



Comparing MIT Donor-Advised Funds and Private Foundations

	Donor-Advised Funds at MIT	Private Foundations
Start-up costs	\$1 million initial funding; no start-up fee; can be established immediately	Legal fees and other start-up costs can be substantial; typically takes several weeks and often a few months, to create
Ongoing administrative and management fees	No annual administrative or management fees	Vary with choice of board and level of services required; must file annual tax returns, conduct independent audit, manage and administer all functions
Tax deduction limits for gifts of cash	60% of adjusted gross income	30% of adjusted gross income
Tax deduction limits for gifts of stock or real property	30% of adjusted gross income	20% of adjusted gross income
Valuation of gifts	Fair market value	Fair market value for cash and publicly traded stock; cost basis for gifts of closely held stock or real property
Control of grants and assets	Donor recommends grants that will be reviewed by the MIT Distribution Committee; assets are invested under the guidance of MITIMCo	Donor family has control of all grant making and investment decisions, subject to self-dealing rules
Required payout	No annual required payout; a minimum of 50% of DAF funds must be designated for MIT purposes	Must expend 5% of net asset value annually, regardless of how much the assets earn
Privacy	Names of individual donors can be kept confidential, if desired	Must file public tax returns showing grants, investment fees, trustee fees, staff salaries, etc.
Timespan	In general, lives of donors	Can exist in perpetuity

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