

Giving  
That Grows.

Legacies  
That Last.



American Endowment Foundation

Donor Advised Fund  
**Program Description & Application**



*"We make a living by what we get, we  
make a life by what we give."*  
– Winston Churchill

# The Sharing of Values: What is Your Legacy?

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There are many paths to charitable giving. Each individual and family must select the course that seems best for their particular needs. In recent years, donor advised funds (DAFs) have grown to be the most popular charitable giving vehicle in the U.S, having been proven as a simple, practical and tax effective means for donors to achieve their charitable wishes.

American Endowment Foundation (AEF), the nation's leading independent non-profit sponsoring organization of donor advised funds, was founded in 1993 by Phil Tobin and Tom Tobin. Since its inception, AEF has been dedicated to fostering the growth of charitable giving by making it more attractive and enjoyable for donors to give through an independent donor advised fund program.

AEF's vision and mission in the service of each of our donors is to be a trusted leader, a valued resource and a respectful partner in their goals for charitable good.

## What is a Donor Advised Fund?

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A donor advised fund is a charitable investment account that provides a simple, flexible and efficient way to manage your charitable giving. You and your family can enjoy immediate and maximum tax advantages, make grants on a flexible time table, build your charitable legacy, and increase your philanthropic funds for grant making.

## AEF's Unique Independence

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American Endowment Foundation is distinguished from most other sponsors of donor advised funds by the fact that we are wholly independent. We offer a neutral platform for investment flexibility and grant making, as well as administrative expertise geared to personalized charitable management. Note that:

- | AEF is not affiliated with any financial institution, brokerage firm, mutual fund company or other charity.**
- | AEF accrues no benefits from brokerage services, commissions, finder fees, or product sales.**
- | AEF does not sell financial products or services.**
- | AEF does not provide financial, tax or legal advice.**

### Offering More Freedom and Flexibility

AEF makes grants to recipient charities across the country and the world, offering donors the most flexibility when selecting causes to support.\* Many other donor advised fund sponsors place limits on what kinds of assets donors can contribute or limit donor grants to a specific range of recipient organizations or geographic locations. AEF offers maximum flexibility in the types of assets donors can contribute, the investment decisions donors and their advisors desire, and the range of charities donors can support.

AEF traditionally relies upon participation and investment recommendations of your financial advisor(s) with regard to investments in your AEF Donor Advised Fund.

Many donors find that their AEF DAF integrates well with other financial planning strategies, such as beneficiary of a testamentary gift, life insurance or qualified retirement plan; as remainderman of a charitable remainder trust; or as income beneficiary of a charitable lead trust.

\*Please note that some grants to charities based overseas may require that an AEF partner organization engage in equivalency determination which may result in additional fees.

# Donor Advised Fund Program Description

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## Purpose

The following sections describe policies, rules and regulations of an American Endowment Foundation Donor Advised Fund. An application is also included.

## Public Charity Status

American Endowment Foundation (AEF) is classified as a 501(c)(3) public charity under the Internal Revenue Code. As such, contributions to AEF offer immediate and maximum tax benefits.

*"In this world it is not what we take up, but what we give up, that makes us rich."*

– Henry Ward Beecher

## Eligible Donors

AEF accepts contributions from individuals, families, companies, public charities, estates, trusts, and private foundations. A donor advised fund is not intended as a tool for fundraising.

## Contribution Acceptance Information

The minimum initial contribution is \$10,000. Additional contributions of at least \$1,000 may be made at any time. Acceptable asset types include traditional, complex, and alternative assets such as:

- | **Cash**
- | **Marketable securities**
- | **Life insurance policies**
- | **Closely held stock**
- | **Real estate (not subject to a mortgage)**



Note that IRS requires donors to obtain, at their own expense, an independent qualified appraisal of contributed assets other than cash or marketable securities. Before accepting a contribution, AEF reviews each asset, and may ask for additional information. Assets that carry unusual potential liability may be rejected. Any donor who has questions about the acceptability of an intended contribution should contact AEF prior to arranging for transfer of the assets.

