



Americans' Understanding of and Opinions about Charitable Foundations and Donor-Advised Funds

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Ipsos

Prepared by **SECTOR** INSIGHTS



Findings from Ipsos' Global Advisor Omnibus in the USA, June 2022

1. *While 82% of Americans surveyed support the important role that charitable foundations play, they remain unaware of specific details about how charitable foundations and donor-advised funds (DAFs) work.*
2. *Once informed of those details, the vast majority (81%) do not believe taxpayers should subsidize the wealthy to create permanent private foundations.*
3. *69% support a 10% payout requirement for foundations and DAFs, even if this reduces the amount of money available in them in the future.*
4. *Even more support requiring DAFs to make grants within 2 to 5 years of receiving donations (72%).*

About the Research

- This was an online quantitative survey, accessible by any internet device.
- 1,005 American adults, 18+ years of age, were interviewed across the USA.
- The sample of respondents was then weighted to align and represent American demographics.
- Fieldwork was conducted June 10 to 13, 2022.
- Results would be +/- 3.5% points 95% of the time.

The general lack of awareness about foundations continues mostly unchanged.

At 64%, the majority of Americans are aware that charities are struggling.

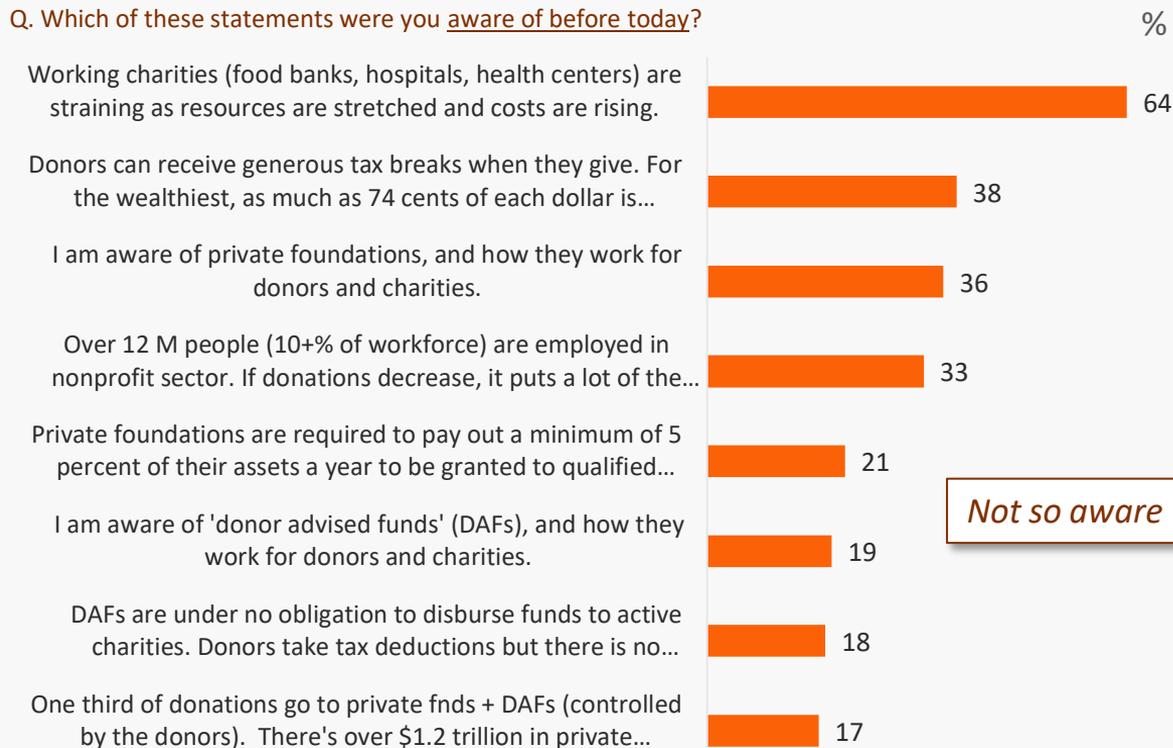
- This is slightly lower than 70% observed in 2020 during the COVID-19 crisis.

Otherwise, there remains a noteworthy level of ignorance about the nonprofit sector in general and about private foundations and DAFs more specifically.

