



*Your partner in giving*

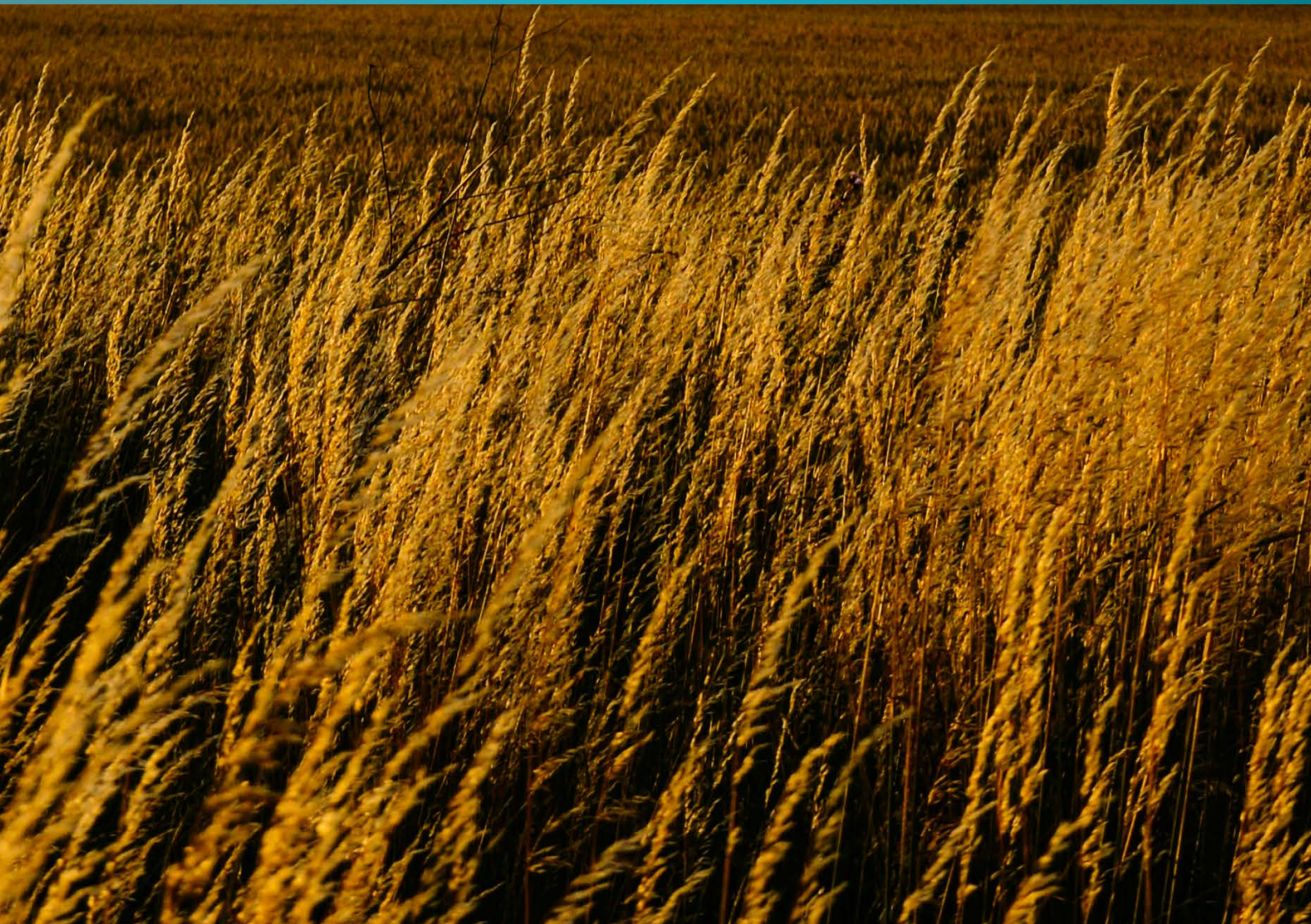
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# 2017 Donor-Advised Fund REPORT



This report was prepared by National Philanthropic Trust UK in collaboration with Scorpio Partnership, an Aon Hewitt Company. National Philanthropic Trust UK gratefully acknowledges all of the organisations that shared their donor-advised fund related statistics and information.

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## DEAR COLLEAGUE

National Philanthropic Trust UK is pleased to publish our second annual UK Donor-Advised Fund Report. Donor-advised funds are philanthropic vehicles held within a charitable organisation that allow donors to make an irrevocable charitable contribution, receive immediate tax relief and then recommend charitable grants from the fund over time.

