



**Omaha
Community
Foundation**

Growing good,
together.

Estate Planning with Charitable Giving

Today's Agenda

- Donor Advised Funds
 - Why are they popular?
 - How does it work?
 - DAFs and your practice
- Donor Advised Funds vs. Private Foundations
- Case Studies





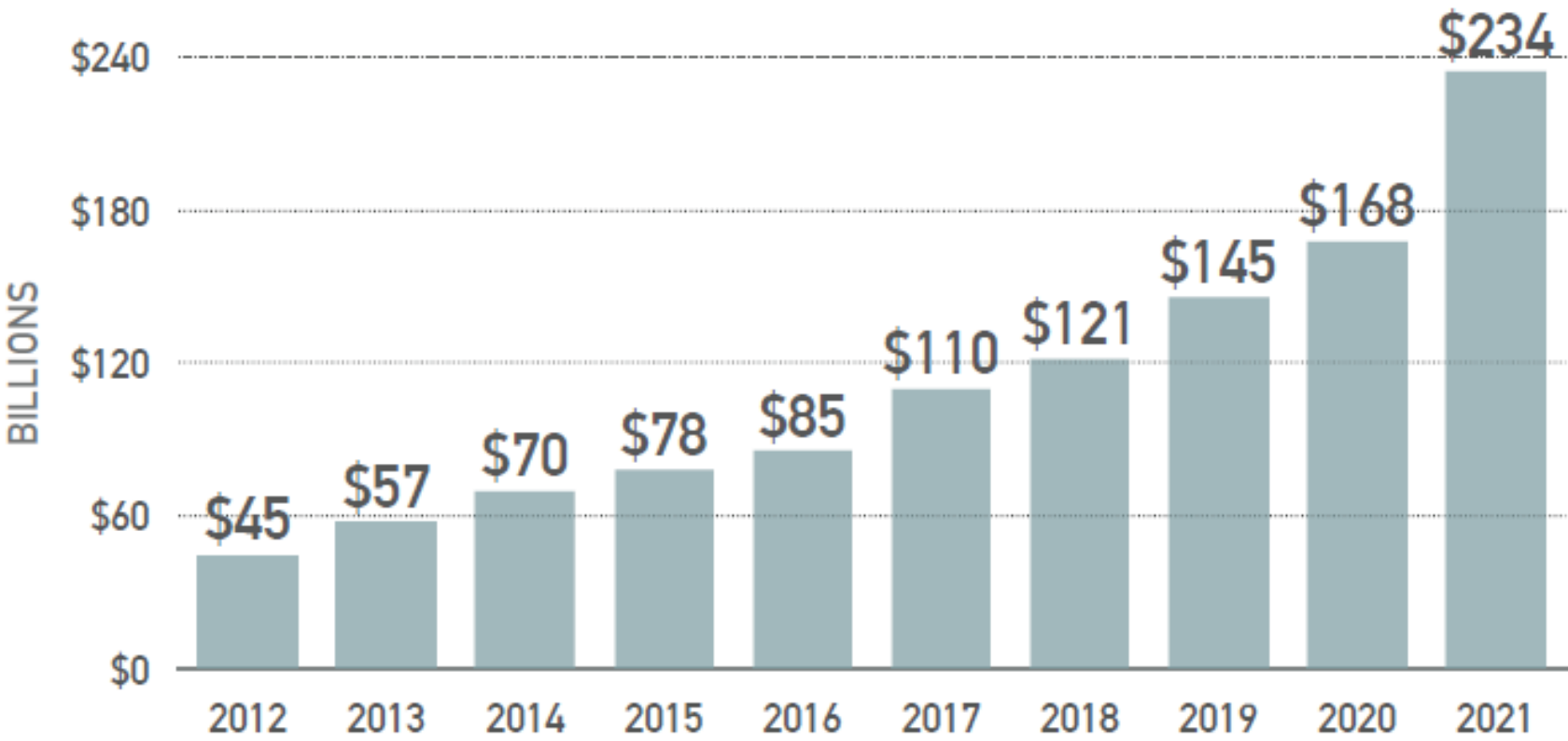
What is a Donor Advised Fund?

