

# Technical Appendix

ANALYSIS OF DONOR ADVISED FUNDS FROM A COMMUNITY FOUNDATION PERSPECTIVE

JUNE 2021

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## Definitions

### What is a Community Foundation?

This report uses the Community Foundation Research and Training Institute's (CFRTI) 2018 national list of 847 organizations<sup>1</sup> which meet the definition of a community foundation from the National Standards for U.S. Community Foundations:

*A tax-exempt, nonprofit, autonomous, nonsectarian philanthropic institution supported by the public with the long-term goals of:*

- *Building permanent, component funds established by many separate donors to carry out their charitable interests.*
- *Supporting the broad-based charitable interests and benefitting the residents of a defined geographic area, typically no larger than a state.*
- *Serving in leadership roles on important community issues.*

Readers should note that there are multiple other lists of community foundations. As part of the March 2021 report on community foundations, for example, the project team selected two alternative lists from CF Insights and the Indiana University Lilly Family School of Philanthropy, and presented statistical findings for all three lists in its Technical Appendix.<sup>2</sup>

Alternative definitions of community foundations may include the following types of organizations, which are *not* included in this report's dataset:

- Religiously-affiliated organizations that hold component funds for donors, which may serve a specific region or a larger geographic area, such as the entire United States (i.e. Jewish funds and Catholic foundations).
- Community Chests and United Ways, which serve the charitable interests and residents of a geographic area, and accept donations from individuals and organizations to be regranted to local charitable institutions, but do not hold component funds established by donors for specific charitable purposes unlike most community foundations.
- Affiliate organizations contained within existing community foundations. Affiliates of a community foundation may contain DAFs and other funds, but those funds are all counted under the umbrella and IRS Form 990 of the parent community foundation.

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<sup>1</sup> Source: *Community Foundation Census 2018*. Community Foundation Research and Training Institute. See the last page of the CFRTI report for the definition of a community foundation. <https://bit.ly/2TARFZ8>

<sup>2</sup> Source: *An Evaluation of Community Foundation Investment Returns and Payout Rates*. Available at <https://michiganfoundations.org/resources/payout-study>

## What is a Donor Advised Fund?

The concept of a Donor Advised Fund (DAF) is outlined in the Pension Protection Act of 2006 and the Internal Revenue Code (IRC) Section 4966. Generally, DAFs are accounts or funds with the following attributes:

1. Separately identified by reference to contributions made by a donor or donors.
2. Owned and controlled by a sponsoring organization, such as a community foundation or other public charity that holds DAFs.
3. The donor (or their appointee) has advisory privileges regarding the granting or investment of the money held in the DAF account.

Both the Pension Protection Act of 2006 and IRC Sec. 4966 provide for a number of exceptions, which constitute accounts or funds held by sponsoring organizations that are not considered to be DAFs:

- A fund that only makes grants to a single pre-identified organization or governmental unit.
- A fund that meets all of the following criteria:
  - A person serves in an advisory capacity as part of a committee, where all of the committee members have been appointed by the sponsoring organization.
  - The donor, advisors appointed by the donor, and related persons do not control (make up a majority of) the committee advising the fund.
  - The advisory committee uses a pre-established set of objective and nondiscriminatory criteria for its grantmaking decisions that have been pre-approved by the sponsoring organization's board of directors.<sup>3</sup>

Based on definitions and distinctions established in the Pension Protection Act and IRC Sec. 4966, the following are each examples of a DAF:

- A donor establishes a fund in memory or honor of their spouse at a local community foundation and maintains direct advisory privileges over grants made from the fund.
- A married couple establishes a fund at their local community foundation, where they make regular donations into the fund and recommend grants to a variety of charitable organizations out of the fund.
- A donor establishes a fund at a local community foundation and makes a significant initial donation, followed by a series of smaller donations in later years. Over a matter of decades, the donor, their lawyer, and adult children recommend regular grants to charitable organizations out of the fund. After the original donor's death, their children, grandchildren, and additional appointed representatives continue to advise the foundation regarding grants generated from the fund.

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<sup>3</sup> These criteria are consistent with the legal language used to describe scholarship funds. However, it also applies to most standard criteria for grantmaking from community foundations and public charities to other charitable organizations.

- A donor makes a planned gift through their estate with the intent to establish a fund at a community foundation. The donor's children, grandchildren, and/or advisors are designated as members of the advisory committee that makes annual grants out of the fund to benefit local charitable organizations.
- An organization (i.e. chamber of commerce, fraternal organization) establishes a fund at their local community foundation intended to benefit charitable organizations in the area. The organization establishes an advisory board made up of its members, board, or other affiliated individuals.
- A corporation establishes a fund at a community foundation through periodic donations. The corporation establishes an advisory board of corporate leaders and employees to recommend grants benefitting charitable organizations in the community.

