Charitable bequests reflect donors’ values and identity
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Looking Forward

Legacy. It’s a word we often associate with honoring the past. But as this month’s cover story indicates, creating a legacy is really about employing shared values to envision a better future.

The nonprofit sector’s future is bright. Going forward, core values such as the innovation and creativity to develop new ideas and solutions will help philanthropy become an even more vibrant and effective force for good. As a sector, the time to start building that future is now.

The global growth of philanthropy is a vital part of that future. In many areas of the world, there is a fervent desire to develop professional philanthropic practices and cooperate to solve global problems. “Generosity Without Borders” (page 6) highlights collaborative attempts to understand philanthropy within and across cultures and the role the Center on Philanthropy is playing.

For individual nonprofits, many of which will struggle with the economic crisis’s impact for years to come, carving out time and energy to create a long-term plan may be daunting. The Center’s legacy—and its future—is giving nonprofit professionals, donors, and volunteers the knowledge and tools they need to envision their path and put plans into action. The articles in this issue offer a sample of these resources.

You can read Philanthropy Matters online at www.philanthropy.iupui.edu/philanthropymatters, where you will also find Web-exclusive articles that provide additional insights, from the differences in giving between rural and urban donors to the insider’s perspective on working with student volunteers who are tomorrow’s nonprofit leaders.

As your organization looks toward tomorrow, I invite you to consider two questions: What will your organization’s legacy be? And how can the Center on Philanthropy help you cultivate and sustain it?

Sincerely,

Patrick M. Rooney
Executive Director
The Center on Philanthropy at Indiana University
Publisher
Philanthropy Matters
Charitable bequests reflect donors’ participation, passion, and sense of identity.

Adrian Sargeant makes this point very clear: bequest giving is not the same as planned giving.

“Planned or annual giving tends to focus on wealthy donors and the concrete examples and direct impact that inspire their gifts,” says Sargeant, Robert F. Hartsook Chair in Fundraising at the Center on Philanthropy at Indiana University. “People who leave donations to charities in their wills are not motivated in the same way or inspired by the same language.”

Sargeant and Jen Shang, an assistant professor of public affairs and Philanthropic Studies at Indiana University and the Center’s first post-doctoral fellow, explore motives for bequest giving and how they can inform fundraising practice in their study Identification, Death, and Bequest Giving, funded by a grant from the Association of Fundraising Professionals and Legacy Leaders.

“People who support an organization through a bequest are expressing their passion for the enduring values of that organization,” Sargeant says. “Through their gift, they are saying something about who they are and how they want to be remembered.”

Why Bequest Giving?

In 2008, nearly $23 billion was left to charities through donors’ wills, according to research by the Center on Philanthropy for Giving USA Foundation. Bequests accounted for 7 percent of total giving that year, a larger share than corporations. Nonprofits with well-established bequest programs receive upwards of 30 percent of their philanthropic support from bequests, research by Barlow Mann and Robert Sharpe has found.

Yet relatively few donors make charitable bequests. About 65 to 70 percent of Americans give to charity, but only about 5 percent leave a donation to charity in their wills.

“Many simply aren’t asked,” Sargeant says. “Many donors studied remarked that they hadn’t thought of bequeathing a gift to charity until the organization suggested it.” In fact, Susan DameGreene’s 2003 study reported that donors who receive a letter directly asking them for a bequest were 17 times more likely to give a bequest than donors who were not asked.

Why People Make Bequests

While a few of the motives behind bequest giving match the usual reasons for making a gift—individual prestige, a need to give back, and organizational performance, professionalism, communication, and service—Sargeant and Shang’s study also reveals other motives for bequest giving.

Bequest donors tend to bequeath to charity after their families’ financial needs have been met, and they are motivated by a desire
to see their money do the most good instead of going to estate
taxes, a wish for immortality, and altruism. “This is the biggest
gift that many donors will ever make. They want to know that
their gift is deserved and appreciated,” Sargeant says.

