

2025 TREND REPORT

DONOR ADVISED FUNDS: A GUIDE FOR FUNDRAISING TEAMS

Donor-advised funds (DAFs) represent one of the fastest-growing giving vehicles in American philanthropy, with assets projected to exceed \$2 trillion by 2026. This guide was prepared to provide you with essential knowledge to help your organization capitalize on this trend while understanding both opportunities and challenges in DAF fundraising.

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DAF Primer: Understanding the Landscape

WHAT ARE DONOR-ADVISED FUNDS?

A donor-advised fund is a philanthropic investment vehicle administered by a third-party charitable sponsor (a 501(c)(3) organization). Donors contribute to the fund, receive an immediate tax deduction, and then recommend grants to qualifying nonprofits over time. The funds can be invested and grow tax-free until distributed.

DAF Primer: Understanding the Landscape

KEY CHARACTERISTICS

- Immediate tax benefit upon contribution
- No payout requirement (unlike private foundations)
- Tax-free growth potential
- Flexible timing for grant recommendations
- Lower administrative burden than private foundations

TYPES OF DAF SPONSORS

NATIONAL SPONSORS

- Often affiliated with financial institutions
- Largest in terms of assets and volume
- Minimal barriers to entry
- e.g., Fidelity Charitable, Vanguard Charitable

COMMUNITY FOUNDATIONS

- Locally focused
- Often include donor education and engagement
- Historical roots dating to the 1930s

SINGLE-ISSUE SPONSORS

- Affiliated with specific causes (religious organizations, universities)
- Mission-aligned giving focus

DAF Primer: Understanding the Landscape

CURRENT MARKET SIZE & TRENDS

\$54.77B

grants distributed (2023)

\$251.52B

charitable assets (2024)

20%
payout rate

4X

higher
than private
foundations

1.78M

DAF accounts nationwide (2024)



\$5,422

average DAF gift size (2024)



How DAF Trends Have Evolved Over Time

FROM NICHE TO MAINSTREAM: THE RISE OF DAFs

Over the past several decades, donor-advised funds (DAFs) have transformed from a little-known community foundation tool into one of the fastest-growing vehicles for charitable giving. As adoption has expanded, so too have the types of donors, the causes they support, and the technology that makes giving easier and more accessible.

