

Using a Donor-Advised Fund Program

Understanding the differences among charitable giving approaches

A donor-advised fund program is only one of several ways you can support your favorite charities. Below, you'll find a quick comparison of three popular ways to give.

| | “Checkbook” Giving | Donor-Advised Fund (DAF) | Private Foundation |
|-------------------------------------|--|--|--|
| Entry Point / Start-Up Costs | <ul style="list-style-type: none"> No start-up costs | <ul style="list-style-type: none"> Can start as low as \$5,000 depending on the particular DAF program (William Blair's DAF minimum is \$250,000) | <ul style="list-style-type: none"> Typically \$1 million or more Requires legal set-up and ongoing maintenance cost |
| Assets Accepted | <ul style="list-style-type: none"> Mostly cash and cash equivalents Some charities may not be able to accept publicly traded or private securities | <ul style="list-style-type: none"> Cash equivalents Publicly traded securities Certain restricted, control, or lock-up stock Certain complex assets, such as privately held C-corp and S-corp shares and interest in limited partnerships Real estate | <ul style="list-style-type: none"> Cash equivalents Publicly traded securities Certain restricted, control, or lock-up stock Certain complex assets, such as privately held C-corp and S-corp shares and interest in limited partnerships Real estate Tangible personal property |
| Tax Deduction Limitations | <ul style="list-style-type: none"> Cash: 60% of AGI Publicly traded securities: 30% of AGI Other appreciated assets: 30% of AGI (Assumes all donations are made to a public charity) | <ul style="list-style-type: none"> Cash: 60% of AGI Publicly traded securities: 30% of AGI Other appreciated assets: 30% of AGI | <ul style="list-style-type: none"> Cash: 60% of AGI³ Publicly traded securities: 20% of AGI Other appreciated assets: 20% of AGI |
| Granting | <ul style="list-style-type: none"> You control the timing, amount, and grant recipients | <ul style="list-style-type: none"> You recommend grants to IRS-qualified public charities, subject to review and approval | <ul style="list-style-type: none"> You have control over grant-making subject to compliance with private foundation rules and regulations |
| Recordkeeping | <ul style="list-style-type: none"> Donating individual carries the tax-reporting and record-keeping burden New laws require a record for every charitable gift made, regardless of the amount | <ul style="list-style-type: none"> This type of charitable giving program simplifies and consolidates record-keeping and tax reporting Some offer online account management | <ul style="list-style-type: none"> Private foundations must follow IRS reporting and compliance regulations. All transactions (including contributions and grants) must be recorded and tracked |
| Investment Options | <ul style="list-style-type: none"> You determine how best to invest personal assets that you hope to use for charitable purposes Generally, the sale of invested assets triggers tax liability | <ul style="list-style-type: none"> You recommend the DAF's investments based on available programs—donated assets are managed professionally Any growth of the invested charitable dollars is tax free | <ul style="list-style-type: none"> You have control over investment management decisions subject to private foundation rules and regulations |
| Privacy | <ul style="list-style-type: none"> Direct cash gifts can often be anonymous, but written checks cannot | <ul style="list-style-type: none"> You choose whether you want to be acknowledged on grants or remain anonymous | <ul style="list-style-type: none"> Annual tax filings of IRS Form 990-PF is a public record of assets, contributors, and grants |