SONOMA WEALTH ADVISORS

Strategic Philanthropy in Focus: Legacy Giving, Donor-Advised Funds, and the Future of Charitable Impact

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American philanthropy is entering a period of unprecedented scale and sophistication. Total U.S. charitable giving reached an estimated $617.2 billion in 2025, the highest level ever recorded.[1] Two of the fastest-growing forces behind that rise are legacy gifts and donor-advised funds (DAFs), vehicles that let donors give not only generously but deliberately, with attention to timing, structure, and tax treatment. For individuals and families with significant assets, these tools offer more than tax efficiency. They provide a structured way to translate personal values into lasting community impact, often across generations. This paper examines the current state of charitable giving nationally, the mechanics and momentum behind legacy giving and donor-advised funds, and how these trends appear locally in the Bay Area and Sonoma County, one of Northern California's most active philanthropic and nonprofit communities.

Introduction

Charitable giving in the United States has grown steadily even through periods of economic uncertainty. What has changed is not only the amount being given but the way it is being given. Donors who once wrote an annual check are increasingly working through planned gifts and dedicated charitable accounts, structures that separate the decision to give from the decision about where the money ultimately goes.

That shift has consequences for donors, for the nonprofits that depend on them, and for the advisors, attorneys, and accountants who help coordinate the two. This paper looks at the data behind the shift, then narrows the lens to the region SWA serves.

1. The Landscape of American Philanthropy Today

According to Giving USA's most recent figures, individuals contributed an estimated $394.2 billion in 2025, remaining the single largest source of charitable dollars in the country. Within the national total, planned gifts made through a will or estate plan reached approximately $62.19 billion, a 19.7 percent increase over the prior year.[1]

That growth is notable. For four decades, bequests have typically represented between 7 percent and 9 percent of total U.S. charitable giving; in 2025, they reached roughly 10 percent.[1]

A consistent share over decades, combined with recent acceleration, suggests legacy giving is not a passing trend but a structural feature of how American donors, particularly those with significant assets, choose to give.

$617.2B	Total U.S. charitable giving in 2025, the highest level ever recorded
$394.2B	Giving from individuals in 2025, still the largest single source of charitable dollars
$62.19B	Bequest giving in 2025, up 19.7% year over year
7–9%	Share of total U.S. giving contributed by bequests over the past four decades

Source: Giving USA Foundation. (2026). Giving USA 2026: The Annual Report on Philanthropy[1].

2. Legacy Giving: Extending Impact Beyond a Lifetime

Legacy giving, also called planned giving, is charitable giving arranged during a donor's lifetime but typically realized later, most often through a will, a living trust, a beneficiary designation, or a charitable trust. Because these gifts draw on accumulated assets rather than annual disposable income, they tend to be significantly larger than a donor's typical yearly contribution, and they allow donors to support causes at a scale that may not be practical during their lifetime.

Growth and Scale

The average charitable gift increased by 15 percent in 2024 alone, and interest in planned gifts is rising across age groups, including among donors in their twenties and thirties who are beginning to formalize estate plans earlier than prior generations.[2]

The size of a typical bequest also varies meaningfully by cause area.

Average bequest size by cause area

Cause area	Approximate average bequest
Education	~$70,000
Animals and wildlife	~$43,600
Civil rights	~$34,100
Health, humanitarian, and religious	$20,000–$30,000

Source: FreeWill, 2025 Planned Giving Report.[2]

Why It Matters to Nonprofits

Legacy gifts tend to come from a nonprofit's most loyal supporters. Donors often have a giving history with the organization spanning many years, a pattern that underscores how legacy conversations typically grow out of long-term relationships rather than one-time solicitations.[2] For nonprofits, that makes legacy gifts a source of durable, often unrestricted capital, the kind that can fund endowments, capital projects, and multi-year initiatives insulated from any single year's market conditions or fundraising climate.

> *Legacy conversations typically grow out of long-term relationships rather than one-time solicitations.*

3. Donor-Advised Funds: A Fast-Growing Philanthropic Vehicle

A donor-advised fund is a charitable giving account opened through a sponsoring organization, typically a financial institution, a public charity, or a community foundation. The donor contributes assets, receives a tax deduction in the year of the contribution, and then recommends grants to qualified charities over time.* That contribution is irrevocable. Once assets are in the fund, they belong to the sponsoring organization and the donor gives up legal control of them; the donor can recommend grants, but the sponsor makes the final decision.[10] Assets in the account can be invested while they wait, and any growth generally accrues within the charitable account rather than to the donor, until the donor advises the sponsor on which organizations should receive grants and when.[3] DAFs have moved from a niche estate-planning tool into one of the most significant forces in American philanthropy.

