The National Study on Donor Advised Funds

2024

DAF RESEARCH COLLABORATIVE

Table of Contents

Executive Summary

The Donor Advised Fund Research Collaborative (DAFRC) is a consortium of academic and nonprofit researchers. Working across institutions, the collaborative is leading a 30-month, comprehensive research initiative to provide empirical data and insights on the characteristics and activities of donor advised funds (DAFs) in the United States. One of the initiative's main goals is to gather and analyze account-level DAF information that is not available from publicly accessible data sources, such as the IRS Form 990. The account-level data allows for a more nuanced and accurate understanding of DAFs, as well as comparisons across different types and sizes of DAFs and DAF sponsors.

The present report is the first of three major nationwide projects: (1) compiling a large, anonymized dataset from DAF providers, (2) fielding a management survey to gather policies and procedures from DAF sponsors, and (3) fielding a donor survey to gain insights into how individuals and families think about and use DAFs as part of their household giving.

The 2024 National Study on Donor Advised Funds includes information about DAFs from 2014 to 2022, covering aspects such as account size, age, type, succession plan, donor demographics, contributions, grants, payout rates, and grantmaking speed. The report represents the most extensive independent study on DAFs to date. Thanks to the collective efforts of 111 DAF programs that voluntarily provided anonymized data to the research team, the dataset covers nine years of activity from more than 50,000 accounts, with over 600,000 inbound contributions to DAFS and more than 2.25 million outbound grants from DAFs.

The study reveals that DAFs are varied and flexible philanthropic vehicles that support a wide range of giving patterns and preferences:

- Half of all DAFs (49%) had total assets of less than $50,000 at the end of 2021, and only 7% had balances of $1 million or more.
- Most DAF accounts (97%) were advised by individuals or families.
- Almost all DAFs (92%) had a succession plan.
- Since DAF contributions and grants can fluctuate from year to year, this study presents a three-year average to provide a more accurate depiction of each DAF account’s activity.
  - Across the most recent three year period ending in 2022, 78% of all DAFs made at least one grant.
  - The median payout for all accounts was 9%; the median for all accounts that made grants (that is, removing inactive accounts) was 15%.
  - The mean (average) payout rate for all DAF accounts was 18%.

- Contributions to DAFs are concentrated in the fourth quarter of the year. Grantmaking from DAFs is much more balanced throughout the year, where the fourth quarter only accounts for 32% of annual grantmaking.
- Less than 4% of grants were made anonymously. Most grants (59%) were general operating grants as opposed to restricted grants (41%), although restricted grants tended to be of higher dollar value.
- Just over half of all DAFs (54%) granted out at least half of their original contribution within three years. After eight years, about three-fifths of all DAFs (58%) had granted out 100% of the original contribution.

The National Study on DAFs provides new insights into the three most common types of DAF sponsors: Nationals, Community Foundations, and Religiously-Affiliated Organizations. The study also adds nuance to the sector's understanding of payout rates and shelf life. Together, the data and findings presented in this report help to answer many of the field's most critical questions about DAFs—while highlighting the importance of obtaining and utilizing good data to inform the practice of philanthropy through DAFs and the public discourse around DAFs.

Overall, the 2024 study reiterates the DAFRC research team's previous findings while expanding our understanding of DAFs and their many variations. The DAFRC research team hopes this data will be used to improve best practices, inform relevant regulation, or enhance the field's use of DAFs as a philanthropic tool for donors, DAF sponsoring organizations, and other sector partners.

The work is based on research funded by the Bill & Melinda Gates Foundation. It would not be possible without the DAFRC collaborators: our data and analytics partners at GivingTuesday and the 111 community foundations, national programs, and religiously-affiliated organizations nationwide who participated in the voluntary study.

Introduction

Donor advised funds (DAFs) continue to increase in popularity and importance. According to the 2023 DAF Report by National Philanthropic Trust, in 2022 there were close to 2 million DAF accounts that received about $86 billion in contributions, distributed about $52 billion in grants, and ended the year with about $229 billion in assets. Due to their continued growth and use as a philanthropic tool, donor advised funds are an increasingly important topic for all stakeholders in the nonprofit sector. The purpose of the DAF Research Collaborative (DAFRC) and this study is to provide empirical research that enhances the public understanding of donor advised funds.

This study enhances the national aggregate statistics on DAFs by analyzing more than 50,000 individual DAF accounts. Individual account analysis is rare because most publicly available data about DAFs are reported in aggregate by DAF sponsors on IRS Form 990. However, many important questions about DAFs require further understanding of activity at the individual DAF account level. This study presents nine years (2014-2022) of financial data and selected account characteristics provided by 111 DAF sponsoring organizations across the country. Due to the voluntary participation of these sponsors in this study, the DAF Research Collaborative is able to provide detailed, account-level information that helps to answer some of the sector's most pressing questions about DAFs.

This report demonstrates that DAFs are extremely flexible philanthropic vehicles that support a wide range of giving patterns. This study provides details about the various sizes of DAFs, insights on the demographics of donor advisors, and added nuance to better understand the different types and sub-categories of DAFs.

This report is based on research funded by the Bill & Melinda Gates Foundation. The findings and conclusions contained within are those of the authors and do not necessarily reflect the positions or policies of the Bill & Melinda Gates Foundation.

Key Findings

Account and Donor Characteristics

Nearly half of all DAFs (49%) had total assets at the end of 2021 of less than $50,000. Only 7% of DAFs had balances of $1 million or more — and only 1% had a balance over $10 million.

DAFs are a relatively young philanthropic vehicle, with increased use in recent years. **The vast majority of DAFs in this study (81%) were opened after 2010**, and over one in four DAFs in the dataset were opened after 2020.

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.

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

About 9% of DAFs were Endowed, meaning they have spending policies that restrict their annual grantmaking to ensure long-term use.

Almost all DAFs (92%) have a succession plan in place that establishes control of the funds after the original donors are no longer living. Approximately 30% of DAFs designate the sponsor or another nonprofit organization to receive remaining funds.

Contributions

Approximately 61% of all DAFs had multiple contributions into the DAF during the study period. Specifically,

- One in four DAFs had contributions in some years (less than half of the years observed).
- One in four had contributions in most years (more than half of the years).
- One in nine had contributions every year.

Contribution amounts show that DAFs are a mid-range philanthropic vehicle, accommodating contributions larger than typical household donations yet smaller than those establishing private foundations.

- 38% of contributions fell within the $10,000 to $49,999 range.
- 15% of contributions were in the $50,000 to $99,999 range.
- 19% of contributions were within the $100,000 to $499,999 range.

Grants

In the most recent three-year period, 78% of accounts made at least one grant. In an average year, nearly two-thirds of accounts (63%) made an outbound grant while over one-third (37%) did not.

DAFs facilitate grants at both modest (comparable to annual fund gifts) and substantial (similar to major gifts) amounts that are directed to charitable nonprofits. **Around 36% of active DAFs disbursed yearly grants ranging from $10,000 to $50,000**, the most common grant range.

Less than 4% of grant transactions were made anonymously, indicating that the vast majority of grant transactions are distributed with fund and/or donor information.

General operating grants comprised 59% of grants, while restricted grants accounted for 41%, although restricted grants tended to be of higher value.

Grantmaking from DAFs is spread relatively evenly throughout the year — only 32% of grant funding occurs in the fourth quarter. In contrast, the fourth quarter of the year accounts for 57% of all funds contributed into DAFs.

- Grants over $50,000 (considered a major gift by many organizations) are distributed more evenly throughout the year than grants under $50,000, which were more common at year-end.

Payout Rate and Grantmaking Speed

DAFs support a wide variety of payout rates. Since DAF contributions and grants can fluctuate from year to year, this study presents a three-year average to provide a more accurate depiction of each DAF account's activity.

- The median payout for all accounts was 9%.
- The median for all accounts that made grants (that is, removing inactive accounts) was 15%.
- The mean (average) payout rate for all DAF accounts was 18%.

Just over half of all DAFs (54%) granted out at least half of their original contribution within three years. After eight years, about three-fifths of all DAFs (58%) had granted out 100% of the original contribution.

Approximately 22% of DAFs were inactive, or had a zero payout rate, for the three most recent years included in the study (2020-2022). **When looking more closely at inactive DAFs, those DAFs are both smaller and newer DAFs. Almost half (45%) of inactive DAFs were opened in 2020 or later.**

Definition of Terms

Assets:
The value of the assets within a DAF account, typically recorded at the end of the calendar year.

Contributions:
Donations made by a donor into a DAF account. Contributions to DAFs are tax-deductible because they are irrevocable gifts to a registered 501(c)(3) organization (the DAF sponsor).

Donor Advised Fund (DAF):
The concept of a donor advised fund is outlined in Pension Protection Act of 2006 and the Internal Revenue Code 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.

Sponsor:
The 501(c)(3) public charity organization that hosts and manages DAF accounts. (Note: Some sponsors host multiple DAF Programs for different client organizations.)

Donor Advisor:
A person who has advisory privileges to make grant recommendations for a DAF account. This may be the original donor, additional advisors recommended by the donor, or successive advisors — those that receive advisory privileges after the original donor's passing.

Dormant DAFs:
Accounts that made no grants and received no contributions in a three-year period.

Endowed DAF:
A DAF account that has a spending policy that limits grantmaking to a fixed percentage of assets — typically between 4% and 6%, oftentimes with the intent for long-term grantmaking. Endowed DAFs still allow donors' advisory privileges over the funds available for grantmaking.

General Operating Grants:
Grants with no restrictions designated by the donor advisor. These grants can be used for the "general operations" of the nonprofit and are not restricted to any particular program or initiative.

Generations:
In this report, the following years are used for generations: "Greatest Generation or Earlier" is used for those born before 1928, "Silent Generation" from 1928 to 1945, "Baby Boomers" from 1946 to 1964, "Generation X" from 1965 to 1980, "Millennials" from 1981 to 1995, and "Generation Z or Later" for those born from 1996 to 2023.[1]

Grantee or Recipient Organization:
A qualified organization (typically a public charity) that receives a grant from a DAF.

Grants:
Monetary transfers from the DAF sponsor to a qualified grantee organization.

Inactive DAFs:
Accounts that made no grants in a three-year period. (Note that "dormant" accounts are inactive accounts that also receive no contributions.)

Individual/Family DAFs:
DAFs with donor advisors who are individuals or family members.

Institutional DAFs:
DAFs with donor advisors from a corporation or organization.

Non-Endowed DAF:
Most DAFs are not endowed. Typically, Non-Endowed DAFs may grant out all (or nearly all) of their assets in any given year.

Payout Rate:
A measure of how much is granted from a DAF account compared to how much is available in the account for granting. For this study, Payout Rate = Grants / (Beginning of Year Assets + Contributions).[2]

Restricted Grants:
Grants designated by the donor for a specific purpose or fund at the recipient organization.

Shelf Life:
How long contributions stay in a DAF account before being granted out of the account. In this study, the shelf life of opening contributions is analyzed.

[1] The years included in these commonly-known generations vary from source to source.

[2] This is the same definition used in the DAFRC's previous two reports (Williams & Kienker, 2021; Vance-McMullen & Heist, 2022a). Beginning assets" refer to the end-of-year assets from the previous year.

About the DAFRC and Principal Investigators

The DAF Research Collaborative (DAFRC) conducts empirical research that enhances public understanding of donor advised funds. Founded by Dan Heist and Danielle Vance-McMullen in 2019, the DAFRC expanded to include Brittany Kienker and Jeff Williams for its 2023-24 research project as co-principal investigators. The DAFRC partners with GivingTuesday as its data storage and analytics partner as part of their Data Commons program.

Dr. H. Daniel Heist

Dr. H. Daniel Heist is an Assistant Professor of Nonprofit Management and Social Impact at the George W. Romney Institute for Public Service and Ethics at Brigham Young University. He researches philanthropy, charitable giving, and volunteering. His 9 years of professional fundraising experience inform his research. Dr. Heist is a leading expert on donor advised fund research and is a co-founder of the Donor Advised Fund Research Collaborative.

Dr. Danielle Vance-McMullen

Dr. Danielle Vance-McMullen is an Assistant Professor of Public Policy and Nonprofit Management at DePaul University. She uses big data and behavioral experiments to research donor behavior and nonprofit competition in new charitable giving contexts. She is active in DAF research and is a co-founder of the Donor Advised Fund Research Collaborative.

Dr. Brittany Kienker

Dr. Brittany Kienker is Principal and Owner of Kienker Consulting LLC and Knowledge Insights Expert in Residence at the Council of Michigan Foundations (CMF). Dr. Kienker is a sought-after expert and advisor to foundations, philanthropy-serving organizations, consultants, and researchers nationally. She regularly develops cutting-edge educational resources and presentations designed for grantmakers, in addition to generating the annual Midwest Grantmaker Salary Survey Report.

Jeff Williams, M.A., M.B.A.

Jeff Williams, M.A., M.B.A., is the Director of the Dorothy A. Johnson Center for Philanthropy's Community Data and Research Lab at Grand Valley State University. With expertise in operations, strategy, data analytics, and public policy, Jeff is passionate about connecting data to people to action. He oversees the lab's annual research agenda, as well as relationships with partner organizations and communities.

SECTION 1

Data and Methods

Data for this study originate from 111 DAF programs at national, community foundation, and religiously affiliated organizations from across the United States. The data were provided voluntarily by each DAF sponsor without compensation as part of the DAFRC research project. Invitations were extended to over 300 sponsors to participate and the DAFRC research team conducted over 30 webinars that reached 500 total participants from September 2022 to April 2023 as part of the recruitment process. The DAFRC expresses immense thanks and gratitude to these providers for their willingness to participate. As a rule, the DAFRC does not disclose the names of the participating organizations, although many organizations may publicly disclose their own participation.

The final sample used in the analyses represents data from 57,539 DAF accounts, making it the largest and most comprehensive dataset of DAF accounts collected to date. The characteristics of the data, methods used in calculating the analyses, statistics chosen for this report, and interpretations of the results are discussed in this section. No personally identifiable information was collected, ensuring complete anonymity of all data.

57,539
Accounts

63,288
Donor advisors with detailed information[3]

600,675
Number of contributions

$40.5 Billion
Total contributions

2,270,447
Number of grants

$31.6 Billion
Total grants

SECTION 1.1

Data Collection

The dataset includes DAFs that existed between 2014 and 2022. Some sponsors provided data on DAFs that had closed during this period. Some sponsors only provided data on DAFs that were still open on January 1, 2022.

Almost all DAF sponsors reported data on all of their DAF accounts. However, to protect the anonymity of donors, outlying accounts that were considered "potentially identifiable" (approximately 63 accounts, usually with assets above $100M) were excluded from the sample by the originating sponsor organizations. In addition, two sponsors used a stratified random sample to provide data, and therefore only a set proportion of their account data was reported. (See the Technical Appendix for additional information.)

For each account, information was collected on the date the account was opened, the number of authorized donor advisors, the gender of each advisor (if available), the age of each advisor (if available), a 3-digit zip code for the advisor(s), whether the account was an Endowed DAF (i.e., endowed or non-endowed), whether the advisors represented individuals/families or institutions (i.e., corporations, organizations), and the succession plan for the account.[3]

The team ensured that included accounts fit the legal parameters of a donor advised fund, as outlined in the Pension Protection Act of 2006 and Internal Revenue Code Section 4966.

As a result, some accounts submitted by participating sponsoring organizations may have been filtered out due to their not meeting the required attributes of being a DAF or their meeting the exceptions to being a DAF, based on federal regulations. For example, funds that met the requirements of a scholarship or designated fund were not included in the study's data. (Please note that data collection for the National Study preceded the Internal Revenue Service issuing Proposed Treasury Regulations REG-142338-07.)

For each account, financial transaction records were collected on all contributions, grants, and year-end asset values from 2014-2022 (if available).

- For contributions, the date and amount of the transaction, as well as the asset type — cash, securities, or other — were collected.
- For grants, the date and amount of the transaction, the grant designation (restricted or general operating), the grantee's name, 3-digit zip code, and EIN were collected, and whether or not the grant was anonymous.

All data were uploaded directly from the participating DAF sponsors to a secure server hosted by GivingTuesday Data Commons. Data were de-identified to ensure anonymity.

All data were thoroughly checked for quality and accuracy. Data were then harmonized and pooled into an anonymized dataset.

[3] Only about 60% of accounts provided detailed information about their donor advisors.

Data Description

In total, the National Study on Donor Advised Funds collected account-level data from 111 DAF programs, representing 57,539 DAF accounts. The dataset includes nine years of financial transactions (2014-2022) with over 600,000 contributions into the DAFs and 2.25 million grants out of these DAF accounts. Most of the DAF sponsors participating in the study (83 organizations) were Community Foundations, representing 44% of accounts. There were 15 National DAF programs in the dataset representing just under half of the accounts (49%). Additionally, 13 Religiously Affiliated Organizations participated, representing 7% of DAF accounts in the study. The dataset includes detailed information representing 63,288 donor advisors. (See the Technical Appendix for more details.)

Table 1.1 displays how the National Study on DAFs dataset compares with the totals for different types of DAFs in the United States, as reported in the National Philanthropic Trust Report (2023). One reason the sample includes a relatively small percent of National DAF accounts is because the study intentionally excluded workplace DAFs. While the DAFRC dataset provides counts of donor advisors, contributions, and grants, this information is not available from IRS Form 990 data alone and is therefore not compared.

DAFRC Dataset

TABLE 1.1

	Community Foundations	% of Total*	National Programs	% of Total**	Religiously Affiliated Organizations	% of Total***
Accounts	25,221	25.4%	28,271	1.6%	4,047	5.2%
Donor Advisors	34,264	NA	22,196	NA	6,828	NA
2022 Beginning of Year (BOY) Assets ($ Millions)	26,573	48.8%	8,725	5.7%	1,432	6.6%
2022 Contributions ($ Millions)	3,404	28.3%	997	1.6%	249	2.5%
2022 Grants ($ Millions)	5,160	43.3%	1,177	3.4%	494	8.8%

*DAFRC dataset compared with National Philanthropic Trust DAF Report (2023) for Community Foundations.

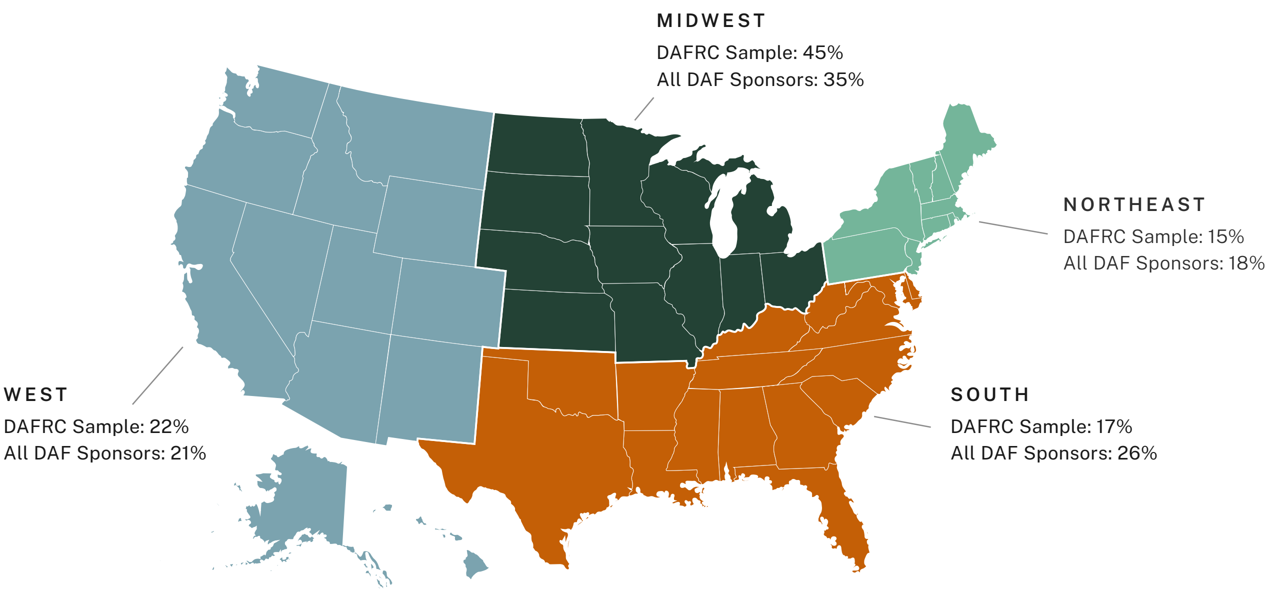
**DAFRC dataset compared with National Philanthropic Trust DAF Report (2023) for Nationals, note that this study excluded workplace DAFs and other DAF programs that NPT includes within its "Nationals" category.

***DAFRC only includes data from Religiously Affiliated Organizations compared with National Philanthropic Trust DAF Report (2023), which includes all "Single-Issue" DAF sponsors.

The National Study on Donor Advised Funds collected data from DAF sponsors across the country. The largest segment of DAF accounts in the study (45%) came from the Midwest, a relatively high percentage considering that about 35% of all DAF sponsors are from the Midwest.[4] The study had 22% of accounts from the West, compared with 21% of all DAF sponsors from the West; about 17% of accounts from the South, compared with 26% of all DAF sponsors from the South; and 15% of accounts from the Northeast, compared with 18% of all DAF sponsors from the Northeast. Overall, the study is relatively heavy in sponsor representation from the Midwest and relatively light in the South and Northeast. When looking at where donor advisors were located, using a truncated 3-digit zip code the sample was located mostly in the Midwest and West and less in the South and Northeast. Figure 1.2 shows the location of the accounts, based on donor advisors. (See the Technical Appendix for more details)[5].

Geographic Distribution of DAFRC Dataset

FIGURE 1.2



SECTION 1.3

Methods of Analysis and Interpretation of Findings

This report primarily uses counts, proportions, medians, and means to describe key characteristics of DAF accounts as the most appropriate statistical measures. Although potentially identifiable outliers were excluded from the sample, many other statistical outlier accounts remain that reflect the wide variety of actual account data.

Means were used for payout rate comparisons between groups, but means were capped at 100% in the calculations.

[4] The DAFRC calculated the percentages of all DAF sponsors per region based on 2019 Form 990 data.

[5] The DAFRC was not able to compare the location of donor advisors in this sample to the location of all donor advisors in the nation because comparable national sources are not available.

Most participating DAF sponsors provided data for all of their accounts. Two organizations provided stratified random samples of their accounts. To better reflect the full sample of data at the 111 participating DAF programs, all calculations in this report use weighting. Inverse probability weights were used to account for the random sampling techniques. For instance, accounts selected by a sponsor using a random sample of 50% of accounts over $1M are effectively doubled in this study to represent the total population of $1M+ accounts at the sampled DAF sponsor. (See the Technical Appendix for more information.)

SECTION 1.4

Limitations

While this report uses the largest and most comprehensive set of account-level DAF data collected to date, the study nevertheless has limitations.

1. The usual caveats regarding population-level interpretations of a sample still apply. The data in this study are a sample of DAF accounts rather than the full population of accounts. Therefore, the stated means, proportions, and differences among groups may be influenced by sampling variability along with true differences. *While the statistics cited throughout this report accurately reflect the findings from accounts included in the study, those statistics may be different than if the study had the data for all DAFs in the United States.*

2. To protect the anonymity of donors, approximately 63 outlying accounts that were considered potentially identifiable — usually with assets above $100M — were excluded from the sample by the sponsor organizations providing the data. Despite the exclusion of these outliers, over 3,700 “Large” or “Very Large” ($1 M+ and $10M+, respectively) accounts were collected, providing a substantial sample of high-asset accounts and allowing for relevant findings about this type of DAF.