Our report examines the UK donor-advised fund market using 2016 data compiled from domestic charities that offer donor-advised funds. The charities that manage donor-advised fund accounts vary in size and scope, but they share a common goal of promoting charitable giving and making grants to a wide range of charitable organisations.

For the fourth year in a row, there were record benchmarks in every data point: grants, contributions, and charitable assets.

- Grants from donor-advised fund accounts to other charities are nearly £280 million, reaching a record high.
- Contributions to donor-advised fund accounts total more than 3.6% of total individual giving in the UK.
- Charitable assets in donor-advised fund account total over £1 billion for the first time – an increase of 8% over the prior year.

One thing is clear from these numbers and those on the following pages – donor-advised funds are a major factor in the philanthropic sector. Every pound in donor-advised fund accounts is destined for charitable organisations. These record highs are good news for charities and their beneficiaries.

NPT-UK is pleased to make this report available to our partners in giving and the public.

John Canady  
CEO

# A GLOSSARY OF TERMS

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## **CHARITABLE ASSETS**

The amount charitable sponsors hold and manage in donor-advised fund accounts. Some charitable sponsors manage other types of funds as well. This report is limited to assets in donor-advised fund accounts.

## **CHARITABLE ORGANISATION**

A charity. In the context of this report, a charitable organisation can be either a charitable sponsor of donor-advised funds or the recipient of a donor-advised fund grant. A UK charitable organisation is registered at the Charity Commission and a foreign charitable organisation is eligible to receive grants from the UK according to HMRC and Charity Commission regulations. Donations to a charitable organisation are eligible for tax-relief. A charitable organisation serves broad public purposes in educational, religious, scientific and artistic fields, among others, as well as the relief of poverty and other public benefit activities.

## **CHARITABLE SPONSOR**

A charitable organisation that manages donor-advised fund accounts. Charitable sponsors provide services to ensure that potential grant recipients are qualified charitable organisations and administer donor-advised fund accounts to ensure compliance with all regulations. Also called sponsoring charity or fund sponsor.

## **CONTRIBUTION**

Amount a donor donates to a donor-advised fund account when establishing the fund or adding money to it.

## **DONOR-ADVISED FUND**

A philanthropic giving vehicle administered by a charitable sponsor. A donor-advised fund allows donors to establish and fund the account by making irrevocable, tax-relieved contributions to the charitable sponsor. Assets in the account are invested based on the donor's recommendation. Donors then recommend grants from those funds to any other qualified charitable organisations.

## **GRANT**

A transfer of assets from a donor-advised fund account to a qualified charitable recipient.

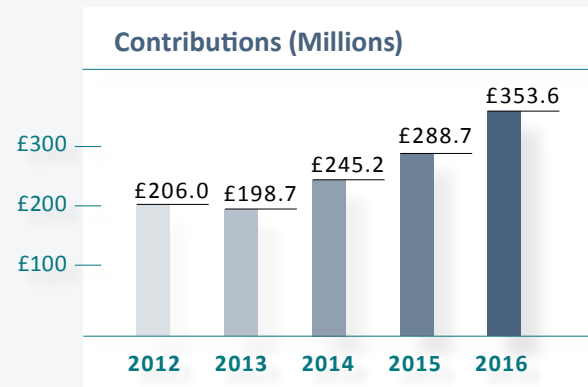


## MARKET OVERVIEW

Donor-advised funds grew substantially in 2016. Total charitable assets available for grantmaking are over £1 billion. The steady rise is a result of both an increase in contributions to donor-advised fund accounts and gains from investment returns. Grants from donor-advised fund accounts also rose.

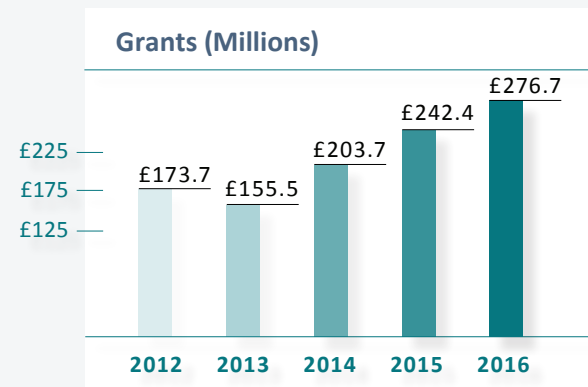
### CONTRIBUTIONS AT ALL-TIME HIGH

Contributions to donor-advised fund accounts in 2016 totalled £353.6 million. This number surpasses the 2015 value of £288.7 million, an increase of 22 per cent.



