

DONOR ADVISED FUNDS vs. Private Foundations



What is a Donor Advised Fund?

A Donor Advised Fund (DAF) is a vehicle wherein a donor makes an irrevocable, tax-deductible contribution to the CFWA and at any time thereafter can recommend grant distributions to qualified charitable organizations from the fund.

Benefits of a CFWA DAF

When you choose a DAF at the CFWA, you are supporting local work. Most of our charitable contributions remain here in West Alabama. Additionally, few charitable giving options provide the versatility and tax efficiency that Donor Advised Funds do. Today's Donor Advised Funds provide many benefits.

Enjoy tax benefits now —make charitable gifts later

Your contributions are tax deductible in the year they are made. Grants can be recommended anytime thereafter eliminating the year end pressure to select charities and make grants.

Donate appreciated securities tax free

When you donate appreciated securities to a Donor Advised Fund, you do so without incurring any capital gains tax liability.

Create a legacy of giving versus providing a one-time gift to a single charity

In addition to advising your fund now, you also have the ability to select successors, who can continue your charitable legacy by recommending grants beyond your lifetime.

Record keeping made easy

Donor Advised Funds provide consolidated reporting and record keeping. You'll receive quarterly account statements, gift receipts and IRS ready tax information. There is no need to hire your own attorney to draft trust documents and no need to hire a CPA to prepare an individual tax return for your account.

Confidentiality

Your grant(s) can be made anonymously, so that your name and personal information will not be known. If you prefer, the name of your Donor Advised Fund can be recognized with the gift.

Pooling resources

By pooling the resources in your fund with many other funds, the larger pool of money secures better management rates and professional oversight all included in the small investment fee.

Simplicity

A single contribution can benefit multiple charities while only requiring one tax substantiation letter.

Professional management

Professional staff is available to help you in any way, including handling all paperwork and administrative burdens.

Frequently Asked Questions

Is there a minimum amount needed to set up a DAF?

The CFWA typically suggests a \$10,000 minimum. However, we are happy to help you set up a fund with a smaller amount and work toward that goal.

Can I use my DAF to satisfy a pledge?

Donor Advised Funds cannot be used to satisfy a pledge. A solution is to request a disbursement from your DAF to the charity (without making a direct commitment to the charity).

Can I get the money back once I have made the donation to the DAF?

Once the money is placed in the DAF, it cannot be returned to the donor. The donor may make recommendations for any or all of it to be distributed to an approved 501(c)(3) organization.

	Donor Advised Funds	Private Foundations
Start-Up Time	Immediate	Can take several months
Start-Up Costs	None	Legal fees are typically substantial
Ongoing Administrative and Management Fees	Very low investment/management fees (Check with CFWA for current rate)	Can be in the range of 250-400 basis points (2.5% to 4% per year)
Required Grant Distribution	None	Must expend 5% of net assets annually, regardless of earnings

Donor Advised Funds are but one of the services offered by the Community Foundation of West Alabama. The staff of the CFWA will be glad to discuss DAF accounts as well as endowments, field of interest funds or any service to help you in your philanthropic planning.



The CFWA was extremely helpful as I set up my Donor Advised Fund. They understood that I wanted my mother's legacy to live on and made my wish a reality.

Donna Winn



I am able to make a single contribution to my fund that I can then make disbursal recommendations for years to come. Donor Advised Funds are especially helpful with the new tax laws.

Claude Edwards



Tax efficiency is important to us. The CFWA understands that. We can donate our appreciated securities as appropriate, resulting in no capital gains, and the funds are available for our charities as needed.

Weldon and Deloris Cole



The fabulously responsive staff at CFWA makes charitable giving so easy and efficient.

Cathy Randall



As beneficiary of my IRA, my Donor Advised Fund will receive my IRA assets and enable my family to support future worthy causes, while freeing other assets for my heirs and avoiding burdensome taxation on inherited IRAs.

Jim Zeanah

CFWA Mission Statement

The mission of The Community Foundation of West Alabama is to promote charitable giving for present and future generations.

The CFWA fulfills its mission by:

1. Helping donors achieve their charitable and financial goals through services that facilitate charitable giving.
2. Providing responsible and professional financial management.
3. Distributing earnings from investments according to donor intent and community needs.



Contact the CFWA office at
205.366.0698

or visit www.thecfwa.org
today for more information.



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www.thecfwa.org

YOUR GIVING GIVES ON