Overview

The Dartmouth Donor Advised Fund (interchangeably, the “DDAF” and the “Fund”) is a powerful, flexible investment tool to simplify the way you manage your philanthropy.¹ This Policy Document explains how the Fund works, including how to apply to and participate in the Fund, what the tax considerations are, how distributions are made and more.

The DDAF allows you to:

- Make irrevocable charitable contributions to Dartmouth College (the “College”)
- Recommend qualified public charities to receive grants from the DDAF, subject to approval by the DDAF Management Group²
- Take an immediate federal income tax deduction, up to the maximum deduction allowed by law
- Potentially increase charitable giving through professional investment management
- Enjoy recognition for your grants, or maintain your privacy and remain anonymous

A minimum of five percent (5%) of the market value of your DDAF account (your “Account”) must be distributed annually.³ You are required to distribute at least half this amount to the College, and the remainder, if any, may go to one or more qualified public charities of your choice. These required annual distributions must begin during the first full fiscal year after you establish your Account.

At least fifty percent (50%) of your Account’s value will be irrevocably designated to the College, with the remaining amount, if any, irrevocably designated to one or more qualified public charities of your choice (see the below section entitled, “Designating Successors”).

¹ As provided in the Internal Revenue Code (“IRC”) §4966(d)(2), a donor-advised fund is a “fund or account – (i) which is separately identified by reference to contributions of a donor or donors, (ii) which is owned and controlled by a sponsoring organization, and (iii) with respect to which a donor (or any person appointed or designated by such donor) has, or reasonably expects to have, advisory privileges with respect to the distribution or investment of amounts held in such fund or account by reason of the donor’s status as a donor.”
² The DDAF Management Group consists of the Senior Vice President for Advancement, General Counsel, Vice President for Development, and Director of Gift Planning.
³ Your Account is valued annually based on the fiscal year July 1 through June 30.
All activity of the DDAF Management Group and your participation in the Fund is subject to the terms and conditions described in this Policy Document. However, the DDAF Management Group reserves the right to modify these terms and conditions at any time.

Contributions

(a) Eligible Donors
The DDAF accepts contributions from individuals, companies, trusts, and estates.

(b) Making a Contribution
The minimum initial contribution to the DDAF is Two Hundred and Fifty Thousand Dollars ($250,000), with subsequent discretionary contributions of One Thousand Dollars ($1,000) or more. An initial contribution must be accompanied by a completed “Donor Application.” Subject to prior written consent from the DDAF Management Group, multiple family members may pool their contributions to the DDAF and share one undivided interest in the Fund.

Contributions to the DDAF may qualify for corporate matching programs. However, grants made from the DDAF to other qualified public charities based on donor recommendations may not qualify for such programs.⁴

(c) Types of Contributions
You may contribute cash, mutual fund shares, stocks, bonds, and other securities, including certain private and restricted stock and real estate.⁵

Donors may not impose any restrictions or conditions on their contributions to the DDAF.

(d) Approval of Contributions
The DDAF Management Group must review and approve all contributions to the DDAF.⁶ Rejected contributions will be promptly returned.

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⁴ Although grants are made from the DDAF based on a donor’s recommendation, those grants are made from College assets, and therefore employers may not be willing to match these amounts.

⁵ Thinly traded, restricted, or illiquid securities may require special treatment, take longer to liquidate, and/or incur additional brokerage fees. Legal fees incurred in connection with the transfer of these types of securities will be normally charged to the proceeds of the sale.

⁶ Please note, if the DDAF Management Group approves a contribution of securities that are not publicly traded, that approval is not an acceptance of or agreement with any valuation of such securities.
(e) Legal Control of Contributed Amounts
Once accepted by the DDAF Management Group, contributions to the DDAF are non-refundable, completed gifts to the College, to be owned and held by its Trustees. Any future earnings related to and/or resulting from those contributions are likewise owned by the College.

(f) Testamentary Gifts and Gifts from Trusts
You may name the DDAF in your will to receive upon your death cash or securities, including but not limited to mutual fund shares and life insurance policies, and Individual Retirement Account and qualified retirement plan assets. In addition, the DDAF may be named as the beneficiary of a charitable remainder trust or charitable lead trust. To set up a testamentary gift or trust, please consult with your tax and legal advisor(s), as well as with the Dartmouth College Gift Planning Office.

