

DAF*day*

GET A
DAF *GUIDE*

If you're interested in growing and improving your philanthropy, a Donor Advised Fund can be a great option for any giver.

It is easier than ever to open and use a DAF, but there are many options to choose from, and some important considerations when making this decision.

This guide has 3 parts that you can utilize to:

- 1. Understand what a DAF is and how exactly it works.**
- 2. Determine your goals for using a DAF for your giving.**
- 3. Explore options.**

Remember, **DAF Day 2025 is on October 9th** (the second Thursday in October), so do your best to set up your DAF beforehand to be a part of it!

***Note:** Opening a DAF is a financial decision. This information should be taken as educational background, not as financial advice. Consult your professional advisors on any financial decisions.*

What is a DAF and how does it work?

Overview

A DAF is a **tax-advantaged charitable giving account**. DAFs are often compared to a 401(k) for retirement savings or a Health Savings Account (HSA) for healthcare expenses. You can contribute cash or assets, get the tax benefit upfront, invest the balance in the market and make grants out to nonprofits over time.

Any person, couple, family—or even company—can open a DAF account at more than 1,150 providers around the country. DAFs are offered by community foundations, charitable affiliates of financial institutions, national independent providers and cause-specific entities. DAFs have surged in popularity in recent years because they are incredibly effective at increasing giving capacity and streamlining philanthropy - for donors big & small.

Advantages

The three primary advantages of DAFs that their users tend to:

Give Bigger

Thanks to potential tax advantages and psychological advantages of pre-committing funds to charity, DAF holders have been shown to drastically increase their giving to the causes they care about once they start using a DAF.

Give Better

By centralizing giving in a DAF, you streamline and organize your philanthropy. You're able to set goals, increase accountability and see all your donations in one place so you can save time and support more causes.

Give Together

With tools like DAFpay — ApplePay for DAFs, letting you checkout with your DAF directly on donation forms — and initiatives like DAF Day, you get all the personal benefits of inspiration-based & collective giving, with the practical perks of a DAF.

Important to remember:

Tax advantages are dependent upon:

1. The scale of your contributions.
2. Whether or not you are itemizing deductions on your return (instead of taking the standard minimum deduction).
3. Whether or not your contributions are in the form of appreciated assets (which lets you avoid capital gains tax).

Contributions are irrevocable

1. All DAFs are hosted by a tax-exempt 501(c)3 nonprofit organization (often affiliated with a financial or technology company), which makes it possible to receive the tax benefits when you make your contribution.
2. It is also required that the DAF “host” take legal ownership of the contribution for it to qualify as a tax-deductible gift.

3. You cannot withdraw funds from a DAF for personal use ever, even at a penalty. Funds can only leave a DAF account as a donation to an eligible organization.
4. This commitment is what makes DAFs such a powerful tool for philanthropy!

DAF gifts have important restrictions

1. Making gifts out of your DAF to your favorite causes is technically a “recommendation” that the DAF Provider needs to approve.

2. **Their approval is dependent upon:**

- a. The organization being in good standing with the IRS.
- b. The organization not falling into ineligible categories, like political 501(c)4's, etc.
- c. The gift being for “appropriate use” and not generating any personal benefit to you (e.g., auction items, tickets, gala tables, etc. are not DAF-eligible)
- d. Any additional values-based criteria an individual DAF provider might have.

Gifts from your DAF are not tax-deductible

The potential tax benefit with DAFs comes upfront when you make your contribution. Gifts made out of your DAF to nonprofit organizations do not generate any additional tax benefit.

DAFs are legally flexible, but individual DAF Providers typically have usage requirements

1. While there is no federally-mandated annual payout rate of a DAF, most DAF providers enforce policies to limit inactive accounts.
2. Once you set up your DAF, it's important to take full advantage of this powerful giving tool - and make gifts regularly!

Be sure to review the specific policies of your DAF provider when you open an account to make sure there aren't any surprises!

Set your goals - the MATCH framework

You don't need to have everything figured out to set up a DAF - the most important step is just to get started. However, having a sense for which elements of DAF giving are most important and relevant to you will be helpful when deciding which DAF provider to open an account with.

One useful way to think about picking a DAF is the **MATCH** framework:

M INIMUMS

A LIGNMENT

T OOLS

C OST

H OLDINGS

Minimums

Does this DAF serve the scale of my giving effectively?

