

Maryland Athletics Policy on Gifts from Donor Advised Funds

While it is generally permissible for donors to direct gifts from Donor Advised Funds (DAF) to the University of Maryland, the University of Maryland College Park Foundation and the University System of Maryland Foundation, there are restrictions imposed by the Internal Revenue Service (IRS) that impact certain types of DAF contributions. These restricted contributions include those to support the University of Maryland Department of Intercollegiate Athletics and Terrapin Club.

A contribution to a qualifying DAF is treated by the IRS as a charitable contribution at the time of the contribution to the DAF and is receipted for tax purposes at that time. After funding the DAF, the donor may then advise to which charitable organization(s) distributions are made. Certain laws and IRS regulations prohibit a donor, a donor advisor, or their family member from receiving more than incidental benefits as a result of the DAF distribution. A benefit is considered more than incidental if the benefit received would reduce the charitable contribution deduction. The IRS reduces the charitable deduction to 80% for Terrapin Club annual fund donations at all membership levels since those donations give the donor the right to buy tickets to athletic events held on our campus. Therefore, DAF gifts cannot be used to make Terrapin Club annual fund donations at any membership level. DAF gifts are also unacceptable for any donation where tickets or seating rights are received as a result of the gift.

The potential consequences of receiving impermissible benefits include jeopardizing the tax-exempt status of the entity maintaining the DAF and imposing significant excise taxes on the donor and/or their family member. The University of Maryland, the University of Maryland College Park Foundation, nor the University System of Maryland Foundation may accept a gift made through a DAF for Terrapin Club membership, even if the donor ultimately chooses not to purchase tickets.

A donor may support the Department of Intercollegiate Athletics through a DAF donation for gifts not associated with specific benefits or tickets or seating rights. Generally, donations for purposes such as capital projects and scholarships are acceptable from DAF, so long as it is for an outright gift and not against a legally binding pledge.

To learn more about supporting the Department of Intercollegiate Athletics at the University of Maryland with a DAF gift, please contact the Terrapin Club at (301) 314-7020 or deskins@umd.edu. For specific information regarding your legal or tax situation, please consult your own professional advisor.

Frequently Asked Questions

May a DAF gift be used for the 80% of the Terrapin Club membership that is tax-deductible, and the other 20% paid with a personal donation?

No, that is considered bifurcation, and the IRS has previously ruled against a taxpayer in a similar scenario. It was determined that but for the 80% charitable portion being made by the DAF, the taxpayer wouldn't have been able to receive the benefit.

May DAF gifts be used to make a donation for a suite for football or basketball?

No, DAF gifts may not be used for any donation where tickets or seating rights are received as a result of the gift.