



# Donor-Advised Fund Reference Guide



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# Introduction

NPT Transatlantic Donor-Advised Funds (DAFs) facilitate charitable giving by individuals and legal entities. NPT Transatlantic receives and administers charitable gifts, and reviews and distributes grants to qualified organisations suggested by donors.<sup>1</sup>

Contributions to NPT Transatlantic donor-advised fund accounts are irrevocable gifts when received and accepted by NPT Transatlantic, which retains exclusive legal control over all contributed assets. Prospective donors should consult their legal and tax advisors regarding the tax relief or tax deductibility of such gifts with respect to their particular circumstances.

This Reference Guide describes important policies and procedures affecting donors who establish and maintain a NPT Transatlantic Donor-Advised Fund account.

## ABOUT NPT TRANSATLANTIC

NPT Transatlantic Limited (NPT Transatlantic) is a dual qualified charity, which enables donors to benefit from tax relief in both the UK and US. Donations to NPT Transatlantic are simultaneously recognised as charitable contributions for UK and US tax purposes.

NPT Transatlantic is an English charity (charity number 1153376) and an English charitable company (company number 08612103). National Philanthropic Trust (EIN 23-7825575), a 501(c)(3) public charity in the United States, is the sole shareholder of the English charitable company NPT Transatlantic. The US Internal Revenue Service recognises NPT Transatlantic as a “disregarded entity” of National Philanthropic Trust for US tax purposes. The status of each charitable entity has been fully disclosed to the IRS and HMRC. Donations to NPT Transatlantic are treated as donations to an English charity by HMRC and as donations to a US charity by the IRS.

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<sup>1</sup> NPT Transatlantic Donor-Advised Funds are subject to US tax law, UK tax and charity laws and NPT Transatlantic’s Articles of Association. NPT Transatlantic reserves the right to modify this Reference Guide and the terms and conditions upon which the Fund is offered at any time.

# How the Donor-Advised Fund (DAF) Works

**Donor gifts assets to National Philanthropic Trust Transatlantic (NPT Transatlantic)**

- Make irrevocable charitable gifts to NPT Transatlantic of cash, publicly traded shares, securities, real estate, and other illiquid assets. (See Establishing and Advising an Account.)
- Receive UK tax relief and/or a US tax deduction (as applicable) when the gift is made to the Donor-Advised Fund.



**Assets are invested in third-party investment solutions**

- Recommend that account assets be allocated among select third-party investments. Asset allocations are subject to certain guidelines and approval by NPT Transatlantic.
- Upon request, certain accounts may utilise a bespoke investment account.



**Donor recommends grants to charities immediately or in the future**

- Recommend that grants be made to qualified charitable organisations anywhere globally. Grants are subject to approval by NPT Transatlantic.
- Donors can make grant recommendations online through the donor portal.



**NPT Transatlantic processes grants to charities and provides detailed recordkeeping**

- NPT Transatlantic conducts due diligence on the beneficiary charity.
- NPT Transatlantic provides administration and recordkeeping for Donor-Advised Fund accounts.

# Establishing and Advising an Account

Individuals, companies, foundations, trusts and estates, as well as certain other qualifying legal entities, are eligible to open Donor-Advised Fund accounts. While the terms and conditions described in this Reference Guide generally apply to all donors, accounts set up by qualifying legal entities are subject to different account opening applications and administrative procedures.



## OPEN AN ACCOUNT

Donors may open a Donor-Advised Fund account with an initial gift of £50,000 or more in cash, shares, or other assets. Additional contributions may be made at any time thereafter in amounts of £2,000 or more.

Donor-Advised Fund accounts may also be opened in USD (Please see *Donor-Advised Fund Account in USD*).

### Naming Your Account:

- When a Donor-Advised Fund account is established, the donor chooses an account name. In the case of an individual, this may be the donor's own name, the name of a family member or friend, or may contain the name of a broad charitable purpose (e.g., "The Smith Family Foundation" or "The Arts Fund"). The name may be modified by the advisors at any time.
- A Donor-Advised Fund account established by a legal entity, such as a company, foundation, or trust, may contain the name of the entity in the account name (e.g., "The XYZ Foundation" or "XYZ Charitable Trust").

### Naming a Primary Advisor:

- The Primary Advisor is typically the primary donor to the Donor-Advised Fund account.
- The Primary Advisor has the authority to recommend grants and investment allocations, name and remove the Joint Advisor, Secondary Advisors, Successors and Charitable Beneficiaries in the Succession Plan.
- The Primary Advisor will have online access to view all Donor-Advised Fund account information, activity and statements. All correspondence regarding the Donor-Advised Fund account will be sent to the Primary Advisor.

