

Comparing Donor-Advised Funds and Private Foundations

Donor-Advised Funds (DAFs) have become the preferred charitable giving vehicle for high net worth individuals and families looking for a simple way to manage their philanthropy. Without the administrative burdens of a Private Foundation, DAFs provide maximum tax advantages and a flexible timetable for charitable disbursements. The chart below illustrates the advantages of using a DAF vs. a Private Foundation.

	Donor-Advised Fund (DAF)	Private Foundation
Legal Entity	Incorporated into Jewish Federation of Greater Atlanta's 501(c)(3) status	Must establish 501(c)(3) status through IRS
Cash Contributions	Deductible up to 60% of adjusted gross income (AGI)	Deductible up to 30% of AGI
Appreciated Marketable Securities	Deductible at fair market value up to 30% of AGI	Deductible at fair market value up to 20% of AGI
Closely held stock and most other appreciated property*	Deductible at fair market value up to 30% of AGI	Deductible at cost up to 20% of AGI
Required annual distributions	None	5% of assets
Excise tax on net investment income	None	1%-2%
Annual tax reporting	None for individual fund holder	Annual Federal and State returns
Excise tax on net investment income	None	Approximately 5% of average value
Legal and accounting fees	None	Incurred annually
Confidentiality	Can grant anonymously	The 990PF is available to the public
Governance	Advise as to grants, investment and succession	Board of Directors chosen by private foundation