

## ***Donor Advised Funds***



### **What Is It and How Does It Work?**

A Virginia United Methodist Foundation Donor Advised Fund (DAF) is a separately administered fund of the Foundation. Donors make irrevocable, tax-deductible contributions. The donor then advises the Foundation to make grants from his / her fund to:

- the Virginia Annual Conference and/or one of its churches or related ministries, or
- an IRS-recognized non-profit whose mission is acceptable to the Foundation

The minimum contribution amount to start a DAF is **\$10,000**. DAF's may not be allowed to fall below **\$2,000** for more than one year.

Grants must be at least **\$500** each. Grant requests must be received by the **20<sup>th</sup>** of the month for processing before month-end.

### **Benefits of a DAF**

- **Immediate Income Tax Deduction:** With the end of the tax year and holidays fast approaching, you may not have enough time to decide to which charities and what projects you want to donate, but do know you need a tax deduction on or before December 31.
- **Time and Flexibility:** The DAF gives you the luxury of more time and flexibility past the December 31 tax deadline to decide how to designate and better manage your giving. There is no deadline for making distributions.
- **Simplicity:** Creating a DAF with the Virginia UM Foundation is easy to do by filling out a simple and brief application.

## **Different Ways to Fund Your Gift**

In addition to cash, there are more strategic tax-wise assets to donate that can leverage and maximize your tax savings and allow you to give more than they thought possible. Giving from non-cash assets allows you to be a more effective donor and steward without adversely affecting your cash flow or lifestyle needs. In fact, the tax savings may likely increase your cash flow (and opportunities for additional giving). Some ways to give include:

- Gift of Cash
- Gift of Publicly Traded Securities or Bonds
- Gifts of Real Estate
- Gifts of Closely-held Securities in a Business Interest

To learn more about creating a Donor Advised Fund and how you can make a lasting difference through planned giving, please contact the Foundation— by phone at **804-521-1121** or by email at [Foundation@vaumc.org](mailto:Foundation@vaumc.org) .

## **Restrictions**

There are some rules concerning grants from a DAF. Some of the more prominent ones are:

- Grants may not be made to “supporting organizations” even though they may be a 501.c.3 public charity
- Because the Foundation does not perform expenditure responsibility on grants, we can not make grants to non-functionally integrated Type III supporting organizations
- Similarly, the Foundation does not permit grants to supporting organizations when the recommending donor, advisor or related person(s) control the recommended grant recipient’s supported public charity.

Other rules may apply. Please consult your tax advisor for the latest IRS regulations.

## **Already Have a DAF?**

If you already have a donor advised fund with another organization, you can make a grant to your church or the Foundation at any time from your fund. Also, you may name various beneficiaries of the fund, as long as they are qualified 501.c.3 charities.

Please contact the Foundation in writing in advance of your gift so that we will know of your intentions, will be able to offer suggestions to expedite your gift, and will be prepared to receive your gift for the benefit of the church, agency or mission you designate.

## **THE VIRGINIA UNITED METHODIST FOUNDATION**

PO Box 5606, 10330 Staples Mill Road  
Glen Allen, VA 23060-5606  
804-521-1121