



## Tips for Managing Your Charitable Giving

A donor-advised fund (DAF) is an easy and efficient way to give to your favorite charities. But what is the best way to maximize giving through your NPT DAF? And are there any legal restrictions or tax implications? This guide can help you understand when you can use your DAF to support a special fundraising event, a scholarship or other type of charitable cause. **If you need assistance, call toll-free at (888) 878-7900 or send an email to [npt@nptrust.org](mailto:npt@nptrust.org).**

Charitable Purpose	Permissible	Not Permissible	Guidelines
<p>Charity Event</p> <p>For example:</p> <ul style="list-style-type: none"> <li>- Gala</li> <li>- Luncheon</li> <li>- Golf Outing</li> <li>- Dinner</li> <li>- Trip</li> <li>- Festival</li> </ul>	<ul style="list-style-type: none"> <li>• You may recommend a grant to support the charitable event generally by indicating in the grant purpose that:</li> <li>• You are not attending;</li> <li>- or -</li> <li>• If you plan to attend, please note that you are paying the full ticket price (both tax-deductible and non-deductible portions) separately out of pocket.</li> <li>• In either case, your recommendation should clearly state that you waive all benefits associated with the event.</li> </ul>	<ul style="list-style-type: none"> <li>• A grant cannot pay for any part of a ticket to attend a gala or charitable event, including the tax-deductible portion of the ticket.</li> </ul>	<ul style="list-style-type: none"> <li>• Donors may not split a donation to a charity by paying the non-deductible part out of pocket and recommending a grant from the DAF to pay the tax-deductible part. Such a grant would enable the donor to receive benefits that would not be available without the grant. The IRS considers the two portions to be “inextricably linked.”</li> </ul>
<p>Membership Benefits</p> <p>For example:</p> <ul style="list-style-type: none"> <li>- Giving Level</li> <li>- Giving Circle</li> <li>- Giving Society</li> <li>- Athletic Fund</li> </ul>	<ul style="list-style-type: none"> <li>• You may recommend a grant to cover the cost of membership to a charitable organization:</li> <li>• If the organization confirms that its membership fee is 100% tax deductible and that membership benefits do not exceed \$75;</li> <li>- or -</li> <li>• You indicate in the grant purpose section that you have declined any benefits associated with the membership.</li> </ul>	<ul style="list-style-type: none"> <li>• A grant cannot provide you with membership benefits with a value exceeding \$75.</li> </ul>	<ul style="list-style-type: none"> <li>• Charities often offer economic benefits to donors—for example, parking privileges, attendance at special events, tickets to sporting events, free or discounted membership.</li> </ul> <p>These types of benefits are often associated with giving levels, giving circles, giving societies and athletic funds, as well as with gifts to media, arts and environmental organizations, or gifts to support universities and/or their athletic programs.</p> <ul style="list-style-type: none"> <li>• The donor must decline any benefit with a value exceeding \$75 because it will be considered a more than incidental benefit. DAFs are prohibited by the IRS from processing any grant that will result in a more than incidental benefit to a donor.</li> </ul>

## Tips for Managing Your Charitable Giving (cont'd)

Charitable Purpose	Permissible	Not Permissible	Guidelines
Private Foundations	<ul style="list-style-type: none"> <li>You may recommend grants to private operating foundations if the operating foundation certifies that:               <ol style="list-style-type: none"> <li>the grant will not cause the organization to cease to qualify as a private operating foundation; and</li> <li>the organization will not use the grant funds to pay any compensation to, or determine the compensation of, the donor or the donor's family members.</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>DAFs cannot make grants to private non-operating foundations.</li> </ul>	<ul style="list-style-type: none"> <li>DAFs can make grants to private operating foundations as long as certain conditions are met:               <ol style="list-style-type: none"> <li>the grant must not cause the organization to cease to qualify as a private operating foundation; and</li> <li>the organization must not use the grant funds to pay any compensation to, or determine the compensation of, the donor or the donor's family members.</li> </ol> </li> <li>DAFs cannot make grants to private non-operating foundations.</li> </ul>
Scholarships	<ul style="list-style-type: none"> <li>You may recommend a grant for the purpose of supporting a scholarship program administered by a charity and with respect to which the donor does not determine the selection of recipients.</li> </ul>	<ul style="list-style-type: none"> <li>Grants cannot support scholarships where you or members of your family have discretion over the selection of scholarship recipients or where family members are eligible recipients.</li> </ul>	<ul style="list-style-type: none"> <li>Donors must relinquish control over any funds they donate to NPT. If a donor recommends a grant to a scholarship fund and retains the right to select the recipient of the scholarship, this is evidence of retained donor control, which can jeopardize the donor's tax deduction and NPT's public charity status.</li> <li>Grants to support scholarship programs may be approved as long as donors, DAF advisors and related parties do not control the selection process and family members are ineligible to receive scholarships.</li> </ul>
Charitable Auction	<ul style="list-style-type: none"> <li>You may pay for charity auction items out of pocket and/or recommend grants to support the charity auction or the charity generally.</li> </ul>	<ul style="list-style-type: none"> <li>A grant from the DAF cannot pay for an item that you won at a charity auction.</li> </ul>	<ul style="list-style-type: none"> <li>DAFs cannot pay for items or services purchased at a charity auction.</li> <li>DAFs are prohibited by the IRS from processing any grant that will result in a more than incidental benefit to the donor. Receiving an item that was paid for by the DAF constitutes a more than incidental benefit.</li> </ul>

## Tips for Managing Your Charitable Giving (cont'd)

Charitable Purpose	Permissible	Not Permissible	Guidelines
New Charities	<ul style="list-style-type: none"> <li>You may recommend a grant to a public charity that has been in existence for more than five years.</li> <li>If the public charity has been in existence for less than five years, it must meet certain requirements.</li> </ul>	<ul style="list-style-type: none"> <li>A grant to a public charity that has been in existence for less than five years cannot be made if the charity is controlled by the donor and members of the donor's family and makes no attempts to fundraise.</li> </ul>	<ul style="list-style-type: none"> <li>DAFs cannot be used to bolster the public support of charities that otherwise would not meet the public support test.</li> </ul>
International Charities Equivalency Determination and Expenditure Responsibility	<ul style="list-style-type: none"> <li>International charities are eligible DAF grantees if they meet certain requirements.</li> </ul>	<ul style="list-style-type: none"> <li>Time-sensitive grants to international charities. International grants require special due diligence.</li> </ul>	<ul style="list-style-type: none"> <li>DAFs can make grants to international charities under one of two tax regimes: expenditure responsibility or equivalency determination.</li> <li>Please contact NPT to determine the best method for processing the grant.</li> </ul>