



Donor-Advised Funds (Also known as a DAFs)

Donor-Advised funds are held within, and managed by a public charity, such as a local community foundation, and are fast becoming the most popular vehicle for charitable giving in the U.S. According to the National Philanthropic Trust's 2010 Donor-Advised Fund Report, DAFs not only outnumber private foundations by more than 50%, but they also exceed the combined number of charitable remainder unitrusts, charitable remainder annuity trusts, charitable gift annuities and pooled income funds.

Why A Donor-Advised Fund?

Establishing a DAF is a relatively cost-effective way for donors to reap maximum tax benefits while supporting the causes they care about. Often DAFs can be set up with as little as \$1,000. In addition, DAF holders can take a federal income tax deduction up to 50% of the adjusted gross income for cash contributions and up to 30% of adjusted gross income for appreciated securities. Furthermore, by transferring assets such as real estate or limited partnership interests to a DAF, donors can avoid capital gains taxes and receive an immediate, fair-market-value tax deduction.

Because DAFs are managed by sponsoring public charities, account holders have few administrative responsibilities. Most sponsoring organizations allow donors to simply recommend grants through a website portal, which also provides them with consolidated reporting and record keeping.

DAFs are not subject to a legal minimum payout requirement, unlike private foundations which must give away at least 5% of their annual assets.

Lastly, DAFs allow account holders to choose what information is disclosed to grantees, and therefore, donors have the option of remaining completely anonymous.

Questions?

Contact Natalie Sarby, Major Gifts Manager at 630-593-5461 or nsarby@marklund.org

Or...

Contact your attorney, financial planner or local Community Foundation for more details!