

Donor-advised funds: Recommended reading



On an ongoing basis, the team at the Community Foundation tracks legislation, legal developments, trends, news, and innovative strategies for all types of charitable giving so that we can keep fund holders and their advisors up to date.

Recently, donor-advised funds have been the subject of conversation within financial and estate planning circles, as well as a trending topic in philanthropy, related to a set of proposed regulations issued by the IRS late last year. The IRS has scheduled public [hearings](#) on the proposed regulations, set for May 6, 2024.

As just one of many types of funds your clients can establish at the Community Foundation, the donor-advised fund is popular because it allows your client to make a tax-deductible transfer of cash or marketable securities that is immediately eligible for a charitable deduction. Then, the client can recommend gifts to favorite charities from the fund to meet community needs as they emerge.

Our team has compiled a list of articles we'd recommend if you'd like to dig deeper into the topic of donor-advised funds. Of course, we welcome your questions and comments, so please reach out anytime!

—The Donor Advised Fund Research Collaborative's recently-released [study](#) of donor-advised funds reported that the majority of donor-advised funds make at least one grant per year, and the national average annual "pay-out rate" for all donor-advised funds is 18%. Donor-advised

funds are frequently deployed as a tool to help philanthropists who have a wide range of financial capacity, from a little to a lot, organize their charitable giving; consistent with that function, the study found that nearly half of all donor-advised funds carry balances less than \$50,000.

–The proposed IRS regulations related to donor-advised funds are attracting significant interest in legal circles. To dig into the legal issues, you might check out this [article](#) in *Financial Advisor* because it includes commentary from professionals in the field, as well as this [article](#) if you are a *Bloomberg* subscriber. You can also check out the Council on Foundations' [comments](#) for additional insight.

–For a big-picture look at the state of donor-advised funds, including the relevance of recent research and the status and implications of the proposed regulations, check out this [article](#) in *Wealth Management* and this [article](#) in *Think Advisor*.

While these materials are useful to gain an understanding of the current situation, at this point, no one can predict what will happen with the proposed regulations--whether and how they will be revised or when they might become effective, if ever. As always, our team is staying on top of the issues. We'll keep you posted!