Account Maintenance

(a) Naming Your Account
Donors will have the opportunity to name their Account on the “Donor Application” submitted with their initial contribution. This Account name will be used by the DDAF Management Group on internal and external communications, unless anonymity is requested (see the section below entitled “Anonymity of Grants”).

Typically donors choose an Account name in honor of themselves, their families, relatives, friends or respected charitable causes. Account names must begin with “The” and end with “Fund,” and may not contain the words “Trust,” “Foundation,” or “Endowment,” as these are legal terms for other charitable-giving vehicles. Please be advised that, the DDAF Management Group reserves the right to reject a proposed Account name for any reason.

(b) Naming a Primary Account Holder
The “Primary Account Holder” is the individual who has primary responsibility for the Account. Any and all correspondence and reports regarding the Account will be sent to the Primary Account Holder at the address provided on the “Donor Application.” The DDAF Management Group will rely on the Primary Account Holder to forward to the other donor or donors associated with their Account such correspondence and reports as they see fit, and to forward contribution confirmations to the appropriate donor for tax reporting purposes.

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7 However, donors retain advisory privileges with respect to the distributions made from the DDAF (see the section entitled “Grantmaking”).
Unless otherwise clearly communicated to the DDAF Management Group in writing, the first donor listed on the Donor Application on file with the DDAF Management Group will be deemed the Primary Account Holder. Upon the death of the Primary Account Holder, said designation will fall to the next living donor listed on the Donor Application. This process of naming new Primary Account Holders will continue until the death of the last surviving donor and the inception of successor’s rights (see below section entitled, “Designating Successors”).

(c) Donor Account
Once an Account is established, the College will maintain an internal accounting of the donor’s contributions to and grants made from the DDAF (a “Donor Account”). Please be advised that the amounts reflected in a Donor Account are assets of the College and donors have no ownership interests in them.

(d) Investment
The DDAF will be invested in the total return pool of the College endowment.

(e) Fees and Charges to Donor Accounts
There are no fees or charges for administrative expenses. Your Account is invested in Dartmouth College endowment units and the applicable investment fees are charged to your Account by netting the investment fees against the investment performance.

Grantmaking
(a) Recommendations
Donors and successors may recommend qualified public charities to receive grants from the DDAF. For each such recommendation, the donor or successor, as applicable, must complete and submit a “Grant Recommendation Form.” All grant recommendations are subject to approval by the DDAF Management Group.

Donors may recommend grants to be made on a onetime basis, or as recurring distributions. Annual, semiannual, quarterly and monthly grants are permitted, and a donor may recommend the start date and the number of recurring grant payments. Each distribution is subject to verification of the grantee charity’s status (see below section entitled, “Qualified Charities”). A grant to be made from a recurring grant schedule that was approved by the DDAF Management Group in the past may be denied if eligibility rules, the organization’s status, this Policy Document, the Internal Revenue Code, or IRS regulations change.
(b) **Qualified Charities**

Grants may be made only to qualified public charities organized in the United States that are tax-exempt under Code Section 501(c)(3), and also public charities under Code Section 509(a)(1), (2) or (3)\(^8\), or are private operating foundations under Code Section 4942(j)(3) (each a “Qualified Charity” and collectively, “Qualified Charities”).\(^9\) Grants may not be made to private foundations or foreign charitable organizations.\(^{10}\)

To ascertain whether or not a recommended organization is a Qualified Charity, the DDAF Management Group may need to contact the recommended charity and obtain confirmation of their tax-exempt status.

If the DDAF Management Group attempts to contact a charity, and said organization cannot be reached for thirty (30) days, or if it does not supply the requested information within thirty (30) days, the grant recommendation may be denied. The Primary Account Holder will be notified of any rejected recommendation and the reason therefor. If such a denial occurs, and the recommended charity provides the needed information at a later date, the DDAF Management Group will notify the Primary Account Holder that a new grant may be recommended to said charity.

(c) **Approval of Grants**

The DDAF Management Group will only approve grants to Qualified Charities that are to be used exclusively in furtherance of charitable purposes (see further description below in the section entitled “Other Restrictions on Grants”), and therefore reserves the right to perform any and all due diligence it deems necessary to approve or reject a recommended grant.