Upon receipt and acceptance of a contribution, AEF sends the donor an acknowledgement letter containing all the information necessary to document the contribution for tax purposes.

## **Fund Maintenance**

An AEF Donor Advised Fund is subject to a \$5,000 minimum balance. If the balance falls below \$5,000, the donor may be asked to arrange a contribution to restore the balance to the minimum, or recommend a liquidating grant to close out the fund.

## **Naming the Fund**

Most donors name their AEF Donor Advised Fund after themselves or family members, for example: The John and Jennifer Smith Fund, or The Jones Family Charitable Fund. Others name their funds for a purpose, such as: The Hometown Children's Health Fund.

## **Donor-Advisor**

Each AEF Donor Advised Fund must have at least one person serving as initial donor of the fund (for married donors, typically both spouses are identified). In situations where the original donor envisions an advisory committee, a spokesperson for the committee should be identified. The donor is entitled to advise AEF concerning certain aspects of the fund. These include:

- | **Submitting grant recommendations**
- | **Fund investments**
- | **Liquidation strategies**
- | **Naming a Successor Advisor, or selecting another disposition plan**

## **Succession/Fund Disposition Plan**

The donor may specify a disposition plan for their AEF Donor Advised Fund. The death of the initial donor, or another event if so specified, triggers the enactment of the fund's disposition plan.

Many donors choose a disposition plan that allows the fund to continue, by either naming a Successor Advisor of the fund, or naming charitable organizations to receive annual distributions from the fund. Another option is to terminate the fund, and name charitable organizations that will receive liquidated distributions. Others choose to submit a more customized disposition plan. Donors should discuss complicated disposition plans with AEF to avoid confusion or potential problems.



## Investments

AEF's investment objective is the prudent management of assets to provide a long-term total rate of return that maintains and even enhances AEF donors' grant making power. In recognition that donors share this objective, AEF's investment policy is flexible to accommodate a variety of donor strategies, perspectives and grant making objectives.

The donor may recommend a financial professional to work with AEF in investing the assets of his or her AEF Donor Advised Fund.

For liquidity purposes, up to 1.0% of the assets of each donor's fund will be held by AEF in a pooled Liquidity Account. This is not an additional fee. AEF will track each fund's individual ownership of this pool and credit related earnings on the Liquidity Account to your fund.

## Statements

AEF provides a Donor Advised Fund statement to donors on a quarterly basis. Information contained in the statement includes:

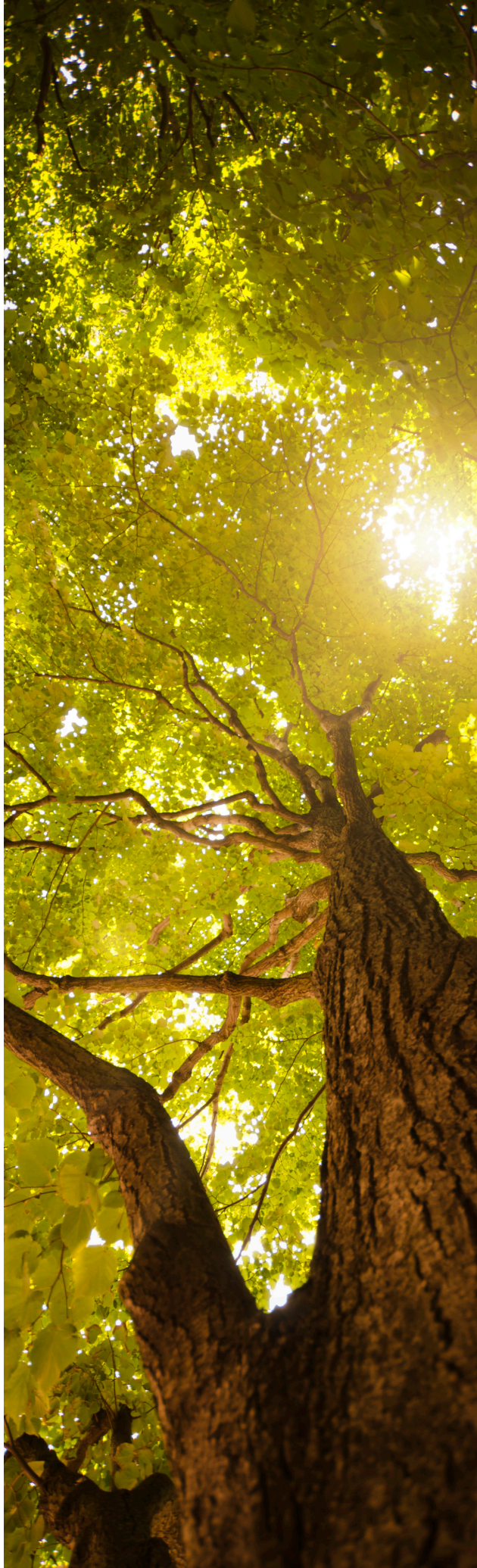
- | **A summary of the fund's financial status**
- | **A record of contributions to the fund**
- | **A record of grants made from the fund**

