

# FIDELITY CHARITABLE® GIVING REPORT

## 2013



*A Look at Fidelity Charitable® Donors,  
Who They Are and How They Give*



**FIDELITY** Charitable®

Make more of a difference



# Fidelity Charitable Giving Report

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CHANGING THE CHARITABLE LANDSCAPE



**A**MERICANS ARE RECOGNIZED around the world for their generosity and philanthropic spirit. And while charitable giving is not impervious to the economic climate, in the past twenty years U.S. giving has grown well above the rate of inflation, despite the frequently challenging economic circumstances. In 1991, total giving in the U.S. was \$105 billion. By 2011, that figure had grown to more than \$298 billion—a 72% rise over two decades when adjusted for inflation.<sup>1</sup>

While there are many reasons for this growth, vehicles specifically designed to help individuals plan their giving have become increasingly popular and have likely played a part. The fastest-growing of these vehicles is the donor-advised fund, or DAF.<sup>2</sup> From 2007 through 2011, in fact, individual donor-advised fund accounts grew 17%.<sup>3</sup>

Increasingly, DAFs are meeting an important need for people who want to be more thoughtful and systematic about their giving, and who are looking for ways to maximize their generosity. DAFs bring the power of strategic philanthropy to individuals and families at various stages in their philanthropic journeys and across the wealth spectrum.

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*Donor-advised funds help donors simplify charitable contributions and maximize giving.*

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Fidelity Charitable, an independent public charity that sponsors the nation's largest donor-advised fund program, was established in 1991 with the mission to further the American tradition of philanthropy by providing programs that make charitable giving simple and effective. The Fidelity Charitable Giving Report helps provide a picture of Fidelity Charitable donors. The data tells the story of a dynamic and diverse donor base that actively use their DAFs to strategically support a wide range of charitable causes.

In this report, all data and figures presented are through December 31, 2012, unless otherwise noted.

<sup>1</sup> *Giving USA 2012*, The Annual Report on Philanthropy for the Year 2011; Giving USA Foundation; researched and written by The Center on Philanthropy at Indiana University

<sup>2</sup> 2012 Donor-Advised Fund Report, the National Philanthropic Trust

<sup>3</sup> *Giving USA Spotlight*; Issue 4, 2012—individual DAF accounts grew from 151,595 to 177,357



# What Is a Donor-Advised Fund?

A donor-advised fund is a charitable account sponsored by a public charity that donors use to support their philanthropy. It is designed to simplify charitable contributions and maximize giving. By using a donor-advised fund (at Fidelity Charitable, this is referred to as a Giving Account<sup>®</sup>), donors and/or their advisors are able to plan their giving over the course of time, allowing them to engage in more thoughtful, longer-term charitable planning. Fidelity Charitable also simplifies record-keeping, providing donors around-the-clock online access to their Giving Account as well as information such as contribution and grant confirmations, and quarterly and annual statements.

In a recent survey, Fidelity Charitable donors identified the ease of recommending grants and the ease of record-keeping among the top features of their Giving Accounts<sup>4</sup>. Two thirds of donors also said that they have increased their charitable giving as a result of having a Giving Account.

## THREE STEPS TO ESTABLISHING AND USING A DONOR-ADVISED FUND

### Give



Donors make an irrevocable, tax-deductible contribution of cash, securities or other assets to the public charity that sponsors the DAF program. The charity then establishes a DAF in the donor's name. Donors can make additional contributions at any time.

### Grow



Donors advise the DAF program sponsor how they would like their contributions allocated among various investment options. Any investment growth is tax-free.

### Grant



Donors are then able to recommend grants from their DAF to other nonprofit organizations—virtually any qualified 501(c)(3) public charity.

<sup>4</sup>Fidelity Charitable 2012 Annual Donor Survey. The top four features in the survey were: ease of recommending grants, ease of making contributions, online capabilities and ease of record-keeping.



# Fidelity Charitable Donors: A Snapshot

With over 94,000 donors connected to more than 57,000 Giving Accounts<sup>5</sup>, Fidelity Charitable donors are a diverse group.

Donors live in all fifty states, with particular concentrations in major metropolitan areas. The average age of Fidelity Charitable donors is 62; the average age at which donors establish a Giving Account is 54, a figure that has remained consistent during Fidelity Charitable’s 20-plus years of operation.

