



WHAT IS A DONOR ADVISED FUND

A Donor Advised Fund is charitable giving fund that is administered by a public charity which accepts donations on behalf of Donors. Donations are used to support other charitable organizations.

HOW A DONOR ADVISED FUND WORKS

- Donate cash, securities or other assets to the fund (including Real Property)
- Funds can be invested for tax-free growth
- Donors become the Advisor to the Fund and may recommend Grants be made to other qualified charities (typically annually over a period of years)
- Donors can make various grants over multiple years until the fund is exhausted

BENEFITS OF USING A DONOR ADVISED FUND

- Capital Gains on donations are eliminated, Donors receive a Tax Deduction for their Gift
- Once established, new contributions may be added to your donor fund.
- Donors may contribute their RMD's to the fund using a Qualified Charitable Distribution and reduce their taxable income.

TAX DEDUCTION STRATEGY "DONATION STACKING"

The Tax Cuts and Jobs Act of 2017 (TCJA) created a new framework for families and individuals to consider when it comes to tax deductions. As a result, some taxpayers may have the opportunity to employ a strategy that involves "stacking" deductions and supporting their favorite charities while benefiting from potential tax savings.

BRIEFLY:

By "Stacking" (or concentrating) their donations in specific years, Taxpayers may be able to maximize their tax deductions while using their standard deductions in other years.

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DONOR ADVISED FUNDS



SAMPLE SCENARIO

Assumptions: Tax Filing Status = Joint, Federal & State Tax Bracket = 30%

TYPICAL ANNUAL SCENARIO

TOTAL DEDUCTIONS	\$20,000
- Property Tax	\$4,000
- State Taxes	\$6,000
Annual Charity Contribution	\$10,000

Note: In this scenario, the taxpayer does **NOT** exceed the current standard deduction of \$24,400. Therefore they do **NOT** receive a tax benefit from their charitable contributions.

ALTERNATE STRATEGY

TOTAL DEDUCTIONS	\$60,000
- Property Tax	\$4,000
- State Taxes	\$6,000
Annual Charity Contribution	\$50,000

Note: In the Alternate scenario, the total deductions greatly exceed the standard deduction by an additional \$35,600 (\$60,000 - \$24,400) and produce estimated **Tax Savings of \$ 10,680.**

Give us a call today to learn how this strategy could help you and your favorite charities.

ADDITIONAL BENEFIT:

By contributing to the Donor Advised Fund, any growth in the fund is Tax Exempt and can therefore increase the value of the gifts to charity made by the Donor. If we assume a modest rate-of-return of 6%, there would still be over \$10,000 remaining in the donor-advised fund after 5 years. That's another whole year of additional charitable donations!

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