3. Due to the need to accurately categorize groups of DAF sponsors, not all types of DAF sponsors were invited to participate in this national study. Notable exceptions (such as workplace DAFs) are explained later on in the report. Therefore, the results of this study should not be interpreted to reflect the entire population of DAF sponsors. Caveats for each category of DAF sponsor must be considered:

   a. **National Programs:** *The findings from this study may not accurately represent all National DAFs.* While this study did include a substantial portion of National DAF accounts, those included in the study were more likely to come from organizations with higher minimum opening contributions. The study has low representation from programs with low or no minimum contributions. Therefore, findings on Nationals are likely more representative of larger National DAF accounts than the full population of National DAFs.

   b. **Community Foundations:** Due to high participation from Community Foundations in the sample, this group of DAF sponsors is relatively well represented, ranging from small, rural Community Foundations to large, urban Community Foundations to state-wide Community

Foundations. The sample of community foundation DAFs was slightly more likely to originate from the Midwest region and slightly less likely to come from the South and Northeast regions. Therefore, there may be differences in the results from this study compared to a sample that more closely represents the geographic distribution of DAFs across the country. In addition, this study looks at geographical differences at a regional, not state, level. Therefore, state-level differences in DAFs were not observed by this study, including resulting distinctions associated with state and institutional-level policies and traditions.

c. **Religiously Affiliated Organizations:** Similar to community foundations, most of the Religiously Affiliated Organizations in the study are also geographically oriented (e.g., a Jewish Federation representing a geographic area). Therefore, some findings on Religiously Affiliated Organizations may not fully represent those that have a national scope.

4. Nine years of data (2014-2022) were requested from all participating sponsors. However, not all sponsors were able to provide all years for various reasons (e.g., due to database conversions or newer DAF programs). Therefore, in some of the longitudinal analyses, the number of observations decreases, and findings may be biased toward larger, more established organizations.

5. Some organizations did not track some of the variables being requested (e.g., age and gender of donor advisors), or were not able to provide them for various reasons.

SECTION 1.5

Notable Exclusions

As DAFs are used by such a wide variety of philanthropic institutions, it would be difficult and confusing to compare DAFs across all types of sponsors. Therefore, this study limited the sample of participating organizations to only the most common types of DAF sponsors (community foundations, nationals, and religiously affiliated). This study did not include workplace DAFs, fintech-oriented DAFs, sponsors that specialize in receiving complex assets or cryptocurrencies, DAFs that focus on social impact investing, or DAFs that specialize in international grants to foreign entities. All of these are important to consider, but were intentionally excluded from this study because they could not be easily grouped with other organizations or provide longitudinal data without skewing the findings in ways that may be misinterpreted.

For more information and detail about the data in this study, please see the *Technical Appendix.*

SECTION 2

Account Characteristics

Donor advised funds vary in terms of their size, structure, and purpose. Some DAFs have low balances, while others have tens of millions of dollars. DAF accounts may have been open for decades or may have only recently been opened. DAFs can be advised by one donor, a group of advisors, or even representatives of a corporation or organization. Some DAFs may be used similar to endowments, while others function as pass-through vehicles.

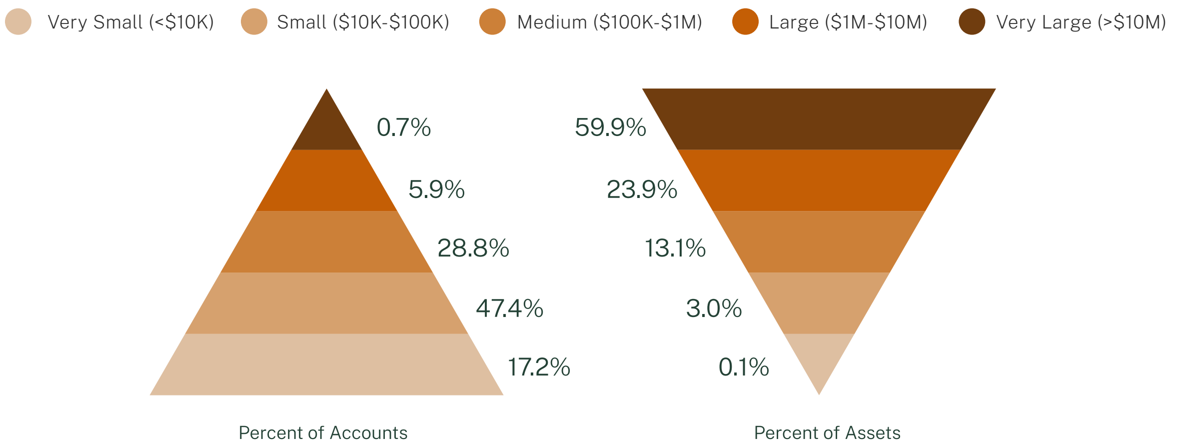
This section presents data about key DAF account characteristics.

SECTION 2.1

Size of DAFs

Percent of DAF Accounts and Assets by Size Group

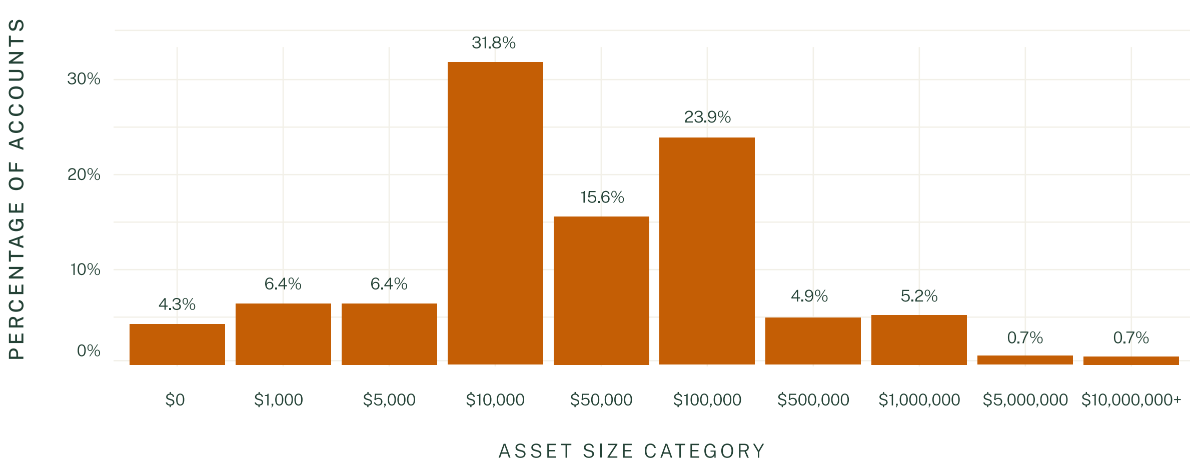
FIGURE 2.1A



In this study, DAF sizes are categorized as follows: Very Small (less than $10,000); Small (from $10,000 to less than $100,000), Medium (from $100,000 to less than $1M), Large (from $1M to less than $10M), and Very Large ($10M or more).

DAFs by Size of Assets

FIGURE 2.1B



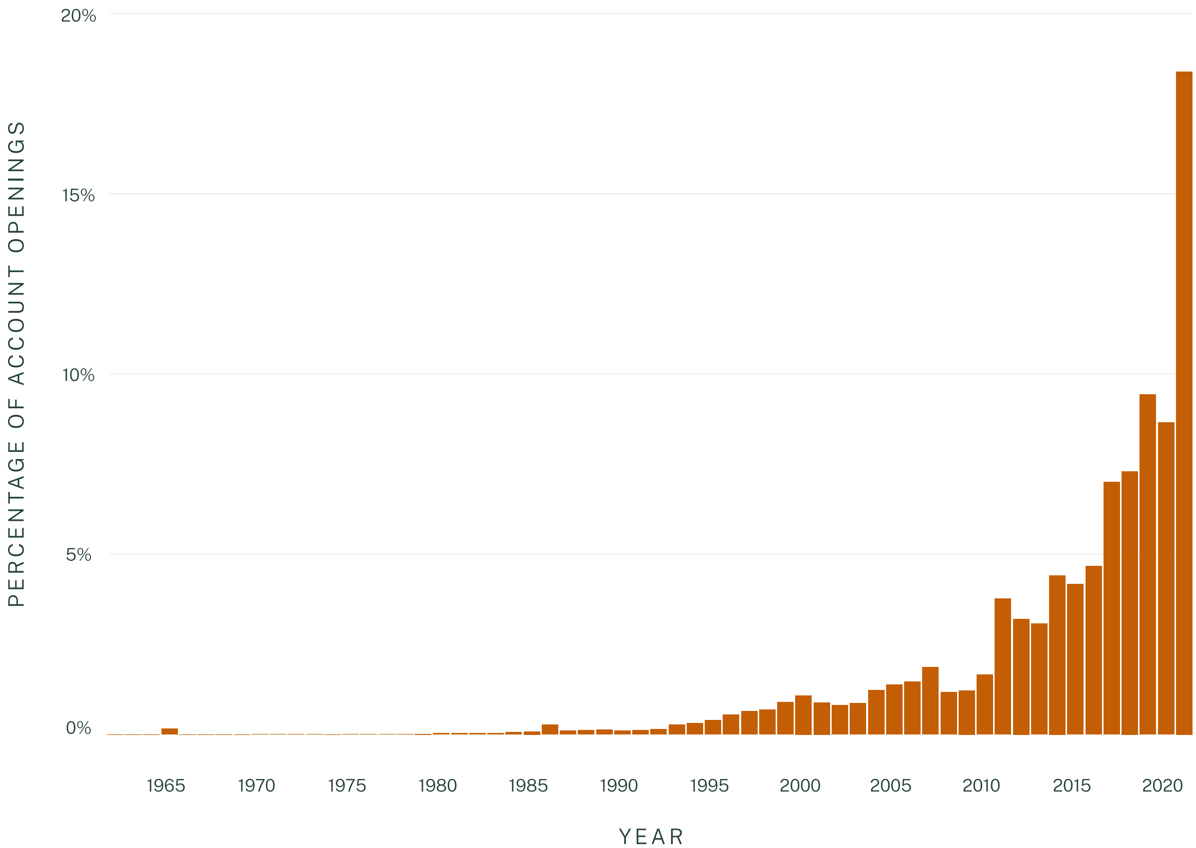
Similar to findings in previous research, most DAFs included in this study are relatively small. Figure 2.1 shows the percentage of DAFs based on the size of assets at the end of 2021. About 17% of DAFs had less than $10,000, and roughly one-third (32%) ranged in size between $10K and $50K. The next largest group represented approximately one-quarter of DAFs (24%), with a size range between $100K and $500K. For the largest DAFs, about 5% were between $1M and 5M, about 1% between $1M and 10M, and 1% over $10M. This is noteworthy as many policy conversations focus on larger DAFs, which represent only a small portion of accounts. (Additional analysis of DAFs of various sizes is located in Section 7.)

SECTION 2.2

Age of DAFs

Year of Account Openings

FIGURE 2.2



DAFs continue to grow exponentially. The vast majority of DAFs in this study (81%) were opened after 2010, and over one in four DAFs in the dataset were opened after 2020. This reflects the rapid proliferation of DAFs during the period covered by this study. As newer accounts are more prevalent in this particular dataset, it is important to note that newer DAFs have different giving patterns. New accounts may take time to start granting out dollars (see Section 8). Older accounts are more likely to give regularly, but generally at a slower rate. Additionally, some DAFs spend down and close over time.[6]

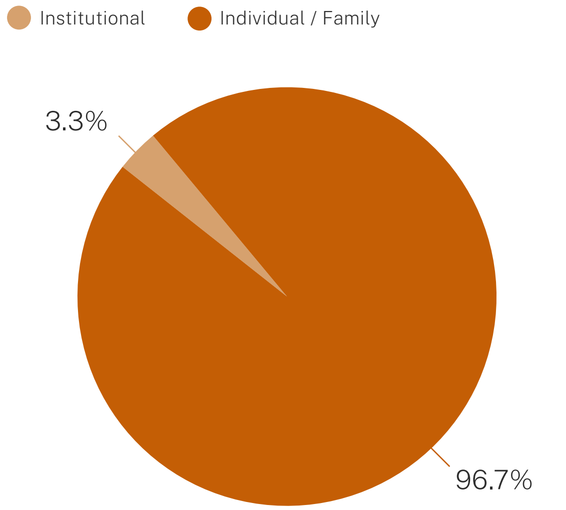
[6] See the Technical Appendix for more information about closed accounts.

SECTION 2.3

Individual and Institutional DAFs

Individual vs. Institutional DAFs

FIGURE 2.3



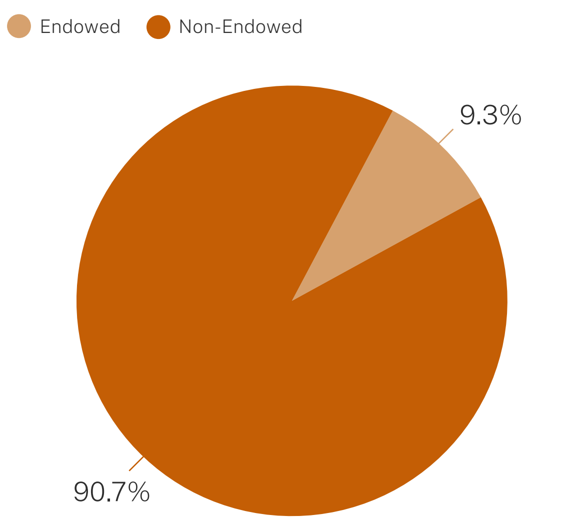
DAFs can be used by a variety of donors, including institutional donors. Corporations, private foundations, and other organizations can use DAF accounts as a means of making grants to support charitable activities. However, the data show this is relatively rare. Nearly all DAFs in the study were advised by an individual or family; only about 3% of DAFs were created by a corporation or organization. This study is the first known analysis of institutional DAF accounts, building upon the Michigan study's inquiries regarding private foundations' use of DAFs. At this point, the future trajectory of DAF's popularity as an institutional philanthropic tool is unclear, given the field's limited knowledge of this issue previously and ongoing debate about the scope of DAFs, specifically regarding the further involvement of institutional donors/advisors. More detailed analyses of differences between individual/family and institutional DAFs can be found in Section 9.

SECTION 2.4

Endowed and Non-Endowed DAFs

Endowed vs. Non-Endowed DAFs

FIGURE 2.4

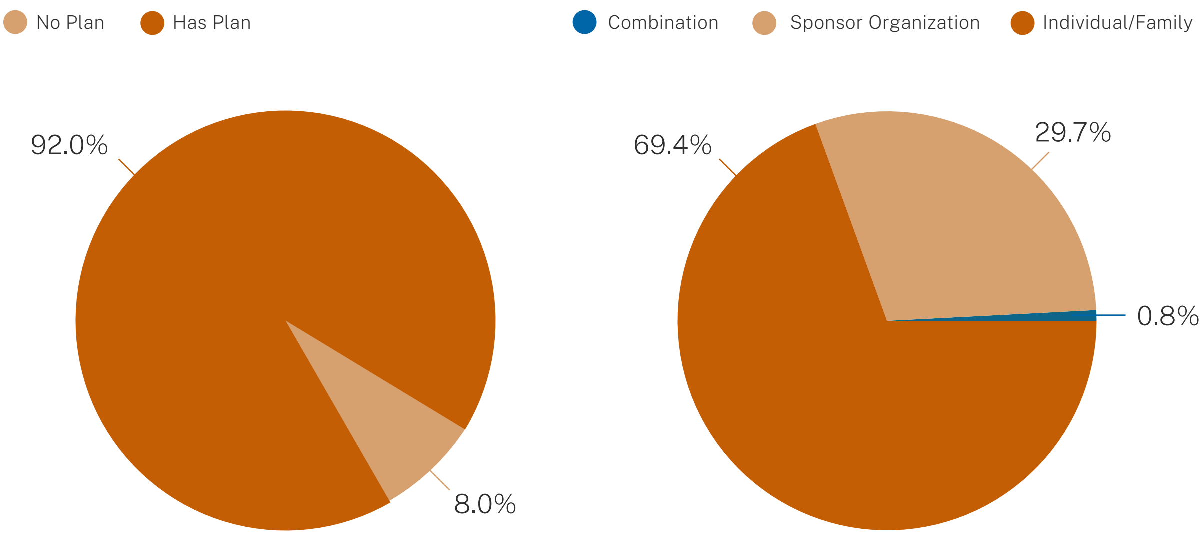


Some DAF accounts are similar to other endowments in that they are established with policies limiting annual grantmaking to a certain percentage (usually between 4% and 6% of assets). Most DAFs included in this particular study do not have these restrictions. The National Study on DAFs collected information about how each DAF account was established (Endowed or Non-Endowed). Figure 2.3 shows that fewer than 1 in 10 DAFs are Endowed. This finding stands in stark contrast to the prior study of Michigan's community foundations (2021), which found a nearly even split in that state between Endowed and Non-Endowed DAFs. However, this finding aligns with findings from the previous national study by the DAFRC (2022). The national findings of this study likely mask substantial variation from state to state. Additional analyses of Endowed DAFs are located in Section 10.

DAF Succession Plans

Types of Succession Plans

FIGURE 2.5



A key question about DAFs revolves around what happens when the original donor advisors pass away. The National Study on DAFs collected information about succession plans for each DAF and found that almost all accounts (92%) had a succession plan. DAFs with succession plans have a few options. First, they can allow successor advisors (oftentimes family members) to continue to advise the fund. Second, they can grant the money to designated charities (similar to a bequest). Third, they can leave the funds with the sponsoring organization to be used for a charitable purpose, removing any continued advisory privileges. For example, the money could be transferred to the sponsor's general endowment, or it could be used to create a designated fund to support a specified charity (see Heist & Stone, 2023). For this study, the two options that directed the funds to a charity (either moving the funds to a charity or into a fund at the sponsoring organizations) were combined into one category, as in both cases the advisory privileges are relinquished.

Unfortunately, it was difficult for many sponsors to provide categorical data on succession plans. Figure 2.5 shows that, for those accounts that provided information, more than two-thirds (69%) named successor advisors while one-third (30%) designated a charitable beneficiary or a charitable fund within the sponsor organization. A few accounts had some combination of these options. Additional information about successors and succession plans will be available in the DAFRC's Donor Survey Report, due to be released later in 2024.

SECTION 3

Donor Characteristics

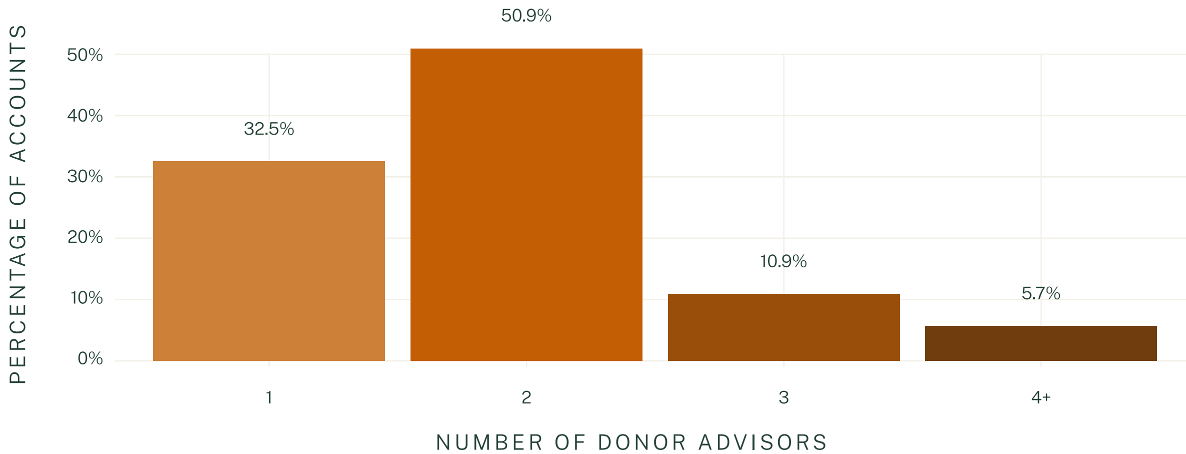
This section provides information about the donor advisors, including the number of advisors per account and demographics such as advisor age and gender. Additional information about donor advisors, including race/ethnicity, income, education, and other characteristics, will be included in the DAFRC's Donor Survey Report, due to be released later in 2024.

SECTION 3.1

Advisors per DAF

Donor Advisors per DAF

FIGURE 3.1



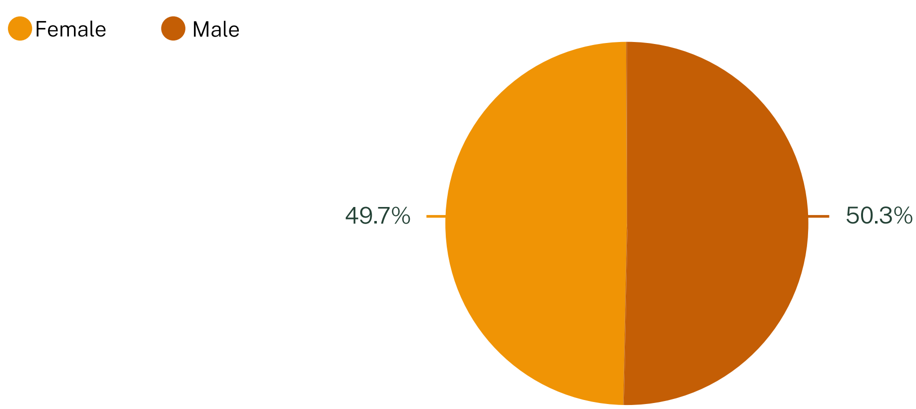
About 62% of the accounts included in the study provided information on the number of advisors. From this group, the majority of accounts (83%) reported two or less advisors. One in nine DAFs had three advisors (11%), while just over one in twenty DAFs (6%) had four or more advisors, which indicates that a significant portion of DAFs include other family members (e.g., children and grandchildren) or individuals associated with these accounts as donor advisors.

SECTION 3.2

Gender of Advisors

Gender of Donor Advisors

FIGURE 3.2



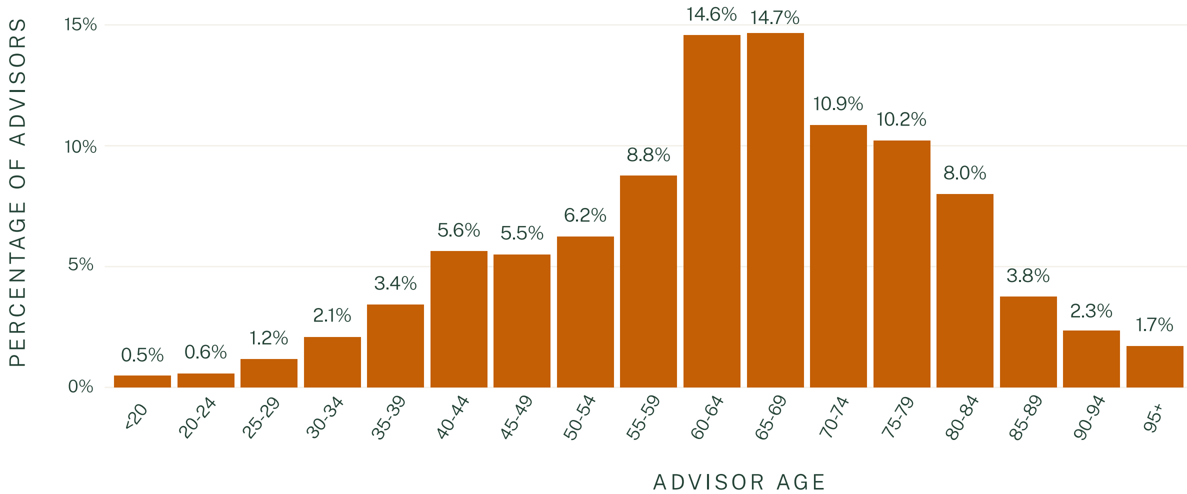
Within this dataset, approximately one in four DAF accounts indicated the gender of the advisor(s) associated with DAF accounts. Of accounts that reported this information, gender was evenly balanced between females and males.

