A Comparison of Private Foundations and Donor-Advised Funds

PRIVATE FOUNDATIONS	DONOR-ADVISED FUNDS
Substantial legal and accounting fees incurred by incorporation and obtaining tax-exempt status.	Sign a simple agreement.
Must perform financial and administrative services or contract or hire staff; annual 990 PF tax return required.	The Foundation handles all financial, tax, and administrative management and provides an annual independent audit.
Complete information on your contributions and disbursements are public record.	Your DAF is confidential.
There is an excise tax of up to 2% on investment income.	No excise tax.
Deductions for cash gifts are limited to 30% of adjusted gross income.	Deductions for cash gifts are limited to 50% of adjusted gross income.
Deductions for capital gain property is limited to 20% of adjusted gross income.	Deductions for capital gain property is limited to 30% of adjusted gross income.
The valuation of deduction is based on cost basis, with the exception of full appreciated value for publicly traded securities.	The valuation of deduction is based on full appreciated value.
Must payout at least 5% of assets every year.	No minimum annual distribution requirements.
Must verify the charitable status of all recipient organizations.	The Foundation verifies the charitable status of all recipient organizations.
Uncertainty of how well the family will work together in the future.	The Foundation has procedures in place, staff, and a Board to ensure an ongoing quality operation.

This information reflects, in very general terms, how a gift might affect specified tax liabilities. This is not an effort to reflect your current tax picture or suggest that a particular gift will have the indicated result in your case; only your lawyer and accountant can do that. We suggest you consult your professionals before acting upon the concepts reflected here.

A higher standard.
A higher purpose.