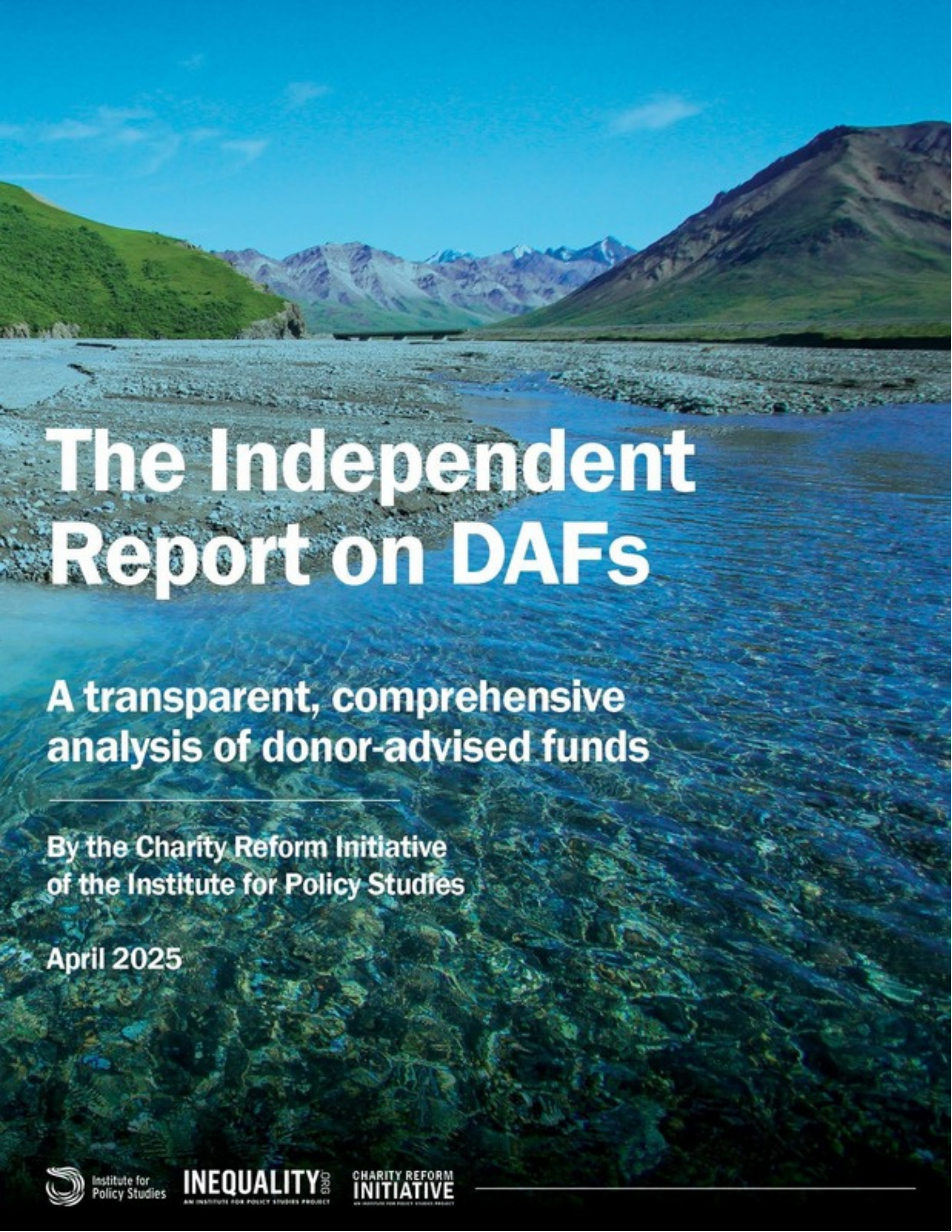




The Independent Report on DAFs

**A transparent, comprehensive
analysis of donor-advised funds**

**By the Charity Reform Initiative
of the Institute for Policy Studies**

April 2025

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A transparent, comprehensive analysis of donor-advised funds
by Chuck Collins, Bella DeVaun, Helen Flannery, and Dan Petegorsky
for the Charity Reform Initiative of the Institute for Policy Studies

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Cover image

Alex VanDerStuyf, [Mixing Zone](#), Denali National Park, 2012. Public domain photograph from the U.S. National Park Service's [NPGallery](#).

Disclosure statement

The authors of this report are neither employed by nor serve on the boards of donor-advised fund sponsors.

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About the Report

The Charity Reform Initiative

The [Institute for Policy Studies](#) (IPS) is a multi-issue research center that has been conducting path-breaking research on inequality for more than 20 years. The [Charity Reform Initiative](#) was founded at IPS in 2020, as part of the Program on Inequality and the Common Good, to study the intersection of inequality and philanthropy. Our recent publications include: *The True Cost of Billionaire Philanthropy*, *Fossil Fuel Philanthropy*, and *Gilded Giving 2024: Saving Philanthropy from Wall Street*.

Subscribe to our weekly newsletter at [Inequality.org](#) or follow us on Bluesky ([@inequality.org](#)), X ([@inequalityorg](#)), and Facebook ([@inequalityorg](#)).

The Authors

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Acknowledgements

The authors received significant assistance in the production of this report. They would particularly like to thank Sarah Gertler for her cover design and Al Cantor, Scott Ellis, Michael E. Hartmann, Jan Masaoka, Brian Mittendorf, Marc Moshcatel, and Jon Pratt for their feedback during its preparation. We also thank Ranger Rachel at Denali National Park and Preserve for confirmation of permission to use the Park's photograph for our cover image.

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Key findings

The DAF landscape

- **In spite of fluctuations in contributions, donor-advised fund assets continue to accumulate.**
Total DAF assets have grown 67 percent over the past four years, from \$152 billion in 2020 to \$254 billion in 2023.
- **National sponsor assets have grown at by far the fastest pace**, increasing 92 percent from 2020 to 2023. While they represent only 3 percent of DAF sponsors, national sponsors held 70 percent of all DAF assets, took in 73 percent of all DAF contributions, and gave out 61 percent of all DAF grant dollars in 2023.
- **The median DAF account size across all sponsors was \$135,086 in 2023.** National sponsors had the largest accounts, at \$390,541. Donation processor accounts were by far the smallest, at \$305.1
- **The median DAF payout rate across all sponsors was 9.7 percent in 2023.** This payout has stayed around 9 to 10 percent for the past four years. Donation processors have by far the highest payout rates of any sponsor type, granting out around 82 percent in any given year. Community foundation sponsors have the lowest rates, granting out around 8 to 9 percent.²

How this report is different from DAF industry reports

- **All of its sponsor data is available for [public download](#).**
- **It breaks out donation processors separately from other national sponsors.** The huge accounts at commercially affiliated sponsors bear little resemblance to accounts set up to process workplace or crowdfunding donations from small-dollar donors, so grouping these sponsors together [can present](#) misleadingly small account sizes for the national sponsors.
- **It provides estimates of DAF-to-DAF transfers.** These transfers can inflate both incoming contributions and outgoing grants, sometimes by a [considerable amount](#).
- **It uses the payout rate calculation IRS statisticians prefer.** DAF experts [have estimated](#) that the calculations used in DAF industry reports may overstate payout rates by more than 50 percent; the rate we use [better reflects](#) how much donors actually gave out of the total amount they had available to donate during the year.
- **Where possible, it uses [median](#) values.** Medians tend to represent typical sponsor behavior better than average values, since they aren't skewed by outliers.

¹ The median DAF account size is the median, or middle, value of all of the average DAF account sizes for the sponsors in each group specified. Please see the Methodology for more about account size calculations.

² The median DAF payout rate is the median, or middle, value of all of the average DAF payout rates for the sponsors in each group specified. Please see the Methodology for more about payout rate calculations.