The study reveals that the underlying current that connects those
motivators is the donor’s self-esteem and sense of identification
with the organization, which can flow from interpersonal
relationships with various stakeholders or beneficiaries or from
the values espoused by the nonprofit itself.

Discovering, understanding, nurturing, and validating the
identities donors express through their gifts can help a nonprofit
increase donors’ self-esteem, strengthen their connections to the
organization, and improve the effectiveness of the nonprofit’s
solicitations for bequests. When bequest fundraising is done
properly, fundraisers help donors perfect their final statement
about who they are.

“The desire to make a bequest is a spark that’s been ignited,
and it may be a spark that donors didn’t even know they had,”
says C. Daniel Yates, a partner at Bose McKinney & Evans LLP
in Indianapolis who counsels clients on estate planning. “It takes
many conversations to build that into a fire that leads to a
bequest gift.”

Developing a Bequest Program
Understanding why donors bequeath gifts is the first step in
soliciting bequests. The next step is determining who to ask.

♦ Ask everyone and ask everywhere.

Participation and long-term commitment should shape charitable
requests as much as, if not more than, wealth or giving history.
“Everyone connected with an organization should be asked to
think about making a gift in their will through every medium you
use to talk to your donors,” Sargeant says. “The solicitation for
bequests should be subtle, constant, and ubiquitous, so that the
information is there when people are thinking about changing or
updating their will.”

That language is key. The majority of donors have made a will,
so promotional messages in newsletters or at events should ask
for the charity to be included when their will is “updated” rather
than “made.”

♦ Invite and celebrate large and small gifts.

“One barrier to making a bequest is that donors think they don’t
have enough to make a difference. Even small gifts can make a
huge difference,” Sargeant says.

Help potential donors consider the full value of all of their
assets, and reach out to supporters at all levels with the message
that every bequest, regardless of size, has a real impact.

♦ Help donors identify with your organization.

Bonding with an organization takes time, but the sense of
connection and service that bequest donors especially crave can
be cultivated through frequent and quality interactions. Help
donors connect their identity with your organization and its
values by taking a donor-journey approach: consider each
category of your potential bequest donors, what you want them
to experience with your organization in the next year or more,
and what point you want them to reach by the end of that
journey. Along the way, you’ll help your supporters understand
and appreciate, beyond all doubts, what this bequest means for
them in life.

♦♦MORE INFO♦♦

Contact Adrian Sargeant at asargean@iupui.edu or Jen Shang at jenshang@

Share Your Values and Say Thanks
Get more research-based advice for soliciting bequests.
www.philanthropy.iupui.edu/philanthropymatters

Learn more about fundraising for planned and bequest giving.
Enter in The Fund Raising School’s Planned Giving course at
www.philanthropy.iupui.edu/TheFundRaisingSchool/
CourseDescriptions/plannedgiving.aspx.
Insights about international donors and cross-country comparisons of giving help nonprofits address global needs.

From microloans for Ecuadoran businesses to water purification in Kenya to new schools in Afghanistan, philanthropy is increasingly global. Awareness of causes in other countries is rising at fiber-optic speed, and many nonprofits operate across borders to help people in need and address large-scale problems such as hunger and environmental protection.

In addition, more donors—particularly U.S. donors—are supporting international causes. Giving to international causes is the fastest-growing subsector of U.S. charitable giving according to Giving USA, which the Center on Philanthropy researches and writes for Giving USA Foundation.

“Donors and fundraisers are increasingly aware of the global environment in which they operate,” says Una Osili, director of research at the Center and associate professor of economics and Philanthropic Studies at Indiana University–Purdue University Indianapolis. “They need knowledge about international philanthropy to inform their decision making.”

The Center on Philanthropy is leading the effort to provide these insights. Giving USA and the Center on Philanthropy Panel Study (see page 10) have inspired similar studies in the Netherlands, South Korea, and Australia. The Center collaborates with researchers around the world to improve and share methodology, create better data sets, and generate innovative research on international giving and philanthropy in different countries.

