The American Gift Fund
A Sensible Alternative for Making Gifts to Charity

Trust Tip - Success Story

Asset gathering and retention strategy: Donor advised funds

"Families with strong philanthropic legacy goals often find that a donor advised fund may be the optimal long-term solution for tax management, estate planning and asset management purposes."

Situation

Ultra high net worth family. Children and grandchildren are well provided for. Grandparents established a private foundation to create a charitable family legacy, with intent to leave all remaining assets to charities of choice at estate settlement of the second to pass.

Solution

Upon learning of the family's challenges with their private foundation, the client's financial advisor suggested that an American Gift Fund donor advised fund (DAF) may be less expensive to maintain and less burdensome to manage than their private foundation. The financial advisor also demonstrated how the DAF structure may help enhance the family's ability to give now, give more and give longer because of its greater cost efficiency, greater administrative simplicity and the growth of the funds over time.

Outcome

The financial advisor called on the American Gift Fund to help their client gift shares of an LLC that held real estate valued at close to $40 million to the DAF. The grandparents made a tax advantaged lifetime gift, removed the real estate assets from their estate and helped fulfill legacy building goals. Moving forward, the advisor will help grow and manage the DAF assets for the benefit of the family legacy and the causes the family wishes to support.

Action

Watch for clients with philanthropic intentions as part of their estate plan, clients without heirs or clients who have experienced a financial windfall that may result in greater tax liability (such as outsized portfolio gains, a substantial inheritance, exercising stock options, sale of business, etc.) A donor advised fund may be a practical tool for any of these client needs.

Contact the American Gift Fund to discuss your client's specific goals and how DAFs may be used to achieve them.