



# DONOR ADVISED FUNDS

***With recent tax law changes, donor advised funds are the most convenient way to ensure you're getting the most beneficial tax advantages from your philanthropic endeavors.***

## **What is a donor advised fund?**

A donor advised fund (DAF) is a giving vehicle that provides you with immediate tax benefits and allows you to support your charities of choice through grant recommendations, on your own timetable. Donor advised funds are the most efficient, cost-effective alternative to private or family foundations.

## **Who should consider a donor advised fund?**

Donors who want an efficient, cost-effective solution that will give them the flexibility to support multiple charities over time. A donor advised fund may also be appropriate as an alternative to a private foundation.

## **What are the benefits of a donor advised fund?**

- A low-cost, flexible giving vehicle that is easy to establish
- Administrative convenience (i.e. consolidation of the management and tracking of tax receipts associated with charitable donations)
- Donor advised funds can be funded using a wide range of gift types: cash, credit card, appreciated stock, and even complex or unusual gifts such as real estate or closely-held stock
- There are no annual minimum distribution requirements, unlike private foundations
- The fund can be named after you or in honor of a family member, a friend or an organization (i.e. the Smith Family Charitable Fund)
- It's an efficient vehicle for supporting meaningful issues and causes important to you
- You can involve your family in your philanthropy
- You can give anonymously, if you so choose.

## **How does a donor advised fund work?**

1. The donor gives assets to the Community Foundation, who will steward the fund.
2. The donor recommends nonprofits they'd like to support and the amount. We can also provide assistance with researching nonprofit organizations in the donor's area of interest.
3. Community Foundation distributes grants from the fund to eligible nonprofits.

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## What are the tax advantages of a donor advised fund?

- Receive the maximum tax deduction available in the year the contribution is made.
- Avoid costly capital gains taxes while realizing the maximum tax-deductibility of your donation with a gift of stock, real estate or other complex assets.
- Avoid many of the restrictions imposed on private foundations
- Deduct the value of your gift for tax purposes yet distribute grants on your own timetable.

## Considerations

You can use your donor advised fund to recommend grants to any eligible 501(c)(3) nonprofit organization in the United States. The Community Foundation can help you identify and vet qualified nonprofit organizations within the U.S. that are eligible to receive grants.

Federal income tax law prohibits donor advised funds from being granted to individuals or used when there is material benefit to the donor, a donor advisor or a person related to the donor or a donor advisor (e.g., compensation, expense reimbursement, charitable event tickets or personal pledges). Funds also cannot be used for donations to political campaigns or related organizations. Further, donors, advisors or related parties are prohibited from receiving grants, loans, compensation or similar payments (including expense reimbursements) from donor advised funds.

## Getting started is easy

A donor advised fund is a personalized fund that makes it easy for you to support the causes and organizations you care about. It takes \$2,500 or more to open your donor advised fund. You can use cash, stock, or other assets to create a named fund and qualify for an immediate income tax deduction.

Want to learn more? Contact our office at 843.681.9100.

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