

## What is the National Study about and why is it so important?

The National Study on Donor Advised Funds is the largest **independent** study on DAFs to date, encompassing **nine years of data and details on more than 50,000 accounts**. This comprehensive study improves upon the public understanding of donor advised funds and answers some of the field's most pressing questions.

## What are DAFs?

Donor Advised Funds (DAFs) are giving vehicles that make it easy for philanthropically minded individuals, families or businesses to dedicate funds to support their favorite nonprofit organizations or causes.

With a DAF, individuals, families or businesses make gifts to the fund, which is administered by a public charity, and then recommend grants over time to IRS-qualified nonprofit organizations.

## How was the data collected?

As part of the recruitment process, the DAF Research Collaborative (DAFRC) research team conducted more than 30 webinars reaching 500 total participants between September 2022 and April 2023. The dataset includes **nine years of financial transactions (2014 – 2022) representing more than 600,000 contributions** to the DAFs and **2.25 million grants out** of these DAF accounts.

## Why is collecting data on DAFs important?

This study reveals the importance of obtaining and utilizing good data to inform the practice of philanthropy through DAFs and the public discourse around DAFs. As the sector seeks to answer pressing questions about DAFs, both researchers and practitioners are counting on organizations to continue prioritizing and participating in this type of practical research. The DAFRC research team sees this National Study as an essential early step in improving the practice and understanding of DAFs for the future.

## Who is using DAFs?

Individuals, families and businesses can all use DAFs to support causes that are meaningful. The National Study has found that **most DAF accounts (97%) were advised by individuals or families**. Institutional DAFs – those advised by corporations or other organizations – only compose about 3% of all DAFs. Additionally, almost all DAFs (92%) have a succession plan in place that establishes what organization or advisors receive control of the funds after the original donors are no longer living.

The most frequent ages for donor advisors were 55 – 80 years old. Members of the Baby Boomer generation represented nearly half (49%) of all advisors.

## What factors are driving the increase in the use of DAFs?

We are seeing an increase in the use of DAFs because they are flexible giving vehicles that make it **easier for smaller donors to give in ways that are meaningful to them**. Because they are flexible, donors can use DAFs to support local, regional and national nonprofits they deem important. **DAFs are easier and less costly to establish and maintain** than other philanthropic vehicles, making it easier for everyday Americans to be charitable. Additionally, contributions to a DAF are tax-deductible in the year they are made, providing immediate tax benefits to the donor.

## How do DAFs influence nonprofit organizations?

Due to DAFs' flexibility, donors can use DAFs to support local, regional and national nonprofits that are important to them. The rise in DAFs will have lasting impacts on the philanthropic landscape for generations to come. We know from the study that DAFs have adapted and will continue to adapt to meet the diverse needs of the nonprofit sector and its wide array of donors. We also know there is not a one-size-fits-all model for DAFs that accommodates the various patterns of giving. Future research on DAFs will likely uncover more nuances around how DAFs are used.

The fourth quarter of the year accounts for 57% of all funds contributed to DAFs. However, **grantmaking from DAFs is spread relatively evenly throughout the year with only 32% coming in the final quarter of the year**.

## How often do DAFs distribute their funds?

Money moves through DAF accounts relatively quickly – in an average year, nearly **two-thirds of accounts (63%) made an outbound grant**. Just over half of all DAFs (**54%**) **granted out at least half of their original contribution within three years**. After 10 years of the original contribution, 75% of all accounts had granted most of the original amount.

## How many DAFs are inactive and why?

Approximately **22% of DAFs were inactive or had a zero payout rate for the three most recent years** included in the study (2020 – 2022). But when looking more closely at the inactive DAFs, they were both smaller and more recently established than active DAFs. **Almost half (45%) of inactive DAFs were opened in 2020 or later**.

## Who conducted this study?

The National Study on Donor Advised Funds was researched and is presented by the Donor Advised Funds Research Collaborative. The Principal Investigators are Dan Heist (Brigham Young University), Danielle Vance-McMullen (DePaul University), Brittany Kienker (Kienker Consulting LLC) and Jeff Williams (Grand Valley State University). The work was made possible by a **grant from the Bill & Melinda Gates Foundation**.

The study was completed in partnership with the **Giving Tuesday Data Commons**, the **National Study on DAFs Advisory Council** and the DAF sponsoring organizations that contributed data.