If approved, the DDAF Management Group will distribute the grant as recommended. If the recommendation is rejected, or if a recommended organization is no longer deemed to be a Qualified Charity at the time the grant is to be made from the DDAF, the DDAF Management Group will make reasonable efforts to notify the Primary Account Holder and obtain an alternative grant recommendation.

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\(^8\) With certain exceptions a 509(a)(3) supporting organization is not qualified to receive grants from the DDAF. Certain 509(a)(3) organizations that are controlled by the public charities they support are eligible to receive DDAF grants, but a careful review of their IRS determination letters and governing instruments will be required.

\(^9\) See IRC § 4966(c)(2).

\(^{10}\) However, grants may be made to U.S. based Qualified Charities that have an international mission and do international work.
(d) Other Restrictions on Grants
Grants from the DDAF may not be used in whole or in part for any pre-existing pledge or any private benefit (such as school tuition or scholarships directly benefiting specific individuals), dues, membership fees, benefit tickets, goods bought at charitable auctions, or in any way in which the grant will confer more than an incidental benefit on a donor or successor; nor may grants be used for lobbying, political contributions, or to support political campaign activities.

The DDAF Management Group will reject grant recommendations for improper purposes and will take remedial action if it discovers that such grants have been made, including but not limited to, requiring a return of the grant from the charitable organization, or requiring that the offending donor make an additional non-deductible contribution to the DDAF.

(e) Minimum Amount for Grants
Each grant recommendation made for a Qualified Charity other than the College must be in the minimum amount of One Thousand Dollars ($1,000). There is no minimum amount for grant a recommendation made for a College purpose.

(f) Minimum Grant Activity
Donors are required to make annual grants equal to at least five percent (5%) of their Account’s value. 11 At least half this amount must be distributed to the College, and the remainder, if any, may go to one or more Qualified Charities of the donor’s choice. If this requirement is not met in a given year, the DDAF Management Group will transfer the corresponding amount from the DDAF to the Dartmouth College Fund (“DCF”) or other previously designated successor Qualified Charity (see the below section entitled “Designating Successors”).

The donor reserves the right to designate annually the stated purpose of grant distributions to the College. In the event the donor does not so specify the purpose of a grant or grants to be made to the College, the DDAF Management Group will designate said grant or grants to the DCF.

11 If the Account is held by more than one donor, this five percent (5%) distribution requirement is an amount that the donors must collectively meet.
If donors do not make contributions to, or recommend one or more Qualified Charities to receive grants from, the DDAF for seven years, the DDAF Management Group will diligently try to contact the Primary Account Holder or successor Primary Account Holder to provide them with the opportunity to make grant recommendations. If the Primary Account Holder, successor Primary Account Holder, or other donor associated with the Account does not respond within a reasonable time, as determined by the DDAF Management Group in its sole discretion, by making a contribution to or distribution from the DDAF, the DDAF Management Group will transfer from the DDAF to the Dartmouth College Fund or other successor Qualified Charity, an amount equal to the value of the Account, and the Account will be terminated.

(g) Timing of Grant Distribution
The DDAF Management Group reviews grant recommendations on a regular basis, and will seek to make approved grants as soon as possible. However, the DDAF Management Group reserves the right to process a grant as many as ten business days after receiving a grant recommendation, if necessary. Further, during certain peak periods, such as the end of the calendar year, grant processing may take even longer to complete. Please be aware that the value of an Account may fluctuate between the DDAF Management Group’s receipt of the recommendation and distribution of the grant.

(h) Grant Checks and Grant Confirmations
Grants are made by the DDAF Management Group on checks bearing the name of Dartmouth College. Checks are accompanied by a letter from the DDAF Management Group recognizing the Account, and including the name and address of the recommending donor, unless anonymity is specifically request. After the recommended grant is made, the Primary Account Holder will receive a written confirmation from the DDAF Management Group.

