

**April 2024**

# 2024 Charitable Gift Report - Trends and Opportunities in Split Interest Gifts

# Charitable Gift Report Highlights

## HIGHLIGHTS FROM 2024 GIFT ACTIVITY

- Year-over-year (YOY) increase in gift annuity activity and decline in trust activity
- Increase in median gift annuity of nearly 50% to \$49,500
- Number new charitable trusts declined 50% YOY and average value declined by 23%
- Contributions to and grants from the BNY Mellon Charitable Fund decreased YOY with both metrics returning to 5-year averages

## ORGANIZATIONS REPRESENTED IN THIS REPORT:

Education:	<b>58%</b>
Faith-Based:	<b>19%</b>
Social Services/Other:	<b>13%</b>
Cultural:	<b>6%</b>
Health Care:	<b>4%</b>

BNY Mellon Wealth Management's 2024 Charitable Gift Report assesses the philanthropic landscape, levels of giving over the past five years and donor behavior to provide insights, context and benchmarks.

This report provides analytics and observations on the charitable gift annuity (CGA) and charitable remainder trust (CRT) activity during the calendar year 2023 for 103 nonprofit organizations and the BNY Mellon Charitable Gift Fund.<sup>1</sup>

<sup>1</sup>Data for the report is based on completed gift records in our database as of March 1, 2024.

# The World Around Us – Economic Impact & Philanthropic Landscape<sup>3</sup>

## **ECONOMIC IMPACT**

- Recession uncertainty
- Lingering Inflation
- Market resilience

## **PHILANTHROPIC LANDSCAPE**

- Legacy IRA Act
- Higher American Council on Gift Annuities (ACGA) Rates
- Decreased Giving

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## Charitable Gift Annuity

# Gift Annuity Activity Returns to Normal

	2019	2020	2021	2022	2023
<b>Number of Gifts</b>	617	460	507	390	605
<b>Total Gift Amount</b>	\$67,850,911	\$43,313,022	\$55,086,888	\$34,168,640	\$55,612,035
<b>Annual Payments</b>	\$4,384,830	\$2,786,756	\$3,399,369	\$2,550,294	\$4,217,101
<b>Median Gift Size</b>	\$30,000	\$25,000	\$25,000	\$25,000	\$49,572
<b>Avg. Gift Size</b>	\$109,969	\$94,159	\$108,653	\$87,612	\$91,921
<b>Median Donor Age</b>	77	79	79	79	78
<b>Avg. Donor Age</b>	77	79	79	79	78

# Gifts Greater Than \$50k Make Up 90% of Total Gift Amount <sup>6</sup>

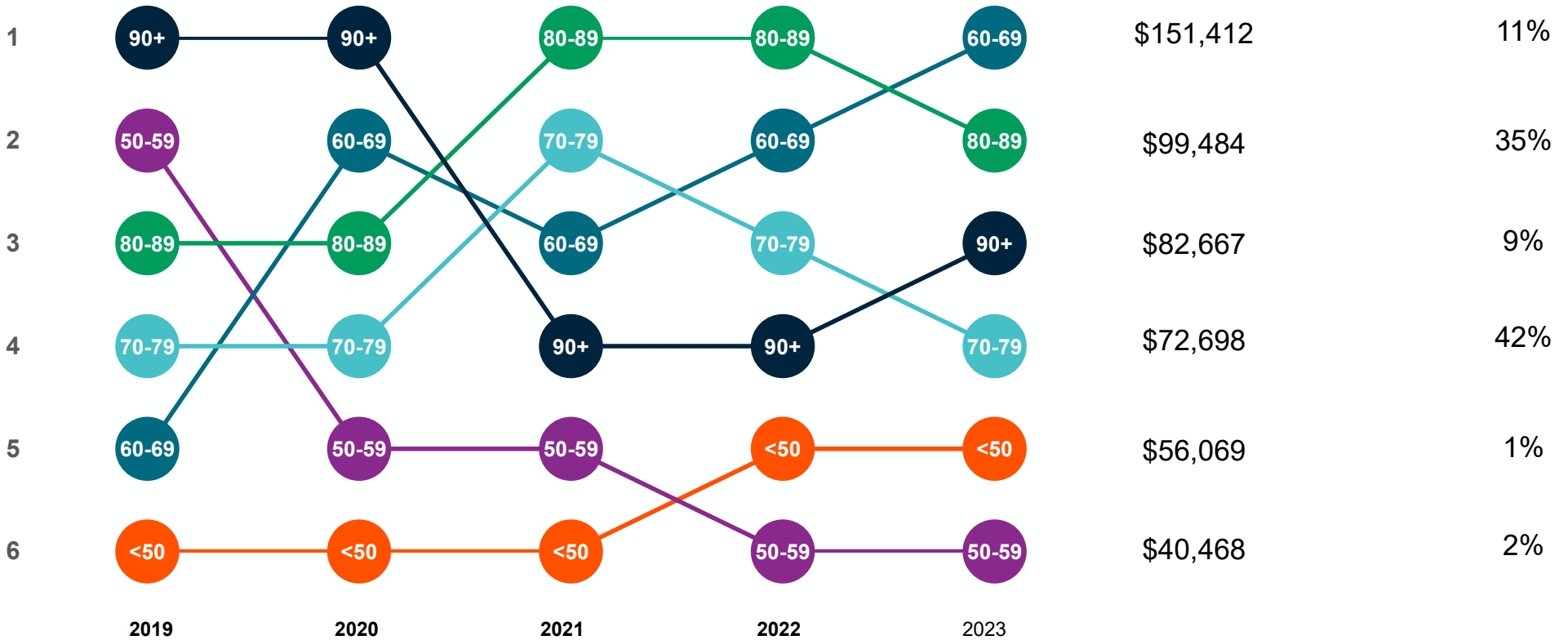
Category	# of Contracts	% Contracts	Gift Amount	% Gift Amount
1) Gifts < \$10,000	14	2%	\$ 75,107	<1%
2) Gifts \$10,000 - \$49,999.99	290	48%	\$ 5,808,498	10%
3) Gifts \$50,000 - \$99,999.99	164	27%	\$ 8,877,553	16%
4) Gifts \$100,000 - \$499,999.99	117	19%	\$ 18,912,472	34%
5) Gifts \$500,000 - \$999,999.99	9	1%	\$ 5,590,617	10%
6) Gifts >= \$1,000,000	11	2%	\$ 16,347,788	29%
	<b>605</b>		<b>\$ 55,612,035</b>	

