



# DONOR ADVISED FUND

## **DONOR ADVISED FUND (DAF)**

A donor advised fund (DAF) is established with a sponsoring organization and is similar to a charitable savings account. A DAF gives the donor the flexibility to recommend how much and how often money is granted to qualified charities, such as Moravian University. If you have established a DAF, you can recommend a grant (or recurring grants) to Moravian to make an immediate impact.

You may also wish to name Moravian as a beneficiary of your DAF to create a lasting legacy at the University. You may contact your DAF administrator for a beneficiary form and share a copy with the Moravian University Department of Development to confirm your legacy.

**MORAVIAN UNIVERSITY TAX ID NUMBER: 24-0795460**

## **WHY GIVE WITH A DAF?**

Giving with a DAF can be a tax-efficient way to conduct your philanthropy. Below are strategies to reduce your tax liability using a DAF while increasing your charitable impact:

**Grow Your Charitable Dollars Tax-Free** - The charitable dollars in your DAF can be invested before they are granted out. With market growth, your DAF balance can also grow. This makes even more money available for giving. Moreover, while you can take an immediate tax deduction for the gifts you make to your DAF, you will not be taxed on growth, since the assets belong to the DAF's charitable sponsor.

**Reduce Tax Burden in a Windfall Year** - DAFs can reduce tax burdens after a windfall situation, such as receiving an inheritance, selling a business, or experiencing strong market returns. You can take an immediate tax deduction when you make a charitable contribution to your DAF, reducing your tax liability. DAFs allow you to recommend grants to your favorite charities over time, so you can effectively pre-fund years of giving with assets from a single high-income event.

**Contribute Appreciated Assets to Reduce or Eliminate Capital Gains** - Direct donation of publicly traded securities (or other illiquid gifts) is one of the most common ways to fund a DAF. This is a particularly tax-efficient method because securities that have been held for more than one year can be donated at their fair market value and are not subject to capital gains tax. If a donor were to liquidate their assets and later donate the proceeds to their DAF, the amount would be reduced by capital gains tax, leaving less money available for philanthropy. Donors receive an immediate tax deduction of up to 30% of adjusted gross income (AGI) for gifts of appreciated securities, mutual funds, cryptocurrencies, real estate, and other assets. They can enjoy five-year, carry-forward deductions on gifts that exceed AGI limits.