




NPT  
UK

*Your partner in giving*

# 2019

## DONOR-ADVISED FUND REPORT

The background of the page is a photograph of a dense forest of tall evergreen trees, likely spruce or fir, growing on a hillside. The image is overlaid with a blue gradient that is darker at the top and bottom and lighter in the middle, creating a serene and naturalistic atmosphere.

This report was prepared by National Philanthropic Trust UK in collaboration with Cath Dovey, an independent consultant and co-founder of the Beacon Collaborative, which seeks to increase the level of philanthropy and social investment in the UK. National Philanthropic Trust UK gratefully acknowledges all of the organisations that shared their donor-advised fund statistics and information.



# INTRODUCTION

**NATIONAL PHILANTHROPIC TRUST UK** is pleased to publish our fourth annual UK Donor-Advised Fund Report. A donor-advised fund (DAF) is a philanthropic fund established under an umbrella charity who administers the fund on behalf of the donor. A donor makes an irrevocable charitable contribution, receives immediate tax relief and then recommends charitable grants from the fund over time. The donor also recommends how the charitable assets are invested before being granted out.

Our 2019 UK Donor-Advised Fund Report examines data from 2014 to 2018 from UK charities that offer donor-advised funds. The UK donor-advised fund market continues to grow and evolve.

In 2018:

- Contributions to donor-advised funds increased to £522 million, a 9 per cent increase compared with the prior year's contributions. These contributions total 5.2 per cent of total individual giving in the UK.
- Charitable assets in donor-advised fund accounts total over £1.5 billion—an increase of 18 per cent over the prior year.



- Grants from donor-advised fund accounts to other charities were £312 million, a decline of 2 per cent over the prior year.

As awareness of these giving vehicles grows in the UK, donors and their advisors increasingly use donor-advised funds as the modern alternative to establishing a grantmaking charitable trust or foundation. Since every pound in donor-advised fund accounts is destined for charitable organisations, the rise in donor-advised funds is an encouraging sign that philanthropic giving is sustained in the face of global uncertainties.

  
**JOHN CANADY**  
CEO

# A GLOSSARY OF TERMS

## **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 a sponsoring charity, fund sponsor or umbrella charity.

## **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 their accounts by making irrevocable, tax-relieved contributions to the charitable sponsor. Assets in the accounts are invested based on the donors' recommendations. Donors then recommend grants from those funds to other qualified charitable organisations.

## **GRANT**

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

# MARKET OVERVIEW

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Donor-advised funds grew in 2018. Total charitable assets available for grantmaking now total over £1.5 billion. The rise is a result of both an increase in contributions to donor-advised fund accounts and gains from investment returns. £312 million was granted from donor-advised funds to charities in the UK and abroad.



# MARKET OVERVIEW

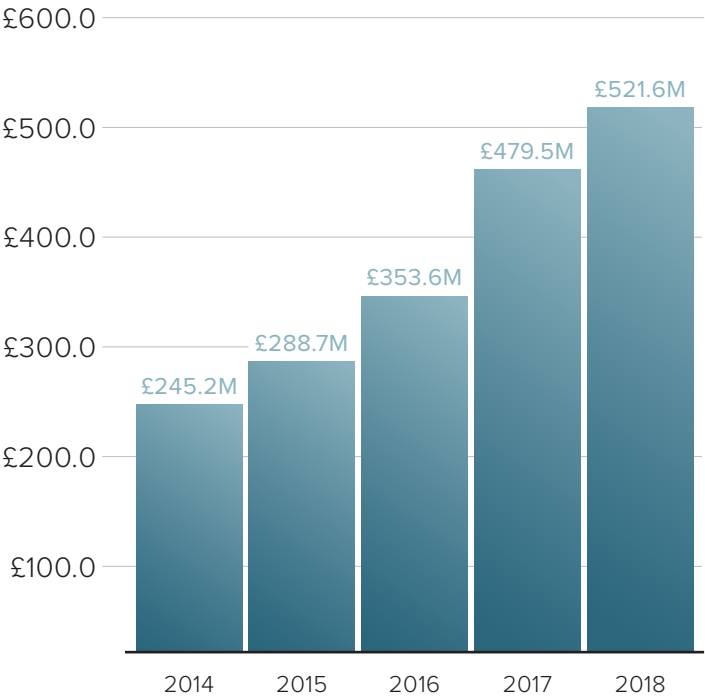
## CONTRIBUTIONS



### CONTRIBUTIONS AT ALL-TIME HIGH

Contributions to donor-advised fund accounts in 2018 totalled £521.6 million. This number surpasses the 2017 value of £479.5 million, an increase of 9 per cent. Contributions rose at a slower rate than the previous year, which was a 36 per cent increase. The compound annual growth rate was 16.3 per cent for contributions from 2014 to 2018.

