



YOUR
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IN PLANNED
GIVING
SUCCESS



Why DAFs and SOs are a Gift Planner's Friend



Date: April 25, 2019
Time: 1:00 – 2:30 Eastern Time
Presenter: Wendy Chou
Senior Philanthropic Advisor
Oregon Community Foundation



Agenda

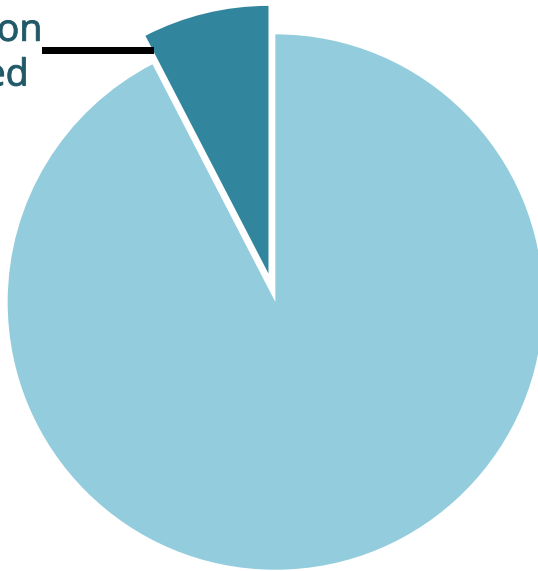
- Why gift planners should care about DAFs and SOs
- Legal definitions and vocabulary
- Commercial DAF providers versus charitable DAF providers
- Donor motivations for creating DAFs
- Myth busters!
- Supporting organizations primer
- Questions



Grants from DAFs to Nonprofits*

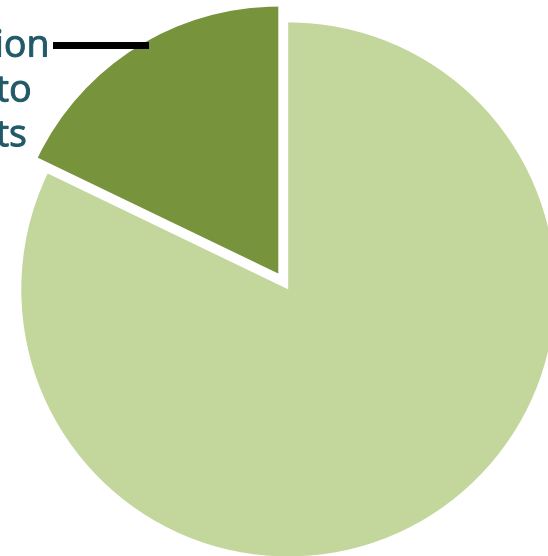
Total Charitable Funds Raised in 2017: \$410.02 billion**

