



December 3, 2019

Donor Advised Funds: A Simple, Flexible Solution that Supports Your Philanthropic Goals

Philanthropy is one of the many topics we often find ourselves discussing with clients, especially as the holidays draw near and people want to have a positive impact on the community while ensuring they do so in the most beneficial way.

Charitable giving can be accomplished using cash, securities (appreciated securities are an excellent choice), or other assets. These assets can be given directly to a charity or indirectly through a donor advised fund or private foundation. In the last decade the use of donor advised funds (DAF) has risen significantly for a variety of reasons, most notably that a donor can make a contribution to a DAF and in most cases take an immediate tax deduction. The funds can then be invested for tax-free growth while deferring the decision of which charities will receive the monies and when. For example, if you set up a DAF in 2019 and immediately contribute \$500,000 you can take that tax deduction (with certain limits) and then spread the giving over the next decade, distributing \$50,000 or more per year to charities without further contributions to the DAF (assuming no net depreciation of the DAF's assets).

Donor advised funds are gaining in popularity over private foundations because they streamline record keeping, are not subject to IRS annual minimum distribution requirements, have no legal or accounting costs to the donor, and typically allow the donor to choose the investment advisor to manage the DAF's assets. DAF's typically charge an administrative fee.

In response to the growing demand for donor advised funds and the desire of our clients to designate how their funds are managed before being distributed to the ultimate charitable beneficiary, FLI is pleased to share that FLI Dividend Growth and FLI Core are now approved strategies with both the Jewish Communal Fund and The UBS Donor-Advised Fund (each with a \$500,000 minimum contribution). Both of the organizations are well-established donor advised funds whereby the donor can select any IRS-qualified public charity as a recipient from the DAF.

We look forward to discussing how donor-advised funds can play a role in your family's charitable giving and would be happy to do so in conjunction with your tax advisor. Please keep in mind that the deadline for contributions to be income tax deductions this year is December 31st. These accounts take a little time to set-up, so if you would like to do so before year-end, we ask that you [contact us](#) by December 10th or we can help you set one up in 2020.