



# Giving with Intention: Why Purpose-Driven Families Are Embracing Donor Advised Funds

At Life By Design Investment Advisory Services, we believe giving is more than a line item. It's an expression of your family's values, a way to live out your legacy, and one of the most rewarding elements of a well-crafted wealth plan.

For many of our clients, charitable giving isn't just about reducing tax liability. It's about giving back with purpose and seeing a meaningful impact in the communities and causes that reflect who you are. But how you give matters.

As you explore how to best structure your family's philanthropy, the decision often comes down to two options: a Donor Advised Fund (DAF) or a Private Family Foundation. While both have their place, we often guide our clients toward DAFs, and here's why.

## Why We Favor Donor Advised Funds for Most Families

**Donor Advised Funds** combine flexibility, simplicity, and strategic opportunity. Here's why many high-net-worth families are leaning into this structure:

- **Fewer administrative burdens:** DAFs don't require a board, IRS filings, or legal compliance hurdles that family foundations do.
- **More time for giving, less time on paperwork:** You can focus on where and why you're giving, not managing accountants and legal deadlines.
- **Immediate tax benefits:** You receive the full deduction when the gift is made, even if you distribute the funds to charities later.
- **Anonymity when desired:** Unlike foundations, DAFs allow you to give privately, if that's aligned with your values.

**Family foundations** offer more visibility and control, which may be important for some families. But with that control comes complexity. Foundations are legally required to:

- File Form 990-PF annually
- Maintain an investment committee, written policy statement, and governance structure
- Distribute 5% of assets each year; e.g., \$50,000 annually on a \$1 million foundation balance (or face excise tax penalties)

Many families find that the overhead, compliance risk, and administrative requirements of a private foundation can distract from their deeper philanthropic goals.

### **Leading with Purpose: Your Family's Mission in Action**

Charitable giving works best when it starts with reflection. Ask yourself:

- What is our family's mission?
- What values guide our decisions?
- What legacy do we want to leave behind?

When your giving is rooted in purpose, it becomes more than a financial transaction, it becomes a powerful act of alignment. It allows your wealth to tell your story.

We encourage families to create a **Philanthropic Vision Statement**, a clear declaration of who you want to impact and why. Whether it's supporting education, protecting the environment, empowering underserved communities, or funding medical breakthroughs, your giving becomes an extension of your life's work and passions.

### **5 Tips for Making the Most Impact with Your Donor Advised Fund**

- **Define Your Family Giving Mission:** Unite around a shared purpose. Use this as a guidepost when evaluating which causes to support.
- **Involve the Next Generation:** Pass down values, not just assets. Invite your children and grandchildren to participate in grantmaking decisions. It builds financial literacy and nurtures empathy.
- **Evaluate the Impact:** Choose organizations that report measurable outcomes. Track how your gifts are making a difference, this builds confidence and deepens your sense of contribution.
- **Give Consistently:** Create a giving schedule to ensure your fund's resources are being actively used to make a difference year-round.
- **Partner with Advisors Who Understand Your Goals:** We help our clients align giving with tax-smart strategies, legacy planning, and goal-based wealth management because your philanthropy should enhance, not complicate, your financial life.

### **From Goals to Giving: Let's Make it Meaningful**

Ultimately, your charitable strategy should reflect your Life By Design. A donor advised fund may be the best way to simplify your giving, multiply your impact, and live out your values without the regulatory headaches of a private foundation.

Whether you're starting your giving journey or looking to refine an existing plan, we're here to guide you, from technical compliance to heart-centered strategy. Let's make giving personal. Purposeful. And powerfully aligned with the life you're building.

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