Tax Advantages of Donor-Advised Funds

TIFIN Give

Benefits of Donor-Advised Funds: Tax Optimization & Social Impact

Donor-advised funds are a strategic tool for both tax purposes and charitable impact. Donors receive an automatic tax receipt once they contribute to the fund. Those assets may grow tax-free if invested, potentially resulting in a greater grant amount for the charitable organizations they care about most.

1. Give Now, Grant Later

Get income tax deductions in the year you contribute to your DAF, regardless of whether you grant the assets to recipient charities that year. This gives you the flexibility to accrue larger gifts and/or take more time to find the right charity if you have not yet selected one.

2. Offset Windfalls

Windfalls can bring a heavy tax burden. By "bunching," or making a larger than usual donation to your DAF in a single year, you can reduce your tax liability in that year while breaking up and spreading out your gifts over multiple years between multiple charities, if you so desire.

3. Give a Variety of Assets

Donating non-cash assets to a DAF can eliminate the potential capital gains that could result from liquidating and donating proceeds, maximizing the impact of your gift. In addition, you can deduct the fair market value of your donation.

Non-Cash Assets Accepted:

- Publicly traded securities
- Restricted stock*
- Real estate
- Privately held business interests
- Private equity fund interests
- Cryptocurrency
- Fine art and collectibles
- IPO stock
- Equity compensation awards

*Must be sold in accordance with Rule 144 resale restrictions.

4. Tax-free Growth

Whether you leave your DAF to beneficiaries or use it yourself, the tax benefits of a DAF make it a great option for multiple reasons:

- Investments in a DAF can grow completely tax-free.
- DAFs are not subject to estate tax.
- DAF contributions can reduce your alternative minimum tax liability.