The following fund examples are *not* DAFs:

- A fund that receives contributions from a number of unrelated donors (i.e. a fund created by a giving circle or a fund established by a number of donors in memory or honor of a friend or colleague).
- A fund established at a community foundation that utilizes an advisory committee where the donor and related parties constitute less than a majority of the committee and the remaining committee members are nominated by the supporting organization.
- A fund established at a community foundation designed by a donor to support a single charitable organization, such as a local historical society or regional humane society.
- A scholarship fund established by a donor at a community foundation, where an advisory committee is established and the donor (and related parties) constitute less than a majority of the committee members.
- A fund established by a donor at a community foundation where the advisory committee is made up of the donor and other people, and the majority of committee members meet expertise-based objective criteria related to the fund's purpose even if these members are initially recommended by the donor.
- A fund established by a donor's planned or estate gift to create or support a fund at the community foundation, focused on a general field of interest (i.e. arts and cultural organizations, health, environmental concerns in the local area) and where the community foundation establishes an advisory committee to determine appropriate grants, following objective and non-discriminatory criteria for determining relevant grant recipients and projects.
- A fund established or supported in part by a corporation or organization at a local community foundation and where the corporate leaders and/or staff comprise less than a majority of the advisory board.

## Endowed vs. Spendable DAFs

An **endowed DAF** is established with the intent of long-term use, and therefore a relatively high minimum level must be maintained in the fund to ensure sufficient investment returns. Typically, distributions from an endowed DAF are limited to a fixed percentage of the DAF balance (e.g., the same as the community foundation’s selected endowment payout rate from its corpus) — but occasionally a community foundation may allow additional distributions from the DAF beyond a true endowment payout (a “permanent” DAF). For simplicity of language, this report will refer to both endowed and permanent DAFs as “endowed” DAFs.

It is important to note that not all community foundations provide a structure for an endowed DAF.

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*Example: A donor establishes an endowed DAF at their local community foundation through a large one-time donation, resulting from the sale of their family’s business or a recent inheritance. These funds serve as the basis for a long-term giving strategy. Each year, the donor recommends a series of grants to their favorite charitable organizations from the endowed DAF. When the donor dies, the donor’s children become new advisors for the DAF and continue making grants from it.*

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A **spendable DAF** is intended to be used for donors to fill the fund and distribute the majority of the fund within a short period of time. They can then refill and reuse the account regularly to support their charitable donations. Typically, spendable DAFs can be drawn down to zero, but some community foundations may only allow unlimited distributions until a specific minimum balance (e.g., a \$5,000 or \$25,000 floor).

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*Example: A donor establishes a spendable DAF at a local community foundation, starting with a relatively moderate donation. The donor continues to periodically make donations to the DAF and recommends grants be made from the DAF to charitable organizations in the community at a relatively similar size and rate to the donor’s contributions to the DAF. In any given year, the DAF may end with a zero or very low balance as grants are made to local nonprofits.*

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## Methodology

### How We Determined DAF Balances

Balances were calculated from the total financial instruments reported for each DAF by each community foundation in the Michigan account-level dataset. Balances were reported at the beginning and end of each fiscal year.

### How We Calculated Investment Returns

The dollar value of investment returns was calculated as follows:

$$\text{End of year balance} - \text{beginning of year balance} + \text{outbound grants} + \text{management fees} - \text{inbound contributions}$$

The investment return was calculated as follows for all records where the sum of the beginning of year balance and inbound contributions was greater than zero:

$$\text{investment returns} / (\text{beginning of year balance} + 50\% \text{ of inbound contributions})$$

This approach is consistent with the calculations for the previous studies on private and community foundations. However, the project team found a meaningful number of DAFs with a beginning of year balance of zero, due to some DAFs being 100% spendable each year and the growth of new DAFs every year. In those instances, the following calculation was used:

$$\text{investment returns} / 100\% \text{ of inbound contributions}$$

### How We Calculated Payout Rates

We chose to calculate payout rates using the following formula:

Formula	Description
$\frac{\text{Outbound grants}}{\text{Beginning of year balance} + \text{inbound contributions}}$ <p><i>The selected method for this report</i></p>	<p>This method may be most appropriate if grants are made at the beginning of the year (i.e., before current year investment returns are known and/or the account owner is making decisions on total DAF grantmaking based on the prior year's investment returns).</p>

It is impossible to know whether the Michigan DAFs in our study make their grantmaking decisions before or after factoring in the current year’s investment returns. Therefore, the project team made a reasonable assumption that many DAFs make distributions throughout the year. We believe the selected calculation method is the most accurate measure because it reflects data available throughout the year as grantmaking decisions are made.

Other common methods to calculate payout rates include:

Formula	Description
<p style="text-align: center;"><b>Outbound grants</b></p> $\frac{\text{End of year balance} + \text{outbound grants}}{\text{End of year balance} + \text{outbound grants}}$ <p><i>The method proposed by Professors James Andreoni &amp; Ray Madoff (“The Andreoni &amp; Madoff Method”) in the NBER working paper, “Calculating DAF Payout and What We Learn When We Do It Correctly”</i>  <a href="https://www.nber.org/papers/w27888">https://www.nber.org/papers/w27888</a></p>	<p>This method may be most appropriate if grants are made at the end of the year (i.e., current year investment results were at the front of the account owner’s mind in determining the amount of total grants from the DAF).</p>
<p style="text-align: center;"><b>Outbound grants</b></p> $\frac{\text{Average of (Beginning + end of year balance)}}{\text{Average of (Beginning + end of year balance)}}$ <p><i>The “average balance” method</i></p>	<p>This formula most closely matches the previous private and community foundation studies. However, because a large proportion of DAFs spend down to zero (or close to zero) at the end of each year — and because many DAFs receive large annual inbound contributions which are not included in the formula — this method is not the best option for calculating DAF payout rate calculations.</p>
<p>For permanent DAFs:  <b>Use the "average balance" method</b></p> <p>For spendable DAFs:  <b>Outbound grants</b></p> $\frac{\text{Average of (Beginning + end of year balance)}}{\text{Average of (Beginning + end of year balance) + inbound contributions}}$ <p><i>The “type of DAF” method</i></p>	<p>The spendable DAF calculation is the adjusted formula used in the private foundation study when more than 100% of the corpus was paid out in a given year (e.g., the private foundation was still receiving large contributions from the family or corporation as opposed to only making grants from investment earnings).</p>