### Naming a Joint Advisor:

- In addition to the Primary Advisor, other persons (such as a spouse, family members, friends, etc.) may be named as a Joint Advisor.
- The Joint Advisor will have full and equal privileges to recommend grants and investment allocations, name and remove Secondary Advisors, Successors and Charitable Beneficiaries named in the Succession Plan.

### Naming Secondary Advisors:

- Secondary Advisors may be given read-only access or full access to recommend investment allocations and grants.
- A Secondary Advisor does not automatically become a Successor to the DAF account.
- If the Secondary Advisor is a minor, NPT Transatlantic may require that a legal guardian make grant and investment recommendations.

### Naming Successor(s) or Charitable Beneficiaries:

- The Primary or Joint Advisor may name one or more Successors and/or name one or more Charitable Beneficiaries to the Donor-Advised Fund account.
- The Primary or Joint Advisor can name two Successor Advisors to share advisory privileges for a single Donor-Advised Fund account, or may recommend that multiple accounts be established and name individual Successors as the Primary Advisor to each new Donor-Advised Fund account. Each new Donor-Advised Fund account must be funded with £50,000 or more from the remaining account balance after the death of the Primary and Joint Advisors.
- A Successor Advisor gains the power to act as the Primary Advisor after the death, resignation or disqualification of the Primary Advisor and Joint Advisor (if named), including the ability to recommend grants and investment allocations, and name and remove a Joint Advisor, Secondary Advisors, Successors and Charitable Beneficiaries named in the Succession Plan. Under present guidelines, this process of Successors naming further Successors may continue in perpetuity.
- If the Successor Advisor is a minor, NPT Transatlantic may require that a legal guardian make grant and investment recommendations.

## OPEN AN ACCOUNT (CONTINUED)

- Charitable organisations may be named as Charitable Beneficiaries in the Succession Plan if the Primary or Joint Advisor prefers to have either an annual distribution of a specific percentage of the Donor-Advised Fund account's balance, or the remaining assets in the Donor-Advised Fund account granted to a charitable organisation after the death of the Primary Advisor and Joint Advisor (if named).
- If no Successor or Charitable Beneficiary is named in the Succession Plan, the balance of the Donor-Advised Fund account remaining at the death, resignation or other removal of the last Advisor will be transferred to the NPT Transatlantic Giving Fund.

### Updating Advisor and Fund Information:

- The Primary or Joint Advisor may add or update any other Advisor's contact information, revoke another Advisor's account privileges, and change or add Advisors, Successors or Charitable Beneficiaries in the Succession Plan at any time.

## FUND THE ACCOUNT

Gifts to a Donor-Advised Fund account may be in the form of cash or publicly traded shares and securities. In certain circumstances, NPT Transatlantic may also accept: securities or assets that are not traded publicly in a liquid securities market or that are subject to selling restrictions; restricted stock; real estate; privately or closely held stock; alternative investments; limited partnership interests; and other assets.<sup>2</sup> Please contact NPT Transatlantic for additional information.

ASSET TYPE	HOW TO CONTRIBUTE
Cash	Donors may contribute cash by bank transfer (wire) to NPT Transatlantic. Donors who are taxed in the UK on the remittance basis may contribute cash by bank transfer (wire) to NPT Transatlantic offshore. Cash contributions may be eligible for Gift Aid relief in the UK.
Publicly traded shares and securities and restricted securities.	Donors may contribute publicly traded shares and securities. Securities held for less than one year may be subject to IRS restrictions on US tax benefits. Donors who are taxed in the UK on the remittance basis may contribute shares and securities to NPT Transatlantic offshore. Donors may also contribute gifts of restricted securities, which will be considered on a case-by-case basis. <sup>3</sup>
Real estate and other tangible property	Donors may also contribute gifts of real estate and other tangible property, which will be considered on a case-by-case basis. <sup>3</sup>
Privately/closely held stock	Donors may contribute stock or limited partnership interests in privately held corporations on a case-by-case basis. <sup>3</sup>
Legacies, bequests and testamentary gifts	A Donor-Advised Fund account may be named as the beneficiary of a bequest of cash or securities, and may be named as a designated beneficiary of a life insurance policy or a qualified US retirement plan (such as an IRA) or pension plan (UK). An account can also be the beneficiary of a charitable remainder trust (US) or charitable lead trust (US). To be eligible for the tax benefits associated with these types of bequests and testamentary gifts, it is important that "NPT Transatlantic Limited" is named as the beneficiary. Please contact NPT Transatlantic for additional information and suggested language to designate your Donor-Advised Fund account as the beneficiary of your estate planning vehicle.
Unit Trusts, OEICs & US mutual funds	Donors may contribute Units Trusts, OEIC & US mutual fund shares by having the shares transferred to their accounts. Securities held for less than one year may be subject to IRS restrictions on US tax benefits.
Grants and transfers from a foundation or donor-advised fund	Donors may transfer funds from an existing US or UK foundation, charitable entity, or from another donor-advised fund. <sup>4</sup>

Before making any gift, donors must complete a **Contribution Agreement**. Donors should consult with their tax and legal advisors when making a contribution or bequests and testamentary gifts.

