

## A (Not So) New Way of Giving

Donor advised funds (or DAFs) have been around since the 1930s. DAFs are charitable giving accounts that allow donors to make tax-deductible contributions to a sponsoring organization (think community foundation, or financial institution like Fidelity Charitable). The sponsoring organization manages the funds, which can grow tax-free. Donors then recommend grants from the fund to eligible public charities over time.

Although they've been around for nearly a century, donors have been using DAFs more and more in recent years making them the fastest growing philanthropic vehicle – outpacing giving to private foundations among the country's biggest donors. According to Giving USA, giving to these types of funds accounts for 10% of all charitable donations in the U.S. Grants made through DAFs totaled \$45.74B in 2021; a 64% increase over 2019!

DAFs are useful in managing large or unpredictable tax liabilities, can afford donors a layer of anonymity in giving to charity, give donors time to mull over the size and destination of charitable gifts, and some allow for succession planning to pass the advisement – or gift of giving – on to heirs.

A few things to know about DAFs:

- You only get ONE tax deduction: The donor/advisor receives a tax deduction when they fund the DAF
- Next round, you aren't the donor: When gifts are advised for disbursement to charities through the DAF, *technically, the sponsoring organization is the donor*
  - This means the donor/advisor may receive name recognition (soft credit) for recommending the gift, but will not receive any benefits associated with the gift (i.e. Impact Circle perks when giving to the Jim & Linda Lee Performing Arts Center at YC)
- You pay fees TWICE: Sponsoring organizations charge management fees, and most charities will also have an administrative/operational fee of their own when disbursements are received

The added layer between donors and charity can lead to miscommunication, so if you are inclined to give through a DAF, please include as much direction/detail when initiating disbursements as possible. Additionally, if remaining anonymous isn't part of your reason for giving through a DAF, it's best to give YC Foundation staff a heads up so we can be clear about your intent for the gift, soft credit you accordingly in our records, and thank you properly.

The Yavapai College Foundation is happy to accept gifts through donor advised funds and can also be designated as an estate beneficiary of these accounts. Check with your sponsor organization about the process/possibilities.