

## DONOR ADVISED FUNDS VS. PRIVATE FOUNDATIONS

A donor advised fund account is far easier to set up than a private foundation. An individual faces none of the administrative and financial burdens of a private foundation. There are no excise taxes and yearly federal or state tax forms to file, and no minimum payout requirements. The following chart illustrates the differences:

<b>DONOR-ADVISED FUND</b>	<b>PRIVATE FOUNDATIONS</b>
No donor start-up costs	Substantial donor start-up costs
Income tax deductibility * Cash: up to 50% (as a percentage of AGI) fully deductible * Publicly traded securities: up to 30% (as a percentage of AGI) fair market value * Restricted stock and real estate: up to 30% fair market value or appraised value * Gift and estate tax deductions: 100%	Income tax deductibility * Cash: up to 30% (as a percentage of AGI) fully deductible * Publicly traded securities: up to 20% (as a percentage of AGI) fair market value * Restricted stock and real estate: up to 20% fair market value or appraised value * Gift and estate tax deductions: 100%
No excise tax	Up to 2% annual excise tax
No annual tax reporting	Annual state and federal reporting
Opportunities to recommend grants	Responsibility to manage assets, select charities, administer grants, and keep records
Annual expenses are reasonable	Annual expenses are often substantial
Anonymity if desired	Activities are public record
Distribution on donor's timetable	5% distribution required annually
Few regulatory requirements	Extensive regulatory requirements