SECTION 3.3

Age of Advisors

Age of Donor Advisors

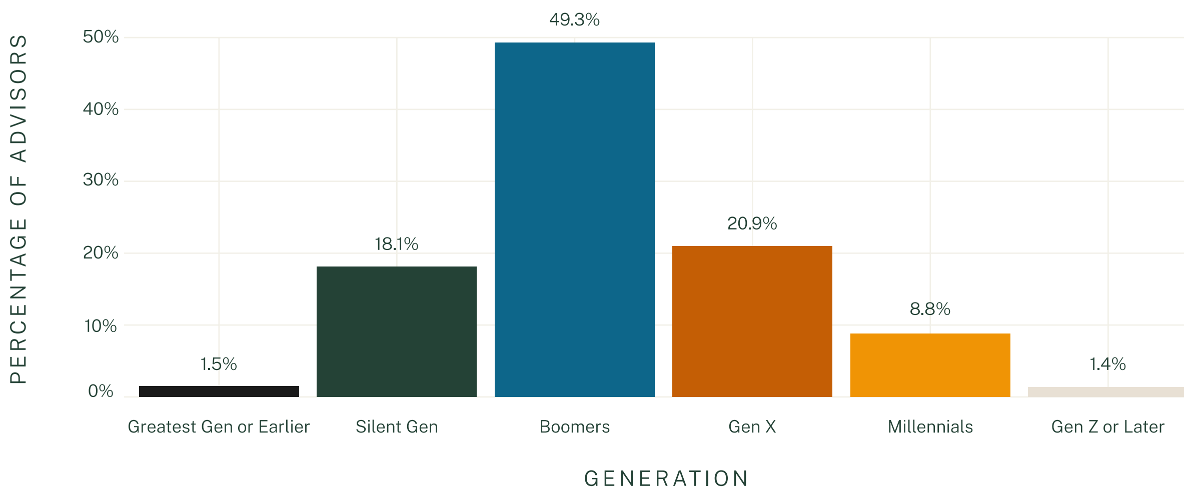
FIGURE 3.3A



Within this dataset, the age of the donor advisors varied widely. Figure 3.3A shows that the most common ages for donor advisors were between 55-80 years old.

Generations of Donor Advisors

FIGURE 3.3B



Grouped by generations, Figure 3.3B shows that members of the Baby Boomer generation represented nearly half (49%) of all advisors. Both the Silent Generation and Gen X groups made up about one-fifth of DAF donors (18% and 21%, respectively). Less than one-tenth (9%) of donor advisors were Millennials. However, only one in six DAF accounts represented in the dataset was able to report on the age of the account advisors (17%).

SECTION 4

Contributions

Donors establish a DAF by contributing to an account held by a sponsoring organization — and may contribute additional money to that account at any time.

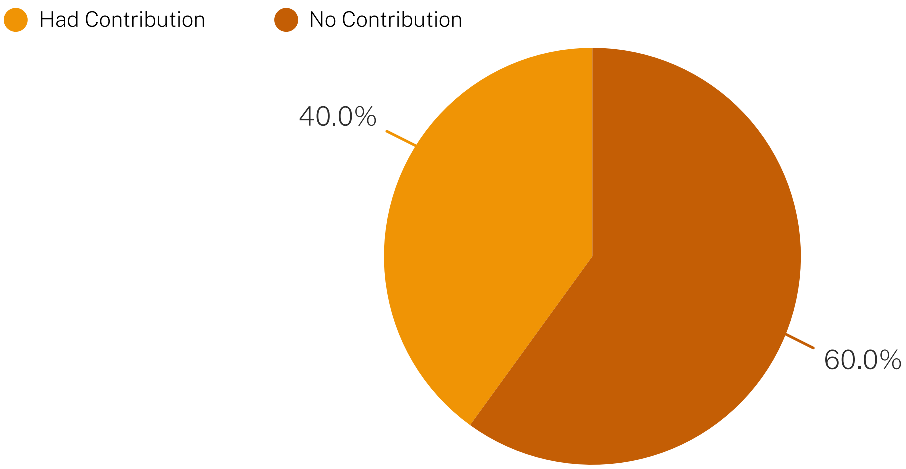
This section provides information about the frequency, amount, and types of contributions to DAFs. Contribution data provide details about the supply of donations into DAF accounts and can help explain further patterns of grantmaking and asset growth.

SECTION 4.1

DAF Contributions: Frequency

DAFs with Contributions in a Given Year

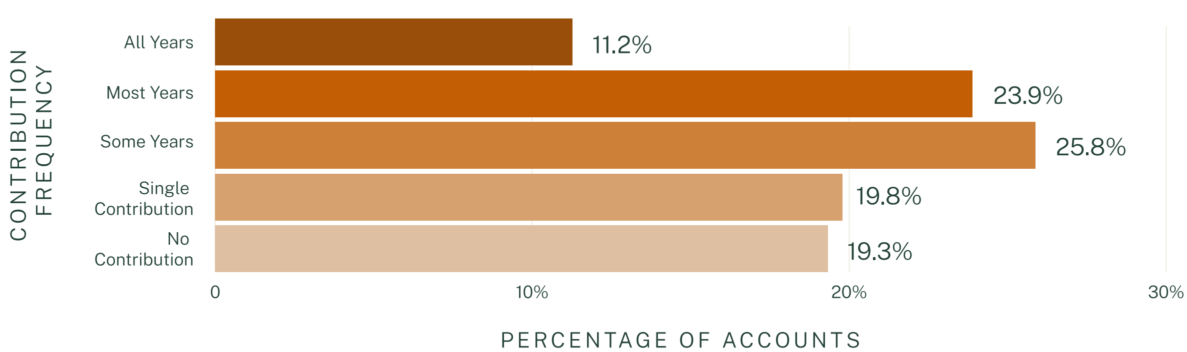
FIGURE 4.1A



Looking across all years of the study, 40% of accounts reported an inbound contribution in any single year, with the majority (60%) not receiving an inbound contribution in any single year. That result is nearly identical to both prior studies conducted by the DAFRC researchers in Michigan (38% with and 62% without) and the previous national study (37% with and 63% without) (Williams & Kienker, 2021; Vance-McMullen & Heist, 2022a).

Contribution Frequency Over Time

FIGURE 4.1B



Looking across all years of the study (2014-2022), Figure 4.1B shows a variety of contribution frequencies among DAFs. One in five DAFs (19%) had no contributions at all in the time observed, while another one in five (20%) only received one contribution, which was likely their opening contribution. The rest (61%) had multiple contributions: one-quarter of DAFs (26%) had contributions in some years (less than half of the years observed), about the same (24%) had contributions in most years (more than half of the years), and about one in nine (11%) had contributions every year. This range of contribution frequency suggests different strategies that donors employ in using their DAFs.

SECTION 4.2

DAF Contributions: Amounts

DAF Contribution Amounts

FIGURE 4.2

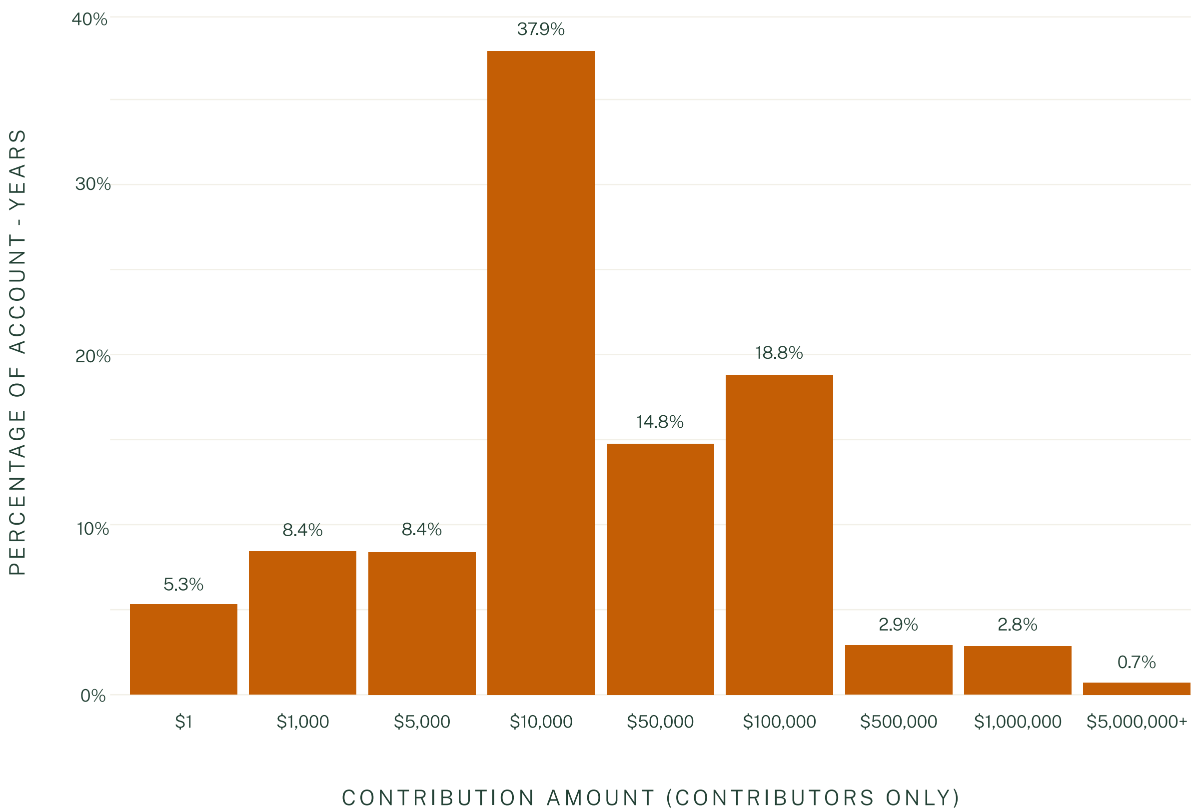


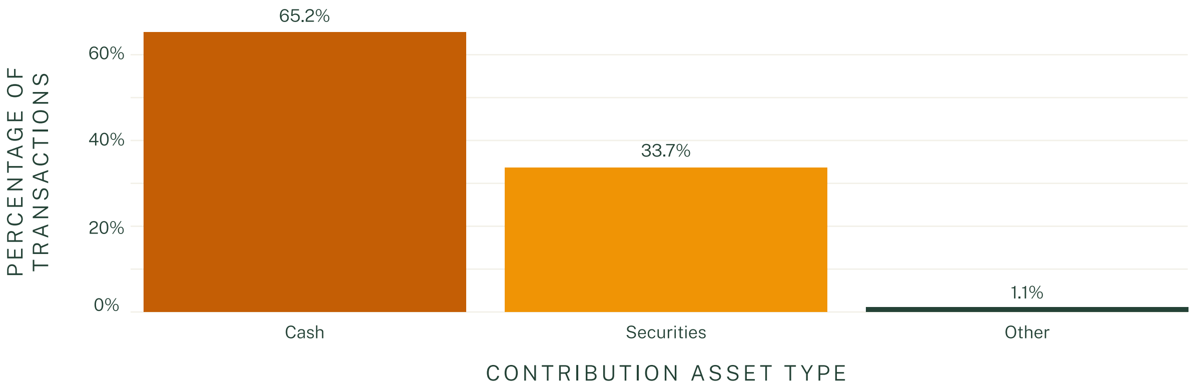
Figure 4.2 examines the amount of contributions received by DAFs across the study years. It shows the highest proportion of total contributions received falls between $10,000 and $49,999 (38%). Significant proportions of contributions also fall in the $50k to less than $100k range (15%) and the $100k to less than $500k range (19%). These statistics suggest DAFs are a mid-range philanthropic vehicle; they facilitate contributions larger than a typical household's direct charitable donations and smaller than the establishment of a private foundation. Taken together with the statistics on contribution frequency (see Figure 4.1B) this information suggests that DAFs receive less frequent, but relatively large, inbound contributions.

SECTION 4.3

DAF Contributions: Asset Types

Contribution Transactions by Asset Type

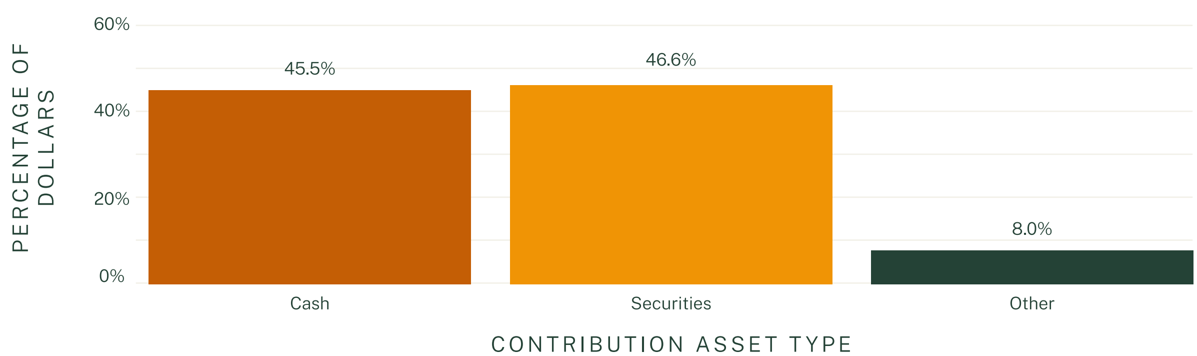
FIGURE 4.3A



When inbound contributions are made to an individual DAF account, contributions are far more likely to be cash (65% of all transactions), as opposed to securities (34%) or some other type of asset (1%).[7]

Value of Contributions by Asset Type

FIGURE 4.3B



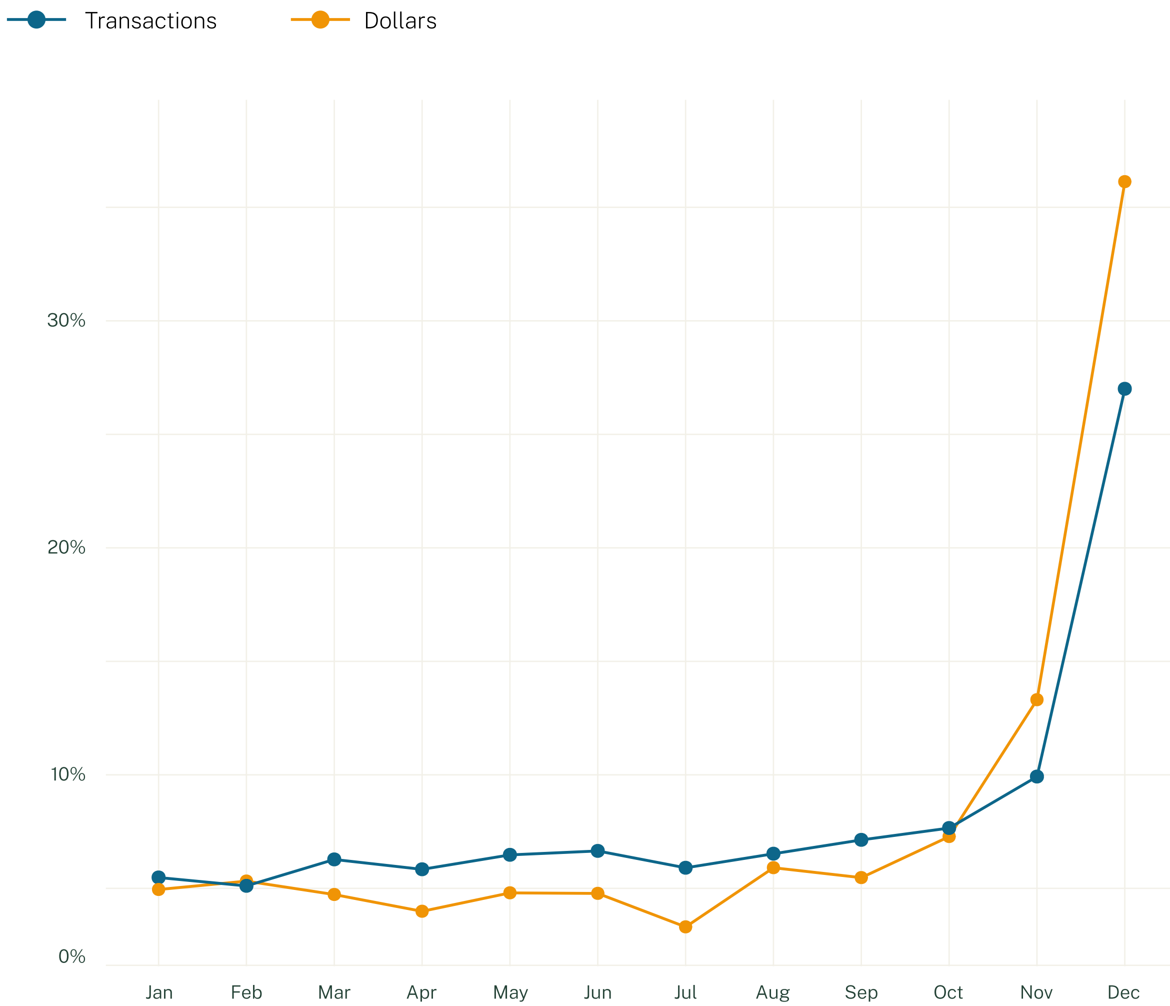
However, when looking at the total value of contributions, contributions of securities made up 47% of total dollars, nearly equaling cash (46%), and other assets comprised the remaining 8% of all dollars. Taken together, these charts show that contributions of securities and other assets were generally larger than cash contributions. It is possible that the percentage of cash contributions was impacted by sponsors' internal policies and/or accounting software, which record contributions after non-cash assets have been liquidated.

[7] Other assets included gifts of real estate and other non-cash donations, as well as closely held business interests.

DAF Contributions: Timing

Monthly Contribution Transactions and Amounts

FIGURE 4.4



Using the transaction-level detailed records collected in this study, Figure 4.4 shows the percentage of contribution transactions and the percentage of contribution amounts into DAF accounts across the months of the year. These data show November and December received the most contributions transactions (10% and 27% respectively) and contribution dollars (13% and 36% respectively). The year-end nature of DAF contributions suggests many donors made tax-motivated contributions. It also suggests that many DAF dollars may not be granted out in the same year they were contributed. As seen in the next section, DAF grantmaking was more evenly distributed throughout the year than contributions.

SECTION 5

Grants

Grantmaking is oftentimes seen as the primary activity of DAF accounts. The purpose of DAFs, as philanthropic vehicles, is to facilitate grantmaking to charitable entities (Vance-McMullen & Heist, 2022b). Donors recommend grants to the DAF sponsors, and the sponsors conduct due diligence in vetting the grantees and then transacting the grants in a timely manner. Many of the sector's most frequent questions focus on grantmaking, including around the relative size, frequency, and unique characteristics of the grants generated from DAF accounts.[8]

This section provides detailed information about the frequency of DAF grants, the size and timing, the purposes of the grants (restricted vs. general operating), and new data on anonymity. (Additional details are included in the Technical Appendix.)

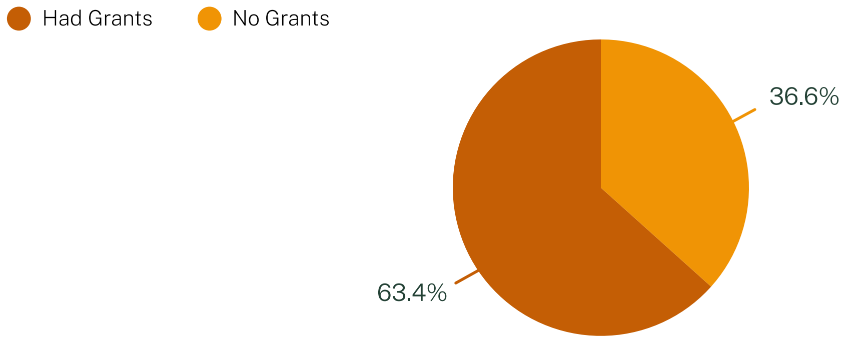
[8] While this report does not include information about what types of nonprofits are receiving DAF grants, the *Giving USA Special Report, Donor-Advised Funds: New Insights (2021) provides these statistics.*

SECTION 5.1

DAF Grants: Frequency

DAFs with Grants in a One-Year Period

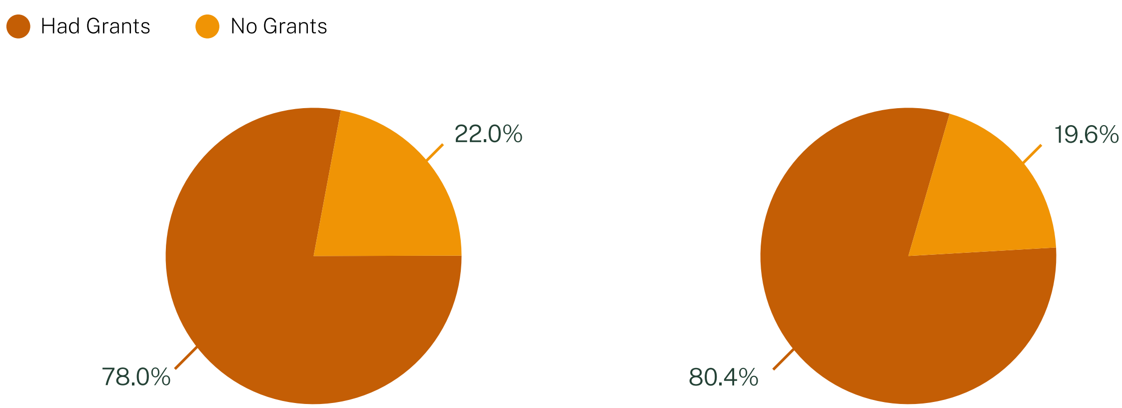
FIGURE 5.1A



Every year, most DAFs in the dataset made grants. Figure 5.1A shows that on average nearly two-thirds of accounts (63%) made an outbound grant while over one-third (37%) did not make a grant within any single year. These results are in line with the prior Michigan study (63% made grants, 37% did not) and the previous national study (71% made grants, 29% did not) for any single year (Williams & Kienker, 2021; Vance-McMullen & Heist, 2022a).

DAFs with Grants in Three-Year and Four-Year Periods

FIGURE 5.1B



3-YEAR GRANT ACTIVITY FOR 2020-2022

4-YEAR GRANT ACTIVITY FOR 2019-2022

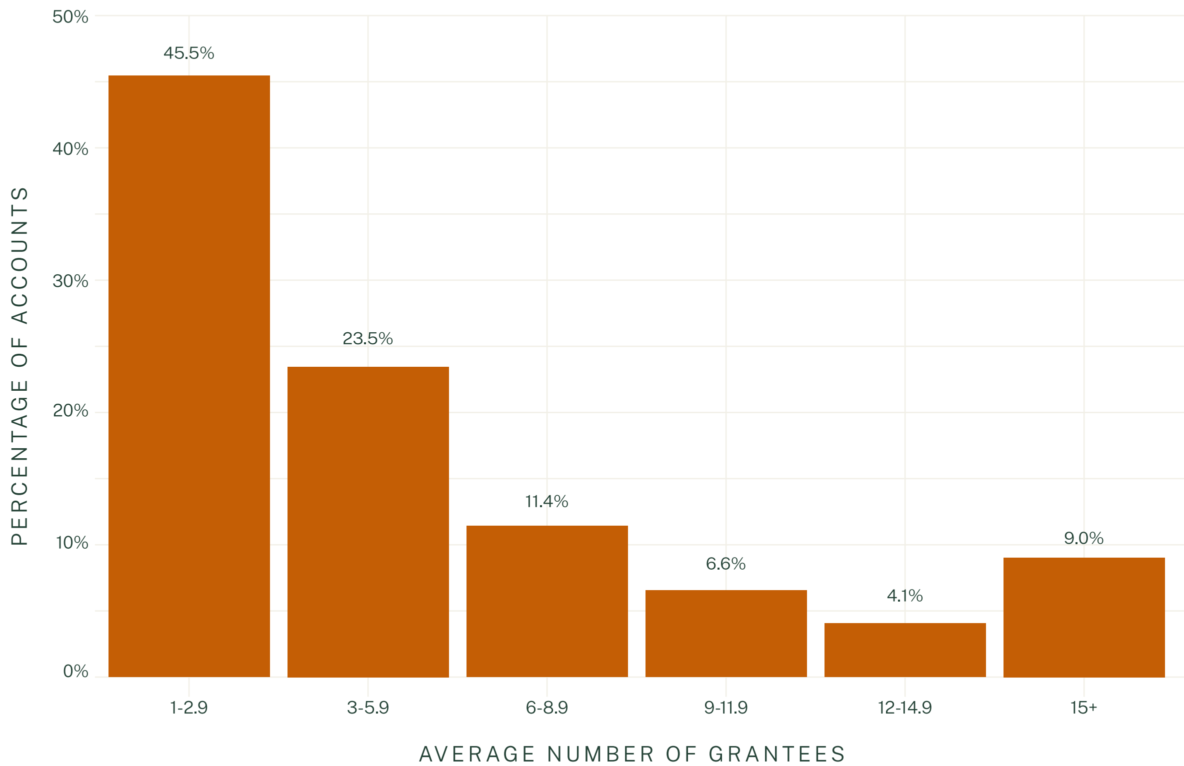
Looking at grantmaking across multi-year periods, Figure 5.1B shows higher percentages of accounts reporting making a grant at least once in the most recent three years (78%) or once in the most recent four years (80%). These figures are very consistent with the prior Michigan and national studies (81% and 65% made grants across four years, respectively) (Williams & Kienker, 2021; Vance-McMullen & Heist, 2022a).

