

**PLANNED GIVING DAY
2023**

Donor Advised Funds: A Powerful Tool for a Family's Lasting Legacy

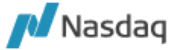
Presented By

Jason Arbacheski, CAP®
Director of Gift Planning and Stewardship
Chester County Community Foundation
Jason@chescocf.org
www.chescocf.org

Planned Giving Council
of Greater Philadelphia

PGCGP

Introduction – DAFs in the News Lately

 MARKET ACTIVITY NEWS + INSIGHTS SOLUTIONS ABOUT

PERSONAL FINANCE

Donor-Advised Funds: The Gift That Keeps on Giving

CONTRIBUTOR
Emma Patch — Kiplinger

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FINANCE · MACKENZIE SCOTT

Mackenzie Scott, Elon Musk, and Mark Zuckerberg all use these popular—and controversial—accounts to give away their billions

BY MARIA ASPAN
April 6, 2022 at 4:45 PM EDT

AP U.S. News World News Politics Sports Entertainment Business Technology Health Science Oddities

Your partner in giving

 NPTrust.org

Donor-Advised Funds

The Largest National Independent Provider of Donor-Advised Funds.

Fidelity Charitable sets \$4.8B record in grants for 6 months

By GLENN GAMBOA July 20, 2022

Inside Philanthropy

GRANTFINDER LEARN ISSUES PLACES CAREER CENTER HELP

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Big Giving, a Down Market, and Continued Calls for Reform: The Latest in the DAF Debate

Mike Sentari | July 27, 2022

Follow the Money!

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Items we will cover today

- ❑ How a DAF works
- ❑ How DAFs organize and maximize philanthropy
- ❑ How DAFs intersect with estate planning opportunities
- ❑ How critical is stewardship in our work
- ❑ Engagement of Professional Advisors
- ❑ DAFs and proposed legislation
- ❑ Questions



CHESTER COUNTY
community
FOUNDATION

Snapshot

- ❑ One of **850** community foundations across the nation
- ❑ Founded in **1994** by **4** Chester County philanthropic families
"You don't have to be a Rockefeller to be a legacy philanthropist"
- ❑ **25** Board Members + **8** FTE Staff + **75** Committee Volunteers
- ❑ **425+** entrusted funds
 - 350+ Individual & Family Donor Advised & Scholarship Funds
 - 80+ Nonprofit Endowment Funds
- ❑ **\$100** million in entrusted assets
- ❑ **\$6** million granted annually
- ❑ Endowed Funds (up to 5% grant payout)
Quasi-endowed Funds (up to 20%)
Provisional Funds (up to 100%)



PLANNED GIVING DAY 2023

\$499.33 billion

In 2022, Americans gave \$499.33 billion to charity, a 3.4% decline compared to 2021. Adjusted for inflation, total giving declined 10.5%.

Where did the Generosity Come From?