To aid the reader, we calculated the entire study using each method and have included detailed tables in the section “Alternative Methods of Calculating Payout Rates” for comparison. In addition, we have included examples of how each calculation — at an account level — can give dramatically different answers for the calculated payout rate in the section “Examples: How Payout Rates Can Vary.”



## Detailed Tables

### Comparison of Data Sources

Table 1 compares the cumulative data from three sources: the e-filed reports available in IRS Form 990 Schedule D in the publicly available dataset, the Michigan account-level dataset compiled as part of this project, and a hand calculation of the e-filed Schedule D information plus manual lookups of data on the paper filings.

**Table 1: Comparison of Number of DAFs and End of Year Balances, by Source**

Tax Year	Number of DAFs at Michigan Community Foundations			Aggregate Balance, Year End		
	IRS 990 Schedule D E-Filers (Report Part 1)	CMF Detailed Dataset (Report Part 2)	Universe (IRS 990 E-Filers Plus Paper Filings)	IRS 990 Schedule D E-Filers (Report Part 1)	CMF Detailed Dataset (Report Part 2)	Universe (IRS 990 E-Filers Plus Paper Filings)
2013	1,719	n/a		\$256,294,658	n/a	
2014	2,113	n/a		\$332,804,169	n/a	
2015	2,057	n/a		\$334,139,088	n/a	
2016	2,169	n/a		\$352,074,134	n/a	
2017	2,419	2,244		\$422,545,271	\$553,389,173	
2018	2,432	2,373	2,790	\$408,559,741	\$528,655,505	\$615,303,719
2019	2,051	2,476		\$385,356,151	\$618,648,780	
2020	n/a	2,508		n/a	\$707,621,493	

### Account Year End Balances

**Table 2: Year End DAF Balance, Michigan Account-Level Dataset**

Year	Count	Average Year End Balance	25 <sup>th</sup> Percentile	Median	75 <sup>th</sup> Percentile	90 <sup>th</sup> Percentile
2017	2,244	\$246,608	\$16,096	\$43,880	\$148,622	\$494,610
2018	2,373	\$222,779	\$14,088	\$39,798	\$133,644	\$463,297
2019	2,476	\$249,858	\$15,427	\$43,732	\$145,288	\$510,614
2020	2,508	\$282,146	\$16,424	\$46,512	\$153,379	\$577,121

## Aggregate Flow Of Dollars

**Table 3: Aggregate Flow of Dollars, Michigan Account-Level Dataset**

Year	Count	Sum, Contributions	Sum, Distributions	Sum, Year End Balance
2017	2,244	\$99,660,605	\$62,705,596	\$553,389,173
2018	2,373	\$72,571,164	\$77,989,775	\$528,655,505
2019	2,476	\$104,060,300	\$78,454,648	\$618,648,780
2020	2,508	\$116,739,818	\$88,616,659	\$707,621,493

**Table 4: Aggregate Flow Change From Prior Year, Michigan Account-Level Dataset**

Year	Count	Change In Contributions	Change In Distributions	Change In Year End Balance
2018	5.7%	-27.2%	24.4%	-4.5%
2019	4.3%	43.4%	0.6%	17.0%
2020	1.3%	12.2%	13.0%	14.4%
Average growth rate (annualized)	3.8%	5.4%	12.2%	8.5%

## Contributions

### All DAFs

**Table 5: Contributions, All DAFs, Michigan Account-Level Dataset**

Year	Count	Average Contributions	25 <sup>th</sup> Percentile	Median	75 <sup>th</sup> Percentile	90 <sup>th</sup> Percentile
2017	2,244	\$44,412	\$0	\$0	\$8,625	\$50,000
2018	2,373	\$30,582	\$0	\$0	\$5,000	\$50,000
2019	2,476	\$42,028	\$0	\$0	\$5,000	\$45,888
2020	2,508	\$46,547	\$0	\$0	\$3,077	\$50,000

### Excluding Zero-Dollar Contribution DAFs

**Table 6: Contributions, All Non-Zero Contributing DAFs, Michigan Account-Level Dataset**

Year	Count	Average Contributions	25 <sup>th</sup> Percentile	Median	75 <sup>th</sup> Percentile	90 <sup>th</sup> Percentile
2017	983	\$101,384	\$2,000	\$10,721	\$46,804	\$136,924
2018	917	\$79,140	\$2,015	\$11,800	\$50,000	\$150,000
2019	942	\$110,467	\$2,000	\$12,025	\$50,000	\$150,000
2020	904	\$129,137	\$2,000	\$13,705	\$52,830	\$200,000

