

A decorative graphic on the left side of the slide, consisting of a grid of colored squares. The grid is 4 squares high and 3 squares wide. The colors of the squares are: top row (light yellow, light blue, light blue), second row (light blue, light blue, light blue), third row (orange, dark blue, light blue), and bottom row (orange, light blue, light blue).

The basics of Donor Advised Funds



What is a Donor Advised Fund?



- Donors put money into an investment fund with a **sponsoring organization**, and then **recommend** grants out to a charity at a later point
- Donor gets an **immediate tax benefit**, even if the money doesn't go to charities for years
- While donors technically recommend grants, **sponsoring orgs very rarely go against a donor's wishes**



What is a Donor Advised Fund?



- Money is usually **invested** in this account (mostly in mutual funds) — so the fund grows over time
- Sponsoring organizations generally make money on “management fees” (possibly twice!)
 - Management fee for overall fund
 - Fund fee on mutual funds



What can donors “give” to a Donor Advised Fund?



- Donors can contribute cash, publicly traded securities, stocks, crypto, mutual funds, or non-publicly traded assets
- Many DAF sponsor require minimum contributions between \$5,000-\$25,000
- However two of the largest DAF sponsors, Fidelity Charitable and Schwab Charitable, now have \$0 minimums
- This makes it easy for anyone to open a DAF



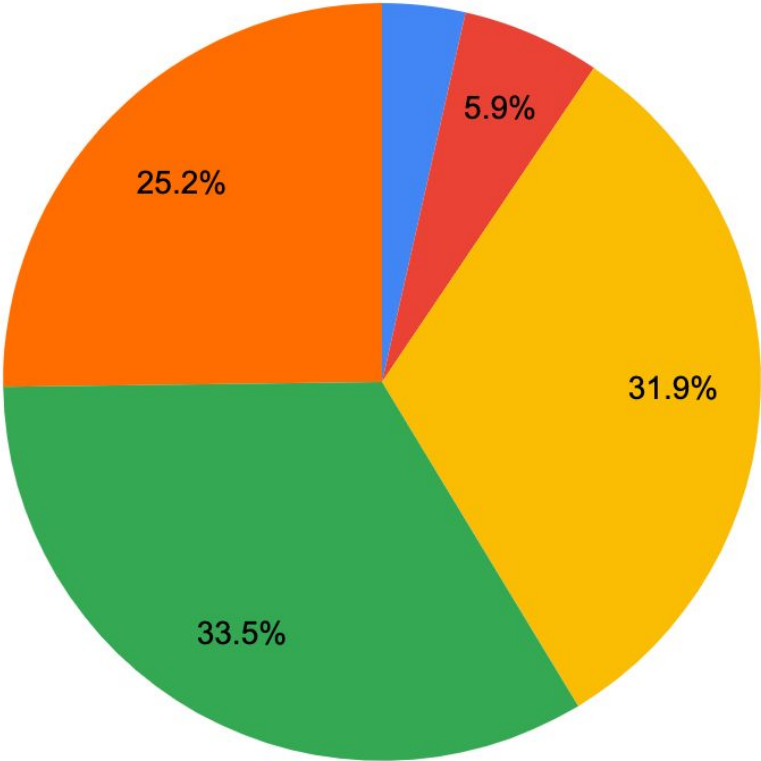
3 types of sponsoring orgs



1. **Community Foundations:** Independent organizations created by and for people in a local area
2. **National DAFs:** Charitable arms of financial custodians like Fidelity and Schwab
3. **Single issue organizations:** Institutions that create DAF programs to mobilize members around a certain identity, faith, or cause (most common are universities and hospitals)



Is increasing Donor Advised Fund gifts a priority for your organization?



- Not a priority at all
- Somewhat low priority
- Medium priority
- Somewhat high priority
- Very high priority



Key challenges:



- 76% say, “Don’t know who has a DAF”
- 65% say, “Don’t know how to market DAF giving”
- 37% say “I need help figuring out the identities of donors who sent me DAF grants”
- 10% say, “I wish that DAF grants would arrive faster (e.g. it takes too long for the grant request to process with the DAF)”



How confident do you feel about your ability to secure DAF gifts?

