



GIFTS THROUGH A DONOR ADVISED FUND

Benefits to You:

- Receive an immediate deduction on your taxes
- Easier, and less expensive than establishing a private foundation
- Allows you to get started with a relatively small amount of money, as low as a \$500 gift
- Tax smart for those using a “lumping” strategy under the new tax laws

According to the nonprofit National Philanthropic Trust, donors gave \$23.27 billion to donor advised funds in 2016. While Colorado College does not currently administer its own donor advised fund (“currently” being the operative word) we accept gifts through your donor advised fund and will work with you to make the smartest gift that meets your goals. Below, read a brief discussion of the benefits of a donor advised fund, and how it can potentially help you reach your philanthropic goals.

Donor advised funds are best described as a waiting room for charitable donations. Donors deposit money in an account with a donor advised fund, and can elect to manage the investments personally, or choose to have an investment advisor manage the portfolio. In return, the donors receive an immediate tax deduction for the amount of the gift. Once the money is in the account, it cannot be returned; it technically belongs to the donor advised fund.

The benefits to using a donor advised fund are strong and, with the new tax laws, are expected to grow in appeal to strategic donors. First, they are far easier and less expensive than establishing a private foundation, and there is no annual minimum 5 percent distribution required. That said, the average voluntary distribution is higher than that of a private foundation at 20 percent. Another appeal of these funds is that they allow aspiring philanthropists to get started with relatively small amounts of money.

Donor advised funds also provide a deduction, which makes them a smart strategy for donors looking for a tax benefit under the new tax law. It works like this: Donors can “lump” fund a donor advised fund in the year that they itemize and take the deduction, then direct it to distribute over a period of several years afterward. This strategy offers a functional deduction in the years when the donors do not itemize since they already received their deduction in year one.

When making a gift from your donor advised fund, please notify us in the Office of Gift Planning as checks from your custodian often will lack the personal information that we require to credit your gift and to say, “Thank you!”