

Pay less for philanthropy to give more

It's counterintuitive to spend money to give money away. Effective donors address this conundrum by focusing on one key question: How do I maximize the impact of my gift?

When using a giving tool, one of the best ways to increase philanthropic impact is to minimize expenses. Fees assessed through these tools are an important part of effective philanthropy; they are used to fund overhead, consultations with experts in the field, due diligence practices, investment advice, and many other activities. For example, at a donor-advised fund, the costs of managing a gift are covered by assessing a fee on the donated assets. In excess, fees can create a drag on the investment growth of charitable assets.

An all-in fee to enable charitable growth

The cost structure for charitable assets held at a donor-advised fund is simple.

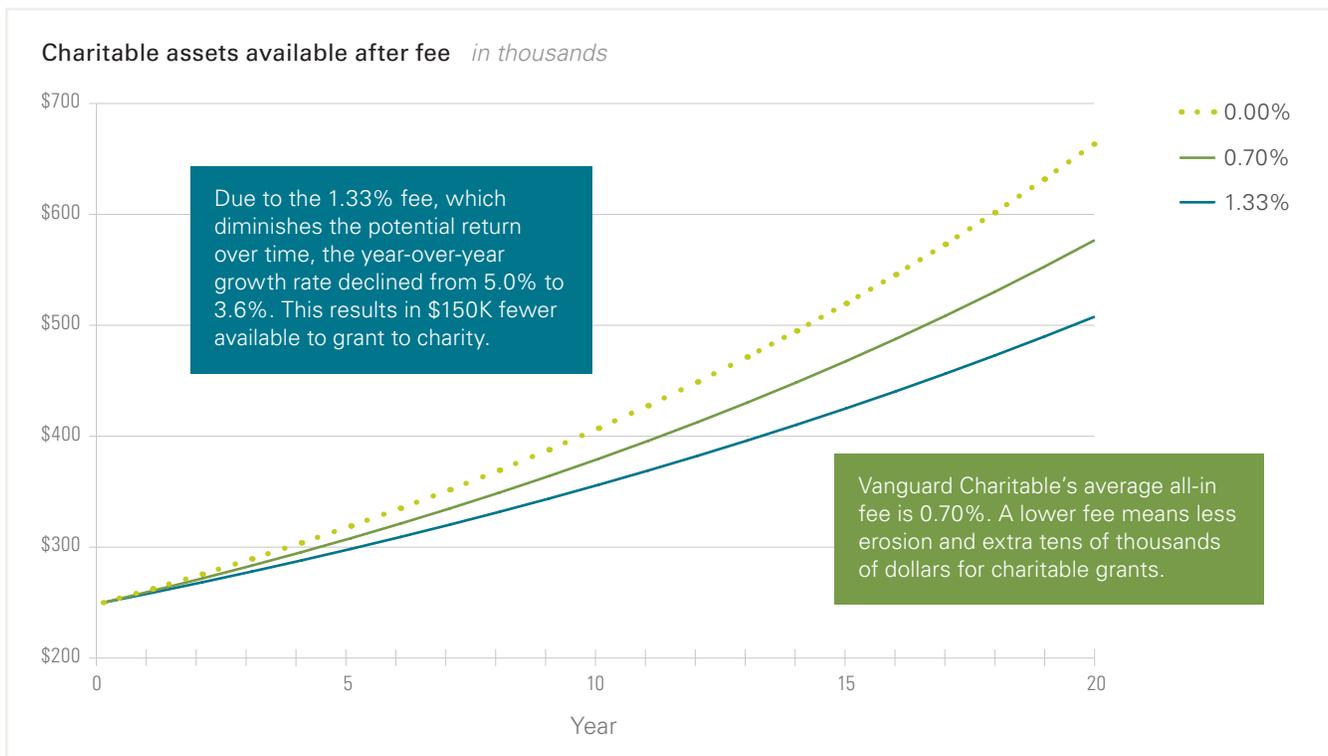


The less money is spent on fees, the more money is available for charity

Over time, fees may reduce the potential to grow charitable assets, eroding returns earned in the market and, therefore, funds available for granting. The higher the fee, the greater the erosion. Low fees, however, leave more money invested, offering charitable assets the opportunity to grow and more to be granted.

The positive effect of low fees compounds over time—for the benefit of a donor’s philanthropy and for the charitable sector. In the following scenario, three accounts, each with \$250,000, earn a 5% annual return. However, each account is assessed a different annual fee, resulting in varying growth rates and charitable balances over time.

Over 20 years, untouched by fees, \$250,000 could grow to more than \$650,000. In the average Vanguard Charitable account, assessed an all-in fee of 0.70%, the initial balance grows tax-free to nearly \$580,000—creating an extra \$325,000 to be recommended as grants.



*On an annual basis, assume assets first earn 5% return and second, are assessed the fee.*

## CONCLUSION

A reality of philanthropy today is that effective giving requires effective cost management. Donors should be aware of charitable tools like donor-advised funds that help us give tax-effectively and within our constraints—all in support of our philanthropic goals and nonprofit beneficiaries. As donors, we have a responsibility to be cost-conscious and ensure our actions and the fees assessed by providers promote and maximize giving, rather than erode its benefits to society.

To minimize fees and maximize your impact,  
[visit vanguardcharitable.org/fees](http://vanguardcharitable.org/fees)

<sup>1</sup> Vanguard Charitable does not itself charge investment fees. The expense ratios are assessed by the underlying funds of the Vanguard Charitable investment options and vary per account based on investment allocation.

<sup>2</sup> The average all-in fee for Vanguard Charitable is based on a tiered administrative fee and average investment fee for Standard accounts. The 1.33% fee is based on a survey of the donor-advised fund landscape.