- Fund established at a sponsoring 501(c)(3) public charity
- Donor surrenders ownership of assets gifted but retains advisory privileges
- Sponsoring organization generally follows donor recommendations, but not legally required to do so



DAFs - Fastest Growing Charitable Tool

GROWTH RATE - NATIONAL PHILANTHROPIC TRUST DAF STUDY 2022

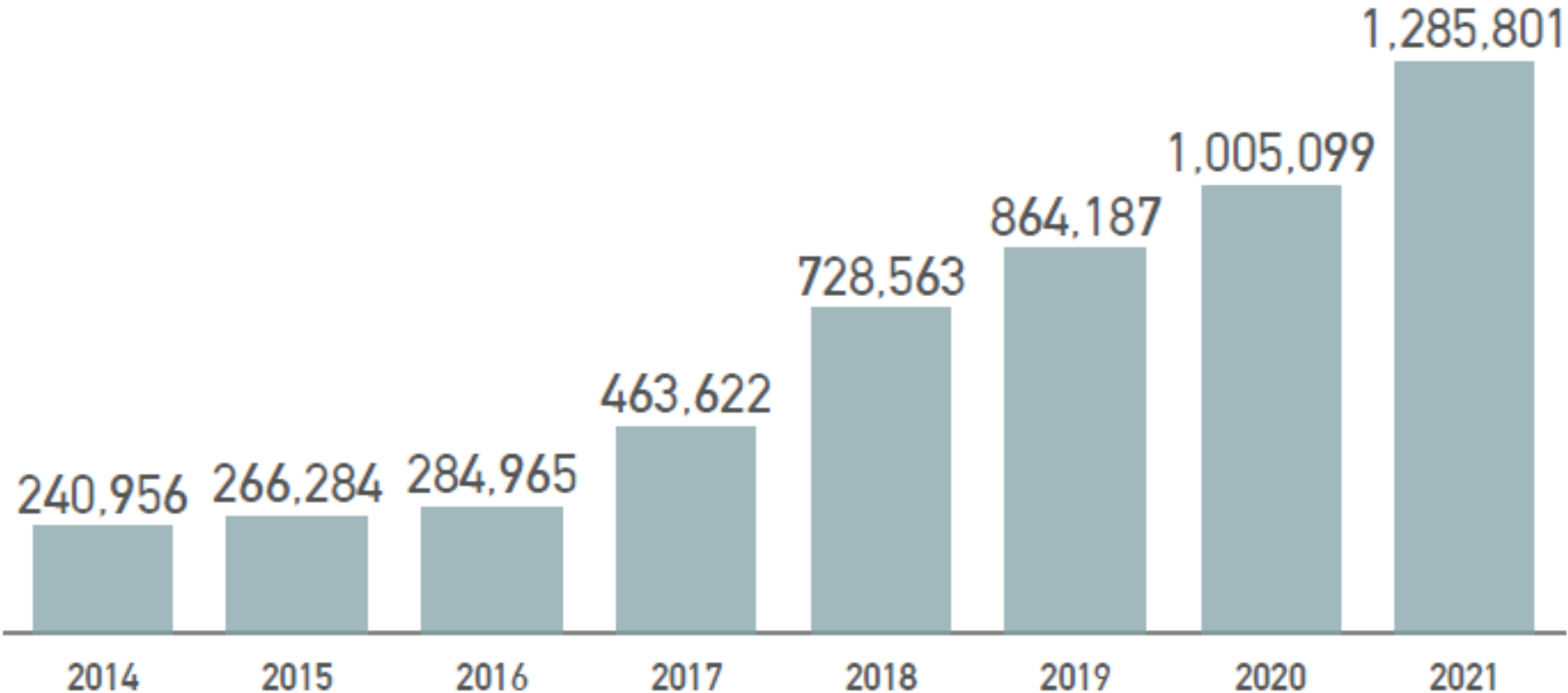


As reported by National Philanthropic Trust 2022 DAF Report



Growth of Donor Advised Funds

NUMBER OF DAFS – NATIONAL PHILANTHROPIC TRUST DAF STUDY 2022

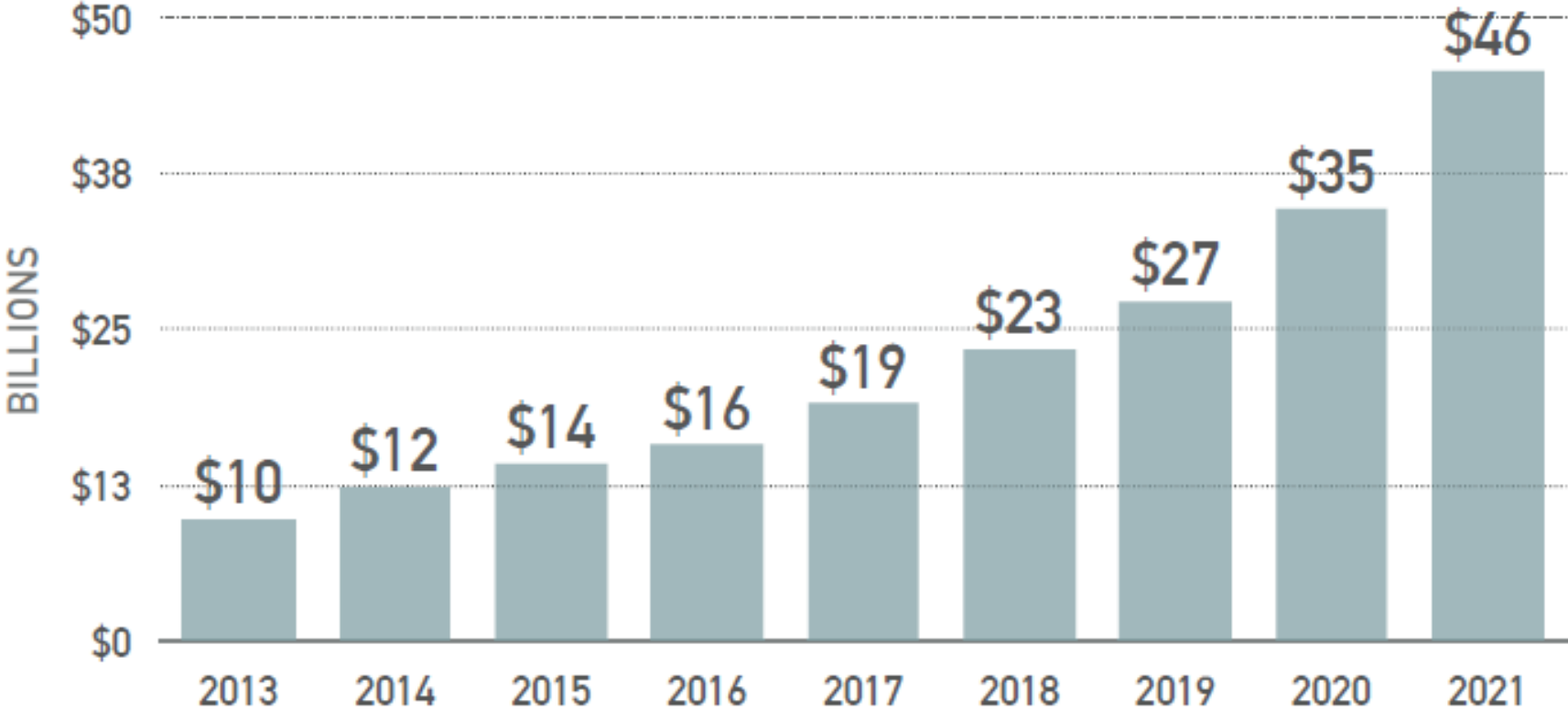


As reported by National Philanthropic Trust 2022 DAF Report



Growth of Donor Advised Funds

