

CHARITABLE GIFT REPORT 2023

# PURSUING YOUR MISSION AMID UNCERTAINTY

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Trends and Opportunities  
for Nonprofits

## HIGHLIGHTS FROM 2022 GIFT ACTIVITY

- Giving trended downward across all types of giving.
- Planned giving donors moved toward strategic giving to meet long-term philanthropic and other goals.
- Given current giving trends, nonprofits must have a sound long-term investment strategy that prepares organizations to meet their challenges should these trends continue.

# Executive Summary

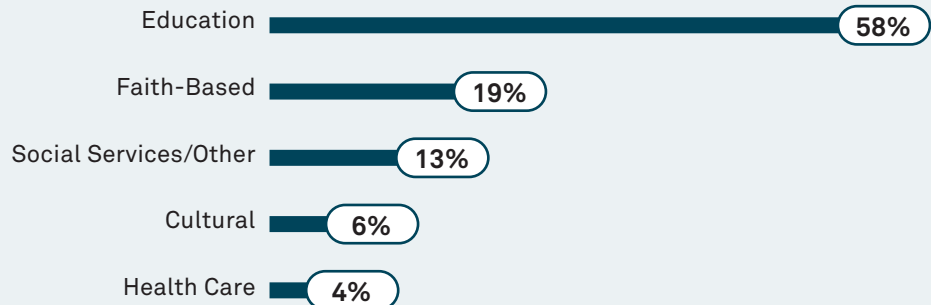
As the world wrestled with a myriad of challenges during 2022 — war in Europe, ongoing inflation, rising interest rates and declines in both stock and bond markets – the philanthropic community demonstrated enormous resiliency and generosity.

Against a difficult backdrop, nonprofits discovered new ways to connect with supporters and to move forward in pursuit of their missions.

However, compared to 2021, nonprofits experienced a sharp decline in planned gift activity for charitable trusts and gift annuities. According to the *Giving USA 2023: Annual Report on Philanthropy*, total giving was \$499.3B, a 3.4% decrease from 2021 (-10.5% inflation-adjusted). This national decline in giving aligns with findings from BNY Mellon Wealth Management’s nonprofit clients’ charitable giving activity which indicates a year-over-year decline.

As we have for the past 11 years, we have mined our charitable giving data to produce this proprietary **Charitable Gift Report** for the nonprofit sector. We hope that it will serve as a useful resource for nonprofit professionals as they seek to overcome challenges, improve our world and foster change through giving.

### Organizations Represented in This Report



### 2022 Planned Gift Activity

- New Charitable Gift Annuities (CGA) ..... **390**
- CGA terminations ..... **1194**
- New Charitable Remainder Trusts (CRT) ..... **27**
- Additions to CRTs ..... **45**

### 2022 Donor Advised Fund Activity

**\$219.4 MILLION**  
in gifts to the BNY Mellon Charitable Gift Fund

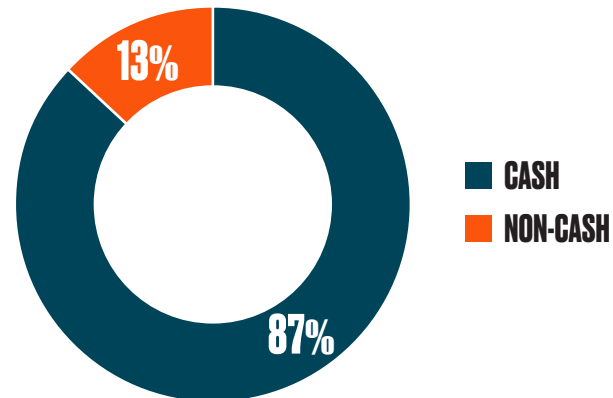
**\$88.7 MILLION**  
in grants from the BNY Mellon Charitable Gift Fund to qualified nonprofits

## KEY TAKEAWAYS

- Cash continued as the primary funding asset.
- Repeat donors once again outnumbered new donors.
- Gift duration to maturity continued to increase.

# Charitable Gift Annuities

## Cash vs. Non-cash Gifts Count



## New Gift Activity

The number and total dollar amount of gifts declined in 2022 after increasing the prior year. The average gift size also declined, while the median gift size remained unchanged.