\$29.23 billion contributed to DAFs



Total Assets Held in DAFs in 2017: \$110.01 billion

\$19.08 billion in grants to Nonprofits



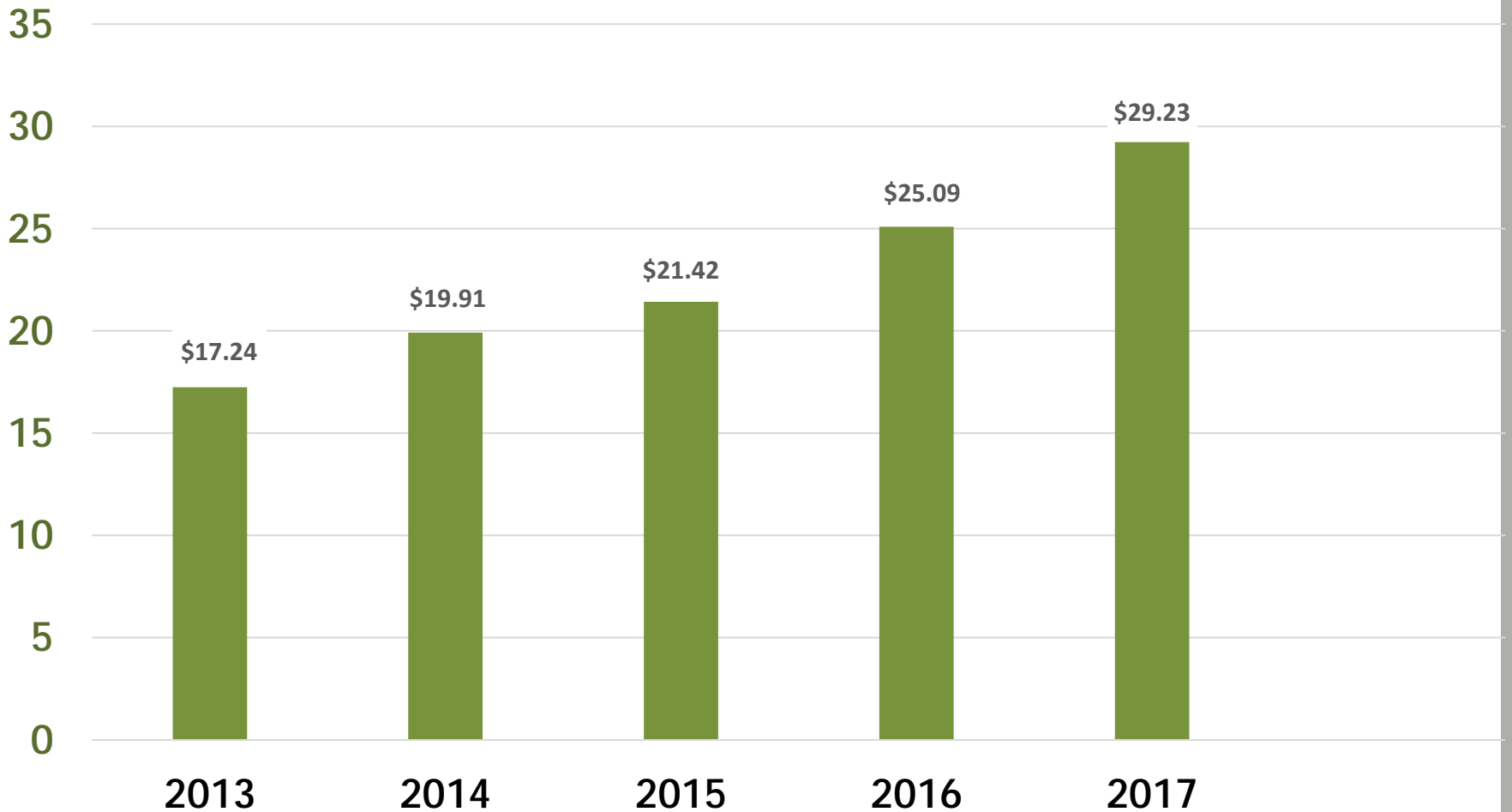
* Data from National Philanthropic Trust's 2018 Donor-Advised Fund Report.

**Data from Giving USA 2018



Contributions to DAFs*

Billions



* Data from National Philanthropic Trust's 2018 Donor-Advised Fund Report



Nonprofits Encourage DAF Donations



Save the Children.



Enter search term

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[Home](#) > [Ways to Help Save the Children](#) > [Ways to Give](#) > [Donor Advised Funds](#)



A 9-year-old girl studying at school in Karamoja, Uganda.

Give from Your Donor Advised Funds

A donor advised fund (DAF) is a type of giving program administered by a third party that allows you to combine the most favorable tax benefits with the flexibility to easily support your favorite charities. It is created for the purpose of managing charitable donations on behalf of an organization, family or individual. An increasingly popular charitable vehicle, DAFs are an excellent way to both simplify your charitable giving and facilitate your strategic philanthropic goals. DAFs allow donors to give cash, stock and other assets where the donor receives an immediate tax deduction when the contribution is made, but can grant specified amounts to the charities of their choice at a later time.

