

## About Donor Advised Funds

The American Gift Fund is an independent national Donor Advised Fund sponsoring organization, established as a 501(c)(3) public charity.

Charitable giving can be a powerful way to create a legacy and carry the family name into the future. It also offers a financial tool for family estate planning and tax management.

One charitable giving vehicle that is popular with financially successful individuals and families is the donor advised fund (DAF). Choosing a DAF to help accomplish your charitable goals may offer you an easy way to make significant gifts over a long period of time—while enjoying significant tax advantages. And unlike a private foundation, a DAF may require less money, time and legal/administrative assistance to establish and maintain.

### The donor-advised fund: what is it?

A DAF is often used by cost-conscious donors or by donors who wish to maximize their current income tax deductions. It is a gifting vehicle created with a parent organization that is a qualified 501(c)(3) organization. While you may choose what charity to support, you have few responsibilities beyond donating funds and suggesting how they are used. The parent organization will provide you



with options for the investment component, as well as the complete administration of the fund without the paperwork and start-up expenses normally attributable to starting a private foundation.

Contributions of cash can be deducted up to 60% of adjusted gross income (AGI). Appreciated securities (marketable securities are valued at fair market value) are usually limited to 30% of AGI. A five-year carry-forward of any remaining deduction is available.

### How does it work?

Funding your account is fairly straightforward. First, you sign a letter of understanding, which establishes the fund, names it and recommends an investment strategy. Next you complete your initial irrevocable contribution to the fund.

Throughout your lifetime, the DAF allows you or your designee to make ongoing, non-binding recommendations to the fund regarding how much, when and to which charities grants from the fund should be made.

Plus, the DAF allows you to make additional contributions from year to year, which helps you generate additional income tax deductions when the transaction is completed. This is one of the key benefits a DAF may offer you during your lifetime.



For estate planning purposes, the DAF can make grants to charities named in your will or other legal instrument, such as a revocable living trust. Or, you may designate which heir(s) may make grant recommendations. These distributions can be identified as coming from your specific fund, or they can be made anonymously at your request.

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