- Average: 2.9
 - 1 (not confident at all): 10%
 - 3: 41%
 - 5 (very confident): 8%

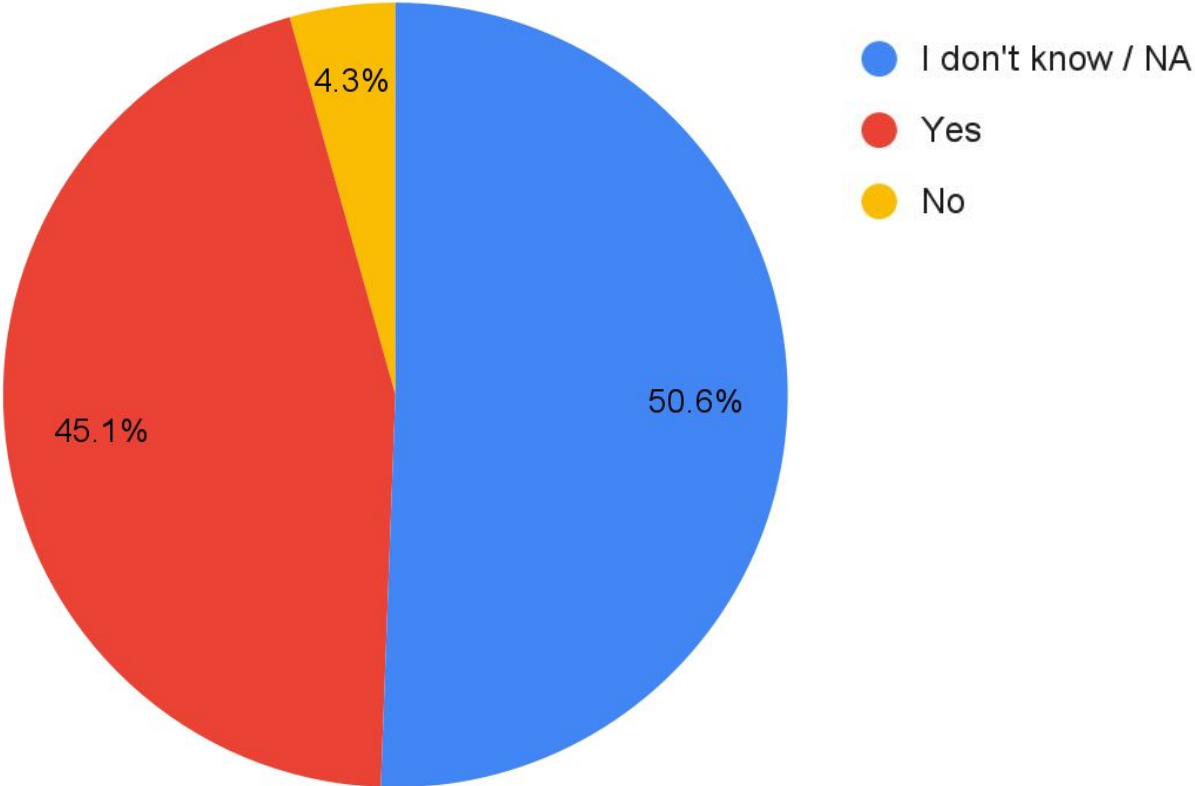


A decorative graphic on the left side of the slide, consisting of a grid of colored squares. The grid is 4 squares wide and 4 squares high. The top row has a light yellow square in the second column. The second row has a light blue square in the first column. The third row has an orange square in the first column and a medium blue square in the second column. The bottom row has an orange square in the first column.

