

**PG Calc** YOUR PARTNER 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

1

---

---

---

---

---

---

---

---

**PG Calc** | Your Partner In Planned Giving Success

## 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

© 2019 Wendy Chou      Why DAFs and SOs are a Gift Planner's Friend      2

2

---

---

---

---

---

---

---

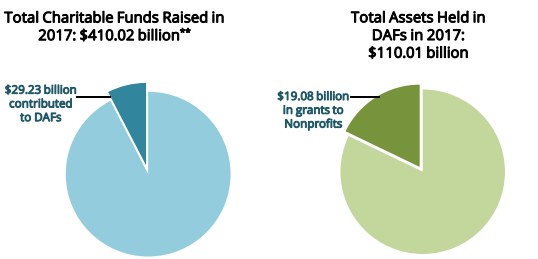
---

**PG Calc** | Your Partner In Planned Giving Success

## Grants from DAFs to Nonprofits\*

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

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



\* Data From National Philanthropic Trust's 2018 Donor-Advised Fund Report.  
 \*\*Data From Giving USA 2018

© 2019 Wendy Chou      Why DAFs and SOs are a Gift Planner's Friend      3

3

---

---

---

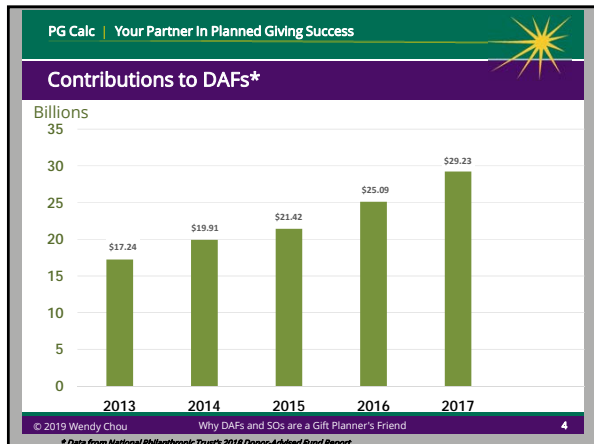
---

---

---

---

---



4

---

---

---

---

---

---

---

---

---

---

---

---

PG Calc | Your Partner In Planned Giving Success

### Nonprofits Encourage DAF Donations

**Give from Your Donor Advised Funds**

**How It Works**

1. Establish your DAF by making an irrevocable, non-deductible donation to a public charity.
2. Establish the investment of DAF proceeds.
3. Determine your annual contribution amount of your choice.

**Main Advantages of Donor-Advised Funds**

Donor-advised funds provide a number of benefits that donor decisions are a charity may enjoy, including:

- **Flexibility** - The DAF sponsor handles all record-keeping, administrative, and tax-compliance planning. Timing of your tax deduction can be separate from your charitable contribution.
- **Charitable Impact** - The DAF is able to invest in high-impact and socially responsible investments. The DAF is able to invest in areas using social impact investments, including funding areas that are not subject to market fluctuations based on the timing of your gift.
- **Flexibility Regarding** - A DAF is a powerful way to build on a common foundation of giving.
- **May share any assets** - There is no cap on establish to donor advised fund. Charities, which can then receive several charitable contributions to establish the donor advised fund or account.

© 2019 Wendy Chou | Why DAFs and SOs are a Gift Planner's Friend | 5

5

---

---

---

---

---

---

---

---

---

---

---

---

PG Calc | Your Partner In Planned Giving Success

### Common DAF Sponsors

- Community Foundations
- Investment companies with a charitable arm (Fidelity, Schwab, Vanguard)
- Topic institutions (Universities and colleges and religious foundations)

© 2019 Wendy Chou | Why DAFs and SOs are a Gift Planner's Friend | 6

6

---

---

---

---

---

---

---

---

---

---

---

---

PG Calc | Your Partner In Planned Giving Success

**Donor Advised Fund: A Relationship**



© 2019 Wendy Chou      Why DAFs and SOs are a Gift Planner's Friend      7

---

---

---

---

---

---

---

---

---

---

7

PG Calc | Your Partner In Planned Giving Success

**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



© 2019 Wendy Chou      Why DAFs and SOs are a Gift Planner's Friend      8

---

---

---

---

---

---

---

---

---


---

8

PG Calc | Your Partner In Planned Giving Success

**Why Do Donors Give to DAFs?**

It is.....



