

## What is a Donor-Advised Fund (DAF)?

### Overview

A donor-advised fund, or DAF, is a philanthropic vehicle established at a public charity. It allows donors to make a charitable contribution, receive an immediate [tax benefit](#) and then recommend grants from the fund over time. An easy way to think about a donor-advised fund is like a charitable savings account: a donor contributes to the fund as frequently as they like and then recommends grants to their favorite charity when they are ready.

### How a Donor-Advised Fund Works



1. You make an irrevocable contribution of personal assets.
2. You immediately receive the maximum tax deduction that the IRS allows.
3. You name your donor-advised fund account, advisors, and any successors or charitable beneficiaries.
4. Your contribution is placed into a donor-advised fund account where it can be invested and grow tax free.
5. At any time afterward, you can recommend grants from your account to qualified charities.

### History and Trends

The first donor-advised funds were created in the 1930's, although Congress didn't establish the legal structure for them until 1969. In the 1990's, donor-advised funds began to grow in visibility and popularity, and they have become philanthropy's fastest-growing vehicle in recent years. Today, they account for more than 3 percent of all charitable giving in the United States. For a detailed look at donor-advised fund trends, you can view our most recent [Donor-Advised Fund Report](#).