Some DAFs will have minimums in place that you'll want to consider. Key Minimums to assess are:

- The minimum account size (\$0 - 100,000)
- The minimum grant size (\$18 - 500)

If you're starting smaller, or like to make frequent smaller gifts, prioritize DAFs with lower minimums. If you're contributing large amounts or tend to make larger donations, then minimums won't be as in-focus for you.

Key Questions

- What do I expect my typical donation amount to be?
- How much of my budget do I want to allocate to my DAF for giving this year?

Alignment

Does this DAF align with my values and my focus for philanthropy?

The power of your DAF is in your giving and in your invested assets. It's important to consider both when considering which DAF provider is right for you - where your DAF allows you to grant money, and the value generated to the DAF provider itself.

Many DAFs are affiliated with a specific cause area, religion or even a single nonprofit. Sometimes these "single-issue" DAF providers do further diligence on DAF grants beyond simply determining if an organization is DAF-eligible. They will also determine if an organization is values-aligned and may reject requests that are in conflict with their values as a service to their fundholders.

If you are focused on more location-based philanthropy, and want your giving and your assets to serve a local community, most community foundations offer DAFs that serve this purpose well.

MATCH

Alignment can also mean having the philanthropic guidance that you're looking for - whether it's within a certain community, cause area or just general financial advice around your DAF assets.

Key Questions

- What giving restrictions do I want or am I ok with?
- Is there a cause or community I'm most passionate about that I want my assets to support, in addition to my giving?
- What kind of philanthropic guidance do I need?

MATCH

Tools

What is the user experience like to set up, manage and give with my DAF?

Your DAF account will be accessible via login to an online portal where you can manage your contributions, investments and gifts. There are often useful features like:

- Setting monthly or annual recurring grants
- Setting goals or recurring contributions
- Exploring / discovering new organizations
- A mobile app or a mobile-optimized experience

Most DAFs are also connected for **DAFpay**, which is an express checkout payment option that lets you **initiate those grant requests directly** on nonprofit donation forms, websites or campaign pages where you're inspired to give.

Key Questions

- What is the onboarding experience like? How long does it take and what kind of paperwork is involved?
- What features are most popular among your users?
- Are you connected for DAFpay?

Cost

What are the fees associated with my DAF?

The most important thing here is transparency. Like any financial product, there are costs involved with providing technology, support and investment capabilities for your DAF. The most common fee structure is a simple management fee on assets, but there can be other membership or transaction fees as well - especially for contributions of complex assets.

Key Questions

- What are the fees associated with this DAF account?
- Do the fees change for accounts of different size or type? For different types of contributions?

Holdings

How can my DAF assets be invested?

The options for investing your assets in a DAF can vary greatly, depending on the provider and your account size. Oftentimes, more creative investing options are restricted to larger accounts.

There are a few structures that might be of interest to you:

Mission-aligned investing

Many DAF providers have ESG (Environmental, Social, Governance) investment options available to make sure your investments are also having a positive effect on the world, much like your giving.

Bringing an outside financial advisor

Many DAF providers allow you to have your existing financial advisor also manage your DAF investments alongside your other investments for continuity and trust.

Impact investing

Some DAFs facilitate impact investing outside of the public markets, through things like nonprofit loans and private company investments.

Public investment options

Sometimes, investment options can be limited to a specific list of ETFs, or assets will be invested centrally across funds. Others allow for a broad range of investment types.

It's important to understand what your expectation is for investment options and involvement, and to ensure that it aligns with your chosen DAF provider and account size.

Key Questions

- What is the range of investment options you have available?
- Can an outside financial advisor manage my account?
- Are there any restrictions on investment options based on account size?

M.A.T.C.H.

Use this page as a work book to set your priority and then compare options against your own personalized rubric!

Category	Priority	Question	Answers
Match			
Alignment			
Tools			
Cost			
Holdings			

Explore DAF Providers

Overview

There are 1,150+ DAF providers in the U.S., so there are a lot to choose from! Folks often consider using a DAF that's connected to their existing brokerage provider, based in their community, or is meeting a specific need of theirs.

Check back soon for more details on the DAF Providers that are Official DAF Day partners that might be of interest to you.