
Folks:

Take-Away: Donor advised funds have gained the attention not only of Congress but also from the for-profit sector, which means they are being used in many new, creative, ways, e.g., as an employee benefit.

Background: As has been noted in past missives, Congress is paying a lot of attention to donor advised funds these days, and there are a couple of pending bills in Congress that apparently seek to address perceived abuses to donor advised funds. While Congress toils (and I use that word loosely) with restricting donor advised funds, marketers are at the same time exploring new philanthropic configurations for donor advised funds. It should come as no surprise that for-profit entrepreneurs are looking at donor advised funds when there is close to \$230 *billion* now held in donor advised funds nationwide. [*Chronicle of Philanthropy, January 16, 2024.*] What do these ‘new’ donor advised fund initiatives look like? Consider the following.

Employee Benefits? The charitable ‘arm’ of Morgan Stanley encourages corporations to add donor advised funds to some employee benefit packages. Its ‘pitch’ is that employer payments directly to a donor advised fund, ‘advised’ by the employee, is the equivalent of an individual retirement account contribution, which enables the employer to avoid making matching contributions to *all* employee 401(k) accounts, or to avoid potentially politically

charged [woke?] non-profit contributions, by instead giving money to the employee's donor advised fund.

Membership Donor Advised Funds? Yet another example is a recent Silicon Valley start-up called Daffy. It creates workplace giving accounts for large corporations. It presents these workplace accounts as vehicles for family bonding, and as the basis for personal fundraising campaigns for a charity or a cause. And unlike most donor advised fund sponsors, Daffy does not charge a fee based on account assets. Instead, account holders with \$100 or more in a fund pay a 'membership fee' which can be as low as \$3 a month.

Nonprofit Collaboratives? Or consider two donor advised fund companies, Chariot and Charityvest. They were each launched from a Silicon Valley start-up incubator.

- Chariot created a payment system for nonprofits so that their donors can make online donor advised fund contributions (per Chariot 'in three clicks.)
- Charityvest sponsor accounts that are tailored for average citizens who want to set aside cash each month to meet their annual giving goals- "Anyone can create a donor advised fund in 90 seconds."

Conclusion: Yep, donor advised funds are in the news these days. Donor advised funds, with the new-found attention from the for-profit sector, are now turning up in grant-maker collaboratives, impact investing, and planned giving arrangements. They are

becoming a featured 'benefit' in some deferred compensation packages for highly paid executives. Start-ups are being formed to facilitate contributions to a donor advised fund, making it even easier for middle-Americans to create a fund. While this growth in donor advised funds and contributions to them is exponential, Congress seems to look at them with a high level of skepticism.

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