## Distributions

All DAFs

**Table 7: Distributions, all DAFs, Michigan account-level dataset**

Year	Count	Average Distributions	25 <sup>th</sup> Percentile	Median	75 <sup>th</sup> Percentile	90 <sup>th</sup> Percentile
2017	2,244	\$27,944	\$0	\$1,500	\$11,550	\$48,300
2018	2,373	\$32,865	\$0	\$1,391	\$12,300	\$45,000
2019	2,476	\$31,686	\$0	\$1,800	\$13,420	\$52,831
2020	2,508	\$35,334	\$0	\$2,000	\$16,300	\$60,650

Excluding Zero-Dollar Distribution DAFs

**Table 8: Distributions, all grantmaking DAFs, Michigan account-level dataset**

Year	Count	Average Distributions	25 <sup>th</sup> Percentile	Median	75 <sup>th</sup> Percentile	90 <sup>th</sup> Percentile
2017	1,378	\$45,505	\$2,000	\$7,000	\$26,500	\$85,105
2018	1,453	\$53,675	\$2,300	\$7,459	\$27,500	\$82,900
2019	1,561	\$50,259	\$2,300	\$8,500	\$29,000	\$82,450
2020	1,632	\$54,299	\$2,400	\$9,750	\$31,150	\$102,000

## Payout Rates

All DAFs

**Table 9: Payout Rate, All DAFs, Michigan Account-Level Dataset**

Year	Count	Average Payout Rate	25 <sup>th</sup> Percentile	Median	75 <sup>th</sup> Percentile	90 <sup>th</sup> Percentile
2017	2,244	12.2%	0.0%	3.3%	11.8%	39.7%
2018	2,373	12.3%	0.0%	3.1%	11.5%	40.9%
2019	2,476	13.4%	0.0%	3.8%	13.4%	43.8%
2020	2,508	14.3%	0.0%	3.7%	15.6%	46.2%

Excluding Zero-Granting DAFs

**Table 10: Payout Rate, All Grantmaking DAFs, Michigan Account-Level Dataset**

Year	Count	Average Payout Rate	25 <sup>th</sup> Percentile	Median	75 <sup>th</sup> Percentile	90 <sup>th</sup> Percentile
2017	1,378	19.8%	4.0%	7.9%	25.8%	58.0%
2018	1,453	20.0%	3.6%	7.9%	25.8%	59.5%
2019	1,561	21.3%	4.1%	8.8%	28.5%	59.9%
2020	1,632	22.0%	3.9%	8.7%	30.3%	63.5%

## Detail About Types of DAFs

### Endowed vs. Spendable DAFs

**Table 11: Year End DAF Balance, by Type of DAF, Michigan Account-Level Dataset**

Type of DAF	Year	Count	Average Year End Balance	25 <sup>th</sup> Percentile	Median	75 <sup>th</sup> Percentile	90 <sup>th</sup> Percentile
Endowed	2017	1,170	\$269,294	\$18,334	\$48,007	\$155,787	\$533,237
	2018	1,209	\$250,440	\$17,084	\$44,970	\$142,884	\$496,093
	2019	1,239	\$269,697	\$18,820	\$49,607	\$161,187	\$536,431
	2020	1,247	\$317,405	\$19,620	\$51,405	\$169,295	\$578,164
Spendable	2017	1,074	\$221,895	\$12,698	\$38,576	\$130,877	\$460,311
	2018	1,164	\$194,050	\$11,484	\$36,062	\$123,546	\$425,384
	2019	1,237	\$229,987	\$11,924	\$39,199	\$132,618	\$502,874
	2020	1,261	\$247,278	\$12,422	\$40,723	\$141,774	\$561,309

**Table 12: Contributions, All Non-Zero Contributing DAFs, by Type of DAF, Michigan Account-Level Dataset**

Type of DAF	Year	Count	Average Contributions	25 <sup>th</sup> Percentile	Median	75 <sup>th</sup> Percentile	90 <sup>th</sup> Percentile
Endowed	2017	471	\$71,378	\$700	\$4,200	\$20,000	\$60,000
	2018	424	\$27,813	\$1,000	\$5,000	\$19,395	\$58,930
	2019	423	\$31,552	\$850	\$5,000	\$19,879	\$50,050
	2020	391	\$126,117	\$850	\$3,412	\$20,000	\$90,000
Spendable	2017	512	\$128,987	\$7,000	\$25,000	\$74,169	\$200,000
	2018	493	\$123,283	\$7,446	\$25,332	\$90,778	\$236,000
	2019	519	\$174,786	\$6,660	\$25,300	\$82,679	\$297,500
	2020	513	\$131,439	\$9,874	\$29,000	\$96,000	\$253,819

**Table 13: Distributions, All Grantmaking DAFs, by Type of DAF, Michigan Account-Level Dataset**

Type of DAF	Year	Count	Average Distribution	25 <sup>th</sup> Percentile	Median	75 <sup>th</sup> Percentile	90 <sup>th</sup> Percentile
Endowed	2017	681	\$24,369	\$1,250	\$4,000	\$14,000	\$44,800
	2018	703	\$19,329	\$1,250	\$3,943	\$14,461	\$40,674
	2019	742	\$27,091	\$1,350	\$4,350	\$14,100	\$43,665
	2020	736	\$23,394	\$1,500	\$5,000	\$16,726	\$47,611
Spendable	2017	697	\$66,155	\$3,900	\$13,000	\$40,900	\$123,000
	2018	750	\$85,869	\$4,050	\$13,500	\$39,800	\$129,000
	2019	819	\$71,249	\$5,000	\$15,000	\$45,000	\$125,000
	2020	896	\$79,686	\$5,000	\$16,000	\$51,250	\$164,848

