



LEHIGH VALLEY COMMUNITY FOUNDATION

# ADVISOR CONNECTION

April 2025

## The Trust Advantage: Helping Clients Navigate Charitable Giving

As attorneys, CPAs, and financial advisors, you know very well that trust is at the foundation of your relationships with clients. They are seeking a similar level of trust with the people and organizations that are helping carry out their philanthropic wishes.

Fortunately, trust in charities has shown [an increase](#) after a recent dip. According to the 2024 Edelman Trust Barometer and the Independent Sector's "Trust in Nonprofits and Philanthropy" report, trust in nonprofits rebounded by 5 points to 57% in 2024, following a four-year decline. This increase positions nonprofits as the most trusted sector compared to government, business, and media. Still, nonprofits face challenges and concerns about maintaining this trust, including general skepticism about institutions, as well as increasing [expectations](#) that charities demonstrate transparency and accountability.



**As you work with your charitable clients, remember LVCF can help bolster clients' trust in their favorite charities.**



### Trustworthy information about particular charities

The Community Foundation is a valuable source for objective, timely information about specific charities and the impact of particular programs. By working with LVCF, your clients can leverage a transparent and trustworthy avenue for learning about how best to make a difference for their favorite causes. This trusted insight helps your clients give with confidence, knowing their generosity is aligned with real, measurable impact.

### Wide-ranging expertise about community needs

At its core, the Community Foundation is committed to achieving impact. This means that our team keeps a finger on the pulse of local needs, whether related to social services, health care, education, the environment, the arts, community development, or any other community priority. With a deep understanding about community needs, the LVCF team can be an excellent sounding board for your clients who want to learn which charities are addressing each need and how those charities are measuring results.



### Broad set of tools for structuring charitable gifts

LVCF can help establish a tax-efficient structure to achieve each client's goals for community impact. Available vehicles include not only donor-advised funds, but also other types of funds such as designated funds to support specific charities and area-of-interest funds to address particular causes, as well as multi-generational funds to involve clients' children and grandchildren. LVCF offers your clients a flexible and effective way to manage charitable giving by simplifying their giving processes and maximizing potential tax benefits.

# Private Foundation or Donor-Advised Fund? Here's What to Consider

When you're working on the charitable components of a client's estate or financial plan, one of the first areas you'll likely explore is the structure. Certainly you are familiar with both private foundations and donor-advised funds as useful charitable giving tools. Before you jump into [one or the other](#) for a particular client, though, it's important to review the similarities and differences between the two so that you can best achieve your client's goals. Let's break down a few common myths.

## Myth #1: Donor-advised funds are all the same

While private foundations differ structurally from donor-advised funds (DAFs)—notably in legal status, tax deductibility, and governance—it's a misconception that DAFs are one-size-fits-all. In fact, DAFs are highly flexible and adaptable to individual philanthropic goals.

**Immediate tax benefits:** Clients can donate cash or securities for an immediate deduction, then recommend grants over time.

**Community connection:** DAFs at LVVF offer the added value of local expertise, collaborative opportunities, and shared philanthropic purpose.

**Legacy planning:** The community foundation can help develop a multi-generational giving plan, offering strategic grantmaking support, family philanthropy guidance, and local nonprofit insight.

## Myth #2: The choice between a DAF and a private foundation is about size

Both DAFs and private foundations can manage assets of any size, even into the billions. However, unlike private foundations, DAFs offer:

- Higher deductibility limits
- Fair market value deductions for complex assets
- No excise taxes
- Confidentiality, including anonymous giving

## Myth #3: Donor-advised funds and private foundations are mutually exclusive.

In reality, many clients use both vehicles together to meet distinct goals:

**Anonymity:** DAFs provide privacy not typically possible with private foundations.

**Tax flexibility:** DAFs can accept nonmarketable, appreciated assets with favorable deductions.

**Strategic giving:** Combining both can balance investment approaches and maintain giving through market fluctuations.

Some private foundations are even considering transferring their assets to a donor-advised fund at the Community Foundation to carry on the foundation's mission. Terminating a private foundation and consolidating giving through a donor-advised fund is sometimes the best alternative for a client when the day-to-day management and administration of the private foundation has become more time-consuming than expected and is taking time and focus away from nonprofits, the community, and making grants. [Learn more about LVCF's advantages.](#)



## Big Changes Ahead? Here's What You Need to Know

With tax laws potentially [shifting in 2025](#), now's a great time to check in on your charitable giving plans. You don't have to be a policy expert—we've got that covered. But it's helpful to know a [few key points](#) so you can give strategically and with confidence. Here's what's on our radar:

### Tax Cuts and Jobs Act (TCJA) expiration:

If Congress doesn't act, the tax rules from 2017 will "[sunset](#)" at the end of 2025. This means higher income tax rates, lower limits on charitable deductions, and a reduced estate tax exemption—all of which could impact your clients' financial and philanthropic plans.

### Potential expansion of the charitable

**deduction:** Some lawmakers are working to restore a universal [charitable deduction](#), which would benefit donors who don't itemize. It's a promising idea that could make giving even more accessible.

### More change is likely:

Experts predict that 2025 [could bring](#) the biggest tax overhaul in decades. That means both your personal finances and your charitable giving could be affected.

We're keeping a close eye on it all so you don't have to. Our team at LVCF is here to make sure your clients' giving is as impactful—and as tax-efficient—as possible, no matter what changes come down the road.

Have questions or want to check in on your giving plan? Let's talk. We're here to help you stay ahead and keep your philanthropy thriving.