(i) Anonymity of Grants
If desired, when recommending grants, donors may choose one of two levels of anonymity: communicating Account name only, or complete anonymity. If the donor requests Account name only, then the grant distribution letter will contain the Account name but will not include an address or other contact information for the Account. If the donor requests complete anonymity, no Account information or contact information of any kind will be included in the grant distribution letter. Alternatively, if the donor does not chose one of the above described levels of anonymity, then the grant distribution letter may contain the Account name as well as an address and/or other contact information for the donor.
(j) Uncashed Grant Checks
If a grant check sent to a Qualified Charity is not cashed or deposited within sixty (60) days of issuance, the DDAF Management Group will use reasonable efforts to investigate the outstanding check with the Qualified Charity. When appropriate, the DDAF Management Group will initiate a stop payment on the check and have it reissued to the Qualified Charity.

If no resolution can be achieved for an uncashed check, the DDAF Management Group will place a stop payment on the check and refund the Account for said amount. If this happens, the DDAF Management Group will make reasonable efforts to notify the Primary Account Holder and will rely on the Primary Account Holder to relay such information to the appropriate recommending donor, if necessary.

**Designating Successors**

(a) **Account Successor Election**
A donor may elect any person or persons, including a spouse, child, other descendant, heir, or representative (each a “Successor”), to be assigned the rights and duties associated with the Account after their death, for a term not to exceed ten (10) years. To designate a Successor(s), the donor must fill out and submit a “Successor Election Form” to be kept on file with the DDAF Management Group.

If an Account is maintained jointly, when one donor dies, the remaining donor(s) succeeds to the right to recommend grants and designate Successors. Successors’ rights apply only after the death of the last surviving donor.

To succeed to all rights and duties of a DDAF donor, the Successor(s) must provide the DDAF Management Group with written notification and sufficient proof of the last surviving donor’s death. Unless otherwise designated in writing, the first Successor noted on the “Successor Election Form” will be deemed the “Successor Primary Account Holder.”

If no Successor is named at the time of the death of the last surviving donor, the Account will be terminated and an amount equal to the entire remaining value of the Account will be severed from the DDAF and transferred to the designated College purpose, or successor Qualified Charity, or to the DCF if no such purpose is designated.
(b) Successor Qualified Charities
At least fifty percent (50%) of an Account’s value is irrevocably designated to the College. However, donors may also choose to recommend one or more Qualified Charities to receive the remaining value of their Account, if any, upon its termination (each a “Successor Qualified Charity”). Each Successor Qualified Charity must be designated as such on a “Successor Election Form” to be kept on file with the DDAF Management Group.

Donors may also specify one or more Successor Qualified Charities to receive the balance\(^{12}\) of any required five percent (5%) annual distribution.

(c) Annual Reevaluation
Donors are advised to review Successor and Successor Qualified Charity information once a year, or more as desired, to ensure that it remains current and accurate. Successor and Successor Qualified Charity designations may be changed any time before the death of the last surviving Primary Account Holder by filling out and submitting a “Successor Election Form.”

**Tax Considerations**
Please be advised that the following information is not intended to replace professional legal, tax, or financial planning advice. In fact, you are encouraged to consult with your legal and/or tax advisors before making a gift to the DDAF. It is also important to note that the information herein pertains to federal taxes only as individual circumstances and state and local tax laws vary considerably.

(a) Charitable Deduction
Donors will be eligible to take a deduction for their contribution to the DDAF, subject to the following general limitations.

\(^{12}\) After fifty percent (50%) of the five percent (5%) required minimum annual distribution has been distributed to the College.
In part, this deduction will depend on the type of asset contributed to the DDAF:

CASH: The deduction is equal to the cash contribution accepted by the DDAF.

PUBLICLY TRADED SECURITIES: For publicly traded securities held for more than one year, the deduction is equal to the total of the number of shares contributed to the Fund, multiplied by the mean of the high and low prices reported on the date of contribution. For mutual fund shares held for more than one year, the deduction is equal to the total of the number of shares contributed to the Fund, multiplied by the closing price on the date of contribution. For securities or mutual fund shares held for one year or less, the deduction is equal to the lesser of their cost basis or the fair market value.

SECURITIES THAT ARE NOT PUBLICLY TRADED: For securities that are not publicly traded and have been held for more than one year, the deduction is equal to the fair market value as determined by the donor, in a reasonable manner, on the date the contribution is made to the DDAF. A donor claiming a deduction of more than $5,000 will be required to secure an independent appraisal and provide the IRS with an appraisal summary for the contributed property. For securities held for one year or less, the deduction is equal to the lesser of the cost basis or the fair market value of the contributed shares.