Beyond the standard DAF analysis

- **By grouping payment processors with national sponsors, DAF industry reports may understate average national sponsor DAF account sizes by as much as 80 percent.** In 2023, for example, national sponsors and donation processors together would have had an average DAF account size of \$63,332, versus \$384,785 for national sponsors by themselves.³
- **DAF-to-DAF grants accounted for an estimated \$4.4 billion in 2023.** By including these transfers in their grant, contribution, and payout numbers, [industry reports](#) on DAFs arguably inflate all three. And some of these go-between gifts are the commercial sponsors' largest. In 2023, for example, Schwab Charitable's third-largest grant was to Fidelity Charitable, for \$122 million. That same year, Fidelity Charitable's largest grant was to National Philanthropic Trust, at \$195 million, with Schwab Charitable in second place at \$183 million.
- **Private foundations gave at least an estimated \$3.2 billion dollars in grants to national donor-advised funds in 2022.** Private foundations' 5 percent annual payout requirement is meant to ensure that their grants go to operating charities in a timely way. But since DAFs have no payout or account-level disclosure requirements, foundation-to-DAF grants can subvert the foundation payout rules — and their transparency rules as well.
- **The public only has access to aggregate sponsor-level information about DAF grants and payout rates.** This means that individual DAF accounts that pay out at high rates may be providing statistical cover for DAF accounts that pay out very little, or nothing at all. And there is no way for regulators or the public to trace significant donations back to major donors, as is possible for private foundations.
- Every year, more charitable dollars are diverted to donor-advised funds while nonprofits on the ground struggle harder to access funds. Donors reap significant tax savings from DAF giving, and those savings are subsidized by other American taxpayers with no guarantee of commensurate public benefit. In the absence of adequate transparency, DAFs are ripe for ~~Congress could take~~ **more accountable to the public and move funds in a timely manner to charities on the ground.**

³ The average DAF account size is calculated by dividing total DAF assets by total DAF accounts for the sponsors in each group specified.

What DAFs are and why they matter

In recent decades, wealthy donors have begun contributing billions to charitable intermediaries called [donor-advised funds](#), or DAFs.

Thirty years ago, DAFs were relatively obscure giving vehicles housed in a small set of community foundations, but they have rapidly become central players in U.S. charity. DAFs now take in [a sixth of all individual giving](#) each year. And [nine of the top twenty](#) recipients of charitable gifts in the country — including the top three — are DAF sponsors.

DAFs are financial accounts managed by nonprofit organizations, which are called sponsors. Donors can give money to a personal DAF account and take an immediate tax deduction for that gift, since they're technically giving to a public charity. The sponsor managing the DAF then gives the donors advisory privileges to recommend grants out of the DAF to whichever qualified charities they want, on whatever schedule they want.

This means that donors can claim substantial charitable tax benefits for their contributions to DAFs while still maintaining *de facto* control over the funds, which is one reason why DAFs are attracting so many donations. (Another reason is that they can offer complete [anonymity](#).)

However, because DAFs have [no payout requirement](#), the money in these funds can often [fail to move](#) to working charities that directly address urgent needs. Operating nonprofits feel this strain, while tax-advantaged donations stay on the sidelines.

Of particular concern are DAF sponsors that are affiliated with giant for-profit wealth management firms. These commercial DAFs provide enormous [taxpayer-subsidized](#) tax benefits to their contributors while [collecting fees](#) for [managing](#) the DAF assets.

Why we need an independent DAF report

The annual [DAF Report](#), published by National Philanthropic Trust, or NPT, has long been the nonprofit sector's primary source for nationwide DAF trends. But the report has fundamental shortcomings that raise questions about its utility:

- **NPT's DAF Report is produced by one of the largest DAF sponsors in the country.** Perhaps not coincidentally, the report presents data in a particularly positive light for the DAF industry. It uses a payout rate formula, for example, that is particularly favorable to sponsors. And it groups fundamentally different types of organizations together into one national sponsor category, allowing the largest sponsors — including NPT itself — to [appear to](#) have much smaller accounts, on average, than they would on their own.
- **NPT's DAF Report provides no transparency into its data set.** Readers have no way of knowing which DAF sponsors NPT includes in its numbers or which categories it assigns those sponsors to. And since participating sponsors can change from year to year, it is impossible for readers to know whether they can compare data from one year to another.

- **NPT's DAF Report uses estimated data.** In recent years, NPT has released its report before the [extended filing deadline](#) for many late-filing sponsors, so it uses estimates for those late filers instead of actual data. There is no way to know which sponsors are represented by estimates, since NPT does not release this information. It is likely that NPT has a close enough relationship with at least the [largest late filers](#) to incorporate their actual data into the report by press time. But nearly one-fifth of the sponsors in our data set still hadn't filed their 2023 returns by the time NPT released their latest report on November 12, 2024, suggesting that they may use estimates for a significant number of organizations.
- **NPT's DAF Report does not account for DAF-to-DAF transfers.** Independent estimates suggest that [billions of dollars](#) in grants move from one DAF sponsor to another each year. But NPT's *DAF Report* makes no effort to estimate these, so readers have no idea how much those transfers may pad both incoming contributions and outgoing grants.

Our report provides an independent, transparent counterweight.

- All of the data in our report comes from DAF sponsors' annual Form 990 returns, which are [publicly available](#) from the Internal Revenue Service.
- Our data set is [publicly accessible for download](#).
- We break out workplace giving sponsors and donation processors separately from national sponsors, as they have fundamentally different contribution and granting practices.
- We provide an evaluation of common payout calculations, including a recommendation for the most accurate rate given the lack of publicly available account-level data.
- We provide estimates of DAF-to-DAF transfers and explain how they can affect contributions, grants, and payout rates.
- We discuss other key concepts that can help demystify donor-advised funds, including evidence that sponsors vary widely in how much emphasis they put on granting, and that community foundations sponsors vary widely in the level of dependence they have on their DAF programs.

We have endeavored to present DAF trends as accurately and rigorously as possible in our analysis, with some caveats. Our report comes a few months later than NPT's *DAF Report* because it is entirely based on electronically filed data, not estimates, and we must wait until the IRS has processed and posted that data. In addition, this first edition includes only four years of data, from 2020 to 2023. This is because nonprofit organizations, including DAF sponsors, have only been required to file returns electronically since 2020, and 2023 is the most recent full tax year available from the IRS. Next year, we should be able to expand the analysis to five years.

DAF sponsors and sponsor types

In this analysis, donor-advised fund sponsors are 501(c)(3) organizations that reported having any DAF assets in a given year. Each DAF sponsor is categorized into one of the following four types:

National sponsors	Sponsors with no specific geographic or cause-based mission. Examples include Fidelity Charitable, National Philanthropic Trust, and the American Endowment Foundation.
Community foundations	Sponsors that primarily support charities in a specific geographic region (such as a state, county, or city). Examples include Silicon Valley Community Foundation, Chicago Community Trust, and Community Foundation of the Ozarks.
Single-issue sponsors	Sponsors with constituency- or cause-based missions (such as religion, education, health care, or the environment). Examples include National Christian Charitable Foundation, Stanford University, and The Nature Conservancy.
Donation processors	Sponsors that administer mass-scale contributions (such as workplace giving, payroll deduction, or crowdfunding programs). Examples include PayPal Charitable Giving Fund, Network for Good, and American Online Giving Foundation.

Traditionally, most analyses of donor-advised funds — including NPT’s *DAF Report* — break sponsors out into three types: national sponsors, community foundations, and single-issue sponsors. **National sponsors** generally have no specific charitable mission and give out grants to organizations anywhere in the country, while **community foundations** and **single-issue sponsors** generally give out grants with a particular geographic or cause-based focus.

This report uses the community foundation and single-issue categories, as NPT’s does, but breaks out **donation processors**—sponsors administering mass fundraising efforts such as [workplace giving](#), [payroll deduction](#), and [crowdfunding](#) programs—separately from other national sponsors, because these two types of sponsors have radically different approaches to both fundraising and granting.⁴

In particular, the huge accounts setup by wealthy and ultra-wealthy donors at commercially affiliated sponsors bear little resemblance to accounts setup to process workplace or crowdfunding donations from small-dollar donors. Wealthy donors also *choose* to give to DAFs; most donors to donation processors, on the other hand, are typically giving to causes they like, and the companies that administer their donations happen to use DAFs as the vehicle to do so. Grouping all of these sponsors together [can result in](#) misleadingly small average account sizes for the national sponsors.

