

# Observations from the Field

## Donor Advised Fund vs Private Foundation



A Donor Advised Fund (DAF) is a much simpler alternative to a private foundation, which often requires more administrative duties. Over recent years we've seen several foundations convert to DAFs or do DAF "carve-outs" in order to simplify operations. DAFs are no longer viewed only for "smaller" donors. At ImpactAssets we've seen DAFs range from \$200k up to \$60M.

	THE IMPACTASSETS DONOR ADVISED FUND	PRIVATE FOUNDATION
Tax Deductions – Cash	60% of AGI/year	30% of AGI/year
Tax Deductions – Securities & Real Property	30% of AGI/year	20% of AGI/year
Grant Requirements	5% Annually Suggested	5% Annually Required
Tax on Investment Income	None	Up to 2% of Income
Anonymity	Upon request	Taxes – Grants Public
Separate Tax Return Required	None	Yes – Form 990
Setup Costs	None	Variable/High
Annual Administrative Costs	.125% – 1%	Variable/High
Impact Investment Platform	Client recommended, debt/equity funds and custom direct investments	No

### Help Your Clients Grow their Philanthropic Capital through Impact Investing

The ImpactAssets Donor Advised Fund uniquely features an Impact Investment Platform which donors can utilize as part of their giving and impact investing strategy.

**Toe-Dip into Impact Investing:** Clients and advisors like to try or test impact investing with their philanthropic assets. In the last two years, we've seen unprecedented interest in The ImpactAssets Donor Advised Fund from financial advisors responding to demand from their clients interested in using philanthropic capital for impact investing.

**Carve Out for Impact:** We also see advisors repurposing a percentage of assets from an existing foundation or mainstream donor advised fund to The ImpactAssets Donor Advised Fund in order to connect their clients to social enterprises and/or impact funds.

#### Legal Information

A contribution to The ImpactAssets Donor Advised Fund represents an irrevocable contribution to ImpactAssets. Contributions are tax deductible, are not refundable, become subject to ImpactAssets' control and discretion once made and shall not be deemed a separate trust fund held by ImpactAssets in a trustee capacity.

Donors may select an investment allocation from among approved investment options, but investment decisions rest entirely with ImpactAssets. Donors can recommend grants to charitable organizations from their ImpactAssets Donor Advised Fund account, but the final decision on all grants rests with ImpactAssets.

Grants may not be used to benefit The ImpactAssets Donor Advised Fund Donor or members of their families.

The assets of all ImpactAssets Donor Advised Fund accounts are commingled with those of ImpactAssets in general.