The rise of Donor Advised Funds

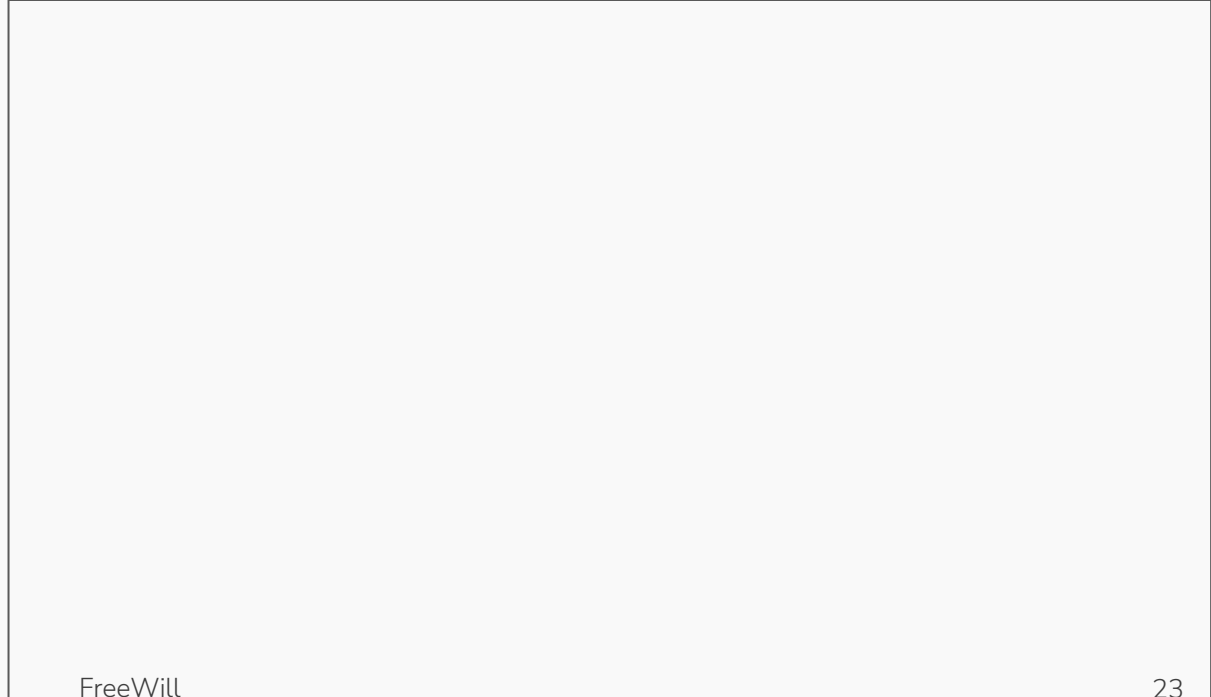


Do you expect to receive more DAF gifts in 2022 than 2021?



Money going *into* DAFs is growing quickly

- Contributions to DAFs in 2020 reached an all-time high, seeing 20.6% growth



Source: [National Philanthropic Trust](#)



More donors are opening DAFs

- There were more than 1 million DAF accounts in 2020, with 56% of sponsors seeing an increase in new accounts

Source: [National Philanthropic Trust](#)



Money coming *out* of DAFs is growing even faster

- There was a 27% increase in grants from DAFs in 2020 — one of the highest rates ever

Source: [National Philanthropic Trust](#)



Money coming out of DAFs is growing even faster



- There's been a 4X increase in total annual grantmaking from DAFs in the past decade
- In 2020 (last year of data available), DAFs granted more than **\$34 billion** to nonprofits
 - Much of this was in response to COVID-related need
- The payout rate across all DAFs has been consistently high and well above the mandated minimum of 5% — single issue sponsors had the highest payout rates (35%) and community foundations had the lowest (19%)



Money *inside* DAFs is also rising steadily

- There was more than \$159B in DAFs in 2020 — a nearly 10% increase from 2019

Source: [National Philanthropic Trust](#)



And DAFs are staying a large part of all charitable giving



- More than 10% of all charitable giving in 2020 was contributions into DAFs



How the 3 types of Donor Advised Funds are growing

1. Community Foundations
2. National DAFs (Fidelity, Schwab, etc.)
3. Single issue DAFs (The Nature Conservancy, Harvard, etc.)



National DAFs are growing (and granting) the fastest



1. Community Foundations: \$45.8B in assets, **9.5% growth**
 - 33.7% increase in grants
2. National DAFs: **\$100.2B** in assets, **12% growth**
 - 23.2% increase in grants
3. Single issue DAFs: \$13.8B, a 6.9% decrease
 - 33.6% increase in grants



A decorative graphic on the left side of the slide, consisting of a grid of colored squares. The grid is 4 squares high and 3 squares wide. The colors are: top row (yellow, white, white), second row (light blue, white, white), third row (orange, dark blue, medium blue), and bottom row (orange, white, white).

But why are Donor Advised
Funds growing so much?



Reason #1: A shift in tax policy



- The standard minimum deduction increased in 2018, making it more tax beneficial for some donors to give a large lump sum in one year and spread out their DAF grants over several years
- Only about 10% of people itemize tax deductions now (compared to 30% in 2017) — this is why Qualified Charitable Distributions (gifts out of IRAs) are exploding, too



