

Donor-Advised Fund (DAF)

This is a tax-smart way to give. Here are some of the reasons:

- You can take an immediate tax deduction of funds put into the DAF account, then advise on which organizations receive grants from that account over time.
- You can donate stocks that have appreciated in value over time to the DAF, without paying a capital gains tax on the appreciated value.
- Possibility to itemize on your tax return. The 2017 US tax cuts included a larger standard deduction, so most charitable contributions can no longer be itemized, thereby losing the tax savings. Instead with a DAF you can put a relatively large amount money and/or stocks into a DAF in one year, going above the standard deduction and itemizing, then distributing grants to charities over time.
- Assets placed in the DAF continue to be invested in the market and you control investment allocations until the funds are granted to a charity.

Disadvantages:

- Transferring funds to a DAF is an “irrevocable gift” which means you can’t get them back.
- There is a process for giving: You request a grant, the grant can take a few days to be approved, then the charity is sent money from the DAF organization. You can set up scheduled grants to be paid every month.

Organizations that specialize in DAF’s

Here are a few of suggestions of organizations that specialize in DAF’s. This is not intended to be an endorsement, so find the organization that is right for you:

Fidelity Charitable: <https://www.fidelitycharitable.org/>

Everence: <https://www.everence.com/> - [Fact Sheet](#)

Schwab DAFgiving360 (formerly Schwab Charitable): <https://www.schwab.com/>

Vanguard Charitable: <https://www.vanguardcharitable.org/>

Short Video on DAF’s: <https://youtube.com/shorts/Aubd3x3k04M?si=U5fwkztFzYDpIPR9>