## FIDELITY CHARITABLE DONORS BY THE NUMBERS

Number of Giving Accounts

**57,779**  
ACCOUNTS

Average Donor Age  
At opening      Current

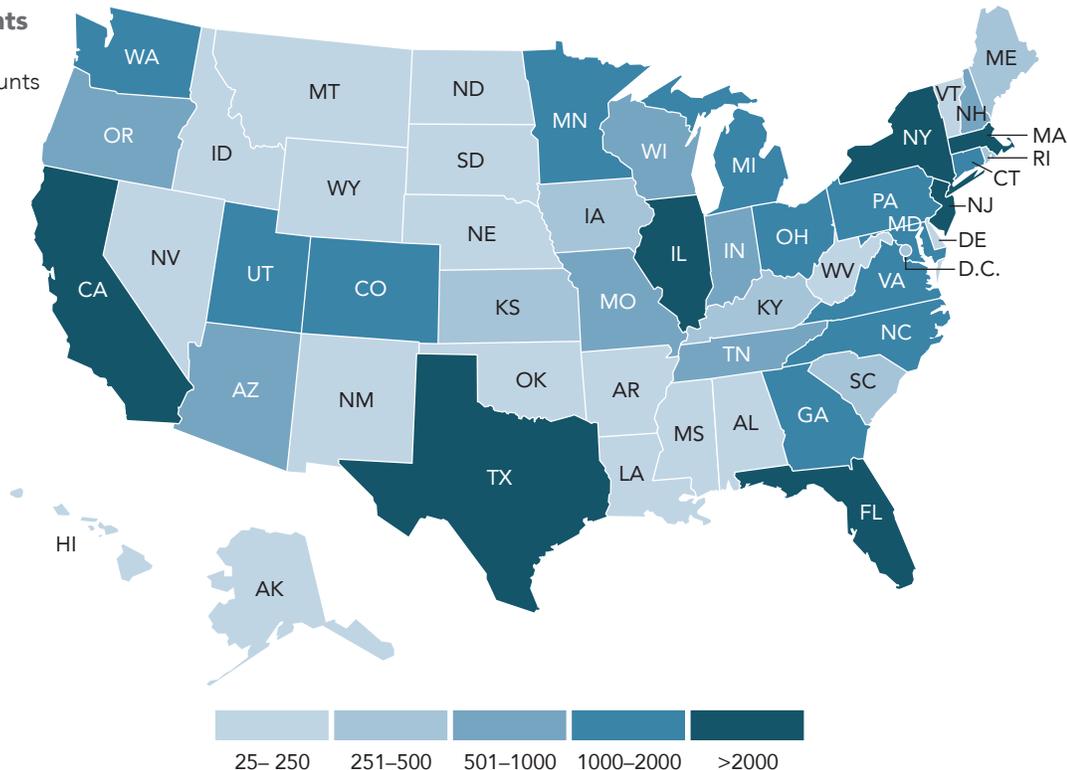
**54**  
YEARS

**62**  
YEARS

Median Giving Account Balance

**\$14,450**  
DOLLARS

Giving Accounts by State  
Number of accounts



<sup>5</sup> A Giving Account may have one or more donors with advisory privileges; most often this will be a spouse or other family member.

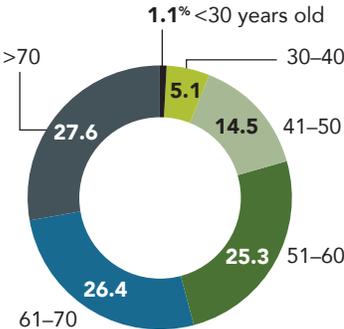


**DONOR AGE RANGE**

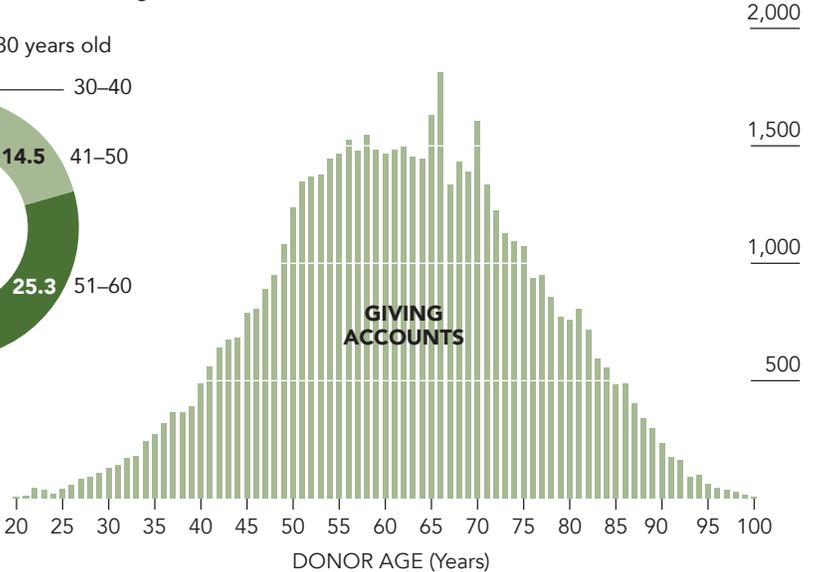
Almost 80% of donors are 51 or older, with an age distribution between 20 and 100. This is likely attributable to the mid-50s being the age at which many individuals begin to approach charitable giving and legacy planning in a more thoughtful and forward-looking manner.

**Giving Accounts by Age Range\***

Percent and distribution of Giving Accounts



NUMBER OF GIVING ACCOUNTS



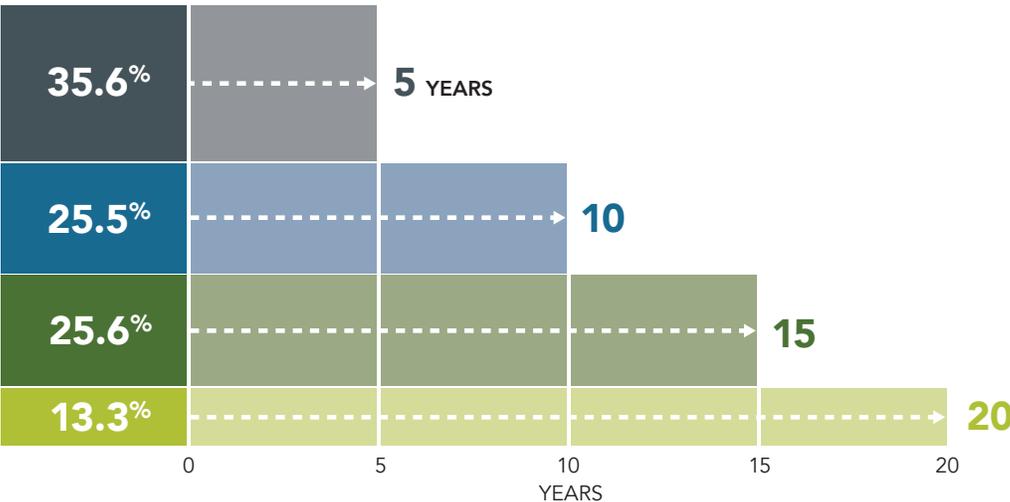
\*Excludes Corporate Giving Accounts.

