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Charitable giving, impact investing boosted in pandemic

With no shortage of individuals and businesses struggling in the pandemic, philanthropic giving soared in 2020.

Fidelity Charitable, which runs the investment management giant's donor-advised fund business, granted a record $9.1bn to 170,000 charities in 2020, a 24 per cent rise from 2019. And its total assets in impact investments has grown from $936m to$1.7bn in the past two years alone.

"The numbers are staggering," **Pam Norley**, said president of Fidelity Charitable adding that donors turned in record numbers to their donor-advised funds "to address pandemic and racial equality issues" over the course of the year.

Norley told Moral Money that two-thirds of the grants awarded were "unrestricted", meaning donors gave the nonprofits full discretion over the use of the funds. "There is increased trust in the system," she said.

This signals a shift in the industry overall. Donors are taking a more holistic approach with their financial gifts, and not looking to micromanage how they are used.
But this holistic approach cuts both ways — especially when it comes to charitable endowments that support cultural institutions such as museums.
Donors may not want to dictate the minutiae of how their money is spent, but they are increasingly scrutinising how endowment investors are aligning their funds with their values and their mission, said **Laura Callanan**, founding partner at Upstart Co-Lab, a project of Rockefeller Philanthropy Advisors.

So far, only handful of cultural institutions have embraced impact investing, but Callanan is working to change that. Her organisation recently put out a report highlighting numerous "first movers" that she says dispels the notion that investing in impact is detrimental to financial returns.

US cultural institutions have more than $58bn sitting in their endowments, and that means the impact could be huge. (Kristen Talman)