⁴ Donation processors are a rapidly expanding subsector of the DAF industry and deserve further study in their own right. They include crowdfunding processors like [PayPal Giving Fund](#) (the processor for [GoFundMe](#)) and workplace giving and payroll deduction processors like [American Online Giving Foundation](#) (a U.S. affiliate of [Benevity](#)) or [Blackbaud Giving Fund](#).

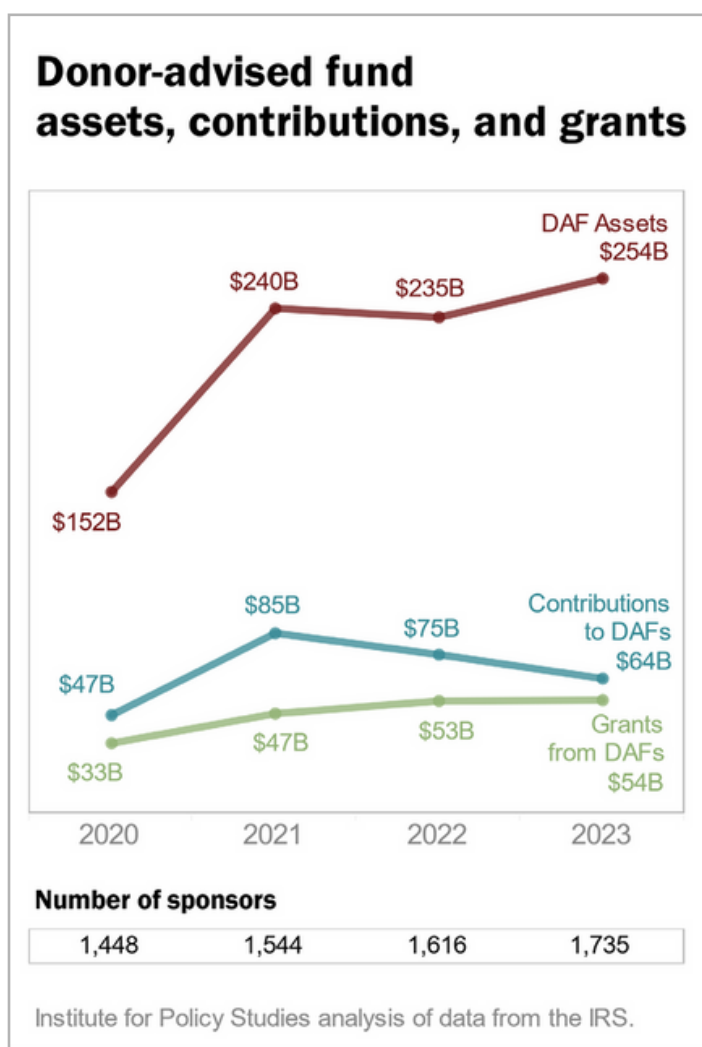
It is also worth noting that single-issue sponsors, in particular, encompass an extremely broad range of organizations, from large universities and other charities (like [Cornell University](#) or the [Mayo Clinic](#)), to small guilds and clubs (like the [Handweavers Guild of America](#) or the [Friends of Middlebury Hockey](#)). These groups may behave very differently, and those differences may warrant deeper future investigation.

For more details of the specific criteria used to categorize DAF sponsors, please see the Methodology section of this report.

DAFs by the numbers

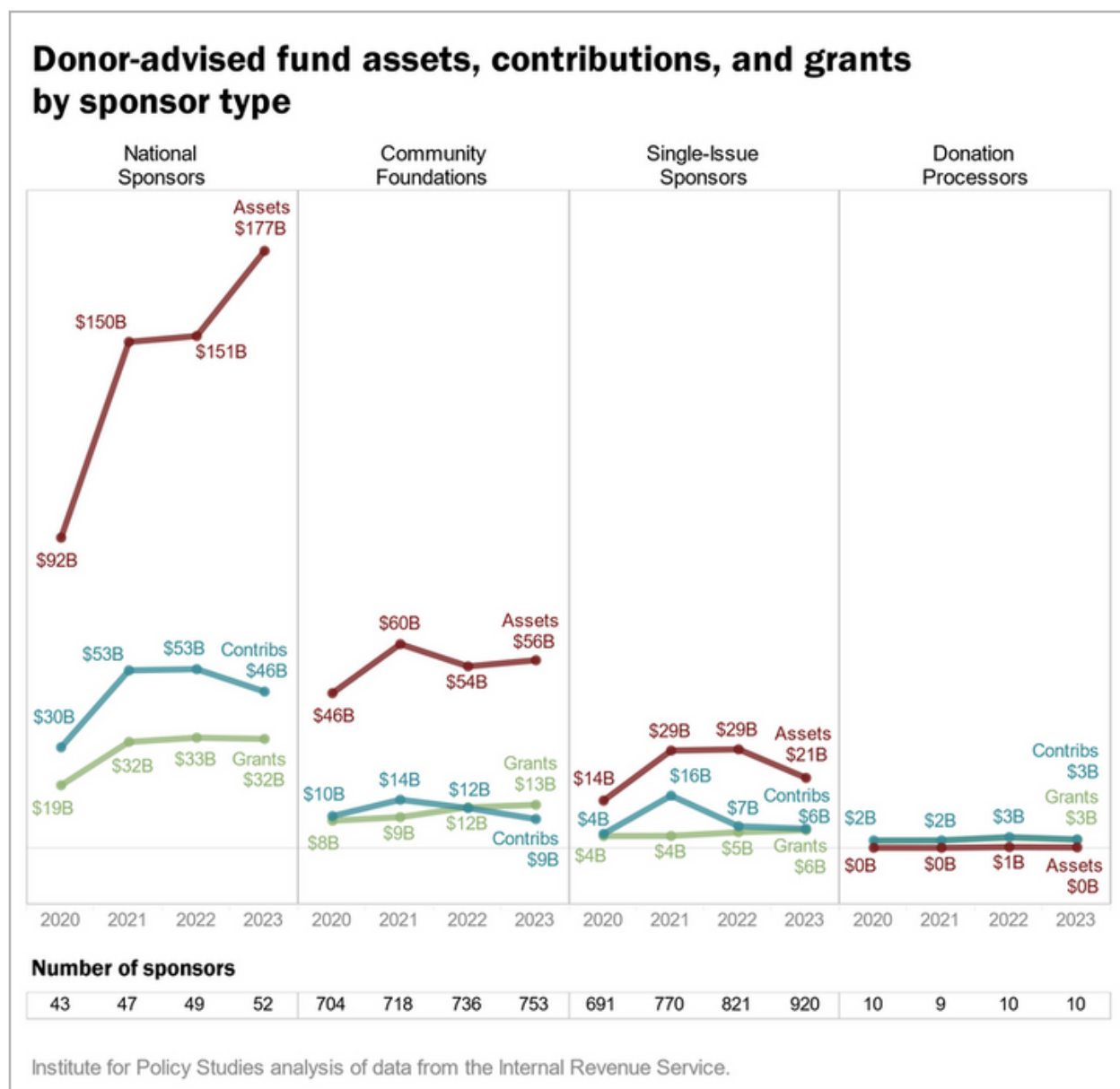
Assets, contributions, and grants

- Total contributions to DAFs have grown 37 percent over the past four years, from \$47 billion in 2020 to \$64 billion in 2023.
- Incoming DAF contributions surged in 2021 and then retreated in 2022 and 2023. This pattern is most likely a delayed reaction to stock market trends. DAF sponsors take in [disproportionately more](#) gifts of appreciated noncash assets, [like stock](#), than other types of charities do. Noncash giving is particularly attractive to donors who itemize their deductions, since it offers them a double benefit: they not only get an income tax deduction for the value of the asset, but also [avoid paying](#) the capital gain taxes they would have paid if they'd sold the asset instead.
- In spite of fluctuations in contributions, DAF assets continue to accumulate. Total DAF assets have grown 67 percent over the past four years, from \$152 billion in 2020 to \$254 billion in 2023. These assets include not only previous contributions that haven't yet been paid out as grants, but also the income earned from the investment of those funds.
- Total grants from DAFs have grown 62 percent over the past four years.
- Most of the growing grants came in 2021; DAF grants stayed essentially flat from 2022 to 2023.
- A total of 1,735 organizations reported DAF assets in 2023, a 20 percent increase from 2020.