**GIVING ACCOUNT TENURE SINCE INCEPTION**

Nearly 40% of Fidelity Charitable donors have maintained a Giving Account for more than 10 years. More than 13% have had an account for at least 15 years.

**Giving Account Tenure**

Percent of Giving Accounts open





**ESTABLISHING A GIVING ACCOUNT**

Donors fund their Giving Accounts with many different types of assets, including:

**Cash Equivalents**

**Appreciated, publicly traded securities**

- Stocks
- Bonds
- Mutual funds

**Appreciated, non-publicly traded assets**

- Private stock
- Restricted stock<sup>6</sup>
- Limited partnership interests
- Real estate

# How Donors Fund Their Giving Accounts

Donors can establish a Giving Account with a minimum charitable contribution of \$5,000, and can make their contributions with a wide range of assets (see sidebar). Current Giving Accounts range in size from less than a thousand to millions of dollars, with a median balance of \$14,450.

While giving with cash, check, or credit card remains very popular in the U.S.<sup>7</sup>, it is generally the least strategic way to give because the potential capital gains tax advantages—which can benefit both donors and their recipient charities—are not maximized. Donating long term appreciated securities (both publicly and non-publicly traded) directly to charity may allow donors to eliminate capital gains taxes on the appreciation of the securities—with those tax savings going directly to the charitable cause.

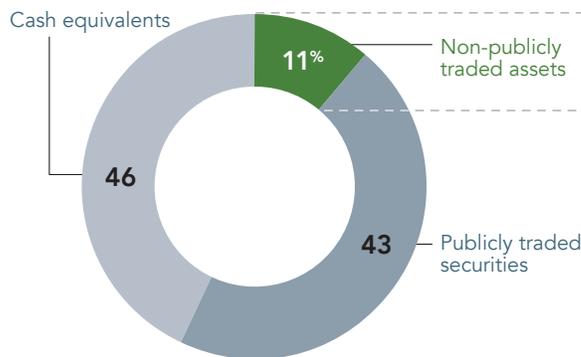
In particular, non-publicly traded assets represent a growing, significant<sup>8</sup>—and until recently, a largely untapped—source of philanthropic funding. However, charitable gifts of these types of assets can be complicated and costly for individuals to give and for some nonprofits to accept. The expertise and efficiency of Fidelity Charitable in accepting donations of non-publicly traded assets has played a substantial role in the growth of these types of contributions.

**CONTRIBUTIONS TO FIDELITY CHARITABLE**

Over half (54%) of Fidelity Charitable’s total 2012 contributions were in the form of public or private securities.

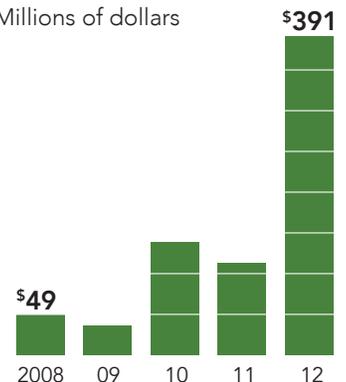
**Types of Assets Contributed**

Percent of contribution type by dollars



**Non-publicly Traded Assets Contributed**

Millions of dollars



<sup>6</sup> Restricted stocks may be publicly traded securities, but they contain restrictions pertaining to their transfer and/or sale. As such, we have classified them as non-publicly traded assets for the purposes of this report.

<sup>7</sup> <http://www.irs.gov/uac/SOI-Tax-Stats---Individual-Statistical-Tables-by-Size-of-Adjusted-Gross-Income>

<sup>8</sup> Deloitte Consulting, LLP, published a report in May 2011 entitled “The Next Decade in Global Giving Among Millionaire Households”, which stated that the top 1% of US households hold 36% of their wealth in privately held businesses.



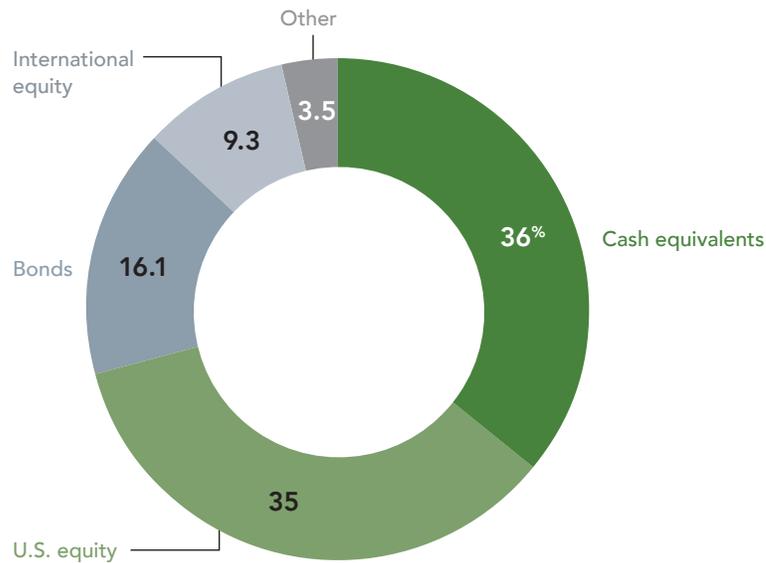
Once Fidelity Charitable donors have funded their Giving Accounts they can recommend how those assets are allocated among several investment options—mutual fund pools or investment advisor managed accounts—for tax-free growth. Donors make their recommendations based on their personal philanthropic strategies and risk tolerance for their Giving Accounts. Like other DAF sponsors, Fidelity Charitable offers a range of investment options that take into account the diverse approaches and preferences of its donors.

## GIVING ACCOUNT ASSET ALLOCATION

Total Giving Account asset allocation reflects a broad array of donors' personal philanthropic strategies.

