



Wealth & Investment Management

Philanthropic Services offered by Wells Fargo Bank, N.A.

Donor Advised Funds Museum of Flight

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Donor advised fund

A donor advised fund (DAF) allows a donor to transfer assets irrevocably to a public charity, be eligible for an immediate tax deduction (in most cases, up to the full fair market value) and then recommend grant distributions to one or more charitable organizations on their own personal timetable.

Is a donor advised fund a good fit for your needs?

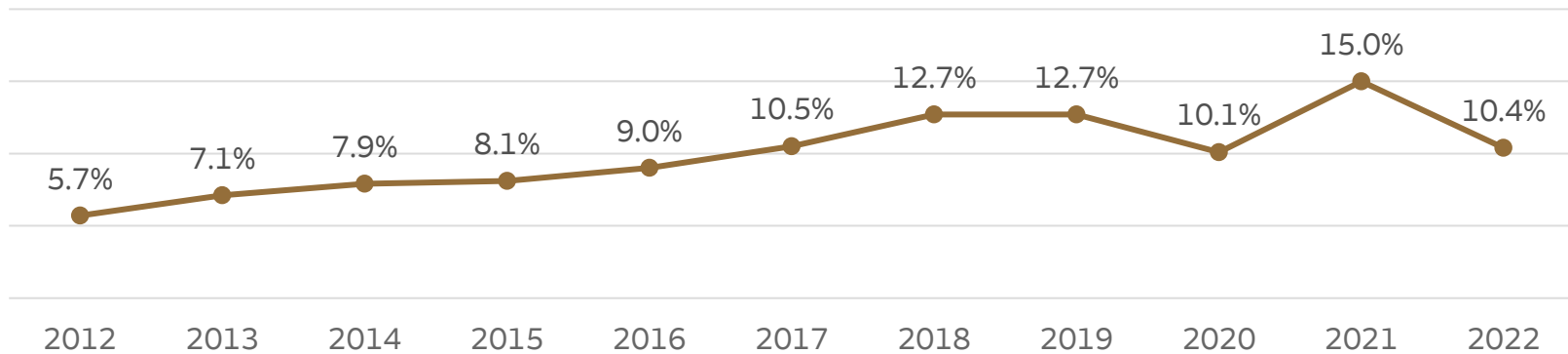
A donor advised fund is a strategy to consider for those who:

- Are charitably inclined
- Seek tax efficiency and flexibility
- Want to grant funds over time
- Wish to potentially grow assets and make additional contributions
- Want to create a charitable legacy and a family tradition of giving