GRANTS FROM – NATIONAL PHILANTHROPIC TRUST DAF STUDY 2022



As reported by National Philanthropic Trust 2022 DAF Report



Growth of Donor Advised Funds

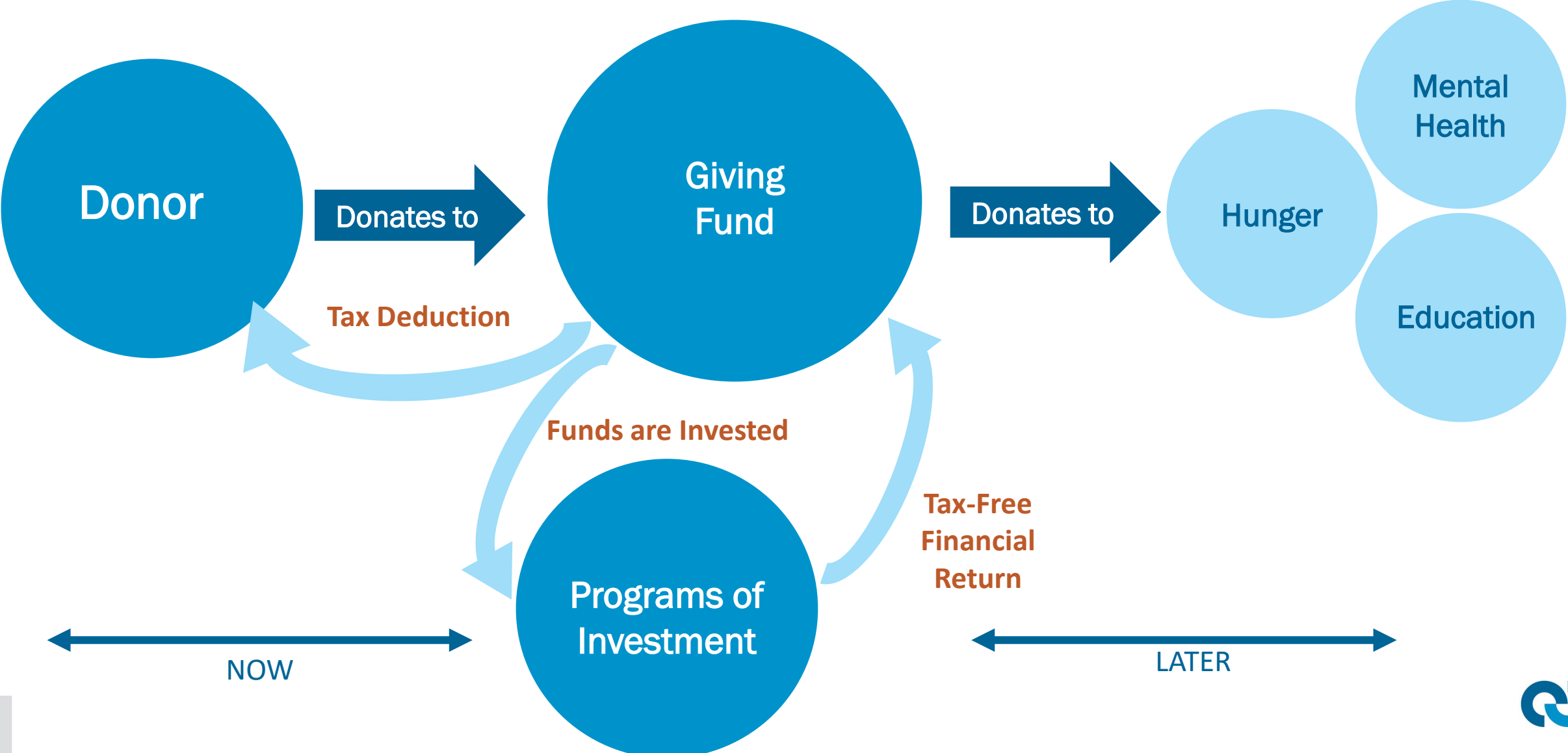
TABLE 1: DONOR-ADVISED FUND METRIC OVERVIEW (\$ BILLIONS EXCEPT AS NOTED)

	2020	2021	Change
Charitable Assets	\$167.81	\$234.06	39.5%
Total Grants	\$35.68	\$45.74	28.2%
Total Contributions	\$49.58	\$72.67	46.6%
Payout Rate*	24.2%	27.3%	12.7%
Average DAF Size	\$167,748	\$182,842	9.0%
Number of DAF Accounts	1,007,745	1,285,801	27.6%

As reported by National Philanthropic Trust 2022 DAF Report



How a Donor Advised Fund Works



Sponsoring Organizations



National Charities

- Offered through financial firms such as Fidelity, Schwab, Vanguard, National Philanthropic Trust, and American Endowment Foundation



Community Foundations

- Pioneered donor advised funds and are among leading providers



Single Issue

- Includes Jewish Foundations and Federations, religious organizations, hospitals, universities and others

Must be a 501(c)(3) public charity



Types of Funds

- Flexible
- “Auto pilot”
- Mission based

Grantmaking Styles

- Slow and steady
- Fast and furious



DAF Features

- Multigenerational
- Anonymity
- Pass-through
- Perpetual
- Investments



What Types of Assets May Be Donated?