SECTION 5.2

DAF Grants: Number of Grantees

Average Number of Grantees

FIGURE 5.2



DAFs grant to a wide range of organizations. Figure 5.2 indicates the average number of grantees per year for DAFs in the years they made grants. Almost half (46%) gave to fewer than 3 organizations. About one-quarter (24%) gave to 3 to less than 6 organizations. The remaining DAF accounts gave to 6 or more organizations, with a surprising percentage of DAFs (9%) giving to more than 15 organizations annually. Some DAFs distributed grants to a wide variety of nonprofits while others appeared to direct their grantmaking to a few organizations consistently over time.

SECTION 5.3

DAF Grants: Annual Grantmaking

Annual Grant Totals

FIGURE 5.3

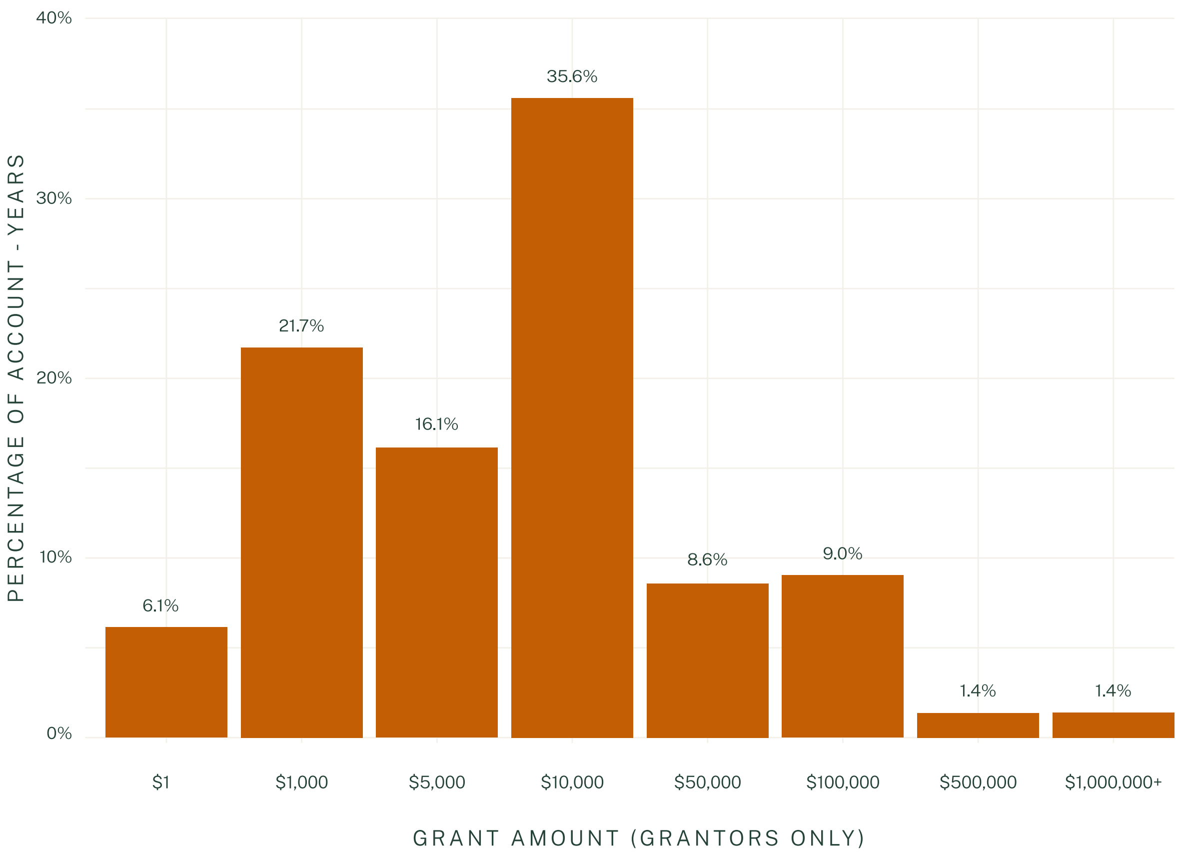
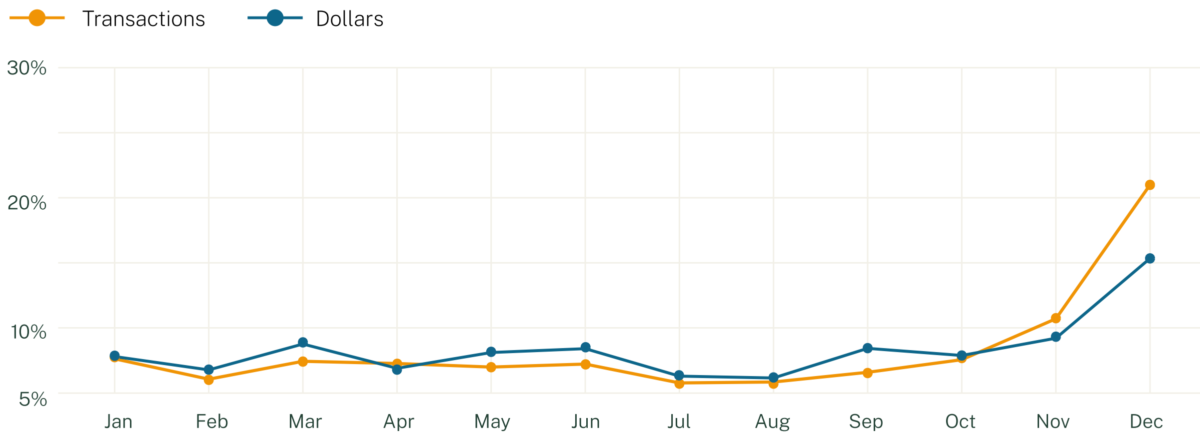


Figure 5.3 shows various ranges of total amounts DAFs granted out in a given year. About 44% of DAFs granted out less than $10k, and another 44% granted between $10k and $100k. The remaining accounts (12%) granted over $100k in one year. These statistics show that DAFs supported both smaller-scale grants (similar to annual-giving-level gifts) and larger-scale grants (similar to major-gift-level gifts) to support charitable entities.

DAF Grants: Monthly Grantmaking

Monthly Grant Transactions and Amounts

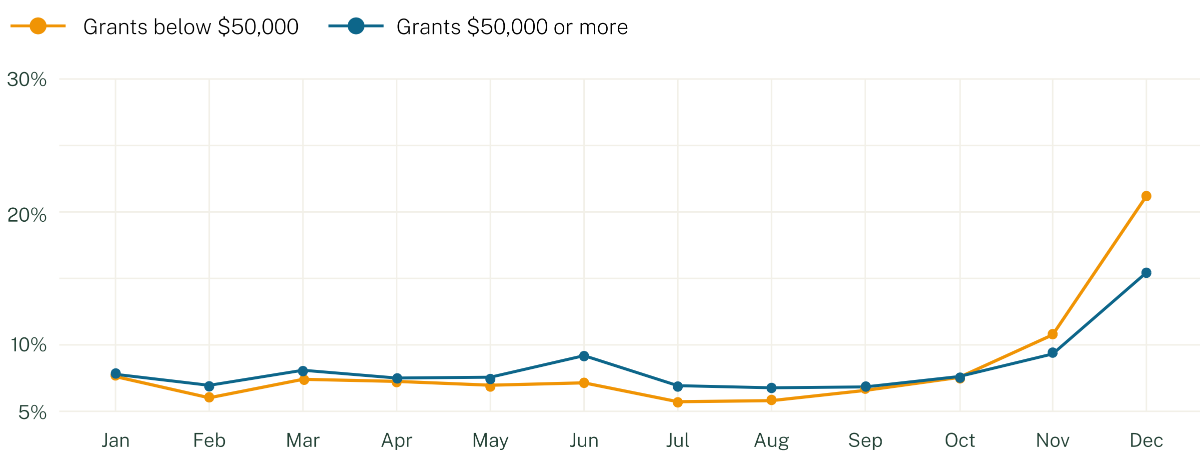
FIGURE 5.4A



Much of DAF grantmaking in this dataset occurred at year-end. Figure 5.4A shows the trend of grants by transactions and by dollar amounts across the twelve months of the year. January through October saw fairly consistent shares of grantmaking, ranging from 6-9%. Grantmaking increased slightly in November (11% of transactions and 9% of dollars) and then steeply increased in December (21% of transactions and 15% of dollars). Notably, the percentage of grantmaking that took place in the fourth quarter (32% of the annual grantmaking dollars) was substantially less than the percentage of contributions into DAFs occurring over the same time period (57%).

Monthly Grant Transactions by the Size of Grant

FIGURE 5.4B

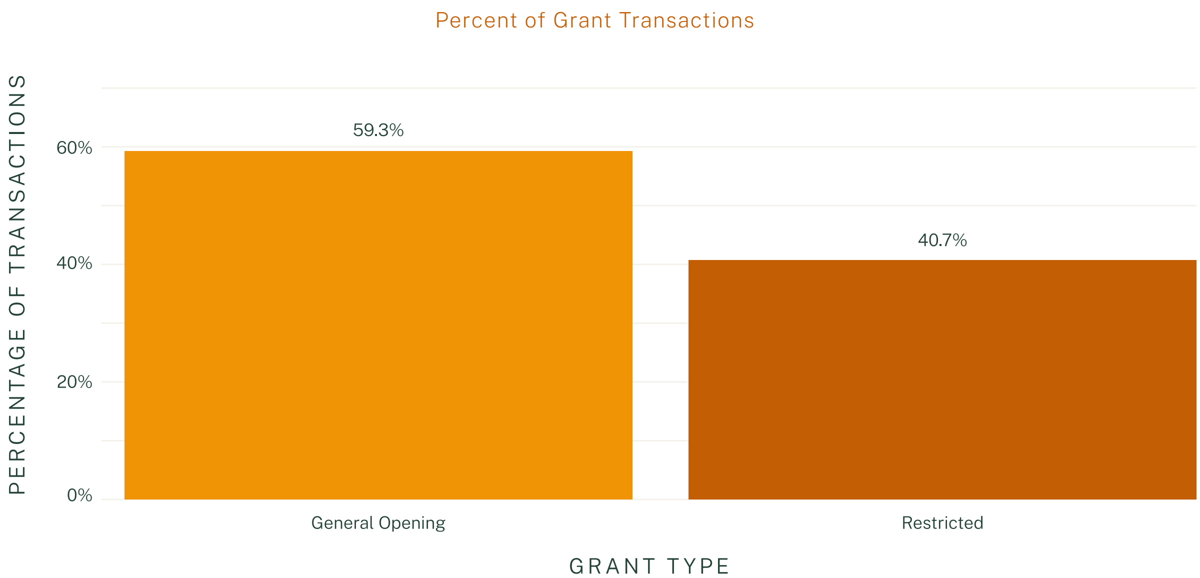


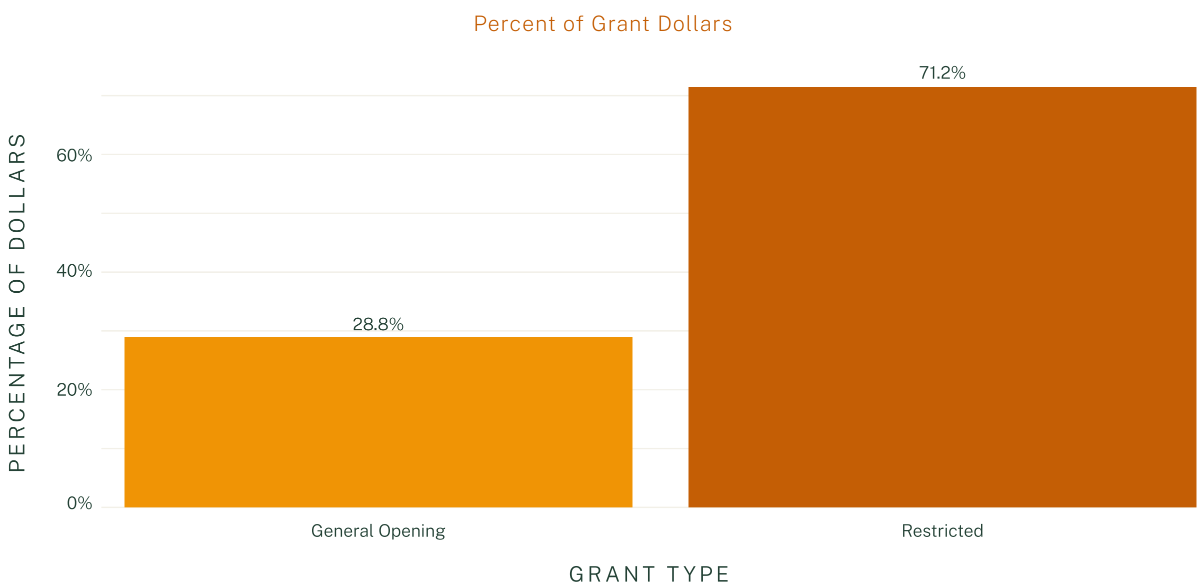
Larger grants from DAFs were less common than smaller grants at year-end. Grants over $50,000 (considered to be a major gift-level contribution by many charities) were distributed more evenly throughout the year than grants under $50,000, which were more common at year-end. Major-gift-sized grants peaked in June (9%) and December (15%) but were still fairly consistent throughout the year. For professional fundraisers, this is an indication that the timing of major gifts from DAFs is less dependent on the monthly calendar.

DAF Grants: General Operating and Restricted

General Operating vs. Restricted Grants: Transactions and Dollars

FIGURE 5.5



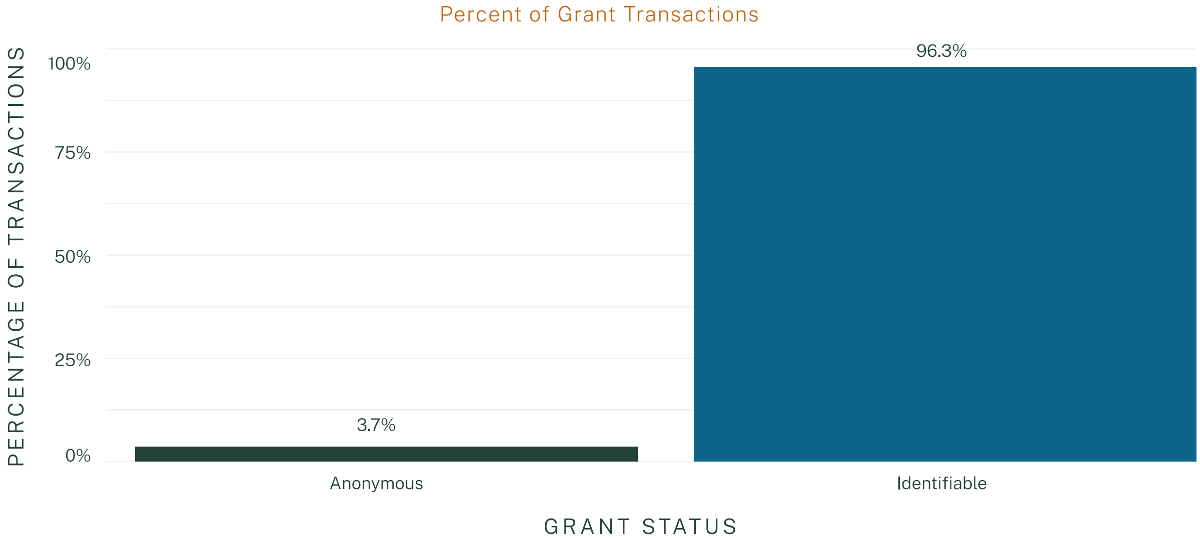


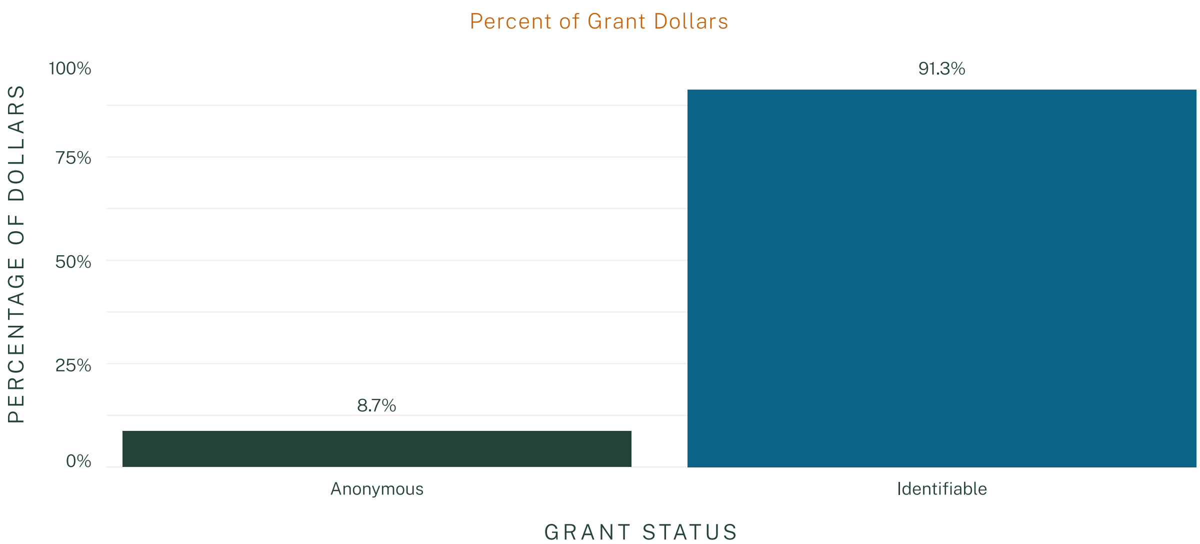
While most grant transactions do not have restrictions (commonly referred to as general operating grants), most grant dollars do have restrictions. Figure 5.5 shows that most grants from DAFs (59%) were general operating grants as opposed to restricted grants (41%) that are marked for the organization to use for specific purposes. When looking at the total dollars of grants, a much larger percentage of all dollars (71%) were for restricted purposes, while only 29% of dollars were for unrestricted purposes. Unsurprisingly, restricted grants were much larger than those that were unrestricted. (For more details on the classification of accounts, see the Technical Appendix.)

DAF Grants: Anonymity

Anonymous Grants: Transactions and Dollars

FIGURE 5.6





One point of discussion regarding DAFs is the ability of donors to make anonymous grants. Figure 5.6 shows that less than 4% of grants were made anonymously in the entire dataset. Anonymous grants represented 9% of grant dollars. However, further analysis on this statistic showed that several very large (eight-figure) anonymous grants impacted this number, resulting in a higher grant dollar percentage than one might expect. Looking at the median grant amounts, both anonymous and non-anonymous grants had a median grant amount of $1,000, indicating that generally anonymity does not affect the size of grants.

SECTION 6

Payout Rate and Grantmaking Speed

Many of the sector's discussions regarding DAFs relate to the speed and timing of grantmaking. The most common metric is payout rate, a common calculation inherited from foundations, indicating the percentage of grants made in a given year in comparison to the amount of assets held.

However, DAFs differ from foundations in that their grantmaking patterns may vary widely from year to year. Furthermore, DAFs do not have any statutory requirement to pay out in any given year, and payouts may be affected by the pace and timing of incoming contributions from the donor.

Due to the detailed and longitudinal nature of this dataset, this section presents details regarding payout rate, activity, and grantmaking speed as measured by shelf life (that is, the amount of time required for original contributions to move out of a DAF).

SECTION 6.1

Payout Rates

Payout rates are a common means of measuring DAF grantmaking activity. In general, payout rates represent the ratio of grants from an account divided by the assets in the account (Andreoni & Madoff, 2020). There are several ways to calculate payout rates, each of which results in slightly different numeric estimates. (See the Technical Appendix.) This report uses this formula: Payout Rate = Grants / (Beginning of Year Assets + Contributions).[9] Since DAF contributions and grants can fluctuate from year to year, this study presents a three-year average of each account's annual payout rates, ending in 2022, to provide a more accurate depiction of each DAF account's activity.

Distribution of Three-Year Average Payout Rates

FIGURE 6.1

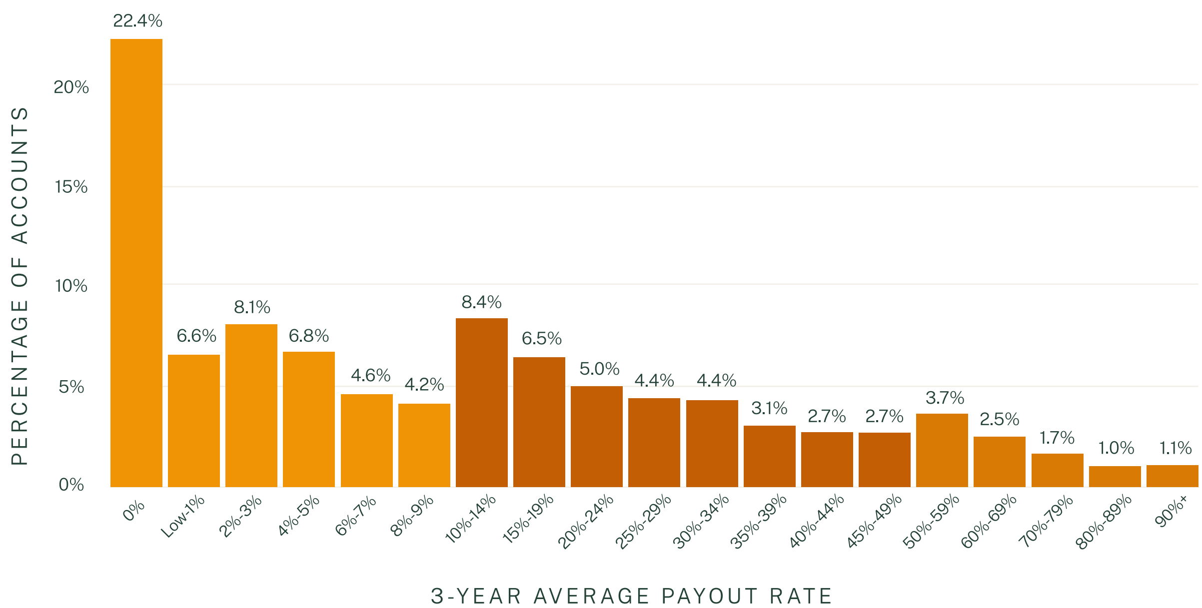


Figure 6.1 shows the distribution of three-year average payout rates for all accounts grouped by various percentage ranges. (See the Technical Appendix for the ungrouped distribution.) As seen in the figure, DAFs supported a wide variety of payout rates. The median payout for all accounts was 9%; the median for all accounts that make grants (removing inactive accounts) was 15%; and the mean payout rate of all DAF accounts was 18%.[10]

Over 20% of accounts in the dataset had no grants over the three-year period (2020-2022). In total, approximately 15% of accounts had a payout rate above 0% to less than 4% and another 16% had a payout rate between 4% and less than 10%. About two-fifths (37%) of accounts had a payout rate between 10% to less than 50%, and the remaining 10% of accounts had a payout rate greater than 50%. While the distribution of payout rates shows that roughly one in five DAFs were inactive within the most recent three-year period, roughly four in five DAFs facilitated a range of philanthropic strategies.