Landscape of donor advised funds

Contributions to DAFs expressed as a percentage of total individual giving¹



Additional 2022 donor advised fund statistics²

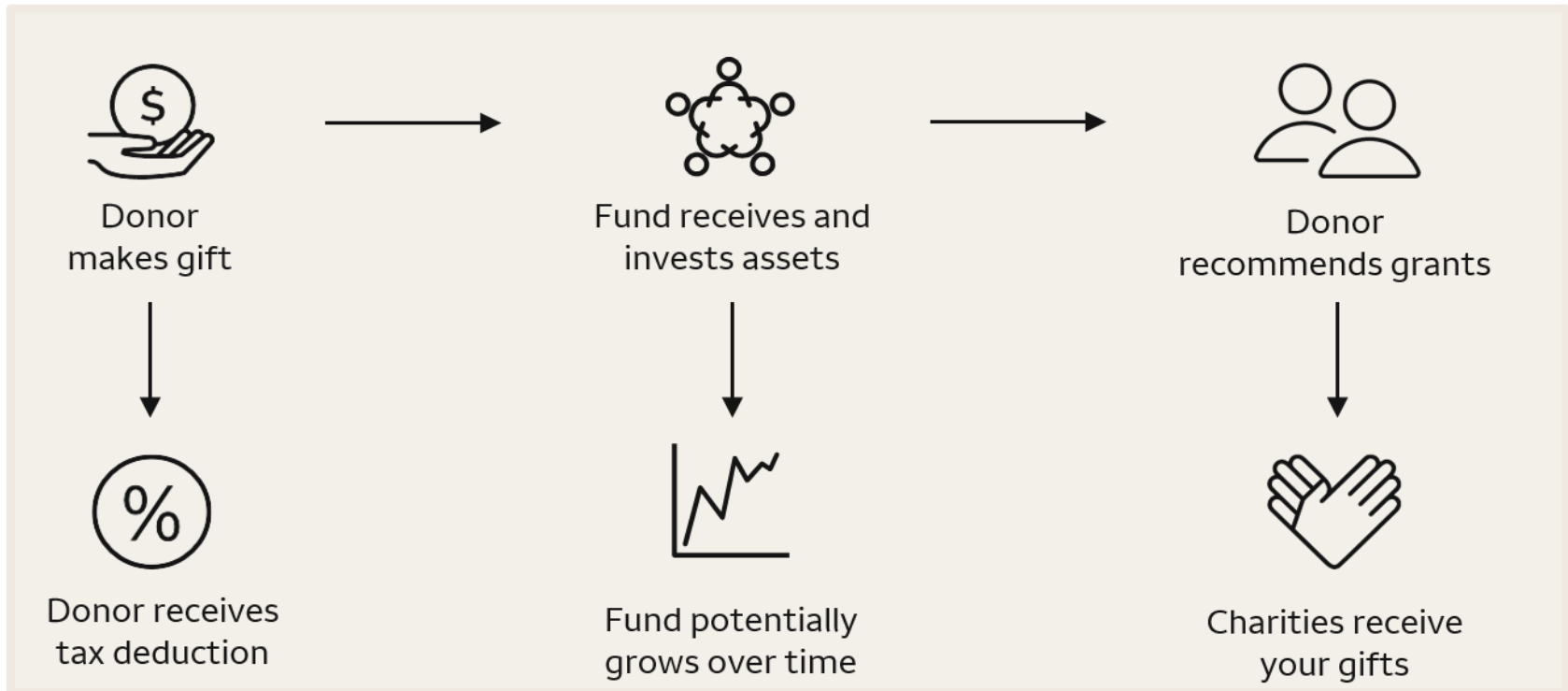
- Grants from donor advised funds totaled **\$52.16 billion**, a 9.0 percent increase since 2021
- Contributions into donor advised funds totaled **\$85.53 billion**, a 9.0 percent increase since 2021 (and an all-time high)

¹ National Philanthropic Trust Charitable Giving Statistics

² National Philanthropic Trust 2023 Donor Advised Fund Report

How it works

A donor advised fund (DAF) allows a donor to transfer assets irrevocably to a public charity, be eligible for an immediate tax deduction (in most cases, up to the full fair market value), and then recommend grant distributions to one or more charitable organizations on their own personal timetable.



How it works (continued)

Benefits

- Simple to set up (does not require creation of trust or corporation)
- Flexible giving timeline
- Ability to create a charitable legacy plan and engage next generation in giving
- May deduct charitable cash contributions up to 60% of donor's adjusted gross income
- May deduct appreciated assets at fair market value (FMV)
- Provides potential for tax-free growth on fund assets
- Removes assets from donor's gross estate, which may reduce or eliminate estate taxes

Considerations

- Less costly alternative to family foundation
- Administration and due diligence handled by charitable sponsor; charity handles all tax filings, grant administration, and contribution receipts
- Account fees can vary amongst various donor advised fund programs
- Donor retains advisory privileges with respect to grantmaking, investments, etc., but charity retains control of assets
- Currently, no grant payout required by IRS

Administration

Selecting the right donor advised fund administrator to fulfill your charitable strategy is important. Several factors should be considered:

- Account minimums
- Available investment options
- Ability to accept various types of gifts
- Fees charged on account
- Ability to recommend grants to local, national, and international charities

Options for funding

Explore various types of contributions to simplify charitable giving now and for generations to come.



Personal assets

- Cash
- Appreciated securities
- Restricted stock
- Mutual funds
- Exchange-traded funds (ETFs)



Beneficiary designation

- Will
- Family trust
- Traditional IRA*
- Retirement plan
- Life insurance policy
- Annuity
- Executive compensation plan



Charitable giving vehicles

- Existing donor-advised fund account
- Charitable remainder trust (CRT)
- Charitable lead trust (CLT)
- Private foundation annual required distribution
- Terminating private foundation



Complex Assets**

- Closely held business interest (LLC, LP, C-Corp, S-Corp)
- Real estate
- Master limited partnership (MLP)
- Hedge fund interest
- Private equity interest
- Tangible personal property
- Loan note

*Excludes Qualified Charitable Distributions (QCDs)

**Please consult your legal and tax advisors.

**WELLS
FARGO**

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Thank you

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