

Donor Advised Fund Update

Take-Away: In the past year (calendar or fiscal) the top four donor advised funds distributed \$27 billion to nonprofits

Background: Greenleaf advisors strongly advocate of the use of donor advised funds to individuals who are charitably inclined. Recent 2023 statistics (calendar and fiscal years) indicate that thousands of individuals exploited the opportunity to implement their charitable giving with the use donor advised funds (DAF's.) Some of the numbers and statistics from reported by the big four DAFs 2023 follow.

Fidelity Charitable: Fidelity Charitable granted \$11.8 billion to charities in 2023 (up from \$11.2 billion in 2022.) More than 322,000 donors made contributions to 199,000 nonprofits (up from 304,000 DAF grants in 2022.) Over 2.3 million individual grants were made (up from 2.2 million in 2022.) However, the average DAF grant size was \$4,625 (down from \$4,798 in 2022.) In both 2022 and 2023, DAF account holders gave an average of 11.8 grants, 63% of which were unrestricted.

Schwab Charitable: Schwab Charitable granted \$6.6 billion to charities in 2023, up from \$5.0 billion in the previous fiscal year. More than 141,000 charities were supported (up from 120,000 in the previous fiscal year). During the prior fiscal year 7 in 10 donors made grants to charities that they had not previously supported. More than 36% of the DAF grants were automatically recurring, and 72% of the DAF grants were unrestricted. 9 in 10 of Schwab Charitable's donors made at least one grant to a nonprofit within the donor's state of residence.

National Philanthropic Trust: The National Philanthropic Trust granted \$5.49 billion to 41,217 charitable organizations through its fiscal year. This recent DAF amount was off from the NPT's high in 2021 of \$6.41 billion, when COVID-19 related nonprofits generated significant need. The number of grants increased to 129,000 (up from 107,000). The NPT announced that unrestricted gifts made up "a majority of its grants."

Vanguard Charitable: In Vanguard Charitable's most recent fiscal year it distributed more than \$3.0 billion which was a 45% gain over the prior fiscal year, when its distributions exceeded \$2 billion. Of note, this DAF coordinated a record \$1.0 billion DAF grants to 13,000 nonprofits through its Grant Payments with PayPal solution. More than 222,000 grants were made to just under 60,000 nonprofits during the fiscal year, up from 195,000 grants to more than 53,000 nonprofits in the prior fiscal year.

Recipients: Looking at Fidelity Charitable's DAF grants as an indicator of which types of charities benefited from all DAF distributions, its most popular recipients for the calendar year were, in order of the number of grants made (but not dollars distributed): (i) Doctors Without Boards USA; (ii) St. Jude Children's Research Hospital; (iii) American Red Cross; (iv) The Salvation Army; and (v) Habitat for Humanity. Like all the other DAFs, religion, human services, and education topped the list of types of nonprofits supported by the Fidelity Charitable DAF, followed by planned parenthood, health, international affairs, society benefit, environment, and animal welfare.

Conclusion: While some in Congress currently wring their hands that somehow donor advised funds provide a big tax loophole for donors, or in some manner donor advised funds are abused by donors, these statistics demonstrate the donor advised funds have been broadly embraced by Americans as one more way to support thousands of charitable organizations across the country.