- Publicly traded stocks, bonds, and mutual funds
- Cash
- Life insurance
- LLC and LP interests
- Closely held stock
- Real estate
- Crypto



Permissible Grants

- Public charities
- Private operating foundations
- Sponsoring organization
- Another Donor Advised Fund
- Organization other than a public charity, only if “expenditure responsibility” to assure charitable purpose

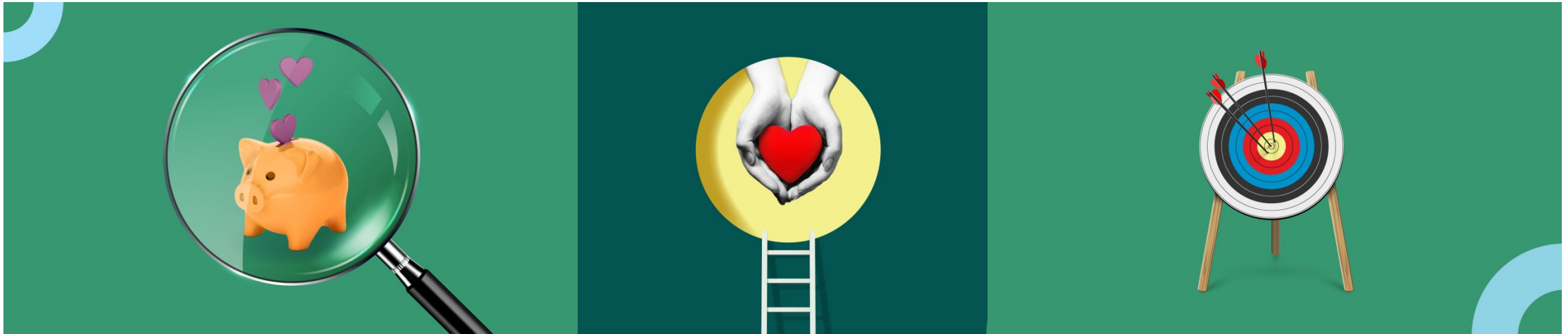


Prohibited Grants

- Individuals
- Private non-operating foundations
- Political activities
- Sponsoring organization failed to exercise “expenditure responsibility”
- Donor receives “a more than incidental benefit”
 - Tickets
 - Charity golf outing
 - Charitable auction
 - Collegiate athletic programs



DAFs and Your Practice



When to Consider a Donor Advised Fund

Client is:

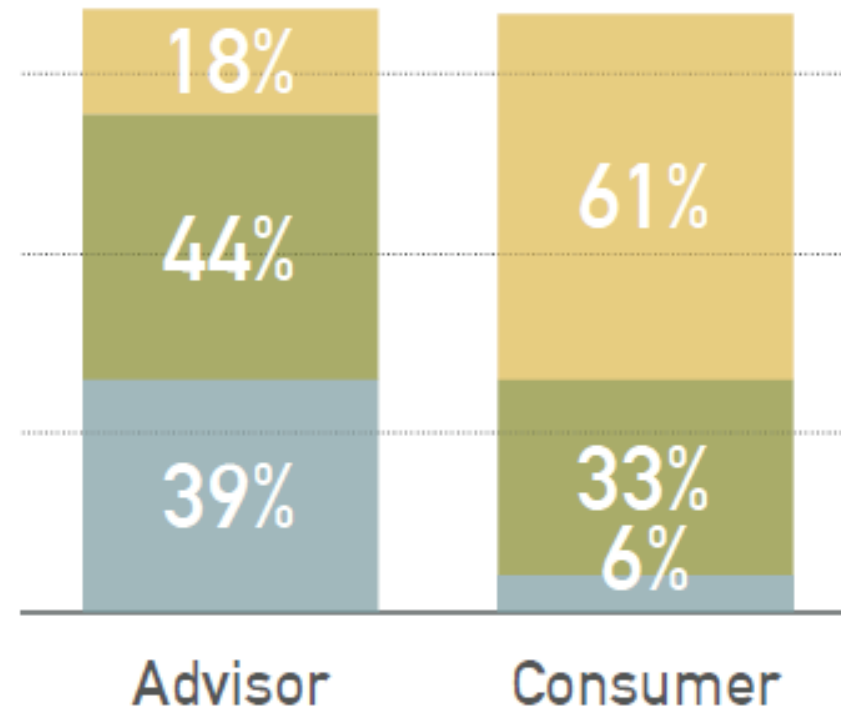
- Charitably inclined
- Charitable vehicle that is low cost, easy to establish and maintain
- Gifts to qualify for public charity deduction now
- Freedom to choose nonprofits later
- Involve family in philanthropy (both during donor's life and beyond)
- Privacy



US TRUST STUDY OF HIGH NET WORTH PHILANTHROPY 2018

WHO RAISES THE TOPIC OF GIVING?