64% \$319.04 billion

Giving by Individuals

↓ declined by 6.4% over 2021

21% \$105.21 billion

Giving by Foundations

↑ increased 2.5% over 2021

9% \$45.60 billion

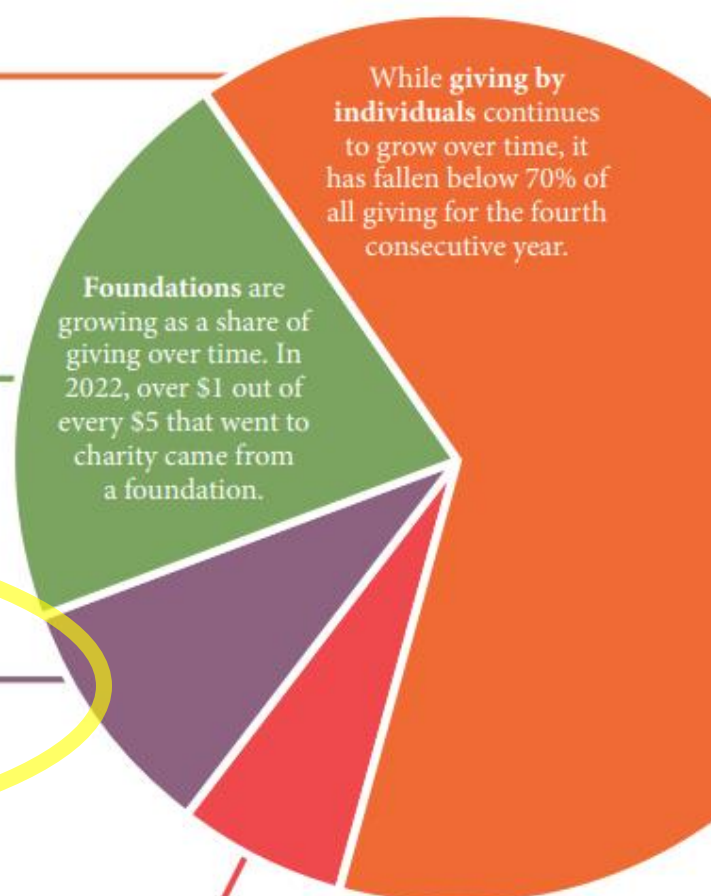
Giving by Bequest

↑ increased 2.3% over 2021

6% \$21.08 billion

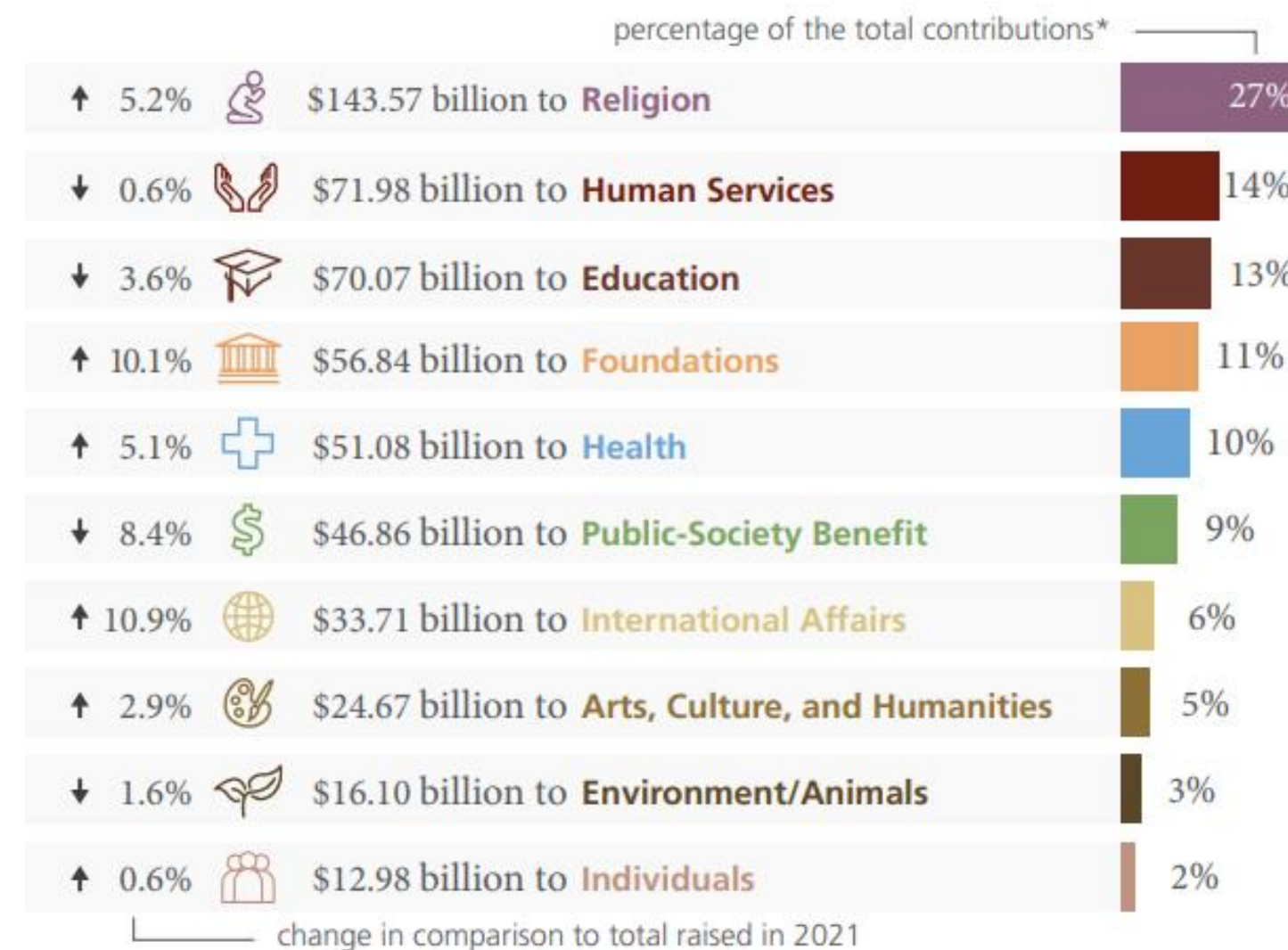
Giving by Corporations

↑ increased 3.4% over 2021



*All figures on this infographic are reported in current dollars unless otherwise noted. Inflation was especially high in 2022, at 8.0%, and results may differ when adjusted for inflation. Learn more in the chapters.

Where did the Charitable Dollars Go?



*Percentages for recipient categories do not include unallocated giving, which totaled -\$28.54 billion in 2022.

A large red triangle is positioned in the top-left corner of the slide, pointing towards the center.

HOW DAFs WORK

What is a Donor Advised Fund?



- ❑ A donor-advised fund, sometimes referred to as a “DAF,” is a charitable giving vehicle sponsored by a public charity, like the Chester County Community Foundation. In this role, the Community Foundation is considered a “sponsoring organization” or “DAF sponsor.”
- ❑ Donors contribute to a donor-advised fund at a sponsoring organization, are eligible for a tax deduction, and then recommend grants to IRS-qualified 501(c)(3) public charities.
- ❑ Donors can separate the timing of their contributions from their grants, so in the interim, donors choose how their contributions are invested, and the growth is tax-free.

GIVE
to your fund and receive
a tax deduction

GROW
your charitable assets

GRANT
to the causes you care about

Contribution



Deduction



Donor Advised
Fund

Charitable Grants



Administration Investments



Can I Use My DAF For That?

- ☐ Use my DAF to pay for memberships?
- ☐ Use my DAF to sponsor a scholarship?
- ☐ Use my DAF to make a grant to a private foundation?
- ☐ Use my DAF to make grants to international charities?

What **CAN'T** I do with my DAF?

- ☐ Events
- ☐ Individuals / Family Members
- ☐ Private Foundations

DAFs ORGANIZE AND MAXIMIZE PHILANTHROPY

- ☐ Name the DAF
- ☐ Charitable assets may grow over time, more dollars available to NPOs