How DAF Trends Have Evolved Over Time

HISTORICAL GROWTH TRAJECTORY

1930s

Beginning

- Primarily a community foundation tool
- Limited awareness and adoption

2000s

Adoption

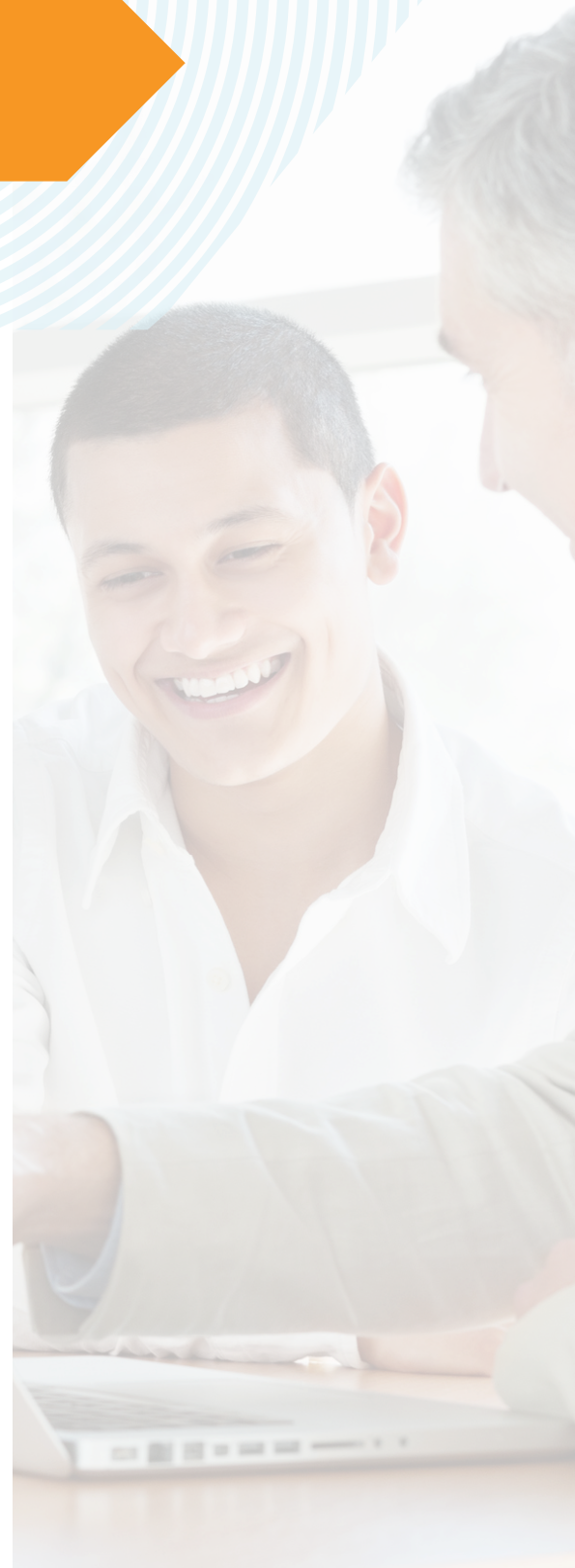
- Financial institutions enter market
- Digitization reduces barriers
- Rising spread of investors begins

2010s

Growth

Present

- Contributions grew from \$12 billion (2007) to \$52+ billion (2022)
- Number of accounts increased 10-fold
- Embraced by many beyond high-net-worth donors



How DAF Trends Have Evolved Over Time

CHANGING DONOR DEMOGRAPHICS



TRADITIONAL PROFILE

- High-net-worth individuals
- Ages 50+
- Complex asset donors

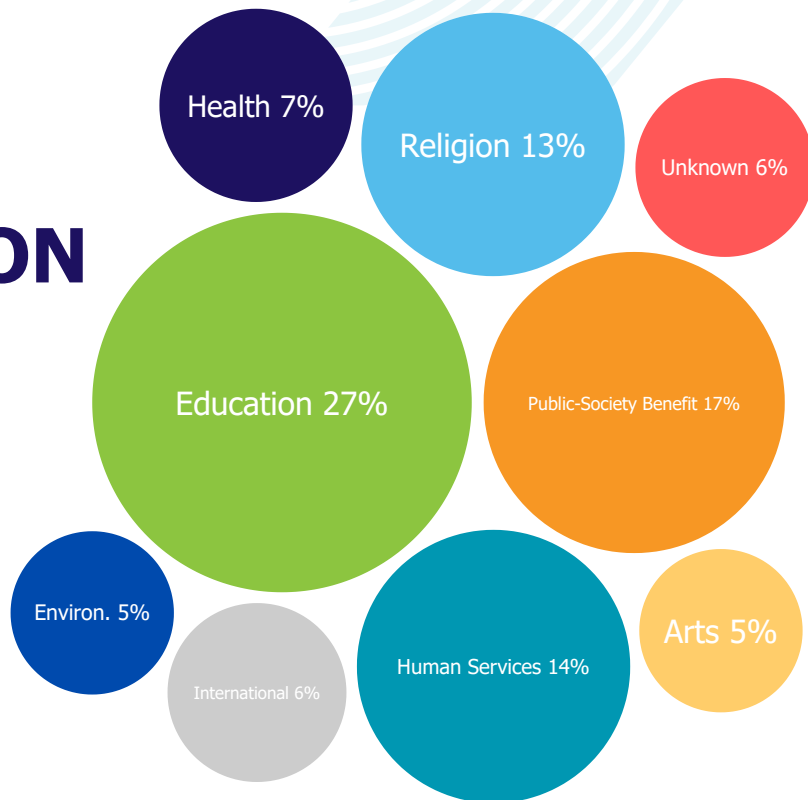


EMERGING TRENDS

- 30% of DAF donors have incomes under \$200,000
- Younger donors using DAFs for convenience
- Growing use of recurring giving programs
- Family engagement and succession planning