# Deferred and Flexible Gifts Are Underutilized

Type	Number of Contracts	Value of Contracts
Standard	86%	79%
Deferred/Flexible	14%	21%

# Average Gift Amount for 60–69 Year-Old Cohort Increases

Average Gift Amount      Percent of New Gifts

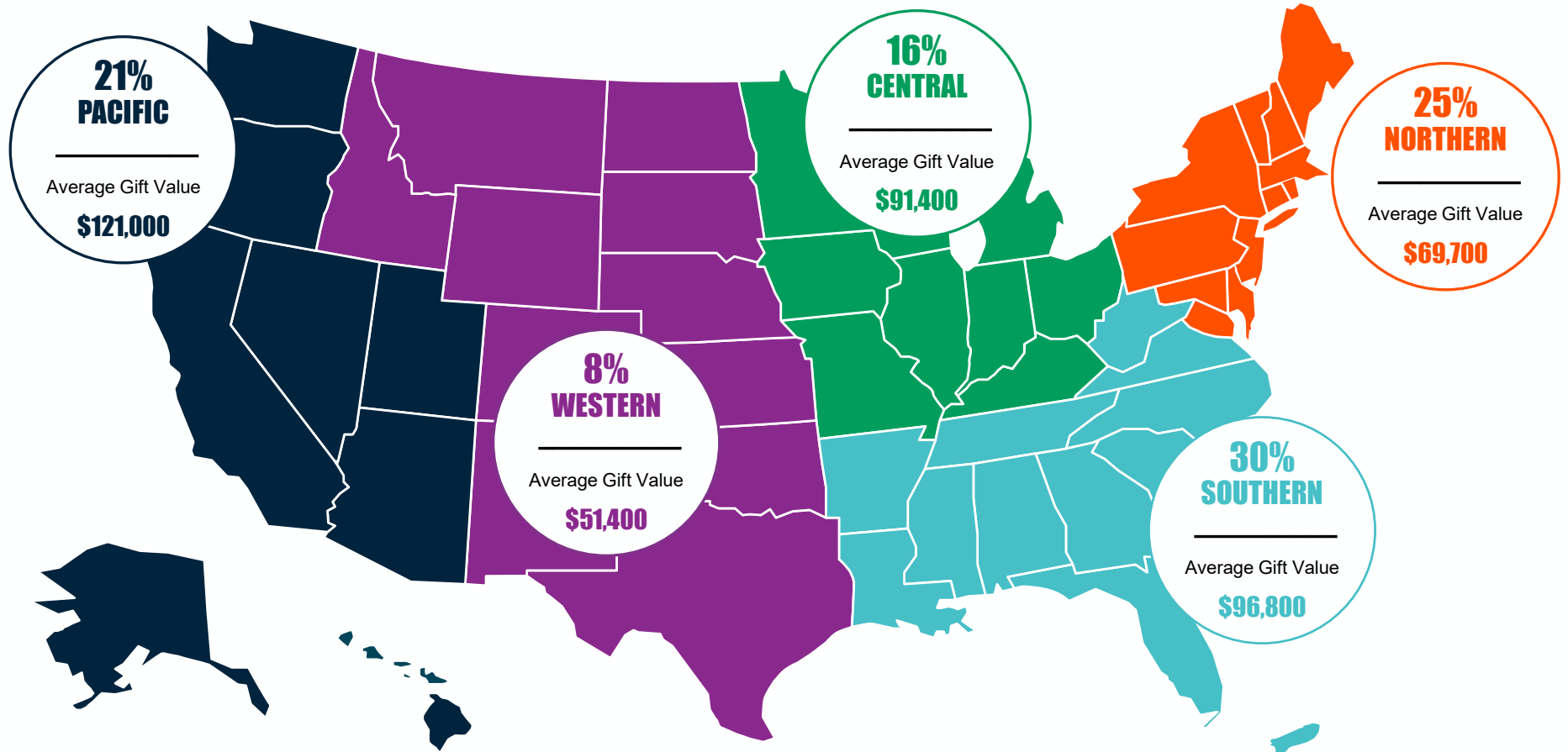




# New Donors Outpace Repeat Donors For First Time in 5 Years<sup>9</sup>

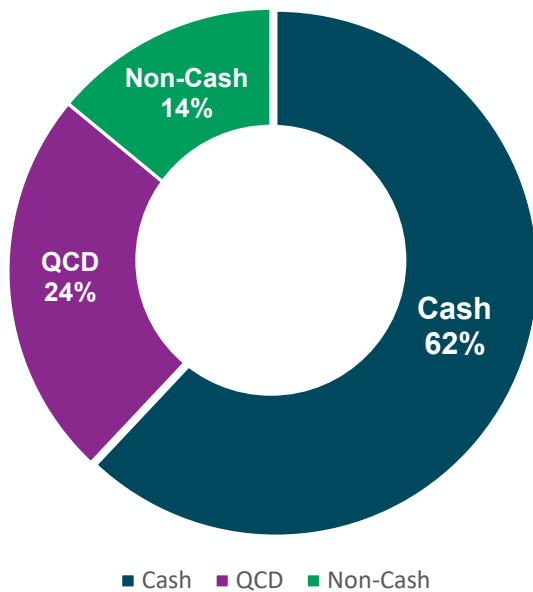
Type	% of Total Gift	Average Gift	Median Gift
Repeat Donors	49%	\$90,676	\$50,000
New Donors	51%	\$93,238	\$50,000

