Leveraging the Flexibility of a Donor-Advised Fund

A longtime Glenmede client – let's call her Glenda* – discovered that one of the most attractive features of a donor-advised fund (DAF) is its flexibility, allowing her to support the charitable causes that matter to her.

Understanding Donor-Advised Funds

A DAF is a giving account that supports charitable organizations that matter to you. A DAF account allows you to make a charitable contribution, generally receive an immediate tax deduction and then recommend grants from the fund over time. Because donors receive a tax benefit upfront, contributions to a DAF are irrevocable.

Glenda's Experience with DAFs

Glenda established her first Glenmede DAF account in 2017 with the goal to help charities in her new hometown. In 2021, after losing her daughter to cancer, she established a second account in her daughter's memory, naming the fund in her honor. Through this DAF, she supports causes that were important to her daughter, particularly animal-related charities and cancer research.

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"With the flexibility afforded by my DAFs, I'm easily able to recommend grants to organizations I'm most passionate about at any time during the year, which is critical in times of natural disasters, and in varying amounts," she says. "Also, I receive an immediate tax deduction for my contributions."

An Added Benefit

Glenda appreciates the tax benefits of DAF contributions, including immediate deduction and tax-free asset growth. While these tax benefits can be significant, they are not her primary focus. Most importantly, she views this philanthropic vehicle as part of her charitable giving plan that also aligns with her overall wealth plan.

"Having already provided for my children in the long term, my overall wealth objectives are to maintain a reasonably comfortable lifestyle, support the education of my grandchildren and great-grandchildren and, beyond those objectives, maximize my charitable giving using any available assets," she adds.

To maximize her giving each year, Glenda meets with her Glenmede wealth advisor to determine contribution amounts to charities and how much she can recommend in grants. They also discuss how much she can contribute to her accounts and in what form, since a DAF can accept a variety of assets.

Ease of Setup and Monitoring

Glenda found the process of establishing her Glenmede DAF accounts exceptionally smooth. The set-up was simple, completed in about a day with no start-up fee. Once the account was established, she worked with her Glenmede Relationship Manager on how to fund it. Ongoing maintenance of her accounts is easy through the Glenmede DAF portal.

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"I like being able to self-service my DAF through the Glenmede portal," she says. "The portal is basically my administrative assistant for my Glenmede DAFs."

To learn more about how a DAF can help you optimize your charitable contributions, please contact your Glenmede Relationship Manager or visit info.glenmede.com/donor-advised-fund.

*This is a real client. We are using a pseudonym to protect their anonymity.