When University benefactors share that they have a “family foundation,” our natural response is to say “is it a donor-advised fund?” The answer is almost always, “yes!” That’s because donor-advised funds are the fastest and most popular charitable giving vehicles, and in most cases a better alternative for donors than the more complex and costly private foundation.

Donor-advised funds combine the benefits of a tax-free charitable savings account, and the convenience of a charitable checking account, into a centralized “foundation” from which donors can build their philanthropic legacy and execute their charitable plans. Donor-advised funds are easy to setup, with no startup costs, and minimal annual administrative and management fees. They offer very low minimum initial investment requirements, maximum tax benefits for cash and appreciated property, and the ability to take full fair market value deductions for contributions.

Donor-advised funds are offered by many public charities, including local community foundations and national sponsors. The largest and most popular sponsors include Fidelity Charitable, Schwab Charitable, and Vanguard Charitable Endowment Program. Villanova offers University benefactors an opportunity to establish a donor-advised fund through an affiliation with National Philanthropic Trust and State Street Global Advisors.

Here’s how donor-advised funds work. First, you make an irrevocable contribution of personal assets; most often cash or low basis, long-term appreciated securities. You will immediately receive the maximum tax deduction that the IRS allows for that contribution. You name your donor-advised fund account (note: you can even call it a “foundation!”), advisors, and any successors or charitable beneficiaries. Your contribution is placed into a donor-advised fund account where it can be invested and grow tax free. At any time afterward, you can recommend grants from your account to qualified charities. It’s really that simple.

Some of the most commons reasons why donors establish and contribute to donor-advised funds include:

- **Pre-funding charitable giving during high-income years.** You can offset higher than normal income years by making a larger than normal donation to a donor-advised fund. Then you can decide on your own schedule when and where you want those charitable dollars to be contributed to charity. Examples of events that would trigger higher income include exercising stock options, selling real estate or a business, selling and diversifying a concentrated low-basis stock position, and receiving a large bonus or severance package. Prior to a business exit or succession plan is a particularly smart time to think about contributing to a donor-advised fund.
- **Legacy planning.** If philanthropy is a core family value, and you want to engage your children or grandchildren in your giving and inspire them to create their own philanthropic passions and priorities, a donor-advised fund can serve as the proverbial dinner table from which to have these conversations. You don’t have to be the Rockefellers or Bill Gates to have a charitable vehicle that allows you to execute a giving plan that achieves meaningful philanthropy and brings joy to you and your family.

- **Simplify charitable giving.** If you support many charities a donor-advised fund can help to simplify your giving by centralizing donations and accounting of contributions. You’ll no longer have to go searching around for tax receipts because you received one tax receipt when you made your initial contribution and one tax receipt for each subsequent contributions that you make to the donor-advised fund account.

During Villanova’s most recent campaign, *For the Greater Great: The Villanova Campaign to Ignite Change*, almost 1,000 donors recommended contributions from their donor-advised funds to support the campaign priorities they were most passionate about. From capital projects such as the Finneran Pavilion and Performing Arts Center, to academic programs and colleges, and scholarships, donor-advised fund contributions played a crucial role in meeting the University’s funding needs. Contact the Office of Gift and Estate Planning to learn more about donor-advised funds.