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Welcome

The Board of Trustees appreciate your interest in The University of Alabama Donor Advised Fund. By establishing a fund you will enjoy the effective, flexible benefits of our program. You will also join a special group within the University family that is committed to supporting The University of Alabama and other charitable institutions.

Before creating a University of Alabama Donor Advised Fund, we encourage you to familiarize yourself with all the benefits and features of our program by reviewing our Handbook for Donor Advisors. This handbook will also serve as a handy reference throughout the term of your fund. Please feel free to contact the Office of University Advancement at (205) 348-4767 or toll free, 888-875-4438 at any time should you have questions regarding the information in this book.

Again, thank you for choosing The University of Alabama Donor Advised Fund to accomplish your philanthropic goals. We look forward to helping you maximize your charitable giving.
Frequently Asked Questions About Making Distributions

Q: How and when can I recommend distributions to my Donor Advised Fund?
A: Recommending distributions is easy and can be made at any time. Just provide your recommendations in writing using the suggestion forms you receive once you establish a Donor Advised Fund.

Q: How much of my contribution is required to be disbursed to The University of Alabama?
A: At least 50%. Your gift may be applied for any University purpose you designate.

Q: I’d like to recommend support for the general operating budget of a charity. Is that possible?
A: It’s fine to suggest a distribution for general support, as well as distribution for capital campaigns or specific projects.

Q: For a fund-raising event, may I recommend a distribution in lieu of tickets?
A: As long as tickets are not purchased, you may certainly recommend such a distribution in support of a fund-raising event.

Q: Can I recommend a distribution to complete a pledge I have made to a charity?
A: Unfortunately, since charitable dollars cannot be used to pay a personal obligation, such a recommendation is not appropriate under the regulatory limitations placed on Donor Advised Funds. However, a Donor Advised Fund can make a pledge that is paid from the Fund. Please contact the Office of Advancement if you would like additional information on Donor Advised Fund pledges.

Q: I would like to support a charity, which is located in another state. Is this possible?
A: Yes. You may recommend support to any 501(c)(3) public charity in the United States.

Q: How will I be notified when a distribution that I have recommended has been made?
A: Once a distribution has been processed you’ll receive a copy of the distribution letter.
Q: What if I’d like to wait until later this year to recommend any distributions from my Donor Advised Fund fund?

A: You may recommend distributions at any time – now or in future years.

Q: What about memberships for charitable organizations – can I recommend a distribution to cover these?

A: Because a membership provides a personal benefit to you, The University of Alabama Donor Advised Fund will not make distributions for memberships.

Q: May I pay my Tide Pride contribution dues through the Donor Advised Fund?

A: Unfortunately, no. Grants may not be used for any impermissible private benefit, including membership fees such as Tide Pride.

Q: Are there any other types of distributions that are inappropriate for a Donor Advised Fund?

A: Because Donor Advised Funds are regulated under federal tax rules, such funds are not able to make distributions that benefit a specific person. Grants may not be used for political lobbying, political contributions or to support political campaign activities. Also, Donor Advised Funds cannot make distributions to private foundations or any nonprofit that is not a 501(c)(3) public charity.

Q: May I raise additional money to place in a Donor Advised Fund through a fund-raising event?

A: We can not accept money from fund-raising events since these events may expose you and The University of Alabama Donor Advised Fund to liability. However, you and/or others may make additional gifts to a fund you establish.

Q: May I keep my distributions anonymous?

A: Yes. Just let us know in writing that you wish to remain anonymous on a particular recommended distribution(s). You will still receive notification when the distribution is made – but it will not identify you to the charity or in our publications, per your request.
About the Donor Advised Fund

The Donor Advised Fund at The University of Alabama is an excellent tool to help alumni and friends like you carry out multiple charitable goals. We recognize that many special donors to The University of Alabama also support other charitable organizations.

The University of Alabama Donor Advised Fund is a separate 501(c)(3) organization built for serving people. We are here to serve you – our alumni and friends. When you create a Donor Advised Fund, we expand our relationship with you – and you expand your relationship with us. Our goal is to help the University family maximize their charitable giving. Today, hundreds of individuals, families and businesses appreciate the simplicity of this effective and efficient way of giving – while receiving the most favorable charitable tax deductions possible.

The University of Alabama Donor Advised Fund is built by gifts from individuals and organizations committed to the future of higher education at The University of Alabama and to other charitable causes throughout the state and nation.

What is a Donor Advised Fund?