<sup>2</sup> Illiquid assets may be subject to certain restrictions.

<sup>3</sup> Additional fees may be incurred and deducted as a result of processing these gift types.

<sup>4</sup> Not all donor-advised funds allow for transferability.

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## RECEIVE TAX RELIEF AND ACCOUNT VALUE

Upon receipt of a gift, NPT Transatlantic provides contribution confirmation letters to the donor to acknowledge receipt of the gift. These letters serve as your receipts for UK and US tax purposes. Please keep the receipts for your records. For more information, see *Tax Considerations*.

For US tax purposes, donors are required to obtain an independent, qualified appraisal to establish the amount of their tax deduction when contributing certain illiquid assets. If required, National Philanthropic Trust will sign an IRS Form 8283 to acknowledge receipt of your contribution. The Form 8283 also contains a summary of your qualified appraisal (if required) of the fair market value of contributed assets. The IRS requires that you file Form 8283 with your federal income tax returns for gifts of property of \$500 or more—including publicly traded and other securities.

NPT Transatlantic will provide any other financial reports or information required by UK or US law.

A donor's Donor-Advised Fund account value is the sum of the initial account value plus interest, dividends and other investment income, including capital gain distributions from the investments in which the account is invested, less grant distributions and other operating expenses. The value of the account will also fluctuate with changes in the investments' net asset value (NAV), which in turn will be affected by, among other factors, market movements. Gifts to the account will be credited as follows:

- Gifts of Cash: The account will be credited with the value of the donor's cash contribution.
- Gifts of Securities: The account will be credited with the net proceeds after liquidation costs from the sale of the securities contributed by the donor. NPT Transatlantic will seek to liquidate marketable securities contributed by the donor promptly.

Gifts are irrevocable.<sup>5</sup> The assets of the Donor-Advised Fund are legally owned and controlled by NPT Transatlantic for as long as they remain undistributed to qualified charitable organisations, and may not be withdrawn or refunded to the donor under any circumstance.

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<sup>5</sup> NPT Transatlantic reserves the right to reject any gift. If a gift is rejected for any reason, it will be returned as soon as possible.

## ILLIQUID ASSET CONTRIBUTION GUIDELINES

NPT Transatlantic accepts illiquid assets to help donors create or add to their Donor-Advised Fund accounts. Every illiquid asset is unique and subject to approval by NPT Transatlantic. Each gift is individually evaluated and, if approved, is managed to ensure compliance with HMRC, Charity Commission, and IRS gifting rules. NPT Transatlantic provides personalised communication with donors and advisors on every aspect of the review and liquidation process.

### Contribution Minimums:

NPT Transatlantic has established minimum thresholds for accepting illiquid assets, as listed below:

TYPE OF ASSET	CONTRIBUTION MINIMUM
Real estate (residential and commercial)	£2,000,000
Alternative investments (hedge funds and private equity)	£1,000,000
Privately held business interests	£500,000
Tangible personal property (artwork and collectibles)	£250,000
Structured notes	£250,000
Restricted stock	£25,000
Cryptocurrency	£25,000

Due to the legal requirements and inherent complexities in processing gifts of illiquid assets, such as real estate, restricted stock or stock in privately held companies, an additional fee may be deducted for the costs incurred in accepting such gifts, including but not limited to due diligence fees to third party consultants, their out of pocket expenses and legal fees.

### Key Considerations

- **Appraisal:** For US tax purposes, the IRS requires a donor to secure a qualified appraisal as early as 60 days prior to the gift and no later than the time the donor files his/her annual tax return. If a donor fails to obtain a qualified appraisal, the IRS may disallow the donor's tax deduction.
- **Gift Proceeds:** Due to the amount of time required to liquidate the asset and market factors, sale proceeds may differ from the valuation or fair market value at the time of the contribution.
- **Tax Consequences:** NPT Transatlantic does not provide legal or tax advice. Donors should consult their professional tax advisors to evaluate their individual tax circumstances.

Once a contribution is accepted, NPT Transatlantic will seek to liquidate contributed assets promptly. The net proceeds of the liquidation of contributed assets are reflected in the account balance of your donor advised fund account.

If NPT Transatlantic cannot accept a contribution for any reason, you will be notified as soon as possible. Any costs NPT Transatlantic incurs in connection with the acceptance or liquidation of contributed assets (e.g., commissions, legal or appraisal fees) will reduce the balance in your donor advised fund account. NPT Transatlantic may require a contribution prior to the acceptance of contributed assets to cover the costs of due diligence or other acceptance costs. Donors will also be required to maintain liquidity in the account for fees and granting purposes.



