

## Donor Advised Funds



### What Is a DAF 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 nonprofit whose mission is acceptable to the Foundation

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

Grants must be at least **\$500** each, and 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:** When the end of the tax year and holidays approach, you may not have enough time to decide to which charities and projects you want to donate, but still want to complete a donation by December 31<sup>st</sup> to qualify for a tax deduction.
- **Time and Flexibility:** A 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 United Methodist Foundation is easy to do by filling out a simple and brief application.

## Different Ways to Fund Your Gift

In addition to cash, more strategic tax-wise assets to donate exist that can maximize your tax savings and allow you to give more than you initially 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

Some rules concerning grants from a DAF include:

- 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 cannot 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 guidance on 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 DAF 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, can offer suggestions to expedite your gift, and are prepared to receive your gift for the benefit of the church, agency or mission you designate.