



American Endowment Foundation

New DAF Procedure

Below is a list of the steps involved in setting up and operating a typical new AEF Donor Advised Fund (DAF). These steps could vary depending on the asset contributed and other factors.

1. The Client & Financial Advisor reviews the **AEF Program Description & Sample Application**. Once ready to proceed, the application is completed online at: <https://www.aefonline.org/start-online-application>
2. The Financial Advisor provides the investment paperwork necessary to open a new investment account for a nonprofit corporation (including investment advisory agreement if applicable). This paperwork is uploaded by the Financial Advisor as an electronic attachment during the final step of the online application process. AEF (as the client) completes and signs the investment paperwork and returns it to the Financial Advisor. The new investment account is registered either:
American Endowment Foundation, or
American Endowment Foundation FBO Smith Family Charitable Fund (for example).

Note: the Financial Advisor may need to be registered in Ohio, since AEF is technically the owner of the new investment account.

3. When the new investment account is opened, the Financial Advisor helps the Client transfer cash or securities into it (**see transfer instructions**.) The Financial Advisor notifies AEF once the transfer has taken place. The Financial Advisor provides AEF online access to the investment account.
4. AEF sends the Client a Welcome packet, which includes login information and instructions for DonorCentral (AEF's client portal through which most Clients access information about their DAFs, and submit grant recommendations), as well as additional informational literature about AEF. Once the client has funded the investment account, the client/donor will receive their tax receipt letter in the US mail.
5. The Financial Advisor contacts AEF to discuss any changes in the investment account. This is unnecessary if the Financial Advisor has discretionary investment authority.
6. When the account is established, AEF will contact the Financial Advisor to arrange for a distribution of 1% of the fund balance from the investment account to AEF unless the account is already held in liquidity. This is not a fee. Its purpose is to fund the DAF's **Liquidity Account** (a small pool of liquidity, held by AEF outside of the investment account, from which AEF takes its quarterly administrative fee.) Once a year, thereafter, AEF will request a distribution to bring the Liquidity Account balance back up to the 1% level.
7. From time to time, clients will want to make grant distributions from their DAF accounts. They will submit these grant recommendations through DonorCentral. AEF will contact the Financial Advisor to request a distribution from the investment account equal to the amount to be granted.
8. AEF prepares a quarterly statement of DAF activity, and notifies the Client and Financial Advisor that it is available on DonorCentral. AEF can mail paper statements, if the Client so prefers.
9. **All documentation can be emailed to newdaf@aefonline.org**

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