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# Advising an Account

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## RECOMMEND INVESTMENT CHOICES

You may recommend that assets in the Donor-Advised Fund account be invested to grow tax-free to support your future grant recommendations.

### Investment Options

Advisors may recommend investments in the third-party investment options made available by NPT Transatlantic.

Advisors make their investment recommendation by specifying their allocation (by percentage, not amount) through the donor portal or by completing an **Investment Reallocation** form.

If an Advisor does not make an investment recommendation, funds will be automatically held in a non-interest-bearing cash account.

Advisors may change the asset allocation by submitting a new **Investment Reallocation form**.

### Bespoke Investment Options

A separate bespoke investment account option is available for Donor-Advised Fund accounts greater than £500,000/\$800,000. For donors with bespoke segregated investment accounts, should the DAF account balance fall below the bespoke segregated account minimum, charitable administration fees will be assessed as if the DAF account has assets equal to the segregated account minimum.

### Investment Authority

NPT Transatlantic and its Board of Trustees have sole authority to invest your Donor-Advised Fund assets and may change the investments at any time. All decisions relating to NPT Transatlantic's investments are the legal responsibility of the NPT Transatlantic Trustees and Investment Committee, which is responsible for the design and execution of the asset allocation strategy and investment activities. All Investments must conform to NPT Transatlantic's Investment Policy Guidelines.

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## RECOMMEND GRANTS

Advisors recommend grants by submitting a grant recommendation via *the donor portal* or by submitting a **Grant Recommendation** form by email. The recommendation specifies the recipient, purpose of the grant, and the amount up to the available assets in the Donor-Advised Fund account. Each recommendation must be for a minimum of £200/\$320. NPT Transatlantic has final authority over the distribution of grants, and must approve all grant recommendations.

If the grant recommendation is not approved, NPT Transatlantic will contact the Advisor, explain the reasons why the recommendation was declined, and provide an alternative solution to satisfy the Advisor's philanthropic intent. The Advisor may then decide to submit an alternate grant recommendation.

### Eligible Charities

Grants can be recommended to qualified charitable organisations around the world at any time.

As a UK/US dual qualified charity, NPT Transatlantic must comply with all Charity Commission, HMRC and IRS regulations regarding required due diligence on beneficiary charities and acceptable grant purposes.

In the UK, organisations must be registered with the Charity Commission for England and Wales, Office of the Scottish Charity Regulator, Charity Commission of Northern Ireland, or otherwise recognised as charities under the laws of those jurisdictions, including, for example, 'exempt' or 'excepted' charities.

In the US, organisations must be tax-exempt under Internal Revenue Code Section 501(c)(3) and classified as public charities under Code Section 509(a). Grants can also be made to US private operating foundations as described in Code Section 4942(j)(3), in some circumstances.

Grants to charities outside of the UK or US require additional due diligence to determine the charity's eligibility to receive grants.

*Ineligible grant recipients and purposes include, among others:*

- Individuals
- US private foundations (except for certain operating foundations, as noted above)
- Non-functionally integrated Type III supporting organisations in the US
- Political campaigns, candidates or organisations supporting lobbying activity
- Payment of dues, membership fees, tuition, goods from charitable auctions, or other goods/services
- Payment for a table or tickets to a gala or event

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## RECOMMEND GRANTS (CONTINUED)

### Donor Recognition or Anonymity

When recommending a grant, the Advisor may choose a number of ways to be recognised:

- The Donor-Advised Fund account name only
- The donor's name and the Donor-Advised Fund account name
- In honour or memory of someone
- Remain anonymous and not be identified

### Recurring Grants

A grant may be recommended to be distributed on a recurring basis—monthly, quarterly, half-yearly, or yearly—to a specific charity. Please note: recurring grants may be discontinued for insufficient funds, or if an Advisor sends a notice to suspend the recurring grants.

### Distributing Grants

Upon receipt of a grant recommendation, it will be reviewed and, if approved by NPT Transatlantic, processed within 1–3 weeks. Grants that require additional due diligence may take longer.

Each grant will be funded by first using any available cash in the donor's account and then redeeming the investments in which the donor's account is invested. Investments will be redeemed in proportionate amounts from each investment (unless otherwise specified by the donor) according to account balances at the time the grant recommendation is processed. The time needed to divest varies by investment and third-party investment manager.

Once a grant is approved and funds are available, NPT Transatlantic will send a bank transfer (wire) to the charitable organisation. An accompanying letter will indicate the purpose of the grant and the account from which the grant was funded (unless anonymity is requested). All grant activity will also be shown on the donor's quarterly statements and on *the donor portal*.

Additional fees may apply for high volume grantmaking.

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## GLOBAL GRANTMAKING

The NPT Transatlantic Donor-Advised Fund allows donors to make direct grants to charities in countries other than the UK or US.

