



## A COMPARISON OF PHILANTHROPIC VEHICLES

*The following outlines the major differences between donor-advised funds and private foundations.*

	Donor-Advised Funds	Private Foundations
<b>Startup Costs and Time</b>	Can be established immediately with no startup cost.	Legal fees and other startup costs can be substantial; typically takes several weeks and often several months to create
<b>Ongoing Administrative and Management Fees</b>	1% or \$200 per year, whichever is greater up to \$500,000 then sliding reduced fee above that amount. JFC handles all administration including distribution of funds, record-keeping and investment management	Varies with choice of board, and level of services required. Must file annual tax returns, manage and administer all functions. Outside professional fees incurred
<b>Tax deduction limits for gifts of cash</b>	50% of donor's adjusted gross income	30% of donor's adjusted gross income
<b>Tax deduction limits for gifts of stock and real property</b>	30% of donor's adjusted gross income	20% of donor's adjusted gross income
<b>Excise Taxes</b>	None	Excise tax of 1% to 2% of net investment income annually
<b>Valuation of gifts</b>	Fair Market Value	Fair market value for cash and publicly traded stock; cost basis for gifts of closely held stock or real property
<b>Control of Grants and Assets</b>	Donor makes grant recommendations to 501(c)(3) organizations, which JFC board approves. Choice between blended equity and fixed investment strategy; more options available	Donor family has complete control of all grantmaking and investment decisions, subject to self dealing rules
<b>Required Payout</b>	None	Must expend 5% of the fair market value of assets annually, regardless of how much the assets earn.
<b>Confidentiality</b>	Names of individual donors can be kept confidential if desired. Fund assets and fund distributions are also confidential.	Must file detailed and public tax returns on grants, investment fees, trustee fees, staff salaries, etc.
<b>Governance and Succession</b>	Donor(s) may name advisors to recommend grants; Donor(s) may also name successors to the fund to ensure a continuing legacy.	Opportunities for board selection and bringing in the next generation are greater; No restrictions regarding who serves on the board.
<b>Perpetuity</b>	Fund typically in existence one to two generations if successors are named.	Can exist in perpetuity.