- This is particularly true of the amount of money accumulated in foundations and DAFs (17%) and regarding payout rules (18-21%).

However, as we will see in the following charts, as Americans better understand these issues, they are not happy about them.

AWARENESS OF VARIOUS STATEMENTS/ FACTS



Question Statement Wording:

Which of these statements were you aware of before today?

Aware

Not aware

Randomized order of list for each respondent.

- a) Working charities, such as food banks, hospitals and health centers are straining as resources are stretched and costs rise with inflation.
- b) Over 12 million people (more than 10 percent of the private workforce) are employed in the non-profit sector (such as in organizations assisting seniors, homeless people, educational institutions, non-profit hospitals, animal welfare, environmental protection, etc.). If donations decrease, it puts a lot of the economy at risk (a lot of lost jobs).
- c) Donors can receive generous tax breaks when they give to charity. For the wealthiest donors, as much as 74 cents of each dollar they give is subsidized by taxpayers in the form of lost tax revenue.
- d) One third of all individual charitable donations now go into private foundations and 'donor advised funds' controlled by the donors themselves. And there is a lot of money accumulated there: over \$1.2 trillion in private foundations, and over \$140 billion in 'donor advised funds'.
- e) Private foundations are required to pay out a minimum of 5 percent of their assets a year to be granted to qualified charities and/or to cover their overhead administration costs.
- f) Donor-advised charity funds (DAFs) are under no obligation to disburse any funds to active charities each year. Donors take tax deductions when they contribute to DAFs but there is no mandated payout.
- g) I am aware of 'donor advised funds' (DAFs), and how they work for donors and charities.
- h) I am aware of private foundations, and how they work for donors and charities.

Despite the low awareness, as Americans consider the facts, most agree things are not so acceptable as they stand.

Generally, Americans are supportive of the important role charitable foundations play (**82% agree**).

However, this does not mean that they support the current paradigm.

- **81%** feel it is not right for taxpayers to subsidize the wealthy to set up permanent foundations and grant donations as they choose.
- And **69%** favor increasing foundation payout to 10%, even though it would reduce foundation assets in the future.

This implies that changing the rules would be quite well supported by the majority of US taxpayers.

How Much Agree or Disagree with Statements

Q. How much do you agree or disagree with the following?

■ Strongly Agree ■ Somewhat Agree ■ Somewhat Disagree ■ Strongly Disagree

U.S. Taxpayers shouldn't have to subsidize billionaires/wealthy Americans who wish to create permanent legacy foundations to give donations to charities of their choosing.



Charitable foundations play an important role because they can act independent of the bureaucracy of government, make decisions free of the politics of elected officials, can address gaps not addressed by governments, and can...



Congress should raise required payout from 5% to 10% – and require that DAFs have a 10% payout – even if this reduces amount of money in the future.



Strong levels of agreement

Question Statement Wording (2022):

How much do you agree or disagree with the following?

SCALE: Strongly agree, Somewhat agree, Somewhat disagree, Strongly disagree

RANDOMIZE ORDER OF LIST FOR EACH RESPONDENT

- a) Congress should raise required foundation payout from 5 percent of assets to 10 percent annually – and require that donor-advised funds have a 10 percent payout to active charities – even if this reduces the overall amount of money in these foundations and DAFs in the future.
- b) U.S. Taxpayers should not have to subsidize billionaires and other wealthy Americans who wish to create permanent legacy foundations that will exist in perpetuity to give donations to charities of their choosing.
- c) Charitable foundations play an important role because they can act independent of the bureaucracy of government, make decisions free of the politics of elected officials, can address gaps not addressed by governments, and can accumulate assets to help address fluctuations in the economy from year to year (like a “rainy day emergency fund”) and in perpetuity.

Support for the charitable sector is universal across the political spectrum.

