

# Understanding the Benefits

## DONOR-ADVISED FUNDS VS. PRIVATE FOUNDATIONS

If you're exploring ways to increase your charitable giving beyond making a singular donation, a private foundation is a popular starting point for individuals and families.

While private foundations are powerful giving vehicles, starting and maintaining them can be challenging. They require exhaustive time and resources, not to mention the magic ingredient of expertise to ensure all legal requirements are met.

Consider a simpler alternative by choosing a donor-advised fund, your Private Foundation Solution.

### ADMINISTRATION

	DONOR-ADVISED FUND	PRIVATE FOUNDATION
<b>Tax status</b>	Public charity	Private charity
<b>Administration and fiduciary responsibility</b>	Fiduciary services provided by your support staff at The San Diego Foundation	Private Foundation handles all accounting, investments and IRS filings
<b>Research and expertise</b>	Expert staff is available to inform grant decisions and provide research on most impactful ways to give	Private Foundation handles all needs assessment and research about social impact areas
<b>Liability and risk</b>	The San Diego Foundation provides insurance	Private Foundation must purchase liability and risk insurance

### ENGAGEMENT

	DONOR-ADVISED FUND	PRIVATE FOUNDATION
<b>Privacy</b>	Donor and family name may remain anonymous	Donor and family name, along with grant information, is open to the public
<b>Donor involvement</b>	You and your trustees decide investment pool and recommend grants to nonprofits	You and your trustees appoint a board which controls investments and grantmaking
<b>Grantmaking</b>	Staff at The San Diego Foundation streamline and execute grantmaking and/or scholarship process that fits your needs	Private Foundation develops and solicits RFPs, as well as reviews applications and communicates with nonprofits
<b>Trustee support</b>	The San Diego Foundation staff helps facilitate meetings in a neutral environment to mitigate trustee and family dynamics and provide charitable expertise	Trustees and family handle all decisions internally on their own

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### TAX DEDUCTIONS

	DONOR-ADVISED FUND	PRIVATE FOUNDATION
Cash gifts	Up to 60% of adjusted gross income	Up to 30% of adjusted gross income
Appreciated stock gifts	Fair market value up to 30% of adjusted gross income	Fair market value up to 20% of adjusted gross income
Real estate gifts	Fair market value up to 30% of adjusted gross income	Cost basis up to 20% of adjusted gross income

### EXPENSES

	DONOR-ADVISED FUND	PRIVATE FOUNDATION
Startup costs	None	Thousands in legal costs that increase based on size and complexity of Private Foundation
Excise taxes	None	Subject to tax of up to 2% net investment gains

## How We Can Help

Since 1975, The San Diego Foundation has helped passionate, socially-responsible corporations find ways to create positive impacts in communities across San Diego.

Interested in learning how donor-advised funds could be an alternative to a private foundation for you? Contact our Director of Development & Stewardship Cami Mattson at [cami@sdfoundation.org](mailto:cami@sdfoundation.org) or (619) 814-1385.