- ☐ Identification of Successor Advisors
- ☐ Site visit of the charity of interest
- ☐ Contributions via DAFs help donors maximize tax benefits
- ☐ Due Diligence and Administration
- ☐ Select charities through specific fields of interest



ESTATE PLANNING AND GIFTING OPPORTUNITIES

- ❑ Use existing or create a new DAF in their estate plan
- ❑ Effective Charitable Planning with Advisor
- ❑ Discuss Charities with Advisor
- ❑ Donor Makes Process Easy for Beneficiaries of Estate to Continue Legacy
- ❑ DAF as the charitable beneficiary under their will, trust, annuity, life insurance contract, retirement plan, or investment account.



- ❑ This advanced philanthropic planning will support causes that matter for good and forever - hence donor advised funds as lasting family legacies.

Proactive Legacy Planning



Donor Story #1

93 years old, widowed, no children

Needed philanthropy organized

Planned with estate attorney

Created legacy fund for active grantmaking in her lifetime

Legacy/Testamentary Gift Into Fund Upon Death





Donor Story #2

First generation Indian American

Grateful for the opportunities provided arriving in U.S. in 1972

Created legacy fund for active grantmaking in his lifetime but also involving his grandchildren

Family Philanthropy most important to him

Legacy/Testamentary Gift Into Fund Upon Death



Donor Story #3

Retiring attorney

Existing fund included as beneficiary of their IRA upon the passing of spouse

Would like to have the fund transfer balance to sibling's family fund to allow for legacy and family philanthropy

Family Philanthropy most important to him

Donor Story #4 – Gay Street Public School – West Chester, PA

Gay Street Public School –
last school in West Chester
School District to be
desegregated

Alumni of the school created
a scholarship fund

Awarded to seniors in West
Chester School District

Potential inclusion of Fund
in individual estate plans





STEWARDSHIP

PLANNED GIVING DAY 2023

PLEASE Focus on the Stewardship of your Donor

According to Schwab Charitable, grantmaking from DAFs to qualified charities totaled more than \$25 billion in 2019, a 93% increase since 2015.