### Giving Account Asset Classes

Percent of total





# Trends in Individual Giving

*Many donors support their favorite causes each year with grant sizes starting from a minimum of \$50.*

A donor-advised fund can help individuals and families create a plan and a schedule for giving over time—in many cases, over a lifetime. Most donors focus on “giving while living”, consistently recommending grants to their favorite charities, others view it more as a longer term, endowment-like charitable vehicle to benefit a specific charity or establish a family legacy. Still others use it to facilitate the efficient transaction and organization of a lifetime charitable legacy (funding the Giving Account, for instance, during significant wealth events such as the sale of a business, and then recommending grants over the course of many years). With varied philanthropic strategies, donors can take advantage of the flexibility of having a “ready reserve” to recommend grants to the causes they care about, whether it’s a spontaneous, one-time grant or an annual donation to a favorite charity.

The behavior of Fidelity Charitable donors highlights these diverse approaches and reveals an active and engaged population. An analysis of granting frequency found:

- Nearly 22% of donors with a Giving Account established before 2007 had recommended grants totaling almost the entire balance of their Giving Account, leaving \$200 or less, by the end of 2012.
- Of the remaining 78%, close to half (47%) recommended grants in every one of the last seven years; 61% did so in at least six of the last seven years; and 70% did so in at least five of the last seven years.
- The remaining donors (with grant recommendations in four or less of the last seven years) recommended grants totaling 69% of their life-to-date contributions to Fidelity Charitable by year-end 2012.<sup>9</sup>

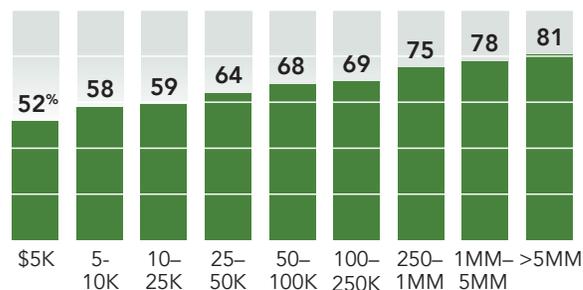
Further, donors with larger Giving Accounts were most likely to recommend grants on a regular basis.

## GRANT FREQUENCY BY GIVING ACCOUNT SIZE AND DONOR AGE

Frequency of grants grows with both Giving Account size and donor age.

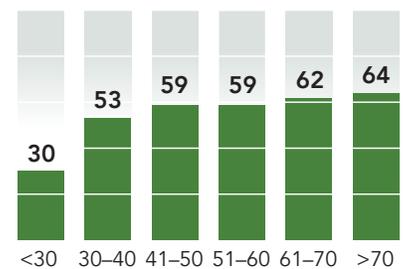
### Grants in at Least 6 of Last 7 Years

Percent of Giving Accounts by size



### Grants in at Least 6 of Last 7 Years

Percent of Giving Accounts by donor age



<sup>9</sup>Based on Giving Accounts with a balance of at least \$200 at year-end 2012 and in existence for at least seven years. All Giving Accounts had at least one grant within the seven year time frame reviewed. See page 18 for more on this analysis.

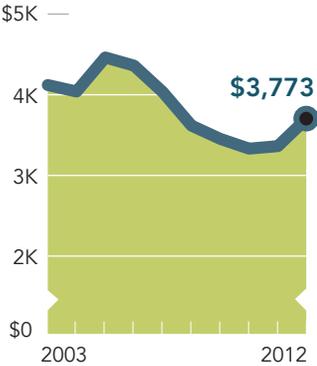
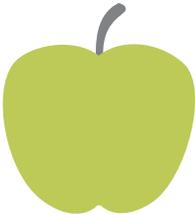


In 2012, the number of grants per Giving Account continued a steady rise, to an average of just over 7 grants per year. The average grant was nearly \$3,800, though more than \$900 million was given in amounts of \$50,000 and above. Taken as a whole, donors supported more than 77,000 nonprofit organizations with \$1.6 billion in 2012—amounting to roughly 20% of Fidelity Charitable’s total assets, a yearly percentage that has remained consistent over time.

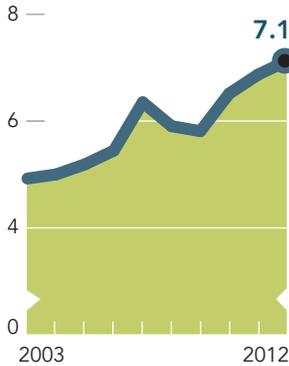
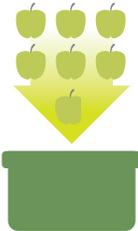
**TOTAL GRANTS**

As Fidelity Charitable grows, its generous and active donor base continues to support a broader range of charities.

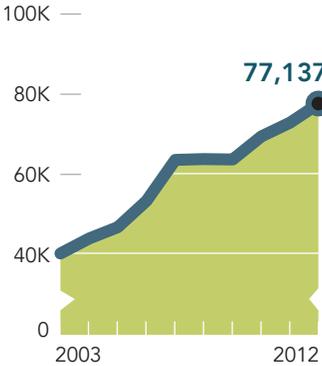
**Average Grant Size\***



**Average Number of Grants Per Account**



**Number of Charities Supported**



\*Grant minimums were reduced in 2006 and 2009.



