



# rebel Financial

## **What is a Donor Advised Fund?**

A Donor Advised Fund is an investment account that allows individuals to stack multiple years of charitable donations into one. An individual who makes a large contribution to the Donor Advised Fund (DAF) receives a federal tax deduction in the calendar year the contribution is made. The person can then advise the company who owns the DAF to make donations to other 503(c) charities.

## **Why should Christians consider contributing to a Donor Advised Fund?**

God calls us to be stewards of our resources. Donor-Advised Funds are one strategy to maximize the charitable contributions He allows us to make.

## **Name some potential risks.**

Once funds are contributed to a donor-advised fund they are the property of the charity, not the person who contributed the money. Though unlikely, there is the risk that the original contributor could lose access to the direction of the funds they contributed. If there was no risk, the funds likely would not be eligible for a charitable deduction. Also, contributions could lose value because of investment performance.

## **Tell me about potential benefits.**

By stacking yearly contributions into one year, a person or couple could receive a sizable federal tax benefit. A married couple who is not itemizing donating \$10,000 yearly to their church might be able to donate \$50,000 in one year and itemize deductions. This should allow them to deduct their full \$50,000 gift instead of \$0. Pairing a donor-advised fund with a planning strategy such as a Roth conversion could make the contribution pay for itself over a period of time, optimizing the impact of charitable giving.