So... How do you attract the attention of donors with DAFs?

- ✓ Identify the donor – be a sleuth!
- ✓ Increase your visibility
- ✓ Make it easy for donors to give from their DAFs
- ✓ Share information & insights about effective giving strategies
- ✓ Grow your network of professional advisors

*What is Stewardship?
Root word - Old English
stiward, stigweard
"house guardian,
housekeeper"*

1. Identify the Donor = Be a Sleuth!

- ❑ The first step with any donation is to identify the generous donor. The same is true of DAF gifts.
- ❑ Second - DAF administrators report that a minority of DAF donors prefer **anonymity**. It's likely that you will receive some kind of insight into the donor who recommended a gift to your organization. **Make sure you code DAF donors separately in your database so they can be stewarded differently.**
- ❑ Third – **Avoid duplication.** DAF donors do not use this giving vehicle exclusively, so it is entirely possible that the donor is already in your database.
- ❑ Fourth – **Research.** There may be an instance of a “Fund” or “Foundation” being listed as the donor associated with a DAF gift. **Make sure to acknowledge their gift and code them correctly in your database for proper stewardship.**

2. Communication / Visibility

Communicate with DAF donors directly:

- ☐ Equal treatment
- ☐ Corresponding with DAF donors
- ☐ Acknowledgement letters
- ☐ Guidestar by Candid, Charity Navigator, Charity Watch, or Give.org
- ☐ Your website
- ☐ Share important organizational updates that your DAF donors would like to know

3. Make it Easy for Donors to Give from their DAFs

- Promote DAF gifts as an option in solicitation materials
Direct Mail Response Devices: BREs, Flap BREs, Tear Offs, giving option sheet
Online: website – place information about giving from DAFs in the “Donate” or “Ways to Give” area of your website. Make sure you also note there the ability to leave legacy gifts to your charity (listing as beneficiary)

Donor Advised Funds (DAF)

- A donor-advised fund is a simple, flexible and tax efficient way to give to your favorite charities, including (NAME OF CHARITY). DAFs also serve as a meaningful way to strengthen your family’s tradition of philanthropy.

How to recommend a gift to (NAME OF CHARITY) through DAFs

Contact your Financial Advisor/Donor Advised Fund provider and request a grant distribution

Be sure to use (NAME OF CHARITY)’s EIN # NUMBER

Indicate whether your gift is unrestricted or designated for a specific purpose

~~You can also designate (NAME OF CHARITY) as a beneficiary for your donor-advised fund~~

4. Share Insights About Effective Giving Strategies

- ❑ Donors who have established DAFs are generally interested in giving effectively & achieving the maximum impact with their philanthropy.
- ❑ Include educational information for donors on relevant topics like giving appreciated assets, tax bunching strategies, and others to maximize their giving potential.
- ❑ Share articles with the donor or include in presentations/event remarks

5. IMPORTANT!

Grow your Network of Professional Advisors & Philanthropic Advisors

- ☐ Treat the philanthropic advisors/professional advisors as VIP door openers to donors
- ☐ Give them information about your organization
- ☐ Steward them
- ☐ Professional Advisors include: Estate Planning Attorneys, CPAs, Wealth Managers, Financial Advisors
- ☐ Philanthropic Advisors include: consultants, Community Foundations, Commercial DAF organizations

6. DAF Donors are Planned Giving Prospects

- About half of DAF donors have a Bequest or legacy giving vehicle
Speak with the DAF donor about beneficiary designations
Your charity can be the beneficiary of their DAF
Only 25% of DAF grants are pre-scheduled
- OPPORTUNITY FOR YOU - If commercial DAF account holders do not specify their legacy options, the organization will consider the account abandoned following a certain period of activity.
- Handle differently - Steward your DAF donors in a way that invites deeper engagement. Invite in for a tour of your organization. Write hand written notes inviting the donor on your acknowledgement letter.



PROPOSED DAF LEGISLATION

Proposed DAF Legislation On the Horizon

- ❑ DAF Payout Rates
- ❑ Contributions to DAFs
- ❑ Public Support Test





QUESTIONS / OPEN FORUM

AIM HIGH, TO BENEFIT FUTURE GENERATIONS

THANK YOU

