



American
Heart
Association.

Donor Advised Funds

A donor advised fund, or DAF, is like a charitable investment account for the sole purpose of supporting charitable organizations you care about.

When you contribute cash, securities, or other assets to a donor advised fund, you are generally eligible to take an immediate tax deduction. Then those funds can be invested for tax-free growth, and you can recommend grants to virtually any IRS-qualified public charity.



How Does a DAF Work?

- **Fund your account:** To establish your donor advised fund, you make an irrevocable contribution—which could include cash, stock, real estate and more.
- **Receive an immediate tax deduction:** When you contribute to your donor advised fund, you may be eligible to claim an itemized tax deduction for federal and/or state income tax purposes. Because donor advised fund sponsors are public charities, your donation is considered a tax-deductible charitable contribution. The amount of the deduction will depend on several factors, including the type of asset donated and how long you have owned it. This arrangement allows you to plan your gift when it makes sense for you and to recommend grants to your favorite charitable organizations at any point in the future.
- **Personalize your DAF account:** As you establish your donor advised fund account, you can structure it in a way that best meets your charitable goals. You can name your donor advised fund anything you would like; appoint friends and family members to help you manage the responsibilities of your DAF; and design a legacy plan to determine what will be done with your DAF assets beyond your lifetime, which may include appointing successor advisors or charitable beneficiaries.

- **Invest your DAF assets for growth:** You can recommend an investment strategy for the assets in your donor advised fund account. The assets in your DAF are invested following your recommendations. Any investment growth is tax-free, giving you the potential to create even more money for grantmaking.
- **Support your favorite charities, now or in the future:** As soon as your donor advised fund is established and funded, you can recommend grants to the charitable organizations closest to your heart. You can make single or recurring grants, either with recognition or with total anonymity.
- **Use your fund to make a gift now:** Donors may recommend grants at any time to qualified U.S. charities. Typically, a grant check accompanying a letter will be sent to the recipient organization. The letter is personalized per the donor's instructions and can also have a special purpose noted, such as "In honor of" or "In memory of ...".
- **Create a legacy gift:** The final distribution of contributions remaining in your DAF after your lifetime can be designated when you create or update your fund. By simply completing the beneficiary designation form assigned to your fund, you can name successor advisors to your fund or a specific charity(ies) to receive a portion of your fund balance.



A Unique Way to Have a Greater Impact

Some people have a calling so strong that it simply cannot be ignored. For Eric Edwards, that calling was to help people and he felt an inexplicable draw to the medical field at a young age. Eric progressed from shadowing physicians in high school, to becoming an EMT, to eventually starting his own pharmaceutical company with his twin brother. In addition to the health disparities he encountered throughout his profession, Eric and his wife, Autum, were both touched by heart disease in their own close circles of family and friends. When the couple was approached to get more involved with the American Heart Association in Richmond, VA, they once again heeded the call to help others. "No wasn't even a choice," Autum said. "We felt like the work of the AHA was so important, it felt like the perfect timing. The couple stepped up as chairs of the 2022 Richmond Heart Ball and wanted to ensure they were leading their community by example. "We wanted to play a significant role," they said. And so they began to explore various options to make a personal contribution to the campaign as well.

When their financial advisor floated the concept of a DAF – a Donor Advised Fund – they were unfamiliar but intrigued. "There were a lot of great reasons to consider giving through a DAF," said Eric. In addition to the tax benefits, they enjoyed knowing that through a DAF, their gift would be invested and would increase over time. "What better way to show our commitment to a cause we really believe in than through a process that allows our contribution to grow above and beyond the initial investment." They also were particularly interested in being able to advise where the funds would be used, in their case in funding research and addressing health disparities in their community. The Edwards say they would highly recommend others to look into giving through a DAF. "The process is easy to do, seamless, and it's a unique way to have a greater impact than just a single gift."

- Eric and Autum Edwards