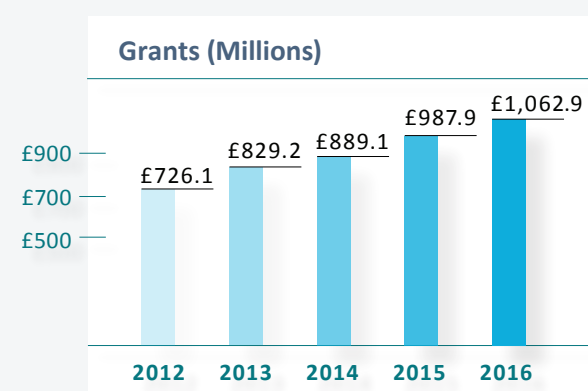
### GRANTS TOTAL £276 MILLION

Grants from donor-advised fund accounts to charitable organisations reached £276.7 million, the largest total over the past 5 years. This is a 14 per cent growth rate compared to a total for 2015 grants of £242.4 million.



### CHARITABLE ASSETS SURPASS £1 BILLION

Charitable assets under management in all UK donor-advised fund accounts totalled over £1 billion in 2016, an all-time high.





# PROJECTIONS AND OBSERVATIONS

## WHAT LIES AHEAD?

Looking forward, donor-advised funds will likely continue to grow and positively impact the philanthropic market given the following trends:

- **Increasing Awareness Amongst Advisors**

Traditionally, donors who wanted to set aside money for charitable giving established a foundation or charitable trust. Today, donor-advised funds are an easy and flexible alternative. Although low awareness of donor-advised funds remains a challenge, more lawyers, tax advisors, and wealth managers are recognising the benefits of donor-advised funds and proactively suggesting them to their clients.

- **Grantmaking with Confidence**

Donors are increasingly using donor-advised funds for global grantmaking. Due diligence and compliance for grants to charities outside of the UK can be cumbersome. Using a donor-advised fund means that the regulatory and grantmaking compliance is handled by the charitable sponsor administering the donor-advised fund. Donors are also becoming more innovative by using donor-advised funds for collaborative or collective giving to increase the impact of their grantmaking.

- **Desire for Privacy and Discretion**

Donors may recommend that grants be made from their donor-advised funds anonymously. This protects donors from unwanted charitable solicitations and allows donors to give without unwanted attention.

- **Contributing Non-Cash Assets**

Many charities that sponsor donor-advised funds are willing to accept non-cash assets, such as shares and securities, property, alternative investments, cryptocurrencies, and other types of assets. Typically, the charitable sponsor will liquidate such assets relatively quickly and turn them into philanthropic money for grantmaking purposes. We expect that donors will continue to evaluate the non-cash assets in their personal portfolios and increasingly contribute them to their donor-advised funds.

- **Flexible Investment Options**

Donors may recommend that the assets in the donor-advised fund be invested to grow tax-free to support their future grantmaking. In addition to recommending traditional financial investments, donors are also recommending social or impact investments that achieve both a financial and social return.

## SUMMARY

2016 marks the fourth year in a row of growth in all the key metrics for donor-advised funds – total grant payments from them, total contributions to them and total charitable assets in them. In spite of the economic uncertainty surrounding Brexit, donors who use donor-advised funds continue to allocate capital to philanthropy and support charitable causes and the public good.

# METHODOLOGY

## ORGANISATIONS

This report examined nine charities registered at the Charity Commission of England and Wales that sponsor donor-advised funds.

## PRIMARY DATA SOURCE

The primary source for each charitable sponsor's assets, contributions, and grants is the organisation's Annual Report filed with the Charity Commission of England and Wales.

## SECONDARY SOURCES

The following served as secondary sources for the above data and cited statistics:

- Filings at Companies House
- The organisation websites
- Survey responses from Charitable Sponsors
- CAF UK Giving 2017, Charities Aid Foundation

Projections are based on National Philanthropic Trust UK's experience and anecdotal evidence over the past year, in addition to observed economic and political conditions.

## STANDARD FISCAL DATA BY FILING YEAR

Since organisations have varied financial year-end dates, data was recorded in the filing year. For example, whether an organisation's fiscal year ends on 31 March 2016 or 31 December 2016, the data will be recorded as 2016.

## CONTINUOUS DATA UPDATES

- NPT-UK expanded the number of charities reviewed—from seven to nine organisations.
- NPT-UK also updated all key data points (charitable assets under management, grants, and contributions) back to FY2011.
- NPT-UK maintains a historical data file dating from FY2011.