(b) Other Deduction Limitations
This deduction is available to the donor in the year of the contribution to the DDAF. For cash contributions, this deduction is available up to a maximum of fifty percent (50%) of the donor’s adjusted gross income (“AGI”). For a contribution of appreciated securities, this deduction is limited to thirty percent (30%) of the donor’s AGI. Any excess amount may be carried forward and deducted in the five (5) year period following the year of contribution.

Itemized deductions may be subject to certain other limitations. Please contact your tax advisor to determine tax deductibility limits.

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13 If the DDAF Management Group accepts a contribution of securities that are not publicly traded, the DDAF Management Group will acknowledge receipt of the securities, but will not provide or agree to any valuation of such securities.
(c) Estate Planning
Contributions to the DDAF accepted by the DDAF Management Group and any earnings related to those contributions are assets of the College and are not part of the donor’s taxable estate or subject to probate. Therefore, these amounts should not be included in a donor’s gift and estate tax unified credit calculation.

(d) Tax Treatment of Fund Income and Grants Made To Qualified Charities
Donors should only report contributions to the DDAF on their tax returns.

Income that accrues to the DDAF as a result of or in connection with a donor’s contribution to the DDAF is income of the College and is therefore not available as a charitable deduction on the donor’s tax return. However, income to the DDAF will be reflected in the value of an Account, and therefore available to donors to distribute throughout the life of the Account, and to designate to Dartmouth and one or more Successor Qualified Charities upon its termination.

Approved grants are made from the College’s assets. Accordingly, donors will not be eligible to claim an additional charitable deduction in the amount of these grants.

Contribution Confirmations and Other Reports
The DDAF Management Group will provide the Primary Account Holder with confirmations of all contributions to and grants made from the DDAF by all donors associated with their Account. As indicated previously, the DDAF Management Group will rely on the Primary Account Holder to forward said contribution confirmations to the appropriate donor, as needed. Contribution confirmations serve as the donor’s receipt, and are necessary to fulfill IRS substantiation requirements. Therefore, contribution confirmations should be maintained with the donor’s tax records.

Contribution confirmations will reflect the fair market value of a contribution of publicly traded securities. Any such fair market value computation provided by the DDAF Management Group is a good faith estimate only. Donors are advised to consult with their tax advisor before claiming any fair market value deduction.
The IRS requires that Form 8283 or its equivalent be completed and filed with an individual’s federal income tax return for gifts of property (including securities) valued at $500 or more. Therefore, the DDAF Management Group will provide the Primary Account Holder with a sample draft IRS Form 8283 showing its estimate of the fair market value of contributed publicly traded securities. If necessary, the DDAF Management Group will rely on the Primary Account Holder to forward the sample draft Form 8283 to the appropriate donor.

The DDAF Management Group will also provide a donor with IRS Form 8282 if the donated property is sold within three (3) years after the donor’s contribution.

Finally, the DDAF Management Group will provide the Primary Account Holder with quarterly and annual reports, as well as other financial reports and information required by applicable law. Quarterly reports will include information on all Fund and Account activity for the year including: investment performance, investment fees, gifts and grants made. For this purpose investment performance includes income as well as realized and unrealized capital gains and losses. This reporting may be accomplished with either written statements or with online communication.

**Donor Recognition**

Donors will receive donor recognition credit at the College equal to the value of the grants made by the DDAF Management Group to the College based on those donors’ recommendations. Donors will also receive recognition credit equal to amount realized by the College upon termination of their Account.

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14 However, any estimate of fair market value provided by the DDAF Management Group is a good faith estimate only.

15 If an Account is held jointly, donor recognition credit will be split equally among all donors associated with the Account.
Forms and Questions
To request or return any form mentioned herein, or to ask a question about this Policy Document or the DDAF, please contact the Gift Planning Office at:

Dartmouth Donor Advised Fund
Gift Planning Office
Dartmouth College
6066 Development Office
Hanover, NH 03755-3555

Tel: 800-451-4067
Tel: 603-646-3799
Fax: 603-646-0466