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GIANT, IMPORTANT DISCLAIMER: WE AREN'T GIVING LEGAL, TAX OR FINANCIAL ADVICE. PLEASE SEEK YOUR OWN COUNSEL FOR ANY DONATIONS. MANY OF THESE QUESTIONS ARE OPEN TO SOME INTERPRETATION, ARE GENERAL IN NATURE OR ARE UNIQUE TO A PARTICULAR JURISDICTION. <u>ASSUME ALL ANSWERS ARE WRONG UNTIL YOU/YOUR DONOR CONFIRMS WITH HER/HIS ADVISOR.</u>

Q & A from "The Who, Why and How of the Donor Advised Fund Sector" <July, 2025>

Will there be a certificate for CECs?	You can usually use your registration, possibly if it is self-reported. Otherwise, we have this question from CPAs, CFPs, lawyers, insurance, and CFREs, so this would take about 200 hours to try to get CE for all these disciplines in all the states. So, we don't offer this for practical reasons.
For those rules to make grants, are there any pushes by value of the grants (similar to the 5% rule for foundations)?	This is an educated guess at best, but brushes are tools used to create the art piece, so probably some basis element there, but they don't fully increase the basis by their own value (so don't expect to use solid gold brushes to boost your basis in your artwork!). Some DAF sponsors do require a minimum amount to be granted to remain active (e.g. $500). We didn't see any that imposed a 5% rule minimum per account, but some sponsors (including some of the largest ones) hold themselves to a 5% rule as an organization on the whole. So they make sure their entire DAF program pays out at least 5%.
Have you asked for the top 5 reasons why someone may not have distributed within a 36-month timeframe?	I won't say top 5 per se, but in my experience, I see the following: 1. "I am in peak earning years now and need deductions. When I retire in 3-5 years, my wife and I are going to give away every penny during our retirement." That is an actual quote. 2. "I am working with a charity to design a large program,

	but it is taking a long time to get the formal commitments of structure/governance/financial, so I will make a large grant to them when they are ready." 3. "I have multiple charitable buckets and am trying to wind down my private foundation. So, I am giving all the PF money away first, and when that is gone, I will start making grants from my DAF again." These would be three I hear about commonly - some are also around, "I just sold my business and have never been charitable. I want to be very thoughtful about my giving, but this is all very new to me. I am doing my own research (and maybe a consultant) to help me through a process of where I want to have the most impact, then the charities within that area, and then the projects of those charities." This is something we asked about in our survey of DAF donors. The findings from the survey align well with many of the statements above. Generally, donors in the survey who previously granted but then stopped (lasped donors) or who have never made a grant reported being inactive for a few common reasons: they were giving to charity through other means (53% and 39%, respectively), they wanted their account balance to grow (44% and 39%, respectively), they planned to grant later when they had more time (25% and 23%, respectively), they were still deciding where to give (14% and 20%, respectively), or there was little to no money in their account (15% and 3%, respectively).
Is that the only one? Are there a few more?	I put 3 in the answer box. This is not exhaustive, but I have heard of these commonly (for the very, very uncommon situation where people aren't making DAF grants over a 3-year or so period).
Not sure why you would need specific certificates. A general summary for all should work. I need it for CFRE.	Every profession/designation requires different documentation. If you can use the registration/webinar summary in the email blast for CFRE, that is great.

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I came in late. will these slides be made available after the webinar?	Not directly - we provide a library of nearly 60 free webinars in our library. Providing slides has proved very problematic in multiple ways.
Crypto - how does one donate Bitcoins. And how do you take those on?	You can learn about all things crypto on our www.charitablesolutionsllc.com website. Under resources, there are at least 3 webinars. And then we can process these donations through www.dechomai.org as well.
Is the bathtub method helpful to the donor from a tax planning perspective? Meaning - doesn't the donor want to really have the money grow tax free?	While "filling and draining" a DAF doesn't allow for as much tax-free charitable growth as a tank or tower approach would, we saw tub donors using the DAF as a quick and easy way to donate appreciated assets (i.e. securities). Making it easier to donate appreciated assets makes it easier to realize those tax advantages, namely avoiding capital gains and deducting the fair market value of the asset at the time of the contribution into the DAF. We found evidence that tax advantages and the ease of DAFs were major motivations for DAF donors, including the tub donors. For instance, 62% of donors cite tax benefits as a major reason for opening a DAF. Many are also motivated by factors like the ease of donating non-cash assets (35%) or the desire to streamline their giving (32%). Many donors (57%) value the flexibility to contribute large amounts when able and grant over time, and 51% reported being motivated to contribute by reducing capital gains tax—though nearly half of donors in the survey didn't share these sentiments.
I hear inconsistent answers from time to time about using DAFs to pay pledges. Please clarify	IRS restrictions prevent DAF donors from receiving personal benefits. Historically, the IRS interpreted the fulfillment of pledges as a personal benefit to the DAF donor because the grant released the donor from a financial obligation. But in 2017, the IRS changed its stance on this issue. According to Nusbaum (2019), "Section 4 of IRS Notice 2017-73 addresses personal pledges, which effectively allows DAFs to make grants that satisfy pledges so long as the DAF sponsor does not reference the pledge in the grant letter or check." In other words, DAFs may be used for multi-year commitments, under certain conditions.

