

Comparing Giving Options



Private Foundation v. Donor Advised Fund

When people want to make a difference in their community, incorporate family into philanthropy, and build a legacy, they consider starting a private foundation. While private foundations may be appropriate for some families, the administrative requirements and operating costs can be substantial.

The North Carolina Community Foundation provides a flexible, convenient, cost-effective option to the private foundation. The chart below compares key features of a private foundation with those of a donor advised fund:

	TAX DEDUCTIBILITY	EASE	COST	GRANTMAKING
DONOR ADVISED FUND	<ul style="list-style-type: none"> • Deduct up to 60% of AGI for cash gifts • Deduct up to 30% of AGI for gifts of long-term appreciated securities, real estate, closely-held stock 	<ul style="list-style-type: none"> • Quick and easy to establish; can be done in a matter of days • Fund assets professionally managed through NCCF or by your financial advisor through our Charitable Investment Partners Program 	<ul style="list-style-type: none"> • A DAF endowment may be started with a minimum gift of \$25,000. • 1% annual administrative fee (stepped down for funds over \$1 million) • The NCCF Support Fee helps advance the charitable mission of NCCF, is reinvested into the community, and enables NCCF to provide you with robust donor services 	<ul style="list-style-type: none"> • No requirements for annual granting; 5% recommended • A dedicated NCCF team member will offer you personalized philanthropic guidance, as well as local and statewide knowledge and expertise • NCCF provides due diligence review of grantees • Anonymity available
PRIVATE FOUNDATION	<ul style="list-style-type: none"> • Deduct 30% of AGI for cash gifts • Deduct 20% of AGI for gifts of long-term appreciated securities; deduction limited to cost basis for gifts of real estate and closely-held stock 	<ul style="list-style-type: none"> • Several months and costly to establish • Responsible for all legal, accounting and filing 	<ul style="list-style-type: none"> • \$10 million minimum recommended to justify operating costs • Annual excise taxes of 1-2% • All costs - legal, accounting, payroll, audit - incurred by private foundation 	<ul style="list-style-type: none"> • Annual minimum payout of 5% required, penalty on undistributed amount • Donor must establish and oversee all evaluation, monitoring, and reporting

Private Foundation Options

Convert your private foundation to a donor advised fund. If the work of maintaining your private foundation has become overwhelming but you wish to preserve the legacy of your existing foundation, consider converting it to a donor advised fund with NCCF. The name of your private foundation may be preserved (though anonymity is also an option) and grantmaking may continue in accordance with your foundation's original giving intent.

Keep your private foundation and also establish a parallel DAF. Private foundation donors may find value in establishing a parallel donor-advised fund to access the comprehensive services of NCCF, for anonymous grantmaking, or as a vessel to accept part or all of the private foundation's required annual distribution to allow additional time for grant decisions.

NCCF v. National Commercial DAF Providers

Choosing the DAF provider that best fits your needs is important. The chart below compares key features of working with NCCF versus a commercial DAF provider:

	NORTH CAROLINA COMMUNITY FOUNDATION	NATIONAL COMMERCIAL DAF PROVIDERS
CHARITABLE TAX DEDUCTION	60% of AGI for cash 30% of AGI for appreciated assets	60% of AGI for cash 30% of AGI for appreciated assets
CHARITABLE FUND TYPES	NCCF offers a variety of flexible fund types, including donor- advised, designated, field of interest, scholarship, local affiliate community funds, collective giving and disaster relief. All funds can be endowed.	Donor Advised Fund
DONATE COMPLEX GIFTS	NCCF can accept liquid and complex assets including publicly traded or closely held securities, business interests, real estate, life insurance, gifts through wills, trusts and retirement plan assets.	Accept most types of financial assets, including stocks, mutual funds, private business interests, and real estate
FEES	NCCF fees help advance our charitable mission, are reinvested back into our community, and enable us to provide you with robust donor services.	Administrative fees cover costs for processing transactions and staff costs.
PERSONALIZED SERVICES AND LOCAL KNOWLEDGE	You will have access to a dedicated staff member offering you personalized philanthropic advisory and fund management services, combined with local knowledge and expertise.	Not much depth of expertise surrounding community issues and organizations to support.
LEGACY PLANNING	We can help you develop a custom legacy plan to ensure your wishes are properly documented and fulfilled. We can also provide succession planning guidance and technical expertise around transition planning.	Some, not all, allow designation of successor advisors. Some allow donor to designate final charities to support or will allow the commercial entity to distribute your gift.
MAINTAIN CURRENT INVESTMENT MANAGER	NCCF's Charitable Investment Partners Program (CHIPP) enables donors to retain their investment manager for funds with a minimum balance of \$1,000,000. Additionally, your investment manager may already be part of a pool at NCCF; ask your NCCF representative for more information.	N/A

Let's get started.

Contact the NCCF development team today.

We'll answer your questions and help you with next steps.

Reach out to us at give@nccommunityfoundation.org or **919-828-4387**.

Learn more about us at nccommunityfoundation.org.