DAF is a separate entity, you can take an immediate tax deduction for the amount of the gift.

As advisor to the fund, you can elect to manage the investments personally or choose to have an investment advisor manage the portfolio.

The two primary avenues of supporting ADI with your donor advised fund are through a beneficiary designation and recommending grants.

Beneficiary

By assigning ADI or other charitable organizations as a beneficiary, you are ensuring that when the DAF ceases to have an advisor the assets in the account get transferred to ADI.

Grants

While you or your assigned successor(s) are advising the fund, you can recommend grants from the fund to support ADI or other charitable organizations.

What are the Benefits?

- Receive an immediate deduction on your taxes.
- Assets in the fund grow tax free.
- Easier, and less expensive than establishing a private foundation.

- Allows you to get started with a relatively small amount of money, as low as a $500 gift.
- Tax smart for those using a "lumping" strategy under the new tax laws.

With a low barrier to entry and multiple ways to create charitable impact, DAFs are a great strategy for charitable giving. If you have questions about setting one up, or want more information please contact ADI

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