Grants to charities outside of the UK or US require additional due diligence to determine the charity's eligibility to receive grants. Once awarded, grants to these organisations also

require monitoring and reporting to ensure that a charity has used the grant for its intended purpose. As a result, additional fees apply for each global grant recommendation. This fee is assessed against the Donor-Advised Fund account assets when the Advisor recommends the grant.

Please see *Fees and Expenses* for global grantmaking fees.

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## GRANT AGREEMENTS

The NPT Transatlantic Donor-Advised Fund allows donors to establish specialised grant agreements.

When donors wish to make a grant that requires specific terms, NPT Transatlantic drafts and finalises a gift agreement with the charity based on the donor's intent. Examples of particular terms or conditions that can be incorporated into a bespoke grant agreement include:

- Benchmarking
- Results and research findings
- Reporting requirements
- Matching or challenge grant provisions
- Restrictions on use of funds
- Recognition

Please see *Fees and Expenses* for bespoke grant agreement fees.

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## ABANDONED ACCOUNTS

If a Donor-Advised Fund account remains inactive (i.e., no grants and no contributions) for six (6) consecutive years or in the event of the death of the last surviving Advisor without a named individual Successor Advisor, NPT Transatlantic reserves the right, in its sole discretion, to honour the original Advisor's donative intent by granting the entire balance of the Donor-Advised Fund account over a maximum period of seven (7) years, in the following order of priority:

- **Named Successor Charities:** If there are one or more charitable organisations designated in the Donor-Advised Fund account's succession plan, NPT Transatlantic will grant the entire balance of the account: (i) to the designated organisation(s); or (ii) to one or more organisations that are as similar as possible in mission and scope (as determined by NPT Transatlantic in its sole discretion) to the designated organisations' areas of interest.
- **Account Granting History:** If there is no charitable organisation named in the donor-advised fund account's succession plan, NPT Transatlantic will grant the entire balance of the Donor-Advised Fund account to one or more qualified charitable organisations that are as consistent as possible with the original Primary Advisor's donative intent. NPT Transatlantic will reference the granting history of the account to determine donative intent.
- **NPT Transatlantic Giving Fund:** If the account has no granting history, NPT Transatlantic will transfer the entire balance of the account to the NPT Transatlantic Giving Fund.

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# Tax Considerations

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## UK TAX RELIEF

### Gift Aid Relief

When a cash gift is made to NPT Transatlantic, the gift of cash may be eligible for Gift Aid relief in the UK. To qualify for Gift Aid relief, the donor must pay enough UK tax (income tax, capital gains tax, Remittance Basis Charge) in each tax year to cover the amount of Gift Aid relief that all charities claim on the donor's behalf for that tax year. As a registered UK charity, NPT Transatlantic is eligible to claim Gift Aid on eligible cash contributions. The reclaimed Gift Aid will be added to the Donor-Advised Fund account once received. Gift Aid may only be claimed on new donations to charity.

If relevant, donors should complete a **Gift Aid Declaration** form.

### Tax Relief on UK Self-Assessment Return

When a gift is made to NPT Transatlantic, individual donors may be able to claim UK tax relief on their self-assessment tax return. For cash gifts, higher rate or additional rate taxpayers are generally eligible to claim the difference between their tax rate and the basic tax rate on the gross donation. For gifts of shares, donors are generally eligible to claim tax relief on the total fair market value of the contribution. The amount of the UK tax relief will depend on many factors, including the type of asset donated.

### Remittance Basis Taxpayers

Donors who are taxed in the UK on the Remittance Basis may contribute to NPT Transatlantic offshore.

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## US TAX DEDUCTION

When a gift is made to NPT Transatlantic, individual donors may be able to claim a US charitable contribution deduction on their US federal and state income tax returns (depending on the state) for the value of the gift, subject to certain limitations. The amount of the US deduction will depend on many factors, including the type of asset donated.

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## VALUATION CHANGES AFTER GIFTING

Donated securities will be sold by NPT Transatlantic as promptly as possible so that cash can be allocated among investments. When a gift of securities is made, the initial value of the account may differ from the amount of the tax relief or deduction a donor may claim. For example, if the value of a donated security increases (or decreases) after being donated to NPT Transatlantic, this will not increase (or decrease) the amount of the tax relief/charitable deduction the donor may claim.

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## LIMITATIONS ON TAX RELIEF AND DEDUCTIONS

The UK tax relief and US tax deduction that donors may claim is subject to certain income limitations.

In the US, for cash gifts, donors who are individuals may not claim a US deduction greater than 60% of their adjusted gross income (AGI) in general. Deductions by individual donors, for appreciated securities held for more than one year, are generally limited to 30% of AGI. Gifts exceeding these limits may be carried forward for an additional five years.

In the UK, donors who are individuals do not have a limit on the amount of tax relief available through charitable

giving. 100% of their income tax and capital gains tax may be tax relieved.

