What giving vehicle is nearly a century old yet is also the fastest-growing tool used to donate to charity today?

A DONOR-ADVISED FUND

GIVING USA 2022

— Americans gave $484.85 billion in 2021.
— In 2021, the largest source of charitable giving came from individuals at $326.87 billion, or 67% of total giving.
— Contributions to DAFs have increased as a share of individual giving over the past decade. According to National Philanthropic Trust’s 2022 DAF Report, in 2021 DAF donors contributed an estimated $72.67 billion.

NATIONAL PHILANTHROPIC TRUST’S (NPT) 2022 DAF REPORT SUMMARY

For the eleventh consecutive year, there was growth in donor-advised funds (DAFs) in every key metric. Most notably, grantmaking from DAFs to qualified charities totaled more than $45 billion in 2021, a 28% increase compared to 2020 and a 400% increase in the last decade. The same rapid growth trajectory also applies to contributions to DAFs, which totaled $72.67 billion in 2021. This represents a 46.6% increase in contributions since 2020.

The number of individual DAFs rose by nearly 28% compared to 2020, to a total of 1,285,801 accounts. The average DAF size grew 9% to $182,842.

Contributions to DAFs increased by 46.6% compared to 2020 and totaled $72.67 billion, an all-time high.
Charitable assets in DAFs grew by 39.5% compared to 2020 to $234.06 billion.

Grants from DAFs to qualified charities increased by 28.2% compared to 2020 and totaled an estimated $45.74 billion.

The 2021 payout rate of 27.3% is the highest on record. The payout rate is calculated as this year’s grants divided by last year’s year-end assets.

DAFS ARE RESPONSIVE TO CRISIS

— According to NPT, grantmaking increased by 66% between early 2019 and early 2020, far more than typical year-over-year growth, likely in response to the COVID-19 pandemic.

— According to Giving USA’s 2021 Special Report: Donor-Advised Funds, grants from DAFs to food banks and homeless shelters increased during the Great Recession even while total giving declined.

— According to Giving USA’s 2021 Special Report: Donor-Advised Funds, grants from DAFs have increased substantially in response to the post-pandemic recession and recent racial justice movement.

THE KEY TAKEAWAY?

The DAF continues its meteoric rise in popularity. More and more individuals are choosing to maximize their charitable impact by using this giving vehicle. As the contributions to DAFs increase, so also the grants from DAFs increase. The annual payout rate from DAFs has exceeded 20% every year on record.

DAFs currently hold nearly $240 billion dollars earmarked for charity. DAF donors are poised, then, to meet the needs of charities in times of recession, crisis, or market disturbance.