





















EFFECTIVE PHILANTHROPY LEARNING INITIATIVE





















GIVING VEHICLES COMPARISON CHART

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CONSIDERATIONS	CHECKBOOK / OTHER DIRECT DONATIONS	DONOR ADVISED FUND (DAF)	PRIVATE FOUNDATION	LIMITED LIABILITY COMPANY (LLC)
ADMINISTRATIVE SUPPORT Do you need support for due diligence and administration, and can support be paid for by tax-exempt dollars?	 The amount of support needed depends on the complexity of your gifts. Support is not tax-deductible.	 The sponsor carries out administrative responsibilities. Extent of due diligence varies.	 Administrative responsibilities may be performed by paid staff or outsourced—and paid for from tax-exempt dollars.	 Administrative work is typically carried out by paid staff and is not tax-deductible.
ANONYMITY AND PUBLIC DISCLOSURE Can you give anonymously?	 Yes	 Yes	 No, private foundations are required to disclose the names of grantees and significant contributors (those who give more than \$5,000 in a year) on the annual 990-PF Form.	 Yes
ASSET GROWTH POTENTIAL AND INVESTMENT DECISIONS Will your philanthropic assets increase in value over time? If you can make philanthropic investments, do you have control over how to invest?	 Not as such. Your philanthropic assets are not differentiated from your other assets. If you give assets to charity before selling them, however, you will not pay tax on the gains.	 Yes. Any growth in assets is tax-free, offering the opportunity for greater philanthropic giving in the future. However, in most cases, the DAF sponsor is responsible for investment decisions.	 Yes. Any growth in assets is exempt from income tax, though it is subject to the 1%-2% foundation excise tax.	 No
CONTROL OVER GRANTMAKING Can you retain control over funding decisions?	 Yes	 Donors can advise the DAF sponsor on how to distribute their DAF's assets, but the final funding decisions rest with the DAF sponsor. While donors are subject to IRS regulations on DAFs and the managing entity's policies, sponsors will usually act as advised.	 Yes, subject to the approval of the foundation board.	 Yes
DISTRIBUTION REQUIREMENT Is there an annual distribution requirement in place to keep your philanthropy moving?	 No	 No; though some DAFs have a minimum annual distribution requirement, which can begin at \$5,000, or a policy for funds that are inactive for two to three years.*	 Yes; private foundations are required to distribute 5% of their assets annually.	 No

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FAMILY INVOLVEMENT Can your family members be involved in grantmaking decisions?	 Yes; this involvement will be informal.	 Yes; family members can have their own funds and/or can be named as successors to yours.	 Yes; this involvement can be formal, with family members serving on the board or as staff.	 Yes; this involvement can be formal, with family members serving on the board or as staff.
IMPACT INVESTMENTS Can you make investments that generate social as well as financial returns?	 Yes, but income made from impact investments may be taxable.	 Yes, an increasing number of DAFs are permitting funds under their management to be used for impact investments.	 Yes, private foundations can make program-related investments (PRIs) and mission-related investments (MRIs).	 Yes, but income made from impact investments may be taxable.
PERPETUITY Can the structure exist in perpetuity?	 No	 Yes; named advisors and successors can keep DAFs running in perpetuity.	 Yes; the endowment can either exist in perpetuity or be spent down over a period of time.	 Yes
POLITICAL CONTRIBUTIONS Can you make political donations or engage in lobbying?	 Yes; these contributions are not tax deductible.	 No—but public charities—including those to which you recommend donations and those that sponsor DAFs—can engage in lobbying, and community foundations can make grants for lobbying up to a certain limit.*	 No—but public charities to which you donate can allocate a portion of unrestricted general operating grants to lobbying.	 Yes; these contributions are not tax deductible.
TAX IMPLICATIONS What tax implications does this vehicle have for my giving?	 You are entitled to tax deductions if you support 501(c)(3) organizations.	 The entire amount given to a DAF is immediately tax deductible and you can give to it multiple times.	 The donor is eligible for a tax deduction when assets are transferred to the foundation—though on less favorable terms than gifts to public charities and DAFs. The income from assets held by a foundation is not subject to income tax, but foundations must pay an annual excise tax of 1%–2% of net investment income.	 When contributions are made to a 501(c)(3) organization, the LLC's members are eligible for a tax deduction; there is no deduction for support given to political activities or impact investments.