

What are the benefits? A DAF will allow you to time your charitable gift. You can make a gift into your DAF and receive a charitable deduction at that time, while delaying the distribution of the gifts to the charities until a later time. Further, your fund is invested and therefore grows based on its investment returns on a tax-free basis. The power of compound interest is even stronger when it is tax-free! The charity managing your DAF will charge a minimal annual fee for administration and investment activities.

Avoiding Pitfalls

Donors should be aware that not all "nonprofits" are qualified U.S. public charities, and gifts to individuals are not deductible, even for situations that are obviously charitable, such as when a neighbor's house burns down. You may not take a deduction for a gift of \$250 or above or property unless the charity gives you a written acknowledgement of your gift. Tax deductions for gifts to public charities are limited to 50 percent of your adjusted gross income (30 percent for gifts of appreciated assets), and that limitation is 30 percent for contributions to private foundations (20 percent for gifts of appreciated assets). Non-pass through entities, such as C corporations, are limited to deducting 10 percent of their net income.

Final Thoughts

While it is not possible in a brief article to cover every nuance and detail of the many opportunities to be charitable while maximizing tax benefits, the authors hope that this inspires readers to be proactive in their philanthropy. We urge you to consult your qualified professional advisors, including your legal, financial and philanthropy advisors before making any decisions regarding these issues. — **SBAM**



Mark Neithercut has more than 25 years of experience helping successful families become successful philanthropists. As founder and president of Neithercut Philanthropy Advisors, Mark and his team of professionals work with families and foundations to develop charitable strategies, manage transitions and improve performance.



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