## Grant Recommendation Timing

Donors may submit grant recommendations at any time. Some donors choose to delay recommending grants for a period of time, intending to allow the fund's balance to grow. However, each fund must eventually make grants. Accordingly, AEF will contact the donor if the fund has made no grants in the preceding 36-month period.

*"Let us labor to make the heart grow larger as we become older, as a spreading oak gives more shelter."*

– Richard Jefferies



## Grants to Charitable Organizations

Grants will only be made to U.S. charitable organizations that are tax-exempt public charities, foreign charities through an approved intermediary and vetting process, or to government entities (e.g. state universities, public school systems, and park systems) for charitable purposes. Non-operating private foundations are not eligible to receive grants.

AEF only approves grants that are used exclusively in furtherance of charitable purposes. Per IRS regulations related to donor advised funds, donors, donor advisors, and related persons may be subject to excise taxes and other penalties if they receive more than an incidental benefit from a donor advised fund (IRC 4967). A benefit is more than incidental if, as a result of a distribution from a DAF, such person receives a benefit that would have reduced or eliminated a charitable contribution deduction if the benefit was received as part of the transaction. Some examples the IRS may consider prohibited are:

### Examples of Non-incidental Benefits (Not OK)

- **Meals**
- **Certain dues or membership fees**
- **Goods bought at charitable auctions or tickets for charitable events that entitle the attendees to any material benefit**
- **Preferential access/seating not available to the general public**
- **Satisfying a legally binding pledge from a donor advised fund account**

### Examples of Incidental Benefits (Generally OK)

- **Coffee mugs**
- **Key chains**
- **Calendars**
- **Posters**
- **Intangible religious benefits**

Other impermissible private benefits include grants for school tuition or scholarships sent directly to individuals. Also, grants may not be used for lobbying, political contributions, to support political campaign activities, or any other non-charitable purpose.



## Grant Procedure

After a fund is established, the donor may submit grant recommendations through AEF's online fund access tool which is available through AEF's website: [www.aefonline.org](http://www.aefonline.org). Alternatively, AEF can provide the donor with a supply of Grant Recommendation Forms, which can be faxed, emailed or mailed back to AEF. The minimum grant amount is \$250.

AEF reviews each grant recommendation. Upon approving a recommendation, AEF liquidates fund investments, prepares a check, and sends it to the charitable organization. A letter attributing the grant in the name of the fund accompanies the check. A copy of this letter is also sent to the donor. (If the donor prefers anonymity, grants can be sent without identification of the fund and/or donor.)

Grants are processed on an ongoing basis. Normally, AEF distributes checks within seven days of receiving a Grant Recommendation Form, though international grants may take longer. If AEF experiences a problem approving a particular grant recommendation, the donor will be contacted in a timely manner to discuss the matter.