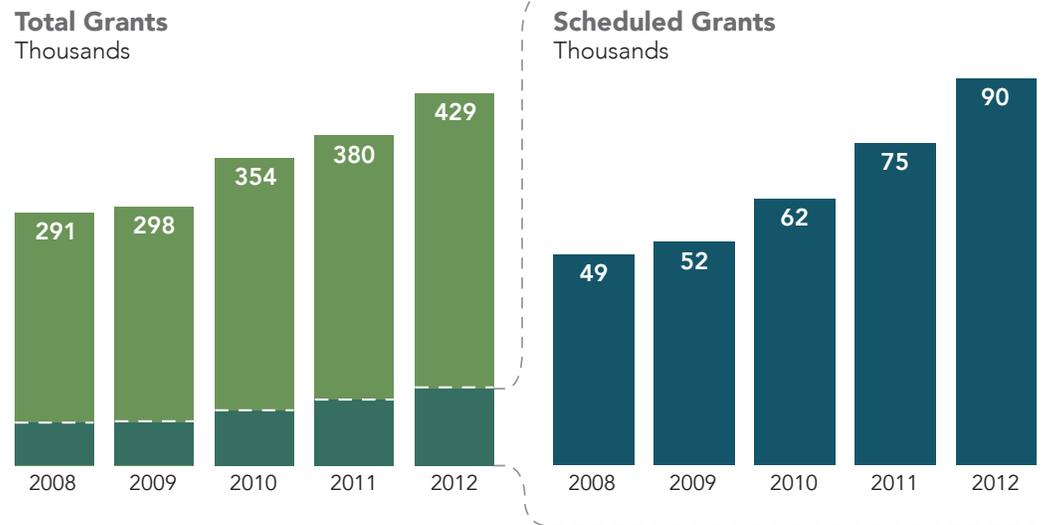
# The Big Picture: Granting as a Whole

Mirroring the larger trend in U.S. charitable giving, the generosity of Fidelity Charitable donors has grown almost continuously since its inception in 1991. Over the past decade, the total volume of grants made on behalf of donors has grown each year, nearly tripling from more than 154,000 in 2003 to nearly 429,000 in 2012—substantially outpacing growth in the total number of Fidelity Charitable donors.

This growth is particularly notable given the economic climate over the past several years. While the number of grants was relatively flat during the worst years of the financial crisis (2008-2009), those years still saw a slight increase in grant making. Once the U.S. economy began to recover, grants rose markedly, outpacing the growth of the overall economy.

## THE RISE OF SCHEDULED GRANTS

While total grants have been rising quickly, scheduled grants—grants recommended in advance, and made on a scheduled basis—have been rising at an even faster pace. This planned-giving approach is an important benefit of DAF programs, allowing donors to make a consistent charitable impact.





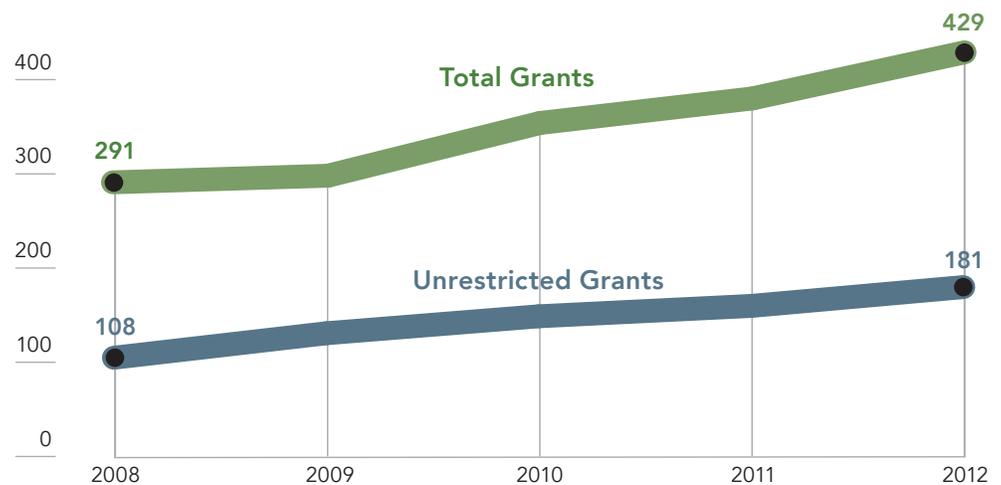
Another increasing behavior is the recommendation of unrestricted grants<sup>10</sup>—those where the donor selects the nonprofit organization, but allows it freedom to use the grant “where it is needed most.” These grants are especially welcomed by the receiving institution, as they provide greater flexibility to apply funds in line with the most mission-critical priorities.

## THE RISE OF UNRESTRICTED GRANTS

Over the past five years, the percentage of unrestricted grants has risen, from 37% to 42% of total grants.

### Total Grants vs. Unrestricted Grants

Thousands



<sup>10</sup>An “unrestricted grant” refers to one in which no special purpose for the use of the funds was specified by the donor. Special purposes recommended by donors are not binding upon recipient charities.

## GRANTING CHOICES

### The Rise of Grants Recommended via the Web

The rise of online grant recommendations has underscored the importance of the internet’s role in charitable giving. Fidelity Charitable donors have reflected this growing trend. In 2012, Fidelity Charitable donors recommended more than 85% of their grants online, compared with 60% in 2003.

### Anonymous Grants

While there are a number of reasons Fidelity Charitable donors occasionally prefer anonymity in their charitable activity, the volume of grants for which donors requested to remain anonymous is very low—less than 5%. It is, however, an option for DAF donors that is generally not available to those giving with cash, check, or credit card or with a private foundation.

