



## **UC SAN DIEGO FOUNDATION DONOR ADVISED FUND POLICY**

### **I. Definition and Purpose**

A Donor Advised Fund (DAF) is a giving vehicle, permitted by IRS regulations, that is used when a Donor wishes to make an irrevocable charitable gift that is initially undesignated as to purpose in a segregated fund. While DAFs must be the exclusive property of the DAF sponsoring charity, the Donor may recommend distributions from the fund to the sponsoring charity or other qualified charities over time, subject to the approval of the sponsoring charity. This allows a Donor to respond to a variety of charitable interests or fund-raising needs, and provides donors with many advantages of private foundations, without many of the costs and limitations to which private foundations are subject.

The UC San Diego Foundation (UCSDF) has had a DAF policy in place since 1998, however the prior policy permitted donors to make recommendations for allocations only to funds within the UCSDF or the campus. In order to provide additional advantages to our donors and as an additional giving tool, the UCSDF is broadening its policy to accept DAF's that permit allocations by donors to external charities, subject to UC Office of the President approval and the terms below. However, in all cases, the purpose of the DAF and the use of DAF funds will be consistent with the general charitable purposes of UCSDF.

### **II. Fund Requirements**

- A. Eligible Donors. Any individual or corporation may establish a DAF account with the UCSDF.
- B. Minimums :

#### **For DAF's with the ability to recommend allocations to external charities:**

1. To establish a DAF account with the additional ability to recommend allocations to external charities, a donor must initially contribute a minimum of \$100,000.
2. After establishing this type of DAF account, a donor may make additional contributions in any amount.
3. This type of DAF account shall maintain a minimum balance of \$50,000.

#### **For DAF's to be allocated only to UC San Diego purposes:**

1. To establish a DAF account for future recommendations to only UC San Diego purposes, a donor must initially contribute a minimum of \$50,000.
2. After establishing this type of DAF account, a donor may make additional contributions in any amount.
3. This type of DAF account shall maintain a minimum balance of \$5,000.

- C. Gift Acceptance Policy. The determination of assets accepted for funding a DAF account will be consistent with the UCSDF and campus gift acceptance guidelines for gifts and with applicable law governing DAFs.

### **III. Investment and Administration Guidelines**

- A. As owner of all DAF assets, UCSDF has sole and exclusive control and use of the assets and the administration and investment of DAF assets. UCSDF is responsible for the investment of all DAF funds and has the right to manage funds in the manner in which it deems appropriate. All investment decisions shall be made in a prudent manner and shall be consistent with UCSDF's charitable purposes. No statements to donors, either directly or indirectly, written or oral, shall in any way give the donor express or implied investment power over DAF assets.
- B. All DAF accounts will be invested in a manner consistent with UCSDF's investment policy guidelines for its various pooled funds.
- C. Donors will be given the opportunity to select the fund type (endowed or expendable) in the DAF Gift Agreement and such selection will determine the investment of the fund.
- D. UCSDF will deduct applicable investment management fees from the DAF funds as is standard with all funds under ownership. Interest to expendable DAFs, and total return to endowed DAF's, will be applied as earned. UCSDF will deduct campus related administrative fees upon allocation of a gift to a UCSD purpose, subject to campus policies in place from time-to-time.

### **IV. Documentation**

Prior to creation of a DAF account, each donor shall enter into a Gift Agreement that provides full disclosure of all material aspects of the operation of the fund. Donor contributions represent irrevocable donations to UCSDF and, once accepted, are not refundable.

### **V. Distribution Guidelines**

Each DAF donor is permitted to advise UCSDF with respect to distributions made from that donor's DAF account. Donor may not mandate the distributions of funds. Donors will make written recommendations for distributions to the Distribution Committee and the Distribution Committee shall take all recommendations under advisement.

- A. 50% or more of each dollar of original gift and credited interest, or 50% or more of the endowed payout distributed from a DAF must be to a designated UCSDF or UC San Diego campus gift purpose. A donor may make a distribution

recommendation at any time in any amount to a UCSDF or UCSD campus gift fund/purpose. Donors will make such recommendations in writing in a standard form to be provided by the UCSDF. The Chief Financial Officer or the President of the UCSDF will approve such recommendations for internal distribution.

- B. Up to 50% of each dollar of original gift and credited interest, or 50% of the endowed payout distributed from a DAF may be recommended for allocation by a donor to external public charities, provided that they are public charities qualified under Internal Revenue Code Section 509(a) (1) or 509 (a) (2) and provided that their purposes are not inconsistent with those of the UCSD Foundation. Donors will make such recommendations in writing in a standard form to be provided by the UCSDF. Such recommendations must be a minimum of \$1,000 to each charity and recommendations will be processed once per quarter. In this case:
  - a. the staff of the UCSDF will first determine that the charity meets the required public charity status and other criteria noted;
  - b. The Distribution Committee will review and approve the allocation for distribution. The Distribution Committee will be appointed by the Executive Committee of the UCSDF
  
- C. Distributions to internal UCSD or external charities may not be made to fulfill a pledge or pay for goods or services of value received by the donor, their families, or entities affiliated with them. For example, distributions may not be used to support a charitable event, such as a fundraising dinner, where the donor would receive the value of the benefits provided at the event.

## **VI. Fund Termination**

- A. DAF accounts which remain below the minimums stated in II.B. above for more than 12 consecutive months will be automatically terminated. The DAF Gift Agreement will recommend default recipient UCSD purposes/funds and may include other charities for distribution upon termination (subject to the 50/50 rules notes above.) However, the ultimate discretion as to the distribution of the remaining assets in the account shall remain with the Distribution Committee.
- B. The donor of a DAF account may elect one successor advisor for up to 20 years in the DAF Gift Agreement. Such nominations shall be valid provided the DAF account value remains above the minimums. Should the donor die before electing a successor advisor, the DAF account will be terminated and distributed as noted in the Gift Agreement or as determined by the Distribution Committee as appropriate.

**VII. Amendments.**

- A. The Board of Trustees of UCSDF reserves the right to modify this statement of policy at any time.
- B. Any provision of federal, state, or local law that contravenes any provision of this statement of policy shall govern over such provision, and appropriate amendments will be made to ensure conformance with the law.