



The Tax Advisor's Guide to Leveraging Donor-Advised Funds



Tax advisors are often the most trusted source of guidance when it comes to managing a client's financial strategies. With nearly \$230B in Donor-Advised Funds and 1.3M accounts – many of your clients are likely interested in exploring this tax-advantaged solution.

A Donor-Advised Fund is a powerful tool for clients who are charitably inclined and want to maximize their tax benefits. It acts like an investment account specifically for charitable giving, allowing contributions to grow tax-free while offering immediate tax benefits.

This makes it an ideal solution for clients looking to optimize their charitable impact while managing tax exposure.

\$251.5 Billion
in Donor-Advised Funds

Ren powers over
\$175+ Billion
of those assets

How Donor-Advised Funds Work:



Contribution

You contribute cash, securities, or other assets to a DAF, eligible for an immediate tax deduction.



Investment

The funds you contribute can be invested, growing tax-free over time.



Granting

Over time, you can recommend grants to IRS qualified public charities based on the causes you care about.

Why are Donor-Advised Funds so popular?

- **Immediate Tax Deduction:**
Your clients are eligible to take an immediate tax deduction when they contribute cash, stock, or complex assets to the fund, add "regardless of when the funds are granted to charities.
- **Tax-Free Growth:**
The assets in the DAF grow tax-free, allowing for greater impact when the funds are eventually distributed to charities.
- **Reduced Taxable Income & Avoiding Capital Gains:**
Contributions of appreciated stock or complex assets, which are assets other than cash or publicly-traded securities, to a DAF help clients avoid capital gains taxes, while also reducing their taxable income.
- **Streamlined Charitable Giving:**
DAFs streamline the giving process by consolidating record keeping — no more writing checks, tracking receipts, or managing follow-up from multiple charities.

7 Most Common Scenarios for Those Considering a Donor-Advised Fund

Clients who...

- Are already giving to charity and looking to simplify recordkeeping
- Wish to give anonymously
- May benefit from a current-year tax deduction along with the ability to give the funds away over time as part of a tax strategy.
- Are looking to diversify concentrated stock positions
- Have experienced or are expecting a taxable event, like selling a business or receiving an inheritance
- Are in the process of estate planning
- Are approaching retirement
- Want to create a philanthropic legacy

How to Approach DAFs with a Client Nearing Retirement:

Final Year of Employment:

Encourage clients to make a large gift in their final working year to offset AGI. The donation grows tax-free and can be distributed over time.

Post-Retirement:

Clients can continue contributing appreciated stock or assets instead of cash, allowing them to avoid capital gains tax while maintaining a tax-efficient charitable strategy.

What Types of Assets Can Be Contributed to a DAF?



Private Business Interest:

Example: Shares of a family-owned business or startup.



Retirement Assets:

Example: Retirement account balances as part of an estate plan.



Artwork and Collectibles:

Example: A valuable painting or rare collectible.



Cash:

Example: Currently allows the highest charitable deduction in single tax year.



Real Estate:

Example: A vacation home or commercial property.



Appreciated securities:

Example: Allows charitable tax deduction and avoidance of capital gain.



Life Insurance Policies:

Example: Transferring ownership of a paid-up policy.

Why Ren?

With over \$140B in charitable assets, Ren is America's premier provider of philanthropic technology and managed services. The **Renaissance Charitable Foundation*** has sent over \$50B to more than 40,000 different charities worldwide. With over 30 years of experience working with some of the world's largest financial institutions, it makes sense why our technology enables more than 350,000 donors across the United States.

***About Renaissance Charitable Foundation Inc.** The Renaissance Charitable Foundation Inc. (RCF) is a 501(c)3 qualified public charity and a sponsoring organization of donor advised funds. RCF utilizes Ren's technology and managed services offerings for its donor advised fund programs.



Renaissance Charitable Offers The Most Flexible Donor-Advised Fund Program Available

- **Flexible Contributions:** Contribute cash, marketable securities, or complex assets.
- **Flexible Investment Strategies:** Separately managed accounts offer more investment choices, and donor-advised funds can include specific and alternative assets.
- **Flexible entry point:** Low minimum balance requirements.



Unparalleled Expertise and Client Commitment



Best-in-class service, always collaborating to meet donor and advisor needs



No-fee access to industry-leading experts across a range of charitable vehicles



Dedicated support for special situations like seamless account transfers



Financial Advisor

“

Ren's support is like an extension of our team—a breath of fresh air.

”



Donor-Advised Funds offer tremendous tax advantages. If you have questions, we'd love to hear from you!

Reach out to consulting@reninc.com for more information or scan here to contact us.