Donor-advised funds differ from private foundations in ways that many donors find easier to navigate. They are generally more cost-effective and carry a lighter administrative burden: there is no separate legal entity to form and no annual information return for the donor to file, because the sponsoring organization handles reporting. They are less complex to establish, they offer more privacy since grants can be made anonymously, and they are not subject to the minimum annual distribution requirement that applies to private foundations.[10] Those differences are a large part of why DAFs have grown as quickly as they have.

2024 DAF Data at a Glance

According to the Annual DAF Report 2025 (revised Spring 2026), produced by the Donor Advised Fund Research Collaborative using IRS Form 990 data from 1,512 DAF sponsors nationwide, every major DAF metric grew substantially in fiscal year 2024.[3]

** Not all contributions will result in a deduction and deductions may be limited by tax implications.*

- Total charitable assets held in DAFs: **$327.87 billion**, up 27.9 percent year over year
- Contributions into DAFs: **$90.57 billion**, up 38.6 percent
- Grants distributed from DAFs to charities: **$64.60 billion**, up 17.9 percent
- DAF payout rate: **25.2 percent**, compared with 8 percent reported for private foundations
- Average DAF account size: **$91,300,** up by 8.0 percent
- Total number of individual DAF accounts nationally: approximately **3.59 million**

Over the five years from 2020 to 2024, the number of DAF accounts grew at a compound annual rate of 22.7 percent, while total DAF assets grew at a compound annual rate of 18.5 percent, nearly doubling since 2020.[3]

$327.87B	Total charitable assets held in donor-advised funds, FY2024, up 27.9% YoY
25.2%	DAF payout rate in FY2024, compared with 8% reported for private foundations
3.59M	Individual DAF accounts nationally

Source: Donor Advised Fund Research Collaborative. (2026). Annual DAF Report 2025, rev. Spring 2026 (FY2024 data, IRS Form 990 filings of 1,512 DAF sponsors).[3]

Note on payout rates: These two figures are calculated differently and are not a like-for-like comparison. The DAF rate measures a year's grants against prior-year DAF assets. Private foundation payout is measured against average investment assets and counts some administrative costs, and foundations must generally distribute at least 5 percent a year under IRC §4942, a rule that does not apply to DAFs.[3][10]

DAFs in Practice

The scale of a single major sponsor illustrates this momentum. National Philanthropic Trust, one of the largest independent DAF sponsors in the country, granted $6.61 billion to more than 48,000 charitable organizations in fiscal year 2025, a 20 percent increase in grant value and a 25 percent increase in grant volume over the prior year. Two-thirds of those grants were unrestricted, giving recipient nonprofits flexibility to direct funds where they are needed most, and unrestricted giving through the fund grew 72 percent year over year.[4]

For donors, DAFs offer a combination of simplicity, flexibility, and speed. Contributions can be invested while the donor decides which causes to support, and grants can be recommended at whatever pace the donor chooses. That stands in contrast to the more rigid structure, higher cost, and heavier administrative burden of establishing a private foundation. As with any invested account, the value of assets held in a DAF will fluctuate, and investment growth is not guaranteed.

4. Regional Spotlight: Philanthropy in the Bay Area and Sonoma County

Charitable giving patterns vary widely by region, and the San Francisco Bay Area consistently stands out as one of California's most philanthropically active. An analysis of IRS county-level tax data found that six of California's ten most generous counties are in the Bay Area. The ranking combines the share of tax returns itemizing charitable contributions with donations as a percentage of income.[5]

Bay Area Counties Ranked by Charitable Giving

County	Statewide rank	Notable data point
Marin	**#1**	23.5% of returns itemized charitable gifts, the highest in California
San Mateo	**#2**	18.0% of returns itemized charitable gifts
Santa Clara	**#3**	Among the top four counties statewide
Contra Costa	**#4**	17.9% of returns itemized charitable gifts
San Francisco	**#7**	Not reported
Alameda	**#10**	Not reported

Source: SmartAsset charitable giving index, based on 2021 IRS Statistics of Income data, as reported by Bay Area Nonprofits.[5]

For context, only 9.28 percent of California tax returns statewide itemized charitable contributions, with donations averaging roughly 1.23 percent of income.[5] Marin County alone gives at more than double the state's typical participation rate. California ranks 37th nationally on WalletHub's broader charitable-behavior index, which also factors in volunteering, despite ranking 5th nationally in raw dollars donated.[6] That gap underscores how much of the state's giving activity, proportionally, is concentrated in the Bay Area.

