Donating with humility (including where I donated to last year)

Humility is hard. Humility with money is especially hard. We like to hold our money close to our chest. So close that our financial decisions are rarely discussed. Allowing other people to choose what happens with our money is

Over the last few years, I have been questioning that paradigm. Consider this: if you were to invest your money in stocks, you broadly have two options:

1. Invest in individual stocks,
2. Invest in an investment fund.

The general advice for all but the most expert investors is to choose option 2. The motivation for this is that it’s very unlikely that you will make good choices of stocks to invest in unless you are an expert, so instead of choosing stocks yourself, get an expert to do it for you. Acknowledging that experts can make better decisions than you, then deferring to them, will get you a higher return. This is humility.

I don’t see why this concept doesn’t apply to other financial decisions. In particular, just like you can use managed investment funds to maximise your return on investment, you can use a managed donation fund to maximise the impact of your donations.

As a wise investor might invest in a mutual fund, a wise philanthropist should consider donating to a donation fund. Deferring to the experts

Unanticipated benefits of donating to a managed fund:

* Saving time – I don’t need to spend a long time deciding which organisations to donate to, and don’t need to set up accounts and donate individually to many different charities.
* More opportunities - Economies of scale mean that you can have an impact in funding organisations that would not otherwise be available to individual donors.
* Informed decision - Organisations make applications to receive funding from the EA funds, therefore the fund managers can factor in how much room for more funding there is within the organisation, information that is not available to individual donors. Therefore, donations are more informed.

Suggestions for improvement

* Move more money more frequently – or at least give good explicit reasons why you are holding on to money.
* Contact us more frequently (once a year email wouldn’t hurt).
* Set up a live(?) Q+A session with the fund manager once a year.