FIGURE 1



# MARKET OVERVIEW

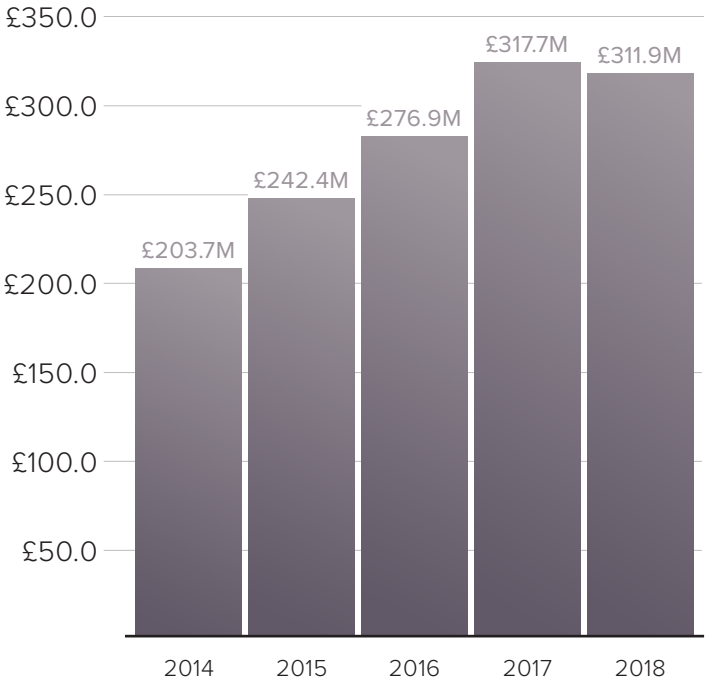
## GRANTS



### GRANTS TOTAL £312 MILLION

Grants from donor-advised fund accounts to charitable organisations totalled £311.9 million. This is a 2 per cent decline compared to a total for 2017 grants of £317.7 million. The compound annual growth rate from 2014 to 2018 was 8.9 per cent.

FIGURE 2



# MARKET OVERVIEW

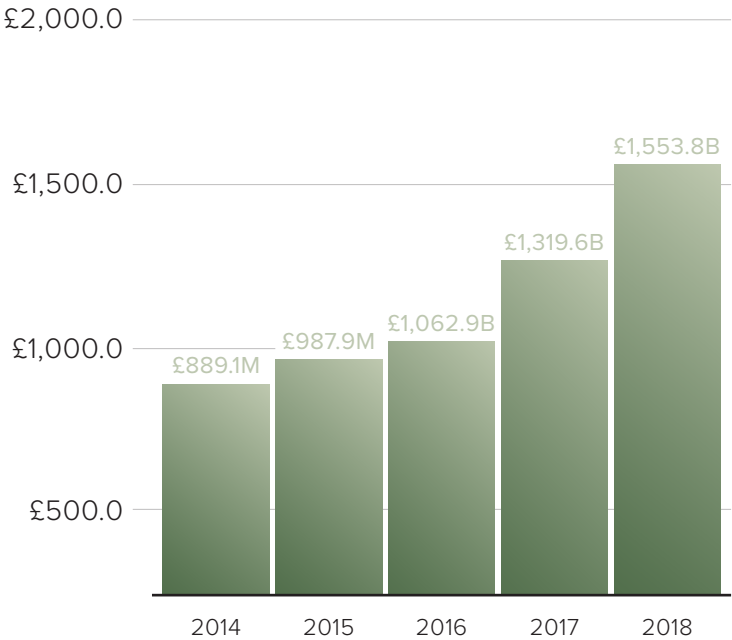
## CHARITABLE ASSETS



### CHARITABLE ASSETS PASS £1.5 BILLION

Charitable assets under management in all donor-advised fund accounts totalled over £1.5 billion in 2018, an all-time high. This is an 18 per cent growth rate compared to 2017. The compound annual growth rate for charitable assets from 2014 through 2018 was 11.8 per cent.

FIGURE 3





# PROJECTIONS & RESULTS

## WHAT LIES AHEAD?

The donor-advised fund market continues to grow albeit at a slower rate, due at least in part to the economic and political uncertainty surrounding Brexit.

In spite of this macro level uncertainty, we expect continued acceleration in contributions and assets as awareness of donor-advised funds increases among donors and their wealth managers, lawyers and accountants. Donors and their advisors are increasingly using donor-advised funds instead of establishing new grantmaking charitable trusts or foundations.

Another factor behind the rise in donor-advised funds is regulatory compliance. Regulations – particularly around trustee responsibilities and grantmaking due diligence – are constantly evolving. Using a donor-advised fund ensures that a donor's charitable activity is compliant with the latest regulations.

Based on our own experience and observed trends at our peer charitable organisations, we have seen an increase in contributions of non-cash assets. For example, donors who contribute appreciated shares receive two tax benefits: the gifted shares are not liable for capital gains tax (CGT), and the donor can also claim income tax

relief for the market value. We anticipate that donors will increasingly donate non-cash assets to donor-advised funds in the coming years.