Reason #2: Assets are appreciating quickly

S&P 500

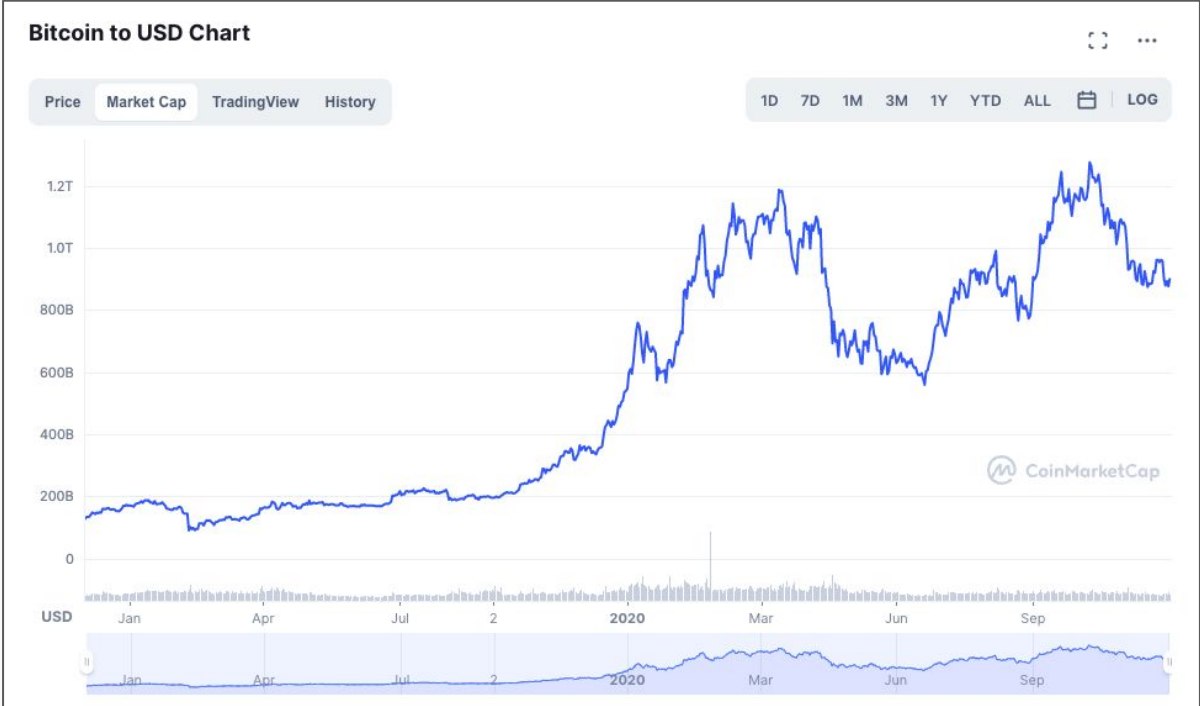
4,405.91 ↑ 3,883.28% +4,295.30 MAX

Mar 18, 9:59:26 AM UTC-4 · INDEXSP · Disclaimer

1D 5D 1M 6M YTD 1Y 5Y MAX



Reason #2: Assets are appreciating quickly



Reason #2: Assets are appreciating quickly and being used to fund DAFs



- The S&P 500 grew by nearly 30% in 2021 and crypto's total market cap grew by 187%
- Fidelity Charitable received \$331M in crypto last year through DAFs, a nearly 12X increase from \$28M in 2020
- Overall, **two-thirds of money going into Fidelity Charitable was in non-cash assets**

Source: [Bloomberg](#), [World Economic Forum](#), [Forbes](#)



Why are these assets going into DAFs?



- Donors are increasingly looking to give non-cash gifts like stock or crypto
 - Increases in crypto values and the stock market are making assets more valuable (**and donations into DAFs much larger**)
 - Donors are getting smarter about the tax benefits of giving stock (which can mean up to 70% tax savings on a gift) and crypto



Reason #3: National DAFs make it really easy to give



- Remember: While tax changes and donor behavior are changing, most DAFs at community foundations and single issue orgs are adding many fewer accounts per year
- **National DAFs are acquiring new donors at an accelerated rate**, so they must be doing something different to be driving such growth



Reason #3: National DAFs make it really easy to give



- National DAFs are making it really easy and intuitive to give stock and other non-cash gifts
 - Many have also removed the minimum amount required to fund an account, making non-cash giving more accessible
- **Two-thirds of contributions to both Fidelity Charitable and Schwab Charity are non-cash assets**

Source: [Schwab Charitable](#)



A decorative graphic consisting of a grid of colored squares. The grid is 4 squares high and 3 squares wide. The colors are: top row (yellow, white, white), second row (light blue, white, white), third row (orange, dark blue, medium blue), and bottom row (orange, white, white).

Potential legislation on DAFs



The ACE Act



- The Accelerating Charitable Efforts (ACE) Act was introduced in June last year
- It's a bipartisan act led by Senators Grassley (R-IA) and King (I-ME), making it more likely to pass
- Its purpose is to reform private foundations and make sure the assets going into donor-advised funds get distributed more quickly to charities



The ACE Act



- First, it would establish “qualified” vs “non-qualified” DAFs, where qualified DAFs require payouts within 15 years of the contribution date
- Second, it changes the income tax deductions available for DAF contributions
- For qualified DAFs:
 - Cash and publicly-traded assets would still get an immediate deduction
 - But non-publicly traded assets wouldn't until the DAF sponsor sold them



The ACE Act



- For non-qualified DAFs:
 - No deductions for cash contributions until they're distributed
 - No deductions for property (like stock, real estate, etc) until the property is sold and distributed
- This would make these DAFs less likely to be used as tax havens as they'd give no immediate tax benefit



The ACE Act: What's the impact?



- With more restrictions on DAFs and fewer immediate deductions, donors may see greater tax benefits from giving directly to charities
- More complex gifts like stock or crypto, especially, will be more likely to go straight to charity as DAFs become less useful for taxes
- And 60%+ of funds going into DAFs are non-cash assets



A decorative graphic on the left side of the slide, consisting of a grid of colored squares. The grid is 4 squares high and 3 squares wide. The colors are: top row (yellow, light blue, light blue), second row (orange, light blue, light blue), third row (orange, light blue, light blue), and bottom row (orange, light blue, light blue).

