

Charitable Planning Options

	Donor Advised Fund (“DAF”)	Private Foundation (“PF”) Nonoperating	Charitable Remainder Trust (“CRT”)	Charitable Remainder Trust (“CRT”)
Basic Idea	Receives lifetime or testamentary gifts which accumulate for distributions in the future. The Donor “advises” the DAF sponsor organization regarding distributions.	Receives lifetime or testamentary gifts which accumulate for distributions in the future. Board members periodically approve grants or scholarships—at least 5% of the principal must be distributed each year.	Creates 2 separate trusts interests—(1) a stream of payments (Annuity or Unitrust) for a period of time, and (2) a remainder interest after that term.	
			Stream of payments made to one or more individuals with the remainder interest left to charity	Stream of payments made to charity with the remainder interest left to one or more individuals
Funding Terms & Considerations	Funding Minimums will depend on the sponsoring organization.	At least \$1 Million (initial) suggested, but over \$10 Million	Depending on how the stream of payments are calculated (Annuity being a set amount, or Unitrust being a set percentage of principal), additional gifts may require separate trusts.	
Income Tax Deduction	Cash gifts are subject to 60%* AGI limits for cash or 30% limits for in-kind	Cash Gifts are subject to 30% AGI limit for cash or 20% limit for in-kind	Subject to 30% AGI limit	Depends on choice of grantor or non-grantor structure
Investments & Financial Management	Often limited to publicly traded holdings, sometimes to specific portfolios established by sponsor organization.	Can hold most types of assets, but active businesses are generally limited as a result of the “Excess Business Holding Rules”	Can hold most types of assets, even partial interest in business. Assets should be managed to balance payment requirements and growth	
Set-up Costs & Requirements	Sponsor organization covers costs of establishing. Can be established in a short time period (a couple of days to a couple of weeks).	Donor covers the set-up costs. Expect setup to take several months to complete — from incorporation through application for tax-exempt status.	Donor covers the set-up costs. Trusts can be drafted and funded in a few weeks if necessary, but average would be 1-2 months. If an active business interest is transferred, the valuation process may take more time.	
Privacy Considerations	Names of donors and advisors are generally anonymous; grantees can all be kept confidential.	Detailed annual tax filings are subject to public disclosure requirements – IRS will publish returns online, and there may be other public records requirements.	Generally all transfers can be anonymous, though the ultimate charitable beneficiaries may have some public disclosure requirements of Donors.	
Administration Considerations	No required annual grant amounts (unless the sponsoring organization requires). Donor has few formalities and no record-keeping requirements.	Board is responsible for preparing/filing the annual returns with IRS (Form 990-PF), which must disclose all financial transactions including grants (made in the filing year and approved for the future). The corporate formalities should be followed—annual meetings, elections, etc.	Heavily dependent on the circumstances—the assets contributed, whether sufficient cash-flow is generated for the stream of payments – the ongoing administration needs will vary, and additional valuations may be needed. Trustee responsible for preparing/filing the annual fiduciary income tax returns—and specialized knowledge may be required for the returns pre-pared for these split-interest trusts.	
Lifespan	At least the life of the donor, sponsor organizations may allow one or two generations to succeed as advisor.	Can exist in perpetuity, provided that there are sufficient assets which are managed and invested appropriately.	Max of 20 years (younger Donors may not be eligible)	Term for stream of payments can be flexible—e.g., for the life of the Donor or another.
Grantees	“Working” Charities only— i.e., either public charities or operating foundations	Most any charitable purpose (very flexible). Scholarship awards to individuals require advanced IRS approval.	Remainder can be left to most any charitable organization, but often select working charities or DAF.	Most charitable organizations can be recipients. Sometimes used to create or endow a private foundation.
Best For	Immediate Income Tax Deductions	Legacy planning for multiple generations	Minimizing gift tax consequences for family while benefiting charity	

*subject to reduction (back to 50%) if the Tax Cut & Jobs Act is allowed to sunset at the end of 2025.