

# What is a **Donor-Advised Fund**?

A donor-advised fund (DAF) is a strategic way to give to charitable causes that mean the most to you while also allowing you to benefit from immediate tax relief. Let's explore DAFs, so you can see if they line up with your goals and priorities.

## Is a Donor-Advised Fund Right for You?

Are you a regular charitable giver? Are you philanthropically inclined, but without the time or expertise to research every cause or nonprofit that comes your way? Do you want your gift to do the most good at the right time? Consider the basics:

### Charitable-giving vehicle

A DAF is a way to give that leaves your funds in safekeeping while reducing your income tax liability – a particularly useful tool for the civic-minded in a high-income year.

### Sponsor-Managed

DAFs are run by sponsors, 501(c)(3) organizations that invest the donations and manage the accounts. These can range from single-issue nonprofits that support one specific cause, to large, commercial wirehouses that have charitable arms and engage with thousands of different nonprofits. The sponsoring organization has legal control over the donor contribution, though the donor retains advisory privileges over the distribution and investment of assets in the account.

### Due Diligence

Your sponsor has the knowledge to look through the legal structure and reputation of every organization the funds go to. You want your money to make an impact, to go to causes that are making a difference, not to get lost in poor bookkeeping or fraud.

### Tax Relief

The tax relief from a DAF is available to you immediately, even if the money hasn't been distributed yet. That's the sponsor's job, but the tax strategy pays off right away. Cash donations to a DAF are deductible up to 50% of adjusted gross income (AGI). Compare this to cash donations to a private foundation, which are limited to 30% of AGI.

Think a Donor-Advised Fund might be right for you and your family? **Get in touch today!**

Taylor Financial Group | 795 Franklin Avenue | Building C Suite 202 |  
Franklin Lakes, NJ 07417  
Local: 201-891-1130 | Fax: 201-891-1136  
office@taylorfinancialgroup.com | www.taylorfinancialgroup.com



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