How It Works

1. Establish your DAF by making an irrevocable, tax-deductible donation to a public charity that sponsors a DAF program
2. Advise the investment allocation of the donated assets (any investment growth is tax-free)
3. Recommend grants to qualified public charities of your choice

Main Advantages of Donor-Advised Funds

Donor-advised funds provide a number of benefits that direct donations to a charity may not, including:

- **Simplicity** – The DAF sponsor handles all record-keeping, disbursements, and tax receipts
- **Flexibility** – Timing of your tax deduction can be separate from your charitable decision making
- **Tax-efficiency** – Contributions are tax-deductible and any investment growth in the DAF is tax-free. It is also easy to donate long term appreciated securities, eliminating capital gains taxes and allowing you to support multiple charities from one block of stock
- **Family legacy** – A DAF is a powerful way to build or continue a tradition of family philanthropy
- **No start-up costs** – There is no cost to establish a donor advised fund. However, there are often minimum initial charitable contributions to establish the DAF (typically \$5,000 or more)**

DAF DIRECT
Directly connecting donors to charitable causes

[What is this?](#)

Donate now from:

Amount:



Common DAF Sponsors



Excellence. Accountability. Impact.™

- Community Foundations



- Investment companies with a charitable arm (Fidelity, Schwab, Vanguard)



- Topic institutions
(Universities and colleges and religious foundations)



Donor Advised Fund: A Relationship





How Does a DAF Work?

The Wendy and Tinkerbell Donor Advised Fund of The Neverland Community Foundation

- I advise a grant to the Humane Society
- Fund Sponsor approves or not
- Fund Sponsor makes a grant to the Humane Society





Why Do Donors Give to DAFs?

It is.....





Benefits Provided by DAFs

All charitable dollars are in one place

Flexibility in timing

Potential for growth of charitable dollars

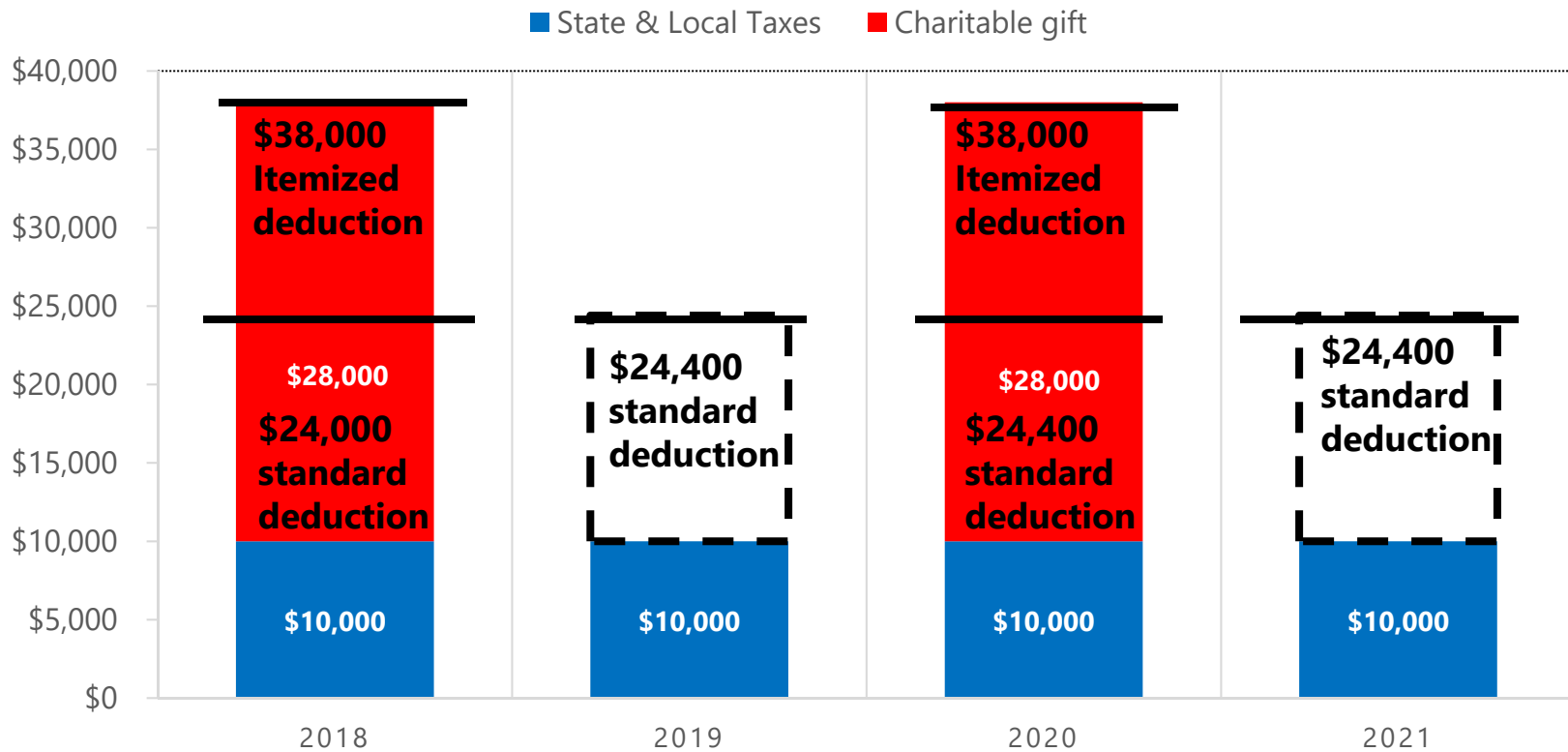
DAF host is better equipped to accept complex assets