# Donors From California Make Larger Gifts Than National Average

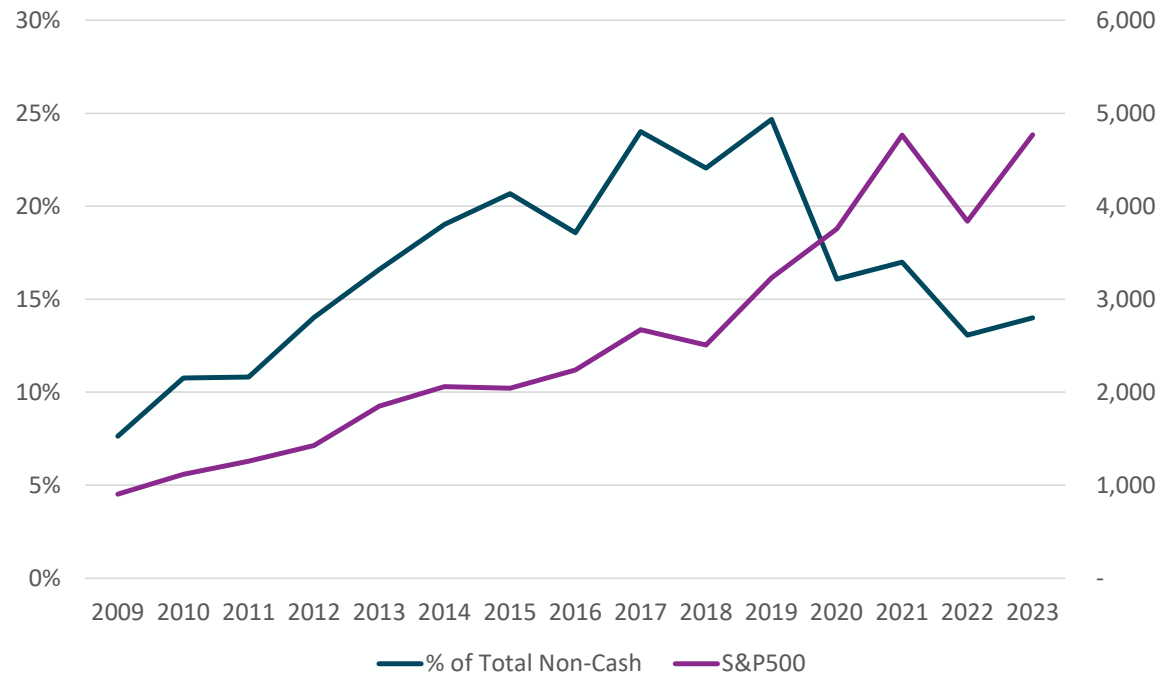


# Missed Opportunity for Tax and Estate Benefits of Non-Cash Gifts

### Cash vs. Non-Cash Gifts Count



### Non-Cash Gifts vs. S&P 500 Index



# Charitable Gift Annuity

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## COMPOSITE DONOR PROFILE



**Median age of 78 years old**, down from previous year

**New donor(s) or Repeat donor(s)**

Residents of **TN, FL, NC or CA**

Giving in **October, November or December**

Giving to organizations **outside state**

Giving to **educational** institutions

**\$49,500 cash gift**, almost 2x prior year

Payout rate<sup>1</sup> **7.2%**, up from prior year

<sup>1</sup>Payout rate based on recommended ACGA rates as of January 1, 2023, for a 78-year-old donor.

# Charitable Gift Annuity Program

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## **STRATEGY RECOMMENDATIONS:**

- Align gift acceptance policy minimums and maximums for donor age and gift amounts with the long-term objectives and risk tolerance of your CGA program.
- Proactively contact existing and prospective donors about using a Qualified Charitable Distribution (QCD) to fund a gift annuity with your organization.
- Encourage donors to maximize tax and estate planning benefits of gift annuities by donating non-cash assets.

# Charitable Residuum Remains Well Above 50% Target

	2019	2020	2021	2022	2023
<b>Number Terminated</b>	951	893	1364	1194	1227
<b>Residuum %</b>	94.03%	72.85%	85.40%	84.40%	76.22%
<b>MV of Terminated Gifts</b>	\$48,564,153	\$39,719,619	\$48,725,832	\$43,089,600	\$39,941,174
<b>Average Actual Gift Duration</b>	14.2 Years	15.0 Years	18.3 Years	18.8 Years	21.4 Years
<b>Median Actual Gift Duration</b>	13.7 Years	14.2 Years	15.9 Years	17 Years	19.3 Years
