

Donor Advised Funds Tips for Nonprofits

Increasingly, individual donors are choosing to contribute to donor-advised funds (DAFs) because they can advise how funds are invested and distributed, yet they can avoid the administrative requirements and operating costs involved with managing a separate private foundation.

What does this shift mean for nonprofits? These tips will get you started.

- Treat donors with advised funds as any major donor or prospect and be good stewards of their contribution. Send the donor a thank you letter immediately upon receiving a gift and another thank you letter to the sponsoring organization.
- Tell the donor how you are spending their contribution and keep them updated on a regular basis. Educate them about ways they can support your organization and mission. Get to know them and the types of initiatives they like to fund.
- Keep your website up to date and if possible, make sure your organization is listed on nonprofit research sites, such as Charity Guide, Guide Star, BBB Wise Giving Alliance, etc.
- Make sure your tax ID number is easily accessible.
- Use your donor database to track donors who have DAFs and target their donations with appropriate solicitations.
- Stay in touch with organizations that sponsor Donor Advised Funds. They may want to recommend your organization to one of their donors.
- Provide an additional check-off box on your solicitations that says, “I will recommend this amount from my Donor Advised Fund.”
- Donor Advised Funds are Planned Gifts. Follow-up with anyone who has indicated they have or will give a planned gift to your organization to find out if they have a DAF.
- Donors cannot make pledges with their DAFs. If you would like a commitment to an upcoming initiative, you can ask the donor to consider or recommend a grant from their DAF.