© 2019 Wendy Chou      Why DAFs and SOs are a Gift Planner's Friend      9

---

---

---

---

---

---

---

---

---

---

9

PG Calc | Your Partner in Planned Giving Success

### 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

© 2019 Wendy Chou | Why DAFs and SOs are a Gift Planner's Friend | 10

10

---

---

---

---

---

---

---

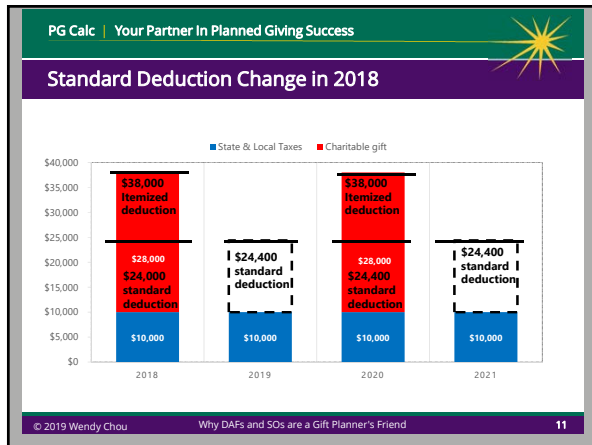
---

---

---

---

---



11

---

---

---

---

---

---

---

---

---

---

---

---

PG Calc | Your Partner in Planned Giving Success

### 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

© 2019 Wendy Chou | Why DAFs and SOs are a Gift Planner's Friend | 12

12

---

---

---

---

---

---

---

---

---

---

---

---

PG Calc | Your Partner In Planned Giving Success

### Limitations of DAFs

Donor Control

© 2019 Wendy Chou Why DAFs and SOs are a Gift Planner's Friend 13

13

---

---

---

---

---

---

---

---

PG Calc | Your Partner In Planned Giving Success

### Downside of DAFs

No chicken dinners!

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



© 2019 Wendy Chou Why DAFs and SOs are a Gift Planner's Friend 14

14

---

---

---

---

---

---

---


---

PG Calc | Your Partner In Planned Giving Success

### Downside of DAFs

No binding pledges!

- Use a letter of intent



© 2019 Wendy Chou Why DAFs and SOs are a Gift Planner's Friend 15

15

---

---

---

---

---

---

---

---

PG Calc | Your Partner In Planned Giving Success

## Supporting Organizations



© 2019 Wendy Chou Why DAFs and SOs are a Gift Planner's Friend 16

16

---

---

---

---

---

---

---

---

---

---

PG Calc | Your Partner In Planned Giving Success

## Structure of a Supporting Organization

**Supported Organization Board**

Funds  
Services  
Infrastructure  
Mission

**Supporting Organization Board**

© 2019 Wendy Chou Why DAFs and SOs are a Gift Planner's Friend 17

17

---

---

---

---

---

---

---

---

---

---

PG Calc | Your Partner In Planned Giving Success

## Spectrum of Control

Donor Advised Funds

Supporting Organizations

Private Foundations

Least Most

© 2019 Wendy Chou Why DAFs and SOs are a Gift Planner's Friend 18

18

---

---

---

---

---

---

---

---

---

---

PG Calc | Your Partner In Planned Giving Success

### Why Donors Like Supporting Organizations



BOARD  
OF  
DIRECTORS



I ❤️  
Tax Deductions

© 2019 Wendy Chou      Why DAFs and SOs are a Gift Planner's Friend      19

---

---

---

---

---

---

---

---


---

---

19

PG Calc | Your Partner In Planned Giving Success

### 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?

© 2019 Wendy Chou      Why DAFs and SOs are a Gift Planner's Friend      20

---

---

---

---

---

---

---

---

---

---

20

PG Calc | Your Partner In Planned Giving Success

### 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?

© 2019 Wendy Chou      Why DAFs and SOs are a Gift Planner's Friend      21

---

---

---

---

---

---

---

---

---

---

21

PG Calc | Your Partner In Planned Giving Success

Why Donors Like Supporting Organizations

**Thank you!**

© 2019 Wendy Chou Why DAFs and SOs are a Gift Planner's Friend 22

---

---

---

---

---

---


---

---

22

PG Calc | Your Partner In Planned Giving Success

Questions?



© 2019 Wendy Chou Why DAFs and SOs are a Gift Planner's Friend 23

---

---

---

---

---

---

---

---

23

PG Calc | Your Partner In Planned Giving Success

Still Have a Question?

Contact: Wendy Chou  
Email: [Wchou@oregoncf.org](mailto:Wchou@oregoncf.org)  
Phone: 503-944-2124

© 2019 Wendy Chou Why DAFs and SOs are a Gift Planner's Friend 24

---

---

---

---

---

---

---

---

24