“This type of cooperation is so valuable because we can learn from each other,” says Pamala Wiepking, an assistant professor of Philanthropic Studies at VU University Amsterdam. “Together we can produce stronger philanthropy research.”

Cross-Country Differences

Research on international giving is in its early stages, but the Center’s collaborations are already yielding results, such as a groundbreaking comparison of giving to international causes and 2004 Asian tsunami relief in the United States and the Netherlands.

For years, researchers who have attempted to compare giving across countries have been hampered by complex differences in data collection, research methodology, and the countries’ philanthropic sectors.

But recently, Osili, Wiepking, and two other researchers—Rene Bekkers of VU University Amsterdam and David Reinstein of the University of Essex in the United Kingdom—realized they
Understanding Who Gives

Within the United States, donors are propelling international giving to double-digit annual growth. In *Preferences for International Redistribution*, Osili and Cagla Okten of Bilkent University in Turkey help nonprofits understand who does and doesn’t give to international causes and the characteristics of those who do.

The study shows that for international giving:

- People with higher incomes were more likely to give.
- College graduates and holders of advanced degrees were nearly 3 and 5 percentage points, respectively, more likely to give than people who didn’t finish high school.
- Age, gender, employment status, marital status, and religious denomination had little or no impact.
- Foreign-born households were 3 percentage points more likely to give.

Perhaps most noteworthy is that living in a community with greater ethnic diversity or a large foreign-born population increased the likelihood that donors gave to international causes. “Living in a more global community certainly raises awareness about international causes, and there may be more opportunities to support international charities,” Osili says.

Nonprofits that want to expand overseas can capitalize on U.S. donors’ increased international awareness by determining their niche in international giving, exploring the efficiencies of partnering with organizations that have international experience, and leveraging local and national conversations about international issues to explain how their organizations can help.

“It’s a good moment to think about what the global impact of a nonprofit’s mission might look like now and in the future,” Osili says.

Contact Una Osili at uosili@iupui.edu. Contact Pamala Wiepking at P.Wiepking@fsw.vu.nl.

A Disaster’s Side Effect: Generosity

Disasters may inspire donors to support other international causes.

www.philanthropy.iupui.edu/philanthropymatters

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Myth 1: Religious giving is falling.

Religious giving, as a share of total giving, has decreased dramatically since 1955 when Giving USA began tracking U.S. giving, from approximately one-half of total giving to under one-third today. “But religious giving is growing in real dollars,” Rooney says. “It’s just growing slowly.”

Adjusted for inflation, religious giving has increased an average of 2 percent every year over the past 40 years, compared to 5 percent per year for total giving, according to Giving USA, which is published by Giving USA Foundation and researched and written by the Center.

Myths 2 and 3: Americans tithe, and some faith groups are more generous than others.

Less than 3 percent of Americans tithe, giving 10 percent or more of their income to religious organizations, and more than half don’t give to religion at all.

All religious affiliations receive, on average, well below the traditional 10 percent of donors’ income. However, after controlling for income, religious giving varies dramatically by affiliation.

Latter-day Saints contribute the most as a share of income, giving, on average, 5.5 percent. After that, the percentage of income given to religion drops significantly: Pentecostals give just under 3 percent, “other Protestants” give 2.7 percent, Baptists give 2 percent, and other affiliations, including Jewish donors and mainline Protestants, give between 0.5 and 1.5 percent. Catholics, Muslims, and Buddhists give the least to religious organizations, less than 1 percent of their total income.

Here’s a quick test to determine how much you know about religious giving: what’s the most reliable indicator of giving to religious organizations? Is it education? Gender? Race? Income?

The correct answer: none of the above.