7 steps secure more DAF gifts



Step #1: Understand your DAF donors



- DAFs are relatively new to you
- And with hundreds of thousands of new accounts opened in the last couple years, **they are also new to many donors**
 - Your donors may still be trying to understand how to use them
- **You can shape behavior now** for the decades to come



Step #1: Understand your DAF donors



- Donors opening DAFs are starting to shifting younger
 - 79% of DAF donors are over 50
 - But 13% of DAFs were opened by Millennials in 2019
- Part of this shift is that some workplaces are adding DAFs as a perk and more sponsoring organizations are offering low or zero minimum contributions



Step #1: Understand your DAF donors



- DAF donors are also very tech-savvy
- Remember: There was a 12X increase in crypto going into DAFs last year
- And almost all National DAF donors go online to recommend grants
 - 94% of Fidelity Charitable donors recommend grants online, and there was a 35% increase in 2020 of grants recommended via iPhones

Source: [Fidelity Charitable](#)



Step #1: Understand your DAF donors



- DAF donors are increasingly diverse and younger, but don't forget about board members
- Previous board members fit the demographic, psychographic, and behavioral trends of DAF donors
- Make a list of past board members and call to check in on them — make sure you ask whether they have a Donor Advised Fund



Step #2:

DAFs should be an option every time you send donation asks via marketing



- “Give from my Donor Advised Fund” link **on your Donate page**
- Check box: “I have a Donor Advised Fund and would like to learn more about giving to org this way”
- Question in every survey you send



Step #3:

Ask in every major donor conversation



- Ask major gift prospects if they have one: *“Many of our supporters give out of a Donor Advised Fund. Would you like information on how other people are using their DAFs to make a bigger impact?”*

- Develop one or more DAF donor stories



Step #4:

Develop a “tag” in your database for “has a Donor Advised Fund”



- Tag everyone you find through surveys and conversations, even if they haven't given this way yet
- You may have to repurpose a different tag



Step #5: Add this language to the Donor Advised Fund section of “Ways to Give”



“When you make a Donor Advised Fund gift, it’s possible that the sponsoring organization will not share your information with us.

Please send us a note at [email address] or fill out [this form](#) when you’ve made a gift so we can make sure to thank you and ensure that your gift gets to where it is intended.”



Step #6:

Learn how to navigate National DAFs



- Less active role in recommending nonprofits (are not seen by many donors as philanthropic experts)
- Outreach to National DAFs may be a poor use of time — focus instead on cultivating your supporters and donors
- DO make sure your Guidestar profile is up to date, as this is used as a resource by the National DAFs
- DO understand the massive growth of accounts at these entities



Step #7: Understand Community Foundations



- More active role in recommending nonprofits than Fidelity, Schwab, etc. (especially if you're a local charity)
- Be proactive now: **Set up coffee/tea with foundation staff to understand what they're looking to fund** (*so you can come back to them when you have a great fit*)
- **Share projects and funding opportunities**, instead of simply about your organization



A decorative graphic on the left side of the slide, consisting of a grid of colored squares. The grid is 4 squares wide and 4 squares high. The colors of the squares are: top row (light yellow, light blue, light blue, light blue); second row (orange, light blue, light blue, light blue); third row (orange, light blue, light blue, light blue); bottom row (orange, light blue, light blue, light blue).

Advanced strategies for success with Donor Advised Funds



#1: Suggest recurring gifts



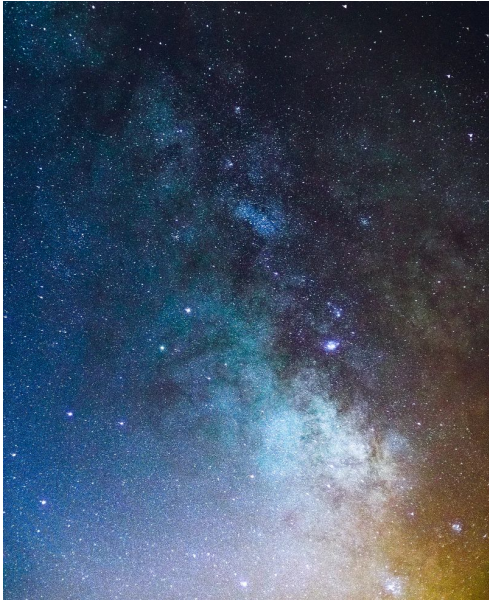
- Many donors do not know that recurring donations are an option from DAFs

“One of the biggest barriers to even more impact is that we often don’t have certainty about how much money will come in during a given year. Many people choose to make a recurring gift because it allows us to plan more thoughtfully and make the most of your donations. And you can always cancel it if you change your mind...”