	We recommend the website: https://www.nptrust.org/philanthropic-resources/philanthropist/can-i-use-my-daf-for-that/
What was the answer to the QCD question? I think I missed that live.	Hopefully, but more of a policy issue of course. DAFs offer more flexibility for philanthropy, so making them a QCD would allow donors more options for how to give away retirement assets.
What happens at DAF fund closure? Do DAFs commonly have 'beneficiary designations'?	A DAF succession plan outlines how remaining funds will be distributed after the original donors are no longer able to advise the DAF themselves. Nearly all DAFs (92%) have a plan in place. The majority (69%) name individuals or family members (successor advisors) to retain advisory privileges, one-third (30%) have designated a charitable beneficiary (or multiple), which could include a charitable fund within the sponsor organization, and a few accounts (1%) have some combination of these options. The distribution of funds in closed accounts without a succession plan depends on the sponsor's policies; sometimes they will distribute based on past giving history, often going to the sponsor's unrestricted fund.
Dr. Heist may get to this, but what is your opinion on donors funding DAFs owned by a sponsor but held by an investment advisor used by the donor?	He won't cover that, so my opinion. Increasingly, financial planners/advisors are bringing up charitable opportunities and then recommend specific vehicles. The money has to be invested by someone. So many of the larger DAFs (maybe over $500K to $1 million) are where the donors recommend the investment advisor. DAF sponsors generally like this because the investment advisor doesn't have a massive disincentive to recommend charity, and more importantly, the donor likely wants to keep the investments with the person who helped them build wealth in the first place. Additionally, if you don't allow this, if the DAF sponsor has any kind of poor investment experience, that creates A LOT of complaints. The investment advisors are pinned into the Investment policy/allocation targets and fees.

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Our current dormant policy for DAFS does not consider contributions as an activity that negates dormant status- they have to have a grant/money-out activity to not be dormant. Are the majority of the policies you reviewed considering money-in for their policies?	Most of the inactive policies focus on grants, however, some sponsors also allow contributions into the DAF to "count" for being active.
How consistent are the national programs, community foundations, and single-issue orgs in the level they allow donors to "advise" or be involved in determining how the money is used?	Not sure I am tracking - all DAF sponsors allow donors to advise how money is used (I assume that means grants). Clearly, some DAF sponsors may not wish to make grants to charities that may not fit their mission or perhaps other constraints. But generally, donors may recommend various investment options, grant amounts (principal and income for non-endowed DAFs) to most any charity subject to the sponsor's guidelines. Some guidelines may restrict giving to organizations that don't align with the sponsor's values or policies.
Thank you! As a follow-up, how do we respond to proposed regulations that would impose an excise tax on fees paid to the outside investment advisor?	The comment period closed last year, and it depends on your perspective. Some think it is not appropriate to do that, but I think it is reasonable to say most DAF sponsors think it is an overreach. But you can likely still see all the comments on the public Treasury website.
One of the slides mentioned grants to private foundation paid out over 5 years. Not sure what you mean?	The Council on Foundations' national recommendation for the interaction between DAFs and private foundations is that funds contributed to a DAF by a private foundation should be distributed within five years for the distribution to be considered part of the private foundation's qualifying distribution.
What types of cause fall in the public/society benefit?	This is a broad category in the National Taxonomy of Exempt Entities (NTEE). It includes organizations that focus on Civic engagement to public transportation. It is the category that focus on fundraising, which includes many DAF sponsors, and it includes Credit Unions. So there are a wide range of orgs. For the full list go to this website: https://urbaninstitute.github.io/nccs-legacy/ntee/ntee.html

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Do single-issue DAFs take on all management themselves, or do they partner with a financial organization like Fidelity for management?	Both. Fidelity/others don't tend to do private label type programs, but groups like NPT and Ren Charitable do. Having said that, some national financial services providers provide a lot of the back-office support for single-issue DAFs. The majority internally manage the core of the programs - engaging with various admin systems, of course.
I was under the impression DAFs might avoid the word "endowment" because those are "bound"/"pledged." Would you mind providing more detail on these DAF endowments? Thanks!	Endowed DAFs are very normal. It is simply a designated endowed fund where the advisor can recommend grants each year based on the DAF sponsor's spending policy (typically 4-5%).
Thanks! I have read the transcript from the hearing. I am of the opinion that the IRS won't ever finalize the regulations in the current form. I believe payment of fees to the external advisor is an appropriate expense of the account under the IRC and not a distribution. Just getting your thoughts.	My personal thoughts are that it would be silly to consider the investment advisor a disqualified person. The DAF provider has to invest the funds. So, if the donor recommends his/her own advisor who follows all the investment policies and charges a 1% investment fee, let's say, that is the same if the DAF sponsor doesn't allow it, selects their own advisor, and pays 1%. But the donor's advisor would be much more incentivized to bring up charity with all their clients... so a lot more money will go to charity if you allow reasonable compensation for reasonable services that the charity would have to pay anyway. This can also save the DAF sponsor A LOT of time discussing investments, which is not their core job/role. It is so nice to suggest they ask their investment advisor about investments and their philanthropic advisor (the DAF/community foundation/religious foundation) about philanthropy.
Do many DAF sponsors have fee structures that vary based on tubs/tanks/towers? For instance - tub donors tend to have lower overall fees when granting out quickly - should they be feed at time of gift?	They do. Super short-term generally have higher fees (think fiscal agents), non-endowed might be higher because of more activity, and endowed might be lower because it is permanent and generally has lower activity.

