

Donor Advised Fund and Private Foundation Comparison

	Donor Advised Fund	Private Foundation
Set-Up and Annual Maintenance		
Timing	Immediate	Several months to incorporate and receive tax exempt status
Start-up costs	No start-up costs	Significant legal and accounting start-up costs (\$3,000 and up)
Minimum to establish	No minimum	Typically \$10 million or more to justify set-up and administrative expense
Administrative fee	1% of the average balance or \$400 a year, whichever is greater for Funds with assets under \$5 million. Tiered fee schedule for endowed funds and larger assets.	Typically in the range of 2.5-4%; must file annual tax returns, conduct independent audit, manage and administer all functions.
Investment, Accounting and Tax Returns	Fund is a part of The Miami Foundation's portfolio and the Foundation manages investments, accounting and files annual tax returns.	Trustees must perform, contract or hire staff for these services.
Gift Deductibility		
Cash Gifts	60% of AGI; fair market value	30% of AGI; fair market value
Publicly-Traded Securities	30% of AGI; fair market value	20% of AGI; limited to cost basis
Closely-Traded Stock or Real Estate	30% of AGI; fair market value	20% of AGI; limited to cost basis
Other Considerations		
Excise Taxes	None	1-2% of net investment income annually
Annual Grant Distribution Requirement	None under current law	Must distribute 5% of net assets value annually, regardless of earnings
General and Grant Administration	Managed by The Miami Foundation and access to expert programs staff, if desired	Trustees must perform, contract or hire staff for these services
Privacy and Recognition	Up to each donor, but a Fund's individual assets are confidential	Must file detailed and public tax returns on all grants, investments, fees, trustee names, etc.
Control	Donor may recommend grants and investments, but The Miami Foundation makes all final decisions	Donor family has complete control, subject to self-dealing rules
Governance and Succession	Unlimited succession planning; ability to appoint advisory Board	Unlimited succession planning; Board appointment decided by donor family