#2: Ask about beneficiary designations

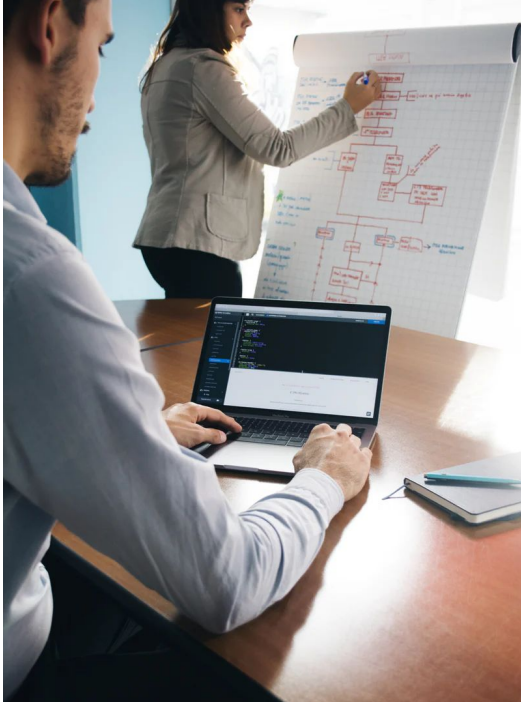
- Many donors do not have beneficiary designations for their DAFs



“One thing I’ve seen is that many of our donors forget to add beneficiary designations. You may have already thought of this, but just in case, I wanted to raise it. Would you like me to talk you through some of the options?”




#3: Remember matching gifts



- Many donors do not know that many employers match grants from DAFs (but not donations to DAFs)

“Thank you so much for your grant! You may already know this, but many of our supporters don’t realize that they can get their Donor Advised Fund gift matched by their employer. Does your employer do matching gifts?”



A decorative graphic consisting of a grid of colored squares. The grid is 4 squares wide and 4 squares high. The top row has a light yellow square in the second column. The second row has a light blue square in the first column. The third row has an orange square in the first column and a medium blue square in the second column. The bottom row has an orange square in the first column.

The best way to “get good at DAFs”



Get great at non-cash giving



- **Two-thirds of all funds going into DAFs are in non-cash assets, primarily stock and crypto**
- DAFs make it particularly easy to make non-cash gifts, which is largely responsible for their growth
- If you can make it easy and accessible for donors to give you stock or crypto, many will skip the DAF



Get great at non-cash giving



- In normal fundraising emails, start including “asks” around stock or crypto giving
- E.g. “Please consider donating today, using credit card, gifts of stock or cryptocurrency, or your Donor Advised Fund.”
- **Place a link to “give stock” and “give crypto” on your main donate page — not just your “Ways to Give” page**



United Way “Donate” page

United Way
Volusia-Flagler Counties

WAYS TO GIVE

- I want to donate via stock transfer
- I want to donate via IRA distribution
- I want to donate cryptocurrency
- I want to make a one-time or monthly donation

Select your donation amount here

\$52 \$155 \$288 Other

\$ 52.00

Payment frequency

United Way
Volusia-Flagler Counties

WAYS TO GIVE

- I want to donate via stock transfer
- I want to donate via IRA distribution
- I want to donate cryptocurrency

****When making a donation via cryptocurrency, you do not need to fill out the online form. However, please let us know once a transaction has been initiated because some financial institutions don't pass along donor contact information.****

Click this link to donate cryptocurrency to United Way of Volusia-Flagler Counties:
<https://bit.ly/CryptoUWVFC>

Cryptocurrency donations are processed by Cocatalyst Impact, Inc. and Crypto for Charity, and the net proceeds are promptly sold and transferred to United Way of Volusia-Flagler Counties (UWVFC) in U.S. dollars. We do not maintain a reserve of cryptocurrency, therefore all crypto donations to UWVFC are final.

DONATIONS



Important note: One more reason to get better at crypto & stocks



- If you're hosting events or giving away things of value with donations, then **DAFs cannot be used for “bifurcated” payments** (partially tax-deductible)
- **Stock giving can be used for the whole ticket** (and most people don't know this)
 - Donors save on capital gains for the whole gift, *and* get a big (but not full tax deduction)

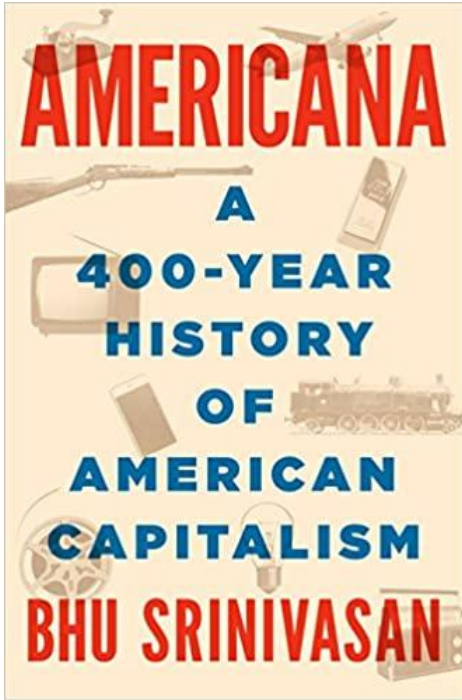


A decorative graphic consisting of a grid of colored squares. The grid is 4 squares high and 3 squares wide. The colors are: top row (yellow, white, white), second row (light blue, white, white), third row (orange, dark blue, medium blue), and bottom row (orange, white, white).