[9] This formula was used in previous reports by the DAFRC team (see Vance-McMullen & Heist, 2022a; Williams & Kienker, 2021; Definition of Terms.)

[10] All reported payout rate means in this report are winsorized at 100%. (See the Technical Appendix.)

SECTION 6.2

DAF Activity Types

DAF accounts can be explored based on the types of philanthropic activity (contributions and grants) within a given period of time. For example, in a given year some DAF accounts both receive contributions and distribute grants, while others only receive contributions, only distribute grants, or do neither. In this report, accounts that have no grants are referred to as inactive, and accounts that have no grants or contributions are referred to as dormant.

Three-Year DAF Activity Types

FIGURE 6.2

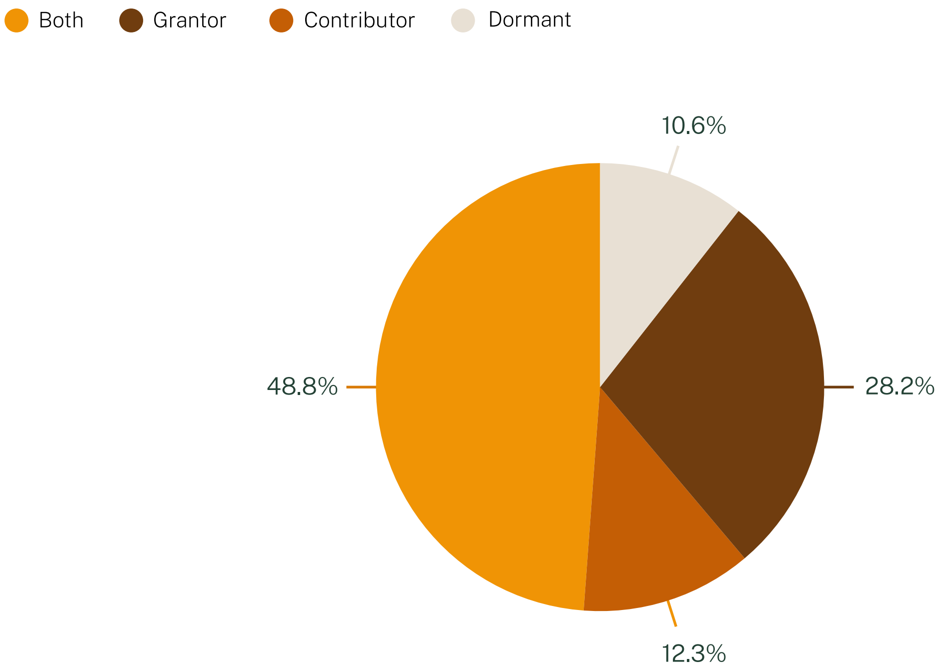


Figure 6.2 shows account activity in a three-year period (2020-2022). Almost half of the accounts (49%) both made grants and received contributions. Over one-quarter (28%) of accounts only granted out over these three years. Approximately 12% of DAF accounts only received contributions and 11% of accounts were dormant over these three years. The fact that 28% of accounts only made grants during this time and approximately 23% were not making any grants indicates that some DAFs may follow a pattern of receiving contributions and then making grants that extend beyond three years.

SECTION 6.3

Shelf Life

Shelf life refers to how long money from contributions remains within a DAF account before being granted to another charity, functioning as a measure of grantmaking speed. This study tracked the shelf life of opening contributions — the money that is contributed when a DAF is first opened.

Shelf Life of Opening Contributions

FIGURE 6.3

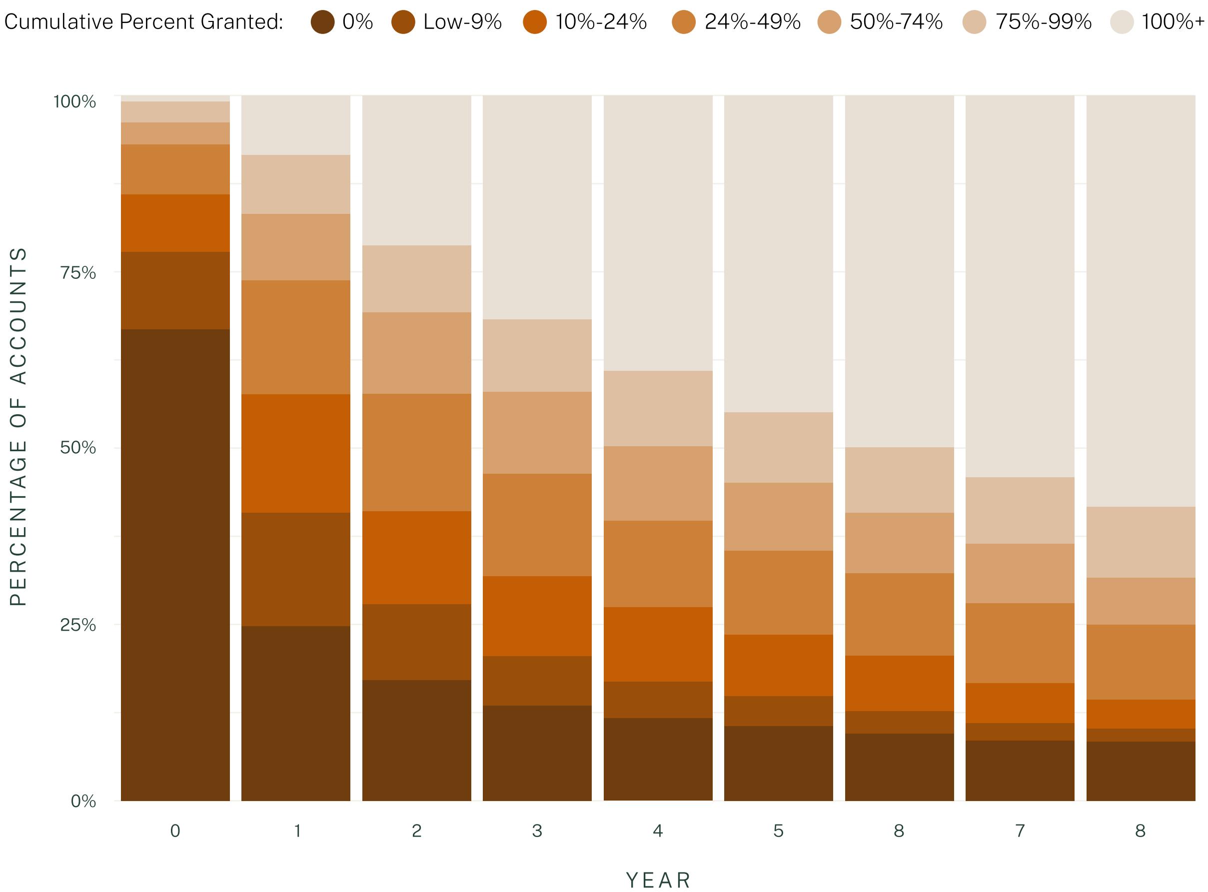


Figure 6.3 shows the percentage of each account's opening contribution granted out in the years following the opening of the account. This figure demonstrates that two-thirds of accounts (67%) did not make any grant within the same year that they opened (Year 0). However, by Year 3, most accounts (54%) granted out over 50% of the original contribution. By Year 8, almost all DAFs (92%) had made a grant; 75% had granted more than half of the original amount; and 58% had granted all of the original contribution.

(See the Technical Appendix for additional details about shelf life.)

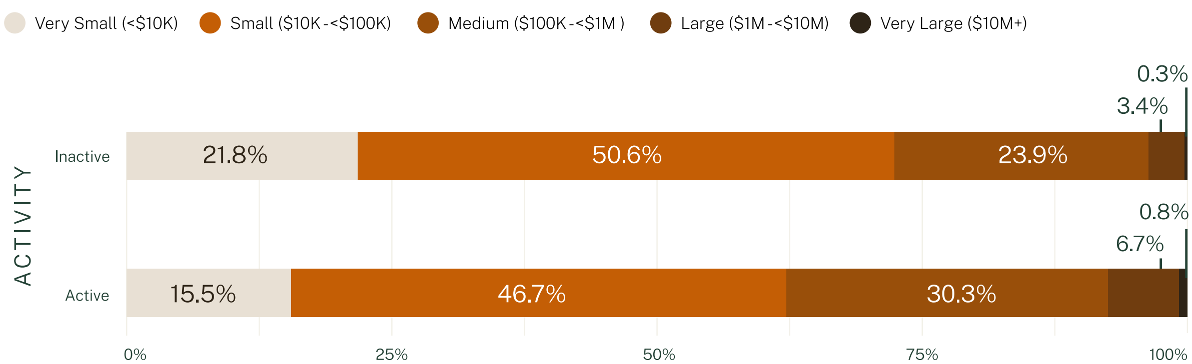
SECTION 6.4

Inactive Accounts

Figure 6.1 reported that 22% of DAFs were inactive (had a zero payout rate) for the years 2020 to 2022. This section provides more details on those accounts by comparing them to the active accounts. Accounts that are classified as inactive may have received contributions during this time.[11]

Size of Inactive Accounts

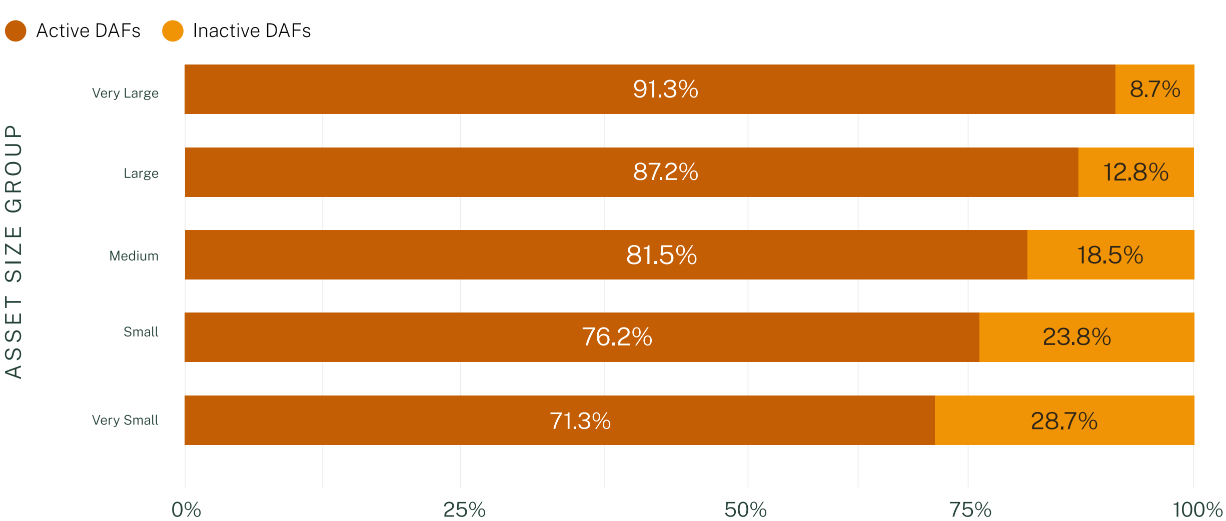
FIGURE 6.4A-i



Within this dataset, inactive DAFs were likely to be smaller than active DAFs. Figure 6.4A-i shows the percentage of each size group within active and inactive DAFs. A higher percentage of inactive DAFs were Very Small (22%) or Small (51%) compared to active accounts (16% and 47% respectively). Accordingly, active accounts had higher proportions of Medium, Large, or Very Large accounts than inactive accounts. Similarly, Very Small DAFs had the highest proportion of inactive accounts (29%), and Very Large DAFs had the lowest percentage (9%).

Size Group of Active vs. Dormant

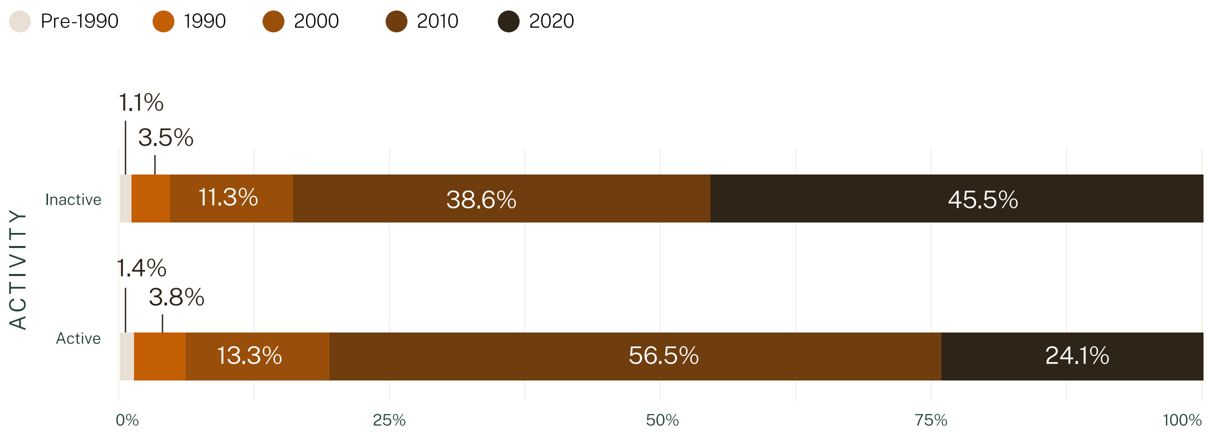
FIGURE 6.4A-ii



[11] The use of payout rate as a definition of inactivity may cause a small number of grantmaking accounts to be classified as inactive. See the Technical Appendix for an alternative method of defining inactivity based solely on grantmaking.

Opening Decade and Inactive Accounts

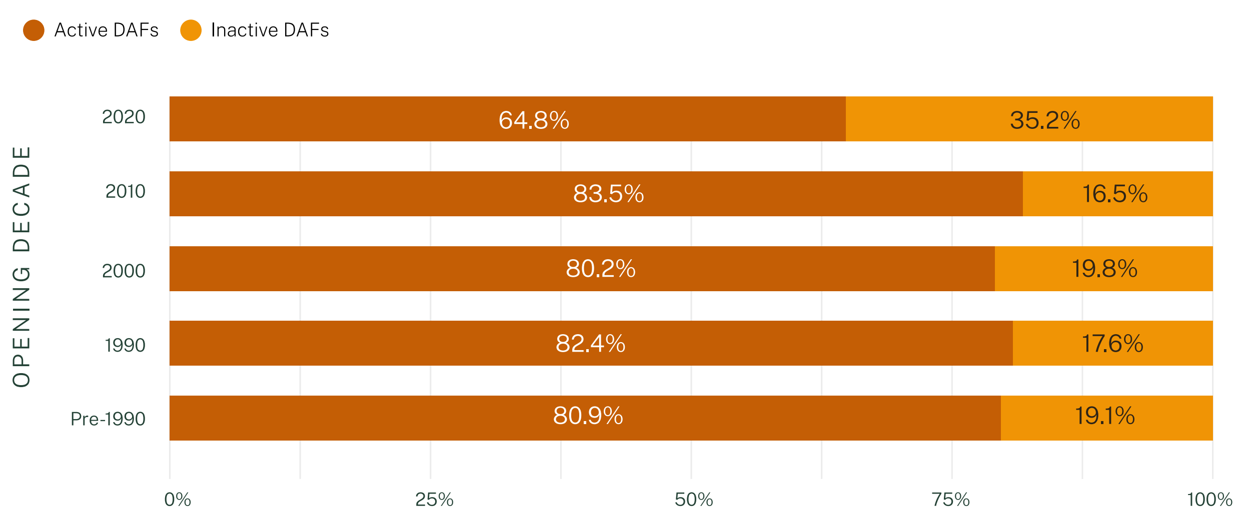
FIGURE 6.4B-i



Based on the accounts represented in this study, inactive DAFs were likely to be newer than active DAFs. Almost half (45%) of inactive DAFs were opened in 2020 or later. Figure 6.4B-i shows the decades that inactive and active DAFs were opened. Figure 6.4A-ii shows the proportion of inactive accounts among accounts of each opening decade. Within this dataset, a higher percentage (46%) of inactive accounts were opened in the 2020s compared to active accounts (24%). Similarly, a higher percentage of DAFs opened in the 2020s (35%) were inactive compared with the percent of inactive accounts from previous decades (an average of about 18%). This fact suggests that many of the inactive accounts in the dataset were recently opened and had not yet started grantmaking.

Opening Decade of Active vs. Dormant

FIGURE 6.4B-ii

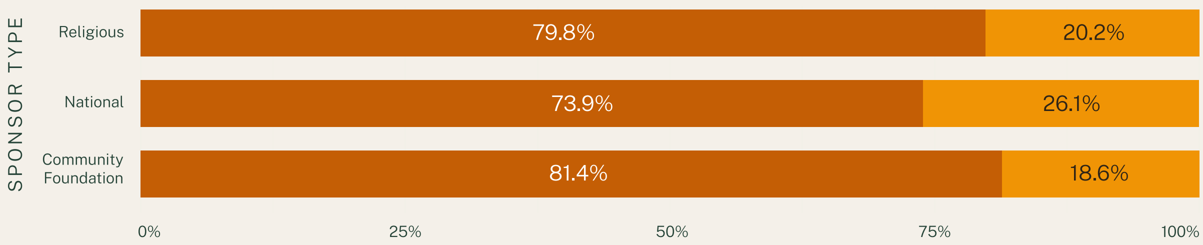


Special Focus: Exploring Inactive Accounts by Sponsor Type

FIGURE 6.4C

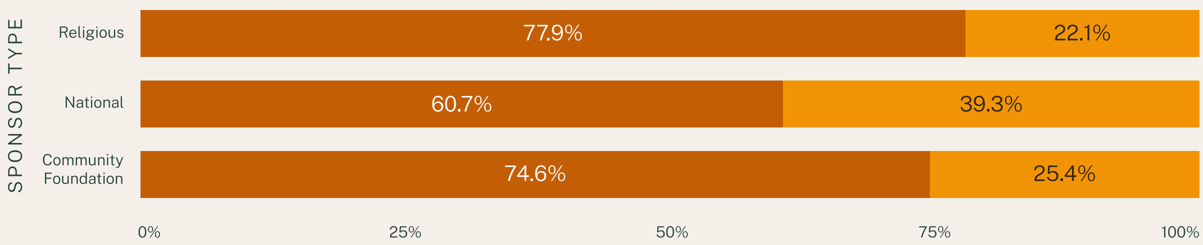
Active DAFs   Inactive DAFs

ACTIVE AND INACTIVE ACCOUNTS BY SPONSOR TYPE

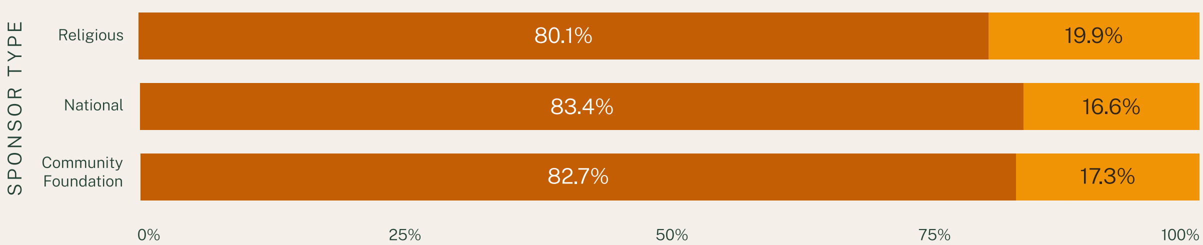


In this study, National Programs were slightly more likely to have inactive DAF accounts than other types of DAF sponsors. Figure 6.4C shows the proportions of inactive accounts at the different sponsor types. About 26% of accounts at National Programs were inactive in the three-year period, compared with Community Foundations (19%) and Religiously Affiliated Organizations (20%). However (as shown in Section 8), National DAF programs had the highest percentage of new accounts, and new accounts were more likely to be inactive. The middle graphic shows that when looking only at accounts opened after January 1, 2020, many (40%) of the National DAF accounts were not yet making grants. However, when looking at accounts that opened before 2020, the percentage of inactive accounts in Nationals (17%) was about the same as those in Community Foundations (17%) and Religiously Affiliated Organizations (20%). In other words, the higher percentage of inactive accounts at Nationals was largely influenced by the age of National accounts and the relative challenges of inactivity in newer accounts.

DAFS OPENED SINCE 2020

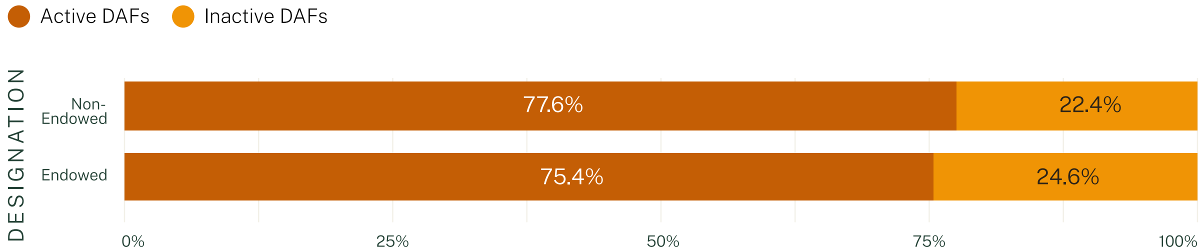


DAFS OPENED BEFORE 2020



Endowed DAFs and Inactive Accounts

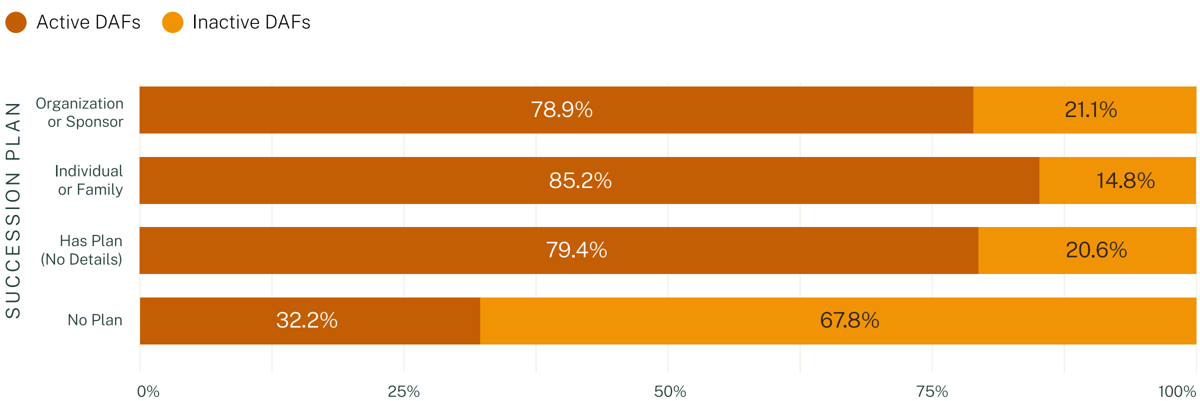
FIGURE 6.4D



Endowed DAFs were slightly more likely to have inactive accounts. Figure 6.4D shows that 25% of Endowed DAFs were inactive compared with 22% of Non-Endowed DAFs. It is possible that some donor advisors with Endowed DAFs refrain from grantmaking in order to let their fund grow for future grantmaking.

