

DESPITE ECONOMIC PRESSURES 2020 WAS YEAR OF GIVING

DonorsTrust

Donor-Advised Funds Positioned to Meet Nonprofit
“Rainy Day” Needs in 2021

NEWS RELEASE BY DONORS TRUST

Alexandria, VA | December 28, 2020 10:38 AM Eastern Standard Time

As philanthropists prepare for year-end giving and nonprofit organizations prepare budgets and make final 2020 appeals, surprising trends in giving are becoming more apparent. Despite the pandemic, disruptions in daily life, and significant economic pressures, generosity in 2020 is proving to be much more significant than anticipated.

“DonorsTrust is experiencing a 35% increase in grant volume, before accounting for the final two weeks of December, when it traditionally processes a flurry of new grant requests. In 2020, DonorsTrust accountholders will have requested more money out of their DAF accounts than they contributed into them,” explains Lawson Bader, CEO of DonorsTrust. “The legacy of 2020 will not be a year of malaise but instead one marked by generosity and philanthropic spirit.”

Holidays and the end of the year are traditionally a time where nonprofit organizations raise significant funds for operations and programming while experiencing increased requests for help. The unpredictable economy and cancellation of many fundraising events or in-person meetings created uncertainty over how these nonprofits would end the year. However, what is clear now is that donor-advised funds (DAFs) are filling the void.

“Not only have we observed a record number of donations in 2020, but donor-advised funds (DAFs) are playing an important role,” Bader says. “Money is simultaneously flowing out of funds as donors continue contributing to accounts, despite the roller-coaster that is the stock market and the troubled economy.”

While much of the increased giving can be attributed to the desire to support nonprofits struggling with handicapped operations during this pandemic, tax incentives from the CARES Act, which created tax incentives to spur donations, are also encouraging more giving.

DAFs are proving to be a key source of income for charities experiencing fundraising difficulties in 2020. The charitable vehicle is growing in popularity, with nearly one million Americans utilizing DAFs to centralize and simplify giving. Low new account minimums

make them the great democratizers of philanthropy – available to all, not just the privileged few.

If things stay on the current trajectory, DAFs are well-positioned to continue the increased levels of giving into 2021, explains Bader. “The only thing standing in the way of these continued increased trends of giving is political uncertainty. Often, changes in tax laws have a ‘cause and effect’ relationship with changes in giving. If changing political leadership in Washington interrupts these trends by limiting deductions or raising taxes – the trajectory could reverse much to the chagrin of those serving the most vulnerable in our society.”

To learn more about how DAFs and DonorsTrust are making a difference, please visit <http://www.donorstrust.org>

Established in 1999 as a 501(c)(3) public charity, DonorsTrust is a community of donors devoted to creating a better future. Our donors support charities they believe protect our Nation’s constitutional liberties and strengthen civil society through private institutions rather than with government programs. Our boutique size lets us offer our donors personal attention and advice that helps them achieve their philanthropic goals. We ensure that our donors’ intentions are protected and offer them a simple, effective and tax-advantaged way to give. Since inception, DonorsTrust has granted out over \$1.3 billion to over 4,000 charities that protect our constitutional liberties and strengthen civil society without government funding.

Contact Details

Dan Rene

+1 202-329-8357

daniel.rene@kglobal.com

Company Website

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