

Donor-advised funds grow in popularity among Singapore's rich

As interest in philanthropy rises, private banks such as UBS and Credit Suisse say that DAFs have become convenient vehicles that enable their rich clients to donate to causes close to their hearts.

BY **NITHYA SUBRAMANIAN**



The rising number of wealthy individuals moving to Singapore can make it a philanthropic hub for the region and the government is going to great lengths to achieve this.

The recent 2023 budget announced tax breaks for family offices donating overseas, and affluent individuals are now viewing donor-advised funds (DAFs) as a convenient vehicle for contributing to charity.

The Wealth Management Institute (WMI) has released a comprehensive guide for DAFs as they have been growing in popularity among the wealthy in Singapore.

In an interview with Citywire Asia, Foo Mee Har, chief executive officer of WMI, said that globally there had been a significant surge in adoption of DAFs and the trend was catching on here as well.

'As interest in philanthropic giving grows, wealth owners are considering different philanthropic vehicles and charitable giving tools to help them plan, structure and implement their giving strategies. One such tool is the DAF,' Foo (pictured) said.

For instance, in the US, according to the National Philanthropic Trust report 2022, DAF contributions in 2021 totalled \$72.67bn, surpassing \$49.58bn in 2020.

However, in Asia, the concept of DAFs is still relatively new. But many family principals and family offices are increasingly considering DAFs as they look for a more structured approach to managing their charitable giving, as an alternative to setting up their charity or foundation.

Currently three major organisations provide DAF services in Singapore – the Community Foundation Singapore, SymAsia Foundation – an umbrella platform of Credit Suisse and UBS Singapore DAF – and a fourth will be the upcoming Asia Community Foundation.

Credit Suisse set up SymAsia in 2010 to support its wealthy Apac clients in implementing their philanthropy. Its CEO, Dominique Boer (pictured below), said that over the years, SymAsia has supported more than 70 business families in making philanthropic contributions.



'Collectively they have donated over S\$270m (\$202m) into their foundations and, on their behalf, we have disbursed close to S\$220m to support charitable causes and organisations all around the world,' she said.

Last year, it had been ranked as the fourth-largest philanthropic organisation by non-profit consultancy, Soristic, and had also emerged as the top DAF platform in Singapore based on giving size, Boer added.

Swiss bank UBS launched UBS Optimus Foundation in 2019 and followed it up with a DAF offering in late 2022.

Sheryl Fofaria, UBS' head of social impact and philanthropy, Southeast Asia, said the DAF offering had been a 'testament to the growth in philanthropy' and 'within just three years, had raised close to \$50m towards the foundation's programmes and DAFs'.

Ease of doing good

Elaborating on the benefits of DAFs, Foo said, 'On top of providing structure and making it easier to track giving, DAFs are easy to establish and easier to manage than private foundations. In certain cases, there may also be upfront tax deductions available.'

Echoing a similar view, Fofaria (pictured below), added, 'This enables philanthropists to structure their giving with the lowest minimum contribution, in a personalised and professionally managed way without the administrative and financial burden of creating their own independent foundation.'



For some families, Woo said, a DAF could be considered as a 'training ground' for a future family foundation and could be a great tool to get other family members involved in making philanthropic decisions.

'A DAF can also be used where family members wish to give to causes they are passionate about that differ from those supported by the family's foundation,' she added.

Dawn Tan, head of philanthropy advisory services and deputy CEO of SymAsia, said that apart from being set up quickly and easily compared with an independent foundation, the donor would also be supported from the start by a specialist philanthropy team.

'In particular, for ultra-high-net-worth individuals and wealthy families that have moved into Singapore, DAFs can provide an unbiased overview of the non-profit sector and stakeholders, helping philanthropists hone in on the areas or underfunded causes they wish to support here,' she elaborated.

Moreover, by helping to build up the pool of donors here, DAFs also contribute to attracting other philanthropic service providers such as legal and tax advisors and wealth planners, which add to Singapore's capabilities as a philanthropy hub, Tan (pictured below) pointed out.



Concerns about DAFs

Even as the concept of a DAF as a 'philanthropic checking account' has gained substantial traction around the world in recent years, there are concerns about pay-out rates and anonymity.

According to the WMI guide for DAFs, the disbursement rates overseas are typically 15% to 30% annually. While these generally are higher than private foundations, it has raised concerns regarding 'hoarding' funds whereby the donor does not get around to making the gift, it noted.

Second, anonymity of donors could create stewardship challenges for the charity, especially if a donation is a large proportion of their total funding.

'While these concerns are legitimate, they do not always apply in the Asian context,' said WMI. It revealed that SymAsia Foundation's payout rate stands at 80% (as of 30 June 2022).