Do financial advisors receive commissions on creating company-sponsored DAFs?	Generally, they are receiving some payout split from an annual fee. But that is the same if it is not their company-sponsored DAF, but instead is a community foundation that allows outside investment management. So, not generally up-front percentage commissions like this may imply although that is possible. Generically, most charge 1% on the portfolio for investment management at XYZ investment firm/brokerage/bank, and then the advisor might receive 40-80% of the 1% as a payout.
Are fees about the same between CF DAFs and commercial DAFs (both admin and investment fees)?	Admin fees are generally lower at national DAFs with some exceptions. Investment fees are totally dependent on what investment pools/options are offered and selected by the donor, so they could be similar or very different. It is important to note that most national DAFs' value is administrative efficiency (ease of setting up accounts, donating, granting, online portals, etc.). Community Foundations' primary value is local knowledge, personalized assistance, social connections, and A LOT of other activities (like community convening, training, leadership, etc.) that need to be subsidized by other funds… like DAFs. So for people with those goals, the increased fee is very worth it… for others, it isn't.
As a non-profit, how do we get on the radar for organizations that manage DAFs?	Many sponsoring organizations rely on third-party vetting platforms like GuideStar to compile the lists of eligible organizations for DAF grants. To ensure visibility, keep your organizational profile up to date on these platforms. For smaller or more locally focused sponsors, direct stewardship of DAF sponsor staff may be worthwhile, though the effectiveness of this strategy varies (see the response about stewardship below for more details). The best way to get in front of DAF donors is through traditional donor prospecting methods, with the addition of asking prospects and current donors if they use a DAF. If they do use a DAF, be sure to collect information about where their DAF is housed and what the name of their account is. You also want to make it easy for them to use a DAF to make a grant to you, so be sure to list the full name of your org and your EIN on your giving page. You may also

	think about using a DAF giving widget like DAF Direct.
I've heard there's a new trend for local banks and single 501 (c) (3) organizations to start their own DAF program. The 501 (c) (3) would then bring projects to the DAF donors to consider and distribute funds from their DAF. Is this possible?	Legally, any 501(c)(3) organization has the authority to sponsor donor-advised funds (DAFs) if it chooses to do so. Each sponsor establishes its own policies governing the allocation of funds within the DAFs it oversees and may offer philanthropic advising to guide donors toward recommended grant recipients. For example, universities are starting to use DAFs to attract donor dollars and the ability to advised those donors on funding projects at the university. Local banks will usually use a third-party DAF provider, like Ren or NPT, because they don't want the hassle of setting up a separate c3 or administering the DAFs.
Do you recommend stewarding DAFs with impact reports, annual reports, etc? Do DAFs recommend charities to their clients?	The best thing is to steward the donors who are using the DAF, if you know who they are and are able to connect with them. You may provide some stewardship to the DAF sponsor, though its effectiveness can vary depending on the type of organization. According to fundraisers, local community foundations are often most receptive to these stewardship efforts and sometimes will pass on materials and/or recommend your charity to donors. However, most sponsors are not currently set up to pass information back and forth between the charity and the donors.
What is the average percentage of Community Foundation DAF grants that the Foundation requires to be granted to nonprofits within the geographic boundary of the Foundation?	Virtually zero still do this. Most will have a very strong bias toward local grantmaking/impact, but if 2% REQUIRE local grants, I would be surprised if it is that high. In the mid-90s, many more did this because they thought the IRS required it - it was a super gray area.
Are there DAFs that allow donors to both manage and advise on their accounts?	Kind of yes and no. Not in separate accounts, but many DAFs will have various curated investment options - short-term, index, ESG, etc. So, the donor can move money around between those buckets.

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Question being asked with more than incidental benefit in mind... do you see an issue with an advisor including a client's personal DAF under the client's overall AUM if the advisor has a tiered fee structure with breakpoint pricing?	Personally, I don't because if what you are suggesting is that the advisor aggregates the DAF and personal assets such that the DAF AND personal assets get a better overall fee (or at least the DAF does) than if they were separate, that benefits everyone (other than the advisor). If there were some model where the DAF had to pay a higher rate (in essence, first tier pricing) and then the donor got an effective lower rate on the rest, I think that creates more than an incidental benefit and would not be appropriate.