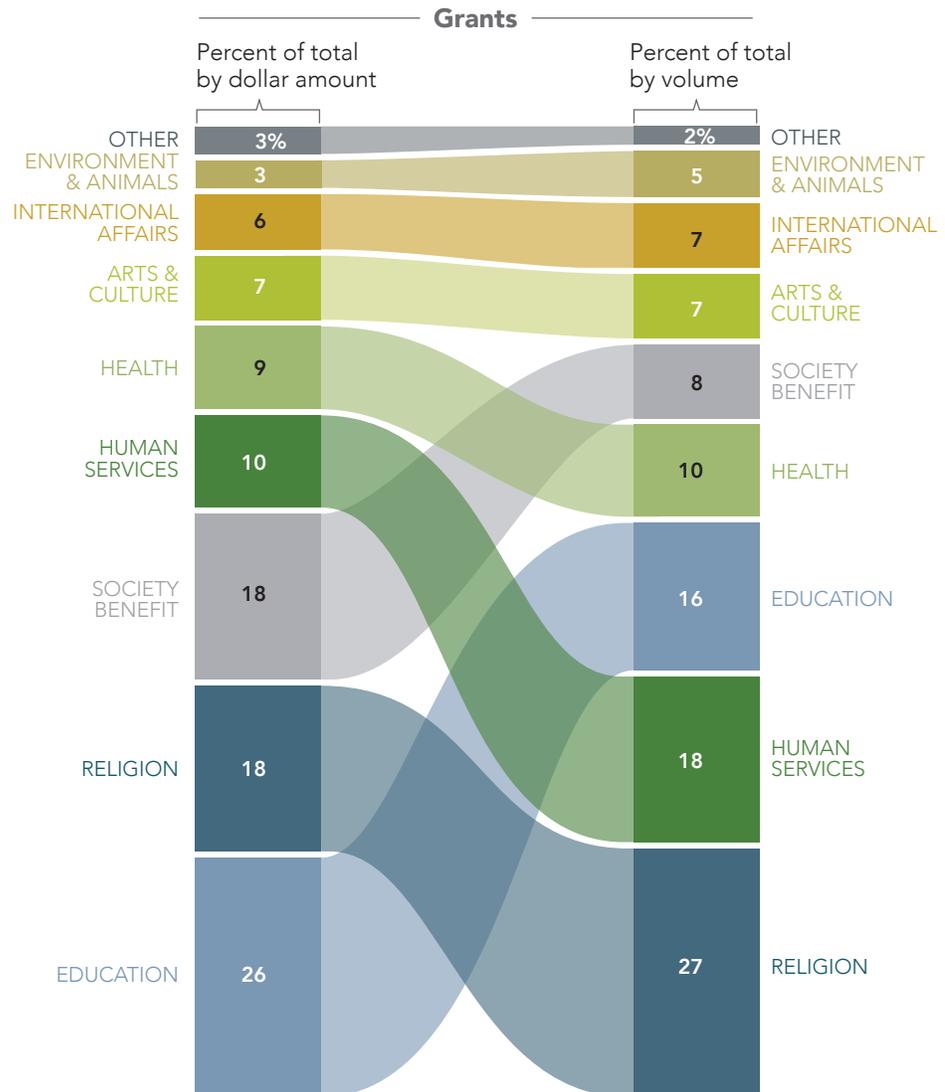


# Where the Grants Go

Fidelity Charitable grants benefit all charitable sectors: Human Services, Health, Education, Religion, Society Benefit, Environment and Animals, International Affairs, Arts and Culture, and "Other."<sup>11</sup> While the sectors' overall size and ranking by total number of donations remains largely consistent year over year, the comparison of grant volume to grant dollar amount among Fidelity Charitable donors reveals interesting insights into their philanthropic priorities and preferences.

## GRANTING TO CHARITABLE SECTORS: DOLLARS VS. VOLUME

Several of the largest charitable sectors—Human Services, Society Benefit, Religion and Education—show significant disparities between volume of grants and total dollar amount. Education, for instance, is third by volume but first by dollar amount.

