Frequently Asked Questions: Understanding Fund Options

At the Peninsula Community Foundation, we offer a range of charitable fund options tailored to meet your philanthropic goals. Below is a guide to the most common fund types, how they work, and what you need to know to get started.

General Questions

Q: What is the minimum amount required to open a fund?
A: The minimum initial contribution to establish any fund is $5,000.

Q: Are there fees associated with opening and maintaining a fund?
A: Yes. The Foundation assesses modest administrative fees that vary by fund type. These fees support fund management, compliance, and grant processing. Contact us for a current fee schedule.

Donor-Advised Funds (DAFs)

Q: What is a Donor-Advised Fund?
A: A Donor-Advised Fund allows individuals, families, or businesses to make a tax-deductible gift to establish a fund and then recommend grants to nonprofits over time.

Q: Who controls the giving decisions?
A: The donor (or named advisor) recommends grants to charitable organizations. The Foundation reviews and approves these grants to ensure they meet IRS guidelines.

Q: Can I name successors to continue the fund?
A: Yes. You can name successors—such as children or other family members—to continue the fund's legacy of giving.

Agency Funds

Q: What is an Agency Fund?
A: An Agency Fund is created by a nonprofit organization to hold and grow its own endowment with the Foundation's support.

Q: Why would a nonprofit create an Agency Fund?
A: Nonprofits benefit from professional investment management, administrative support, and increased donor confidence by partnering with the Foundation.

Q: Can the nonprofit access the funds?
A: Yes, based on the terms of the agreement. Annual disbursements can be used to support the organization's operations or programs.

Endowment Funds

Q: What is an Endowment Fund?

A: An Endowment Fund is a permanent fund in which the principal is invested for long-term growth. Only a portion of the earnings is distributed annually for charitable purposes.

Q: Who can open an endowment fund?

A: Individuals, families, or nonprofits can establish endowment funds to ensure sustained support for specific causes or organizations.

Q: How is the annual distribution determined?

A: The Foundation follows a spending policy, typically based on a percentage (e.g., 5%) of the fund's average market value over a trailing period.

Designated Funds

Q: What is a Designated Fund?

A: A Designated Fund provides ongoing support to one or more specific nonprofit organizations, as chosen by the donor when the fund is created.

Q: Can the designated nonprofit change over time?

A: The designation is generally fixed. However, if a designated nonprofit ceases to exist or changes its mission, the Foundation will redirect the fund to a similar charitable purpose.

Q: Do donors stay involved?

A: Unlike DAFs, Designated Funds do not involve ongoing donor recommendations. Grants are automatically made to the named organization(s) annually.

Getting Started

Q: How do I open a fund?

A: Contact us for a simple fund agreement form. Our team will guide you through the process based on your charitable goals.

Q: Who can I contact for more information?

A: Jennifer Brambley/ Email: jbrambley@pcfvirginia.org/ Phone: 757-327-0862

Fund Type Comparison Summary

Fund Type	**Donor Involvement**	**Grants To**	**Fund Longevity**	**Annual Disbursement**	**Best For**
Donor-Advised Fund	High	Any 501(c)(3)	Ongoing or spend-down	Flexible	Broad giving & family philanthropy
Agency Fund	Org-controlled	Founding nonprofit	Long-term	Based on agreement	Steady & reliable support and revenue source
Endowment Fund	Low to moderate	Various or general	Permanent	Spending policy	Long-term, sustainable impact
Designated Fund	None after setup	Named nonprofit(s)	Ongoing	Fixed recipient	Guaranteed annual support