How DAF Trends Have Evolved Over Time

SECTOR DISTRIBUTION PATTERNS



TECHNOLOGY & INNOVATION



Online giving platforms integration (e.g., recently added to GoFundMe giving tools)



Mobile-optimized grant recommendations



Real-time impact reporting tools



Simplified grant-making interfaces



Turning Current DAF Data Into Action

SET YOURSELF UP FOR SUCCESS

Understanding the current DAF landscape helps your organization assign resources effectively and benefit from the increased opportunities within this growing giving channel.

Turning Current DAF Data Into Action

MARKET INDICATORS FOR STRATEGIC PLANNING



GROWTH INDICATORS

The donor-advised fund sector is experiencing unprecedented expansion, signaling a fundamental shift in how Americans approach charitable giving. **DAF giving increased by 27.8%** in fiscal year 2024 among major sponsors, far outpacing traditional charitable giving growth. This momentum is expected to continue, as 83% of fundraisers anticipate that DAFs will be more important in 2025, driving strategic changes in development operations. Reflecting this trend, **65% of nonprofits now consider DAF acquisition a high priority**, dedicating staff time and resources to cultivating these donors.



FINANCIAL RESILIENCE

DAFs offer nonprofits a measure of stability that traditional giving channels often cannot match during uncertain times. More than half of **fundraisers (57%) view DAFs as more dependable during economic downturns**, based on known giving patterns during uncertain times. This perception was affirmed during the pandemic, as DAF giving remained steady during 2020-2021 when many other revenue streams faltered. However, you should note that **stock market performance directly correlates with DAF contributions**, meaning both the timing of gifts into DAFs and subsequent grants to charities often follow equity market trends.

65%

of nonprofits consider DAF
acquisition a high priority

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Turning Current DAF Data Into Action

DONOR BEHAVIOR INSIGHTS

GIVING PATTERNS

Today's DAF donors are making strategic decisions about how, when, and why they deploy their charitable gifts. Notably, **57% of DAF grants support general operating expenses**, contradicting the common misconception that DAF donors only fund specific projects.

While DAF holders cannot make binding pledges due to IRS regulations, recurring grants are increasingly popular, with many donors establishing regular giving schedules through their sponsoring organizations. DAF giving is often a family affair, with **family involvement in 45% of DAF decisions**, creating opportunities for multigenerational engagement with your mission. Additionally, privacy preferences vary by demographic, with some donors valuing the anonymity DAFs provide while others seek recognition and connection with the organizations they support.



57%

of DAF grants support operating expenses

45%

of DAF decisions involve family



Getting Started

LAYING THE GROUNDWORK FOR A STRONG DAF PROGRAM

Launching a donor-advised fund (DAF) strategy doesn't have to be overwhelming. With the right preparation—assessing your readiness, building strong systems, and engaging donors intentionally—you can set the stage for a successful and sustainable DAF program.

Getting Started

ASSESSMENT PHASE

Before launching or expanding your DAF program, it's important to understand your current capabilities and identify gaps that may need to be addressed.

ORGANIZATIONAL READINESS

A thorough internal assessment will reveal whether you have the infrastructure and knowledge base to effectively solicit and steward DAF donors.

This evaluation should include:

1. Current donor database analysis
2. Gift processing systems review
3. Stewardship program assessment
4. Board and staff DAF knowledge evaluation
5. Competitive landscape analysis

KEY QUESTIONS

Honest answers to these fundamental questions will help you prioritize your DAF strategy and identify immediate action items:

- Do you actively promote DAF giving?
- Are your staff trained to identify and process DAF gifts?
- What percentage of donors might have existing DAFs?
- How do you handle anonymous gifts?

