

## DAFs: Greater charitable impact, fewer headaches

Most of your clients likely are passionate about supporting a cause or charity near and dear to them. Unfortunately, they might not have discussed this passion with you because they don't realize you can connect them to a resource for making smart, effective and tax-advantageous donations.

With MS GIFT you can, and the process is easy for you and your client.

MS GIFT can help your clients reach their charitable objectives by establishing a Donor-Advised Fund (DAF), and we can help you painlessly facilitate that process by handling the initial and ongoing administrative tasks associated with a DAF. With an advisor-friendly platform, two decades of experience and relationships with charitable organizations in all 50 states, MS GIFT offers you a turn-key process for increasing your client's philanthropic impact.

Your client gets a streamlined and tax-effective way to make a charitable impact, the funds put into a DAF will be invested by you.

Still unclear about DAFs and how they can fit into your service offerings? The following Frequently Asked Questions should help.

## FREQUENTLY ASKED QUESTIONS

### What is a DAF?

A DAF is an irrevocable charitable giving vehicle that gives donors a tax-advantageous way for putting their assets to work supporting charities and causes they believe in.

### How do DAFs work?

A donor makes a gift to a sponsoring charity (a role MS GIFT can fulfill), which then establishes a DAF on the donor's behalf. The funds are invested, and the DAF's growth is used to support charitable organizations through grants. Once the fund is established, a donor can contribute to it as frequently as desired.

### What tax advantages do DAFs offer?

A donor gets an immediate tax benefit for the initial contribution to a DAF and for all subsequent donations. If the donor contributes capital appreciated property (i.e. stocks, mutual funds or ETFs), the donor will avoid capital gains tax when the charity sells the assets.

### Why should a donor choose a DAF?

DAFs offer a variety of benefits, but the most frequent reasons for donating to a DAF include the opportunity to make both an immediate and long-term impact for a cause or charity the donor believes in, to maintain some influence over how funds are granted to charities, to pass on a legacy of giving, and to reduce the impact of capital gains and other taxes.

### When is a DAF the right solution?

DAFs provide a sound giving solution in a wide range of scenarios, but they are especially helpful for donors who need a charitable tax deduction to offset a taxable event, are facing considerable capital gains taxes, are anticipating a major liquidity event (such as an inheritance, business liquidation or stock sale), are interested in creating a legacy of giving, or who simply want to give to multiple charities without having to deal with paperwork and record keeping.

### Is a DAF irrevocable?

Yes. Funds donated to a DAF cannot be withdrawn, although they can be transferred to another DAF account.

### Can a donor contribute real estate or stock to a DAF?

Yes. In fact, donating assets is often the most effective way to give. By allowing a nonprofit to dispose of assets, the donor avoids capital gains taxes, which means the value of the gift can be higher and the cost of giving will be lower. Special planning is required, so make sure you consult with tax and legal professionals.



**Does a DAF donor have a say in how funds are granted to nonprofits?**

Yes. Although the donor no longer owns the assets contributed to the DAF and the sponsoring charity has final say on the funds' distribution, the donor can make recommendations about which charities receive grants from the DAF. This power remains with the investor for life and can be passed on to future generations.

**Can a donor set up successor grant advisors?**

Yes. It is common practice for a donor, when establishing a DAF, to name his or her heirs as successor grant advisors. As an alternative, the donor may set-up successor charities to receive grants after the donor's passing.

**How will I know if my donor's desired charity is reputable?**

MS GIFT vets charities for you and your client so the donor can feel confident that the funds will be used correctly and effectively.

**Will I have to manage DAF distributions?**

No. MS GIFT handles distributions to charities from the DAF, with input from the donor if the donor wishes. Grants from the fund can be made to nonprofits as frequently or infrequently as seems appropriate.

**Who will handle tax records and other administrative tasks?**

MS GIFT handles the administrative aspects of the DAF, including preparing for tax reporting, and MS GIFT will issue gift receipt letters for every contribution the donor makes to the DAF.

**Will my client remain a Franklin Templeton client?**

Yes. Because MS GIFT is not an investment manager, your client will continue to work with you for investment guidance regarding the funds in the DAF.

**Will RCF take a cut of the DAF growth?**

No. RCF only charges industry-low DAF administrative fees.

**How do I set up a DAF for a client?**

Refer to [\[link\]](#) for steps on how to set up an MS GIFT DAF.

**How long will it take to set up a DAF?**

Depending on the complexity of the gifted assets, most DAFs are established in a matter of a few days.