Anonymity

Post-advisory planning



Standard Deduction Change in 2018





Downside of DAFs

Limited list of recipients

- Qualified 501(c)(3)s
- Indian tribal governments
- Government entities
- Churches, schools, and hospitals

Cannot receive QCDs from IRAs

- Challenge for donors over 70.5 years old



Limitations of DAFs



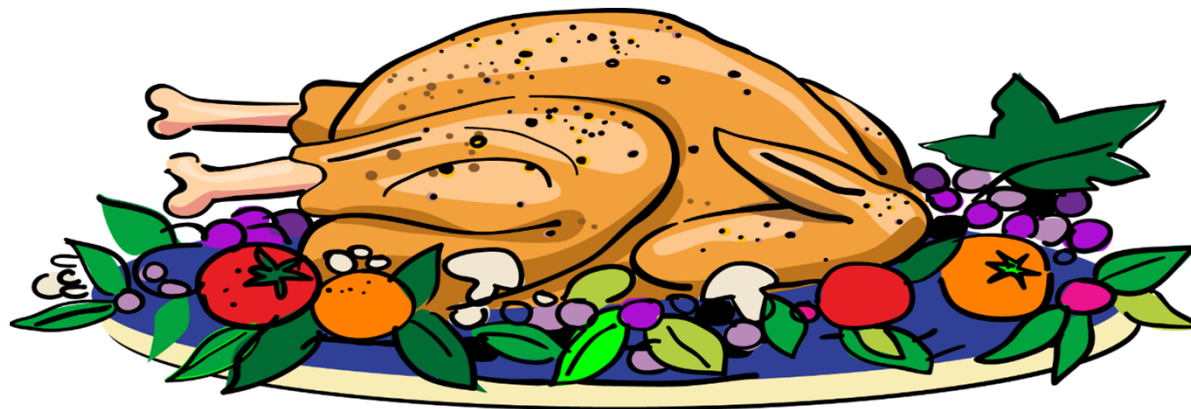
Donor
Control



Downside of DAFs

No chicken dinners!

- Tickets to charity events cannot be purchased with grant from DAF





Downside of DAFs

No binding pledges!

