DONOR-ADVISED FUNDS

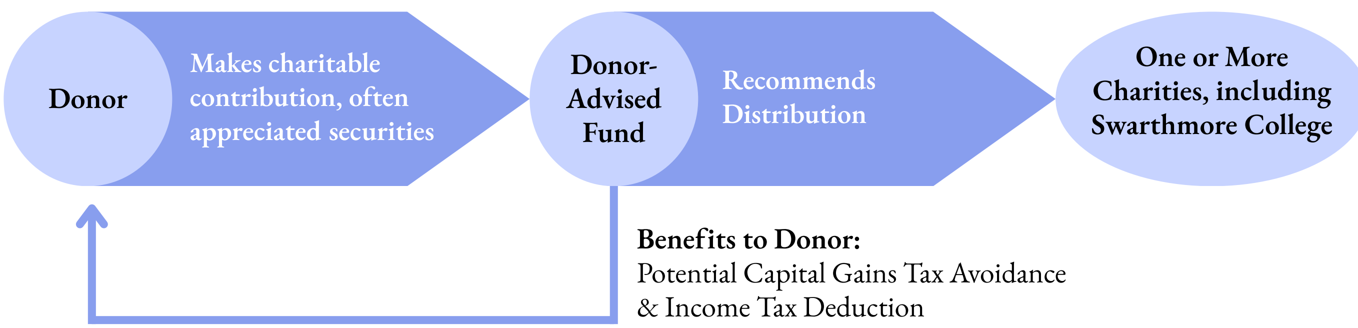
WHAT IS A DONOR-ADVISED FUND?

A donor-advised fund, or DAF, is a charitable investment account that allows a donor to support the charitable organizations they care most about while building a philanthropic legacy. Donor-advised funds are the fastest growing charitable vehicle in the U.S. and one of the easiest and most tax-advantageous ways to give.

HOW DO I CREATE A DONOR-ADVISED FUND?

DAFs are easy to set up with minimal initial investment needed, sometimes as low as $0. They are managed by a sponsoring organization, which can include public charities (e.g., local community foundations or national sponsors). The most popular and largest national sponsors include Fidelity Charitable, DAFgiving360 (formerly Schwab Charitable), and Vanguard Charitable Endowment Program. **At this time, Swarthmore does not administer or manage donor-advised funds ourselves but we *do* accept contributions from any donor-advised fund.**

HOW DOES A DONOR-ADVISED FUND WORK?



When you initially create your donor-advised fund, you will make an irrevocable contribution of cash, securities, or other assets to the sponsoring organization. You will receive an immediate charitable tax deduction for your gift. These contributions are invested to grow tax-free over time and allow you to recommend grants from your fund to qualified charities, like Swarthmore College.

Once you make your contribution, those assets cannot be taken back and belong to the sponsoring organization. Your role is serving as an advisor to the fund — suggesting grants (or charitable contributions) to your favorite charities, like Swarthmore. For donors who might not want the complexity and expense of a private foundation, donor-advised funds are an efficient and cost-effective alternative to support the organizations you care about.

BENEFITS OF DONOR-ADVISED FUNDS

- **Maximize potential tax benefits:**
    - Gift of cash: You may be eligible to receive an income tax deduction of up to 60% of your adjusted gross income.
    - Gift of appreciated assets: Donating long-term appreciated securities directly to your DAF will provide two tax benefits: 1) Potentially eliminate capital gains tax on assets that have been held for more than a year. 2) Qualify for an income tax deduction equal to the asset's full fair market value, up to 30% of your adjusted gross income.
- **Strategic timing during high-income years:** Donors can offset unusually high-income years by making a larger contribution to a donor-advised fund during that year, maximizing their tax benefit up front. Examples of events that may trigger a higher income would be exercising stock options, selling real estate or a business, or receiving a bonus.
- **Flexibility:** Because you receive your tax deduction immediately, establishing a DAF allows you to take your time when selecting or recommending your charitable contributions.
- **Legacy planning:** You can name successors (such as children or grandchildren) to continue recommending grants, creating a legacy of charitable impact across generations of your family. You can also name a charitable organization, such as Swarthmore College, to be a beneficiary of your donor-advised fund, ensuring any remaining funds are directed to the causes you care about after your lifetime.

LET US THANK YOU

If you have included Swarthmore as a beneficiary of your donor-advised fund, please let someone in our Office of Gift Planning know. We want to thank you for your generosity and kindness. We would also like to ensure that the purpose of your gift is clearly understood by the College and welcome you as a member of the James A. Michener Legacy Circle.

The Michener Legacy Circle honors individuals who have supported the College through deferred gifts or life-income gifts. To show our gratitude, we invite members to special events — including receptions, lectures, and discussions — held virtually and on campus.

CONTACT US

The Office of Gift Planning is happy to discuss charitable giving options with you, such as a bequest, and help you determine which strategies will work best to meet your needs and goals.

swarthmore.giftplans.org

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