



## DONOR-ADVISED FUNDS

Donor-Advised Funds (DAF) account for nearly 10% of all gifts to charity according to *Giving USA*. Like all charitable investment accounts, the sole purpose of a DAF is to support charitable organizations you care about.

When you contribute cash, securities, mutual funds, or other assets to a donor advised fund, you are generally eligible to take an immediate income tax deduction, providing you itemize your deductions.

Then the funds are invested for tax-free growth, and you can recommend grants to virtually any IRS-qualified charity such as the Arts Council of Moore County.

Here is how a DAF works.....

**Fund your account:** Establish your Donor-Advised Fund with an irrevocable contribution of cash, stock, mutual funds, real estate, or more.

**Receive an immediate income tax deduction:** When you contribute to a DAF you may be able to claim an itemized income tax deduction for federal and/or state income taxes. Donor Advised Funds are public charities, so your donation is to a qualified charity.

Like all charitable gifts your deductible amount will depend on several factors. How long you have owned the asset, what type of asset or combination of assets you are contributing, and how much you can deduct on your taxes.

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**Example:** Jim and Joan are having a successful business year and anticipate a salary which will be twice what they earned last year.

They routinely support various charities and wonder if a donor advised fund (DAF) will help them with their growing tax problem. Will it also affect their philanthropy in their senior years. They do not want to make a large gift to any one charity this year but want to spread out their philanthropy over several years.

A major gift to start a DAF will allow them to solve their immediate income tax problems. The donation may grow tax-free over time so in their senior years when they will be using their retirement assets to live on, they can tap the DAF account to continue supporting the charities they love.

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### Contacts for additional information:

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NOTE: This information is taken from sources believed to be reliable but is not guaranteed as to completeness or accuracy. You are urged to seek the advice of your financial planner, attorney, and/or tax advisor to make certain a contemplated gift fits well into your overall circumstances and planning.