Succession Plans and Inactive Accounts

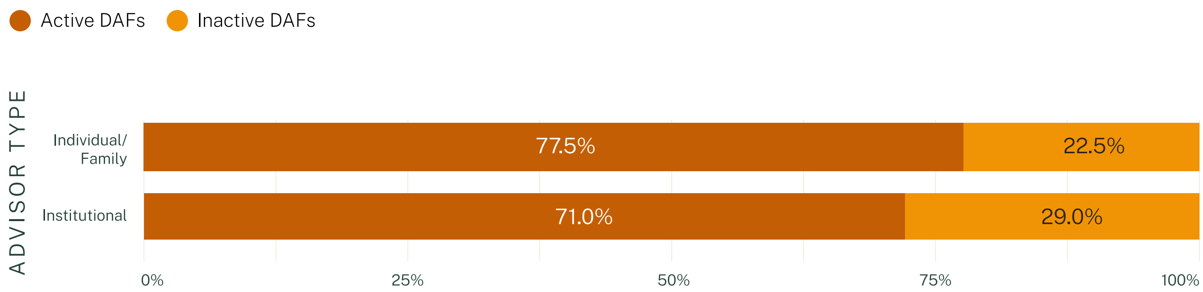
FIGURE 6.4E



DAFs with no succession plans were more likely to be inactive. Figure 6.4E shows that a much higher percentage of DAF accounts with no succession plans were inactive (68%) than active (32%). Those accounts leaving funds to the sponsor or another organization were also more likely to be inactive (21%) compared to those who plan to pass the account to successor advisors (15%). This could indicate that donor advisors who are leaving DAF funds to a charity in their succession plans intend their DAF to function as a deferred gift.

Institutional DAFs and Inactive Accounts

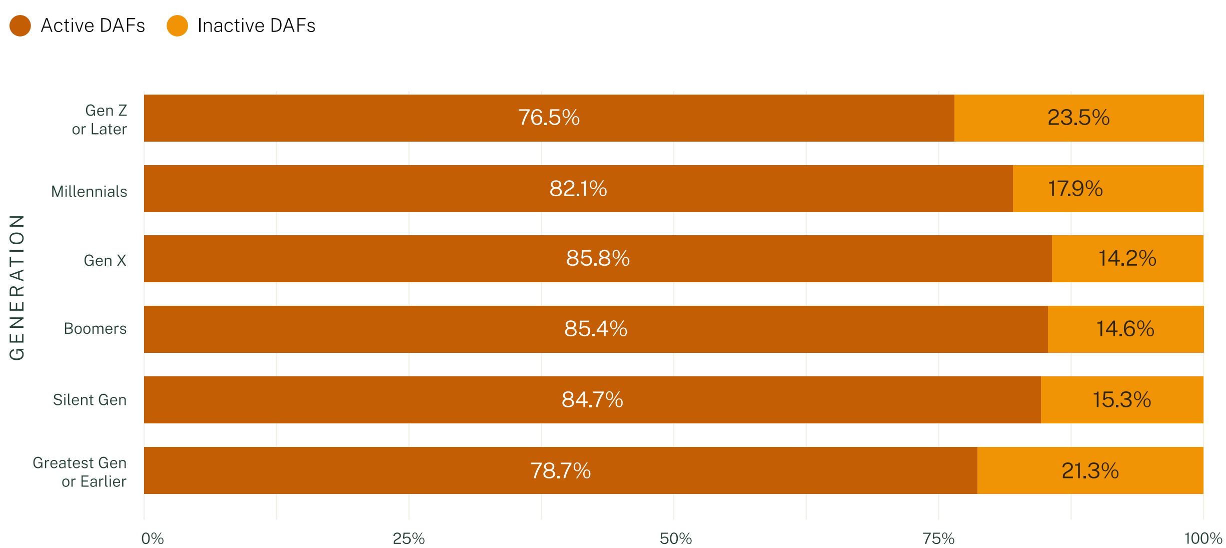
FIGURE 6.4F



Institutional DAFs were slightly more likely to be inactive than Individual/Family DAFs. Figure 6.4F shows that 29% of Institutional DAFs were inactive compared with 23% of Individual DAFs. Additional details regarding Institutional DAFs are included in Section 9.

Generations of Donor Advisors and Inactive Accounts

FIGURE 6.4G

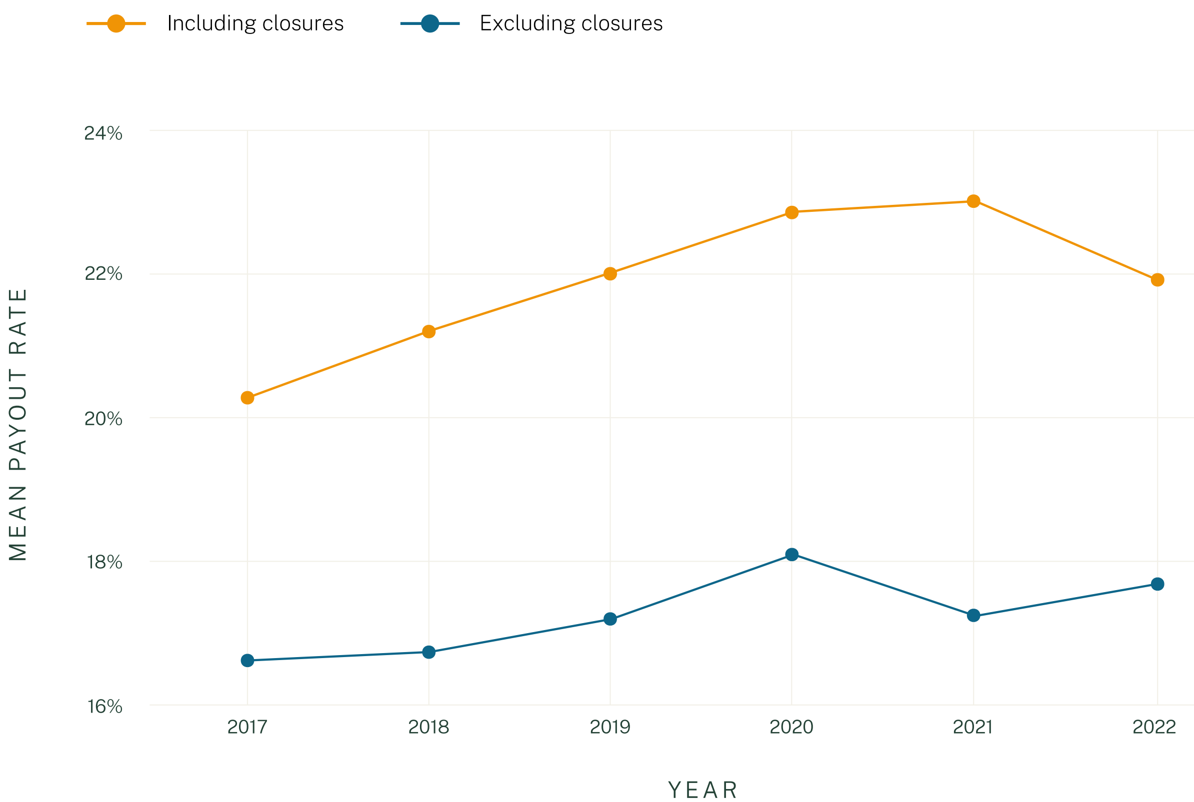


The youngest and the oldest donor advisors were more likely to have inactive DAFs. Figure 6.4G provides the percentage of inactive accounts within each generation, indicating that about 21% of accounts advised by donors from the Greatest Generation or earlier and 24% of accounts advised by donors from Gen Z or later were inactive. One possible explanation for this is that older donor advisors are experiencing health issues. For accounts with younger donor advisors, the donors could still be in the process of developing their giving priorities.

Payout Rates Over Time

Mean Payout Rates Over Time

FIGURE 6.5



Payout rates can vary over time. Many DAFs are designed to close (a situation where the donor advisor chooses to pay out the account and terminate the account with the sponsoring organization), resulting in an effective 100% payout rate in the year that they make their final grant. The effect of these account closures can result in an increase in payout rates within portions of this study's dataset. Figure 6.5 shows two lines that have overall upward trends over the last six years. The top line only uses data from the DAF sponsors that included DAF accounts that had closed during this period.[12] When including closed accounts, the mean payout rates were five percentage points higher on average (22% compared to 17%). Future research will be needed to better understand closed DAF accounts and their impact on overall DAF trends.

[12] Participating DAF sponsors uploaded several years of data. They were allowed to either include DAFs that closed during those years or not include them, depending on what was easier for them to report using their database software.

SECTION 7

Size Group Differences

One aspect of DAFs frequently missing from conversations about the tool is any indication of whether — and how — small DAFs differ from medium or large DAFs. This open question stems from the lack of account-level information contained in a standard IRS Form 990 in Schedule D.

Due to the scale of the account-level data collection in this project, this section analyzes some of the differences between DAFs by size. This study breaks DAFs into five bands:

Very Small	Small	Medium	Large	Very Large
<$10k	$10K - <$100K	$100K - <$1M	$1M - <$10M	$10M+

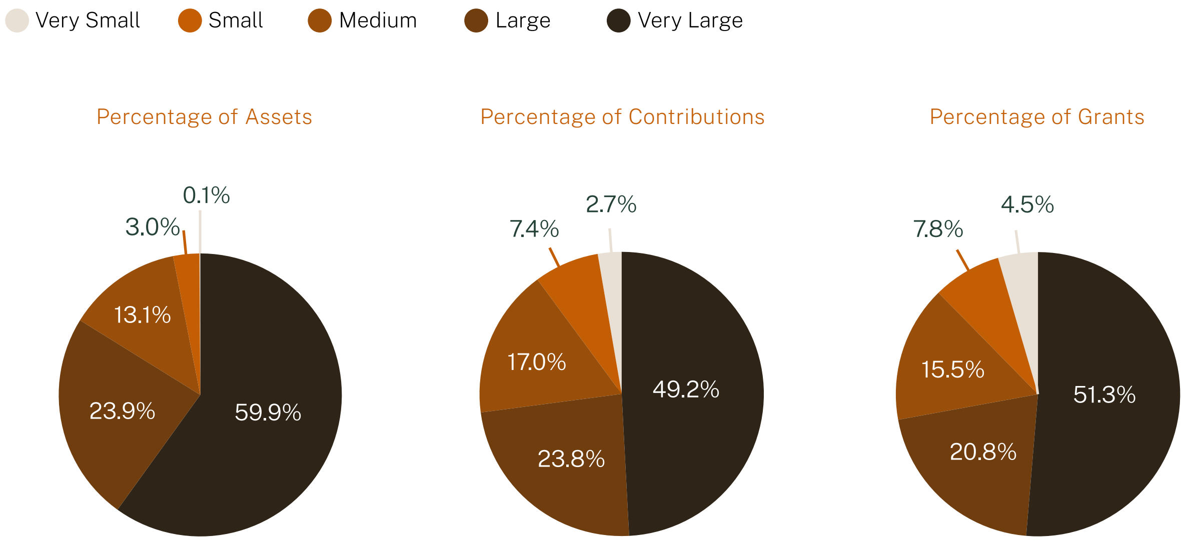
These groupings are determined based on the size of DAF accounts (using end-of-year assets) in 2022. The size groups made up the following proportions of the total accounts in the study: Very Small (17%), Small (47%), Medium (28%), Large (6%), and Very Large (1%).

SECTION 7.1

Assets, Contributions, And Grants

Total Assets, Contributions, and Grants by Size Group

FIGURE 7.1A



Larger DAF accounts held most of the assets in DAFs and accounted for most of the money being transacted through DAFs. Figure 7.1A demonstrates that while Very Large accounts made up only 1% of total DAF accounts, they comprised 60% of assets, 49% of contributions, and 51% of grants. Similarly, Large accounts made up only 6% of accounts but comprised 24% of assets, 24% of contributions, and 21% of grants.

Percent of Account-Years with Contributions by Size Group

FIGURE 7.1B

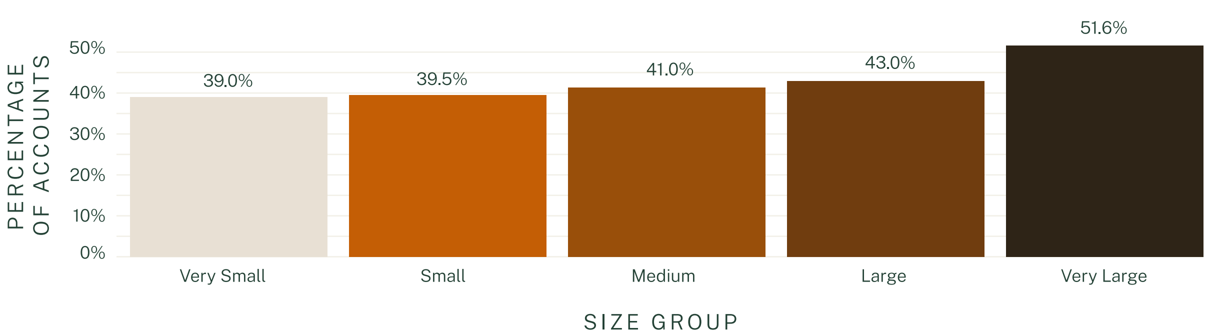


Figure 7.1B compares the DAF size groups by percentage of accounts with contributions in a given year, showing that as DAF account size increased, so did the percentage of accounts with contributions. In any given year, 39% of Very Small accounts received a contribution, in comparison to over half (52%) of Very Large accounts.

Percent of Accounts with Grants by Size Group

FIGURE 7.1C

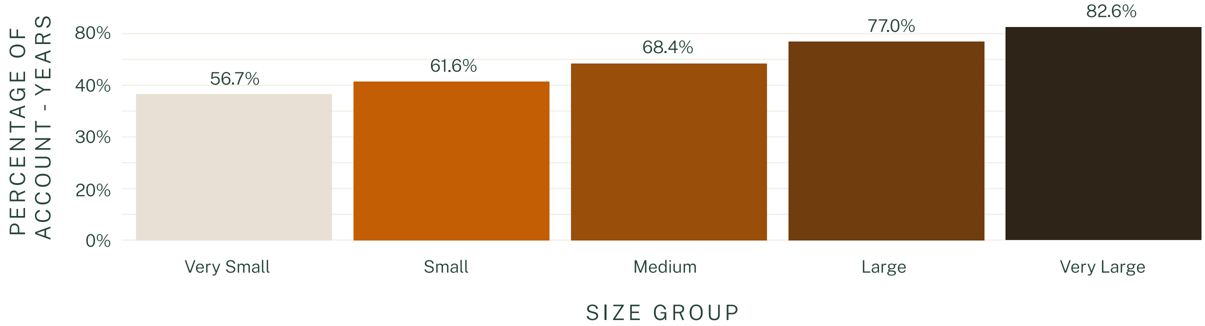


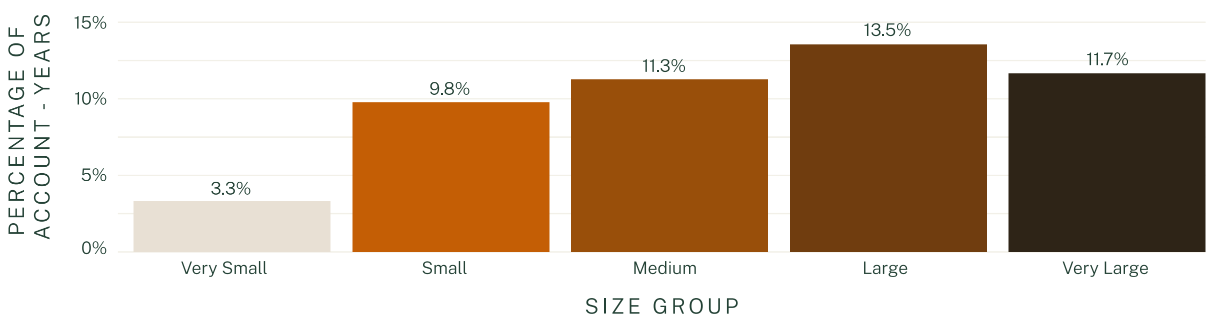
Figure 7.1C compares the percentage of accounts with grants by size group. Similar to contributions, the increase in the percentage of accounts with grants in the sample was relatively linear to the increase in DAF account size. In any given year, 57% of Very Small accounts made a grant, compared to 83% of Very Large accounts. Taken together, Figures 7.1B and 7.1C show larger DAF accounts were more active than smaller DAF accounts in receiving contributions and making grants. This formula was used in previous reports by the DAFRC team. (See Vance-McMullen & Heist, 2022a; Williams & Kienker, 2021; Definition of Terms.)

SECTION 7.2

Endowed and Non-Endowed

Percent of Endowed DAFs by Size Group

FIGURE 7.2



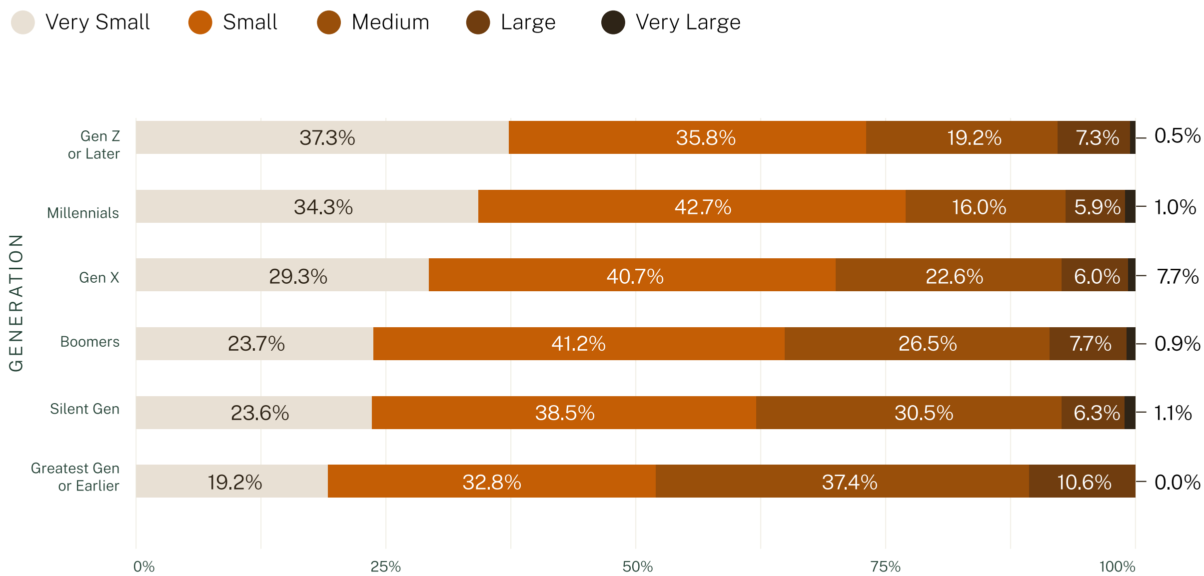
In examining the size of Endowed DAFs, a slightly higher percentage of Large accounts (14%) are Endowed than Small, Medium, and Very Large accounts (10, 11, and 12% respectively). However, few Very Small accounts are Endowed (3%). This could be due to Endowed DAFs not being designed to spend down, allowing for them to grow and maintain their principal assets to sustain long-term philanthropy. Additionally, DAF sponsors that hold Endowed accounts typically have policies in place that require strict minimums for these accounts, which would likely explain why Very Small accounts were much less likely to be Endowed.

SECTION 7.3

Generations of Donors

Generation of Donor Advisors and Size Group

FIGURE 7.3



Younger generations were slightly more likely to have smaller DAFs. Figure 7.3 compares the percentage of donors from each generation that advise different account sizes. While similar percentages of advisors from across the generations advised different sizes of DAFs, a slightly higher percentage of Millennial donors (77%) advised Small and Very Small accounts than any other generation, and a slightly higher percentage of Greatest Gen or Earlier donors (48%) advised medium and large accounts. In this dataset, no donors from the Greatest Gen or Earlier advised Very Large accounts.

Payout Rate

Payout Rates (3-Year Average) by Size Group, Stacked

FIGURE 7.4A

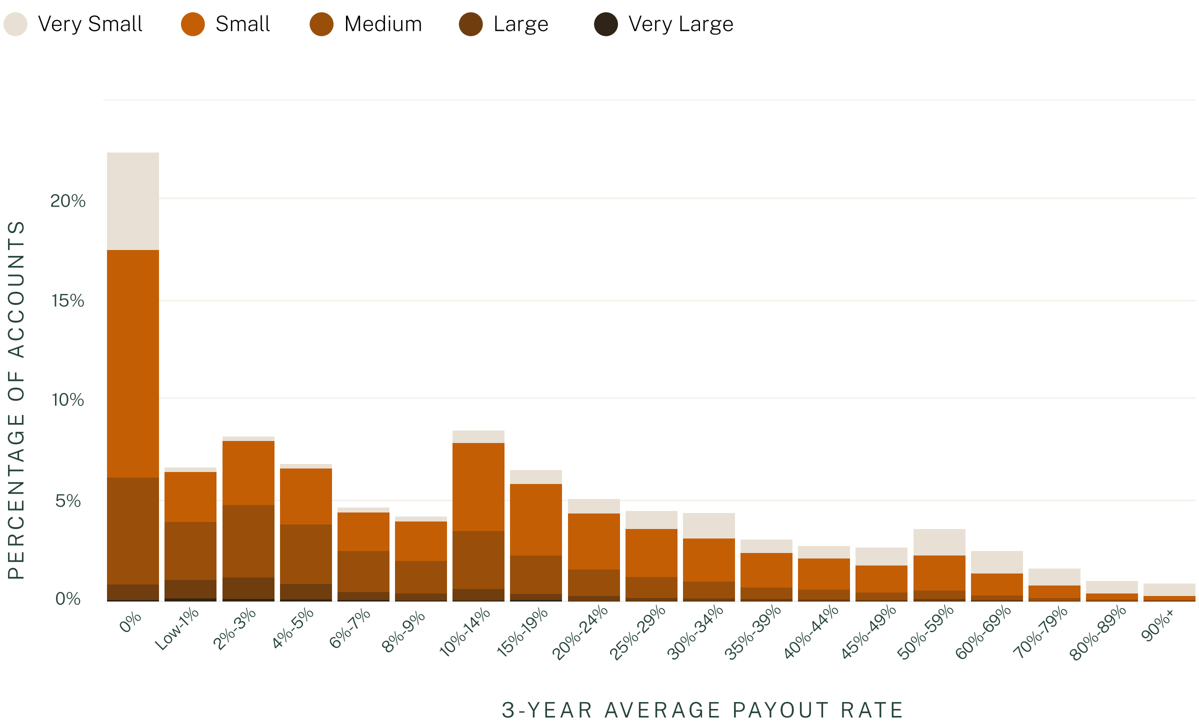


Figure 7.4A shows that over half (53%) of the inactive accounts were Very Small or Small. However, most of the accounts with very high payout rates (70%+) were also Small or Very Small. Smaller DAFs may be inactive because the donors had completed grantmaking for a time and were waiting to use the DAF again. Accounts with high payout rates would be expected to be smaller because most of the assets were granted by the end of the year.