The University of Alabama Donor Advised Fund is a flexible and effective tool for maximizing your charitable giving. By establishing a fund and timing your contributions according to your needs, you can recommend distributions over time to your University of Alabama areas of interest as well as other public charitable organizations (minimum of 50% to programs at The University of Alabama). The fund grows tax-free, allowing you to make the most of your charitable giving.

Donor Advised Funds permit their donor advisors to make on-going recommendations for distributions up to the entire fund balance. Such funds remain non-endowed unless the founder transfers funds to The University of Alabama for endowed purposes. See page 8 for details about the longevity of funds.
Getting Started

Creating your Donor Advised Fund

As the founder of a Donor Advised Fund you will first enter into a written agreement with The University of Alabama. This agreement is simple to prepare and will govern the fund you create throughout its term. To start the process of creating your fund, please complete the Donor Advised Fund application and forward it to the Office of University Advancement or call us at (205) 348-4767 or toll free, 888-875-4438.

Naming your fund

As the founder of a Donor Advised Fund, you need to designate the name of the fund on the application form. A fund name can include the founder’s name, the name of the founder’s family, an individual family member, or some other name that maintains the anonymity of the founder and his/her family.

Making your initial contribution

A minimum contribution of $25,000 is required to establish a Donor Advised Fund. You may make additional contributions of any size at any time. Just as with your initial contribution, these additional contributions are eligible for tax deductions in the year they are made.

Contributing assets and property to your fund

You may contribute all gifts acceptable under The University of Alabama gift acceptance policies to your Donor Advised Fund, including checks or cash wire transfers, as well as marketable securities. If you have any questions about gifts of particular assets, as well as gifts of privately held businesses, restricted stock and real estate (which may also be contributed in particular circumstances), please contact the Office of University Advancement so that we may assist in the smooth transfer of these assets.

Naming successor donor advisors

If you wish, your Donor Advised Fund can be advised by persons representing up to three generations – you as the donor and two
additional generations of individuals, such as your children and grandchildren. For corporate donations, donor funds may continue as long as positions within the organization remain to serve as successor advisors.

When no eligible donor advisors are available, any remaining funds will be transferred to The University of Alabama for its general purposes unless otherwise directed.

**Options in customizing funds**

For Donor Advised Funds created with gifts of over $1 million, donor advisors can recommend the use of investment management and/or strategies outside of the Donor Advised Fund’s group of investment pools. This and other options in customizing funds must be approved by The University of Alabama Donor Advised Fund’s Trustees.

**Key Features of Our Donor Advised Fund**

**About tax deductions**

If you itemize your tax deductions, you may claim a federal charitable income tax deduction for your gift to a Donor Advised Fund in the year of contribution. Any charitable income tax deduction you may realize is subject to certain limits, as follows:

<table>
<thead>
<tr>
<th>TYPE OF CONTRIBUTION</th>
<th>TAX DEDUCTIBILITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>Up to 50% of adjusted gross income</td>
</tr>
<tr>
<td>Long-term, appreciated property</td>
<td>Up to 30% of adjusted gross income</td>
</tr>
</tbody>
</table>

These adjusted gross income limits are actually based on the donor’s tax contribution base, which is adjusted gross income computed without regard for net operating losses. These deductions may also be subject to itemized deduction phase-outs and other limits. Any amount not deducted in the year of contribution may be used during the next five years. If not used in five years or on the donor’s final tax return, any excess contribution is lost. Different limits apply to corporate gifts. Be sure to consult with your tax attorney or accountant to determine the actual tax-deductible value and benefit of your contribution to the fund.
In addition, contributions to your Donor Advised Fund are exempt from federal and state gift, estate and generation-skipping transfer taxes. This permits you to use a Donor Advised Fund as a charitable giving vehicle that receives distributions under your will or from your trust.

Charitable planned gifts – such as charitable remainder trusts or charitable lead trusts – can be used to fund a Donor Advised Fund. Charitable income tax deductions generated by such gifts receive the most favorable tax treatment under the Internal Revenue Code, as The University of Alabama Donor Advised Fund is a public charity.

About tax reporting

The University of Alabama Donor Advised Fund provides each donor with receipt(s) documenting his or her contribution(s), as required under the Internal Revenue Code. For contributed assets requiring an appraisal to determine their tax-deductible value, donors need to obtain an appraisal. In addition, the Donor Advised Fund must report to the IRS the sale proceeds it realizes on the sale of appraised property if the sale occurs within two years of its contribution.