The story gets more nuanced, however, when these measures are broken out by sponsor type.

- In 2023, national sponsors held 70 percent of all DAF assets, took in 73 percent of all DAF contributions, and gave out 61 percent of all DAF grant dollars — but were only 3 percent of the sponsors.
- National sponsor assets have grown at by far the fastest pace over the past four years, increasing 92 percent from 2020 to 2023. These sponsors have also seen the greatest growth in both incoming contributions (up 55 percent) and outgoing grants (up 73 percent). Again, incoming contributions are likely strongly influenced by stock market performance in the previous year.



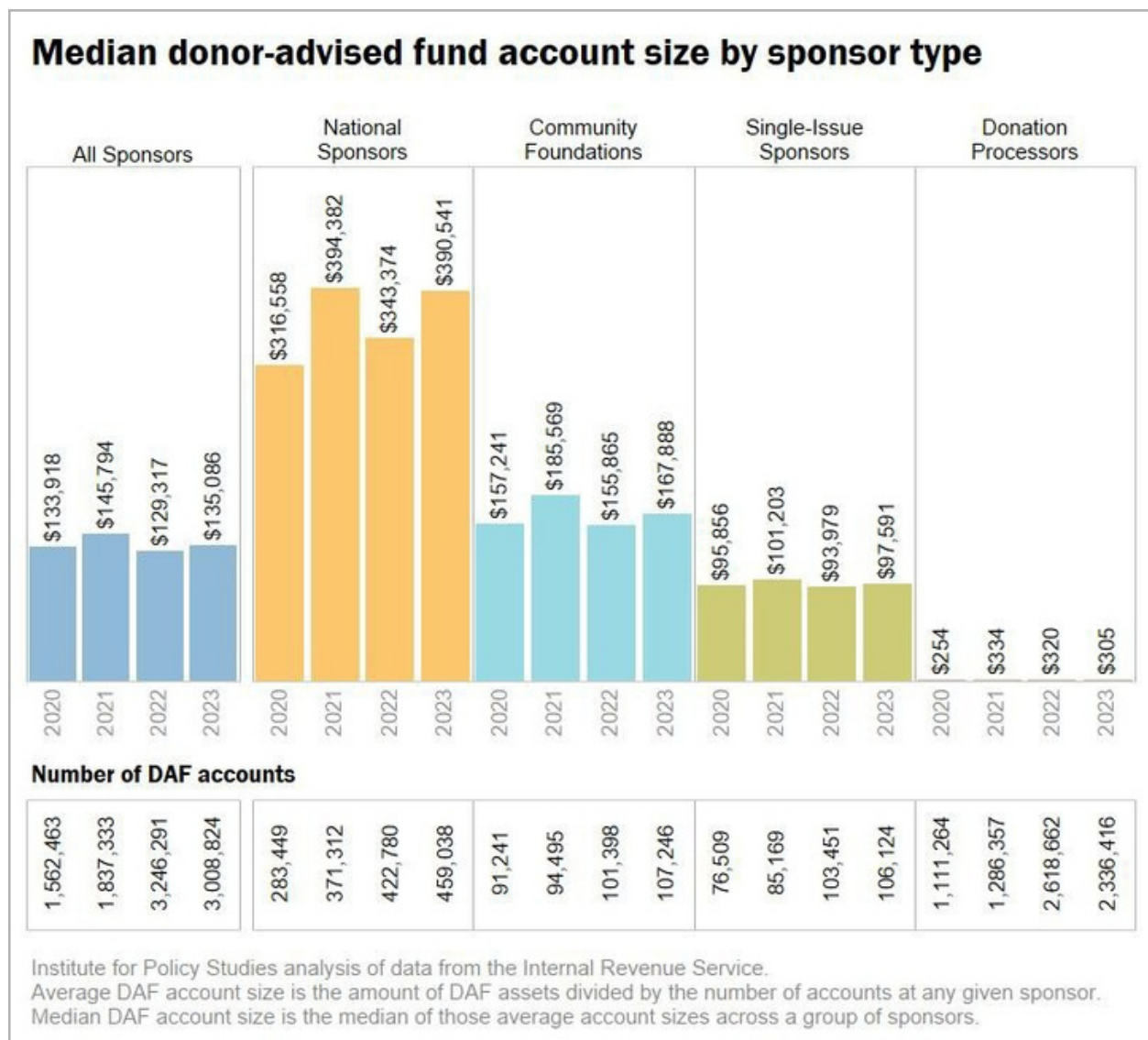
- Assets at community foundation sponsors have grown the least, up 21 percent over the past four years.
- Community foundations are also the only sponsors to have had a net decrease in incoming contributions (down 9 percent over the past four years). In spite of this, their granting increased by 56 percent over the same time period — from \$8 billion in 2020 to \$13 billion in 2023.
- Donation processors are the only sponsors that maintain less in assets than they receive in contributions or give out in grants, undoubtedly due to their role as pass-through entities for mass-scale workplace and crowdsourced giving programs. Almost all of their donations go out as grants soon after they're received.
- Donation processors were also the only sponsors that did not experience spikes in assets, contributions, and grants in 2021. This is likely because the donors who give to DAFs — [often unknowingly](#) — via workplace giving or crowdfunding campaigns are different from those who have personal DAF accounts at larger sponsors; they are generally small-dollar donors whose giving is not influenced by stock market performance.

Account sizes

The average DAF account size for each sponsor is the total amount of DAF assets that sponsor holds divided by the total number of individual DAF accounts it manages.

The best way to get a sense of the typical account size for a given group of sponsors is to find the median — in other words, the middle value — of the average account sizes across those sponsors, because it is not skewed by extremely large or small outliers. That is why we present medians here.

- The median value of the average DAF account sizes across all sponsors was \$135,086 in 2023. National sponsors had by far the largest accounts, at a median \$390,541.



- Donation processors had the smallest accounts, at a median \$305. These sponsors also have by far the most individual DAF accounts — over 2.3 million in 2023, more than 78 percent of the total accounts in the data set — and are responsible for most of the growth in DAF account numbers in recent years.
- Because some donation processors use just one account to manage many thousands of donors, this analysis excludes one-account donation processors from account size calculations.
- DAF [industry reports](#) typically group payment processors together with national sponsors, and calculate their average DAF account size by dividing total DAF assets by the total number of DAF accounts for this combined group. This may understate national sponsor account sizes by as much as 80 percent. In 2023, for example, using this calculation method, national sponsors and donation processors together would have had an average DAF account size of \$63,332, versus \$384,785 for national sponsors by themselves.
- Occasionally we do get a peek into median account sizes. Fidelity Charitable's most recent [giving report](#), for example, says that their median account held \$23,534 in 2024, and that 90 percent of their accounts held less than \$250,000. In 2023, Vanguard Charitable [reported](#) that 45 percent of their accounts held less than \$50,000, with 81 percent holding less than \$250,000. But these data points are the exception, rather than the rule. Most sponsors don't report them voluntarily, so we don't know whether they are typical. But they suggest that the charitable sector, and perhaps sponsors themselves, would be well served by better account-level disclosure.

Payout rates

A donor-advised fund's payout rate is simple in concept: It is the speed with which money comes out of DAF accounts and gets to grantees. In practice, however, payout rate is one of the most contentious metrics used to evaluate donor-advised funds.

[Critics argue](#) that many DAF sponsors may actually function less as charities and more as warehouses of assets for the wealthy. In recent years, sponsors have shifted from marketing DAFs as charitable [checking](#) accounts to positioning them as savings or [investment](#) accounts. Sponsors are defensive about this criticism, since their tax-deductible status rests on the premise that they are facilitating the movement of money from donors to worthy charities. As a sponsor can use a high payout rate as evidence that the donations coming into their funds are being paid out at a relatively fast clip, and that they are therefore fulfilling their charitable purpose.

Payout rate, however, is a slippery concept to quantify.