According to Patrick M. Rooney, religious attendance is the key factor that guides giving to religious organizations. “It’s a very important predictor of how much people will give across generations—or whether they’ll give at all,” says Rooney, executive director of the Center on Philanthropy and professor of Philanthropic Studies and economics at Indiana University—Purdue University Indianapolis.

His chapter in the new book Religious Giving: For Love of God (edited by David H. Smith) examines common assumptions about religious giving, including who gives and how much they give.

Rooney tested eight myths of religious giving using two studies: the Center on Philanthropy Panel Study, which researches giving by households in the lower 95 percent of income and wealth, and the Bank of America Study of High Net-Worth Philanthropy, which examined the top 3 percent of U.S. households.

“Rooney dispels some myths and substantiates others,” says William Enright, director of the Lake Institute on Faith & Giving at the Center, which funded the book. “What we end up with is a more complete story behind religious giving that will help religious organizations understand the trends and shape their fundraising practice.”
Myth 4: The wealthy give less to religion.

The dollar amount given to religion grows as income and wealth grow. In fact, among the 3 percent of households earning the most income, religion receives a larger share of charitable dollars than any other subsector except education, and 72 percent of those households give to religion.

The overall share of income going to religion falls as income grows, suggesting, Rooney says, that wealthy donors see the financial needs of their religious organizations as fixed. But over half of these donors say religious beliefs are an important motivation for their overall giving as well.

Myth 5: The more educated you are, the less you give to religion.

People with college degrees are more likely to be donors and to give more than those with a high school education or less. Surprisingly, though, those with postgraduate degrees are no more or less likely to give to religion than those with a high school degree or less.

Myths 6 and 7: Minorities give more to religion, and women give more to religion than men do.

Blacks are 7 to 10 percent more likely to be religious donors than whites and donate more. Male-headed households are more likely to be donors and give more than female-headed households. But these differences disappeared once Rooney controlled for income, wealth, education, and religious attendance, suggesting that those factors, not race or gender, account for the differences.

Myth 8: Southerners and people in rural areas give more to religion.

Religious giving defies regional and residential stereotypes. People in the East South Central region (Alabama, Kentucky, Mississippi, and Tennessee) gave the highest average gifts, but donors in the northern plains states and on the West Coast gave more than donors in south Atlantic states. Likewise, among all types of U.S. communities, rural regions not adjacent to cities are the most likely to give to religion, but rural areas close to cities are the least likely to give.

Each myth contains nuances of truth, Rooney notes, “but it’s important that we dig deeper to see what the research tells us—because it’s research, not assumptions, that should inform fundraising practice.”

Religious organizations, Rooney says, should be aware that long-term growth in giving is a function of religious attendance. Talking more about tithing and encouraging the wealthy to give to their capacity also can encourage growth.

“While religious commitment as measured by participation is pivotal to religious giving, institutions also need to learn how to appeal to the broader religious beliefs that motivate many donors’ overall giving,” Enright says. “Religious nonprofits should be more intentional in sharing stories about how they reach out to address the needs of the larger world.”

Contact Patrick Rooney at rooney@iupui.edu or William Enright at wenright@iupui.edu. Purchase Religious Giving: For Love of God at www.philanthropy.iupui.edu/LakeFamilyInstitute/books.aspx.

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* These Research Partners have specifically supported the Center on Philanthropy Panel Study (COPPS) at the level of $10,000 and above. COPPS is also made possible by essential private support from many other individual donors.
Another intriguing finding from COPPS, Brown says, is that nearly 76 percent of respondents ages 65 and older gave to charity in 2006, and their total gifts averaged $2,395. Seventy percent of 40- to 64-year-olds made charitable gifts averaging $2,558, but only 52 percent of respondents younger than 40 gave, and their average gift was $1,340.

“The older you are, the more you were taught that you have a responsibility to help others,” Brown says. “Generally speaking, older people give out of a sense of duty, and younger people seem to be giving because it feels good and they’re inspired.”

