

## Procedure to Open a Donor-Advised Fund

Below is a list of the 5 steps involved in setting up a new donor-advised fund at the Independent Charitable Gift Fund (iGiftFund). Think of iGiftFund as just another client for the benefit of the donor's donor-advised fund.

**Download** this fillable form and save it to your computer before you email it to us at: [donorsupport@iGiftFund.org](mailto:donorsupport@iGiftFund.org)

**Contact us with questions:**  
800.810.0366  
[donorsupport@iGiftFund.org](mailto:donorsupport@iGiftFund.org)

- 1 Send us the completed donor-advised fund application.
  
- 2 Send us the paperwork necessary to open a new investment account for a nonprofit corporation (including the investment advisory agreement, if applicable). The new investment account is registered as:  
  
**Independent Charitable Gift Fund FBO** (for example, The Jones Charitable Fund)  
  
iGiftFund (as the client) completes and signs the investment paperwork and returns it to you, the Financial Advisor.
  
- 3 Once the new investment account is established, help your client transfer cash or securities into it. The Financial Advisor continues to manage the investment on a brokerage account or managed (discretionary or non-discretionary) basis.
  
- 4 Notify iGiftFund once the transfer has taken place by sending us the completed Contribution Form.
  - Provide iGiftFund with online access to the donor fund investment account.
  - Arrange for duplicate statements to be sent to the donor.
  
- 5 When the investment account is funded, send iGiftFund the 2% liquidity reserve for grant-making.

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## Checklist to Open a New Fund

- Help your client complete the donor-advised fund application.
- Send us the signed donor-advised fund application, along with the paperwork necessary to open a new investment account for a nonprofit corporation (including the investment advisory agreement, if applicable). Note: you as the advisor may need to be registered in Ohio, since iGiftFund is technically the owner of the new investment account.

The Financial Advisor continues to manage the investments on a brokerage or managed (discretionary or non-discretionary) basis.

iGiftFund (as the client) completes and signs the investment paperwork and returns it to the Financial Advisor. The new investment account is registered as:

**Independent Charitable Gift Fund FBO** (for example, The Jones Charitable Fund.)

- Once the new investment account is established, the Financial Advisor helps the client transfer cash or securities into it. The Financial Advisor notifies iGiftFund once the transfer has taken place by sending iGiftFund the completed Contribution Form.
- The Financial Advisor provides iGiftFund with online access to the investment account.
  - The Financial Advisor arranges for duplicate statements to be sent to the donor.
- When the investment account is funded, the financial advisor sends 2% of the fund balance to fund the respective donor's Liquidity Account. This is not a fee. See the Liquidity Account explanation below.

iGiftFund sends the donor a Welcome Letter, including a tax receipt, as well as login information and instructions for DonorView (iGiftFund's donor portal through which most donors access information about their donor-advised funds, and submit grant recommendations).

The Financial Advisor consults with the donor and contacts iGiftFund to discuss any changes in the investment account. This is unnecessary if the Financial Advisor has discretionary investment authority.

Donors typically make 4–6 grant distributions from their donor-advised fund accounts. They will submit these grant recommendations through DonorView. If there are insufficient funds in the fund's Liquidity Account, iGiftFund will contact the Financial Advisor to request a distribution from the investment account to replenish it.

iGiftFund prepares a quarterly statement of donor-advised fund activity, and notifies the donor and Financial Advisor that it is available on DonorView. iGiftFund can mail paper statements if the donor prefers.

## Liquidity Account Explanation

Below is an explanation of the Liquidity Account associated with each donor-advised fund at the Independent Charitable Gift Fund (iGiftFund).

### What is it?

iGiftFund will retain a portion of each donor-advised fund's assets in the fund's Liquidity Account. The Liquidity Account is like a cash reserve, from which cash is distributed, primarily for grants and administrative fees. Cash in the Liquidity Account is invested so that each donor-advised fund continues to earn income on its Liquidity Account balance.

### What is its purpose?

The purpose of the Liquidity Account is to streamline the process and reduce the cost of requesting funds to process:

- Donor grant distributions, and/or
- The iGiftFund quarterly administrative fees.

### How does it work?

When a donor-advised fund is established, approximately 2% of the initial contribution is placed in the fund's Liquidity Account. The donor's Financial Advisor typically manages the remaining 98% of funds contributed.

Over time, through administrative fees and grants, each fund's Liquidity Account balance draws down. As it approaches zero, iGiftFund will request that the donor's Financial Advisor liquidate investments to replenish the fund's Liquidity Account balance to approximately the 2% level.

### Other considerations:

- Donors may choose to be more liquid pending a large grant or many grants.
- Donors may seek a safe holding place while investment decisions are solidified.
- Donors may want to reduce exposure to market fluctuations.

### How is it invested?

The Liquidity Account balance from all iGiftFund donor-advised funds is invested primarily in a top-ranked institutional money market fund. Net earnings on the Liquidity Account are allocated to each donor-advised fund on a monthly basis.