Getting Started

IMPLEMENTATION

Successful DAF programs are built systematically, with each phase creating the foundation for the next level of engagement.

STEP 1: Foundation Building

Having the basic infrastructure in place before actively soliciting DAF gifts is important. This includes:

- Staff training in DAF mechanics
- Gift processing system upgrades
- Website and marketing material updates

STEP 2: Donor Identification

With systems established, next focus on identifying which current and prospective donors are most likely to have or establish DAFs:

- Wealth screening for DAF prospects
- Survey existing major donors
- Monitor foundation and corporate giving patterns
- Track anonymous gift sources

STEP 3: Outreach & Engagement

Once you've identified potential DAF donors, implement focused strategies to inform and educate them:

- Focused communications campaigns
- Educational events and workshops
- Financial advisor partnership development
- Peer-to-peer engagement strategies



Practical Strategies

TURNING STRATEGY INTO ACTION: PRACTICAL STEPS FOR DAF SUCCESS

Building a strong DAF program takes clear, actionable steps. These strategies will help you identify potential donors, make giving easy and appealing, and foster lasting relationships that grow support over time.

Practical Strategies

IDENTIFYING POTENTIAL DAF DONORS

Not every donor is a DAF prospect, but certain characteristics and behaviors signal strong potential for donor-advised fund giving.

PROSPECT RESEARCH INDICATORS

DAF donors typically share common demographic and giving patterns that can help you focus your outreach efforts:

- Major gift history (\$5,000+ donations)
- Business ownership or sale
- Professional services careers (finance, law, medicine)
- Ages 45-75 with accumulated wealth
- Stock or asset giving history
- Foundation board involvement



TOOLS & RESOURCES

Leverage technology and partnerships to enhance your prospect identification efforts:

- Wealth screening services
- Social media monitoring
- Professional network mapping
- Community foundation donor directories



DATA MINING

Your existing database contains valuable clues about which donors may already have DAFs or are likely candidates to establish them:

- Anonymous gift pattern analysis
- Foundation giving cross-references
- Corporate matching gift participation
- Planned giving inquiries
- Estate planning indicators of interest

Practical Strategies

ATTRACTING DAF DONORS

Making it easy and attractive for DAF donors to support you requires a multi-channel approach that reaches donors where they are.

MARKETING & COMMUNICATIONS

Every touchpoint with donors should include clear information about how to give through a DAF:

- Include DAF language in all fundraising materials
- "Recommend a grant from your donor-advised fund"
- Website donation page DAF options
- Social media DAF education content
- Newsletter features on DAF giving benefits



OUTREACH

Consistent education helps donors understand both the benefits of DAF giving and the ease of supporting your mission:

- Host DAF information sessions
- Partner with financial advisors for workshops
- Create DAF giving guides and FAQs
- Develop video testimonials from DAF donors
- Participate in community foundation events

PARTNERSHIPS

Building relationships with the professionals who advise your donors can create a steady pipeline of DAF gifts:

- Financial advisor relationship building
- Estate planning attorney connections
- CPA and tax professional networks
- Community foundation collaborations
- Corporate employee giving programs

Practical Strategies

ENGAGING DAF DONORS

DAF donors often seek deeper connection and impact with the organizations they support, creating opportunities for meaningful engagement beyond transactional giving.

RELATIONSHIP BUILDING



Treat DAF donors consistently, including access and engagement in alignment with their giving level through:

- Personal meetings with identified DAF donors
- Exclusive donor events and briefings
- Behind-the-scenes organizational access
- Leadership volunteer opportunities
- Board or committee participation

FAMILY ENGAGEMENT



Since nearly half of DAF decisions involve family input, they create opportunities for multi-generational participation such as:

- Multi-generational giving programs
- Young professional auxiliary groups
- Family philanthropy workshops
- Succession planning discussions
- Planned giving integration

COMMUNICATION STRATEGIES



DAF donors want to see the impact of their giving and stay connected to your mission through focused, meaningful communications like:

- Personalized impact reporting
- Regular mission updates and news
- Invitation-only events and briefings
- Direct access to leadership
- Personalized giving recommendations

Practical Strategies

ASKING FOR DAF GIFTS

Soliciting a DAF gift requires the same thoughtfulness as any major gift ask, with additional attention to the technical requirements of the DAF sponsor.



