



COMPARISON OF DONOR ADVISED FUNDS AND PRIVATE FOUNDATIONS

Should I open a Private Foundation or a Donor-Advised Fund?

Many people wrestle with this question as they consider which is the best way to achieve their charitable goals. Consider this side-by-side comparison of Donor-Advised Funds and Private Foundations.

POINTS TO CONSIDER	DONOR ADVISED FUND	PRIVATE FOUNDATION
Start-Up Time	Immediate	Can take several weeks or months
Tax Status	Public charity (component fund of ECCF)	Private foundation (separate nonprofit entity)
Start-up and Ongoing Costs	No cost to establish; modest admin fee that is reduced as fund grows	Significant start-up costs. Annual operating costs include legal and accounting fees, insurance, staff and other expenses
Valuation of Gifts	Fair market value	Fair market value for publicly traded stock, cost basis for all other gifts, including gifts of closely-held stock or real property
Tax Deduction Limits for / Gifts of Cash	60% of AGI	30% of AGI
Tax Deduction Limits for / Gifts of Stock or Real Property	30% of AGI	20% of AGI
Tax on Investment Income	None	1%-2% of the net investment income
Distribution Requirement	None	Grants must equal 5% of fund balance annually
Administration	You recommend grants to your favorite charitable causes (not limited to Essex County), other admin duties are carried out by ECCF	Manage assets, keep records, select charities, administer grants, file state and federal tax returns, maintain board minutes, etc.
Philanthropic Expertise	ECCF can help you become more strategic in your philanthropy and has deep local knowledge and expertise	Your foundation trustees and professional staff
Investment Management	Four investment options including our Professional Advisor Program	Investment management responsibility rests with the private foundation
Privacy	Names of individual donors can be kept confidential if desired, and grants can be made anonymously	Must file detailed and public tax returns on grants, investment fees, trustee names, staff salaries, etc.

Ready to elevate your giving?

Contact **Stacey Landry**, Director of Gift Planning & Advisor Relations, at 978.777.8876 x122 | s.landry@eccf.org.