









Giving Vehicles Comparison Chart

The chart below summarizes the advantages of each giving vehicle. Review it to help you identify the structures most suitable for your philanthropy. We encourage you to discuss these options with your trusted advisor.





CONSIDERATIONS	DIRECT GIVING	DONOR ADVISED FUND (DAF)	PRIVATE FOUNDATION	LIMITED LIABILITY COMPANY (LLC)
<p>ADMINISTRATIVE SUPPORT:</p> <p>Do you need support for due diligence and administration, and can support be paid for by tax-exempt dollars?</p>	 The amount of support needed depends on the complexity of your gifts. Support is not tax-deductible.	 The sponsor carries out administrative responsibilities. Beyond checking charitable status, capacity for due diligence varies. Fees to the sponsor are paid from the DAF— post-tax deduction.	 Administrative responsibilities may be performed by paid staff or outsourced—and can be paid from tax-exempt dollars.	 Administrative work is typically carried out by paid staff and is not tax-deductible.
<p>ANONYMITY AND PUBLIC DISCLOSURE:</p> <p>Can you give anonymously?</p>	 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

 = yes
  = no
  = sometimes

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<p>ASSET GROWTH POTENTIAL AND INVESTMENT DECISIONS:</p> <p>Will your philanthropic assets increase in value over time? If you can make philanthropic investments, do you have control over how to invest?</p>	<p>✗</p> <p>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.</p>	<p>✓</p> <p>Yes. Any growth in assets is tax-free, offering the opportunity for greater philanthropic giving in the future. The DAF sponsor is responsible for investment decisions, but this may be negotiated for large funds.</p>	<p>✓</p> <p>Yes. Any growth in assets is exempt from income tax, though subject to the 1-2% foundation excise tax.</p>	<p>✗</p> <p>No</p>
<p>CONTROL OVER GRANTMAKING:</p> <p>Can you retain control over funding decisions?</p>	<p>✓</p> <p>Yes</p>	<p>~~~~~</p> <p>Donors can advise the DAF sponsor on how to distribute their funds' assets, but the final funding decisions rest with the DAF sponsor. Except where a proposed grant violates an announced policy, the sponsor will usually act as advised.</p>	<p>✓</p> <p>Yes, subject to the approval of the foundation board.</p>	<p>✓</p> <p>Yes</p>
<p>DISTRIBUTION REQUIREMENT:</p> <p>Is there an annual distribution requirement in place to keep your philanthropy moving?</p>	<p>✗</p> <p>No</p>	<p>✗</p> <p>No; though some DAFs have a minimum annual distribution requirement or a policy for funds that are inactive for two to three years.¹³</p>	<p>✓</p> <p>Yes; private foundations are required to distribute 5% of their assets annually.</p>	<p>✗</p> <p>No</p>

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<p>FAMILY INVOLVEMENT:</p> <p>Can your family members be involved in grantmaking decisions?</p>	<p>✓</p> <p>Yes; this involvement will be informal.</p>	<p>✓</p> <p>Yes; family members can be named as advisors or successors on your fund or can have their own funds.</p>	<p>✓</p> <p>Yes; this involvement can be formal, with family members serving on the board or as staff.</p>	<p>✓</p> <p>Yes; this involvement can be formal, with family members serving on the board or as staff.</p>
<p>IMPACT INVESTMENTS:</p> <p>Can you make investments that generate social as well as financial returns?</p>	<p>✓</p> <p>Yes, but income made from impact investments may be taxable.</p>	<p>✓</p> <p>Yes, an increasing number of DAFs are permitting funds under their management to be used for impact investments.</p>	<p>✓</p> <p>Yes, private foundations can make program-related investments (PRIs) and mission-related investments (MRIs).</p>	<p>✓</p> <p>Yes, but income made from impact investments may be taxable.</p>
<p>PERPETUITY:</p> <p>Can the structure exist in perpetuity?</p>	<p>✗</p> <p>No</p>	<p>✓</p> <p>Yes; DAFs can be set up as endowed funds, and named advisors and successors, or the DAF sponsor, can keep DAFs running in perpetuity.</p>	<p>✓</p> <p>Yes; the endowment can either exist in perpetuity or be spent down over a period of time.</p>	<p>✓</p> <p>Yes</p>

CONSIDERATIONS	DIRECT GIVING	DONOR ADVISED FUND (DAF)	PRIVATE FOUNDATION	LIMITED LIABILITY COMPANY (LLC)
<p>POLITICAL CONTRIBUTIONS:</p> <p>Can you make political donations or engage in lobbying?</p>	 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.
<p>TAX IMPLICATIONS:</p> <p>What tax implications does this vehicle have for my giving?</p>	<p>You are entitled to tax deductions for the support of 501(c)(3) organizations.</p>	<p>The entire amount given to a DAF is immediately tax deductible.</p>	<p>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 are not subject to income tax, but foundations must pay an annual excise tax of 1%-2% of net investment income.</p>	<p>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.</p>

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GUIDE

TO EFFECTIVE PHILANTHROPY

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Published June 2020



Stanford PACS

Center on Philanthropy
and Civil Society

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Effective Philanthropy Learning Initiative