<b>Effective Payout of Terminated Gifts</b>	8.24%	10.96%	8.88%	9.84%	9.83%
<b>Initial Payout Rate Average</b>	8.02%	7.89%	7.39%	7.46%	7.09%

# Deferral Controls Risk and Leads to Better Outcomes

## 2023 Deferred CGA Terminations

Type	Residuum	Average Deferral Length
Deferred	107%	3 years
Standard	76%	n/a

## Deferral Length and Residuum

Termination Year	Residuum	Number of Terminations	Average Deferral Length (Yrs)
2019	118%	81	5.97
2020	179%	72	5.29
2021	248%	104	5.26
2022	139%	98	3.92
2023	107%	109	3.44

# You're Not Alone - Most Organizations Have Exhausted Gifts<sup>16</sup>

Client Segment	% of Clients with Exhausted Gifts	Number of Gifts	Average Payout	Avg Gift Duration	Avg Bene Age at Gift
Social Services/Other	16%	447	8.03%	21.9	73
Educational	59%	246	8.00%	22.3	73
Faith-based/Religious	14%	93	7.59%	24.4	71
Cultural	5%	16	8.22%	23.5	75
Healthcare	5%	11	7.21%	18.7	71



# Charitable Gift Annuity Program



## **STRATEGY RECOMMENDATIONS:**

- Implement policies, procedures, and controls to effectively identify and analyze concentration, longevity, and other risks inherent with gift annuities.
- Discuss the benefits and advantages of deferred gift annuities with your donors.
- Develop contingency plans to support exhausted gift annuities.

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## Charitable Trusts

# Trust Formation and Activity Decline Significantly

## New Trust Gifts

Major Gift Type	Client Type	Gift Value	No of Gifts	\$ % or Total	# % of Total	Client % of total	PY (2022) \$ Gifts	PY (2022) # Gifts
Trust	Educational	\$ 5,429,958	8	58%	57%	64%	\$ 17,836,792	18
Trust	Faith-based/Religious	\$ 3,507,578	5	37%	36%	27%	\$ 1,225,100	4
Trust	Social Services/Other	\$ 436,191	1	5%	7%	9%	\$ 4,244,748	5
		<b>\$ 9,373,727</b>	<b>14</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>\$ 23,306,640</b>	<b>27</b>