PREPARATION

Thorough preparation demonstrates professionalism and makes it easier for the donor to say yes:

1. Research donor's DAF sponsor and requirements
2. Prepare organizational tax-exempt documentation
3. Develop compelling proposal to match their interests
4. Identify specific funding opportunities
5. Plan follow-up and stewardship approach

THE ASK - MEETING AGENDA

Structure your conversation to move naturally from discovery to action:

1. Discovery: Confirm DAF ownership and preferences
2. Education: Share impact opportunities and tax benefits
3. Proposal: Present specific funding requests that match their interests
4. Facilitation: Assist with grant recommendation process
5. Follow-up: Maintain communication during processing

Practical Strategies

DAF DONOR STEWARDSHIP

Exceptional stewardship of DAF gifts builds loyalty and encourages continued support, often leading to larger and more frequent grants over time.

IMMEDIATE RESPONSE



The first 48 hours after a DAF gift arrives sets the tone for the entire relationship:

- Acknowledge both sponsor and donor
- Send personalized thank you within 48 hours
- Provide tax receipt and gift documentation
- Record donor information and preferences
- Plan appropriate recognition level

ONGOING ENGAGEMENT



Consistent, meaningful communication keeps your organization top-of-mind when the donor considers their next grant recommendation:

- Regular impact reports and updates
- Specific donor communications to match their interests
- Personal annual summaries
- Personal meetings and check-ins
- Special event invitations
- Legacy giving conversations

LONG-TERM RELATIONSHIP BUILDING



The most successful DAF programs view each grant as part of a long-term philanthropic partnership:

- Multi-year giving projections
- Planned giving integration
- Family succession planning
- Board and volunteer recruitment
- Peer-to-peer fundraising involvement
- Major campaign participation



Measuring Success

UNDERSTAND WHAT WORKS

Understanding the current DAF landscape helps your organization assign resources effectively and benefit from the increased opportunities within this growing giving channel.

Measuring Success



KEY PERFORMANCE INDICATORS

- Number of DAF donors identified
- Total DAF gift revenue
- Average DAF gift size
- Donor retention rates
- Grant frequency and timing
- Stewardship engagement levels



EVALUATION METRICS

- Cost per DAF donor acquired
- Lifetime value of DAF relationships
- Conversion rates from prospects to donors
- Recurring giving participation
- Referral and peer engagement rates

The background of the slide features a photograph of several hands of different skin tones stacked on top of each other, palms facing up, symbolizing unity and teamwork. An orange arrow-shaped graphic points from the left towards the center of the slide.

In Closing...

THE KEY TO SUCCESS

DAFs represent a significant opportunity for your organization if it is willing to invest in understanding and engaging this growing donor segment. Success requires strategic planning, staff development, technology integration, and patient relationship building. Organizations that effectively tap into DAF giving often see substantial increases in both gift revenue and donor engagement.

The key to DAF fundraising success lies in recognizing that these donors often seek meaningful relationships and impact, not just convenient giving mechanisms. By focusing on stewardship, education, and long-term engagement, your organization can build sustainable revenue streams while advancing its mission.

SOURCES

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- ChatGPT Special Report - Emerging Trends in U.S. Philanthropy (2025–2030)
- The Chronicle of Philanthropy: "GoFundMe Enters the DAF Game: What It Means for Everyday Giving", by Rasheeda Childress, July 15, 2025
- The Chronicle of Philanthropy: "Why Your DAF Donor May Not Be Anonymous After All", by Drew Lindsay, October 8, 2024



EXPLORE MORE NONPROFIT RESOURCES

NEED SUPPORT? WE'RE HAPPY TO HELP!

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**Book an hour with
a DBD consultant!**

