

A Comparison of Philanthropic Vehicles

The table below outlines the primary differences between donor-advised funds and private foundations. Depending on interests and needs, this chart can be helpful in determining the most appropriate charitable giving vehicle.

Donor-Advised Funds

Private Foundations

Typically none (often covered by sponsoring charity); Can be established immediately	Start-Up Costs	Legal Fees and other start-up costs can be substantial; Typically takes several weeks, and often a few months to create
Varies with sponsoring charity and level of services; typically less than private foundations	Ongoing Administrative and Management Fees	Varies with choice of board, and level of services required; Must file annual tax returns, conduct independent audit, manage and administer all functions
60% of adjusted gross income	Tax deduction limits for gifts of cash*	30% of adjusted gross income
30% of adjusted gross income	Tax deduction limits for gifts of stock or real property*	20% of adjusted gross income
None	Excise Taxes	Excise tax of 1% to 2% of net investment income annually
Fair market value	Valuation of gifts	Fair market value for cash and publicly traded stock; Cost basis for gifts of closely held stock or real property
Donor recommends grants and investments, but the sponsoring charity makes final decisions	Control of grants and assets	Donor family has complete control of all grant making and investment decisions, subject to self-dealing rules
None	Required payout	Must expend 5% of net assets value annually, regardless of how much the assets earn
Names of Individual donors can be kept confidential if desired	Privacy	Must file detailed and public tax returns on grants, investment fees, trustee fees, staff salaries, etc.
Donor(s) may name advisors to recommend grants and investments; Donors may also name successors to the account, and ensure a continuing legacy.	Governance & Succession	Opportunities for board selection, training and bringing in the next generation are greater; No restrictions regarding who serves on the board
Can exist in perpetuity	Perpetuity	Can exist in perpetuity

* Any unused deductions may be carried forward up to five (5) additional years.