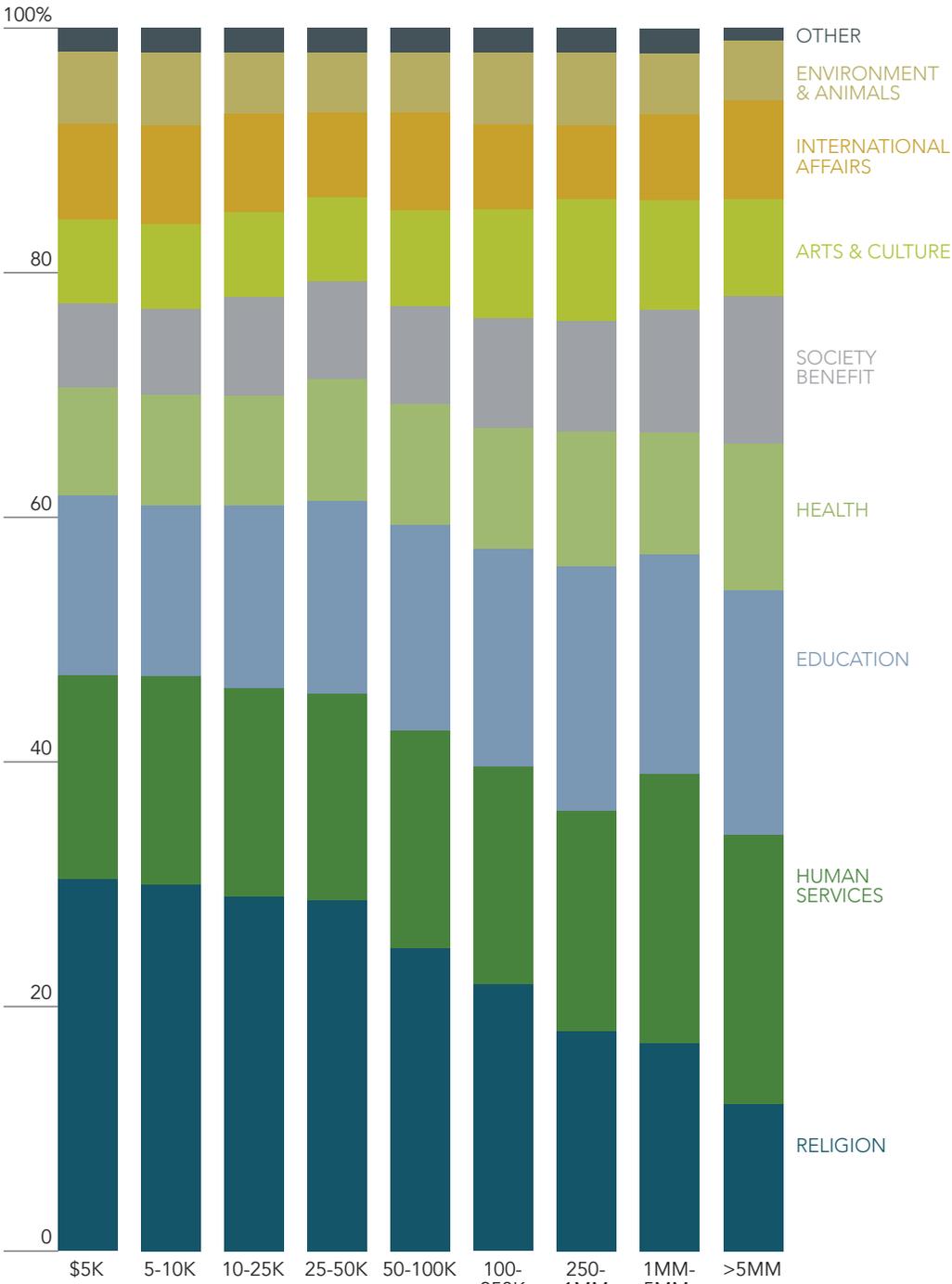


<sup>11</sup> Sector codes as defined by The National Center for Charitable Statistics (NCCS) NTEE (National Taxonomy of Exempt Organizations).



GRANTING TO CHARITABLE SECTORS: GRANT VOLUME BY GIVING ACCOUNT SIZE

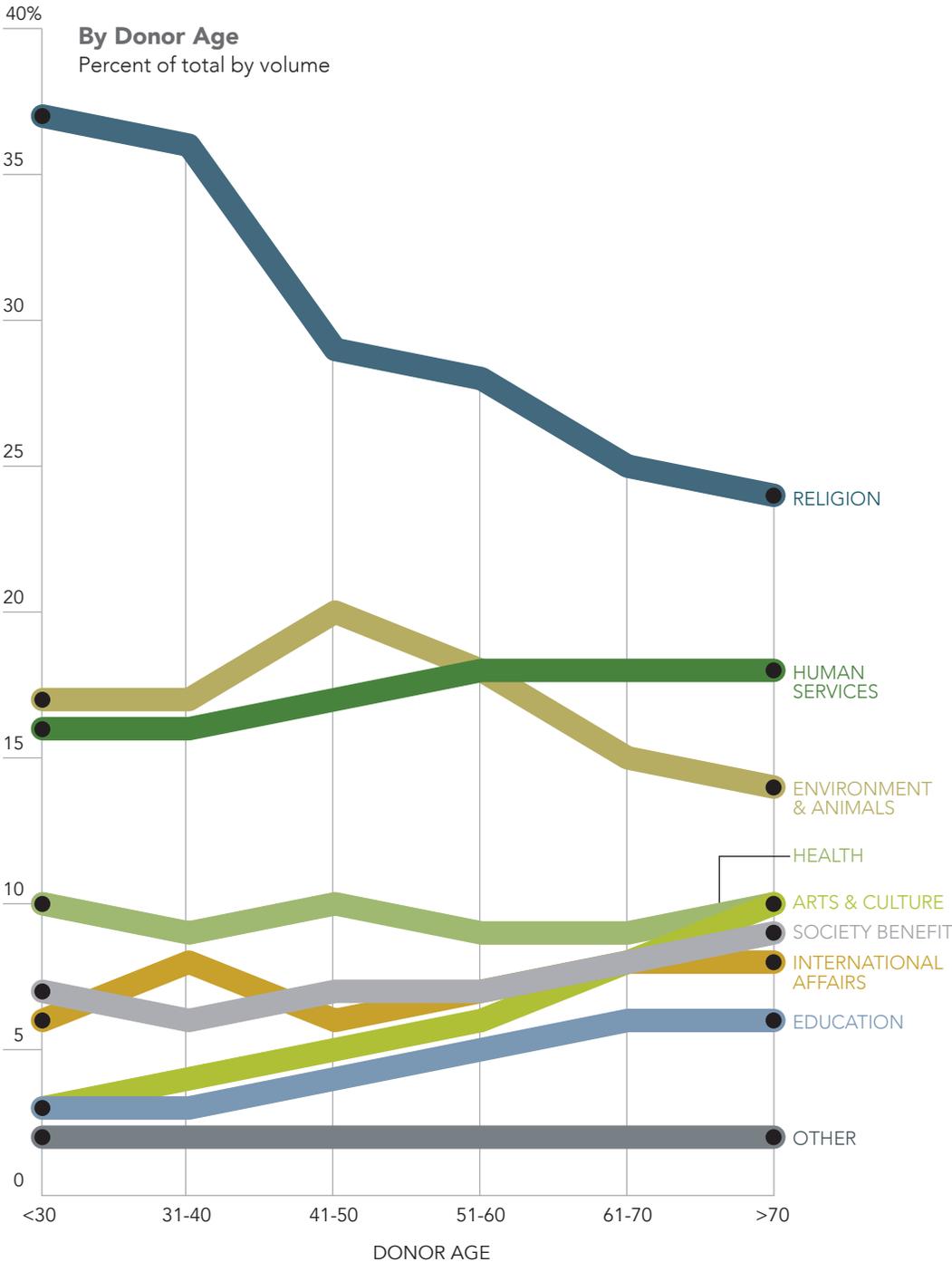
Sector priorities vary with the size of Giving Accounts.





### GRANTING TO CHARITABLE SECTORS: GRANT VOLUME BY DONOR AGE

Sector priorities vary with donor age.