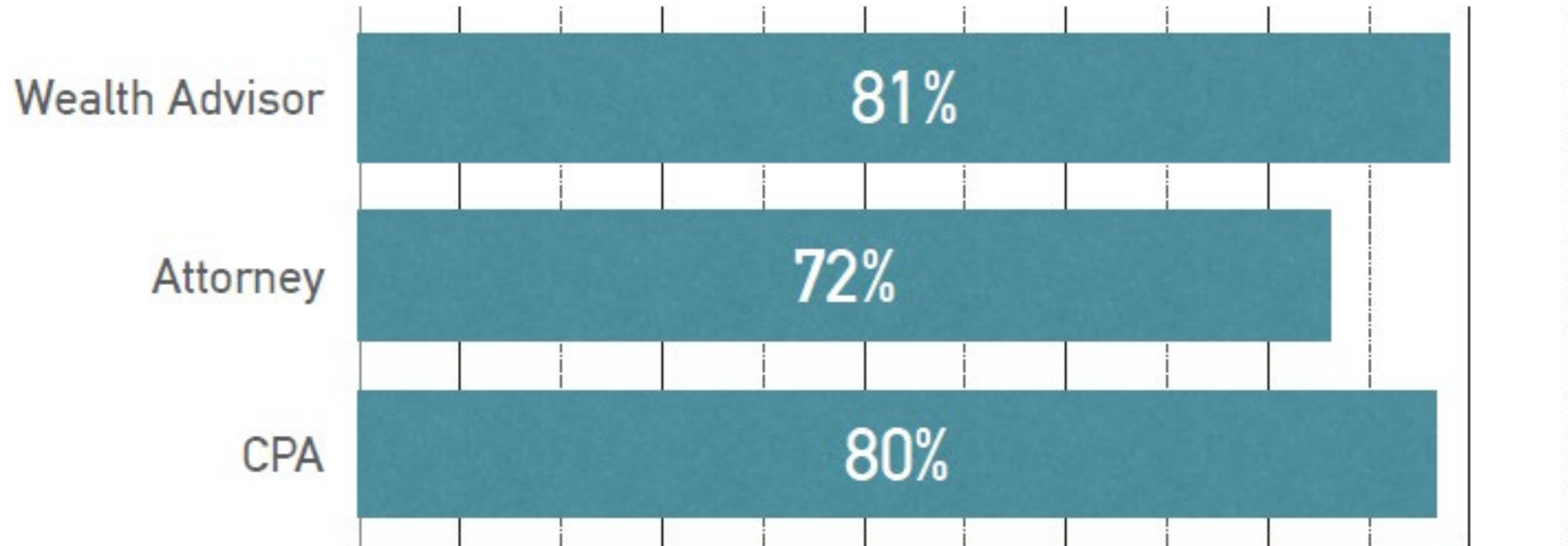
- Always/Usually Consumer
- Equal
- Always/Usually Advisor