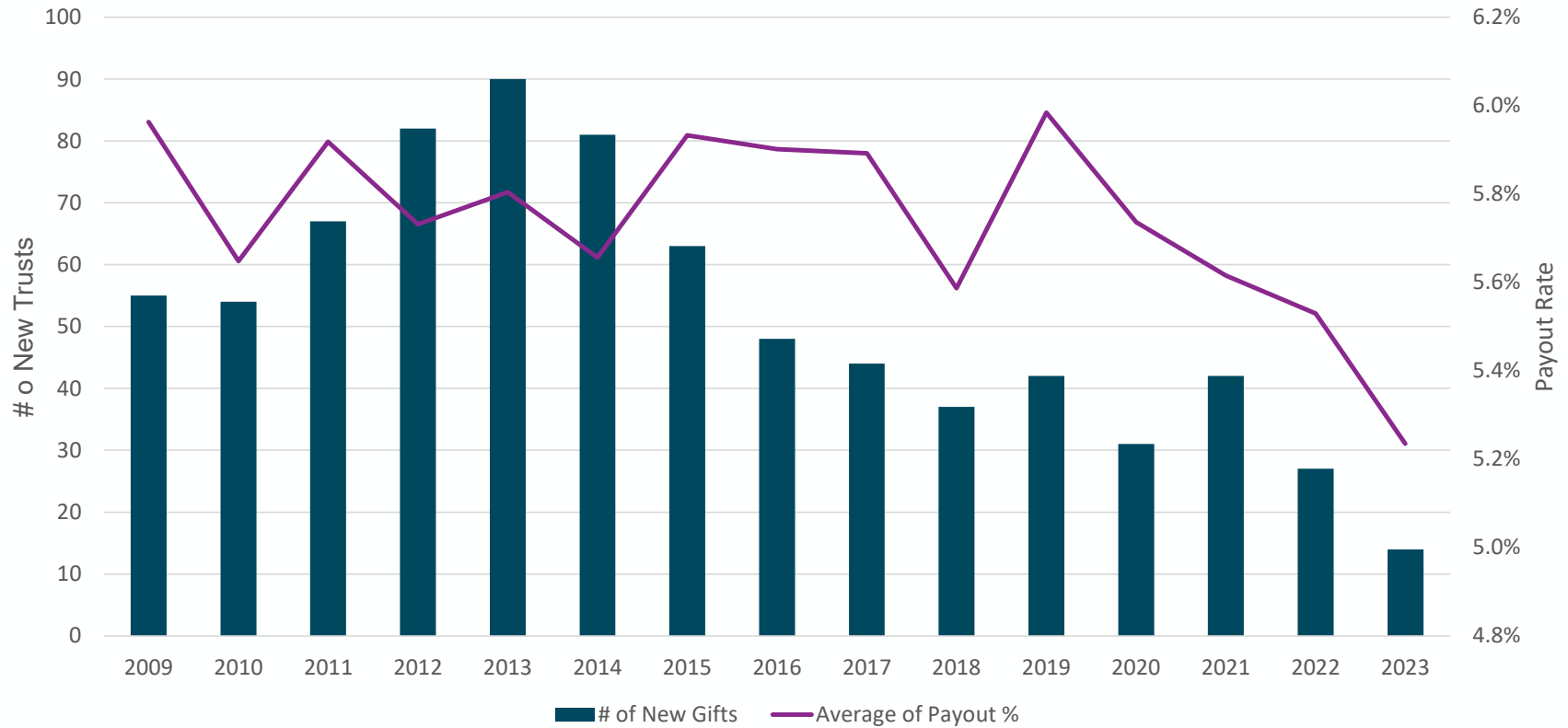
## Trust Additions

Major Gift Type	Client Type	Gift Value	No of Gifts	\$ % or Total	# % of Total	Client % of total	PY (2022) \$ Gifts	PY (2022) # Gifts
Trust	Educational	\$ 2,808,582	36	75%	84%	90%	\$ 5,156,655	39
Trust	Social Services/Other	\$ 946,928	7	25%	16%	10%	\$ 615,537	6
Trust	Faith-based/Religious							
		<b>\$ 3,755,510</b>	<b>43</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>\$ 5,772,192</b>	<b>45</b>

# Age Trends Elusive Due to Strategic Nature of Trusts for Donors



# Trust Formation and Payout Percent Decline



<sup>1</sup>Data is a rolling 15 years based on current client base.

# New Data Shows No Growth for Trusts Terminating in 2023

	2019	2020	2021	2022	2023
<b>Number Terminated</b>	n/a	n/a	n/a	n/a	95
<b>Residuum %</b>	n/a	n/a	n/a	n/a	86.3%
<b>MV of Terminated Gifts</b>	n/a	n/a	n/a	n/a	\$51,509,414
<b>Average Actual Gift Duration</b>	n/a	n/a	n/a	n/a	22.9 Years
<b>Median Actual Gift Duration</b>	n/a	n/a	n/a	n/a	24.0 Years

# Charitable Trust Donor Profile

## COMPOSITE DONOR PROFILE



**Median age of 71 years old**, down from previous year

Funding **a standard Charitable Remainder Trust (CRUT)**

Giving to **educational institutions, faith-based/religious and social services**

**\$584,000** average gift, funding with **securities**

**5.24%** average payout rate

<sup>1</sup>Payout rate based on recommended ACGA rates as of January 1, 2023, for a 78-year-old donor.