Resources



A gift:



- We're going to send "Americana: A 400-Year History of American Capitalism" by Bhu Srinivasan to 20 people as a gift
- Just make **a note in the survey** if you'd like us to send you a copy, and tell us where to send it



A resource for you

- “Donor Advised Funds 101” guide, including everything you need to know to get started on fundraising DAFs



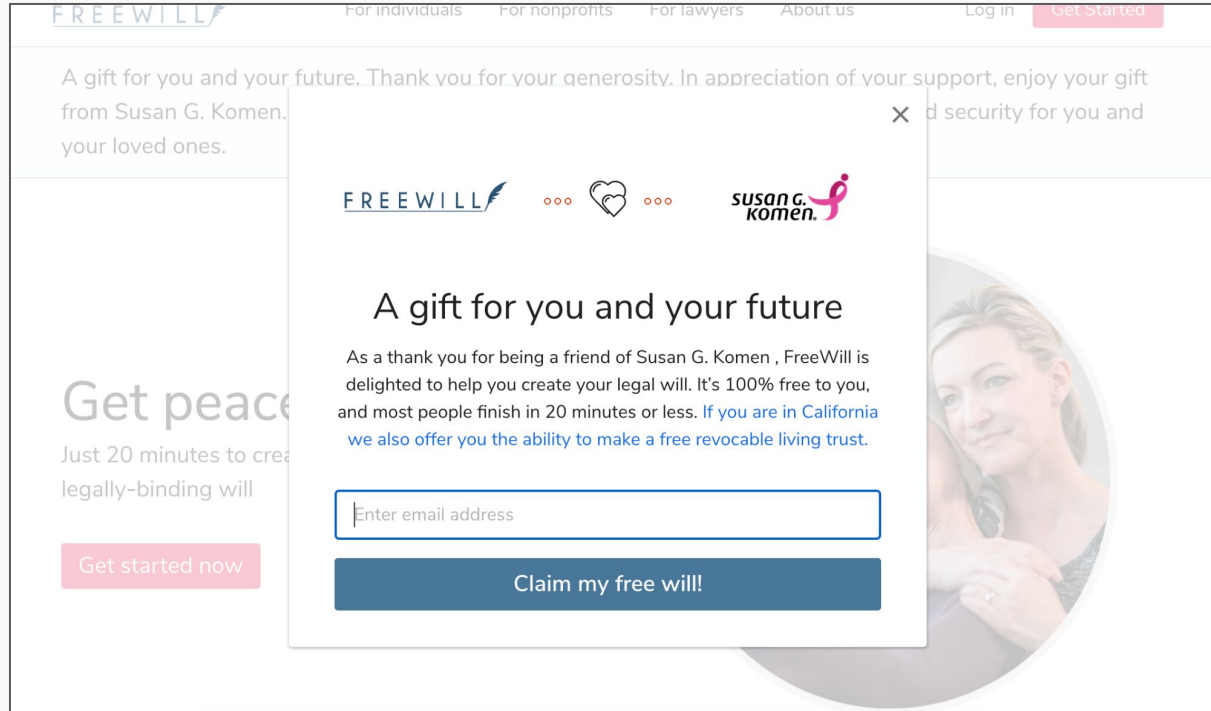
Make a note in the survey if you want to receive this.



Best-in-class tools available for you

#1 Estate planning tool in the US

- Custom tools available
- “Featureships” available
- \$6M raised every day



The screenshot shows the FreeWill website interface. At the top, there is a navigation bar with links for "For individuals", "For nonprofits", "For lawyers", "About us", "Log in", and a "Get Started" button. Below the navigation bar, there is a main content area with a headline: "A gift for you and your future. Thank you for your generosity. In appreciation of your support, enjoy your gift from Susan G. Komen. ... and security for you and your loved ones." A large pop-up window is centered on the screen, featuring the FreeWill logo, a heart icon, and the Susan G. Komen logo. The pop-up text reads: "A gift for you and your future. As a thank you for being a friend of Susan G. Komen, FreeWill is delighted to help you create your legal will. It's 100% free to you, and most people finish in 20 minutes or less. If you are in California we also offer you the ability to make a free revocable living trust." Below the text is an input field labeled "Enter email address" and a prominent blue button labeled "Claim my free will!". In the background, a woman is visible in a circular frame.



Best-in-class tools available for you

- Stock giving tool



Charitable Stock Gifts

See combined tax savings of up to 70% of your gift, when you donate appreciated stocks or mutual funds.