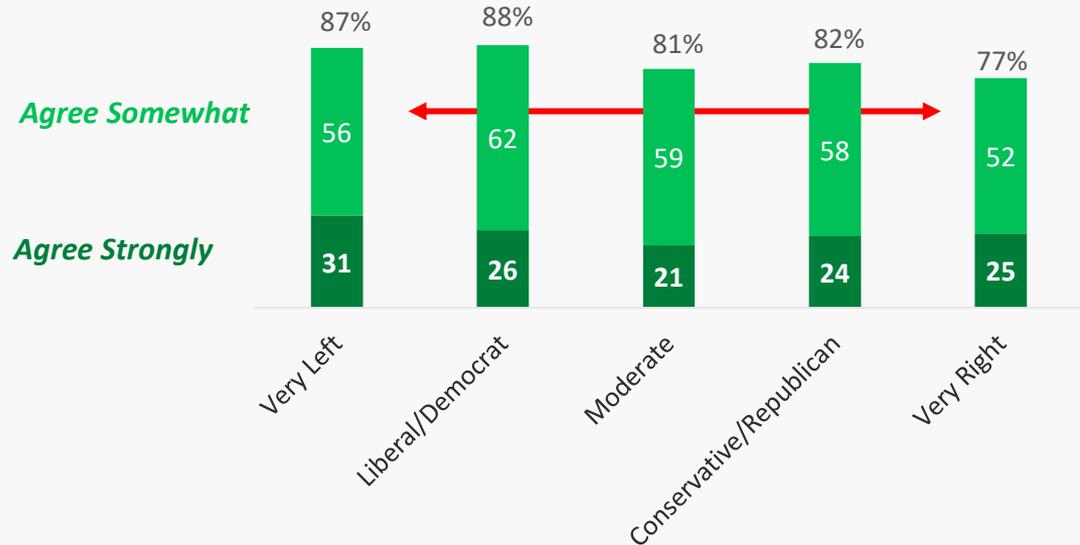
The majority of Americans agree about the important role charitable foundations play.

This is quite universally supported across the political spectrum, with slightly greater support from those on the Liberal/Left side of the spectrum.

Nonetheless, even the far-right are mostly supportive of this statement.

How Much Agree or Disagree with Statement

Charitable foundations play an important role because they can act independent of the bureaucracy of government, make decisions free of the politics of elected officials, can address gaps not addressed by governments, and can accumulate assets to help address fluctuations in the economy from year to year (like a “rainy day emergency fund”) and in perpetuity.



And all political affiliations agree it is not right for taxpayers to be subsidizing wealthy donors.

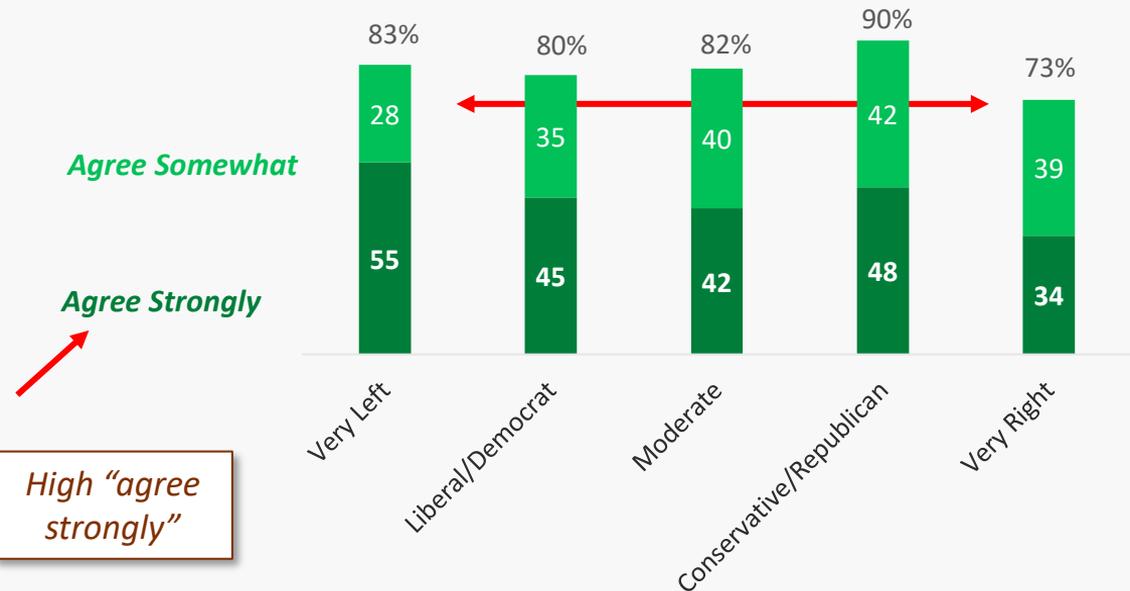
81% of those surveyed feel that U.S. taxpayers should not be subsidizing wealthy donors to create permanent foundations to give donations of their own choosing.

