

## The differences between a Donor Advised Fund and a Charitable Foundation

	A DONOR ADVISED FUND, WORKING WITH CAF	CHARITABLE FOUNDATION
<b>Definitions</b>	A Donor Advised Fund (DAF) is a flexible, tax-effective charitable giving solution that is overseen by a registered charity, such as the Charities Aid Foundation (CAF).	Charitable foundations are registered charities, which are regulated by the Charity Commission, and generally funded by their founder(s).
<b>The time frame for set-up</b>	It can take as little as two days to set up a DAF with CAF, from when we receive your completed application. The timeframe may vary if your plans and methods of gifting are more complex.	It can take a founder several months to apply to the Charity Commission and HMRC, as well as possibly Companies House, and appoint a Board of Trustees for their foundation
<b>Set-up costs</b>	CAF does not charge a DAF set-up fee.	There is no fee to register with the Charity Commission, but it is common to use a solicitor, or other professional support, to help prepare the application. The costs can range from hundreds to thousands of pounds. There is also a small fee to register a charitable company with Companies House.
<b>Minimum gift for set-up</b>	£25,000.**	There is no minimum funding level required to establish a charity, although a founder will need to register their charity if its income is over £5,000.
<b>Ongoing fees</b>	<b>CAF annual management charges</b> are tiered, commencing with 1.4% on the first £100,000, decreasing to 0.15% for balances above £5 million.**	Potential ongoing fees may include administrative, legal, accounting, audit and reporting costs. The larger the charity, the higher the reporting obligations and associated costs.
<b>Charitable status</b>	This is covered by CAF's charity status. The DAF does not need to be registered separately.	Registered with the Charity Commission.
<b>Governance, administration and reporting responsibilities</b>	All governance is the responsibility of CAF, as part of the DAF's management. This includes reporting to the Charity Commission and HMRC on the donor's behalf, as well as administration and compliance. Donors have advisory power and the right to make (non-binding) requests for donations or investments.	The foundation's Trustees are responsible for its governance, administration, and reporting to the Charity's Commission, HMRC, Companies House and other relevant bodies as needed. This includes ensuring regulatory and legal compliance, managing assets, administering grants and ensuring due diligence, among other responsibilities.
<b>Due diligence</b>	CAF has a robust due diligence system, ensuring all recipients are eligible to receive UK charitable funds and that donations will be used as intended.  This enables donors to give to a range of social purpose organisations in the UK (not just registered charities) and worldwide, safely and securely with no personal responsibility for compliance.	This requirement is often outsourced to an external company, to complete for a fee, although Trustees are ultimately liable. If not, the foundation is responsible for the related due diligence and compliance processes.
<b>Is anonymous giving possible?</b>	Yes, if desired.	No, charities must make their records public and have all Trustees and the charity's contact details listed on the Charity Commission's website.
<b>Grantmaking approach</b>	Donors working with CAF do not need to specify particular themes or areas of interest and can donate to any eligible charitable activity.	Registered charities must select defined cause(s) to which their activity must be limited. Activities outside these areas can result in investigations by the Charity Commission and/or HMRC.
<b>Investment approach</b>	Yes.	Yes.
<b>Legacy planning</b>	CAF's expert advisers are available to support donors with their planning.	The foundation will need to source specialist expertise.
<b>Advisory services</b>	Our Impact Accelerator – CAF's centre of excellence for impact – is available to work with donors to support strategic, impactful giving.	The foundation will need to source specialist expertise.
<b>Investment services</b>	CAF may invest assets in line with Charity Commission guidance and the donor's wishes. This includes working with approved third-party investment managers for clients with a DAF in excess of £1 million.*	The foundation will need to source specialist expertise.
<b>Gifting in</b>	Donors can gift multiple asset types into their DAF. This includes cash (in multiple currencies), shares and physical assets, such as art and property.	The donor can gift using multiple asset types, but may require external support from a broker or independent financial adviser to facilitate this.
<b>Immediate tax benefit</b>	Yes.	Yes, if the charity has been registered with HMRC.
<b>Eligible for Gift Aid</b>	Yes.	Yes, if the charity has been registered with HMRC.
<b>Other UK tax relief</b>	Tax relief can be claimed for DAF contributions in line with HMRC guidance, for example, related to Income Tax, Capital Gains Tax, and Estate Tax where eligible.	Yes, if the charity has been registered with HMRC.

\*CAF does not give investment advice.

\*\*Applies to CAF Charitable Trust only.