

Before the Client Meeting

A financial advisor's guide to donor-advised funds



What Is a DAF, and Why It Belongs in Your Practice

Your clients are already giving. The question is whether that conversation is happening with you or somewhere else.

When charitable giving doesn't come up in a financial planning conversation, clients handle it the way they handle other things that feel separate from their wealth plan: they figure it out on their own. National DAF sponsors have made that easy to do. When a client searches for a giving vehicle, the path is frictionless and well-marketed, and it doesn't include you.

The advisors who keep charitable planning inside the relationship are the ones who raise it first. A donor-advised fund is often where that conversation begins.

What Is a Donor-Advised Fund?

A donor-advised fund (DAF) is a charitable giving account that lets donors contribute assets, receive an immediate tax deduction, and recommend grants to their chosen charities on their own timeline without rushing the decision about where the money goes.

Charitable assets inside the fund are invested and grow tax-free until the donor is ready to grant. There's no deadline on the giving side. The deduction comes at the time of contribution.

How It Works

1. Contribute

The donor contributes cash, securities, or other assets to their DAF account. The right DAF partner can accept a broad range of asset types, including many that standard giving programs decline.

2. Deduct

The donor receives a charitable tax deduction in the year of contribution, even before deciding which charities to support. The giving decision can come later.

3. Invest

Assets in the DAF are invested and grow tax-free. The advisor retains investment direction. The charitable assets stay connected to the financial plan.

4. Grant

The donor recommends grants to any IRS-qualified charity, on their own timeline. Administration is handled by the DAF sponsor.



Three Client Scenarios to Watch For

The DAF conversation doesn't require a separate planning meeting. It fits inside conversations you're already having. Here are three client signals that open the door naturally.

Scenario 1: The High-Income Year or Tax Planning Moment

The signal: A client has had a significant income year, a bonus, a windfall, a Roth conversion, or capital gains exposure from portfolio rebalancing. They're already expecting a tax conversation.

The opportunity: A contribution to a DAF generates an immediate charitable deduction in the year it's made, even if the donor doesn't decide which charities to support until later. For clients who give regularly but haven't structured their giving, this is often the simplest entry point: consolidate multiple years of giving into a single contribution now, take the deduction when it matters most, and grant out over time.

An illustrative example: A client facing a projected \$43,000 tax bill contributes \$50,000 in appreciated securities to a DAF. The contribution generates a \$50,000 income tax deduction and eliminates the capital gain on the appreciated shares. This offers a combined tax benefit that meaningfully offsets the year's liability, with charitable assets now invested and ready to grant on the donor's timeline.

What to ask: "Are there causes you care about that we should factor into your tax planning this year?"

Scenario 2: The Complex Asset Situation

The signal: A client holds assets beyond publicly traded securities such as private equity, real estate, business interests, concentrated positions, cryptocurrency, or other alternatives. Giving directly from these holdings to charity is operationally complicated for most programs.

The opportunity: The right DAF partner can accept complex assets, processing the gift, handling the valuation and operational work, and converting the asset into charitable dollars the donor can grant over time. The donor avoids capital gains on the contributed asset, receives a charitable deduction, and the proceeds flow into their DAF account for future giving.

For advisors managing clients with illiquid or alternative assets, this is often an underused planning conversation. Most clients don't know it's possible. Most advisors haven't raised it yet.

What to ask: "If we could turn some of those assets into a meaningful charitable contribution without triggering gains, would that be worth a conversation?"

Scenario 3: The Business Exit or Liquidity Event

The signal: A client is approaching a sale, IPO, or business transfer. The deal is moving, the tax bill is significant, and the window to act charitably is narrower than most business owners realize.

The opportunity: Business interests can be contributed to a DAF before a binding sale agreement is executed. Done properly, the donor avoids capital gains on the contributed shares, receives an immediate charitable deduction, and the proceeds from the sale flow into their DAF, which is available to support their chosen causes indefinitely. What was a taxable event has become a philanthropic legacy.

An illustrative example: A business owner contributes \$9 million in private company shares to a DAF before their sale closes. The contribution eliminates \$1.8 million in capital gains taxes. Proceeds from the sale flow into the DAF and fund grant-making to causes the family has supported for years.

The timing is real. Once a binding sale agreement is signed, the window closes. Early coordination is what makes this strategy executable.

What to ask: “Before anything closes, is there a charitable strategy we should be building into this transaction?”



What a DAF Delivers: For Your Clients, and for Your Practice

For your clients

- ✔ **An immediate tax deduction, even before they decide where to give.**
Contributions to a DAF are tax-deductible in the year they're made. The client doesn't have to decide which charities to support until they're ready.
- ✔ **Flexibility to give on their own timeline.**
There's no deadline on grant-making. Donors can contribute now and grant over months, years, or across generations.
- ✔ **Tax-free growth on charitable assets.**
Assets inside the DAF are invested and grow tax-free until the donor recommends a grant, maximizing the impact of every dollar they give.
- ✔ **One account for every cause they care about.** Rather than managing receipts across dozens of charities, the client has a single giving account with consolidated tax documentation.
- ✔ **The ability to contribute complex assets.** Cash isn't the only giving vehicle. Appreciated securities, real estate, private equity, and other non-cash assets can all be contributed, and often with significant tax advantages.
- ✔ **A legacy that outlasts a single check.** A DAF can involve the next generation, extend across a lifetime, and support causes that matter to the family for years to come.

For your practice

- ✔ **The charitable planning conversation belongs with you.** Clients who don't hear about giving from their advisor treat it as a separate category and find their own solution. Clients who hear about it from you keep it inside the relationship.
- ✔ **Charitable assets stay where the advisory relationship is.** When charitable planning is part of the financial plan, the assets stay connected to the relationship you manage. When it isn't, they migrate.
- ✔ **You don't have to be a philanthropy expert to start the conversation.** The most important thing you can do is ask the first question. The right DAF partner works alongside you from there.
- ✔ **It differentiates your practice in a meaningful way.** Advisors who lead this conversation consistently say it's among the highest-leverage things they've added to their practice because it opens conversations about values, legacy, and what clients actually want their wealth to accomplish.



Donor-Advised Funds Are Growing Fast

DAFs have become one of the most significant forces in modern philanthropy. According to the Donor Advised Fund Research Collaborative's Annual DAF Report 2025:

3.59 million

DAF accounts in the U.S. —
a record high

\$327.87 billion

in total DAF assets, up
27.9% year-over-year

\$64.60 billion

granted to charities in FY
2024, up 17.9%

Source: Donor Advised Fund Research Collaborative, Annual DAF Report 2025: Updated Analysis Memo (April 2026)

**Your clients are part of this movement,
whether or not they're talking to you about it.**

Ready to Start the Conversation?

Our team works alongside advisors across every type of charitable planning scenario, from straightforward DAF conversations to complex asset gifts and business exit strategies. If you have a client situation you'd like to think through, we're here.

AskAnExpert@reninc.com

Supporting over \$200B in charitable assets, Ren is America's premier provider of philanthropic technology and managed services. To learn more about how we can serve you and your clients, visit us at reninc.com.

