

# Donor-Advised Funds

## What you need to know



### WHAT IS A DONOR-ADVISED FUND?

A Donor-Advised Fund is a charitable giving vehicle administered by a public charity created to manage charitable donations on behalf of organizations, families, or individuals. To participate in a donor-advised fund, a donating individual or organization opens an account in the fund and deposits cash, securities, or other financial instruments. They surrender ownership of anything they put in the fund, but retain advisory privileges over how their account is invested, and how it distributes money to charities.

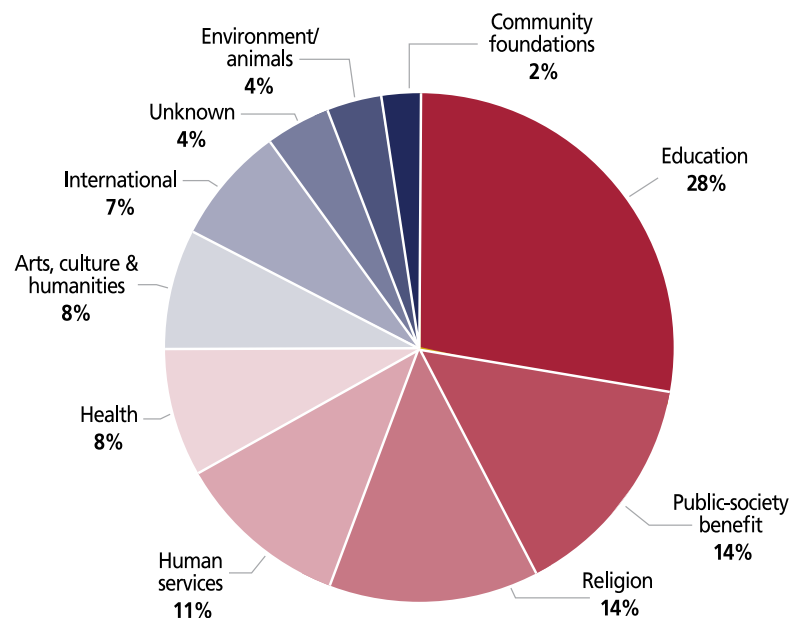
### DONOR-ADVISED FUNDS VS. PRIVATE FOUNDATIONS

A Donor-Advised Fund can be set up immediately with no start-up costs, whereas starting a private or family foundation can take weeks or months and incurs certain compulsory initial legal fees. In terms of personal privacy, donors and amounts granted from their donor-advised fund accounts can be kept anonymous, but a foundation faces more requirements in record keeping and disclosure of grants.

### WHAT ARE THE ADVANTAGES OF A DONOR-ADVISED FUND?

- Maximum tax benefit
- Opportunity to suggest account successors or charitable beneficiaries
- Ability to support multiple charities with one donation
- Ability to grow tax-free assets

