PRIMARY DIFFERENCES BETWEEN DONOR-ADVISED FUNDS AND PRIVATE FOUNDATIONS

Area	Donor-Advised Funds	Private Foundations
Requirements to Set Up and Operate	Simple	Complex
Administrative Responsibilities	None, other than making periodic grant recommendations	Regular board meetings, potentially hiring staff, oversight of foundation's activities, including tax and other filings
Income Tax Deduction	Cash gifts: 60% of Adjusted Gross Income (AGI) Securities or other assets: 30% of AGI Appreciated, non-publicly traded assets held over one year receive a deduction at fair market value	Cash gifts: 30% of AGI Securities and other assets: 20% of AGI Appreciated non-publicly traded assets held over one year may only receive a deduction at their basis
Excise Tax on Investment Income	None	1.39% annually
Other Expenses	Administrative and investment management fees, typically based on assets under management	Legal expenses, any foundation employee compensation, investment management, other operating expenses
Investment Options	Many DAFs have a limited set of proprietary funds as investment options; Fiduciary Trust Charitable uses investment advisors that typically have variety of investments options from multiple investment managers.	High degree of flexibility
Minimum Distributions	Require some distributions every few years with no set minimum amount (FT Charitable requires grants at least every two years)	5% minimum (some expenses count toward distributions)
Allowable Grants	IRS-qualified charities only	IRS-qualified charities as well as direct gifts to individuals, such as scholarships or other charitable purposes
Control	Donors and advisors they designate can recommend grants and investments, but the sponsoring organization has legal authority over decisions	Foundation board has full control over investment and grant decisions