# Charitable Trusts



## **STRATEGY RECOMMENDATIONS:**

- Engage with donors and their advisors to develop giving strategies that align with their other tax and estate planning objectives.
- Establish gift acceptance policies and appropriate resources that allow for different funding asset options. Work with donors and their advisors to optimize those assets for charitable benefits.
- Tailor marketing and donor outreach to target younger donors.



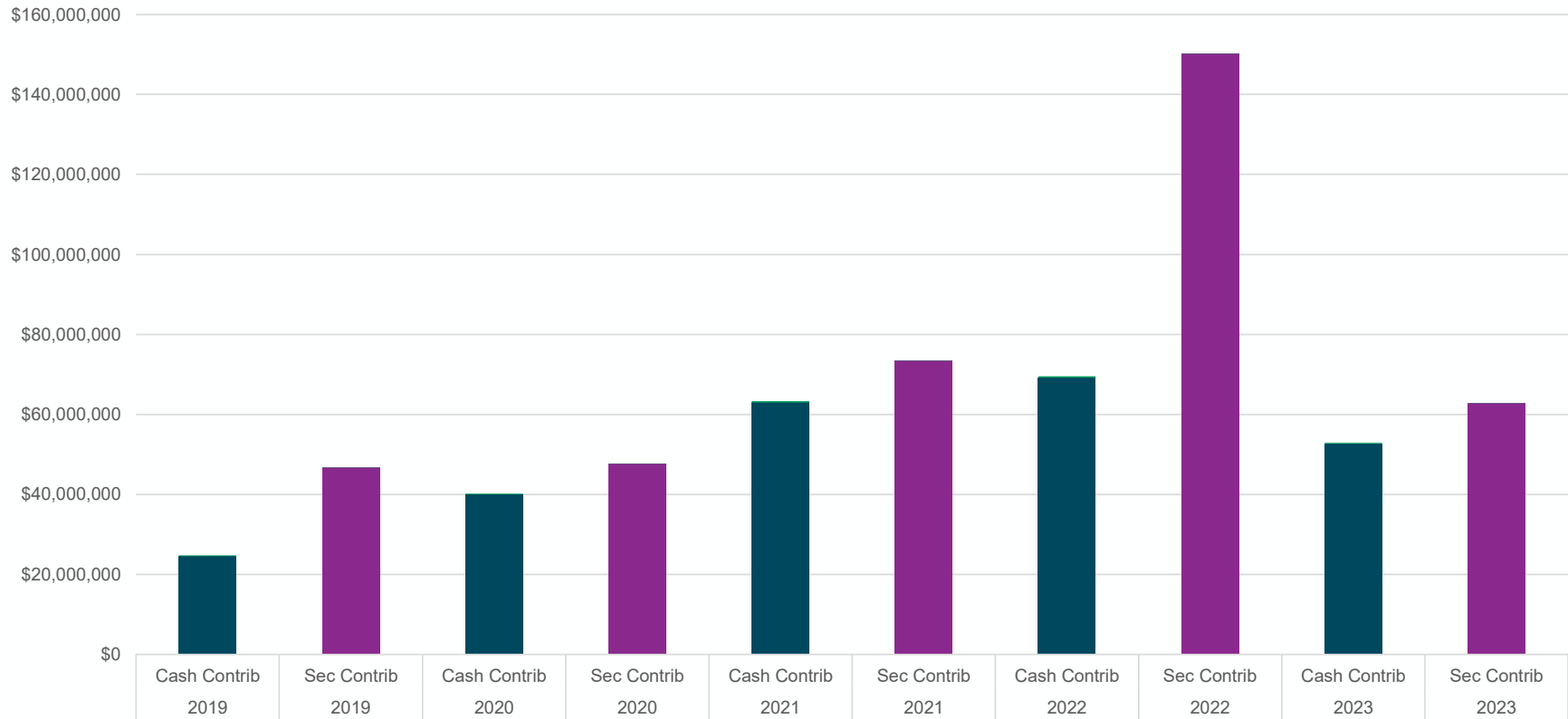
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## Donor Advised Funds

