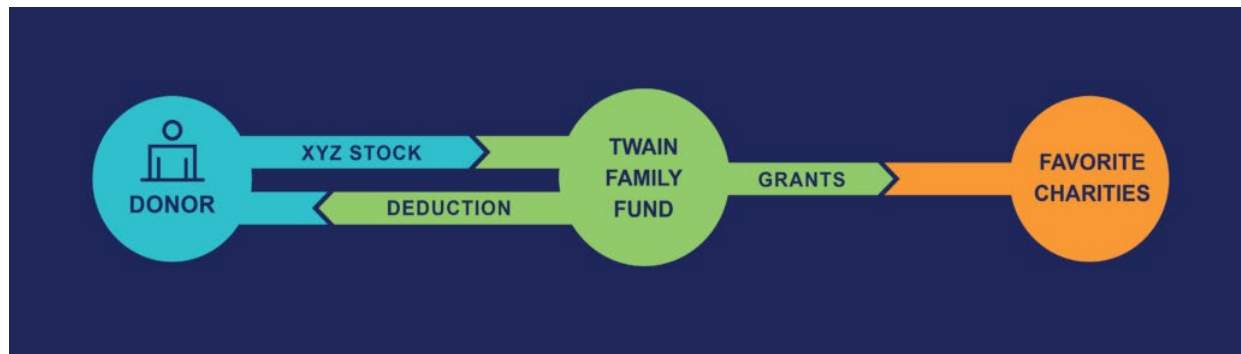


## Donor Advised Fund



### Donor-Advised Fund (DAF)

---

A Donor-Advised Fund (DAF) is very similar to a health savings account. Money is deposited into an account that can grow in value but instead of using the dollars to pay for health expenses, funds deposited into a DAF are granted out to charities. Donors make gifts directly to a sponsoring charity that maintains their DAF account, receive an immediate charitable deduction for their donations and then recommend the charities they want to receive grants.

In technical terms, each DAF is a segregated fund maintained by a qualified public charity which is created when a donor makes a gift of cash or assets. The qualified public charity may be your community foundation or other organizations similarly organized to facilitate such gifts. This gift allows the donor to receive an immediate income tax deduction, avoid the capital gains tax on appreciated assets and have the ability to make grant recommendations to charities at any time.

The ability to make grant recommendations will continue for the life of the donor and then future generations can be appointed to make the recommendations for the rest of their lives.

### Who does it work for?

---

Anyone who is subject to paying capital gains taxes on appreciated assets, whose estate is subject to taxes, who wants to benefit charity and who wants to involve their family in philanthropy.

## How does it work?

---

After a DAF is funded, donors advise their sponsoring charitable organization and recommend grants to their favorite charities. After specifying the charity, the amount and any special instructions for the grant (like remaining anonymous or giving in the gift in memory of someone), your team springs into action. Internally, the charity is vetted to verify it is an IRS recognized 501(c)(3) charity eligible to receive grants from a DAF, and if all is well, a check is written by the sponsoring charitable organization and mailed to the donor's charity. Donors can choose to make grants immediately from their account or delay their giving. Also, donors have the ability to set-up recurring grants, a favorite feature of those who use their donor-advised fund to tithe.

## Benefits of a DAF

---

### **Reduced Tax Costs**

Using a DAF to avoid capital gains taxes and receive an immediate income strategy can assist donors in achieving various tax reduction goals.

### **Investment Flexibility**

A donor can recommend their financial advisor to manage the assets of their DAF account in a wide range of investment options.

### **Charitable Impact and Legacy**

DAFs are a wonderful tool for use in establishing a legacy of giving. Heirs and loved ones can be part of the process of distributing grants to charity, and can even be named successor grant advisors to allow the DAF to last beyond a single lifetime and for generations to come.

Donors are urged to consult their attorneys, accountants, or tax advisors with respect to questions relating to the deductibility of various types of contributions to a Donor-Advised fund for federal and state tax purposes. To learn more about the potential risk and benefits of Donor Advised Funds, please contact us.

Raymond James and its advisors do not offer tax or legal advice. You should discuss any tax or legal matters with the appropriate professional. Any information is not a complete summary or statement of all available data necessary for making an investment decision and does not constitute a recommendation. All numbers provided are hypothetical to use as a demonstration.