

## Comparison of a Donor Advised Fund to a Private Foundation

Points to Consider	Donor Advised Fund	Private Foundation
Legal identity	Component fund of DCF.	Separate nonprofit entity.
IRS classification	Public charity	Private foundation
Tax on investment income	None	1.39% of the net investment income
Payout requirement	No set minimum, but DCF requires active grantmaking at least every other year.	Grants and other distributions must equal 5% of foundation assets annually.
Tax deduction limits for gifts of cash.	60% of AGI	30% of AGI
Tax deduction limits for gifts of stock or real property.	30% of AGI	20% of AGI
Administration	All record keeping and accounting carried out by DCF.	Detailed annual filing with IRS.
Grantmaking expertise	DCF offers expertise in local nonprofits and the community and can help with grantmaking.	Your foundation trustees or professional staff is responsible for all nonprofit research and the grantmaking process.
Investment management	Choose from one of the DCF's investment pools or explore options for working with a Charitable Partner.	Investment management responsibility rests with the private foundation.
Control	You or your designated fund advisors recommend grants.	Foundation trustees have complete control over distributions and responsibility for asset management.
Cost	No cost to establish; modest fee rate that decreases as the fund grows.	Significant start-up costs. Annual operating cost include legal and accounting fees, insurance, office space, staff and other expenses.
Staffing	DCF staff provides comprehensive financial, administrative and grant-making support. The fund cannot make payments to individuals.	Must identify, hire, oversee and pay staff.