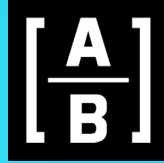




National
Philanthropic
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Your partner in giving



BERNSTEIN

Bernstein Private Wealth Management
2025 Nonprofit Forum – Washington, D.C.

Demystifying DAFs

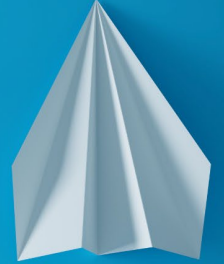
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National Managing
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Bernstein Private Wealth
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May 20, 2025

Fernando Gonzalez

Senior Director, Head of U.S. East
National Philanthropic Trust



How Donor-Advised Funds Work

Donors contribute assets to DAF sponsors—which have 501(c)(3) status—in order to open a DAF account. They retain advisory status on the account and recommend grants to charity.

The DAF sponsor provides administration for the account, including detailed recordkeeping, sub-accounting, quarterly statements, and tax reporting.



1 Donors Contribute

Donor makes an irrevocable contribution and can take an immediate tax deduction



2 Assets May Grow

The charitable assets in the DAF may grow tax-free

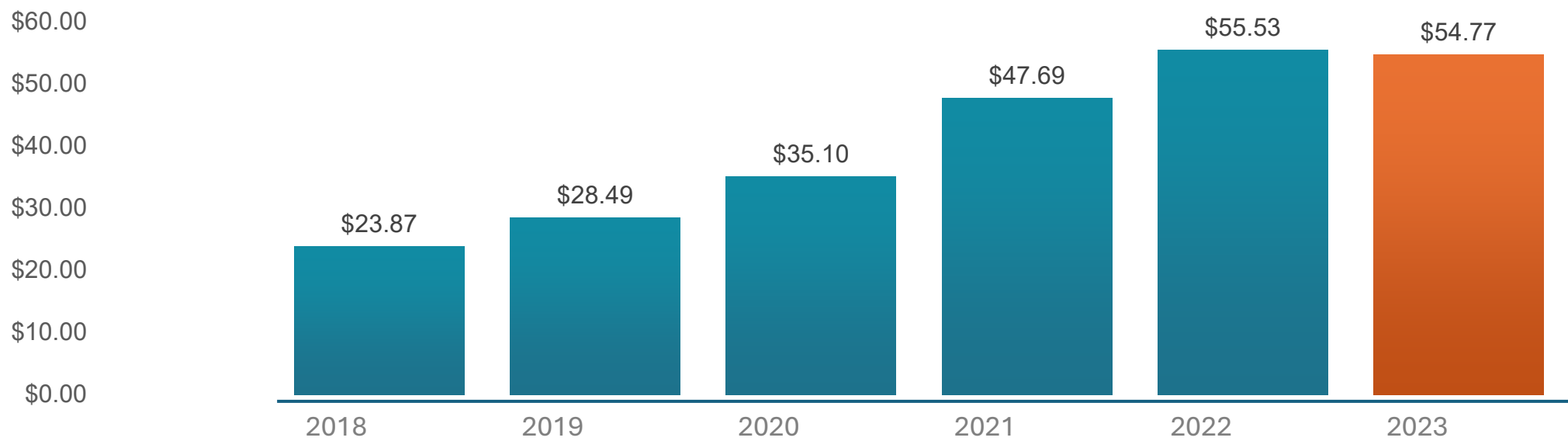


3 Charities Benefit

Donor recommends grants to qualified charities

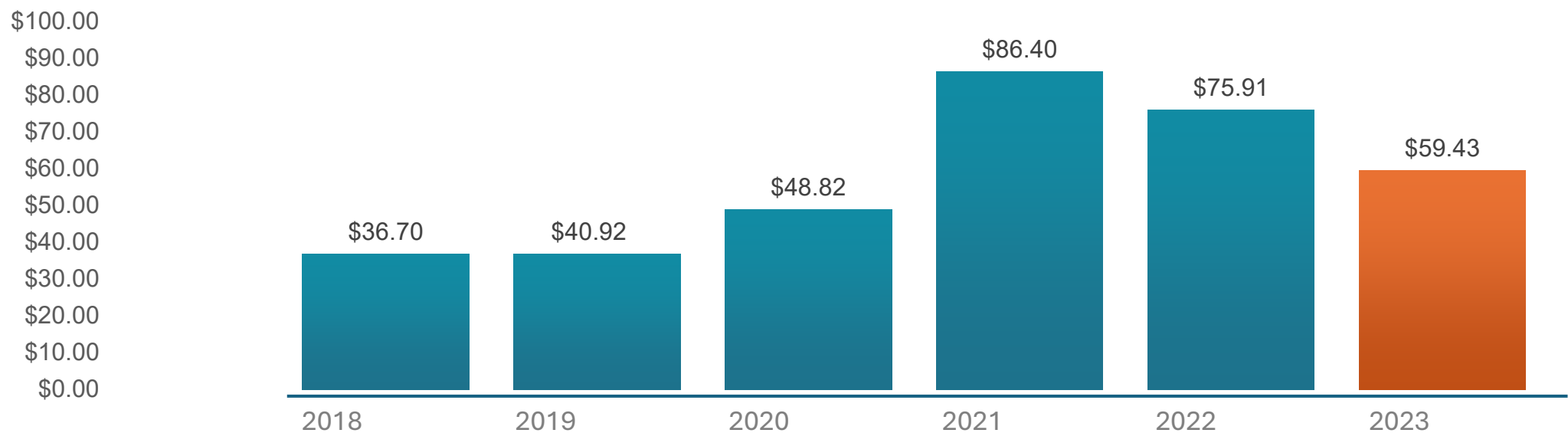
DAF Grant Value has Increased 129% since 2018

Total Value of Grants Made by Donor-Advised Funds (\$B)



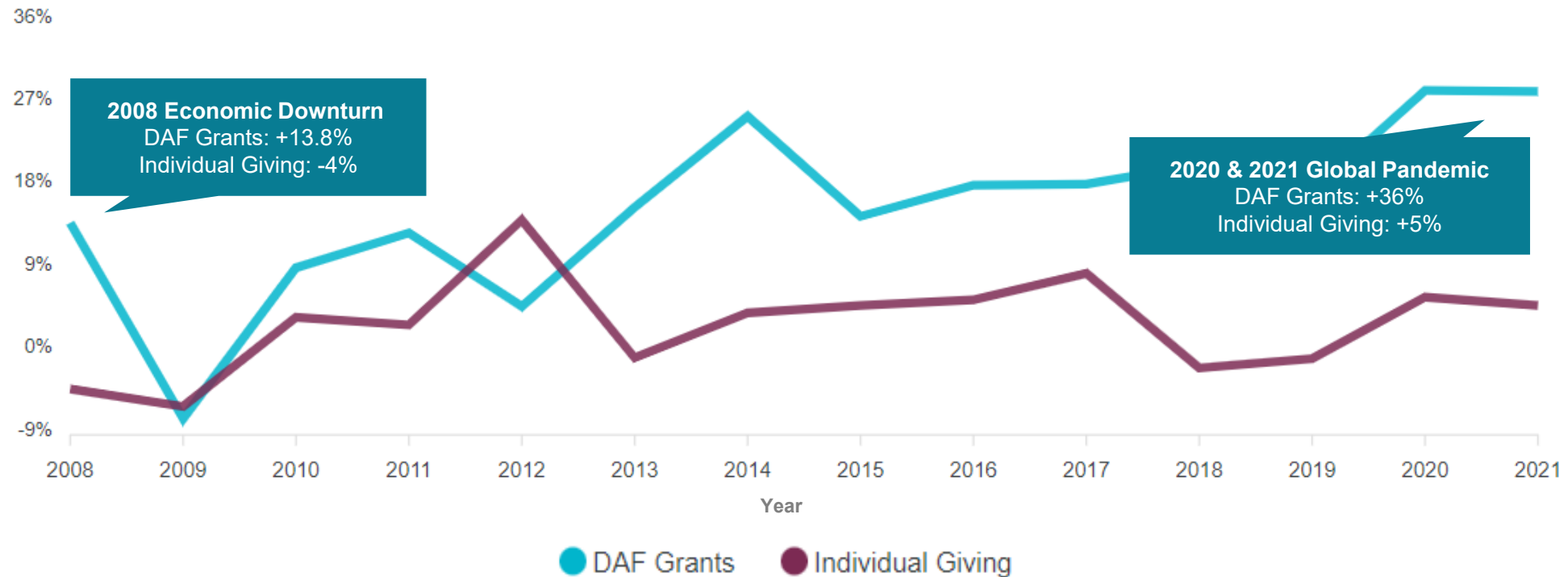
Contributions Dropped Sharply Due to Market Conditions

Total Value of Contributions Made to Donor-Advised Funds (\$B)



Individual Giving vs. Grants from DAFs

DAFs are a sustainable source of nonprofit support as grantmaking is less likely to be impacted by periods of economic distress.



