Dafland

DD = Determined Development volunteer
RC = Reluctant Camper
WW = Wizend Wiseperson

DD: Donate now and we'll help other people learn your esoteric music!

RC: That's wonderful, but it's a hassle to write a check, address the envelope, find a stamp, etc. I think I'll pass for now. But thanks for asking!

DD: We take credit cards. You can do it online.

RC: I know using a card is easy, but I might forget about credit-card donations by the time I do my taxes. Besides, you'll dun me for the processing fee. There are just too many negatives here!

DD: If you really loved us you would take the trouble to give us money.

RC: I'm so tired of being asked for money by excellent causes. Please stop bothering me.

(Wizened Wiseperson appears)

WW: Once upon a time, in a kingdom called Dafland, there were many talented musicians, dancers, and loyal supporters. People frequently gave to their favorite causes with just a few clicks online, and the Department of DAF took care of everything, including mailing the checks.

Every year (or few years), each citizen wrote a *single check* to the Department of DAF for the total amount they planned to donate, no matter how many different recipients would get the money. The Department held the money until the citizen told them to make donations. Meanwhile the money was invested.

The finance geeks in Dafland rejoiced becaise investment earnings within the Department compounded tax-free, just like in an IRA.

Privacy nerds, and victims of "friendly spam" , were gladdened that they could donate *anonymously* be instructing the Department of DAF to omit their name and address from checks sent to recipients.

Everyone was happy except for some bureaucrats who, truth be told, would really have preferred to make things difficult.

RC: Boy, I wish we had something like that here in Capitalist America!

WW: Well, we do! It's called a Donor Advised Fund, or DAF. A Donor Advised Fund is itself a charity which accepts donations and then doles the money out to other charities upon request from the donor.

DAFs promise to use the money they get only for down-stream donations, if and when the donor tells them to, for as long as the donor lives. When the donor dies, money remaining in the account is donated to charities pre-selected by the donor.

DD: Could someone donate to our charitable organization via a DAF?

WW: Of course. Donations can go to any US church or 501(c)(3) charity.

RC: What fees do Donor Advised Funds charge? It seems like they do a lot.

WW: Typically less than 1% per year. For example, the last time I checked Schwab charged 0.6% of the account value each year.

RC: But I want to donate appreciated stock...

WW: You can donate stock to a DAF, which will sell the stock and credit your account with the resulting cash. Donating stock via a DAF is a big help for smaller charities who may be unable to handle stock donations themselves.

DD: *WOW,* we would like that! It's a hassle when people want to give us stock; sometimes we have to find a volunteer with special skills to deal with it. We would *much* rather they give stock to a DAF and then tell the DAF to send us cash.

RC: I donate to the same organizations each year, and it's tedious to write all those checks. Can a DAF help with that?

WW: Yes, you can set up recurring donations which repeat as many times as you say.

RC: Why do they call it donor "advised" fund if I control who the money goes to?

WW: Because technically the DAF owns the money as soon as you give it to the Fund. That's why you get a tax deduction right away for the amount given to the DAF. You can only "advise" the Fund what to do with the money afterwards, but DAFs promise to always follow your advice (of course, the recipients must be *bona fide* charities).

Speaking of which, that big up-front tax deduction can shelter income from converting an IRA to a ROTH...

RC [interrupting]:
Stop! That ROTH-conversion stuff is beyond me; I'll ask you later if I get into that. Right now I just want to make ordinary donations quick and easy. Where can I open a Donor Advised Fund account?

WW: Stock brokers like Schwab and Fidelity, large banks, and many others offer DAFs. Just google "Who offers Donor Advised Funds?".

DD: What are you waiting for?

THE END