

### **What is a donor-advised fund?**

A donor-advised fund (DAF) is a type of giving program that allows you to combine the most favorable tax benefits with the flexibility to easily support your favorite charities such as the Scholastic Shooting Sports Foundation. An increasingly popular charitable vehicle, DAFs are an excellent way to both simplify your charitable giving and facilitate your strategic philanthropic goals.

### **How does it work?**

- Establish your DAF by making an irrevocable, tax-deductible donation to a public charity that sponsors a DAF program
- Advise the investment allocation of the donated assets (any investment growth is tax-free)
- Recommend grants to qualified public charities of your choice

### **What are the main advantages of a donor-advised fund?**

**Simplicity** – The DAF sponsor handles all record-keeping, disbursements, and tax receipts.

**Flexibility** – Timing of your tax deduction can be separate from your charitable decision making.

**Tax-efficiency** – Contributions are tax-deductible and any investment growth in the DAF is tax-free. It is also easy to donate long term appreciated securities, eliminating capital gains taxes and allowing you to support multiple charities from one block of stock.

**Family legacy** – A DAF is a powerful way to build or continue a tradition of family philanthropy.

**No start-up costs** – There is no cost to establish a donor-advised fund. However, there are often minimum initial charitable contributions to establish the DAF (typically \$5,000 or more).\*\*

**No transaction fees** – Once approved, 100% of your recommended grant goes to your qualified public charity of choice.\*\*

**Privacy if desired** – Donors may choose to remain anonymous to the grant recipient.

\*\* Sponsoring organizations generally assess an administrative fee on the assets in a DAF. These fees vary by sponsoring organization.

### **Details on how it works:**

- 1) An individual or entity makes an irrevocable contribution to a sponsoring charitable organization to establish a donor-advised fund. This person becomes a donor-advisor.
- 2) The sponsoring organization allocates the charitable contribution to the particular donor-advisor's DAF. The donor-advisor has the opportunity to name the DAF (e.g. The John Doe Fund).
- 3) The donor-advisor retains advisory privileges over the investment allocation for the DAF. Since the assets in the DAF belong to the sponsoring organization, any investment growth is tax free. The investment options available vary by sponsoring organization.
- 4) The donor-advisor has advisory privileges over the disbursements made from the DAF. The disbursements are recommended by the donor-advisor, but must meet the grant making criteria of the sponsoring organization. Typically, disbursements may only be recommended to IRS-qualified public charities exclusively for charitable purposes. Additionally, the donor may not receive any more than incidental benefits as a result of the disbursement.
- 5) Once the sponsoring organization approves the recommended disbursement, the grant is made to the qualified charitable organization.

For more information please contact us at [donate@sssfoonline.com](mailto:donate@sssfoonline.com)