As reported by US Trust 2018 Study



U.S. TRUST STUDY OF PHILANTHROPY – DISCUSSION IS GOOD FOR BUSINESS



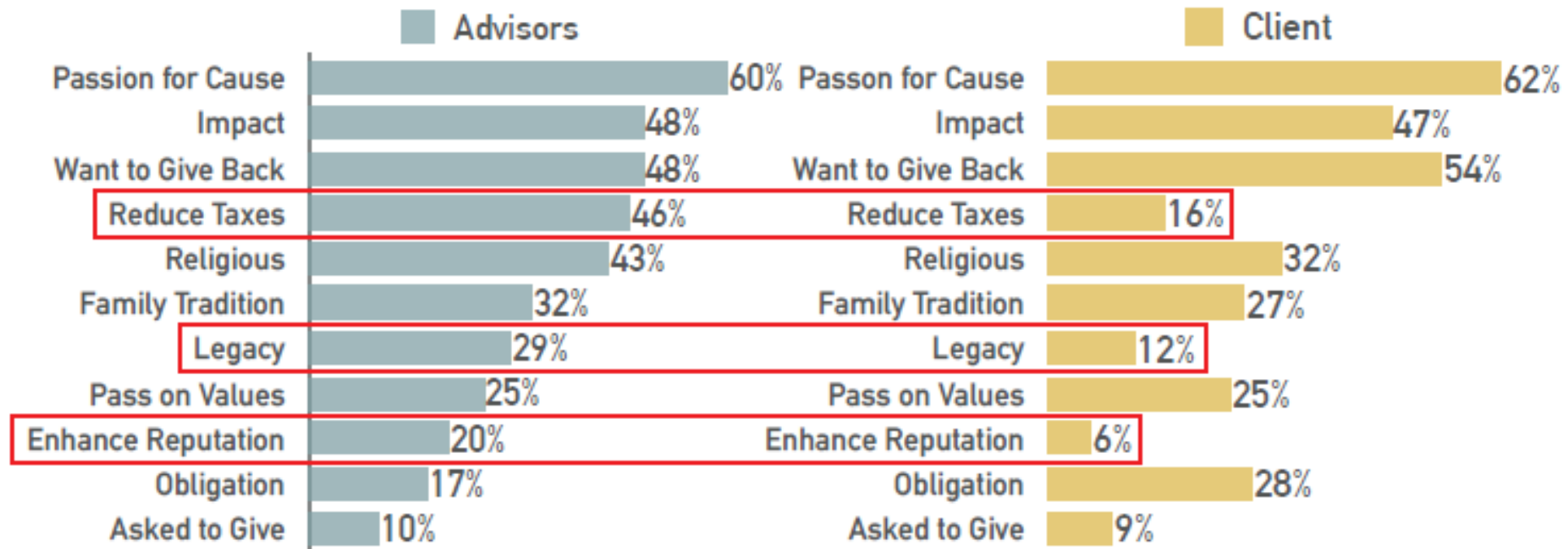
As reported by US Trust 2018 Study



High Net Worth Donor Motivations



US TRUST 2016 STUDY – “VERY IMPORTANT” REASON FOR GIVING



As reported by US Trust 2016 Study





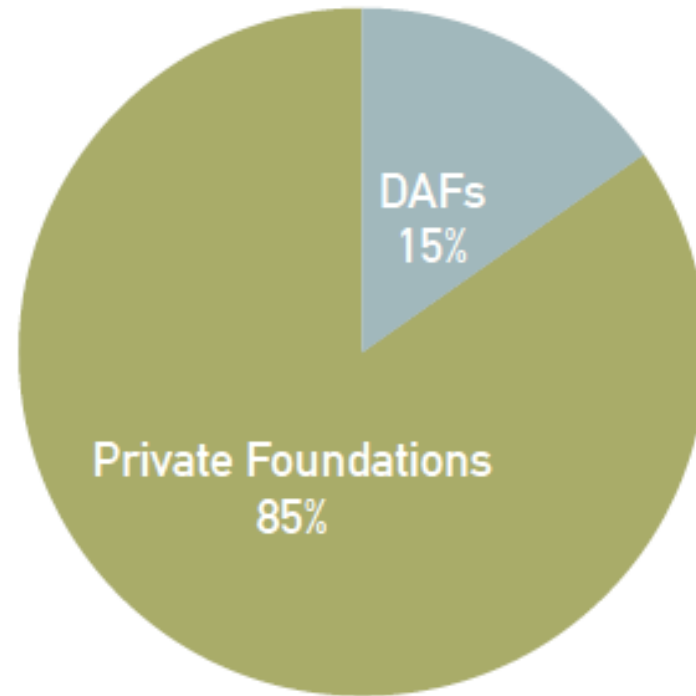
Benefits of Discussing Philanthropy

- Deeper client relationships
- More referrals
- Link with Next Generation



DAFS VS. PRIVATE FOUNDATIONS - NATIONAL PHILANTHROPIC TRUST DAF STUDY 2022

Total Assets - \$1.534 Trillion



Donor Advised Fund vs. Private Foundation

	Donor Advised Fund	Private Foundation
Who	Individuals, families, corporations or groups who partner with a sponsoring organization	Individuals, families, corporations or groups who form own entity
Legal Identity	Component fund of sponsoring organization	Separate nonprofit entity
Tax Status	Public charity	Private charity
<u>Income Tax Deduction</u> Cash Gifts Appreciated Stock RE + Closely Held Stock	Up to 60% of AGI FMV up to 30% of AGI FMV up to 30% of AGI	Up to 30% of AGI FMV up to 20% of AGI Cost Basis up to 20% of AGI
Excise Tax	None	1.39%
Required Annual Payout	None	5%



Tools using DAFs (or DAF Alternatives)

- Charitable Bunching
- IRA Charitable Rollover **not to DAF during lifetime*
- Legacy Giving
- Non-cash gifts
- Impact Investing



Case Study 1: Individual & Family

Client Profile

- A single 72 year-old with no children who is an executive at a local corporation is interested in gifting charitable donations during lifetime and beyond.