Annuity Profile	2022	2021	2020	2019	2018
Number of Gifts	390	507	460	617	511
Total Gift Amount	\$34,168,640	\$55,086,888	\$43,313,022	\$67,850,911	\$43,392,106
Median Gift Size	\$25,000	\$25,000	\$25,000	\$30,000	\$25,000
Avg. Gift Size	\$87,612	\$108,653	\$94,159	\$109,969	\$84,916
Median Donor Age	79	79	79	77	78

## Gifts by Size

Gifts of more than \$100,000 represented only 23% of the total contracts in 2022, but accounted for 78% of the total gift dollars. Gifts between \$10,000 and \$50,000 represented the majority of contracts in 2022 at 58%, up 4 percentage points over the prior year.

Category	Number of Contracts	Percent of Number	Gift Amount	Percent of Amount	Average Gift Expectancy
1) Gifts < \$10,000	17	4%	\$82,249	1%	18.87
2) Gifts \$10,000 - \$49,999.99	227	58%	\$3,830,378	11%	15.85
3) Gifts \$50,000 - \$99,999.99	55	14%	\$3,492,280	10%	12.55
4) Gifts \$100,000 - \$499,999.99	76	20%	\$12,625,555	37%	13.62
5) Gifts \$500,000 - \$999,999.99	8	2%	\$4,514,667	13%	12.46
6) Gifts >= \$1,000,000	7	2%	\$9,623,511	28%	13.20
	<b>390</b>		<b>\$34,168,640</b>		

## STRATEGY CHECKPOINT

Continuing historic trends, CGAs funded with non-cash assets remain incredibly low, especially when compared to other giving tools. During times of market and economic uncertainty, donors are more conservative with cash, so it is more likely that organizations who receive more cash-funded CGAs will see a decrease as evidenced by this year's data. Shifting focus from cash to gifts of non-cash assets opens the door for deeper conversations on optimizing a gift's impact.

What steps should your organization take to drive more non-cash giving: internal training, donor education, review of gift acceptance policies, engaging additional expertise?

### 2022 Average Gift Amount by Donor Age

Average Gift	Age
\$124,798	80-89
\$76,403	60-69
\$69,175	70-79
\$45,199	90+
\$33,083	<50
\$24,115	50-59

### Annuity Terminations

	2022	2021	2020	2019	2018
Number Terminated	1194	1364	893	951	737
Residuum Percent	84.40%	85.40%	72.85%	94.03%	82.19%
Market Value of Terminated Gifts	\$43,089,600	\$48,725,832	\$39,719,619	\$48,564,153	\$37,623,306
Average Actual Gift Duration	18.8 Years	18.3 Years	15 Years	14.2 Years	13.4 Years
Median Actual Gift Duration	17 Years	15.9 Years	14.2 Years	13.7 Years	13.4 Years
Effective Payout of Terminated Gifts	9.84%	8.88%	10.96%	8.24%	10.46%
Initial Payout Rate Average	7.46%	7.39%	7.89%	8.02%	7.97%

## KEY TAKEAWAYS

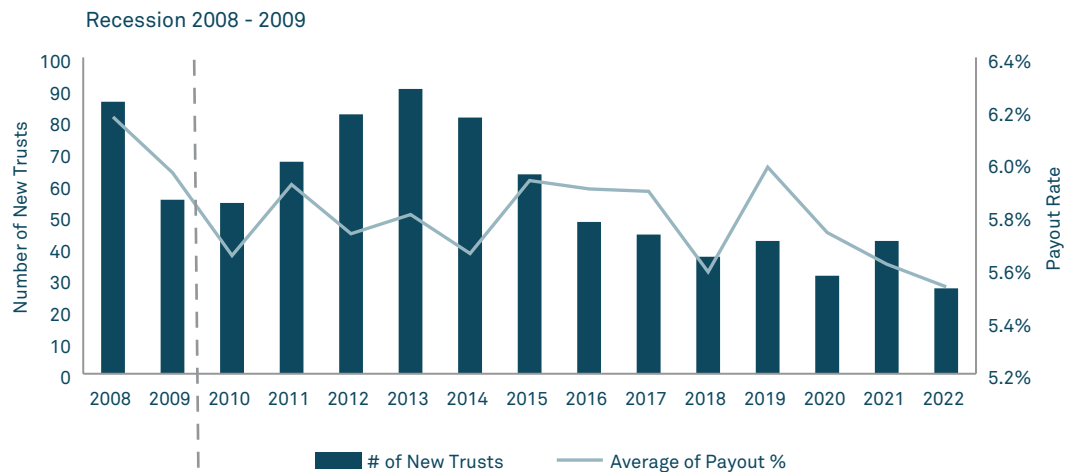
- 10-year low in trust activity.
- YOY increase in total trust funding and average and median initial trust funding amount.
- YOY increase in average gift in every age cohort.

