

# Richard P. Garrigan & Associates

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## ***Donor Advised Funds Create Record Impact with 35% Increase in Grants to Charities in 2020***

***Donor-advised fund donors at Schwab Charitable supported nearly 100,000 organizations with \$3.7 billion in grants.***

**January, 2021, SAN FRANCISCO** – Schwab Charitable™, one of the largest national providers of donor-advised funds and other philanthropic services, reports that its donors supported nearly 100,000 charities in 2020 through 830,000 grants totaling \$3.7 billion. Compared to 2019, dollars granted to charities increased 35% and the number of grants to charities rose 39%.

"In a year full of challenges and uncertainty, I am moved by the resolute generosity displayed by Schwab Charitable donors," says Kim Laughton, President of Schwab Charitable. "Their commitment to supporting those most impacted by the COVID-19 pandemic and other crises we faced last year has truly been inspiring."

### **Donors support a wide variety of struggling organizations**

Many nonprofit organizations faced fundraising challenges in 2020 and donor-advised fund donors responded by increasing their giving significantly. In a survey of Schwab Charitable donors conducted this month, 62% said they increased the amount they gave to charity in 2020 and 49% said they increased the frequency of grants compared to prior years. "As I read about charities helping people impacted by the pandemic," noted Schwab Charitable donor Marsha Y. from Oregon, "I tended to send money to

them on an ongoing basis rather than just once a year. I doubled the amount of my normal grants."

Schwab Charitable donors recommended grants to 13% more charities than last year, and 74% of donors supported at least one new charity in addition to organizations they had supported in the past. Donors also increased their support of the deep and varied needs in their local communities brought on by the pandemic. 60% of grants went to organizations within a donor's own state. Additionally, 62% of grants were not designated for a specific purpose, which afforded nonprofits greater flexibility to deliver critical services.

### **Anticipated surge in giving highlights importance of charitable planning**

Giving may continue to grow in 2021 and this represents an opportunity for donors to have more impact with their generosity through a thoughtful, strategic approach to philanthropy. Over half (56%) of respondents in a recent survey of Schwab Charitable donors said that they are planning to increase the amount of money they grant to charity over the next 12 months. Another 44% said they plan to support a new charity this year, with the most interest in organizations that deliver vital human services, such as food, housing and disaster recovery.<sup>1</sup>

One strategy that may help donors meet these goals is to contribute appreciated non-cash assets held for more than one year directly to charities, including donor-advised funds. This generally eliminates the capital gains tax they would have otherwise incurred if they sold the assets first and donated the proceeds, potentially increasing the amount available for charity by up to 20%. In 2020, approximately 60% of contributions to Schwab Charitable were in the form of non-cash assets, including publicly traded securities, restricted stock, and private business interests.<sup>2</sup>

Donor-advised funds also enable donors to invest charitable assets for potential tax-free growth. Since Schwab Charitable's inception, investment growth has generated an additional \$5.8 billion for the charities and causes they support. In November, Schwab Charitable announced the addition of a new Socially Responsible Fixed Income Pool to the diverse suite of values-based investment pool options currently available to donors.

"A strategic approach to charitable planning will help donors achieve maximum impact with their philanthropy," added Fred Kaynor, Vice President of Business Development and Marketing at Schwab Charitable. "There is tremendous value to donors and the charities they support when they incorporate charitable giving as a component of their broader financial, estate, and tax plans."

Financial advisors are well positioned to help clients navigate the giving landscape and utilize tax-smart giving strategies to maximize their charitable impact. At Schwab Charitable, three-quarters (75%) of donor-advised fund account assets are associated with a professional investment advisor.

### **During a socially distant year, FAMILY GIVING remains a priority**

Schwab Charitable supports donors of all ages, and in 2020, family giving across generations was a central trend. Throughout the year, each generation – Millennials, Generation X, Baby Boomers, and Greatest Generation – granted between 11 and 15 times supporting 6 to 10 charities on average.

To continue to make giving easier and more convenient for individuals and families, Schwab Charitable removed minimums on initial and subsequent contributions. Older generations can open donor-advised fund accounts for younger generations and "give them an opportunity to be part of the process so that they understand that giving money to charities is an important responsibility that requires time, attention to detail and follow-through," said Schwab Charitable donor David J.

"Charitable giving is a meaningful way to pass along important values to next generations, and we're grateful that Schwab Charitable can provide the tools and resources to help families get started," noted Laughton. "Especially during these difficult times, bringing multiple generations together to discuss giving is a great way to connect while also making a difference."

<sup>1</sup> COVID-19 and Giving, Primary Research, Conducted in January 2021 N=114



## ***Richard P. Garrigan & Associates*** ***Financial Development Master Plan***

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### **Development System for Sustainable Churches**

Yes, Richard, I remember your presentation about the Parish Development Council System Master Plan (3--4 session process). We are interested in your group working with us on this important Parish Sustainability Model.

Name:

Title:

Institution:

Address:

City/State/Zip:

Telephone/Fax:

Email:


**Yes. We are interested. Please forward additional details.**

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