Most importantly, the public only has access to sponsor-level, rather than account-level, information, so we can only calculate average sponsor-level payout rates. (As a sponsor's total outgoing DAF grants divided by that sponsor's total DAF assets). We cannot calculate the average or median payout rate for individual accounts held by a sponsor, since sponsors aren't required to report that data. And this means that DAF accounts that payout at very high rates can provide statistical cover for accounts that payout very little, or nothing at all.

There is also considerable disagreement about how to compute even a seemingly straightforward sponsor-level average payout rate. We discuss these debates in more detail below, but the short story is that our analysis uses the payout rate calculation preferred by the [Internal Revenue Service](#): outgoing DAF grants divided by the sum of year-end DAF assets plus outgoing DAF grants. We agree with the [IRS' assessment](#) that, given the alternatives, this rate best reflects how much donors actually gave out of the total amount they had available to give during the year.

Using this IRS formula for DAF payout rates shows that:

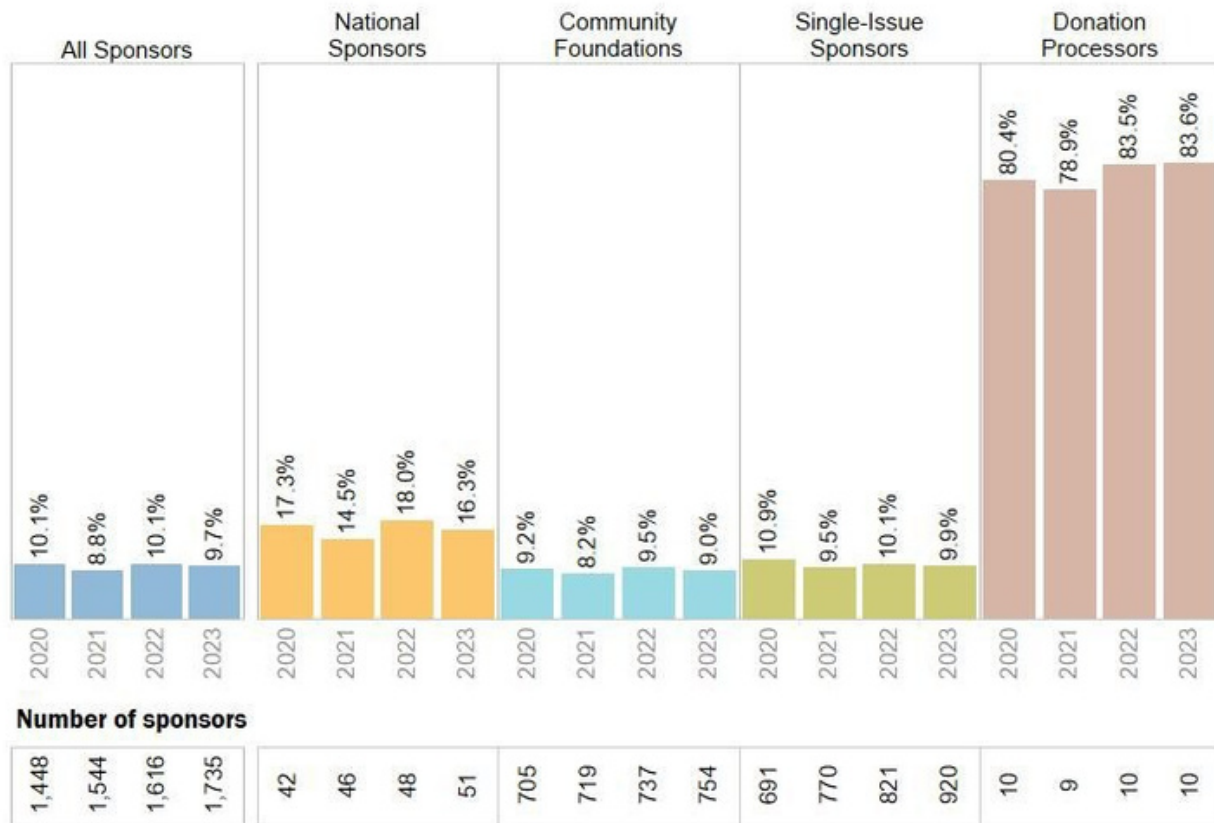
- The median payout rate across all sponsors was 9.7 percent in 2023. This payout has stayed around 9 to 10 percent for the four years of this analysis. In contrast, the NPT DAF Report's overall payout rate—a rate calculated by dividing all of this year's grants by all beginning assets, across all sponsors—was 23.9 percent in 2023.
- Donation processors have by far the highest payout rates of any sponsor type, granting out around 82 percent in any given year. Their median payout rate was 83.6 percent in 2023. These sponsors share a very specific mission to act as relatively swift conduits from workplace giving and crowdfunding programs to charities on the ground.
- Community foundation sponsors generally have the lowest payout rates of any sponsor type, granting out around 8 to 9 percent in any given year. In 2023, these sponsors paid out at a median 9.0 percent. The DAF Research Collaborative [found](#) that community foundation sponsors are

⁵ The median DAF payout rate is the median, or middle, value of all of the average DAF payout rates for the sponsors in each group specified. Please see the Methodology for more about payout rate calculations.

disproportionately more likely to offer “endowed” DAF accounts — accounts that limit grantmaking to a very small percentage of assets in order to maintain the endowment for perpetuity — which may help explain their lower payout rates.

- National sponsors have the highest payout rates of the non-donation-processor sponsors, with median payout rates ranging from 14.5 to 18.0 percent over the four years in this analysis.

Median donor-advised fund payout rate



Institute for Policy Studies analysis of data from the Internal Revenue Service.
 Average DAF payout rate is total DAF grants divided by the sum of total year-end DAF assets plus total DAF grants for each sponsor. Median DAF payout rate is the median of those average payout rates across a group of sponsors.

Payout rate controversies

The average payout rate of a DAF sponsor is, in principle, the total dollars paid out in grants in a given year divided by the total dollars held in assets in that same year. The numerator of that equation—the total dollars paid out in grants—is relatively straightforward to determine from IRS returns. But the denominator—the total dollars a DAF holds in assets—is harder to pin down.

Some [analysts](#) and [sponsors](#) use the assets held in DAF accounts at the **beginning of the fiscal year**; [others](#) use **year-end** assets instead. A key consideration for that choice is that because assets usually increase during the year, calculating payout rates using the assets in a fund at the beginning of the year typically results in higher payout rates than calculating the rates using the assets in the fund at the end of the year.

A good example of this comes from National Philanthropic Trust itself. For many years, NPT used year-end assets when calculating payout rates for its *DAF Report*. Then, in 2014, NPT changed its calculation to use beginning assets instead. Their [stated reason](#) for the change was that it more closely aligned their rates with the way that [Candid](#) calculates granting rates for private foundations. But, as nonprofit consultant Alan Cantor [has explained](#), “the result, presto change-o, was an increase in reported industry-wide annual distributions from about 15 percent to 20 percent.”

Fidelity Charitable Gift Fund and Schwab Charitable (recently renamed DAFgiving360) — the [first and third largest](#) national sponsors in the country, respectively — both use a [different asset figure](#) for their payout rates: the **average year-end value of their DAF assets over the most recent five years**. DAF assets typically increase in value every year — both because new donations keep coming in and existing portfolios tend to rise in value — so using an average of assets held over the last five years considerably understates the amount that donors actually had available to grant in the current year. The result is that Fidelity’s and Schwab’s self-reported payout rates are significantly higher than if they had simply used beginning or year-end assets.

The [Internal Revenue Service](#) uses yet another calculation for the denominator of their DAF payout rates: the **total dollars held in assets at the end of the year, plus any grants made during that year**.

The IRS’ method results in smaller payout rates than any of the previous three. But we believe it is the most valid approach, because it includes not only assets already existing in the fund, but also any additional assets that were donated and then granted during the year. Paul Arnsberger, the IRS statistician who originally developed the methodology, [explains](#) that this method provides “a more accurate picture of the value of funds each supporting organization had available to it over the course of the year.”

