



# DONOR-ADVISED FUNDS

## WHY OPEN A FUND?

**Donor-advised funds** (DAFs) are a bit like bank accounts held at a non-profit entity. Deposits into a DAF are irrevocable, and assets held in them can only flow to another charity, as defined by the Internal Revenue Service. In the meantime, the donation is invested by the **Community Foundation of Central Missouri** (CFCM) and grows tax-free. Think of DAFs as charitable giving accounts.

Some **advantages** to opening a donor-advised fund with CFCM are:

- Donors can be strategic regarding choice of assets and timing to donate into their donor-advised fund (DAF) to take maximum tax advantage.
- Gift assets in a donor-advised fund are invested according to the donor's general risk guidance and grow tax free; investments can be through CFCM's investment pools or a third-party advisor the donor may recommend.
- Larger gifts, or those more difficult to donate or divide, can be donated into a donor-advised fund and then be gifted out broadly over time.
- Tax breaks are more generous than those associated with giving to a foundation, set-up costs are lower, and CFCM uses an online access platform to make granting easy and convenient.

