

Questions to ask a DAF Sponsor Organization

The 1,000+ charitable organizations in the U.S. (“Sponsoring Organizations”) that offer Donor-Advised Funds (DAFs) all follow the same IRS rules and regulations. But the Sponsors vary widely in their administrative policies and in the types, depths, and costs of their services.

If you are interested in establishing or moving a DAF, the following set of questions can help you when you research or interview a Sponsoring Organization. Not all the topics may be important or relevant to you now, but some could be helpful in the future. You can rate the importance of the questions on a scale of 0 to 3 (0 = not important at all, 3 = very important). You could also choose to have separate ratings for now (N) and the future (F).

Importance	Topic
	Administrative
	1. Does the Sponsor offer more than one type of DAF? What are my options?
	2. What is the minimum amount required to establish a DAF? Can I build up to that amount over time?
	3. Is there a minimum size at which the DAF must be maintained?
	4. What types of assets can I donate beyond cash or publicly traded stock? Are there fees or restrictions for donating those assets?
	5. What happens if I want to close or move the DAF?
	6. What type of online access do I have for monitoring gifts, grants, and investments? What about access for my family members, staff, or advisors?
	7. Are there limits as to the number or age of current “fund advisors” (people who are involved in the grant decisions)?
	8. What happens when I, the fund advisor, become incapacitated or die?
	9. Are there limits as to the number or type of successor advisors (people who make grant decisions after I die or become incapacitated)?
	Investment Management
	10. What are the total fees? (Ask for full transparency in investment advisory + investment management + custody fees. Some Sponsors charge an annual administrative fee or fees for specialized services listed below.)
	11. What are my investment options? Which options earn the Sponsor or investment advisors and managers higher commissions or fees?
	12. Can I keep my existing financial advisor? What fees and conditions are involved?
	13. What options are available to align my investments with my values (socially responsible funds, Environmental Social Governance ratings, biblically responsible funds, etc.)?
	14. What support is offered for Program-Related Investments or Mission-Related Investment (loans to, equity investments in, or other financing of individual charities, projects, or social enterprises that will provide financial return)?

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Importance	Topic
	Basic Grantmaking
	15. Is there a required minimum distribution from the DAF each year? What if I don't recommend grants over time?
	16. What is the minimum grant amount that can be recommended?
	17. Are there limits on the types of grants I can recommend (geography, grantee purpose, type of grant, etc.)?
	18. Is there a mandatory percentage of annual grants that must go to the Sponsor to support its mission?
	19. How does the Sponsor handle paying pledges or multi-year commitments?
	20. How can I use the DAF to leave a legacy?
	Specialized Services (which may incur other fees)
	21. Beyond checking for tax-deductible status, what help the Sponsor provide to ensure grantees are legitimate and of good quality? How does it define quality?
	22. How could the Sponsor help me better understand specific issues, geographies, or grantmaking strategies?
	23. What reporting can I obtain from grantees? What if I want more in-depth reporting or analysis after a grant or series of grants?
	24. How does the Sponsor handle grants to nonprofits in other countries?
	25. How can the DAF or Sponsor support scholarship or fellowship programs?
	26. What educational tools or programs are available to help me learn about meaningful generosity and effective philanthropy? What about children or employees?
	27. How could the Sponsor support my family (or a non-family group) in developing a statement of shared values, vision, mission, or legacy?
	28. How could the Sponsor support group meetings and decision-making, virtual or in-person? How does it help deal with differing opinions or conflict?
	29. What support is provided if I want to customize a gift agreement (e.g. naming rights to a building or creating a restricted endowment)?

NOTE: This list is offered by Tony Macklin, CAP®, an independent philanthropic consultant with more than 25 years of experience in and knowledge of DAF sponsors, foundations, and other charitable options. I have done consulting work for some DAF sponsors and their donor clients. But I am not paid to sell or manage DAFs or manage their investments and I don't have exclusive or favored relationships with any DAF sponsors. This document does not serve as tax, financial, or legal advice. I donated an earlier version of this list to the National Center for Family Philanthropy's Guide to Family Philanthropy and Donor-Advised Funds. Feel free to email me at tony@tonymacklin.com with questions about the list or suggestions for improving it.