Asset methodology debates may sound like quibbles, but these choices can make for huge differences in payout rates. [Fidelity Charitable](#), for example, reported that it had a payout rate of 28 percent in 2014, using their five-year-average methodology. The [Chronicle of Philanthropy](#), using the IRS’ year-end-assets-plus-grants methodology, calculated Fidelity’s payout rate that year as 16 percent instead. And DAF experts Ray Madoff and James Andreoni [have estimated](#) that the “industry-preferred” payout calculations above may overstate rates by more than 50 percent.

The 2024 NPT [DAF Report](#) includes an instructive chart (Figure 25) comparing many of these different payout rate calculations, although it does not include not the IRS’s rate.

A tantalizing glimpse into account-level payout

Asset debates aside, average sponsor-level payout rates can only go so far. It would be far more helpful to look at median payout rates across all of the individual DAF accounts within each sponsor, since medians

are not skewed by outliers at the top or the bottom, and would show a much more accurate picture of how well the typical DAF account at any given sponsor is moving its money.

Unfortunately, DAF sponsors are not currently required to report on payout rates at the individual account level. But a handful of studies based on proprietary samples of account-level information have given us a glimpse of what they would show. These independent studies consistently find that account-level median payout rates are significantly less than the sponsor-level averages, and that a shockingly high percentage of accounts make no grants at all in a given year.

- A 2021 [report](#) from the Council of Michigan Foundations examined a comprehensive sample of DAFs at community foundations in that state. The median payout rate across the individual DAF accounts in their sample was just 3.1 percent in 2018 — [far below](#) the 5.9 percent median payout rate of Michigan’s private foundations. And more than a quarter of the accounts paid out nothing in any given year.
- In 2022, the California Attorney General’s office released an [audit](#) of DAF sponsors registered in their state. They found that one fifth of the individual DAF accounts in their sample paid out less than 5 percent of their assets in any given year.
- A 2024 [study](#) by the DAF Research Collaborative found that the 3-year median payout rate of the individual accounts in their sample was 9 percent — nearly two-thirds less than the 24 percent rate reported by NPT that year. The payout rate was just [2.86 percent](#) for DAF accounts categorized as “endowed,” which usually have caps on granting in the single digits. The researchers also found that more than a fifth of DAF accounts gave out nothing at all during the three most recent years covered by the study, and that another fifth paid out in the range of just 1 to 5 percent.

Beyond the standard DAF analysis

DAF-to-DAF giving

Any analysis of donor-advised funds should attempt to determine the scale of grant dollars moving from one DAF sponsor to another, rather than to working charities. These transfers can inflate both incoming contributions and outgoing grants — sometimes by a [considerable amount](#).

NPT's DAF Report does not include any estimates of DAF-to-DAF transfers; in fact, they say in a footnote in their [2024 report](#) that they do not estimate them because “there is no way to calculate DAF-to-DAF transfers with accuracy.” However, analysts from *Giving USA* to the California Attorney General's office have judged these transfers important enough to take a stab at estimating them.

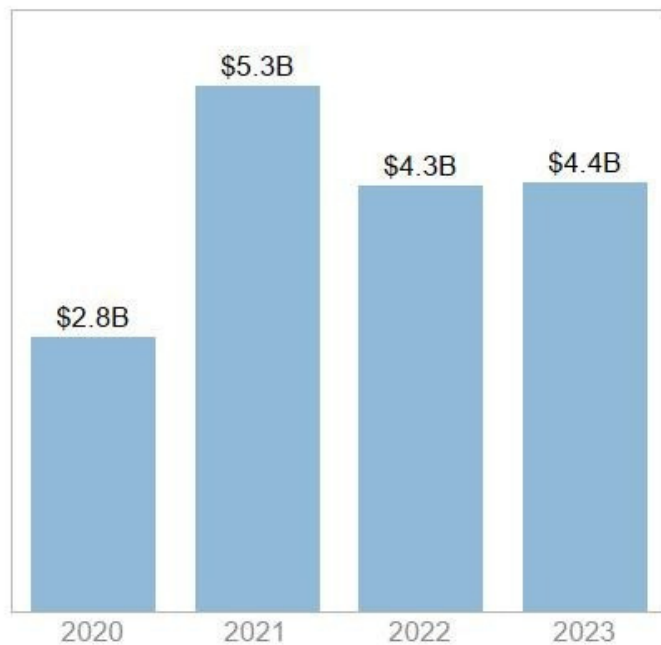
The California Attorney General's office, for example, [estimated](#) that transfers from one DAF sponsor to another accounted for **10.8 percent** of all grants from California DAFs over a three-year period. *Giving USA* estimated in their [most recent report](#) that DAF-to-DAF grants totaled **\$5.6 billion in 2022**. And in our own analysis conducted for this report, we estimate that DAF-to-DAF grants accounted for at least **\$4.4 billion in 2023**.

This type of transfer takes place primarily between national sponsors: Two-thirds of this revolving money is both given and received by national DAFs. We found more than \$10.2 billion going back and forth among national sponsors over the four years from 2020 to 2023, including \$2.9 billion in 2023 alone.

By including these transfers in their grant, contribution, and payout numbers, the NPT DAF Report inflates all three. It also means, of course, that these dollars are double counted — something the *Giving USA* authors [explain](#) they take particular pains to avoid.

DAF-to-DAF granting may happen for a number of reasons. Donors may switch between commercial DAFs when they change banks, because having their personal portfolio and their DAF held in the same institution makes management easier. They may want to take advantage of better giving advice, lower fees, or

Grants from DAF sponsors to other DAF sponsors



Institute for Policy Studies analysis of data from the Internal Revenue Service. In an effort to replicate a similar analysis in *Giving USA*, these figures include grants to and from (a) national DAF sponsors and (b) other sponsors where DAF grants make up 80% or more of total grants in the year shown. National sponsors are those on a list curated by the Institute for Policy Studies.

higher yields. And donors may switch sponsors because doing so allows them to drop their name from grants made out of the recipient DAF, rendering their gifts completely anonymous, even to the sponsor.

We also note that this type of granting isn't always necessarily going from one DAF account to another. For example, a DAF grant can go to a discretionary or pooled fund at a community foundation or single-issue charity that also happens to be a DAF sponsor. Unfortunately, because there isn't public DAF grant information at this level of detail, we have no way of separating those transfers from other DAF giving.

Foundation-to-DAF giving

Private foundations are currently allowed to make grants to donor-advised funds and to count those grants toward their annual 5 percent charitable distribution requirement.

Last year, the Institute for Policy Studies analyzed the tax returns of U.S. private foundations and found that, in total, foundations had given at least [\\$3.2 billion](#) dollars in grants to national donor-advised funds in 2022.

Donors get tax deductions for putting money into private foundations so that money can go to working charities, and the 5 percent foundation payout requirement is meant to ensure that that happens. But, as we have detailed above, DAFs have no payout requirement. So when foundations use grants to donor-advised funds to meet payout, it subverts the public purpose behind that requirement.

Another reason to be concerned about foundation giving to DAFs is the loss of accountability. Foundations have to publicly disclose both their major donors and their grantees so there is a clear paper trail from donors to recipients. DAFs, on the other hand, don't have to make their donors public and only have to disclose their grantees at the aggregate sponsor level.

By giving grants through DAFs, therefore, private foundations can get around their transparency requirements. And there is evidence that they may be using them to do just that. A [recent study](#) by Dr. Brian Mittendorf of the Ohio State University and Helen Flannery of the Institute for Policy Studies (co-author of this report) found that when DAF sponsors receive more funding from private foundations, they also give significantly more to politically engaged charities — a type of giving they may particularly want to keep private.

Sponsor reliance on DAFs

In this report, we include data from organizations that have any DAF assets at all. But DAF sponsors range from small single-issue nonprofits that have relatively tiny DAF programs to enormous national sponsors that get the bulk of their funding from DAFs. Community foundations, in particular, vary widely in their level of investment in DAFs.

