



Donor Advised Funds

Description

A program of a public charity that allows you to make an irrevocable contribution and then recommend grants to qualified nonprofit organizations on your own timetable, often with the ability to remain anonymous.

Key characteristics

- Immediate tax deduction, up to 50% of adjusted gross income for cash, 30% for appreciated assets
- May avoid capital gains tax for gifts of long-term appreciated securities
- Can often accept many types of assets
- Professional investment management
- Can name successors to continue family involvement

Details

A donor advised fund is a program of a public charity that allows donors to make contributions to the charity, become eligible to take an immediate tax deduction, and then make recommendations for distributing the funds to qualified nonprofit organizations on their own timetable.

A donor advised fund offers benefits such as flexibility in grant recommending, including the ability to remain anonymous. Since the donor is eligible to take the maximum tax deduction available once they have made their irrevocable contribution, the charity owns and controls the assets, allowing the donor to have only advisory over the distribution of charitable grants. This is why the grants are recommended by donors, not made by them.

The charity also will generally perform due diligence to verify that each organization to which a grant is recommended is an IRS-qualified public charity, among other restrictions as specified by the policies of each sponsoring organization with a donor advised fund program.

As far as tax considerations, donors may be eligible to take a tax deduction of up to 30% of their adjusted gross income for contributions of securities, and up to 50% for cash contributions.

Speak with a representative:



Find out more

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