

DONOR ADVISED FUND vs PRIVATE FOUNDATION

WHICH IS IDEAL FOR YOUR CLIENTS?

Questions?
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A **Donor Advised Fund (DAF)** is a convenient tool to make a charitable donation now without needing to decide which charitable organization should ultimately receive the money and when.

A **Private Foundation (PF)**, on the other hand, is a not-for-profit business that must be set-up and managed according to rather complex rules for as long as the private foundation exists, which could be in perpetuity. Keeping this in mind will help you better understand the following side-by-side comparison.

	Donor Advised Fund (DAF)	Private Foundation (PF)
Creator	Sponsoring Organization	Donor
Startup Cost & Process	Typically free. Quicker and easier than PF.	Typically more costly, complex, and time consuming than DAF. Example: \$8,000 ¹
Ongoing Administration	Handled by Sponsoring Organization. Costs vary by both Administrator and asset levels. Example: up to 1% ²	Managed by Donor or Administrator. If an Administrator is hired, then costs vary by both Admin and asset levels. Example: up to 4% ¹
Control	Donor may <i>recommend</i> hiring of Investment Advisor, investment selection, and grants from DAF, but Administrator has legal authority.	Donor retains full control over hiring of Investment Advisor, investment selection, and grants from PF.
Privacy	Name of Donor(s) and source of grants from DAF may be kept private.	Public disclosure of Donor(s), Trustee(s), grants from PF, and more are included in IRS filings.
Minimum Donation	Varies by Administrator but typically lower than PFs. Example: \$5,000 - \$25,000 ²	Varies by Administrator, but typically higher than DAFs. Example: \$250,000 ¹
Payout (Grant) Requirements	None	5% of net asset value annually
Allowable Grant Destinations	501(c)(3) public charities only	501(c)(3) public charities, other foundations, scholarship programs, and needy individuals.
Tax Deduction	60% of AGI for cash donations. 30% of AGI for long-term, qualified, appreciated securities based on Fair Market Value (FMV) or 50% of AGI based on tax basis, donor's choice.	30% of AGI for cash donations. 20% of AGI for long-term, qualified, appreciated securities based on tax basis.
Other Tax Considerations	None	1.39% net investment income annually IRC §4940(a)

- [FoundationSource](#) - Largest provider of Private Foundation services. LPL discount available. Donor may choose to hire FoundationSource (or similar service provider) for help with startup and ongoing administration.
- [LPL DAF Matrix](#) - A list of popular DAF Administrators used by LPL Advisors. List is neither "approved" nor "recommended."