“We make a living by what we get, we make a life by what we give.”
– Winston Churchill
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. 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, mission and values exist to be of service to each of our donors. Our goal is to be a trusted leader, a valued resource and a respectful partner in their goals for charitable good.

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**What is a Donor Advised Fund?**

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

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.

AEF provides donors the utmost in flexibility concerning timeliness of their gift. A placeholder fund allows a donor to open a fund presently and gift assets at a later date in the current year when the gift funding details have been determined.

For those utilizing their AEF DAF for testamentary or estate planning purposes, they can create a legacy fund. A legacy fund would receive the gift of assets at a future date when a bequest or similar estate planning strategy takes effect.

*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

**Purpose**
The following sections describe policies, rules and regulations of an American Endowment Foundation Donor Advised Fund. A sample application is also included. Effective October 1, 2018, any applications submitted outside of our standard online process ([www.aefonline.org/start-online-application](http://www.aefonline.org/start-online-application)) will incur a $100 processing fee.

**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.

**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). 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, their spouse, 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. Please discuss complex disposition plans with AEF to provide clarity.
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 administrative 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 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
- Preferential access/seating not available to the general public

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.

Charitable Events, Galas and Ticket Purchase (Bifurcated Grants)
Grants from a DAF cannot be used to pay any portion of a donation split into tax deductible and non-tax deductible portions. AEF will not approve the recommendation if the receipt of any benefit (such as attendance at a charitable event) is contingent upon the grant from the DAF as part of a larger donation. The IRS considers the relief of the donor’s obligation to pay full price of a ticket/admission to a charity sponsored event a direct benefit that is more than incidental. A donor may make a grant to support or sponsor a charitable event or gala and receive acknowledgement for that support. However, if in exchange for the grant, the charity offers a ticket to the event (or any benefit), and the value of that ticket is more than incidental, the donor must decline it.

Current information on our grant making policy is available online at: www.aefonline.org/grant-making
Grant Procedure
After a fund is established, the donor may submit grant recommendations through AEF’s online fund access tool, DonorCentral, which is available through AEF’s website: www.aefonline.org. The minimum grant amount is $250.

AEF reviews each grant recommendation. Upon approving a recommendation, AEF liquidates fund investments, prepares a payment, and sends it to the charitable organization. Communication attributing the grant in the name of the fund accompanies the payment. This communication 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 grants within seven days of receiving a grant recommendation, 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. In rare circumstances, AEF may deem a fund to be passthrough in nature – that is, the majority of contributions that are being quickly distributed from the fund. In these cases, AEF reserves the right, in any quarter, to substitute the above described fee approach with an administrative fee equal to 1.0% of grants made from the fund during that quarter, or the minimum fee structure, whichever is greater. Gifts of complex/illiquid assets (privately held business shares, commodities, REITS, etc.) may have additional fees.

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 and not as a separate entity or trust.

- 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.
Donor Advised Fund Sample Application

5700 Darrow Road, Suite 118, Hudson, Ohio 44236
1-888-440-4233
www.aefonline.org

Effective October 1, 2018, any applications submitted outside of our standard online process will incur a $100 processing fee.

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

Donor-Advisor(s)
This person(s) may advise American Endowment Foundation (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: ___________________ Email: ___________________
Street Address: ___________________ Phone: ___________________
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: ___________________ Email: ___________________
Phone: ___________________

Anticipated Contribution ($10,000 minimum value required) $

When do you anticipate transferring assets to AEF?
☐ Within the next 30 days
☐ In the current year (* Placeholder fund)
☐ At some future date (* Legacy fund)
* See our Program Description, page 4, for greater detail.

(Please describe the assets you expect to transfer to establish the Fund, including approximate value.)
Investment Management

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

Mr./Mrs./Ms./Dr.  First Name:    M.I.:    Last Name:    Suffix (Jr., Sr., etc.):    
Job Title:    Company:    
Email:    Phone:    
Fax:    
Street Address:    City:    State:    Zip Code:    

☐ Click here to add a Financial Associate/Assistant/Colleague.