In a 2022 [analysis](#), we examined the financial performance of more than 200 community foundation DAF sponsors by their level of reliance on their DAF programs. We found that DAFs accounted for almost a quarter of the typical community foundation's assets, and more than a third of their incoming contributions and outgoing grants. But larger community foundations tended to be much more heavily reliant on DAFs. For the largest — those with assets of a billion dollars or more — DAFs made up nearly half of their assets and three-quarters of their incoming contributions. And the very largest community

foundation in the analysis, Silicon Valley Community Foundation, received 98 percent of its incoming contributions into its DAFs.

This means that, overall, the larger a community foundation is, the more reliant they are on DAFs for incoming, outgoing, and sustaining revenue. It also means that they are more vulnerable to competition from national sponsors, which can, in many cases, offer their donors much lower barriers to entry, and far lower management fees.

Sponsor priorities

Not all sponsors necessarily have the same goals. Some put more of a priority on grantmaking, while others focus more on asset accumulation. And these different goals can result in very different behavior, even within sponsor types.

A [recent study](#) of DAF sponsor website language can give us a glimpse into this. The study, also conducted by Mittendorf and Flannery, shows that sponsors that use their websites to emphasize the extrinsic benefits that they offer to their donors — benefits such as investment control and tax reductions — have a distinct financial advantage over those that emphasize their charitable objectives instead. They have more assets, take in a higher proportion of noncash contributions, and pay out grants at much lower rates. And this pattern is particularly strong for national DAFs.

It makes sense that the way that DAF sponsors market themselves to both current and prospective donors would reflect their strategic priorities, and that these priorities would then reveal themselves in the sponsors' balance sheets. And it makes sense that this is particularly true for national DAFs, since those sponsors likely face more competition for donors. There are usually only one or two community foundations in a given city or region, so they can essentially function as monopolies, the only funders focused on specific local or regional priorities. Single-issue sponsors are similar, since a relatively small number compete for donor revenue in a given mission sector. National sponsors, on the other hand, typically have no unifying mission — geographical or otherwise — and may have to appeal more to contributor self-interest to convince donors to choose them over their peers.

In general, this analysis suggests that not all sponsors in a given sponsor type have the same priorities, and thus may not have the same financial behavior. A single median statistic can obscure the fact that there is a great deal of variation in asset accumulation and payout rate among sponsors — particularly national sponsors — depending on whether they emphasize their charitable missions or their donors' interests.

DAFs are a broken system

Every year, more charitable dollars are diverted to donor-advised funds while nonprofits on the ground struggle harder to access funds. Donors reap significant tax savings from DAF giving, and those savings are subsidized by other American taxpayers with no guarantee of commensurate public benefit. In the absence of adequate transparency and regulation, DAFs are ripe for mistreatment by donors and for-profit actors alike.

It doesn't have to be this way. There are a number of steps we could take that would ensure better DAF accountability and move DAF funds in a timely manner to charities on the ground. Meaningful reform would:

- Increase the flow of money from DAFs to operating charities
- Discourage the warehousing of charitable dollars in DAFs
- Ensure transparency and public accountability
- Prevent abuses of the charitable system
- Protect the fairness and integrity of the tax system

Without intervention, DAFs will absorb [a greater share](#) of the charitable pie. And without more transparency, we will have no way of knowing whether the taxpayer-supported funds building up in DAF coffers are used for our benefit.

For more information, please see our full list of [DAF reform proposals](#) on Inequality.org.

Recommended research on DAFs

[The Benefits and Costs of Donor Advised Funds](#)

James Andreoni, October 2017

An investigation into the impact of government policy on DAFs, and whether the extra fiscal cost of subsidizing DAFs is balanced out by the potential gain of new charity from them.

[Calculating DAF Payout and What We Learn When We Do It Correctly](#)

James Andreoni and Ray Madoff, October 2020

A study finding that industry-preferred payout rates overstate the correct payout by more than 50%. The study proposes a new stockpiling rate as an alternative against the industry-preferred flow rate, and shows that DAF-to-DAF transfers cause grants to be significantly overstated.

[Donor-Advised Funds: An Overview Using IRS Data](#)

Paul Arnsberger, October 2015

An analysis by a long-time IRS statistician defining and supporting the agency's preferred payout rate methodology.

[Donor Advised Funds: An Overview](#)

California Department of Justice, Office of the Attorney General, December 2022

An audit of DAF sponsors registered in the state of California. Includes in-depth analysis of key metrics including individual account-level payout rates.

[Warehousing Wealth](#)

Chuck Collins, Josh Hoxie, and Helen Flannery, July 2018

A report documenting the dramatic expansion of DAFs and the risks an unregulated DAF system poses to the public interest and the charitable sector.

[Analysis of Donor Advised Funds from a Community Foundation Perspective](#)

Council of Michigan Foundations, June 2021

A study of community foundation DAF sponsors registered in the state of Michigan. Includes in-depth analysis of key metrics including account-level payout rates and rates of account inactivity.

[The National Study on Donor Advised Funds](#)

The DAF Research Collaborative, February 2024

A long-term study of a nationwide sample of DAF sponsors. Includes in-depth analysis of key metrics including account-level payout rates and rates of account inactivity for endowed and non-endowed funds.

[Are Donor-Advised Funds Facilitating Opaque Giving to Politically Engaged Charities?](#)

Helen Flannery and Brian Mittendorf, October 2024

A study finding that DAFs are 1.7 times more likely to fund politically engaged charities than other funders (including being 3.5 times more likely to fund anti-government and hate groups). Sponsors also give more to politically engaged charities when more of their revenue comes from private foundations, potentially motivated by DAFs' extra anonymity.

[Charitable Objectives or Donor Benefits? What Sponsor Language Reveals about Donor-Advised Fund Priorities and Resource Flows](#) **Helen Flannery and Brian Mittendorf, August 2024** A study finding that the behavior of DAF sponsors differs depending on whether their websites put more of an emphasis on charitable objectives or extrinsic benefits to donors. For national sponsors in particular, a greater emphasis on donor benefits corresponds to greater DAF assets, more noncash contributions, and lower payout rates.

[Reshaping Charity Channels: How Assets Flow into and out of Donor-Advised Funds](#)

Helen Flannery and Brian Mittendorf, April 2024

A study finding that DAFs disproportionately facilitate non-cash giving, particularly noncash gifts with extra tax incentives, and disproportionately give to educational and religious groups at the expense of human service and health care groups.

[Fixing What's Broken with Donor-Advised Funds](#)

Helen Flannery and Chuck Collins, December 2021

A policy brief that outlines the public interest in regulating DAFs, suggests solutions for doing so effectively, and provides estimates for the additional charitable revenue that would result from those solutions.

[Tubs, Tanks, and Towers: Donor Strategies for DAF Giving](#)

H.Daniel Heist, BenjaminF.Cummings,MeganM.Farwell,RamCnaan,andErinnAndrews, November 2022

An interview-based study of donors to understand their strategies for giving through their DAFs.

[Getting Donor-Advised Funds Regulation Right: Closing the Public Support Test Loophole](#)

Benjamin M. Leff, February 2025

A paper arguing that subjecting DAFs to a higher charitable standard than private foundations would reduce costs and make charitable giving more efficient. The paper also discusses ways to close the “public support test” loophole.

Appendix A: Methodology

Form 990 data can contain inconsistencies and inaccuracies. For this reason, we have not only [published a list](#) of all the sponsor data we analyzed, but also invite readers to notify us of corrections and irregularities by emailing bella@ips-dc.org. To the best of our ability, we have also investigated anomalous returns and have excluded those that showed clear deficiencies in the data, as outlined below.

Sponsor data

Unless otherwise noted, all of the DAF sponsor data in this report is based on an Institute for Policy Studies analysis of the [annual Form 990 returns](#) of organizations that filed electronically and reported any DAF assets in the year shown. This data was downloaded from the IRS on January 31, 2025. We also further restricted the data as follows:

- We included only data for tax years 2020 to 2023, as those are the only years so far in which all nonprofit organizations have been required to file electronically.
- We included only sponsors explicitly indicating on their Form 990 that they were 501(c)(3) organizations.
- We included only cash grants.
- To avoid reporting on inaccurate data, we excluded returns where DAF data was deficient in Form 990 Schedule D in any given year as follows:

- Returns where DAF grants were negative
- Returns where DAF contributions were negative
- Returns where the number of DAF accounts was zero or negative
- Returns where the number of DAF accounts was equal to DAF contributions
- Returns where the number of DAF accounts was equal to DAF grants
- Returns where the number of DAF accounts was greater than or equal to DAF assets
- Returns where DAF assets were equal to DAF grants
- Returns with DAF grants where total grants were zero or negative

- We included only annual returns where the submission date was on or before January 31 of the second year following the organization's fiscal year end. (For example, returns for any organizations with fiscal years ending in 2022 would have had to have been submitted by January 31, 2024 to be included in the data.) This helps ensure that organizations had the same amount of time to submit their returns in each year.
- Because some donation processors use just one account to manage thousands of donors, we exclude one-account donation processors from account size calculations.

