



What is a Donor Advised Fund?

A donor advised fund (DAF) is a fund set up by a donor and administered by a public charity. A donor can start a DAF with as little as \$10,000, receive an immediate tax benefit that year, and then provide guidance on donations given from the fund to nonprofits for as long as the fund exists, donating more money to the DAF as desired.

Standard Tax Deductions

- \$12,000 for individual
- \$18,000 for heads of household
- \$24,000 for married couples

DAFs and Bundling

With higher standard deductions for taxes starting in 2018, some donors are choosing to “bundle” their giving to reach the annual deduction level while still donating their regular annual amounts to charities of their choice. This means donating two- or three-years’ worth of charitable donations at one time, claiming the charitable deduction that year, and then waiting that period of time to donate again.

One way to bundle is by creating a DAF. This gives the person the option to bundle the donation to their DAF that first year and then continue to support their nonprofits with annual donations from their DAF.

How Bundling Works:

Year One:

Donate 2 year’s-worth of giving to your DAF.

Itemize your deductions.

Year Two:

Support the charities you care about with grants from your DAF. Take the Standard Deduction.

Year Three:

Donate 2 year’s-worth of giving to your DAF.

Itemize your deductions.

Types of Gifts

Donate Gifts of Cash

Donors can now deduct up to 60% of adjusted gross income for contributions of cash—up from 50%. If your cash donations exceed that limit, you can carry forward any unused deductions for five years.

Donate Gifts of Appreciated Stock

When you donate stock, you can deduct the full value of the stock at the time you donate it.

Donate Non-cash Assets

Examples include:

- Appreciated Stock
- Land
- Real estate

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