**Table 14: Payout Rate, All Grantmaking DAFs, by Type of DAF, Michigan Account-Level Dataset**

Type of DAF	Year	Count	Average Payout Rate	25 <sup>th</sup> Percentile	Median	75 <sup>th</sup> Percentile	90 <sup>th</sup> Percentile
Endowed	2017	681	9.5%	3.2%	4.6%	7.9%	18.6%
	2018	703	9.6%	2.9%	4.0%	7.8%	21.6%
	2019	742	9.7%	3.4%	4.6%	8.4%	18.8%
	2020	736	8.8%	3.1%	4.2%	8.1%	18.2%
Spendable	2017	697	29.9%	7.9%	20.0%	44.3%	77.0%
	2018	750	29.8%	7.6%	19.1%	42.9%	80.1%
	2019	819	31.8%	8.3%	20.9%	45.9%	80.1%
	2020	896	32.9%	7.8%	21.6%	46.5%	82.8%

**Table 15: Comparison, Aggregate Values, by Type of DAF, Michigan Account-Level Dataset (Report Table 20)**

Type of DAF	Year	Count	Sum, Beginning of Year Balance	Sum, Contributions	Sum, Distributions	Sum, Year End Balance
Endowed	2017	1,170	\$263,181,134	\$33,619,020	\$16,595,409	\$315,073,470
	2018	1,209	\$314,924,274	\$11,792,751	\$13,588,132	\$302,781,866
	2019	1,239	\$304,649,937	\$13,346,355	\$20,101,660	\$334,154,880
	2020	1,247	\$331,387,632	\$49,311,727	\$17,217,868	\$395,804,360
Spendable	2017	1,074	\$195,153,359	\$66,041,585	\$46,110,188	\$238,315,702
	2018	1,164	\$238,631,229	\$60,778,413	\$64,401,643	\$225,873,639
	2019	1,237	\$225,901,032	\$90,713,944	\$58,352,988	\$284,493,901
	2020	1,261	\$288,209,072	\$67,428,091	\$71,398,791	\$311,817,133

**Table 16: Activity Category by Type of DAF, Michigan Account-Level Dataset**

Type of DAF	Year	Highly Active	Active-Outbound Only	Active-Inbound Only	Quiet	Grand Total
Endowed	4-year average	22%	37%	13%	28%	100%
	2017	24%	34%	16%	26%	100%
	2018	21%	37%	14%	28%	100%
	2019	23%	37%	12%	29%	100%
	2020	21%	38%	11%	30%	100%
Spendable	4-year average	32%	35%	11%	22%	100%
	2017	34%	31%	14%	21%	100%
	2018	29%	35%	13%	23%	100%
	2019	32%	35%	10%	23%	100%
	2020	33%	38%	8%	21%	100%

## DAFs Established by a Private Foundation

**Table 17: Summary Statistics, DAFs Established by a Private Foundation, Michigan Account-Level Dataset (Report Table 22)**

Type of DAF	Year	Count	Sum, Beginning of Year Balance	Sum, Contributions	Sum, Distributions	Sum, Year End Balance
General DAFs	2017	2,198	\$417,197,689	\$95,580,236	\$55,872,235	\$512,349,555
	2018	2,326	\$512,501,668	\$71,539,216	\$75,342,776	\$490,737,674
	2019	2,426	\$492,633,137	\$101,614,666	\$72,977,062	\$579,049,795
	2020	2,460	\$580,456,050	\$113,525,619	\$83,019,446	\$667,745,252
Created by a Private Foundation	2017	46	\$41,136,803	\$4,080,369	\$6,833,361	\$41,039,618
	2018	47	\$41,053,835	\$1,031,948	\$2,647,000	\$37,917,831
	2019	50	\$37,917,831	\$2,445,634	\$5,477,586	\$39,598,986
	2020	48	\$39,140,654	\$3,214,199	\$5,597,213	\$39,876,240

## By Asset Size of DAF

The research team reviewed the asset size of Michigan's community foundation DAFs by creating five categories based on the year-end balance:

- Up to \$15,586 (25th percentile) as **small DAFs**
- More than \$15,586 through \$43,644 (median) as **medium DAFs**
- More than \$43,644 through \$144,808 (75th percentile) as **large DAFs**
- More than \$144,808 through \$502,874 (90th percentile) as **very large DAFs**
- More than \$502,874 (top 10 percent) as **largest DAFs**

## All DAFs

**Table 18: DAFs by Size of Assets, Michigan Account-Level Dataset**

Year	Small	Medium	Large	Very large	Largest	Grand Total
2017	549	570	560	348	217	2,244
2018	635	589	590	348	211	2,373
2019	624	612	619	367	254	2,476
2020	592	630	631	377	278	2,508

**Table 19: Share of Annual Total, DAFs by Size of Assets, Michigan Account-Level Dataset**

Year	Small	Medium	Large	Very large	Largest	Grand Total
2017	24%	25%	25%	16%	10%	100%
2018	27%	25%	25%	15%	9%	100%
2019	25%	25%	25%	15%	10%	100%
2020	24%	25%	25%	15%	11%	100%
Average	25%	25%	25%	15%	10%	100%