Demystifying the DAF

Misconception: There is no way to for nonprofits and DAF donors to connect.

FACT: DAFs are used by the same donors already supporting nonprofits, providing countercyclical support in lean times. **DAFs have proven to be more “recession-proof” compared to other forms of giving.**

Who are DAF Donors?

- DAF donors have a **range of wealth levels**; some sponsors offer DAFs with no minimum initial gift
- DAF donors are **active philanthropists** who pay out 20%+/year
- They are **the same donors you cultivate**

Questions from Nonprofits:

- How can we **establish a relationship** with existing DAF donors and DAF Sponsors?
- What’s the best way to **respond to a grant from a DAF?**
- How can we **optimize our materials** to invite more DAF grant support?

DAF Donors and Nonprofits: Building a Community of Giving



Tips and Takeaways

DAF Donors Can:

- **Consider reliable, sustainable funding** through recurring and/or unrestricted grantmaking
- Commit to **clear, consistent communications and open dialogue**
- **Contribute a wide range of assets** to their DAF
- **Create a legacy of giving** by naming your favorite organization(s) as a beneficiary

Nonprofits Can:

- Communicate how you **credit** DAF grants
- Include DAF language in your **solicitations**
- Cultivate DAF donors for **planned gifts or multi-year pledges**
- Treat your DAF donors **like major gift donors**

Questions

Thank You

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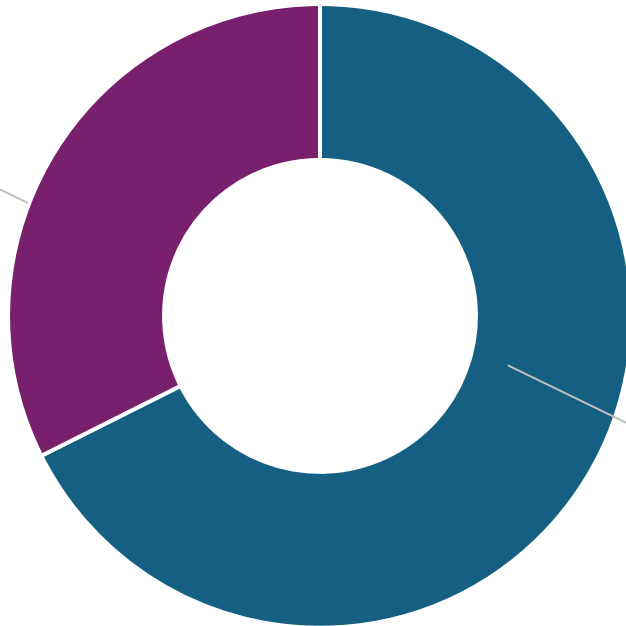
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Activity at DAFs vs. Private Foundations

Comparing grantmaking total value in 2023

\$54.77B

Donor-Advised Funds



\$114.11B

Private Foundations

48%

DAFs granted almost half as much as Private Foundations in 2023

5X faster

Grant value from DAFs have increased 5x faster (456%) than those from Foundations (93%) over the past decade

DAF Donors and Nonprofits: Unlocking New Funding Sources



DAFs offer donors the ability to donate complex assets:

- Publicly-traded stock
 - Restricted stock
 - Real estate
 - Tangible personal property
 - Cryptocurrency and more
-
- For donors: Direct contribution affords donors **significant tax savings** over donating the proceeds from the assets' sale
 - For nonprofits: Conduct an honest assessment of your organization's ability to **accept the assets** your donors might be looking to give

DAF Donors and Nonprofits: Family Matters



Legacy, Estate Planning, and Multi-generational Cultivation

- Donors can establish a charitable legacy by establishing a succession plan and strategizing the long-term impact of their DAF Grants
- Donors often work to instill charitable values in their children by naming them as secondary advisors
- DAF donors already consider succession planning, which makes them candidates for **planned giving**
- Nonprofits can work with them to name your organization a **beneficiary** to their DAF legacy plan.
- Ask the donor to establish an endowed fund at your organization during their lifetime and **send endowment reports to their children**