## Administrative Fee

AEF charges each Fund a tiered administrative fee. Contact your financial advisor for details.

## Investment Charges

Professional investment management fees, commissions, transaction expenses, etc. are charged directly to the relevant funds. These charges are typically related to the selection of investment options.



## **Other Considerations**

Although the AEF Donor Advised Fund program provides the donor a great deal of latitude in tailoring a fund to meet their individual needs, it must be understood that:

- | Funds will be operated exclusively for charitable purposes and per IRS rules. Any non-charitable distribution from a fund, for example, a grant resulting in the donor or family member receiving more than an incidental benefit, could result in federal tax penalties to the donor and AEF.**
- | Funds will be administered in accordance with the provisions of this Program Description and the terms and conditions of AEF's Articles of Incorporation and Code of Regulations.**
- | Each Fund will be treated as a component fund of American Endowment Foundation.**
- | Contributions, once received and accepted by AEF, become the property of AEF and cannot be returned to the donor.**
- | AEF's Board of Directors has the right to modify any restriction on any fund if it determines such restriction becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with charitable need.**
- | All recommendations from the donor concerning grants, investments or administration of any fund are advisory only. AEF's Board of Directors is free to accept or reject, in whole or in part, all such recommendations.**
- | AEF reserves the right to modify the Donor Advised Fund program.**
- | A grant will not be made to satisfy any donor financial obligation, such as an enforceable pledge, in which the donor has made a legally binding obligation.**



American Endowment Foundation

## Donor Advised Fund Application

5700 Darrow Road, Suite 118, Hudson, Ohio 44236

1-888-440-4233

www.aefonline.org

**This example form is for illustrative purposes only. When you are ready to submit an application, it must be completed online at: [www.aefonline.org/start-online-application](http://www.aefonline.org/start-online-application)**

**Name of Donor Advised Fund** (e.g. Smith Family Charitable Fund)

### Donor-Advisor(s)

This person(s) may advise AEF concerning grants, investments, and Fund disposition issues.

#### Donor-Advisor

Mr./Mrs./Ms./Dr. First Name: \_\_\_\_\_ M.I.: \_\_\_\_\_ Last Name: \_\_\_\_\_ Suffix (Jr., Sr., etc.): \_\_\_\_\_

Date of Birth: \_\_\_\_\_ Phone: \_\_\_\_\_

Email: \_\_\_\_\_

Street Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

#### Spouse or Domestic Partner

☐ Check here to add Spouse or Domestic Partner to Fund.

Mr./Mrs./Ms./Dr. First Name: \_\_\_\_\_ M.I.: \_\_\_\_\_ Last Name: \_\_\_\_\_ Suffix (Jr., Sr., etc.): \_\_\_\_\_

Date of Birth: \_\_\_\_\_ Phone: \_\_\_\_\_

Email: \_\_\_\_\_

#### How Would You Like to Be Recognized When Grant Letters are Sent from your Donor Advised Fund?

(e.g. Mr. and Mrs. John Smith, Joan and John Smith, etc.)

#### Additional Donor-Advisor

This person may advise AEF concerning grants, investments and Fund disposition issues. This person will have independent online access to the Fund and will receive communication separate from the Donor-Advisor(s) regarding the Fund.

☐ Check here to add additional contact information.

Mr./Mrs./Ms./Dr. First Name: \_\_\_\_\_ M.I.: \_\_\_\_\_ Last Name: \_\_\_\_\_ Suffix (Jr., Sr., etc.): \_\_\_\_\_

Date of Birth: \_\_\_\_\_ Phone: \_\_\_\_\_

Email: \_\_\_\_\_

Street Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

#### How Would You Like to Be Recognized When Grant Letters are Sent from your Donor Advised Fund?

(e.g. Mr. and Mrs. John Smith, Joan and John Smith, etc.)

