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Donor-Advised Funds and Private Foundations Compared





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Donor advised funds (DAFs) and private foundations both offer a way to make significant charitable gifts over the long term. By comparison, DAFs offer simplicity and low costs, while private foundations allow additional control over gifts and investments.

	DAF	Private foundation
Donor's startup and administrative costs	None (but administrative costs are paid from fund assets)	Substantial
Feasible to start with a modest donation (e.g., \$10,000)	Yes	Not economical
Ultimate control over grants belongs to	DAF	Donor
Ultimate control over investments belongs to	DAF	Donor
Excise tax on income	None	Up to 2% of annual net investment income
Income tax deduction--percent of adjusted gross income (AGI)	<ul style="list-style-type: none"> • Up to 50% for cash contribution • Up to 30% for long-term appreciated property 	<ul style="list-style-type: none"> • Up to 30% for cash contribution • Up to 20% for appreciated securities that are publicly traded
Income tax deduction equals the fair market value of gift	Yes, for most assets	Only for cash or publicly traded securities; deduction for other gifts is generally their cost basis
Annual payout requirement	None	At least 5% of a private foundation's assets must be paid out annually
Privacy	DAF donors can remain anonymous	Private foundations' tax returns and donors' names are public record

IMPORTANT DISCLOSURES

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