**Table 20: Median Balance, DAFs by Size of Assets, Michigan Account-Level Dataset**

Year	Small	Medium	Large	Very large	Largest
2017	\$8,869	\$25,843	\$71,191	\$255,537	\$1,008,723
2018	\$8,494	\$25,532	\$74,920	\$262,084	\$989,131
2019	\$8,403	\$26,725	\$74,794	\$249,999	\$1,000,491
2020	\$7,208	\$26,081	\$75,584	\$248,909	\$1,011,635

**Table 21: Median Payout Rate, DAFs by Size of Assets, Michigan Account-Level Dataset**

Year	Small	Medium	Large	Very large	Largest
2017	0.0%	2.3%	3.6%	4.1%	4.0%
2018	1.3%	2.0%	3.5%	3.3%	3.7%
2019	0.0%	3.0%	3.8%	4.2%	4.3%
2020	0.0%	3.5%	3.8%	4.2%	4.1%

*Excluding Zero-Granting DAFs*
**Table 22: Grantmaking DAFs by Size of Assets, Michigan Account-Level Dataset**

Year	Small	Medium	Large	Very large	Largest	Grand Total
2017	266	309	364	258	181	1,378
2018	319	317	381	261	175	1,453
2019	308	344	412	282	215	1,561
2020	279	388	429	303	233	1,632

**Table 23: Median Balance, Grantmaking DAFs by Size of Assets, Michigan Account-Level Dataset**

Year	Small	Medium	Large	Very large	Largest
2017	\$8,677	\$25,872	\$72,725	\$251,144	\$1,007,688
2018	\$8,494	\$26,578	\$78,741	\$267,738	\$1,011,049
2019	\$8,181	\$27,105	\$77,364	\$250,967	\$999,360
2020	\$7,455	\$26,189	\$77,342	\$248,909	\$1,046,492

**Table 24: Median Payout Rate, Grantmaking DAFs by Size of Assets, Michigan Account-Level Dataset**

Year	Small	Medium	Large	Very large	Largest
2017	29.8%	9.9%	7.1%	5.8%	4.6%
2018	28.7%	9.5%	6.4%	4.3%	4.1%
2019	36.9%	10.6%	8.2%	5.5%	4.6%
2020	46.3%	9.6%	7.6%	6.0%	4.6%

## Alternative Methods of Calculating Payout Rates

### Alternative 1: Year End Balance + Grants (Andreoni & Madoff Method)

*All DAFs*

**Table 25:** Payout Rate (Andreoni & Madoff Method), All DAFs, Michigan Account-Level Dataset

Year	Count	Average Payout Rate	25 <sup>th</sup> Percentile	Median	75 <sup>th</sup> Percentile	90 <sup>th</sup> Percentile
2017	2,244	11.5%	0.0%	2.9%	10.7%	38.5%
2018	2,373	12.4%	0.0%	3.3%	11.9%	41.8%
2019	2,476	12.5%	0.0%	3.3%	12.5%	41.9%
2020	2,508	13.6%	0.0%	3.5%	14.5%	44.7%

*Excluding Zero-Granting DAFs*

**Table 26:** Payout Rate (Andreoni & Madoff Method), All Grantmaking DAFs, Michigan Account-Level Dataset

Year	Count	Average Payout Rate	25 <sup>th</sup> Percentile	Median	75 <sup>th</sup> Percentile	90 <sup>th</sup> Percentile
2017	1,378	18.7%	3.5%	7.1%	24.4%	55.3%
2018	1,453	20.2%	3.8%	8.3%	26.6%	60.2%
2019	1,561	19.8%	3.6%	8.0%	27.0%	57.1%
2020	1,632	20.5%	3.5%	7.9%	27.9%	60.2%

### Alternative 2: Average Balance Method

*All DAFs*

**Table 27:** Payout Rate (Average Balance Method), All DAFs, Michigan Account-Level Dataset

Year	Count	Average Payout Rate	25 <sup>th</sup> Percentile	Median	75 <sup>th</sup> Percentile	90 <sup>th</sup> Percentile
2017	2,244	57.2%	0.0%	3.3%	13.1%	64.7%
2018	2,373	70.6%	0.0%	3.3%	13.3%	62.8%
2019	2,476	50.3%	0.0%	3.6%	15.0%	68.9%
2020	2,508	52.1%	0.0%	3.7%	16.8%	72.2%

*Excluding Zero-Granting DAFs*

**Table 28:** Payout Rate (Average Balance Method), All Grantmaking DAFs, Michigan Account-Level Dataset

Year	Count	Average Payout Rate	25 <sup>th</sup> Percentile	Median	75 <sup>th</sup> Percentile	90 <sup>th</sup> Percentile
2017	1,378	93.1%	3.8%	8.3%	33.9%	108.1%
2018	1,453	115.4%	3.8%	8.7%	34.4%	114.7%
2019	1,561	79.9%	3.9%	9.2%	39.6%	107.3%
2020	1,632	80.2%	3.8%	9.3%	40.7%	129.5%



Alternative 3: Type of DAF Method

All DAFs

Table 29: Payout Rate (Type of DAF Method), All DAFs, Michigan Account-Level Dataset

