

DONOR ADVISED FUNDS: A FLEXIBLE ALTERNATIVE TO PRIVATE FOUNDATIONS

How would opening a Donor Advised Fund compare to opening a private foundation?

Donor Advised Funds have the hands-on, flexible appeal of a private foundation without all the paperwork. While private foundations can require significant administrative costs, Hudson Community Foundation’s expert staff handles all the administrative tasks of a Donor Advised Fund.

Donor advisors are able to make grant recommendations throughout the year. Many choose to include their families in the decision-making process as a way to encourage family philanthropy.

	HCF DONOR ADVISED FUND	PRIVATE FOUNDATION
Start-up Time & Costs	Immediate and no cost	6–9 months Requires IRS approval, and legal fees are typically substantial
Administrative Fees	First \$500,000 (1%) Next \$500,000 (.75%) Next \$1,500,000 (.50%)	Range is typically 2.5%–4%
Required Payout	None	Must distribute 5% of net asset value annually, regardless of asset earnings.
Advisor Can Manage	Yes (often limited at other DAFs)	Yes
Confidentiality	Donor can choose anonymity both in giving and grant making	Must file detailed and public tax returns on all grants, investments, fees, trustee names, etc.
Valuation for Charitable Deduction – Closely Held Stock	Fair market value	Cost basis
Valuation of Publicly Traded Securities	Fair market value	Fair market value
Income Tax Deduction (% of AGI with 5-Year Carryover)	50% for cash 30% for appreciated assets	30% for cash 20% for appreciated assets
Tax on Investment Income	No	Up to 2%

Call us to open your DAF today!
(330) 655-3580 | www.MyHCF.org