**Anticipated Contribution** (\$10,000 minimum value required) \$ \_\_\_\_\_

(Please describe the assets comprising the initial contribution to establish the Fund, including approximate value)

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**Anticipated Future Contributions** \$ \_\_\_\_\_

(e.g. IRA beneficiary, life insurance proceeds, CRT remainder interest, etc.)

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### Investments

☐ Check here if no Financial Professional. The American Endowment Foundation Development Team will contact you for further discussion.

The Donor-Advisor may recommend a Financial Professional to work with American Endowment Foundation concerning the investments of this Fund.

Is this the first Donor Advised Fund that the Financial Professional has opened at American Endowment Foundation? ☐ **Yes** ☐ **No**

Mr./Mrs./Ms./Dr. First Name: \_\_\_\_\_ M.I.: \_\_\_\_\_ Last Name: \_\_\_\_\_ Suffix (Jr., Sr., etc.): \_\_\_\_\_

Email: \_\_\_\_\_ Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

Job Title: \_\_\_\_\_ Company: \_\_\_\_\_

Street Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

☐ Check here if you need to add any additional Financial Professionals, Associates, or other Staff Members.

Mr./Mrs./Ms./Dr. First Name: \_\_\_\_\_ M.I.: \_\_\_\_\_ Last Name: \_\_\_\_\_ Suffix (Jr., Sr., etc.): \_\_\_\_\_

Email: \_\_\_\_\_ Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

Job Title: \_\_\_\_\_

Are You Acting as a: ☐ RIA ☐ Broker for this fund?

Are You: ☐ Discretionary ☐ NonDiscretionary

**Which financial custodian will you be using?**

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## Succession/Disposition Plan

### Choose 1 of the 5 options available

☐ I wish to choose a Disposition Plan.

☐ **Successor Advisor** - You may name one or several persons to succeed you as Successor Advisor of this Fund. If more than one individual is listed below, please determine who is the Primary and Contingent Successor Advisor or if they have Equal responsibility. If there are more than two persons, please indicate if they are a Committee and who is the Spokesperson and who is a Member.

The Successor Advisor replaces the original Donor-Advisor after the donor does not want to serve, is incapacitated or deceased. The duties of a Successor Advisor include making additional contributions, make grant requests, recommend investment advisors and suggest investment strategies. The successor advisor assumes the role after both the Donor-Advisor and Spouse/Domestic Partner ceases to serve.

#### Successor Advisor # 1

Mr./Mrs./Ms./Dr. First Name: \_\_\_\_\_ M.I.: \_\_\_\_\_ Last Name: \_\_\_\_\_ Suffix (Jr., Sr., etc.): \_\_\_\_\_

Relation to Donor-Advisor: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

Street Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

☐ **Primary** - The immediate next person to assume the role of Advisor to the Fund.

☐ **Contingent** - If the Primary Advisor ceases or is unable to serve, the Contingent Advisor is the next person to service as advisor to the Fund.

☐ **Equal** - Multiple Successor(s) who will work together as Advisor(s) to the Donor Advised Fund.

☐ **Committee Spokesperson** - One person who will recommend grants to AEF on behalf of the Donor Advised Fund. This person will work with Committee Members associated with the Donor Advised Fund, but only the Spokesperson can recommend grants on behalf of the Committee.

☐ **Committee Member** - Person associated with the Donor Advised Fund who works with other members and the Committee Spokesperson to discuss grant recommendations.

## Additional Successor Advisors (if needed)

### Successor Advisor # 2

Mr./Mrs./Ms./Dr. First Name: \_\_\_\_\_ M.I.: \_\_\_\_\_ Last Name: \_\_\_\_\_ Suffix (Jr., Sr., etc.): \_\_\_\_\_

Relation to Donor-Advisor: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

Street Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

☐ Primary ☐ Contingent ☐ Equal ☐ Committee Spokesperson ☐ Committee Member

### Successor Advisor # 3

Mr./Mrs./Ms./Dr. First Name: \_\_\_\_\_ M.I.: \_\_\_\_\_ Last Name: \_\_\_\_\_ Suffix (Jr., Sr., etc.): \_\_\_\_\_

