



THE VERSATILITY OF A DONOR ADVISED FUND



North Valley Community Foundation holds more than 100 donor advised funds. Why are DAFs so popular?

A DAF is established by putting a tax-deductible charitable contribution into the fund. The fund advisor (usually the creator of the fund) can then request NVCF to make grants from the fund to qualified nonprofit organizations when the advisor chooses, over months or even years.

So where does the versatility come in? Answered best by four questions.

Who creates DAFs?

The donor can be an individual, a family or a business. Grants from their fund can be anonymous to protect the privacy of the donor. Alternatively, a family fund often uses the family name, such as the Hubbard Family Charitable Fund. Families often do this to include family members in decisions about charitable giving and to pass fund advisor rights on to children. Businesses will set a fund up as a way to emphasize giving back to their community.

What happens when the donor or fund advisor passes away?

Successor fund advisors can be named, or the fund agreement may specify one or more charitable organizations to benefit with the remaining balance. The donor may provide that NVCF convert the fund to an endowment fund that distributes a percentage of the fund value each year (typically 4%) to selected nonprofits to create a legacy of giving.

What assets can be gifted to the DAF?

Usually cash, but it is not unusual to gift other assets, such as stock or real estate that have appreciated in value. The assets are donated to the DAF, then NVCF sells the assets so the donor avoids taxes on the appreciation and typically gets a charitable contribution deduction for the assets donated.

Can a DAF be named in a will or trust?

Yes! Your fund can also be the designated beneficiary of retirement assets or life insurance. If you change your mind on the nonprofit organizations you wish to benefit, you just amend your DAF (free) instead of changing your will or trust. NVCF holds a number of DAFs that are designed primarily to receive estate assets.

If you have questions or would like to discuss establishing a DAF, please contact Bill Hubbard, Director of Gift Planning, by email at bhubbard@nvcf.org or by phone at 530-891-1150 ext. 230.

To learn more about charitable gift planning, please visit nvcfgiving.org.