Key Considerations

- Flexibility during life and after, while using a variety of assets
- Commitment to ensuring charitable wishes are accomplished



Individual & Family Giving Opportunities

Gifted Assets

- Closely Held Stock
- Appreciated Publicly Traded Stock
- Real Estate

- IRA Qualified Charitable Distribution

- Charitable Provisions in Estate
- Life Insurance Beneficiary

Fund Types

Donor Advised Fund *(during life)*

Designated Fund *(during life)*

Testamentary Designated Fund *(after life)*



Case Study 2: Legacy

Client Profile

- An 80 year-old widow with no heirs, \$5M net worth

Key Considerations

- Long term support for charities after life



Legacy Giving Opportunities

Gifted Assets

- Charitable Provisions in Estate

Fund Types

Endowed

Testamentary
Designated
Fund *(after life)*

7 orgs chosen by
Donor

Arts
Organization

Place of
Worship

Hospital

University





Case Study 3: Sale of Family Business

Client Profile

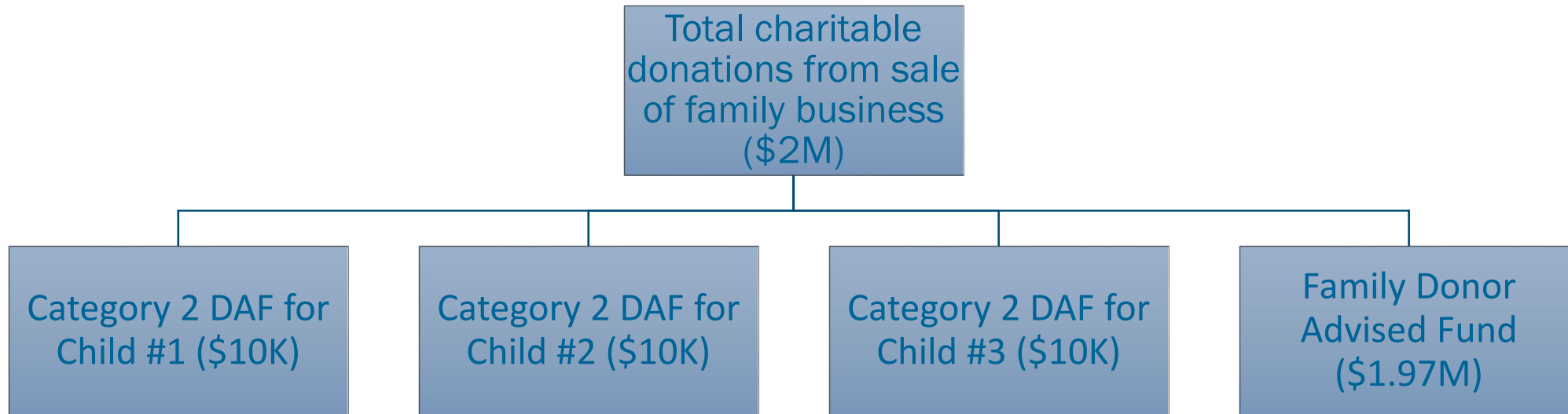
- A 60-year-old with three grown children who all live outside of Omaha has a net worth of \$15 million and an impending tax burden of \$2 million on the sale of family business.

Key Considerations

- Timing of tax deduction
- Wants advisory privileges over investment and distribution of funds
- Focused on family giving model



Sale of Family Business Giving Opportunities





Case Study 4: DAF with Private Foundation

Client Profile

- A single 65-year-old with no children to manage private foundation after passing

Key Considerations

- Ease of grant process required annually of private foundation
- Ability to continue to run private foundation in tandem with efficiency of DAF
- Specific parameters for fields of interest to benefit after her passing



DAF with Private Foundation

Private
Foundation
(during life)

- Private Foundation 5% required annual payout

Fund Types

Donor Advised
Fund *(during life)*

Testamentary
Field of Interest
Fund *(after life)*



Conversation Starters

- What is your earliest memory of giving?
- Is there someone you admire who shaped who you are?
- Who is the most generous person you know and why?
- How did/do your parents and grandparents practice generosity? Does that influence your giving?



Questions?

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