Donors under 40 are more likely to spend money on their mortgages, student loan payments, and children than on their favorite charities, Brown says. Nonprofits can still encourage young donors to get involved through avenues such as volunteer work, an approach that may pay off later when these donors have more discretionary income.

When working with couples of any age, nonprofits should take care to communicate with the women, who COPPS continues to show are more likely than men to drive the charitable giving decision-making process. “Many organizations don’t recognize the economic power that women have and their decision-making role in the household,” Brown says.

Brown expects some changes in charitable giving between 2006 and 2008 because of the recession. When the 2008 COPPS findings are released in 2012, Center on Philanthropy researchers will know if charitable giving’s strong, steady trend continues.

Contact Melissa Brown at msbrown@iupui.edu. Read key COPPS results at www.philanthropy.iupui.edu/strongandsteady.
Higher levels of readability (meaning more complex sentences and language) produced higher donations, at least in the studied case of donations to higher education. “This is contrary to conventional wisdom that says letters should use short sentences and compact words,” Goering says. “Our findings suggest that this may not always be the most effective strategy.”

“Being flexible, adapting the message to the potential recipient, and thinking through the implications of the choices you make as a communicator are all important aspects of effective fundraising communication,” she says.

Contact Elizabeth Goering at bgoering@iupui.edu or Richard Steinberg at rsteinbe@iupui.edu.

Nonprofit professionals may spend hours crafting the “perfect” letter, the one that inspires readers to give. A new study supported by the Center on Philanthropy might make this part of higher education fundraisers’ jobs easier. Persuasion in Fundraising Letters: An Interdisciplinary Study shares information that may help fundraisers write more successful direct-mail solicitations, and some of the results contradict popular advice.

The study used more than 900 letters and other fundraising documents from 236 nonprofits—collected by the Indiana Center for Intercultural Communication (ICIC)—to create fundraising letters for fictitious universities that employed various appeals and techniques. Study participants were presented with pairs of the letters and asked how they would donate $100 across each pair if they were alumni of both universities.

Three types of appeals were examined: rational appeals to readers’ sense of logic; affective appeals, which sought to arouse emotion; and credibility appeals, which shared the writer’s experiences to establish him or her as a trustworthy authority. Credibility appeals yielded the highest “donations.”

“Appeals to authority seem to be more effective to established donors—more important than presentation of facts or appeals to emotion,” says Richard Steinberg, professor of economics and Philanthropic Studies at Indiana University–Purdue University Indianapolis (IUPUI). Steinberg co-authored the study with lead author Elizabeth Goering, associate professor of communication studies at IUPUI; Ulla Connor, director of ICIC; and Ed Nagelhout, associate professor at the University of Nevada, Las Vegas.

Why I Give

Reflecting on her early fundraising career, Melynne Klaus says she didn’t realize her six-week training program at the Center on Philanthropy would lead to a future of international service and leadership in the nonprofit sector. “I planned to be here for six weeks and return to the East Coast. But the training was a great opportunity to experience what the master’s program would be like. And I was sold,” she shares.

Over time, Melynne built a relationship with the Center as a student, graduate assistant, alumna, donor, and now board of visitors member. As her involvement increases, she learns more about the Center’s impact. “As a student, I had no idea of the breadth of work the Center does,” she says. “I’ve had the opportunity to understand the greater reach beyond the classroom, like the research and the efforts to broaden understanding of the field internationally.”

Today, as director of Christel DeHaan Family Foundation, Melynne is well informed about the impact of nonprofits around the globe. As she decides which organizations to support personally, she includes the Center. “My husband and I make the Center part of our philanthropic plan,” she shares. “Through my gift, I am modeling my confidence in the organization. Every gift is important.”

The Center on Philanthropy is grateful for donors like Melynne, who make gifts to the Center a part of their family’s or organization’s philanthropic plan. To learn more about ways to give and the impact of these gifts, please contact Kim Gattle at kgattle@iupui.edu or (317) 278-8920, or visit www.philanthropy.iupui.edu.
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