

# ACTIVATE YOUR MONEY

## DAF PROVIDER TOOLKIT

### Considerations When Choosing a DAF Provider

With thousands of DAF providers in the United States, selecting the right one for your needs may seem daunting. But don't worry. Armed with a set of questions and the information contained in this toolkit, you will have the information you need to narrow your options and to make an informed decision. If you already have a DAF, this toolkit will help you decide if your current provider is still the best option, or if there are alternatives that can help you meet your values-aligned investment goals more effectively.

DAF providers differ in terms of the asset types they accept, minimum contribution requirements, fees, investment options, the level of control you have over investment decisions, and service levels. All of these should be considered and prioritized, as there will be trade-offs.

Variety across all of these variables is the rule, which is why it is important for you to ask probing questions before you select your DAF administrator.

This toolkit will explain the different types of questions you should ask DAF providers, as well as the options you may encounter. The DAF Provider Comparison Worksheet is a companion document to this toolkit, as it allows you to capture and compare how different DAF providers perform across the variables described here.

### Asset Types

In many cases, you will use cash to contribute to your DAF. However, direct donations of stock are another very common option. Depending on the capabilities of your provider, you may also be able to donate private company stock, limited partnership interests, real estate, pre-IPO shares, cryptocurrency, or assets from other types of investments.

### Minimums

There are four types of minimums to address when you are selecting a DAF provider:

#### Key Questions for Choosing a DAF Provider

- What asset types can be donated?
- What is the minimum contribution to start the DAF? To keep the DAF?
- Is there a minimum grant size? If so, what?
- What are the fees associated with the DAF?
- What are the investment options? How many are values-aligned? How innovative are they?
- What is the level of control? Who decides where funds are invested? How much flexibility is there?
- Are there additional services available? Are they the same at all asset levels?

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1. Minimum initial contribution
2. Minimum balance required
3. Minimum size of additional donations
4. Minimum grant size

Most DAF providers require a minimum initial contribution in the range of \$2,500 to \$25,000. Some go even higher. The Tides Foundation, for example, has a \$100,000 minimum. This is due, in part, to the highly personalized service this DAF offers its clients. A few no-minimum DAFs, such as the GivingFund, are starting to emerge. However, these are the exception to the rule.

Some DAFs also have minimums that must be maintained in the fund over time. A Richmond, Virginia-based DAF, for example, requires clients to maintain at least \$2,500 in their account at all times. Fortunately, many providers have no minimums.

Once you open your DAF, you will want to make additional contributions to it over time. There can even be minimums for that. One DAF may have no minimum, while another requires increments of at least \$500, and still another has a \$5,000 minimum for follow-on donations. What's more, some providers place minimums on the size of grants that you can make through your DAF. These can range from no minimum to hundreds or even thousands of dollars. Be sure to ask about all these variables.

### Fees

The primary fee you will pay for your DAF is an administrative fee. It can either be a flat fee or a percentage of the total assets you have under management. In the latter case, the fee is often based on a sliding scale that will decline as the asset base in the DAF increases. You will also pay fees for the funds, managers, or other investments you make with your principal assets.

### Investment Options

Because *Activate Your Money* is dedicated to helping you get as much of your money aligned with your values as possible, we believe the principal in your DAF should also be doing as much good for the world as the rest of your investments. This is entirely possible, depending on which DAF provider you choose. The level of values-aligned investment options varies considerably from provider to provider. In the worst-case scenario, you'll be offered the same types of nonaligned cash, bond, and mutual fund options that you're choosing to move away from with the rest of your portfolio. In the best-case scenario, you'll be able to invest in values-aligned options of all types, including private investments and alternatives.

### Level of Control

Another critically important question you should ask yourself as you interview DAF providers is how much control you want — and can get — over investment decisions

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in your DAF portfolio. You will find options vary across the board from no decision-making authority on your part to full control. Control can mean anything from picking among a group of investments that have been preselected by your DAF provider to identifying your own investments and bringing them into the DAF. There are administrators who offer a spectrum of control options within their DAFs. This means you can have part of your principal allocated to the administrator's discretion and other portions under your direct control.

### Service Level

Service levels can range from a hands-off approach where you are provided with a set of investment options from which to choose to highly individualized offerings. In the latter case, you may have a personal investment advisor that helps you create your giving plan. This option is generally afforded to high-net-wealth individuals that have multi-million-dollar DAFs as well as complex granting and investment desires.

### Next Steps

With this document in hand, you can now turn to the DAF Provider Comparison Worksheet to identify some DAFs and begin the interview process.