

Donor-Advised Funds (DAFs)

What is a Donor-Advised Fund?

A donor-advised fund (DAF) is essentially an investment account for charitable giving, set up through and controlled by a public charity. Donor-advised funds provide simple, flexible and efficient ways to maximize your charitable giving. Utilizing a donor-advised fund as a charitable giving strategy is a great vehicle for succession planning and can allow for great tax benefits.

How Does a Donor-Advised Fund Work?

With a donor-advised fund, you contribute a lump sum amount to the fund. You may use cash, securities, or other assets to make the contribution. Once funded, you then instruct the fund administrator to make donations (grants) to the IRS-qualified public charities of your choice. You receive an income tax deduction for the contribution and assets in the fund grow tax free.

Once your donor-advised fund is established, you may make additional contributions to the fund whenever you want. You decide the amount and frequency of grants made to charities and the fund administrator sends the checks. There is not an annual required distribution amount, so the timing of making grants is at your discretion. You control the grant distributions during your lifetime, and you may name successor donors to take over upon your death.

Why Choose a Donor-Advised Fund?

Donor-advised funds are one of the easiest, most cost effective, and most tax-advantageous ways to give to charity for donors at many levels of wealth.

Donor-advised funds create tax advantages, especially for anyone with highly appreciated assets. The donor receives an immediate income tax deduction for the contribution based on market value and avoids the capital gains tax when those assets are sold. Highly appreciated assets may include real estate, securities, closely held business interests, or even cryptocurrency.

A donor-advised fund is a great vehicle to create a legacy because you can name family, friends or other individuals as successor donors who determine what organizations receive grants from the fund. It is a way for a family to come together and make decisions about what charities they would like to give grants to, based on their shared values.

Since the assets in the donor-advised fund are invested, any funds not granted out each year can grow tax free. Over time, the initial contribution may yield far more in total gifts going to charity than the original amount contributed.

Finding the Best Option for You

Choosing the donor-advised fund that best suits your charitable interests requires careful thought. Our team of financial professionals is here to help you find a solution that serves your financial and charitable goals. With over 110 years of wealth management experience, we can help explain how you can complement and maximize your current giving strategy with a donor-advised fund.

As a part of our wealth management services, we are able to internally administer and manage donor-advised funds on behalf of clients. Learn more by visiting our website at www.trustpointinc.com or call us at 800-658-9474 to discuss your options with one of our experts.

About Trust Point

For more than a century, Trust Point has provided a full range of financial and advisory services to individuals, families, businesses and charitable organizations.

Our philosophy is simple. We believe that in doing what is best for our clients, we will be doing what is best for Trust Point.

