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DAF Day Was a Reminder That Donor Education Needs to Be a Year-Round Activity

Mike Scutari | October 20, 2025

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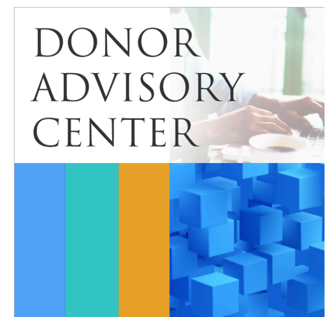
At the start of the month, my inbox was inundated with emails encouraging me to support nonprofits on October 9, also known as DAF Day.

Launched by donor-advised fund (DAF) payments company Chariot last year, DAF Day is an awareness campaign designed to educate donors and nonprofits about DAFs, a type of giving account established by a 501c3 public charity like Fidelity Charitable or by a community foundation. When donors put assets into a DAF, they get an immediate tax deduction, and then their money can be disbursed to working nonprofits over time by the sponsoring organization.



By all objective measures, DAF Day was an unqualified success. The initiative's participants included 4,440 nonprofits and 30 DAF providers, and Chariot tracked "over $2 million granted from over 1,000 gifts" and 20,000 unique visitors to dafday.com.

At the same time, one could argue that the existence of DAF Day — a Giving Tuesday for DAFs, if you will — should be unnecessary. The $2 million that was raised, while certainly important and impactful, is a pittance when compared to the more than $251 billion collectively sitting in DAF accounts. Why should the onus be on overworked nonprofits grappling with federal funding cuts and surging demand for services to remind donors to give money that's already been set aside for charitable purposes?

This is the core tension underlying the explosive growth of DAFs. Commercial DAF providers that manage a significant portion of that $251 billion "have a vested interest in keeping assets invested — their revenue depends on it — so they offer no real incentives for clients to disburse funds to nonprofits," said Elle Fersan, chief advancement officer of Tides, in an email to IP.

Of course, commercial DAFs are precisely that — *commercial* — and are acting within the parameters of the law, as account holders who get an immediate tax break are not required to ever move money from a DAF into the hands of working nonprofits. Nonetheless, the lack of incentives to disburse funding has created conditions where something like DAF Day is desperately needed because donors don't understand how a DAF works, can't identify charities to support, and treat the vehicle as a mini-foundation by growing its assets and slow-dripping funding to charities.

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Individually, these behaviors "might seem minor," said Caitlin McCarthy, an expert on major gifts and legacy giving at Project HOPE, a global health and humanitarian aid organization, in an email to IP. "But collectively, they've resulted in over $251 billion that's been pledged to charity yet remains immobilized."

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Why is over $251 billion sitting in DAF accounts?

A key reason why a quarter of a trillion dollars are tied up in DAFs involves donors' ignorance about how they work.

"For some, a financial advisor may have recommended opening a DAF for tax purposes," McCarthy said. "Doing so allows the donor to take an immediate tax break and time to decide later where to give. However, many don't realize that their charitable deduction doesn't help a nonprofit until the money is later granted out."

Some donors open a DAF with good intentions, but lack a clear plan or a sense of what causes matter most to them. Others are selectively co-opting some of the behaviors of private foundation trustees.

"In recent years, I've seen a number of family foundations move their assets into DAFs given they require less administrative requirements like annual payouts, tax filings and governance," McCarthy said. "However, donors still view their funds as traditional foundations with annual grant cycles and the desire to pay out over time." This tendency to treat DAFs as foundations speaks to what McCarthy calls "a broader cultural tendency to equate 'bigger' with 'better,' and that mindset can extend to philanthropy, where the emphasis on building wealth can sometimes delay the opportunity to create impact."

DAF account holders' belief that "bigger is better" also finds them emulating the investment strategies of private foundation trustees.

Donors "might hope to see their fund grow first, either through investment revenue or by adding to it over time, before granting," McCarthy said. "Others might hold back during periods of market uncertainty and not want to give at a time when their DAF is

shrinking." In contrast, DAF account holders who view the vehicle as a pass-through entity tend to place their funds in vehicles that are less susceptible to market gyrations, like a money market fund.