Relation to Donor-Advisor: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

Street Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

☐ Primary ☐ Contingent ☐ Equal ☐ Committee Spokesperson ☐ Committee Member

### Successor Advisor # 4

Mr./Mrs./Ms./Dr. First Name: \_\_\_\_\_ M.I.: \_\_\_\_\_ Last Name: \_\_\_\_\_ Suffix (Jr., Sr., etc.): \_\_\_\_\_

Relation to Donor-Advisor: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

Street Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

☐ Primary ☐ Contingent ☐ Equal ☐ Committee Spokesperson ☐ Committee Member

## Disposition Options

The following 4 options are alternatives to the Donor-Advisor(s) naming a Successor Advisor of the Fund. Upon notification of the death of the Donor-Advisor(s), American Endowment Foundation will enact the selected disposition plan. Please discuss complicated disposition plans with AEF to avoid confusion or potential problems.

*If you have not named a Successor Advisor, select one of the following plans.*

- 2** ☐ I (we) recommend the Fund to continue on, making grants annually to the following charitable organizations:

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- 3** ☐ I (we) recommend the Fund to terminate, and the proceeds be granted to the following charitable organizations:

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- 4** ☐ I (we) recommend the Fund to continue, with AEF's Board of Directors, using its discretion, awarding grants to worthy charitable organizations in the following field of interest and/or community (please describe):

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- 5** ☐ I (we) recommend the following customized disposition plan for this Fund:

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## Acknowledgement & Signature

I, as Donor-Advisor, authorize the Financial Professional(s) associated with my Fund to submit grant recommendations on my behalf. ☐ Yes ☐ No

\_\_\_\_\_  
(initial here) I understand that my Fund may be charged a fee by the Financial Professional that I have selected that is separate from AEF's administrative fees.

### Signature (select one):

- ☐ I hereby irrevocably give the property described in this application and forthcoming attachments to American Endowment Foundation, to establish a Donor Advised Fund (*i.e. for current gifts*).
- ☐ I intend, through a future transfer of property to American Endowment Foundation, to establish a Donor Advised Fund. This expression is not to be considered a pledge (*i.e. primarily for testamentary gifts*).
- ☐ I intend to recommend a distribution of assets from another charitable organization to American Endowment Foundation, to establish a Donor Advised Fund (*i.e. for transfers from other Donor Advised Fund programs*).

I intend that the person described above as Donor-Advisor will periodically recommend grants from this Fund for charitable purposes. I understand that AEF's Board of Directors, in its sole discretion, is free to accept or reject any recommendations. I also understand that AEF's Board of Directors is empowered to modify any restriction related to this Fund, if in its judgment such restriction becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with charitable needs.

\_\_\_\_\_  
(initial here) I have read the Donor Advised Fund Program Description, and agree to its terms and conditions. I understand that grants from this Fund may not be used to satisfy pledges. I understand that AEF's Board of Directors reserves the right to modify the Donor Advised Fund Program, as it deems necessary.

I hereby certify that to the best of my knowledge all information presented in connection with this application is accurate, and I will notify AEF promptly of any changes.

\_\_\_\_\_  
Donor-Advisor Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Spouse or Domestic Partner Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Additional Donor-Advisor Signature

\_\_\_\_\_  
Date

## ***The Gift of a Lifetime: Your Enduring Legacy***

*However you build your charitable legacy here at American Endowment Foundation, you'll have the special satisfaction that comes with knowing you have done your part to make your world a little better.*

*Or, more simply put, that your life's efforts have made a difference.*

### **FOR MORE INFORMATION CONTACT:**

**American Endowment Foundation**

**5700 Darrow Road, Suite 118**

**Hudson, Ohio 44236**

**1-888-440-4233 Toll-free**

**330-655-7552 Phone**

**330-656-2063 Fax**

**[www.aefonline.org](http://www.aefonline.org)**

**AEF's Employer ID Number: 34-1747398**



## American Endowment Foundation

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