PRIME

DONOR ADVISED FUND (DAF)



If you're planning to give to charity but want more flexibility around timing and impact, a Donor-Advised Fund (DAF) can be a powerful tool. It allows you to make a contribution, receive an immediate tax deduction, and then distribute those funds to charities over time.

Once you contribute to a DAF, the donation is considered complete for tax purposes—even if you don't decide which charities to support right away. This means you can take the deduction in a high-income year while taking your time to be thoughtful about where the money goes.

Another added benefit is that the funds can be invested within the account, allowing for potential tax-free growth. Over time, this can increase the total amount you're able to give, all while simplifying the administrative side of charitable giving.

QUALIFICATIONS

A Donor-Advised Fund tends to make the most sense if you're planning to contribute a larger amount to charity and want to be strategic about when you take the tax deduction.

It's especially useful in higher-income years, where a sizable deduction can have a meaningful impact. If your income fluctuates or you're looking to "bunch" contributions into a single year, this strategy can be a strong fit.

It also works well if you prefer a more streamlined approach to giving—particularly if you support multiple organizations or want to spread donations out over time without tracking everything individually.

IMPLEMENTATION

For a detailed implementation checklist and other helpful resources, scan the QR code below or click **here**.

If your giving is relatively small, consistent each year, or you typically take the standard deduction, a DAF may not provide much added benefit over donating directly.



WHY WOULD I USE THIS?

A common use case for a DAF is “bunching” charitable contributions into a single year.

For example, instead of donating smaller amounts annually, a taxpayer may contribute a larger sum in one year to maximize their itemized deduction, then recommend grants to charities from the DAF over several future years. This allows them to optimize their tax position while maintaining consistent charitable giving.

GOT QUESTIONS?

Email **decoder@primecorporateservices.com**
or contact **(855) 577-4639** for more information.

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