Advocating against this concept is likely to be well supported among voters, and a low political risk for elected officials to accept.

- There is slightly lower agreement from the far right, in contrast to those identifying as Conservative/Republican, where agreement is very solid.
- Surprisingly, agreement increases with both age and income levels.

How Much Agree or Disagree with Statement

U.S. Taxpayers should not have to subsidize billionaires and other wealthy Americans who wish to create permanent legacy foundations that will exist in perpetuity to give donations to charities of their choosing.



Strong majorities favor a higher payout. While support is highest on the left, even 70% of conservatives and 55% on the very right agree.

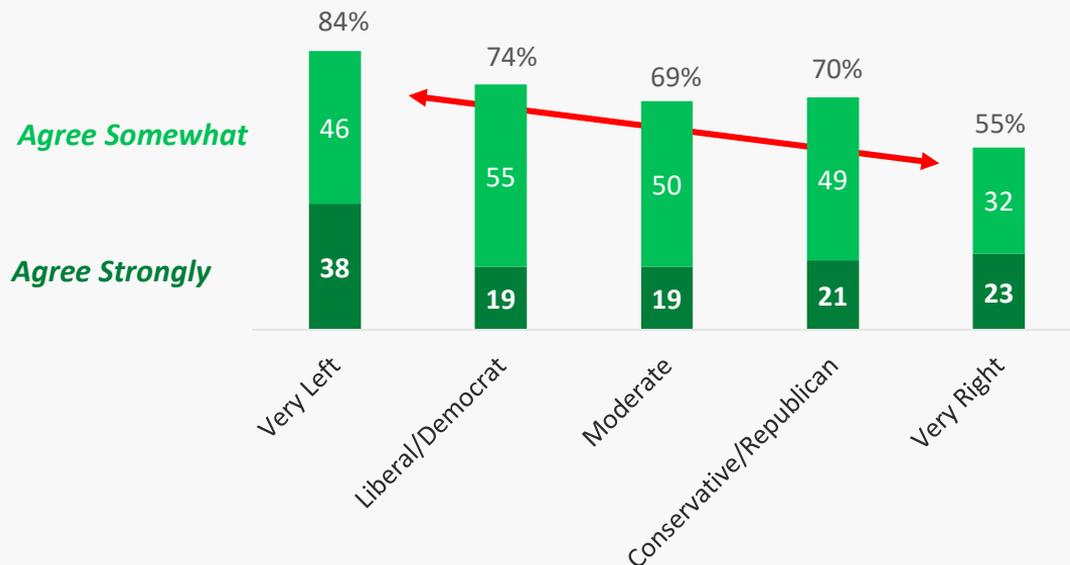
The idea of requiring a higher level of granting from foundations is well supported, although not with quite the same strength of support. Most agree at least somewhat.

Nonetheless, the idea of raising the payout rate is well supported (even if people have not been aware of this concept to-date).

- Again, we can see slightly less support from the far right of the political spectrum. Otherwise this is not skewed demographically.
- It might be beneficial to tie the idea of a higher payout to taxpayer subsidies going to wealthy donors (prior slide) since this reference to ‘wealthy Americans’ earns more support and helps underscore the right to raise the payout requirement.

How Much Agree or Disagree with Statement

Congress should raise required foundation payout from 5 percent of assets to 10 percent annually – and require that donor-advised funds have a 10 percent payout to active charities – even if this reduces the overall amount of money in these foundations and DAFs in the future.



We see even stronger support for ‘moving the money’ when expressed in the # of years. Americans want a relatively quick return.