## SUMMARY

Although this report covers a period of five years, we have analysed historical data back to 2010. Charitable assets in donor-advised funds have grown each year since 2010. 2018 marks the sixth year in a row of growth in contributions to donor-advised funds. Grants from donor-advised funds dipped slightly in 2018 but have grown at a compound annual growth rate of 8.9 per cent between 2014 and 2018. The consistent growth demonstrates that donor-advised funds are becoming well-established as effective giving vehicles in the UK and will likely have a growing role in the philanthropic landscape over the longer-term.

# METHODOLOGY

## ORGANISATIONS

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

## PRIMARY DATA SOURCES

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

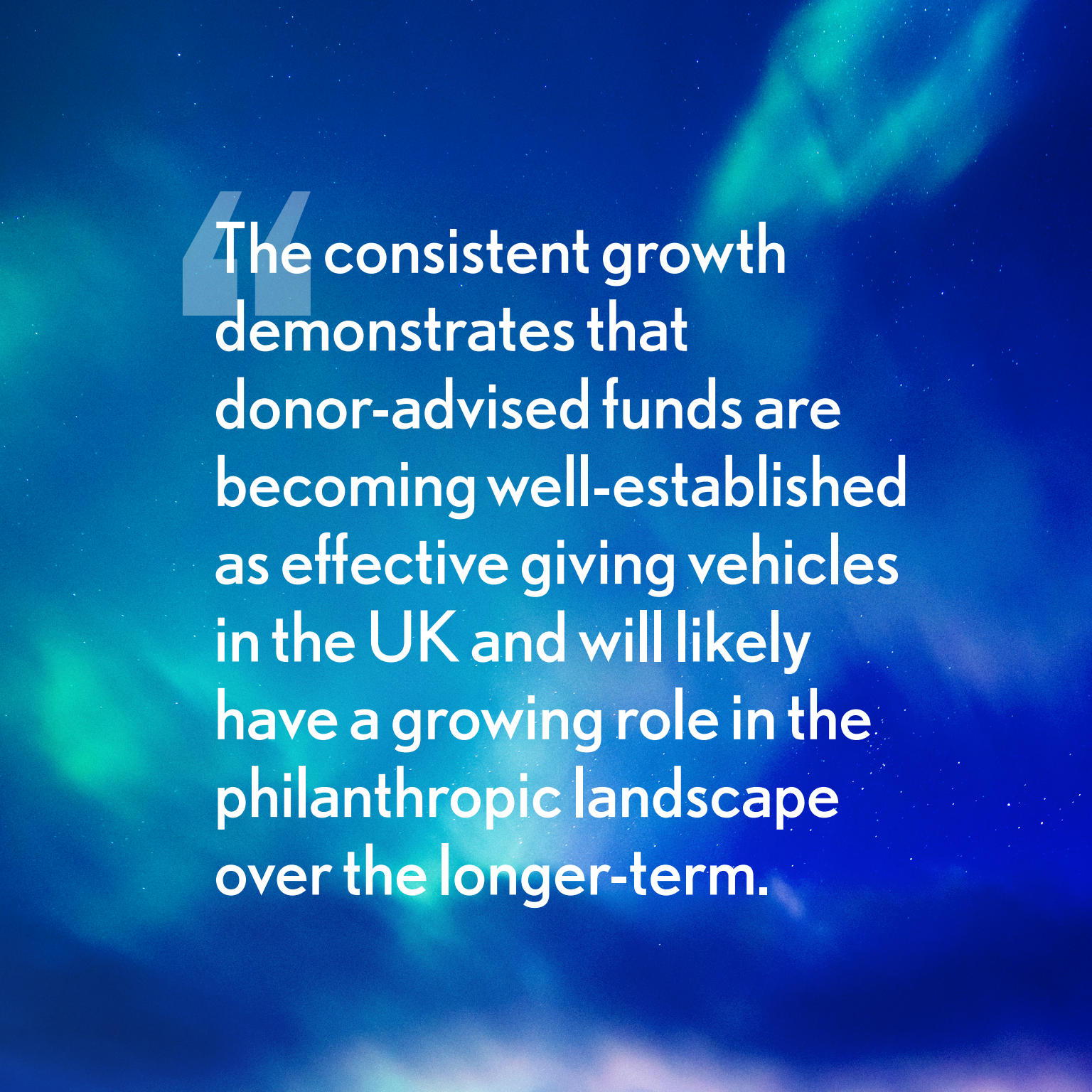
The following served as secondary sources for the above data and cited statistics:

- Filings at Companies House
- The organisations' websites
- Survey responses from Charitable Sponsors
- CAF UK Giving 2019, 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 2018 or 31 December 2018, the data will be recorded as 2018.



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