

Donor Advised Funds Popular for Good Reason



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This year, we at Ocean Reef Community Foundation have been fielding yet another uptick in inquiries about Donor Advised Funds (DAF), and we are by no means alone. "Philanthropists, large and small, prize DAFs for their tax benefits, convenience and simplicity, among other things," according to Tom Herman, explaining their tremendous and growing popularity in his recent column in *The Wall Street Journal* (WSJ).

As the WSJ piece points out, a new survey by the National Philanthropic trust reveals that from 2019 to 2020 alone:

- Contributions into DAFs jumped more than 20 percent to almost \$48 billion.
- Total assets in DAFs were up almost 10 percent to nearly \$160 billion.
- Giving to nonprofits from DAFs rose 27 percent to just under \$35 billion.

It's no wonder and we expect the growth to continue for 2021. Opening your own fee-free, named Donor Advised Fund before December 31st takes literally just a few minutes, and ensures your current year tax deduction along with all the time you need to decide how to make your resulting donations. Because DAFs have no distribution requirements, they allow you to time contributions for maximum tax advantage and develop philanthropic plans on your own timetable.

While the benefits of DAFs are many, the flexibility and

immediacy are particularly relevant at this time of the year. Whenever and wherever you eventually make your charitable donations (gifts can go anywhere in the nation), we'll do the work and you'll get the credit and consolidated statements of all your giving.

If the barrage of donations to our existing member charitable funds this December is any indication, this flexibility is needed and very much appreciated well after the fund is established.

Our column last week focused on what to look for when comparing different DAFs and Ocean Reef Community Foundation's stack up well. I'll point out again that thanks to our Administrative Fund, the Foundation is exceptional among community foundations and commercial providers in offering DAFs at no cost as a service to the community. They can be opened with as little as \$10,000.

ORCF DAFs opened with \$100,000+ which will maintain

a minimum balance of \$50,000 are eligible to invest in a choice of three options of varying risk levels; funds opened with \$1 million+ are eligible for a custom portfolio. Invested funds are managed by Eaton Vance WaterOak Advisors and overseen by the Foundation's Investment Committee. Neither party charges any fees, with only basic costs passed through --currently a very low 20 basis points. View the current options on the Donor Advised Fund page of our website under "Ways to Give."

To open your fund and get your 2021 tax deduction, just drop off, transfer or postmark your donation by December 31st. We can even take care of the very simple agreement naming your fund next year. To learn more, stop by our office on the first floor of the Ocean Reef Business Center, visit www.oceanreefcommunityfoundation.org, email foundation@oceanreef.com or call (305) 367-4707.