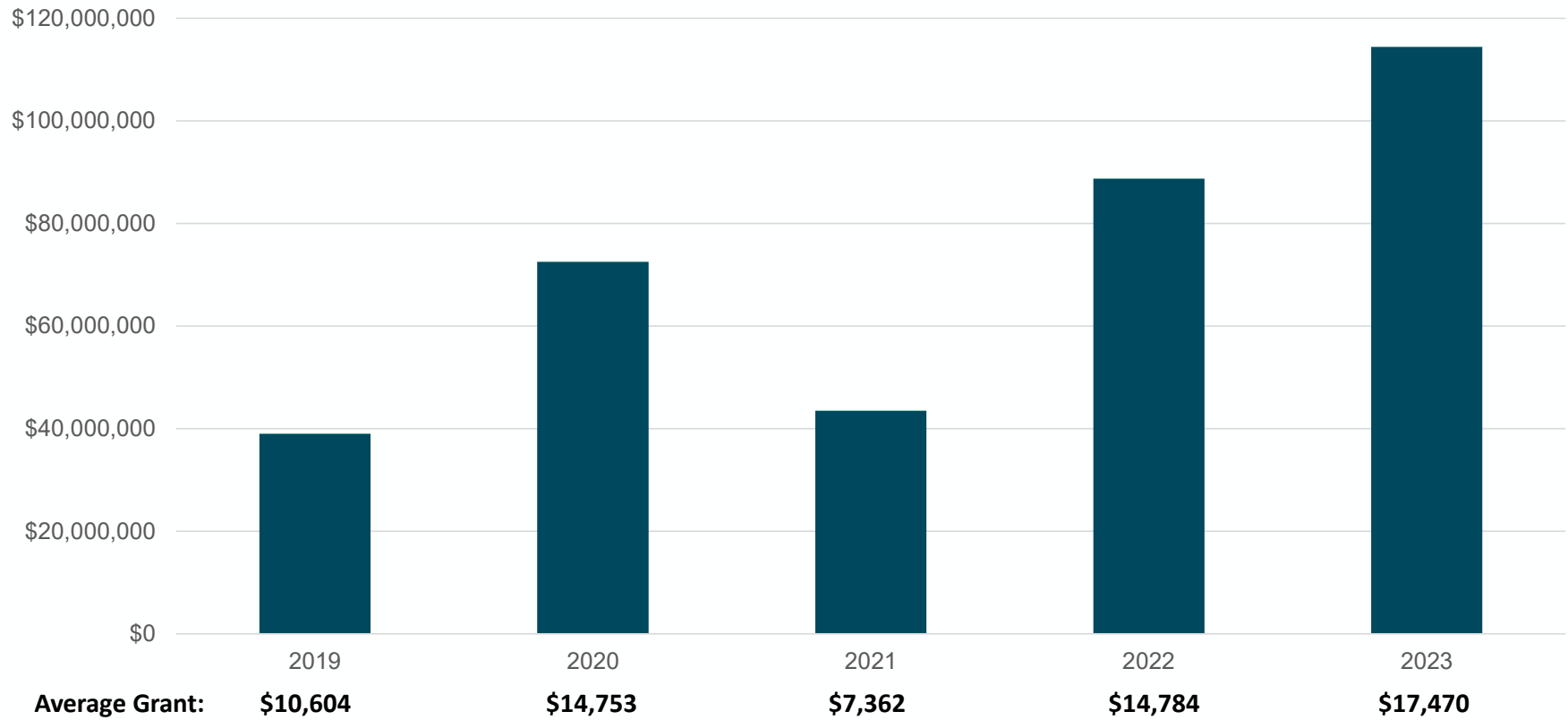
# Donor Advised Fund Activity Returns to Normal Levels

Gift Year	Gift Count	Gift Amount	Average Gift
2019	3,115	\$71,272,899	\$22,881
2020	1,947	\$87,629,062	\$45,007
2021	3,760	\$136,350,103	\$36,263
2022	2,102	\$219,401,951	\$104,378
2023	3,225	\$115,588,993	\$35,842