In the UK, donors may elect to back-date cash donations made on or before 31 January each year to the previous UK tax year, provided they have not yet made their UK self-assessment tax return. This is not permitted for US tax purposes.

Prospective donors should consult with their tax advisors to determine the deductibility of gifts to a Donor-Advised Fund account.

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## INHERITANCE TAX/ESTATE TAXES

Legacy (bequest) gifts to NPT Transatlantic are gifts to charity. The gifted assets are not part of the donor's estate. UK inheritance tax relief may apply in connection with your gifts to NPT Transatlantic. Donors should consult with their tax and legal advisors when making Legacy (bequest) gifts to the DAF.

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## REPORTING AND RECEIPTS

A quarterly statement of your DAF account activity will be posted to the donor portal, where it will be stored and will be available for download.

NPT Transatlantic will post a gift receipt acknowledging your contribution through the donor portal. This gift receipt serves as an official receipt for your gift.

- **Cash:** The NPT Transatlantic will provide acknowledgment letters that will include the date the gift was received by NPT Transatlantic, the jurisdiction where the contribution was received by NPT Transatlantic, and the amount of the cash gift.
- **Non-Cash Gift (such as shares, securities or illiquid assets):** NPT Transatlantic will provide acknowledgment letters that will include the date the gift was received by NPT Transatlantic, the jurisdiction where the contribution was received by NPT Transatlantic, and a description of the asset gifted.

For US tax purposes, Internal Revenue code make it the responsibility of donors to determine the valuation date and fair market value of non-cash gifts such as real estate and privately held stock. The actual deduction will depend on various factors, which should be discussed with the donor's tax advisors, including the purchase date of the donated assets and the donor's annual income.

For US tax purposes, if your non-cash gifts are greater than \$500, you will need to complete IRS Form 8283 for tax reporting purposes. Donors should consult their tax or legal advisors for further information on reporting gifts of securities. NPT Transatlantic will also provide donors with any other information as required by UK or US law.

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# Fees and Expenses

Contributions to NPT Transatlantic are charitable donations of assets over which NPT Transatlantic retains exclusive ownership, discretion and control. The terms “fees” and “charitable administration fee” wherever used refer to the amount NPT Transatlantic allocates from contributed assets to cover operating costs.

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## CHARITABLE ADMINISTRATION FEE

A blended fee for administration is calculated monthly, based on the daily closing account balance, and deducted quarterly by NPT Transatlantic for administering a Donor-Advised Fund account. The administration fee covers DAF operating expenses such as processing contributions, grantmaking, recordkeeping, annual audits, tax filing, quarterly statements, and the handling of other legal and fiscal responsibilities. All accounts will be charged a minimum fee of £200 per month. The charitable administration fee is not subject to VAT.

ACCOUNT BALANCE	ANNUAL FEE
First £250,000	0.85%
Next £250,000	0.70%
Next £500,000	0.35%
Above £1,000,000	0.20%

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## INVESTMENT FEES

These fees vary by investment manager and are deducted from each Donor-Advised Fund. For a list of current investment expenses, please contact NPT Transatlantic.

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## GLOBAL GRANTMAKING FEES

Grants to charities in countries other than the UK or US require additional due diligence to determine the charity's eligibility to receive a grant. As a UK/US dual qualified charity, NPT Transatlantic must comply with Charity Commission and IRS guidelines on grantmaking. Once awarded, grants to these organisations also require monitoring and reporting to ensure that the charity has used the grant for its intended purpose.

NPT Transatlantic reserves the right to deduct additional costs for any added (out of the ordinary) due diligence necessary, such as, but not limited to, site visits, translations services, advice from legal counsel, and reporting issues.

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## BESPOKE GRANT AGREEMENT FEES

NPT Transatlantic deducts an additional fee for the development of grant agreements. This fee is deducted from the Donor-Advised Fund account when the grant agreement is initially sent to the recipient charity. Legal counsel reviews all grant agreements into which NPT Transatlantic will enter. All legal charges are reimbursed to NPT Transatlantic from the Donor-Advised Fund account assets. Once entered into, these grant agreements are legally binding on NPT Transatlantic and the Donor-Advised Fund account, and must be fulfilled according to the terms of the agreement. NPT Transatlantic will also encumber any future payments listed in multi-year grant agreements.

ACCOUNT BALANCE	FEE
£0–£3 million	£1,100 per grant agreement plus legal fees
£3–£6 million	£900 per grant agreement plus legal fees
£6 million and above	Three free grant agreements annually, then £800 per grant agreement; legal fees will be expensed in all cases

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## LEGACY (BEQUEST) FEE

A fee of 1% of the value of the legacy (bequest) will be deducted from the accepted assets, with a minimum fee of £2,400.

