



DAF Insights for Advisors

Expertise and tools to help advisors deepen the philanthropic conversation

Four Reasons to Talk to Clients about Donor-Advised Funds

By Andrew Hastings

During the past year, your clients may have heard something about [donor-advised funds](#). DAFs have surged in popularity, growing 60 percent in one year. There are now more than 450,000 individual accounts, according to NPT's most recent, annual [DAF Report](#). Even so, many of your clients may not understand exactly how DAFs work. As a financial advisor, you are in a unique position to help them learn about DAFs—and here are four compelling reasons why you should:

- 1. Clients *want* you to talk about charitable giving strategies.** You may feel as if you're treading on personal territory, but high-net-worth clients expect their advisor to play an important role in their charitable giving plans. In fact, as a financial advisor, you are the single most trusted source besides a spouse when it comes to a client's giving decisions, according to a 2018 report on philanthropic conversations by [U.S. Trust](#).
- 2. Talking about charitable giving and DAFs will strengthen your relationship with your client.** Having a conversation around giving will help you learn about your clients' values, goals and passions. Seventy-eight percent of advisors say that discussing philanthropy is good for their business, according to U.S. Trust. It can help you build relationships with a client's extended family, and it promotes long-term client retention. Clients with advisors who offer them guidance on giving are 40% more likely to be satisfied with their advisors, according to research by State Street Advisors.
- 3. Donor-advised funds are uniquely positioned to meet many different client giving needs.** There's good reason that DAFs are the most popular giving vehicle. DAFs allow clients to donate now, receive an immediate tax benefit, and recommend grants later, at any time, to a qualified charity. Meanwhile, contributions to DAFs grow tax-free. DAFs are relatively low-cost and easy to set up, and they offer a level of confidentiality that clients would not have with a private foundation. (For a giving vehicle comparison, go [here](#).)
- 4. By starting a conversation about donor-advised funds, you can direct clients to the right DAF for their needs.** There are many DAF sponsors, and some may be more suitable for your client than others. Some DAF sponsors will allow you to manage your client's assets, even if the fund is relatively small. Some DAFs offer assets that may align more closely with your clients' goals and philosophy. Many DAF sponsors focus on specific geographic areas, while others, like NPT, are national in scope. As an advisor, you're in a unique position to help your clients meet their philanthropic goals, and NPT is here to help you as you start the conversation with them.

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