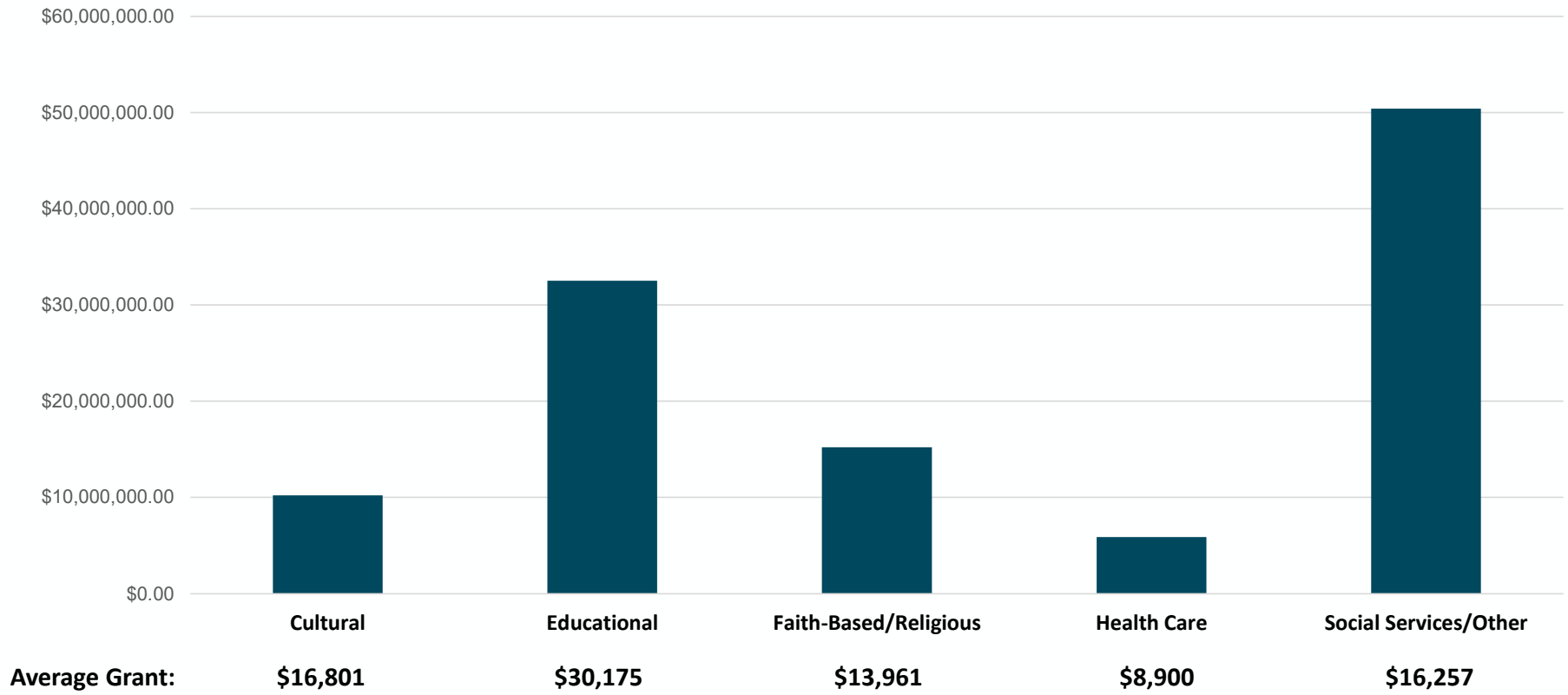
# Donors Utilize Securities Effectively to Fund DAFs



# Grants from DAF Increase for Third Year In a Row



# Social Services Organizations Receive Most Grants in 2023



# Donor Advised Funds

## COMPOSITE DONOR PROFILE



**Median age of 65 years old**

**\$35,800** average contribution

Funding with **securities**

Giving in **December**

Recommending grants to **social & human services organization**

**\$17,500** average grant

# Donor Advised Funds



## **STRATEGY RECOMMENDATIONS :**

- Proactively engage donors to discuss their use of DAFs.
- Implement a marketing strategy that targets donors with an existing DAF.
- Develop process to record, track and thank DAF donors.

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## Appendix



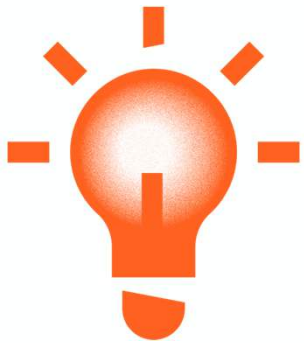
# Charitable Gift Annuity



## KEY INSIGHTS:

- Charitable gift activity overall returned to historical trends and gift size increased.
- 24% of all new gifts were funded by a Qualified Charitable Distribution (QCD) from retirement accounts, and 51% of QCD funded gift annuities were for the lifetime maximum of \$50,000.
- Median gift size increased from \$25,000 to ~\$49,500 due to influx of QCD funded gifts at \$50,000 limit.
- Younger donors (60-69) have taken the lead as the age cohort with the highest average gift amount.
- Cash gifts are still by far the most popular, but there are significant opportunities to optimize giving by working with donors to consider non-cash gifts.
- Qualified Charitable Distributions (QCDs) are a powerful new tool for fundraising, including the funding of gift annuities.

# Charitable Trusts



## KEY INSIGHTS:

- Trusts are effective vehicles for both philanthropic and wealth planning. As our survey indicates, people use charitable trusts as a giving strategy because they prioritize benefitting charity.
- There was a significant decrease in new trust activity year-over-year, with total new gift amounts and additions to trusts declining by -60% and -35%, respectively.
- 86% of all new charitable trusts were funded with non-cash assets, which is the reverse of funding source data for gift annuities.
- 14% of all new charitable trusts were funded with real estate, which continues to be a viable gifting option as real estate values continue to appreciate.

# Donor Advised Funds



## KEY INSIGHTS:

- Donor Advised Funds are a simple and versatile tool that donors can utilize for both tax planning and philanthropic purposes.
- 75% of contributions were made in 4Q (October to December).
- 93% of contributions were funded with non-cash assets, however cash gifts were 10x's larger on average (average gift - \$231,000 cash, \$21,000 non-cash)
- Highest proportion of contributions from new donors were between \$10,000 and \$50,000
- Granting in 4Q elevated (43% of transactions, 25% of dollars), but lower amounts on average (\$10,000 in 4Q vs. \$17,500 entire year)
- Social and Human Services Organizations receive the most grants in both number and dollar amount

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