Mr./Mrs./Ms./Dr.  First Name:    M.I.:    Last Name:    Suffix (Jr., Sr., etc.):    
Job Title:    
Email:    Phone:    
Fax:    

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

For this fund, are you acting as a:  ☐ RIA  ☐ Broker  ☐ Other

Are You:  ☐ Discretionary  ☐ NonDiscretionary

Which financial custodian will you be using?
Succession/Disposition Plan
Choose Either a Successor Advisor Option or a Disposition Plan

☐ 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. The Successor Advisor replaces the original Donor-Advisor(s) after they do not want to serve, are incapacitated or deceased. The duties of a Successor Advisor include making additional contributions, making grant requests, recommending investment advisors and suggesting investment strategies. The Successor Advisor assumes the role after both the Donor-Advisor and Spouse/Domestic Partner cease to serve.

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.

**Successor Advisor # 1**

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

Relation to Donor-Advisor: ___________ Date of Birth: ___________

Email: ___________ Phone: ___________

Street Address: ___________

City: ___________ State: ___________ Zip: ___________

☐ **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 serve as Advisor to the Fund.

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

☐ **Committee Spokesperson** - One person who recommends grants to AEF on behalf of the Donor Advised Fund. This person works 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: ______________________
Email: ______________________ Phone: ______________________
Street Address: ______________________
City: _____________________ State: _______________ Zip: _______________

☐ 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: ______________________
Email: ______________________ Phone: ______________________
Street Address: ______________________
City: _____________________ State: _______________ Zip: _______________

☐ 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: ______________________
Email: ______________________ Phone: ______________________
Street Address: ______________________
City: _____________________ State: _______________ Zip: _______________

☐ 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 complex disposition plans with AEF to provide clarity.

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

1. I (we) recommend the Fund to **continue making grants annually** to the following charitable organizations (Charity Name, Mailing Address, Dollar Amount, etc.):

2. I (we) recommend the Fund to **terminate, and the proceeds be granted** to the following charitable organizations:

3. 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):

4. I (we) recommend the following **customized disposition plan** for this Fund:
I/we, as Donor-Advisor(s), authorize the Financial Advisor or their Staff associated with the Fund to submit grant recommendations on my/our behalf.  

☐ Yes  ☐ No

I/we 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).  

☐ Yes  ☐ No

I/we understand that my Fund may be charged a fee by the Financial Advisor that I have selected that is separate from AEF’s administrative fees.

Signature (select one):

☐ I/we 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/we intend, through a future transfer of property to American Endowment Foundation, to establish a Donor Advised Fund (i.e. primarily for testamentary gifts).

I/we intend that the person(s) described above as Donor-Advisor(s) will periodically recommend grants from this Fund for charitable purposes. I/we understand that AEF’s Board of Directors, in its sole discretion, is free to accept or reject any recommendations. I/we 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.

☐ I/we have read the Donor Advised Fund Program Description, and agree to its terms and conditions. I/we understand that AEF’s Board of Directors reserves the right to modify the Donor Advised Fund Program, as it deems necessary.

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

Electronic Signature Is Required

Donor-Advisor Signature  

Date

Electronic Signature is Required

Spouse or Domestic Partner Signature  

Date
Our Vision

American Endowment Foundation will become the donor advised fund program of choice by donors and their advisors that helps donors enjoy their philanthropic experience, inspire others and improve the world.

Our Mission

Help donors give more in an impactful way and enjoy their philanthropy.

Our Values

We Believe in Philanthropy
We partner with advisors and donors to assist donors with their philanthropic expressions. Together, we are a powerful force for good.

Quality Service Inspires Us
We listen and ask to understand so we can respond and exceed expectations. We continually improve the way we provide service to our partners and each other.

We are Caring and Supportive
We value each individual as a person and as a member of the AEF team. We enjoy working together and celebrate our role in the giving community.