Type of DAF	Year	Count	Average Payout Rate	25 <sup>th</sup> Percentile	Median	75 <sup>th</sup> Percentile	90 <sup>th</sup> Percentile
Endowed	2017	1,170	9.5%	0.0%	2.2%	4.9%	12.1%
	2018	1,209	11.1%	0.0%	2.1%	4.6%	13.0%
	2019	1,239	9.0%	0.0%	2.7%	5.1%	12.8%
	2020	1,247	7.2%	0.0%	2.4%	4.8%	12.9%
Spendable	2017	1,074	22.3%	0.0%	6.6%	28.3%	67.7%
	2018	1,164	23.9%	0.0%	6.7%	28.2%	69.0%
	2019	1,237	24.9%	0.0%	7.4%	32.1%	73.8%
	2020	1,261	28.8%	0.0%	9.1%	35.2%	81.7%

Excluding Zero-Granting DAFs

Table 30: Payout Rate (Type of DAF Method), All Grantmaking DAFs, Michigan Account-Level Dataset

Type of DAF	Year	Count	Average Payout Rate	25 <sup>th</sup> Percentile	Median	75 <sup>th</sup> Percentile	90 <sup>th</sup> Percentile
Endowed	2017	681	16.3%	3.1%	4.4%	8.3%	20.9%
	2018	703	19.1%	3.1%	4.3%	8.4%	26.9%
	2019	742	15.1%	3.3%	4.4%	8.5%	22.8%
	2020	736	12.2%	3.1%	4.1%	8.1%	20.1%
Spendable	2017	697	34.3%	7.4%	19.8%	45.6%	85.6%
	2018	750	37.1%	7.6%	19.5%	47.5%	97.0%
	2019	819	37.7%	7.6%	20.6%	49.9%	90.8%
	2020	896	40.6%	7.2%	21.1%	50.0%	98.0%

## Examples: How Payout Rates Can Vary

**Table 31: Raw Data, Michigan Account-Level Dataset**

Example	Year	Beginning of Year Balance	Inbound Contributions	Outbound Distributions	Year End Balance
1	2019	\$2,007,941.77	\$0.00	\$2,383,051.63	\$57,815.92
2	2017	\$442,293.85	\$0.00	\$487,638.97	\$252.40
3	2017	\$4,788.37	\$100,000.00	\$95,478.50	\$9,449.52
4	2020	\$24,911.66	\$0.00	\$20,306.24	\$0.00
5	2020	\$29,378.72	\$10,000.00	\$22,000.00	\$24,400.41
6	2019	\$6,415.43	\$10,550.53	\$7,750.00	\$10,707.29
7	2017	\$0.00	\$58,865.49	\$21,600.00	\$37,935.68
8	2020	\$8,885.18	\$18,997.20	\$9,000.00	\$21,526.98
9	2018	\$0.00	\$14,600.00	\$4,000.00	\$9,544.85
10	2019	\$115,833.04	\$125,931.50	\$34,000.00	\$226,594.50

**Table 31 continued: Calculation Method Variations, Michigan Account-Level Dataset**

Example	Year	Type of DAF	Payout Rate	Payout Rate, Andreoni & Madoff Method	Payout Rate, Avg. Balance Method	Payout Rate, Type of DAF Method
1	2019	permanent	118.7%	97.6%	230.7%	230.7%
2	2017	permanent	110.3%	100.0%	220.4%	220.4%
3	2017	permanent	91.1%	91.0%	1341.2%	1341.2%
4	2020	spendable	81.5%	100.0%	163.0%	163.0%
5	2020	permanent	55.9%	47.4%	81.8%	81.8%
6	2019	spendable	45.7%	42.0%	90.5%	40.6%
7	2017	spendable	36.7%	36.3%	113.9%	27.8%
8	2020	spendable	32.3%	29.5%	59.2%	26.3%
9	2018	spendable	27.4%	29.5%	83.8%	20.7%
10	2019	spendable	14.1%	13.1%	19.9%	11.4%

## Detail of Activity Groupings

### Annual Patterns of Activity

**Table 32: Summary Statistics, DAFs by Annual Activity Level, Michigan Account-Level Dataset**

Annual Activity Level	Year	Count	Sum, Contributions	Sum, Distributions	Sum, Year End Balance	25 <sup>th</sup> Percentile Payout Rate	Median Payout Rate	75 <sup>th</sup> Percentile Payout Rate	90 <sup>th</sup> Percentile Payout Rate
Highly Active	2017	643	\$68,326,503	\$36,118,528	\$173,106,807	4.1%	12.7%	38.6%	69.9%
	2018	596	\$56,697,151	\$38,366,406	\$144,074,551	3.8%	12.8%	37.3%	73.1%
	2019	670	\$61,300,406	\$41,121,033	\$160,267,180	4.5%	13.9%	38.3%	71.6%
	2020	675	\$82,190,829	\$52,758,123	\$226,353,155	5.1%	15.6%	40.3%	71.9%
Active-Outbound Only	2017	734	N/A	\$26,586,868	\$266,319,217	3.9%	6.4%	15.9%	38.5%
	2018	857		\$39,623,369	\$291,849,977	3.5%	6.2%	17.1%	45.6%
	2019	891		\$37,333,615	\$333,283,872	4.0%	6.6%	19.2%	51.3%
	2020	956		\$35,858,236	\$357,656,758	3.7%	6.7%	19.8%	52.2%
Active-Inbound Only	2017	339	\$31,333,802	N/A	\$53,307,859	N/A	N/A	N/A	N/A
	2018	320	\$15,873,813		\$35,875,428				
	2019	272	\$42,759,894		\$63,325,391				
	2020	228	\$34,548,864		\$53,885,231				
Quiet	2017	527	N/A	N/A	\$60,649,546	N/A	N/A	N/A	N/A
	2018	599			\$56,849,567				
	2019	643			\$61,772,337				
	2020	648			\$69,719,251				

