

Structuring Your Giving With a Donor-Advised Fund or Private Foundation

Philanthropic Solutions

Creating a successful charitable giving plan begins with understanding the differences between various charitable vehicles. Here we compare two frequently employed charitable planning vehicles — the donor-advised fund and private foundation. For more detailed information about these solutions, please contact your advisor.

CHARITABLE VEHICLE	DONOR-ADVISED FUND	PRIVATE FOUNDATION
Maximum tax deductibility of Adjusted Gross Income (Excess may be carried over five years.)	Cash: 50% Publicly traded securities: 30% ¹ Nonfinancial assets: 30% ¹	Cash: 30% Publicly traded securities: 20% ¹ Nonfinancial assets: 20% ¹
Grantmaking	Donor makes grant recommendations	Donor has full control over and responsibility for grantmaking decisions
Investments	Donor chooses from investment portfolio options managed by U.S. Trust	Donor can choose to direct investment management
Privacy	Donor has discretion to grant anonymously	Grant activity is a matter of public record
Excise tax on net investment income²	None	1% or 2% net investment income
Required quarterly tax payments	No	Yes
Required annual distribution	No	Yes, 5% based on asset value
Donor IRS filing requirement	No	Must file tax return (IRS Form 990-PF)
Legal fees/start-up costs	No	Yes, required to establish foundation

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Investment products:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
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Please see back for additional important disclosure information.

The information outlined below highlights the key differences between the Bank of America Charitable Gift Fund and Foundation Advisory Services.

	BANK OF AMERICA CHARITABLE GIFT FUND	FOUNDATION ADVISORY SERVICES
Administration	Provided by donor-advised fund	Full range of administrative services available
Tax preparation	Provided by donor-advised fund	Only available if foundation is created in a trust form and U.S. Trust manages all assets
Client type	Ideal for emerging and experienced philanthropists — self-directed donors with clear, charitable objectives and strategies	All types of donors
Account minimums	<ul style="list-style-type: none"> Initial contribution: \$5,000 Ongoing contribution: \$250 Minimum grant: \$250 	No statutory minimum but greater than \$5 million is recommended
Types of assets accepted	<ul style="list-style-type: none"> Cash, securities and mutual funds Restricted stock and closely held business interests³ Real estate, timberland, farms and ranches³ Gas, oil and mineral rights³ 	<ul style="list-style-type: none"> Cash, securities and mutual funds Restricted stock and closely held business interests³ Real estate, timberland, farms and ranches³ Gas, oil and mineral rights³ Certain nonfinancial, tangible assets³
Support from grantmaking professionals	Support in developing charitable giving plan	Comprehensive support including strategic planning, grantmaking and administrative services, mission development, governance and compliance
Family involvement	Unlimited co-advisors	Unlimited co-advisors
Succession	Unlimited	Unlimited

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¹ Deductions for contributions are based on fair market value if held for more than one year. Contributions of non-publicly traded securities or nonfinancial assets to a private foundation are limited to cost basis.

² Income received from investment assets (before taxes) such as bonds, stocks, mutual funds, loans and other investments (less related expenses).

³ Considered on a case-by-case basis.

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