- Use a letter of intent





Supporting Organizations





Structure of a Supporting Organization

Supported Organization Board

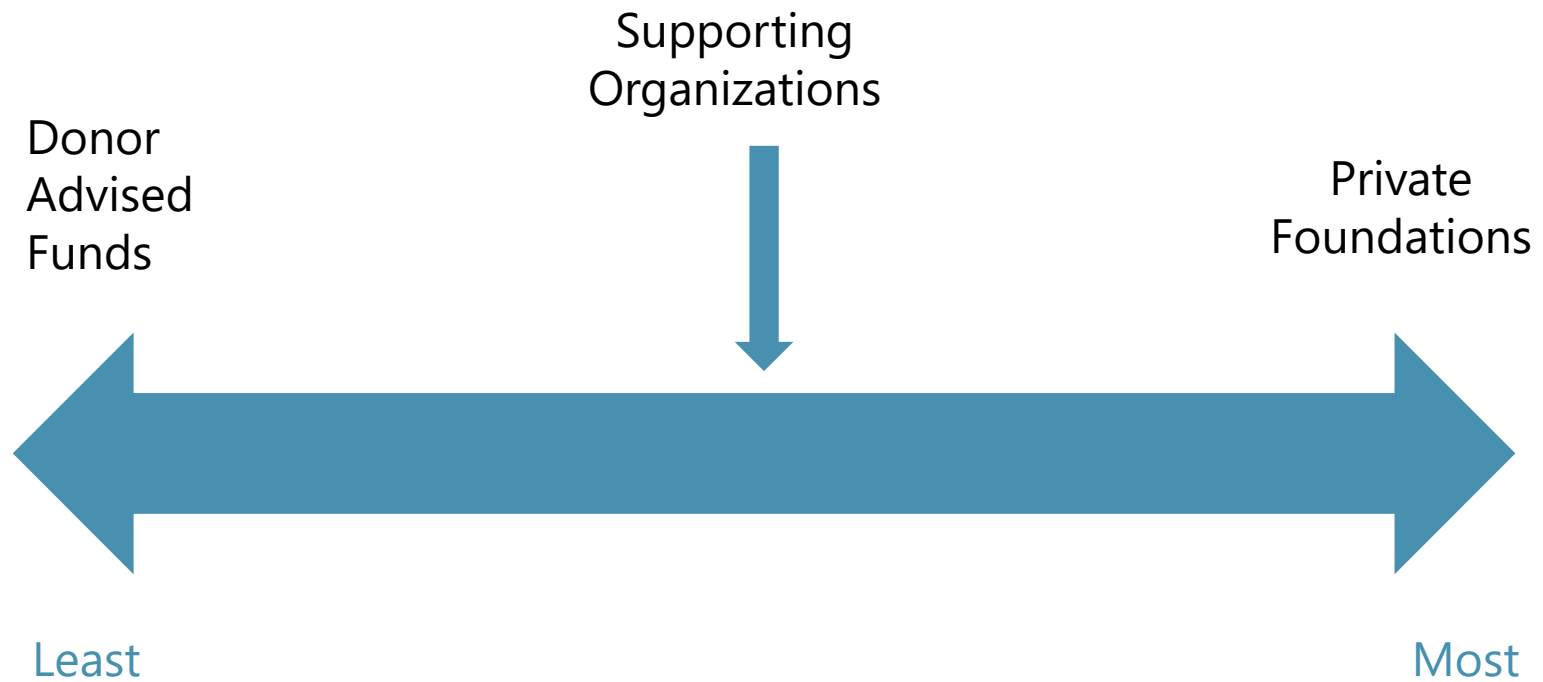


Supporting Organization Board





Spectrum of Control





Why Donors Like Supporting Organizations





Supporting Organizations Technical Points



Can I control the board of my supporting organization?

Can the supporting organization pay my wife a salary?

It's not like I have to attend board meetings, right?



How to Work with Donors with SOs

Ask your donor how to request a grant from the SO:

Will the donor advocate for your nonprofit vis-à-vis the board?

Is there a competitive grant process?

Should your nonprofit give a presentation to the board?



Why Donors Like Supporting Organizations

Thank you!



Questions?





Still Have a Question?

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