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## SHORT-TERM ACCOUNT FEE

If more than 75% of the assets in an account are granted out within 12 months of the account opening, NPT Transatlantic reserves the right to charge the account the short-term fee equal to the greater of (i) £2,400 or (ii) 2% of the contributions during the 12 month period.

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# Donor-Advised Fund Accounts in USD

Donor-Advised Fund accounts may also be held in USD. A Donor-Advised Fund account may be opened with \$80,000. Subsequent contributions should be \$3,200 or more. Minimum grant amount is \$320.

A separate bespoke investment account option is available for Donor-Advised Fund accounts greater than \$800,000.

Contributions to NPT Transatlantic are charitable donations of assets over which NPT Transatlantic retains exclusive ownership, discretion and control. The terms “fees” and “charitable administration fee” wherever used refer to the amount NPT Transatlantic allocates from contributed assets to cover operating costs.

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## CHARITABLE ADMINISTRATION FEE

A blended fee for administration is calculated monthly, based on the daily closing account balance, and deducted quarterly by NPT Transatlantic for administering a Donor-Advised Fund account. The administration fee covers Donor-Advised Fund operating expenses such as processing contributions, grantmaking, recordkeeping, annual audits, tax filing, quarterly statements, and the handling of other legal and fiscal responsibilities. All accounts will be charged a minimum fee of \$300 per month. The charitable administration fee is not subject to VAT.

ACCOUNT BALANCE	ANNUAL FEE
First \$400,000	0.85%
Next \$400,000	0.70%
Next \$800,000	0.35%
Above \$1,600,000	0.20%

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## INVESTMENT FEES

These fees vary by investment manager and are deducted from each Donor-Advised Fund. For a list of current investment expenses, please contact NPT Transatlantic.

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## GLOBAL GRANTMAKING FEES

Grants to charities in countries other than the UK or US require additional due diligence to determine the charity’s eligibility to receive a grant. As a UK/US dual qualified charity, NPT Transatlantic must comply with Charity Commission and IRS guidelines on grantmaking. Once awarded, grants to these organisations also require monitoring and reporting to ensure that the charity has used the grant for its intended purpose.

NPT Transatlantic reserves the right to deduct additional costs for any added (out of the ordinary) due diligence necessary, such as, but not limited to, site visits, translations services, advice from legal counsel, and reporting issues.

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## BESPOKE GRANT AGREEMENT FEES

ACCOUNT BALANCE	FEE
\$0–\$5 million	\$1,750 per grant agreement plus legal fees
\$5–\$10 million	\$1,500 per grant agreement plus legal fees
\$10 million and above	Three free grant agreements annually, then \$1,250 per grant agreement; legal fees will be expensed in all cases

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## LEGACY (BEQUEST) FEE

A fee of 1% of the value of the legacy (bequest) will be deducted from the accepted assets, with a minimum fee of \$3,600.

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## SHORT-TERM ACCOUNT FEE

If more than 75% of the assets in an account are granted out within 12 months of the account opening, NPT Transatlantic reserves the right to charge the account the short-term fee equal to the greater of (i) \$3,600 or (ii) 2% of the contributions during the 12 month period.

# Donor-Advised Funds and Foundations

When considering the appropriate charitable giving vehicle, take into account the following characteristics of foundations and Donor-Advised Funds.

WHY USE A DONOR-ADVISED FUND				
BENEFITS	US PRIVATE FOUNDATION	UK FOUNDATION <sup>6</sup>	OUTRIGHT GIVING	DONOR-ADVISED FUND (DAF)
Grantmaking	Must donate 5% of assets each year	No required annual distribution	n/a	No required annual distribution
Anonymity	Required public filings limit confidentiality	Trustee names are public	Donor name can be kept confidential	Donor name can be kept confidential
Administration and Reporting	All accounting and legal documentation is responsibility of the donor (including IRS Forms 1023 and 990-PF)	All accounting and legal documentation is responsibility of the Trustees (including annual report filing with Charity Commission and possibly Companies House)	Charity provides gift receipt to Donor	Simple, online, and handled by DAF
Donations (LP interests, private stock, real estate)	Can receive complex securities, but more limited tax deduction.	Can receive complex securities but limited or no tax relief.	May not accept complex securities	Can receive complex securities
Concentration	Must comply with diversification rules, may result in obligation to diversify concentrated gift	Must regularly consider diversification, may result in obligation to diversify concentrated gift	n/a	No concentration limits, Individual DAF considered against charitable sponsor's total assets
US Tax Deduction Limit (% of adjusted gross income)	30% for cash, 20% for appreciated property	n/a	60% for cash, 30% for appreciated property	60% for cash, 30% for appreciated property
UK Tax Relief Limit	n/a	No limit. 100% of income tax and capital gains tax may be relieved/offset	No limit. 100% of income tax and capital gains tax may be relieved/offset	No limit. 100% of income tax and capital gains tax may be relieved/offset
US Gift Valuation	Cost except for publicly traded securities which are market value if held longer than 1 year	n/a	Market value, if held longer than 1 year	Market value, if held longer than 1 year
UK Gift Valuation	n/a	Market value, if qualifying gift	Market value, if qualifying gift	Market value, if qualifying gift
Expected Costs <sup>7</sup>	55-150 bps	55-150 bps	n/a	10-85 bps

<sup>6</sup> There is no distinct legal definition of a 'charitable foundation' in the UK. The term 'foundation' is used as a general term to describe the various charitable legal entities available in the UK (e.g. a charitable trust, a charitable company, a charitable incorporated organisation).