When you establish a Donor Advised fund, you do not need to keep records of distributions made from your fund to charities. Individual donors receive a tax deduction when they make their initial gift to a Donor Advised Fund and when they make subsequent gifts to that fund. Thus, distributions from the Donor Advised Fund are grants from the Fund. As such, it is not appropriate for you to take a second tax deduction at the time those distributions are made to charities.

About fees

There are no transaction fees for new contributions to your fund, investment pool changes or distributions to other charities. Fees vary based on the asset value of the individual Donor Advised Fund. Each fund is charged an administrative fee and its pro rata share of investment management fees for the pool in which it is invested. Annual administrative fees are charged against each individual fund in an amount equal to the greater of 50 basis points measured by the value of the fund or $250. The annual fee shall be prorated and assessed monthly. Investment fees are based on the fair market value at month end and are charged pro rata on a monthly basis. These fees are paid from the fund
and do not require additional payment by the founder/donor advisor to the fund.

Please contact our office for more information on the current expense ratios (which include investment management fees) for our investment pools. Please contact us if you would like additional information regarding any fee that may be charged to your Donor Advised Fund.

**About the longevity of funds**

If designated by the donor, an individual fund shall continue for up to two (2) successive generations, for example allowing children and grandchildren to advise the fund. The minimum age for successor advisors is age 21. However, upon the death of the original founder, The University of Alabama immediately receives its percentage of the advised fund, the purposes of which may be designated by Memorandum of Agreement. Successor advisors serve to recommend distributions from the portion of the fund that is not exclusively dedicated to use by The University of Alabama.

An individual fund must maintain a minimum balance of $10,000. If an individual fund balance falls below $10,000 for a twelve (12) month period, the individual fund will terminate. The balance will be transferred to The University of Alabama for unrestricted purposes, unless otherwise advised by the donor and approved by the Trustees of the Donor Advised Fund. Every attempt will be made to allow the donor or his/her designee to advise as to the purposes of the fund.

If the donor’s account is dormant for five (5) years, Donor Advised Fund Trustees will make every effort to contact the donor or designated advisors and suggest that the advisors recommend grants from the account. If the donor or advisors do not respond, the account will be transferred to The University of Alabama for unrestricted purposes. In the case of a fund created by a corporate entity, the term will continue subject to the minimum balance provisions and the inactivity provisions noted above.

**How the Donor Advised Funds are invested**

To allow for a variety of objectives, The University of Alabama Donor Advised Fund provides five different investment strategies for the management of Donor Advised Funds. These strategies are reflected in five investment pools consisting of no-load, daily value mutual fund
products. These pools include:

- Money Market Pool
- Conservative Pool
- Balanced Income Pool
- Growth Investment Pool
- Equity Index Pool

The Board of Trustees of The University of Alabama Donor Advised Fund, with the assistance of its investment consultant, monitor the asset allocation, mutual fund selections, performance, and investment management fees for each of the investment pools.

Donor advisors may recommend that their funds be invested in one of these pools. They may also suggest that the investment pool be changed at the end of each calendar quarter, if desired. To suggest such a change, donor advisors should make their recommendation by the 15th of the third month of each calendar quarter.

If requested and approved, funds over $1 million may utilize a separate investment manager.

Making Distributions from Your Fund

Recommending distributions from your Donor Advised Fund is simple. For a list of frequently asked questions, turn to page two. We recommend that you read and become familiar with the following information on how to recommend distributions from your fund.

How to suggest distributions from your fund

As a donor advisor, you may recommend that distributions be made from your Donor Advised Fund at any time. Under current federal tax law, there are no mandatory annual distributions required from Donor Advised Funds – unlike the mandatory distributions required of private foundations. Also, please feel free to take advantage of the knowledge and expertise of the Office of University Advancement’s professional staff. In addition, The University of Alabama will keep you updated on its activities through its Annual Report, the Crimson Legacy newsletters, and other information during the year. To assist you in making your
recommendations, the Donor Advised Fund can provide information on specific charitable needs.