### DONOR-ADVISED FUNDS 2012–2015, AVERAGE CONTRIBUTIONS BY TYPE OF RECIPIENT ORGANIZATION



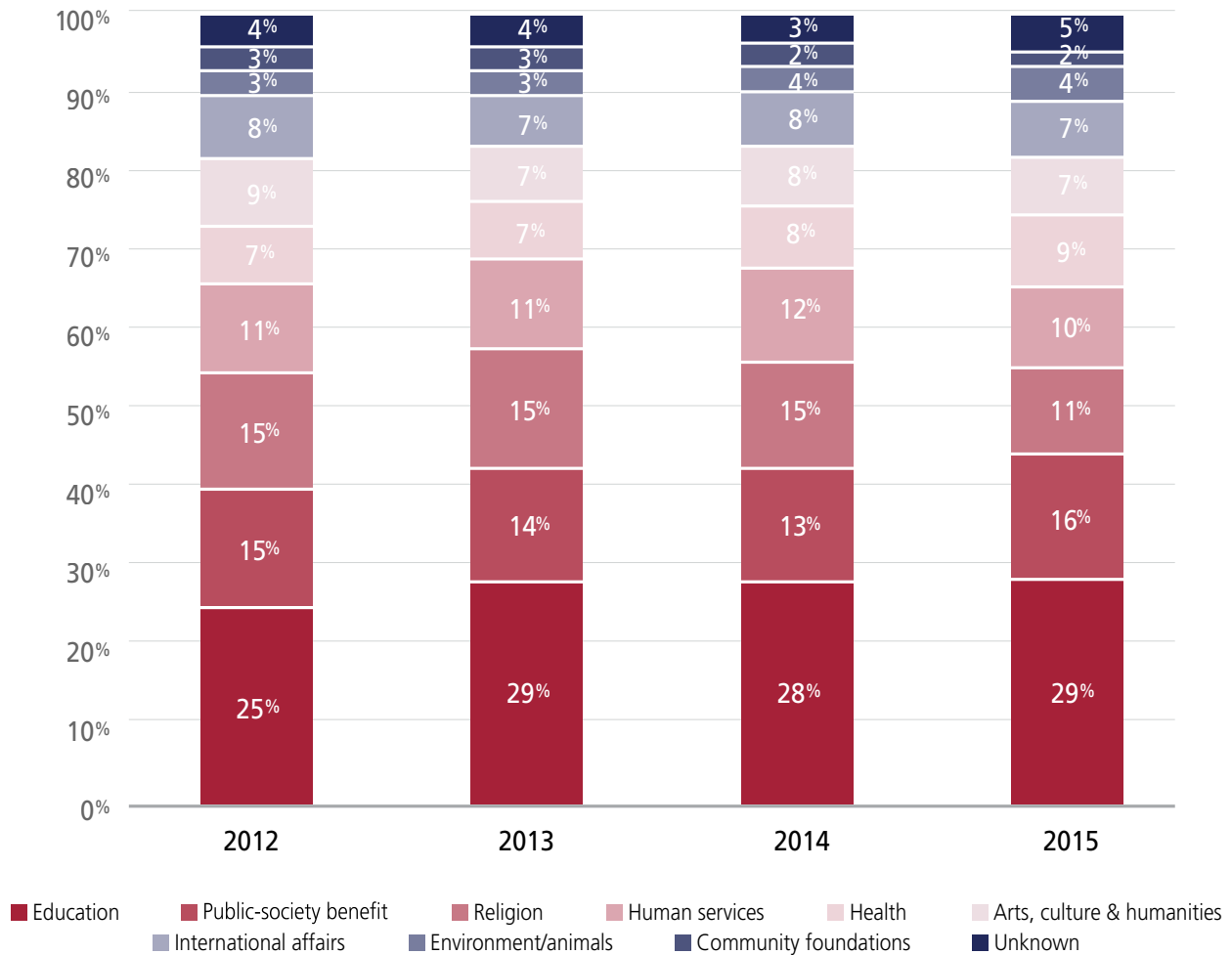
Source: Giving USA Special Report: The Data on Donor-Advised Funds, Spring 2018

## THE GROWTH AND IMPACT OF DONOR-ADVISED FUNDS

Assets in donor-advised funds tracked by the National Philanthropic Trust (NPT) rose 16.2% to \$142 billion in fiscal year 2019 compared to the year before. The number of accounts rose by 19.4% in 2019 to 873,228 from a year earlier--a 300% rise over the previous 10 years. The average size of an account in 2019 was \$162,556.

The actual payout rate to nonprofits from DAFs in 2019 was 22.4%, up from 21.2% in 2018, which is nearly four times higher than the rate paid out by private foundations.

### GIVING BY TYPE OF RECIPIENT: PERCENTAGE OF TOTAL DONOR-ADVISED FUND GRANTING DOLLARS PER YEAR, 2012-2015



Source: Giving USA Special Report: The Data on Donor-Advised Funds, Spring 2018

Sources: GivingUSA Foundation and National Philanthropic Trust