Related News

Budget 2023: Tax breaks for FOs making overseas donations

HSBC: Philanthropy is a key priority for NextGen

Intergenerational wealth transfer to increase philanthropic contributions

Latest News



CEO CAPTAIN | 25 JUL, 2023 | STORY BY RUPERT WALKER

CEO Captain: EFG Asia's Albert Chiu

EFG's executive chairman of Asia Pacific Albert Chiu talks to us about his faith in Hong Kong as a premier financial wealth hub and how the bank plans to increase its bench of bankers in the region.

CREDIT SUISSE | 25 JUL, 2023

UBS to pay \$388m fines for Credit Suisse's Archegos failings

JULIUS BAER | 24 JUL, 2023

Julius Baer profits rise 18%, as higher rates offset fee dip

CITYWIRE SEA FORUM 2023 | 24 JUL, 2023

SEA Forum: Private bank CIOs warn on looming reinvestment risk

ESG | 24 JUL, 2023

Deutsche's Müller: Investors overlooking traditional energy's transformation potential

PEOPLE MOVES | 24 JUL, 2023

BlackRock hires China and Singapore wealth heads

SUSTAINABLE FINANCE | 24 JUL, 2023

BII and DFC invest in UBS Optimus Foundation's \$100m initiative

More Top Stories

JAMES PHILLIPPS & RUPERT
WALKER, CITYWIRE ASIA

**EDITORS'
PICKS**

CITYWIRE SEA FORUM 2023 | 14 JUL, 2023

**Conference convos: The lowdown
from the Citywire SEA Forum**

FAMILY OFFICES | 13 JUL, 2023

**Family offices see competition
and wages 'spike' for skilled sta**

PRIVATE BANKING

COMMUNITY | 21 JUL, 2023 | STORY BY JAMES PHILLIPPS

Julius Baer names Next Generation Art Prize Winners

The Swiss pure-play is exhibiting digital artworks from the six winners, who all received \$10,000, in an online gallery.

CREDIT SUISSE | 25 JUL, 2023

UBS to pay \$388m fines for Credit Suisse's Archegos failings

CEO CAPTAIN | 25 JUL, 2023

CEO Captain: EFG Asia's Albert Chiu

JULIUS BAER | 24 JUL, 2023

Julius Baer profits rise 18%, as higher rates offset fee dip

SUSTAINABLE FINANCE | 24 JUL, 2023

BII and DFC invest in UBS Optimus Foundation's \$100m initiative

[Read more](#)

INVESTMENTS

CITYWIRE SEA FORUM 2023 | 24 JUL, 2023 | STORY BY JAMES PHILLIPPS

SEA Forum: Private bank CIOs warn on looming reinvestment risk

A lot of clients are still happy to sit out the market earning 5% on deposit, but when interest rates start to be cut, cash will underperform, so CIOs argue now is the time to start upping bond exposure.

SCHRODERS | 21 JUL, 2023

Schroders reshuffles Apac leadership team

MULTI ASSET | 21 JUL, 2023

Multi-asset regains favour as investors seek income and protection

DIVERSITY | 20 JUL, 2023

Where two fund CEOs differ on gender diversity targets



18 JUL, 2023

M&G expands Asian footprint, opening Taiwan office

[Read more](#)

CIO VIEWS

Deutsche's Müller: Investors overlooking traditional energy's transformation potential

Deutsche Bank Private Bank's ESG chief investment officer Markus Müller says traditional energy companies are crucial to the energy transition but undervalued compared to renewable energy players.

CITYWIRE SEA FORUM 2023 | 24 JUL, 2023

SEA Forum: Private bank CIOs warn on looming reinvestment risk

FINANCIALS | 19 JUL, 2023

Citi Wealth says look beyond tech to 'compelling' financials

ASSET ALLOCATION | 18 JUL, 2023

Private bank CIOs inch back into equities

ASSET ALLOCATION | 17 JUL, 2023

Private bank CIOs reveal their worst calls in last 12 months



[Read more](#)

ESG

OCBC's Ng takes on new chief sustainability officer role

Ng, currently the bank's head of sustainability office, global wholesale banking, takes on the new role on 1 August.

ESG | 24 JUL, 2023

Deutsche's Müller: Investors overlooking traditional energy's transformation potential

Q2 | 14 JUL, 2023

BlackRock AUM rebounds to \$9.4tn as firm recommits to ESG

ESG | 29 JUN, 2023

MAS launches proposal for ESG code of conduct

ALTERNATIVES ESG | 22 JUN, 2023

Europe is driving the ESG alts capital surge, but US leads on impact

[Read more](#)