> *Six of California's ten most generous counties are in the Bay Area.*[5]

Sonoma County's Nonprofit Ecosystem

Sonoma County supports a large and well-resourced nonprofit sector. The county is home to more than 3,080 registered nonprofit organizations, which together report more than $2 billion in combined annual revenue. The county's 100 largest nonprofits alone raised an estimated $1.2 billion in their most recent reporting years, spanning health care, human services, education, arts, and the environment.[7]

Sonoma Community Foundation (formerly Community Foundation Sonoma County), the county's primary philanthropic hub, has granted more than $350 million to local organizations over more than 40 years and stewards more than $251 million in charitable assets across 450 charitable funds.[8] More broadly, a 2019 analysis ranked San Francisco among the top major U.S. metro areas for concentration of locally focused nonprofits, trailing only Boston among metro areas with more than one million residents.[9] That reflects a regional culture where philanthropic infrastructure is unusually dense.

3,080+	Registered nonprofit organizations based in Sonoma County
$1.2B	Raised by Sonoma County's 100 largest nonprofits in their most recent reporting years
$350M+	Granted to local organizations by Sonoma Community Foundation over more than 40 years

Sources:
The Press Democrat. (2023). What are Sonoma County's 100 largest nonprofit organizations?[7]
Sonoma Community Foundation. About.[8]

5. Strategic Considerations for Donors

For donors with significant assets, the choice of giving vehicle can shape both the impact of a gift and its role within a broader estate plan. Common strategies worth discussing with an advisor include the following.

- Charitable bequests. Naming a nonprofit in a will or living trust is often the simplest way to make a significant legacy gift.
- Donor-advised funds. These pair a tax deduction in the year of the contribution with the flexibility to recommend grants over time. The gift is irrevocable, and the donor gives up legal control of the assets.
- Charitable remainder and charitable lead trusts. These structures can provide income to the donor or their heirs while ultimately benefiting a charity, or the reverse, depending on how the trust is designed.
- Gifts of appreciated assets. Contributing long-held stock, real estate, or business interests directly can reduce capital gains exposure compared with selling the asset first and donating the cash proceeds.
- Beneficiary designations. Naming a charity as a full or partial beneficiary of a retirement account or life insurance policy is often among the most tax-efficient ways to give.

Each of these carries distinct tax, legal, and administrative implications, and the right combination depends on a donor's overall financial picture, family goals, and timeline. This overview is intended to introduce the landscape of options. It is not a recommendation of any single approach, and it does not take any individual's circumstances into account.

6. Conclusion: Building a Legacy That Lasts

The data points in a consistent direction. Charitable giving in the United States is growing, legacy gifts and donor-advised funds are leading that growth, and the Bay Area, including Sonoma County, remains one of the country's most philanthropically engaged regions. For

donors thinking beyond this year's gift toward the legacy they want to leave, the combination of a strong regional giving culture and increasingly flexible giving vehicles creates a meaningful opportunity to align personal values, family goals, and long-term impact.

Every donor's situation is different, and the strategies outlined in this paper carry distinct tax, legal, and financial implications. We encourage you to discuss your specific goals with your estate planning attorney, CPA, and financial advisor to determine the approach best suited to your circumstances.

> *If you are weighing a bequest, considering a donor-advised fund, or thinking about how charitable giving fits into your broader estate plan, we welcome the conversation.*
>
> *Contact Sonoma Wealth Advisors to schedule a conversation →*

Note: This material is for informational and educational purposes only and does not constitute financial, legal, or tax advice. It should not be relied upon as the basis for any investment or planning decision. Please consult a qualified financial, legal, or tax professional regarding your specific circumstances.

About the Author



Shelby Wirick, AIF®, is a Financial Advisor at Sonoma Wealth Advisors, where she works closely with individuals and families navigating significant life transitions, including spousal loss, divorce, and retirement. Her approach emphasizes clarity, education, and fiduciary guidance, helping clients make informed financial decisions during periods of uncertainty.

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[1] Giving USA Foundation. (2026). Giving USA 2026: The Annual Report on Philanthropy.

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[10] Internal Revenue Service. (2026). Donor-advised funds. Charities and Nonprofits guidance; Internal Revenue Code §§4942, 4966.

Disclosures

Charitable giving strategies, including donor-advised funds, charitable trusts, and planned gifts, involve legal, tax, financial, and administrative considerations that vary based on individual circumstances. Tax deductions and other potential benefits are subject to applicable laws, eligibility requirements, and limitations, which may change. Contributions to certain charitable vehicles may be irrevocable, and donors may relinquish control over contributed assets. Investment returns are not guaranteed, and charitable assets may decline in value. Individuals should consult qualified tax and legal professionals before implementing a charitable giving strategy.

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