# Charitable Trusts

## 2022 Trust Average Gift Amount by Donor Age

Average Gift	Age
\$629,477	80-89
\$401,535	90+
\$353,134	60-69
\$263,044	50-59
\$228,875	70-79
\$25,000	<50

## Yearly New Trusts & Average Payout Percent (%)



## STRATEGY CHECKPOINT

Rising interest rates mean potentially higher charitable deductions for donors funding charitable remainder trusts. This tax benefit can be especially attractive to donors who have a strong philanthropic intent and a significant taxable event such as the sale of a business or are looking to mitigate realized capital gains from their investment portfolio.

Even in the current market environment where investors may not have significant portfolio gains, a charitable trust may be a way to transform underperforming assets into a transformative charitable gift.

What funding asset options are available in your gift acceptance policies and how can you work with donors and their advisors to optimize those assets for charitable benefit?

## KEY TAKEAWAYS

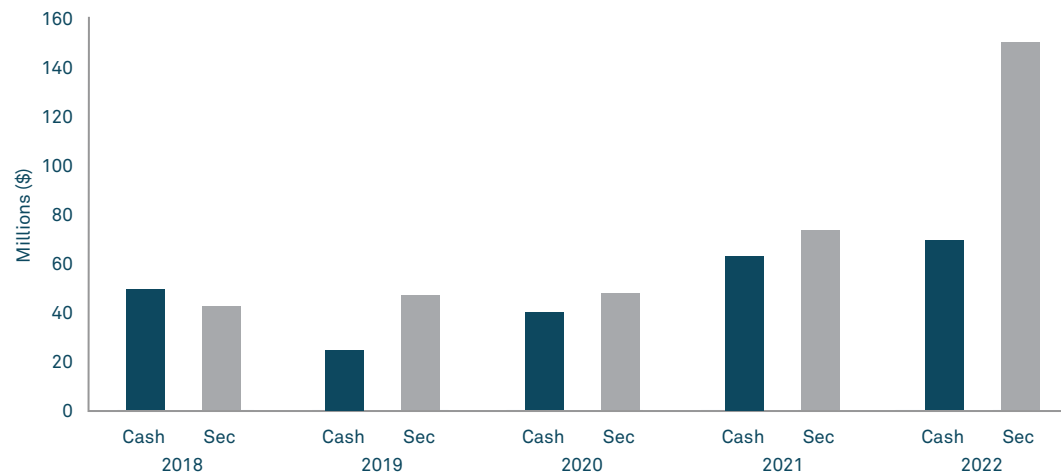
- Total donor advised fund (DAF) contributions increased YOY almost 40% and average DAF contributions increased YOY over 180%.
- Average grant size more than doubled YOY.

# Donor Advised Funds

## Gifts by Year

Gift Year	Gift Count	Gift Amount	Average Gift
2018	3,432	\$91,780,055	\$26,742
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

## Gifts of Cash vs. Securities



## STRATEGY CHECKPOINT

Contributions to the BNY Mellon Charitable Gift Fund continue an upward trend with gifts in the second half of the year alone, outpacing all of the prior year.

How are you engaging donors with a DAF giving strategy?

# Opportunities For Nonprofits

## CHARITABLE GIFT ANNUITIES

- Routine review and analysis of CGA gift acceptance policies, procedures and investment policies are important to drive the success of a CGA program.
- Quantitative analysis with metrics and benchmarks is key.
- It is also important to take into consideration market and economic conditions, tax legislation, the evolution of the philanthropic ecosystem and their impact on donor motivation and planning when building a strategy for a successful CGA program.

## CHARITABLE TRUSTS

- For many donors, charitable trusts serve as one of several charitable tools they deploy to meet philanthropic goals.
- Long-term planned giving program success is the result of building relationships with donors who have a comprehensive philanthropic strategy and helping them explore the many ways charitable trusts can help them execute on their strategy.
- As donors become increasingly committed to investing in solutions in support of nonprofits' mission, nonprofits will need to cultivate deeper relationships in order to better understand donor intent and be innovative in offering solutions. Charitable trusts can be one such solution.

## DONOR ADVISED FUNDS

- As DAFs continue to see tremendous growth and increased utilization as a charitable giving tool, building a donor engagement strategy specific to DAF holders should be a priority for nonprofits.