## Donor-Advised Funds: Changing the Charitable Landscape

While donor-advised funds (DAFs) have been a part of American philanthropy for more than seventy-five years, their role in shaping the charitable landscape has grown dramatically over the past two decades. Fidelity Charitable believes that the donor-advised fund has been, and will continue to be, a useful vehicle for simple, flexible and effective charitable giving, as well as one that helps raise the overall level of giving in the U.S.

Fidelity Charitable was established thanks to the vision of Edward C. Johnson 3d, the Chairman of Fidelity Investments. He had seen how structures like private foundations and trusts helped wealthy individuals plan and organize their philanthropy, and wanted to make a similar planned giving vehicle accessible to more Americans.

The growing popularity of donor-advised funds shows that philanthropically-minded individuals are finding DAFs to be a convenient and helpful way to plan their charitable giving and help support a dynamic and highly engaged approach to philanthropy.

The Fidelity Charitable Giving Report highlights how operating nonprofit organizations and Fidelity Charitable donors benefit from Giving Accounts. Fidelity Charitable donors thoughtfully plan their giving over time, contribute many different types of assets to charity, advise how Giving Account assets are invested for growth—and give more. In a recent survey, two thirds of Fidelity Charitable donors said that they have increased their giving as a result of their DAFs. No matter the size of their donor-advised fund, Fidelity Charitable donors are engaged philanthropists, and their use of the Giving Account has helped change the charitable landscape for the better.





## DATA SOURCE, METHODOLOGY AND DEFINITIONS

The majority of data for this report was obtained from the Fidelity Charitable internal reporting database. Other sources, data and figures are cited throughout the report.

The report looks at Fidelity Charitable activity in calendar year 2012 (and prior calendar years for trends) — where figures represent a “snapshot,” values are as of December 31st, 2012 (and prior calendar year-ends). For example: when we say that Fidelity Charitable has 57,779 total Giving Accounts, that number represents a snapshot at year-end 2012, and it is understood that the count naturally fluctuated throughout the year. The number of Giving Accounts used to calculate grants per Giving Account differs from the snapshot number— any Giving Account with a balance during the calendar year is included in the calculation, regardless of whether it is still open and holds a balance at the end of the year.

For the specific analysis of granting frequency, only the 38,380 Giving Accounts established prior to 2007 were included. Of these Giving Accounts, nearly 22% recommended grants totaling almost the entire balance of their Giving Account, leaving \$200 or less, by the end of 2012. Only the remaining 78% were used in the seven year granting frequency analysis depicted in the chart on page 9. The grant frequency is portrayed only for Giving Accounts eligible to have had a grant recommendation approved in the last 7 years, so includes only Giving Accounts established prior to 2007, with a balance above \$200 at year-end 2012, and funded for at least the past seven consecutive years including 2012— for instance, neither a Giving Account funded in 2008 nor a Giving Account funded in 2005 that granted out its entire balance before year-end 2012 would be included in the analysis. In all, 30,078 such accounts were examined. When we refer to the 30% subset of this group of donors that “recommended grants totaling 69% of their life-to-date contributions by year-end 2012,” 69% refers to the aggregate grant recommendations as a percentage of aggregate contributions.

Throughout the report, reference to “donors” refers to the primary donor or the primary corporate contact connected to the “Giving Account.” All Giving Accounts have one person designated as the primary donor (or in the case of Corporate accounts, the primary Corporate contact), although each Giving Account may have more than one donor (i.e., person with advisory privileges, including the ability to recommend grants) associated with it. The two exceptions to the use of “donor” solely in reference to the primary donor on a Giving Account are the total donor statistic on page 5 (“over 94,000”) which includes all donors (primary and sometimes multiple secondary) and all Corporate contacts (primary and sometimes multiple secondary) and the data on donor age which includes only primary donors (and excludes Corporate accounts where age is not relevant).



## ABOUT FIDELITY CHARITABLE

Fidelity Charitable is an independent public charity that has helped donors support more than 160,000 nonprofit organizations with over \$14 billion in grants. Established in 1991, Fidelity Charitable launched the first national donor-advised fund program. The mission of the organization is to further the American tradition of philanthropy by providing programs that make charitable giving simple and effective.

### DISCLOSURES

Fidelity Charitable is the brand name for the Fidelity® Charitable Gift Fund, an independent public charity with a donor-advised fund program. Various Fidelity companies provide services to Fidelity Charitable. The Fidelity Charitable name and logo, and Fidelity are registered service marks of FMR LLC, used by Fidelity Charitable under license. Giving Account is a registered service mark of the Trustees of Fidelity Charitable. Third party marks contained herein are the property of their respective owners.

Information provided is general and educational in nature, and should not be construed as legal or tax advice. Fidelity Charitable does not provide legal or tax advice. Content provided relates to taxation at the federal level only, and availability of certain federal income tax deductions may depend on whether you itemize deductions. Rules and regulations regarding tax deductions for charitable giving vary at the state level, and laws of a specific state or laws relevant to a particular situation may affect the applicability, accuracy or completeness of the information provided. Charitable contributions of capital gain property held for more than one year are usually deductible at fair market value. Deductions for capital gain property held for one year or less are usually limited to cost basis. Consult an attorney or tax advisor regarding your specific legal or tax situation.

Eligible grant recipients of Fidelity Charitable include IRS-qualified public charities described in Internal Revenue Code Section 501(c)(3), with the exception of certain types of organizations (e.g., non-functionally integrated type III supporting organizations).

All grant recommendations, including scheduled grants, are subject to review by the Trustees of Fidelity Charitable.



**FIDELITY** Charitable®  
Make more of a difference

To learn more about the Fidelity Charitable Giving Account, visit our website at [FidelityCharitable.org](https://www.FidelityCharitable.org) or call us at 1.800.682.4438.