Donating appreciated assets avoids federal capital gains taxes and provides a federal income tax deduction for the current market value of the gift. Similar state tax benefits are also provided in most of the country.



What can we help you with?

I want to begin a gift of stock online to Saint Ignatius High School

Thanks to FreeWill, you can start your stock gift quickly and hassle-free by beginning your forms online.

[Begin stock gift online](#)



Best-in-class tools available for you

Crypto donation tool:

- Accept 165+ coins
- No annual cost
- Automated compliance



Donating cryptocurrency is safe, easy, and tax-efficient.

Thank you for your crypto donation to *Austin Pets Alive!* Please use the form to make your gift. Your name, address, and phone number are optional, but it helps us tremendously to understand who our donors are. We never share, sell, or trade donor information. Your donation does not trigger capital-gains tax and is tax-deductible.



Austin Pets Alive

EIN: 742893360

1 Details 2 Send 3

Choose a coin * Amount *

~\$0.00 USD

Name

Full Address

e.g. 1234 Fake Place, Apt 1A, New York, NY, 10036

🇺🇸 +1

Message to nonprofit

Send tax receipt Email *

DONATE CRYPTO



Crypto group demo:



Short, 30-minute demonstration of **crypto giving custom sites**, hosted by me:

- Thursday, March 24th, at 12pm ET
- Thursday, April 14th, at 12pm ET

RSVP in the survey.



Group demos:



Short, 30-minute demonstration of our planned & major giving tools + case studies *with Alyssa More*

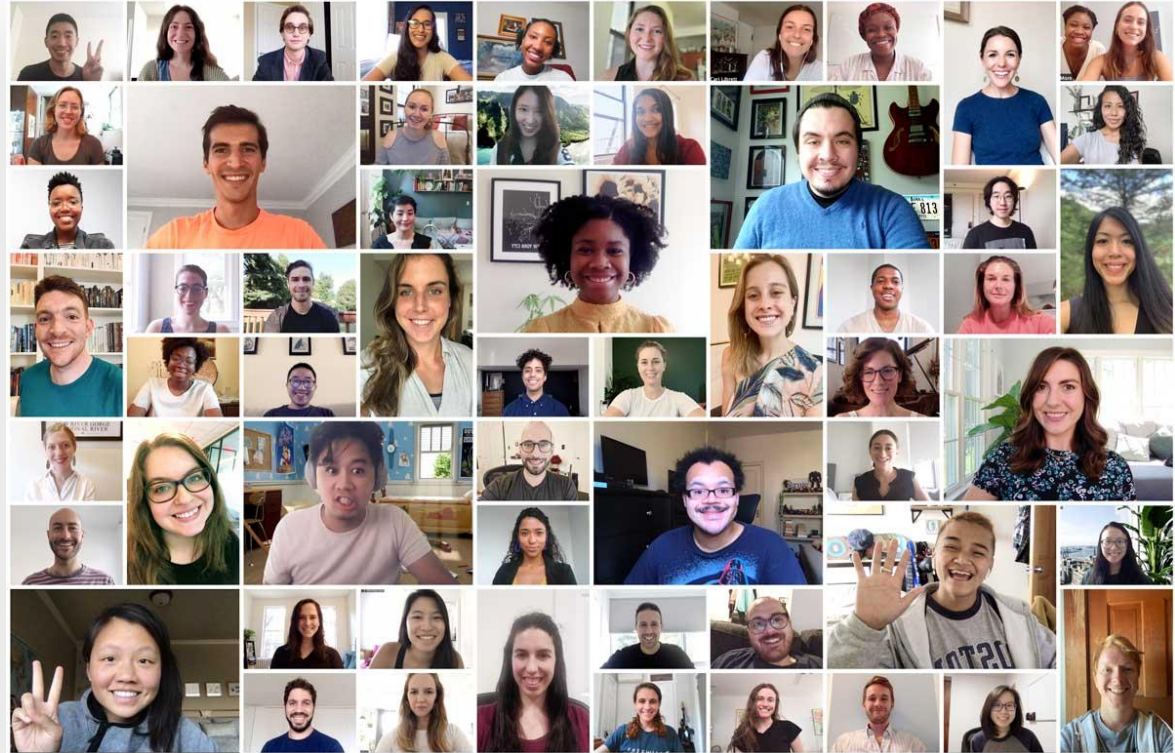
- Thursday, April 7th, at 1 pm ET

RSVP in the survey.



1-1 demos:

You can also use the survey to request that an expert from our team walks you through our [Stock](#), [Bequest](#), or [Qualified Charitable Distribution](#) tools that have raised \$5B+ for charities.



60-second break (then
Q&A)

Please take this short
survey (link in the chat)



Next steps

1. **Please fill out the survey in the Zoom**
2. Next webinar is on April 12: “How to engage Millennial donors & secure major gifts”
3. If you have creative ideas to share (or if you need anything at all), just email me at Patrick@freewill.com