Digging into DAF providers' incentives to keep assets under management

The reasons why DAF account holders aren't distributing money to working charities — ignorance about tax law, the absence of a coherent giving strategy, a tendency to treat a DAF as a mini-foundation — could be remedied, at least to some extent, through close and frequent consultation with their DAF manager. But the fact that thousands of nonprofits have signed on to DAF Day suggests account managers could be doing a better job at encouraging donors to unlock hundreds of billions of dollars in funding.

McCarthy acknowledges that "DAF sponsors have some incentive to keep assets under management — all organizations need to generate revenue to operate." That said, "these incentives look slightly different depending on the provider's mission."

For community foundations, long-term asset management means "a predictable revenue stream to support their operations and more time to cultivate donor relationships that deepen local impact." For single-issue charities, DAFs provide what McCarthy calls "stable, endowment-like capital and increase the likelihood that funds stay in-house." Meanwhile, the asset-based fees generated by large national sponsors like Fidelity and Schwab can make DAFs more accessible to everyday donors by offering reduced minimums and fees.

Tides' Fersan picked up on this distinction between providers, noting that "the ballooning of DAF assets is largely a phenomenon of commercial DAFs, not of community or public foundations."

In 2020, Tides launched "Get Off Your Assets," a campaign encouraging account holders to move money from DAFs to nonprofits and Tides-led initiatives like the Healthy Democracy Fund. "When we started the Get Off Your Assets Campaign years ago, our

intention was to create a year-long engagement with our donors," Fersan said. "It includes conversations about our donors' philanthropic and financial goals and the needs of the community so we can best position them to make timely investments in their DAFs and then back into the community."

Tides' DAF payout rate — the amount of grants given annually by Tides as a percentage of the asset balance at the beginning of that year, is an impressive 57%. "Many donors come to Tides because they are serious about using their wealth to create a more just future — not just get a tax break," Fersan said.

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Nonprofits can't rely on commercial DAF providers to unlock funding

DAFs "are here to stay," said Project HOPE's McCarthy, "and they'll continue to be central to the giving conversation as we look at the great wealth transfer — projecting that an estimated $84.4 trillion will be passed down in the next 20 years."

Given the profound demographic changes afoot, Tides' Fersan warns that commercial DAF providers' desire to preserve assets under management, while good for the bottom line by maintaining a consistent source of revenue through account management fees, may be counterproductive in the long run. The next generation of donors demand "impact and equity," she said, and "unlike their parents, they want advisors who share their values and help them see real change in the world." Citing research showing that 50 to 70% of beneficiaries change financial advisors when the transfer of wealth takes place, Fersan said that "by clinging to the traditional approach of hoarding

assets rather than deploying them, financial firms risk losing the very clients who will steward those resources in the future."

Ultimately, all DAF sponsors "share a common goal: to elevate and inspire philanthropy," McCarthy said. "The challenge is ensuring that ease and flexibility don't come at the expense of timely impact."

DAF Day was created because DAF holders' desire for "ease and flexibility" is overriding the need for generating "timely impact." While the initiative galvanized more awareness around DAF giving, McCarthy encourages nonprofits to make donor education about DAFs a year-long activity.

"My No. 1 rule is to talk, talk, talk, talk about it!" she said. Leaders should ask donors if they have a DAF in surveys and in one-on-one conversations, include clear DAF giving options on nonprofit websites and alert supporters that DAF gifts are accepted and welcome. Internally, leaders should make sure staff understand how DAFs work and review DAF gift letters to inform efforts to cultivate future support.

Again, explaining to donors how DAFs work falls squarely within the purview of DAF providers. But with $250 billion and change collectively sitting in DAF coffers, history suggests that nonprofit leaders shouldn't take that educational work for granted.

"While it is not a fundraiser's role to be a financial advisor," McCarthy said, "I think that it is completely appropriate to educate and remind donors that their DAF doesn't make impact until they initiate grants."

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