<sup>7</sup> Source: National Philanthropic Trust and NPT Transatlantic.

**NOTE:** Tax regulations are complex, and the advice of a legal or tax advisor is recommended. This table assumes that all property has been held by the donor for more than one year.



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## DONOR-ADVISED FUND AS A COMPLEMENT TO A FOUNDATION

Many clients establish NPT Transatlantic Donor-Advised Fund accounts to complement their private foundations. Adding a Donor-Advised Fund account may add additional flexibility and reach to your giving, while providing favourable tax treatment.

### **Anonymity**

A Donor-Advised Fund account can provide anonymity in grantmaking. Foundations must disclose their grantmaking on their annual tax filings, and this information is public. For Donor-Advised Fund accounts, the tax filing returns are completed by NPT Transatlantic and do not identify the source of particular grants, which affords the donor a level of privacy that a private foundation cannot provide.

### **Expansion of Mission**

Many private foundations have a specific mission, such as education, but the donor may wish to make a single gift to a cause outside of the foundation's scope. For such giving, a Donor-Advised Fund account may be ideal as a way to avoid mission conflict.

### **Considerations for US Private Foundations<sup>8</sup>**

A contribution made to your Donor-Advised Fund account may generate more favourable US income tax deductions than the same one made to your private foundation. This advantage is particularly apparent when you want to donate illiquid assets such as real estate and interests in privately held businesses.<sup>9</sup>

Also, Donor-Advised Funds are eligible to accept gifts from US private foundations. Some donors use their companion Donor-Advised Fund account to help meet their US private foundation's required minimum annual distribution.<sup>10</sup>

### **Global Grantmaking**

Global giving is a complex task, and it requires knowledge of HMRC, Charity Commission, US Internal Revenue Code, and US Treasury regulations and compliance rules for giving to international charities or causes. With a Donor-Advised Fund account, donors may recommend grants to recipients located around the world and be assured that the appropriate due diligence and reporting will be handled properly.<sup>11</sup>

### **Next Generation**

Many clients establish Donor-Advised Fund accounts to involve their children and/or grandchildren in philanthropy. Younger family members can learn how to create their own giving programs before joining their family foundation's board.

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<sup>8</sup> See Internal Revenue Code Section 170. Internal Revenue Code make it the responsibility of donors to determine the valuation date and fair market value of securities gifts on that date.

<sup>9</sup> Gifts to a donor-advised fund generate the same US tax deduction as an outright gift. UK and US tax regulations limit the deductible amount of charitable gifts depending on the asset given, the donor's adjusted gross income (AGI) and the status of the charity receiving the gift. These regulations are complex, and the advice of tax counsel or an accountant is recommended.

<sup>10</sup> See Internal Revenue Code Section 4942. Gifts to the Donor-Advised Fund accounts are irrevocable and are an unconditional contribution to NPT Transatlantic. NPT Transatlantic retains exclusive legal control over the contributed assets.

<sup>11</sup> NPT Transatlantic is legally responsible for ensuring that proposed grants and grantees are qualified to receive donated funds. Decisions about grants to qualified foreign charities are made on a case-by-case basis. Additional fees apply.

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## Other information

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### CONFLICT OF TERMS

In the event of an inconsistency between the terms of this document and NPT Transatlantic's articles of association, NPT Transatlantic articles of association will govern.

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### CONTACT INFORMATION

For more information about NPT Transatlantic Donor-Advised Funds, please contact [enquiries@nptuk.org](mailto:enquiries@nptuk.org).

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### ABOUT NPT TRANSATLANTIC LIMITED

Company Number (England and Wales) 08612103  
Charity Registration Number (England and Wales) 1153376  
Registered Address: 20 Old Bailey, London EC4M 7AN

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### IMPORTANT INFORMATION

Contributions to NPT Transatlantic are charitable donations of assets over which NPT Transatlantic retains exclusive ownership, discretion and control.

UK and US tax regulations limit the tax relief available for charitable gifts depending on the asset given, the donor's income and tax liability, and the status of the charity receiving the gift. These regulations are complex, and the advice of a legal or tax advisor is recommended.

The terms "fees" and "charitable administration fee" wherever used refer to the amount NPT Transatlantic allocates from contributed assets to cover operating costs.

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