Cumulative Pattern of Grantmaking Activity (6 groups)

Table 33: Summary Statistics, DAFs by Cumulative Grantmaking Activity Level, Michigan Account-Level Dataset

Cumulative Grantmaking Activity	Year	Count	Sum, Contributions	Sum, Distributions	Sum, Year End Balance	25 <sup>th</sup> Percentile Payout Rate	Median Payout Rate	75 <sup>th</sup> Percentile Payout Rate	90 <sup>th</sup> Percentile Payout Rate
Always Outbound Active	2017	938	\$62,602,479	\$48,843,955	\$386,959,874	4.1%	8.3%	27.3%	60.9%
	2018	956	\$48,763,732	\$54,300,148	\$367,629,294	3.7%	8.0%	27.4%	58.5%
	2019	985	\$48,990,282	\$61,204,945	\$398,350,306	4.2%	9.2%	30.0%	60.3%
	2020	1,011	\$72,574,337	\$60,484,732	\$453,325,265	3.9%	8.9%	32.5%	64.9%
Always Outbound Or Inbound Active	2017	281	\$27,502,729	\$904,889	\$51,186,243	0.0%	0.0%	3.0%	15.4%
	2018	358	\$15,484,816	\$14,683,106	\$50,239,892	0.0%	0.0%	5.0%	25.2%
	2019	420	\$46,295,528	\$10,922,271	\$93,616,810	0.0%	2.4%	13.8%	41.0%
	2020	461	\$39,058,615	\$17,308,543	\$126,206,746	0.0%	3.3%	15.3%	38.9%
Mix Of Outbound And Quiet But No Inbound	2017	416	N/A	\$3,415,125	\$59,014,693	0.0%	0.0%	6.8%	23.1%
	2018	417		\$4,605,304	\$52,850,451	0.0%	0.0%	6.3%	22.1%
	2019	405		\$2,644,221	\$56,493,723	0.0%	0.0%	5.3%	18.8%
	2020	382		\$4,531,466	\$52,843,566	0.0%	1.0%	7.9%	29.0%
Mix Of All Categories	2017	291	\$8,775,785	\$9,541,427	\$36,018,316	0.0%	0.0%	10.6%	44.6%
	2018	311	\$7,523,672	\$4,401,217	\$37,628,690	0.0%	0.0%	8.0%	42.9%
	2019	314	\$5,676,967	\$3,683,211	\$44,318,976	0.0%	0.8%	9.3%	38.2%
	2020	306	\$3,279,676	\$6,291,618	\$41,864,997	0.0%	0.0%	6.7%	27.7%
Mix Of Inbound And Quiet But No Outbound	2017	102	\$779,312	N/A	\$3,873,661	N/A			
	2018	114	\$798,743		\$4,426,571				
	2019	136	\$3,097,523		\$8,176,373				
	2020	134	\$1,827,064		\$10,393,847				
Always Quiet	2017	215	N/A		\$16,330,645				
	2018	216			\$15,874,624				
	2019	216			\$17,692,591				
	2020	213			\$22,979,973				

Cumulative Pattern of Grantmaking Activity (3 groups)

**Table 34:** Summary Statistics, DAFs by Cumulative Grantmaking Activity Level, Michigan Account-Level Dataset

Cumulative Grantmaking Activity	Year	Count	Sum, Contributions	Sum, Distributions	Sum, Year End Balance	25 <sup>th</sup> Percentile Payout Rate	Median Payout Rate	75 <sup>th</sup> Percentile Payout Rate	90 <sup>th</sup> Percentile Payout Rate
Regularly Outbound	2017	1,926	\$98,880,993	\$62,705,396	\$533,179,125	0.0%	4.4%	15.8%	46.1%
	2018	2,042	\$71,772,221	\$77,989,775	\$508,348,327	0.0%	3.9%	15.2%	44.5%
	2019	2,124	\$100,962,777	\$78,454,648	\$592,779,816	0.0%	4.6%	18.0%	49.4%
	2020	2,160	\$114,912,629	\$88,616,359	\$674,240,574	0.4%	4.9%	20.0%	51.5%
Always Inbound or Quiet	2017	102	\$779,312	N/A	\$3,873,661	N/A	N/A	N/A	N/A
	2018	114	\$798,743		\$4,426,571				
	2019	136	\$3,097,523		\$8,176,373				
	2020	134	\$1,827,064		\$10,393,847				
Always Quiet	2017	215	N/A	N/A	\$16,330,645	N/A	N/A	N/A	N/A
	2018	216			\$15,874,624				
	2019	216			\$17,692,591				
	2020	213			\$22,979,973				