All recommendations for distributions from Donor Advised Funds are subject to staff review and the review and approval of the Board of Trustees of the Donor Advised Fund. The following guidelines must be followed with respect to recommendations for distributions:

- Recommendations for distributions are submitted in writing
- Please use a Donor Advised Fund Grant Recommendation Form to request distributions
- The minimum distribution you may recommend is $1,000
- An unlimited number of distributions are permitted from each fund
- Distributions may be made to any tax-exempt public charitable organization within the United States, provided it meets the qualifications set forth by sections 170(c) or 501(c)(3) and 170(b)(1)(A) of the Internal Revenue Code; gifts may not be distributed to any type of private foundation, including private operating foundations.
- Distributions may not be used to satisfy any personal or corporate pledge or obligation of a donor or advisor, or to provide a benefit to a donor or advisor – such as paying membership dues, or Tide Pride contributions – unless the benefit is permitted by the then applicable Internal Revenue Code and related regulations.
- While there is no specific requirement to do so, we strongly recommend that you make recommendations to distribute at least 5% of your fund each year.

**How distributions are processed**

Once appropriate documentation is received from the donor, the trustees, and the receiving charity, individual recommendations for distributions are processed within 10 business days of receipt. Donor advisors are required to submit a completed grant recommendation form. Trustee approval is sought and charities must submit their IRS 501(c)(3) letter or certify that it is still current.
How distributions are acknowledged

A letter accompanies each distribution to a charitable organization. The donor advisor receives a copy of that letter. Unless otherwise requested, the letter to the charitable organization identifies the donor advisor(s) to the Donor Advised Fund who recommended the distribution.

Quarterly reports

Donor advisors to a Donor Advised Fund receive quarterly reports that summarize the activity of the fund. The report shows contributions, market value and distributions to charities.

Donor Advisor Services Guidelines

How The University of Alabama Donor Advised Fund works with you

These guidelines provide you, the donor advisors and prospective donor advisors of The University of Alabama Donor Advised Fund with information on what you should expect in working with the Donor Advised Fund. We look forward to helping you reach your charitable goals each year and we welcome your input and suggestions.

You may communicate with us in person, by telephone, mail, e-mail or facsimile. We welcome your visits to our campus. As we work with you in the years ahead, we will be pleased to meet with you at your home or office if that will better meet your needs.

During office hours, all telephone calls are handled directly by staff. If we take a phone message or you leave a message on voicemail, we will return your call within one business day – preferably the same day. We review our voicemail messages frequently, even when out of the office, to better respond to your needs.

Confidentiality of donor information

Information about The University of Alabama Donor Advised Fund donors is confidential. We do not disclose financial information, individuals’ ages or other personal information. While we can make no
legal claim of confidentiality, such as the attorney-client privilege, it is our policy to maintain your trust.

The University of Alabama Donor Advised Fund’s policy and practice is to publish the names of its donors and fund names in its selected publications. However, if you so request, we will not list your fund name in our publications. We use your mailing information for internal purposes only.

**Information on charitable giving and organizations**

To assist you in meeting your charitable goals, we are pleased to provide you with information on charitable gift planning, such as giving through your will or trust, as well as information about charitable organizations you may wish to support through the Donor Advised Fund.

In our relationship with you and with other donors, we encourage the involvement of your professional advisors. Our guidelines clearly prohibit our providing you with legal services or tax advice and, thus, we encourage you to retain legal and other professional advice, as needed, to ensure that your arrangements and dealings with the Donor Advised Fund are appropriate and beneficial to you.

**No discrimination**

The University of Alabama Donor Advised Fund policies and guidelines encourage donors to participate in charitable activities throughout Alabama and the United States. As such, The University of Alabama Donor Advised Fund does not discriminate against donors or grantee organizations because of age, gender, race, national origin, creed, religion or sexual preference.
Disclaimer

All Donor Advised Funds are component funds of The University of Alabama Donor Advised Fund. Accordingly, the Donor Advised Fund will not be bound by the advice of donors or advisors with respect to the investment or administration of its Donor Advised Funds. Investments of the Donor Advised Funds are investments of The University of Alabama Donor Advised Fund and are subject to the approval of its Board of Trustees. As such, the asset allocations, underlying investments and investment managers for these funds are the responsibility of and within the control of The University of Alabama Donor Advised Fund. Investments within Donor Advised Funds are not the investment of the founder or donor advisor(s) and therefore are not subject to any federal or Alabama securities registration or law.

The information contained in this handbook is intended to inform founders, donors and professional advisors to Donor Advised Funds of the administrative rules applicable to these funds. The information contained in this handbook and the policies governing the administration of Donor Advised Funds, are subject to change, without notice, by the Board of Trustees of The University of Alabama Donor Advised Fund. Changes will be made, as necessary, to ensure compliance of the Donor Advised Fund program with any applicable federal or state law or regulation.