All metrics in this report are from Form 990 annual returns as described in the table below.

Metric	Definition
DAF assets	Total value of year-end DAF assets (Form 990, Schedule D, Part I, 4(a)).
Contributions to DAFs	Total value of DAF contributions during the year (Form 990, Schedule D, Part I, 2(a)).
Grants from DAFs	Total value of DAF grants during the year (Form 990, Schedule D, Part I, 3(a)).
Number of DAF accounts	Total number of DAF accounts (Form 990, Schedule D, Part I, 1(a)).
Aggregate DAF payout rate	Total grants from DAFs divided by (total year-end DAF assets plus total grants from DAFs).
Average DAF Account size	Total year-end DAF assets divided by total number of DAF accounts.
Percent of grants from DAFs	Total grants from DAFs divided by total grants (Form 990, Part I, Line 13, Current Year).
Submission date	Business Officer Signature Date (from the Return Header).

Sponsor categorization

We have classified each sponsor in our dataset into one of four types: national, donation processor, community foundation, or single-issue.

We first identified national sponsors and donation processors using a manual list we maintain of those sponsor types.

We next obtained [National Taxonomy of Exempt Entities](#) (NTEE) codes for the remaining sponsors from the [National Center for Charitable Statistics](#) (NCCS). (Specifically, the NTEE codes came from the NCCS Unified Business Master File Data as of January 31, 2025.) We categorized any sponsor that had NTEE codes starting with T31 as community foundations. We also categorized any remaining sponsors that had the words "foundation," "fund," or "trust" and a U.S. geographical reference in their name (without reference to religion, fraternal organizations, universities, specific populations of people, or any other single-issue group) as community foundations.

We then classified any remaining sponsors as single-issue sponsors.

DAF-to-DAF giving

In estimating DAF-to-DAF transfers, we have endeavored to match the methodology used by *Giving USA* in its last two [annual reports](#) as closely as possible.

Giving USA estimates DAF-to-DAF transfers as grants made from one of the DAF sponsors in a sample set to another in that same sample, or to a list of the largest DAF sponsors for which DAF grants make up 80 percent or more of their total grants.

Because we do not know which sponsors are in *Giving USA*'s sample set, as a proxy, we have examined grants from our internally maintained list of national DAF sponsors, as well as grants from any DAF sponsors not in our list of national sponsors for which DAF grants make up 80 percent or more of total grants.

We consider a grant to be a DAF-to-DAF transfer if it comes from either of these two types of sponsors (a national sponsor or a non-national sponsor where 80 percent or more of its grants come from its DAFs) and goes to either of these two types of sponsors (again, a national sponsor or a non-national sponsor where 80 percent or more of its grants come from its DAFs).

Our numbers may differ from *Giving USA*'s for a few reasons. For one, our fiscal year cutoff dates may be different from those used by *Giving USA*; in our analysis, we assign grants to the calendar year of the organization's fiscal year end. (For example, if a sponsor has a fiscal year ending in June 2023, we assign its grants to the 2023 calendar year.)

Appendix B: Key DAF metrics by sponsor type

	2020	2021	2022	2023	Change 2020-2023
Number of sponsors	1,448	1,544	1,616	1,735	19.8%
National sponsors	42	46	48	51	21.4%
Community foundations	705	719	737	754	7.0%
Single-issue sponsors	691	770	821	920	33.1%
Donation processors	10	9	10	10	0.0%
Total DAF assets	\$152,419,755,653	\$239,529,821,421	\$235,260,614,722	\$253,704,215,326	66.5%
National sponsors	\$91,901,224,212	\$149,736,605,947	\$151,473,768,737	\$176,630,860,229	92.2%
Community foundations	\$45,978,223,541	\$60,473,705,181	\$53,895,089,330	\$55,716,875,244	21.2%
Single-issue sponsors	\$14,233,636,291	\$29,021,998,814	\$29,386,389,419	\$20,945,633,881	47.2%
Donation processors	\$306,671,609	\$297,511,479	\$505,367,236	\$410,845,972	34.0%
Total contributions to DAFs	\$46,527,557,413	\$85,405,510,312	\$75,236,492,213	\$63,891,111,399	37.3%
National sponsors	\$29,985,080,103	\$52,711,921,677	\$53,075,479,798	\$46,431,974,348	54.9%
Community foundations	\$9,658,352,113	\$14,498,414,587	\$12,031,000,903	\$8,783,579,237	-9.1%
Single-issue sponsors	\$4,417,435,844	\$15,709,655,658	\$6,665,517,400	\$5,910,478,667	33.8%
Donation processors	\$2,466,689,353	\$2,485,518,390	\$3,464,494,112	\$2,765,079,147	12.1%
Total grants from DAFs	\$33,212,812,983	\$47,253,537,644	\$53,275,742,238	\$53,643,449,776	61.5%
National sponsors	\$18,762,600,480	\$31,575,147,848	\$32,826,759,413	\$32,454,948,204	73.0%
Community foundations	\$8,299,921,088	\$9,352,762,230	\$12,268,010,711	\$12,979,991,356	56.4%
Single-issue sponsors	\$3,773,752,833	\$3,801,434,420	\$4,891,356,445	\$5,508,314,762	46.0%
Donation processors	\$2,376,538,582	\$2,524,193,146	\$3,289,615,669	\$2,700,195,454	13.6%
Total DAF accounts	1,562,467	1,837,338	3,246,296	3,008,829	92.6%
National sponsors	283,449	371,312	422,780	459,038	61.9%
Community foundations	91,241	94,495	101,398	107,246	17.5%
Single-issue sponsors	76,509	85,169	103,451	106,124	38.7%
Donation processors	1,111,268	1,286,362	2,618,667	2,336,421	110.2%
Average aggregate DAF account size	\$97,458	\$130,283	\$72,438	\$84,298	-13.5%
National sponsors	\$324,225	\$403,264	\$358,280	\$384,785	18.7%
Community foundations	\$503,921	\$639,967	\$531,520	\$519,524	3.1%
Single-issue sponsors	\$186,039	\$340,758	\$284,061	\$197,369	6.1%
Donation processors	\$145	\$109	\$153	\$147	1.4%
Median aggregate DAF account size	\$133,918	\$145,794	\$129,317	\$135,086	0.9%
National sponsors	\$316,558	\$394,382	\$343,374	\$390,541	23.4%
Community foundations	\$157,241	\$185,569	\$155,865	\$167,888	6.8%
Single-issue sponsors	\$95,856	\$101,203	\$93,979	\$97,591	1.8%
Donation processors	\$254	\$334	\$320	\$305	20.1%
Median aggregate DAF payout rate	10.1%	8.8%	10.1%	9.7%	-4.1%
National sponsors	17.3%	14.5%	18.0%	16.3%	-5.9%
Community foundations	9.2%	8.2%	9.5%	9.0%	-2.1%
Single-issue sponsors	10.9%	9.5%	10.1%	9.9%	-9.4%
Donation processors	80.4%	78.9%	83.5%	83.6%	4.0%

The data in this table is available for public download at the link below.

<https://inequality.org/wp-content/uploads/2025/04/Independent-DAF-Report-Summary-Table.xlsx>

Appendix C: DAF sponsors by sponsor type

The sponsor data used in our analysis, including the categories we assigned each sponsor to, is available for public download from our website at the link below.

<https://inequality.org/wp-content/uploads/2025/04/Independent-DAF-Report-Sponsor-Lists.xlsx>