These facts may be the most telling. Not only do Americans support a higher payout, they support a relatively short timeline for grant-making:

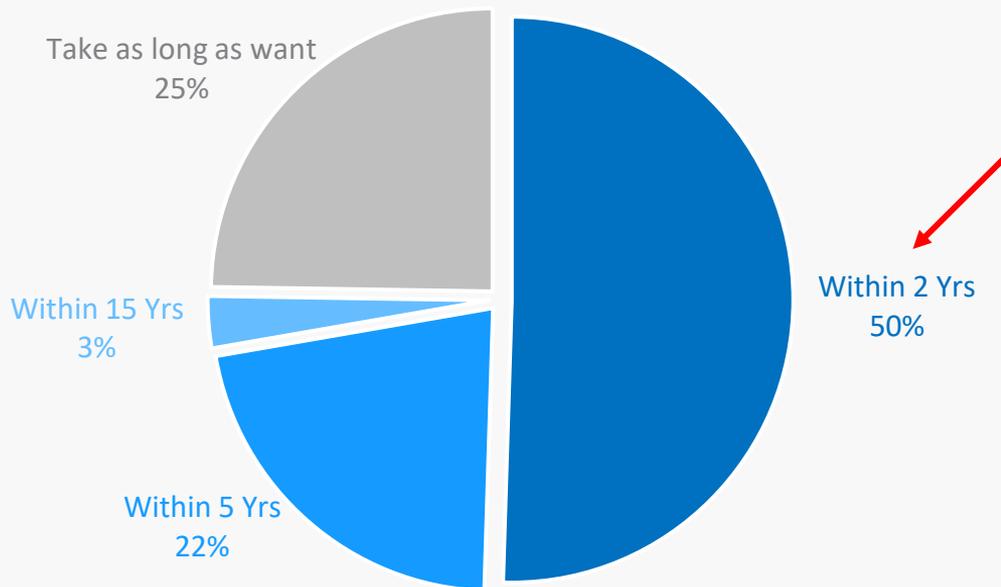
- Half of those surveyed want DAFs to make grants within just two years of receiving funds.
- And **72%** want the payout within 5 years.
- Just a small minority (25%) feel no timeline should be applied.

Here, we observe that people feel stronger when the options are spelled out by the # of years, rather than expressed as a 10% payout rate. 69% agree the rate should be increased to 10%, but 72% feel it should be within 5 years.

As we’ll see next, this support is consistently strong across the political spectrum.

How Quickly to Grant Money from DAF Accounts

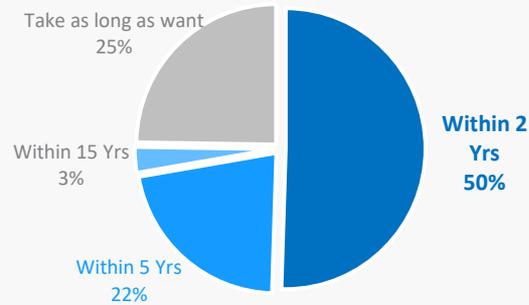
Q. Donors who get up-front tax breaks when they put money into their donor advised charity accounts (DAFs) should have to grant that money to working charities within...?



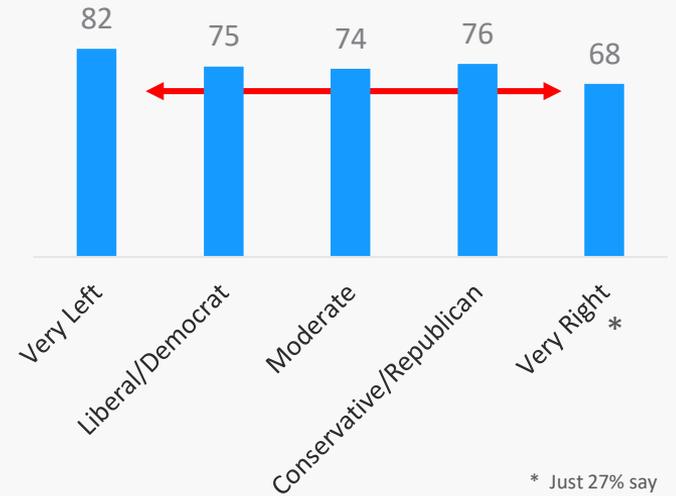
Requiring quicker grant-making is widely supported across the political spectrum.

Across the spectrum we see very strong support for a payout of grants within 5 years, even among the far right (albeit at somewhat lower levels, but still in the majority).

How Quickly Required to Grant Money from DAF Accounts



Within 5 Yrs (x Political Affiliation)



* Just 27% say "as long as want"