Payout Rates (3-Year Average) by Size Group, Separated

FIGURE 7.4B

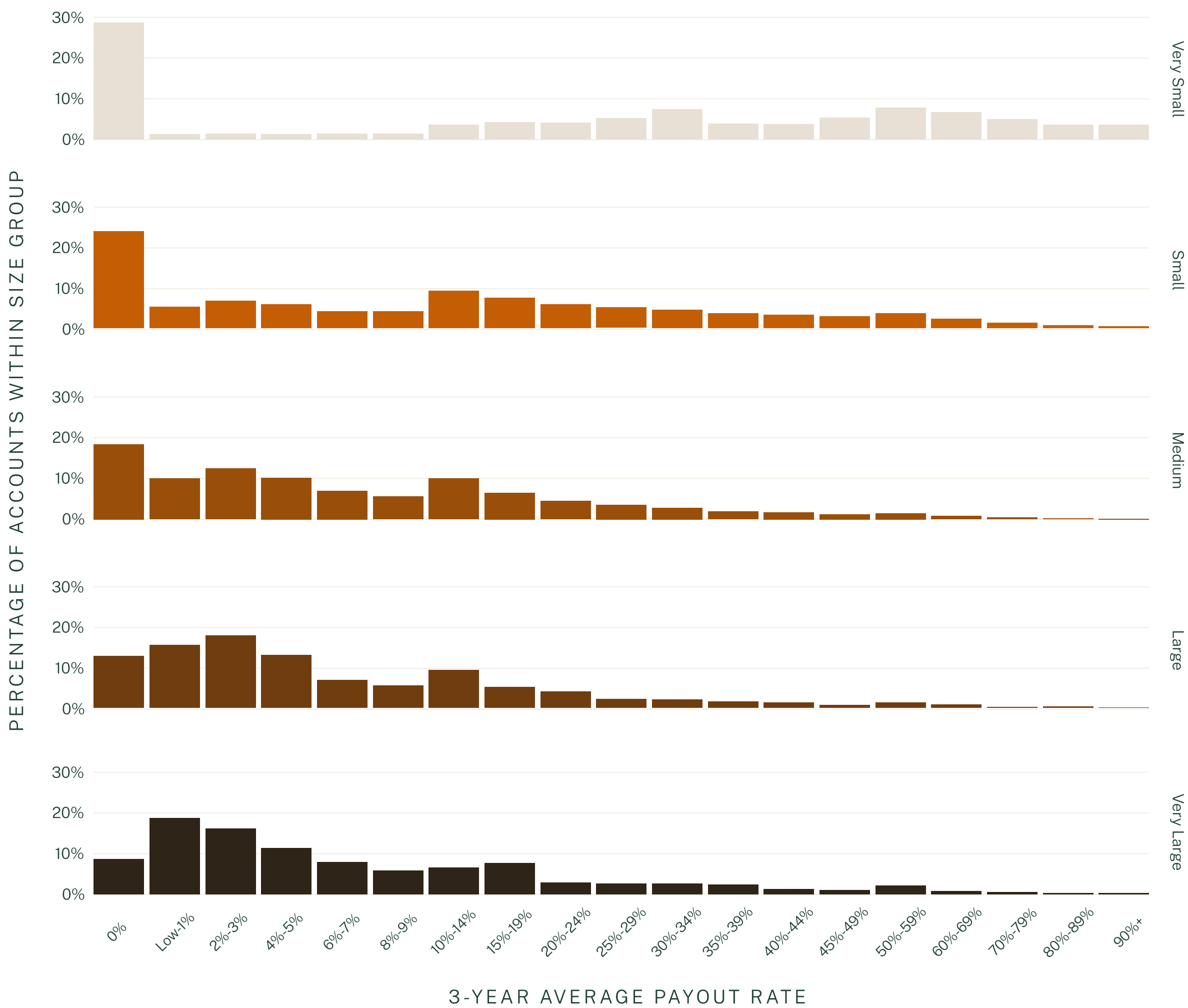


Figure 7.4.B separates the proportion of payout rates within each size group. The figure shows that over the three-year period, Medium, Large, and Very Large accounts generally had lower payout rates than smaller accounts but were less likely to be completely inactive. Table 7.4B expands upon this finding, showing that the mean payout rate for Medium (12%), Large (9%), and Very Large (11%) accounts was less than the mean payout rate for Very Small (31%) and Small Accounts (17%).[13]

Mean Payout Rates (3-Year Average) by Size Group

TABLE 7.4B

Size of Group	Very Small	Small	Medium	Large	Very Large
Mean Payout Rate	31%	17%	12%	9%	11%

[13] See the Technical Appendix to compare mean and median payout rates by size group.

SECTION 8

Sponsor Types

Three main categories of DAF sponsors participated in this study: Community Foundations, National DAF programs, and Religiously Affiliated Organizations. As explained in Section 1.2, most of the participating sponsors in the study were Community Foundations (83), followed by smaller samples of National DAF programs (15), and Religiously Affiliated Organizations (13). The following sections provide comparative statistics between these groups.

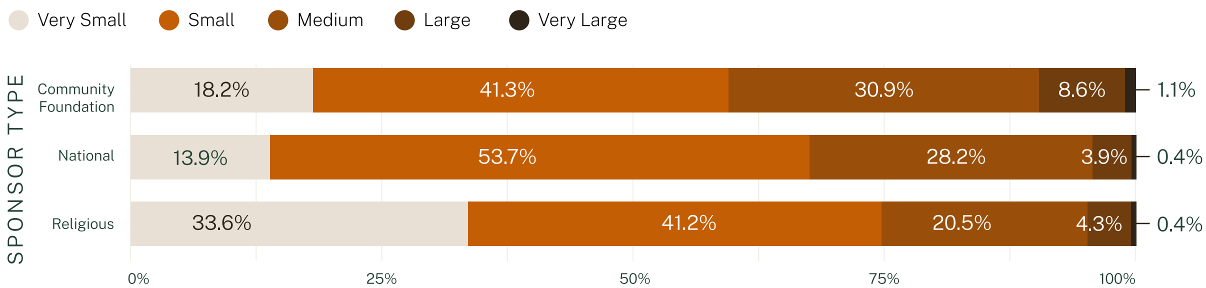
Important Note: *Findings from this report do not fully represent any of the groups of DAF sponsors that participated in the study.* See Section 1.4 for an explanation of the limitations of the data for each of these groups and its potential impact on the findings of this report.

SECTION 8.1

Size of DAFs

Size Groups By Sponsor Type

FIGURE 8.1



Different DAF sponsor types have distinct combinations of account sizes. In this study, Community Foundations have the highest percentages of Medium, Large, and Very Large accounts (31%, 9%, and 1% respectively). The majority of DAFs at National programs (54%) were Small in size. Religiously Affiliated Organizations had a higher percentage (34%) of Very Small accounts than other sponsor types. DAF sponsors have different minimum amounts for opening accounts. It is likely that the differences in DAF sizes between sponsor types observed here were influenced by different policies for minimum opening amounts.

SECTION 8.2

Endowed and Non-Endowed

Endowed DAFs by Sponsor Type

FIGURE 8.2

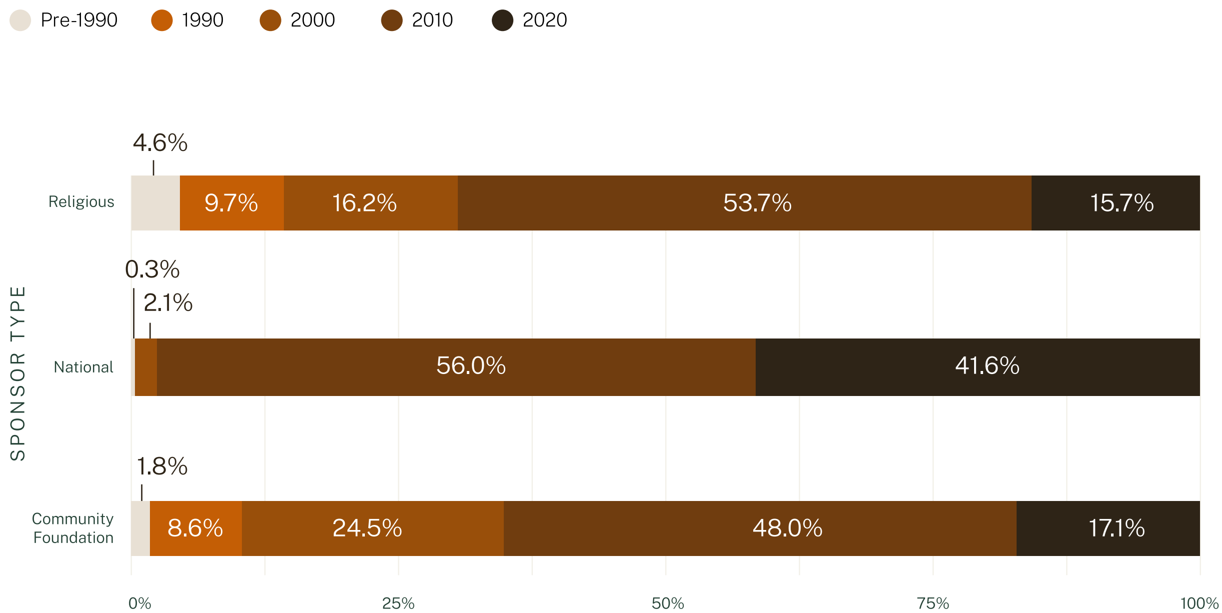
Within this dataset, National DAF programs do not appear to offer Endowed DAFs, while Community Foundations were much more likely to have Endowed DAF accounts. Figure 8.2 shows that Community Foundations were twice as likely to have Endowed DAFs (21%) than Religiously Affiliated Organizations (10%). See Section 10 for more details on Endowed DAFs.

SECTION 8.3

Age of DAFs by Decade

Decade of Account Openings by Sponsor Type

FIGURE 8.3

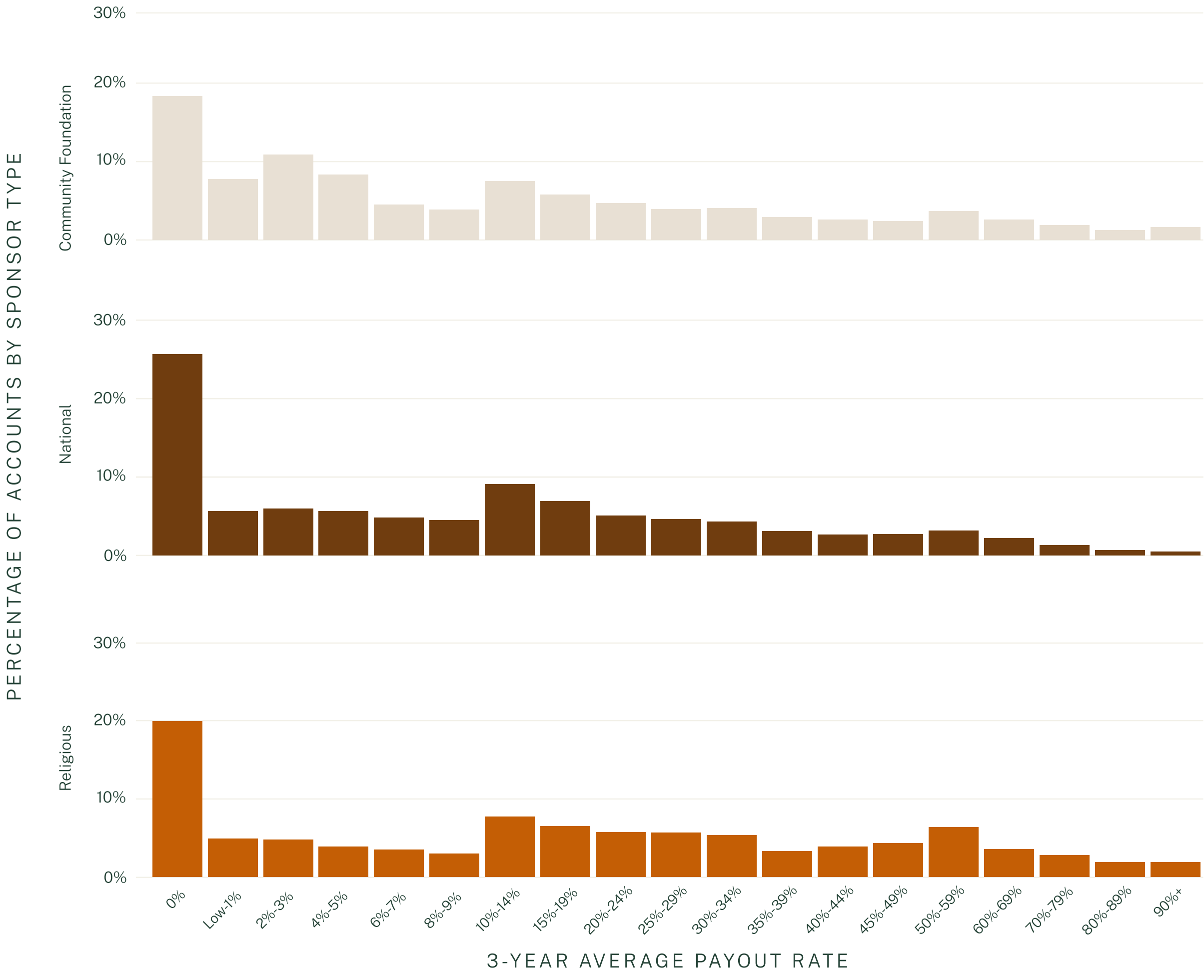


The proliferation of DAFs has occurred over the past several decades. However, the accounts included in this study reveal that Religiously Affiliated Organizations and Community Foundations have been working with DAFs much longer than National Programs, based on the decade when DAF accounts opened. While about one-third of DAFs at Religiously Affiliated Organizations (31%) and Community Foundations (35%) were opened in or before the 2000s, only 2% of DAFs at National Programs were opened in that period. Figure 8.3 shows that 65% of Community Foundations' DAF accounts, 69% of Religiously Affiliated Organizations' DAFs, and 98% of National Programs' DAF accounts were opened after 2010.

Payout Rates

Payout Rates by Sponsor Type

FIGURE 8.4



In this study, the three-year average payout rates within each sponsor type follow a fairly similar pattern. National Programs were slightly more likely to have inactive accounts (26%) than Community Foundations and Religiously Affiliated Organizations (18% and 20% respectively). Otherwise, payout rates were fairly evenly distributed within each sponsor type. Religiously Affiliated Organizations had a slightly higher distribution of accounts at the upper end of the payout rates. Accordingly, Religiously Affiliated Organizations had the highest average payout rate (24%), while Community Foundations and National Programs had payout rates of 18% and 16%, respectively. These differences could be explained by more endowed DAFs at Community Foundations, and more recently-opened accounts at National Programs. Table 8.4 displays the mean payout rate of all sponsor types.[14]

Mean Payout Rates by Sponsor Type

TABLE 8.4

Sponsor Type	National	Community Foundation	Religiously Affiliated
Mean Payout Rate	16%	18%	24%

[14] For a comparison of mean and median payout rates by sponsor type, see the Technical Appendix.

SECTION 9

Institutional Accounts

The broad category of Institutional DAFs, which are those DAF accounts with originating donations and donor advisors from a corporation or other organizations, represent a subset of all DAF accounts. Corporations can use DAFs for corporate philanthropy, while private foundations or other organizations may use DAFs to facilitate grantmaking to benefit charitable entities.

Within the field, most DAF best practices and regulations are designed for individual and family DAF accounts, with little to no differentiation for these Institutional DAF accounts. In addition, very few studies have been able to differentiate individual from institutional DAF accounts.

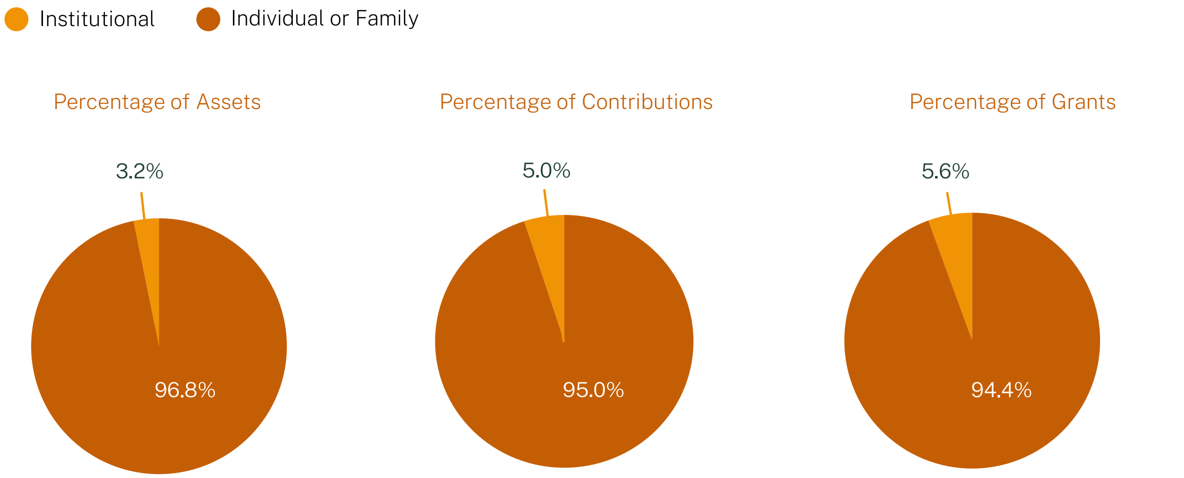
The following section provides the first known information about Institutional accounts, which comprise approximately 3% of all DAF accounts in this study.

SECTION 9.1

Assets, Contributions, and Grants

Total Assets, Contributions, and Grants of Institutional DAFs

FIGURE 9.1



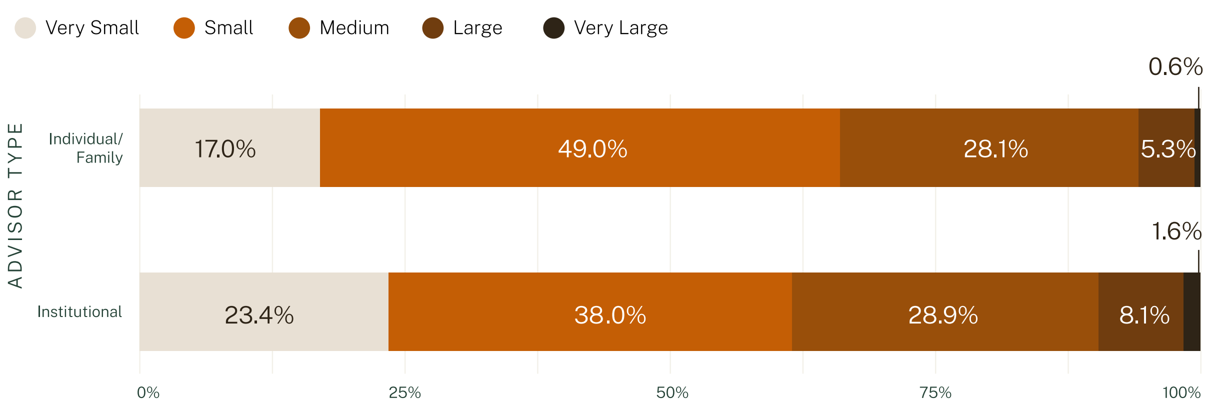
Institutional DAF accounts made up 3% of accounts, and comprised 3% of total assets, 5% of contributions, and 6% of grants. These statistics indicate that Institutional DAFs have relatively high levels of DAF activity compared to their proportion of assets.

SECTION 9.2

Size Groups

Size Groups of Institutional DAFs

FIGURE 9.2



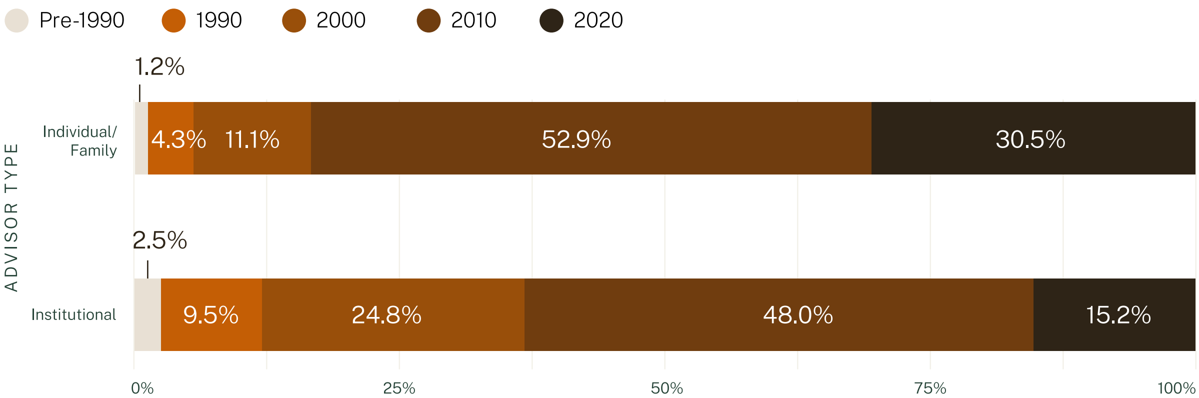
Institutional DAFs were more likely to be Very Small or Large compared to Individual/Family accounts compared to Individual/Family accounts. Figure 9.2 shows that about 23% of Institutional DAFs were Very Small (up to $10,000), while only 17% of Individual accounts were Very Small. About 10% of Institutional DAFs were Large or Very Large, in comparison to 6% of Individual/Family DAFs. These statistics indicate the variety of approaches used by corporations and organizations in using Institutional DAFs.

SECTION 9.3

Age of DAFs by Decade

Decade of Account Openings of Institutional DAFs

FIGURE 9.3



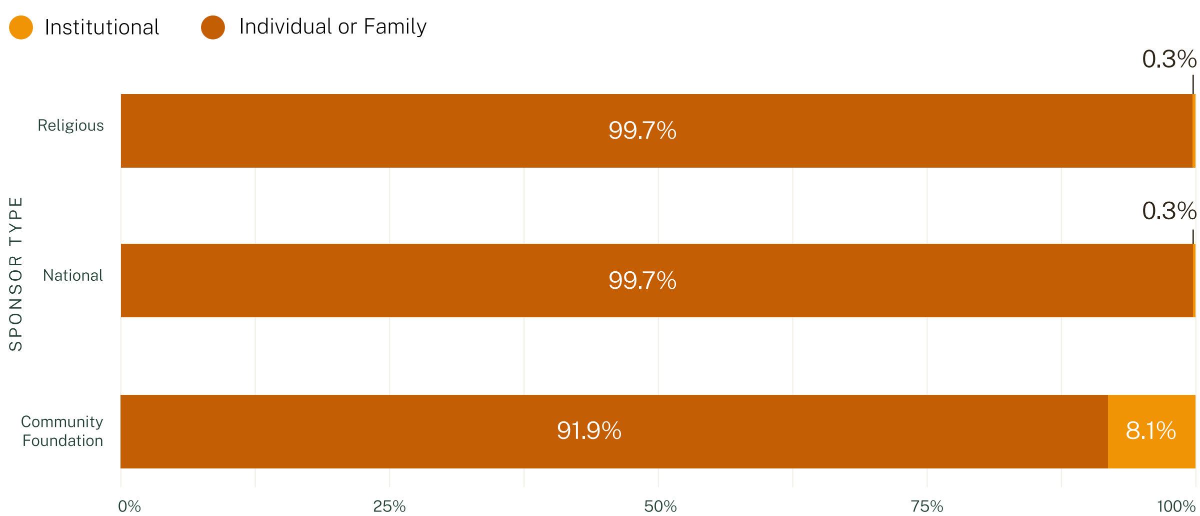
Institutional DAFs were generally older than Individual/Family DAFs, based on this dataset. Figure 9.3 shows that 37% of Institutional DAFs opened before 2010, while only 17% of Individual/Family DAFs opened in that period. In comparison, 63% of Institutional DAFs opened since 2010, in contrast to 83% of Individual/Family DAF accounts. The findings suggest that Institutional DAFs are a smaller part of the growth of DAFs, even as they represent a unique category of DAF activity.

SECTION 9.4

Type of DAF Sponsor

DAF Sponsor Types and Institutional DAFs

FIGURE 9.4

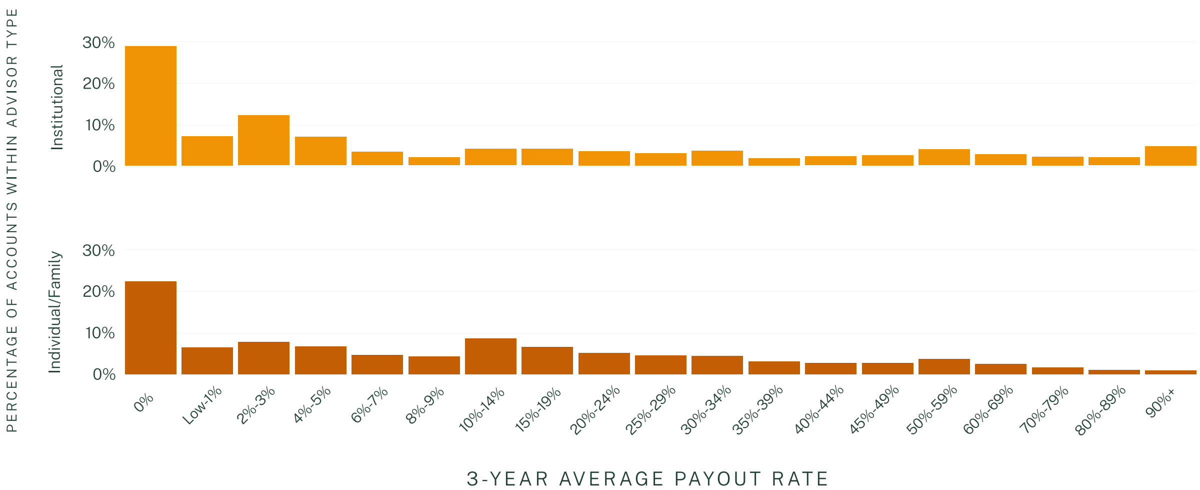


Almost all Institutional DAFs are hosted at Community Foundation sponsors. Figure 9.4 shows that negligible percentages of DAFs at National Programs and Religiously Affiliated Organizations (less than 1% at each) were Institutional accounts. In contrast, about 8% of DAFs held at Community Foundations were Institutional accounts. This indicates that most of the institutions using DAFs were engaged in community-based philanthropy.

Payout Rate

Payout Rates of Institutional DAFs

FIGURE 9.5



Institutional DAFs were more likely to have inactive accounts, but also very high payout rates. In examining the 3-year average payout rates, Figure 9.5 shows that 29% of Institutional accounts were inactive, compared with 23% of Individual/Family DAFs. However, a higher percentage of Institutional DAFs (15%) had higher payout rates (over 50% per year) compared with Individual/Family DAFs, which only had 10% of accounts at that level. When looking at means (averages) overall, Institutional DAFs had higher payout rates than Individual/Family DAFs (20% to 18% respectively).[15]

Mean Payout Rates of Institutional DAFs

TABLE 9.5

Type of Account	Institutional	Individual/Family
Mean Payout Rate	20%	18%

[15] As with other sections in this report, see the Technical Appendix for a comparison of mean and median payout rates of Institutional DAFs.

SECTION 10

Endowed DAFs

Endowed DAFs are established with policies limiting annual grantmaking to a certain percentage (usually between 4% and 6%) of assets. Some Endowed DAFs, as component funds of a DAF sponsoring organization, are required to follow UPMIFA and have different regulatory elements built within their fund agreements than would apply to a Non-Endowed account (Kienker, 2023). Some institutions have other variations on Endowed versus Non-Endowed accounts, oftentimes referred to as "Quasi-Endowed" accounts or other institution-specific offerings.

For the purposes of the National Study on DAFs, sponsors categorized their accounts as being either Endowed or Non-Endowed, based on their own policies. For more information about Endowed DAF policies, see Heist and Stone (2023).

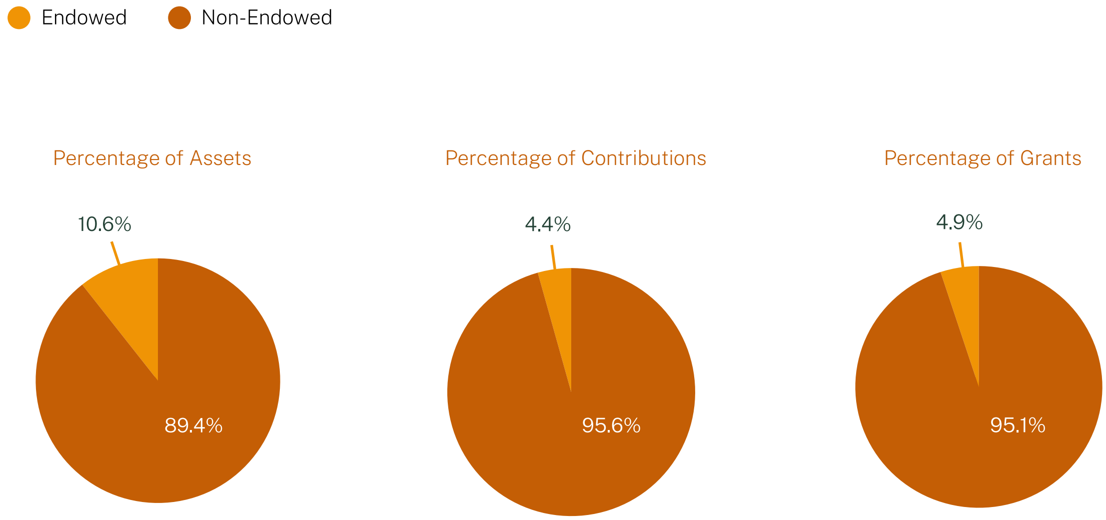
As discussed in Section 2.3, fewer than 1 in 10 DAFs are endowed. Most DAFs in this dataset were not endowed, meaning they may grant away all (or nearly all) assets within a given year.

SECTION 10.1

Assets, Contributions, and Grants

Total Assets, Contributions, and Grants of Endowed DAFs

FIGURE 10.1



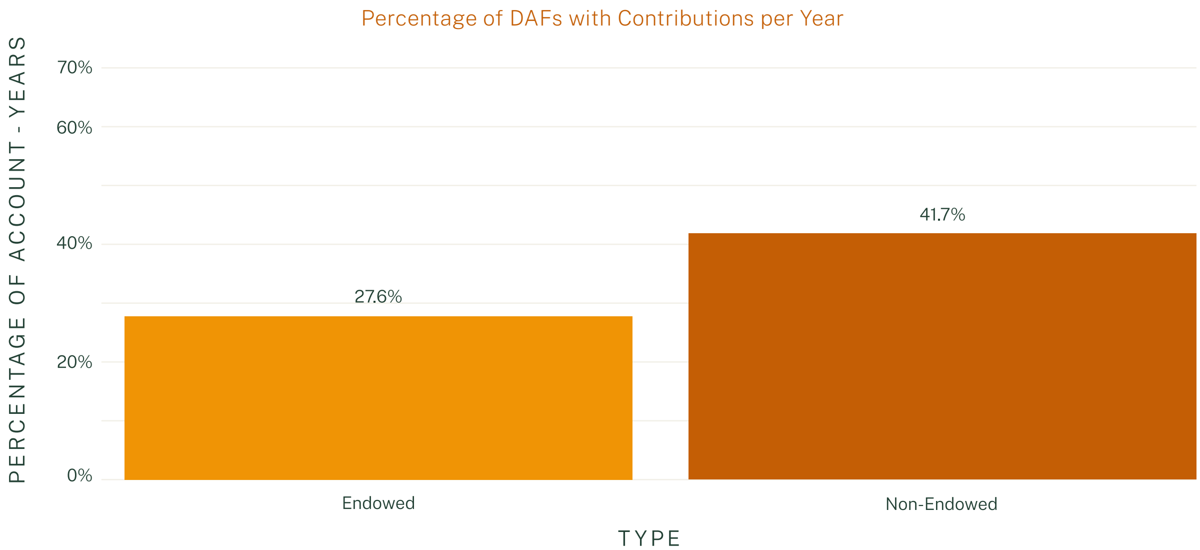
While Endowed DAFs made up only 9% of all accounts, Figure 10.1 shows that Endowed DAFs comprised 11% of total assets, 4% of total incoming contributions, and 5% of total grants. These findings indicate that Endowed DAFs facilitated relatively lower levels of DAF giving activities (contributions and grants), on an annual basis, given their relative size. However, this is not surprising considering that Endowed DAFs are designed to facilitate sustainable, long-term philanthropy.

SECTION 10.2

Grant and Contribution Activity

Percentage of Endowed DAFs with Contributions and Grants

FIGURE 10.2



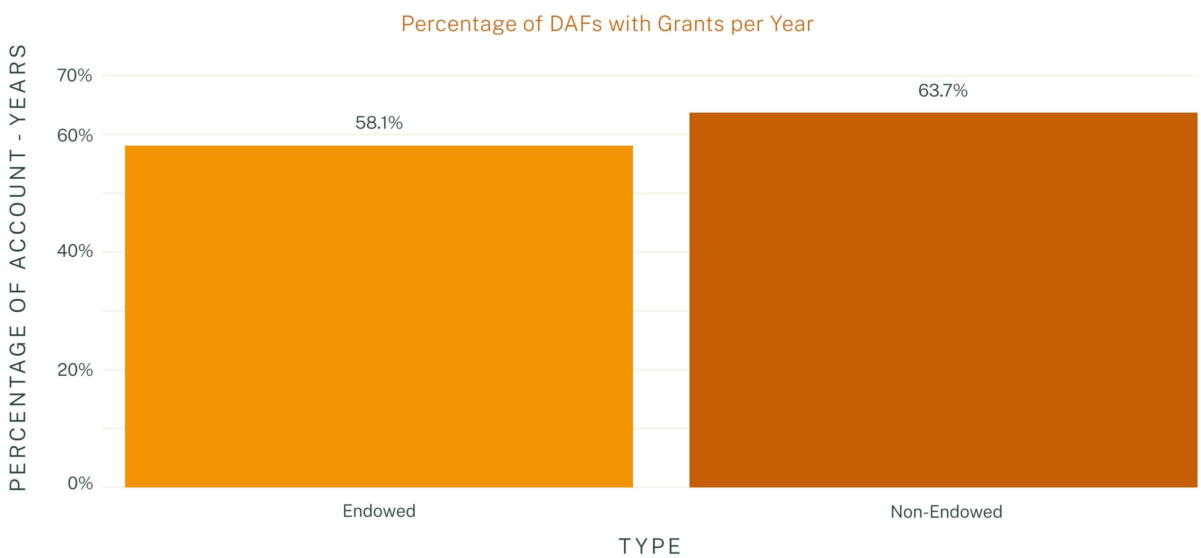


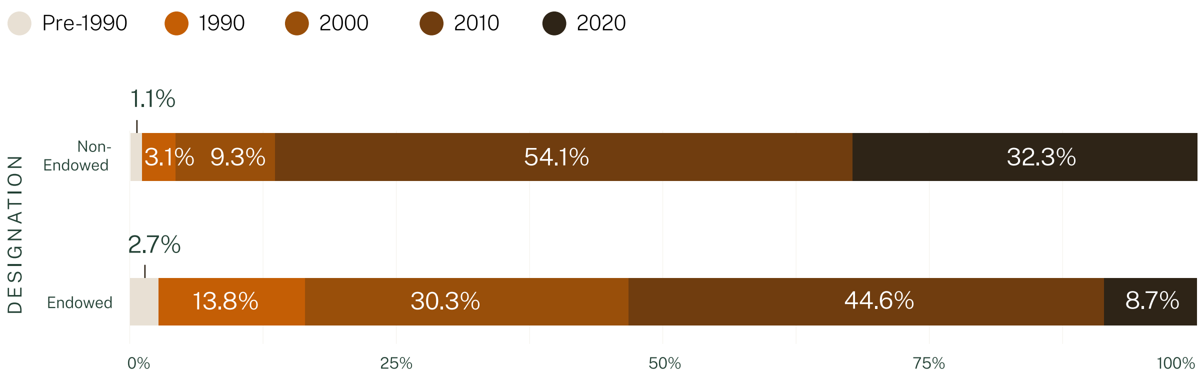
Figure 10.2 shows that only 28% of Endowed DAFs received an incoming contribution within a given year, in comparison to 42% of Non-Endowed accounts that received an incoming contribution within a given year. This finding is in line with expected results, given that Endowed accounts may be “filled” with a one-time or limited number of contributions that are then paid out over time. In comparison, a Non-Endowed account may be dependent on more frequent contributions from the donor. Looking at the frequency of grantmaking, 58% of Endowed accounts made an outgoing grant within a given year, and 64% of Non-Endowed accounts made outgoing grants within a given year.

SECTION 10.3

Age of DAFs by Decade

Account Opening Decade of Endowed DAFs

FIGURE 10.3



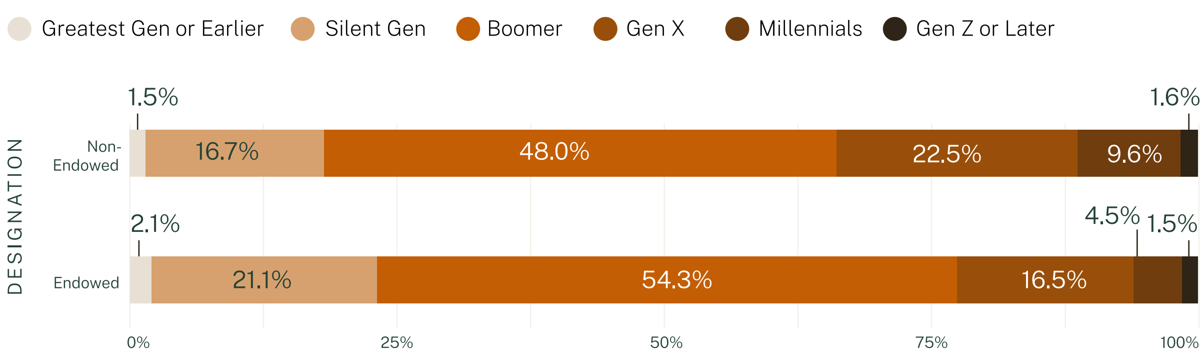
Endowed DAFs in the data are typically older accounts, while Non-Endowed DAFs are typically newer. Figure 10.3 shows that almost half of Endowed DAFs (47%) were opened before 2010, compared with only 14% of Non-Endowed DAFs. A few factors may help to explain this difference. First, Endowed DAFs may be becoming less popular over time. Second, much of the recent growth in DAFs has occurred in National Programs, which generally do not offer Endowed DAFs. Finally, Non-Endowed DAFs that were opened in previous decades may have since closed and were therefore not included in the study.

SECTION 10.4

Generation Of Donors

Generation of Donor Advisors of Endowed DAFs

FIGURE 10.4



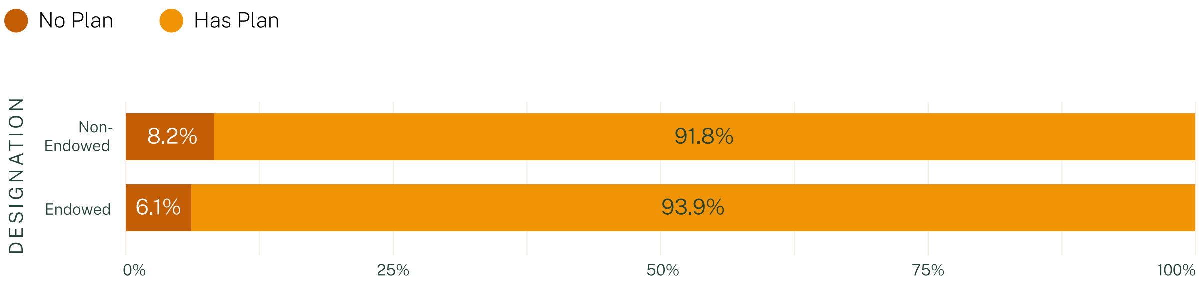
Endowed DAFs were slightly more popular among older generations. Figure 10.4 shows that higher percentages of Endowed DAFs were advised by Baby Boomer (54%) and Silent Generation (21%) donors compared with Non-Endowed DAFs donors from those same generations (48% and 17% respectively). Some of this may be explained by the finding that Endowed DAFs were more likely to be opened in earlier decades.

SECTION 10.5

DAF Succession Plans

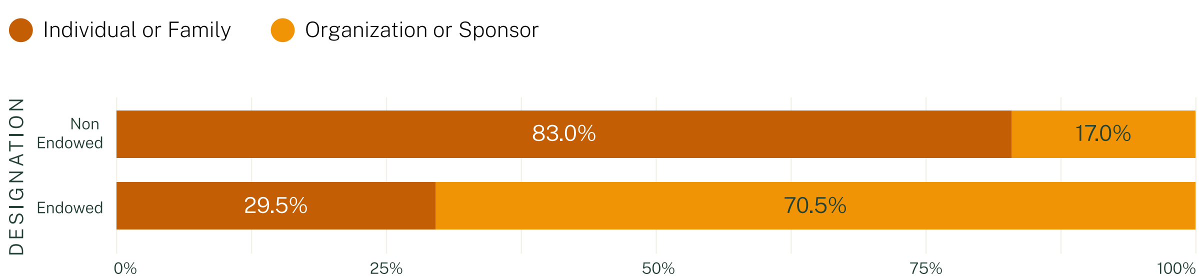
Succession Plans of Endowed DAFs

FIGURE 10.5A



Endowed DAFs were slightly more likely to have a succession plan than Non-Endowed DAFs, and Endowed DAFs were much more likely to leave the funds to an organization or the DAF sponsor than Non-Endowed DAFs. Figure 10.5A shows that similar to Non-Endowed DAFs, about 94% of Endowed DAFs had a succession plan in place. This finding could be explained by the intent of Endowed DAFs to function as a longer-term philanthropic tool, requiring the implementation of future advisors or succeeding organizations to fulfill the donor's philanthropic intent.

FIGURE 10.5B



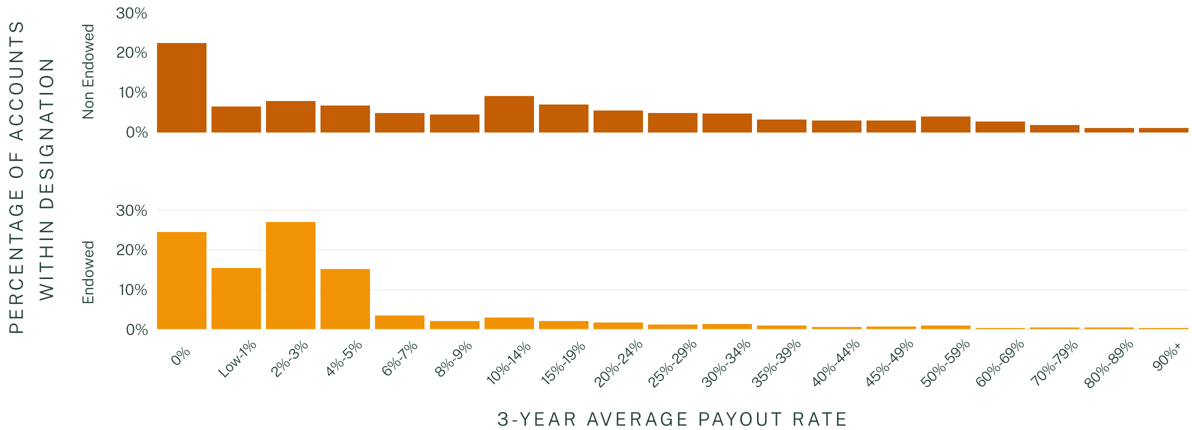
Designation of Succession Plans of Endowed DAFs

Figure 10.5B shows that approximately 71% of Endowed accounts with a succession plan directed remaining funds to an organization or the DAF sponsor, with just less than 30% being left to successor advisors (such as individuals or family members). In comparison, 83% of Non-Endowed DAFs had succession plans with successor advisors, and 17% directed remaining funds to an organization or the DAF sponsor.

Payout Rates

Payout Rates of Endowed DAFs

FIGURE 10.6



Endowed and Non-Endowed DAFs also differ in their overall payout rate, consistent with previous studies. Endowed DAFs had overall lower payout rates, with a mean payout rate of 6%, compared with Non-Endowed DAFs (mean of 19%). This is to be expected as these accounts are generally governed by spending policies that limit the amount they are allowed to grant (based on payout or minimum asset requirements).[16]

Mean Payout Rates of Endowed DAFs

TABLE 10.6

Account Policy	Endowed	Non-Endowed
Mean Payout Rate	6%	19%

[16] To compare the mean and median payout rates of Endowed DAFs, see the Technical Appendix.

Discussion and Conclusion

The National Study on DAFs improves upon the public understanding of donor advised funds by providing detailed information on a variety of important aspects of DAFs. This report provides new insights on the three most common types of DAF sponsors: Nationals, Community Foundations, and Religiously Affiliated Organizations. With improved understanding of donor advisors, this study also explores the distinctions between the use of DAFs by individuals and institutions. Additionally, it expands upon the field's knowledge of endowed DAFs and the use of succession plans to ensure the establishment of future strategy for DAFs to impact charitable organizations. This study also adds further nuance to the sector's understanding of payout rates and shelf life. Together, the data and findings presented in this report help to answer many of the field's most critical questions about DAFs.

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. While hundreds of organizations indicated their interest in participating in the study, internal data limitations were one of the primary reasons that organizations could not participate. Likewise, additional organizations did not have sufficient information in their databases to answer required questions in the study. These limitations point to the importance of organizations throughout the sector prioritizing up-to-date and relevant data to ensure the field's improved understanding of DAFs specifically and philanthropic activity generally. 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 study as an essential early step in continuing to improve the practice and understanding of DAFs.

The most consistent theme throughout this study is the wide variety of philanthropic giving supported by DAFs. From the age of donor advisors to account-level payout rates to succession plans, the findings in this report reveal substantial variation across many different aspects of DAF giving. Two things can be implied from this theme. First, DAFs have been adapted and will continue to adapt to the diverse needs of the nonprofit sector and its array of philanthropic supporters. Second, there is not a one-size-fits-all model for DAFs that accommodates all of the various patterns of philanthropic giving. Future research on DAFs will likely continue to uncover more nuances in how DAFs are used in philanthropy.

Findings from this report may be used to inform DAF sponsors' policies about their DAF programs. For example, the Endowed DAF policies that many organizations offer have a clear impact on the giving patterns within these DAF accounts. Endowed DAFs have much lower payout rates (a likely intended result of these policies), but a higher percentage are also inactive (likely an unintended result). Endowed DAFs also seem to be less popular more recently and with younger generations.

Most DAF money moves through the DAF accounts relatively quickly (see Section 6). From the shelf-life calculations, which are based on opening contributions, most accounts will grant out the majority of the contribution amount within three years. Within 8 years of an original contribution, 75% of accounts had granted more than half of the original amount; almost three fifths had granted all of the original contribution. This shelf-life pattern is likely to hold true for additional contributions. However, there is a minority of accounts that do hold onto the money for longer time periods. Based on Section 10, both endowed and non-endowed DAFs can follow this pattern. When examining DAFs at the account level, there is a wide range of the timing on how quickly money moves through DAFs, even as the general trend holds that most money only stays in DAFs for 3-5 years.

Different people and various entities use DAFs for giving. This study provides the first empirical evidence of the scope of Institutional DAFs. Only about 3% of the accounts in this study were advised by corporations, organizations, or other groups, and of the sponsor types, community foundations had the highest percentages of Institutional DAFs. This could indicate that community foundations work closely with local businesses and other organizations to facilitate philanthropy. Figure 9.3 showed that Institutional DAFs were more common in prior decades, which indicates they may not be a growing trend, or at least they are not growing as fast as individual/family DAFs. There is little known about the various institutional entities that use DAFs and how they use them. Further research is needed to better understand this sub set of DAF accounts.

One area that is of concern to stakeholders is the presence of inactive DAF account. This study provides much more detail about inactive DAFs than any previous study. First, inactive DAFs were generally smaller than active DAFs. Donors with smaller balances may feel less urgency to make grants. Inactive DAFs were newer than active DAFs, suggesting that some donors have not started making decisions about grantmaking. National DAF programs had slightly higher percentages of inactive DAFs than other types of DAF sponsors. This fact was somewhat surprising to the authors, because previous research had indicated that National Programs have stricter inactive policies (see Heist & Stone, 2023). Inactive accounts were more likely to have older (Silent Generation) and much younger (Gen Z) donor advisors. This could indicate that these donor advisors are not at stages in their lives where they are actively involved in philanthropy. In general, there are a number of reasonable explanations for why some DAFs may be inactive from grantmaking for a period. Additional research needs to be conducted on the effectiveness of DAF sponsor policies around inactive accounts.

Overall, the findings of the National Study on DAFs reiterate the DAFRC research team's previous findings, while expanding the field's understanding of DAFs and their many variations. The DAFRC research team hopes that these data will be used to better inform the sector's approach to DAF activities, whether in establishing best practices, considering relevant regulation, or improving the field's use of DAFs as a philanthropic tool for donors, DAF sponsoring organizations, and other sector partners.

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The authors take responsibility for the findings in this report. Any opinions expressed are those of the authors.

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