2009 Stelter Donor Insight Report™:

Age Differences in Planned Giving

2009 Stelter Donor Insight Report™

Age Differences in Planned Giving

This report is based on a 2009 national survey of Americans aged 30 and older concerning their views on charitable giving to nonprofits. The ultimate goal of this study was to help determine effective ways of approaching prospective donors about making planned gifts. Our objectives in initiating this project were to:

- » better understand how the economy may have altered giving and whether the recent downturn offered an opportunity for deferred gifts.
- » determine awareness of various mechanisms for making a planned gift.
- » gain an understanding of individuals' feelings about sharing their inheritance with charity.

This report defines how five age segments differ from the overall averages. While some of these are modest differences, the individual findings work together to tell a bigger story than a single data point conveys.

Ages 30 to 39

This group is young, which means they are more likely to be parents of minor children and to have college educations. They are also considerably more likely to indicate they are outside the planned giving community. They don't know the terminology and few have been approached. However, like the next oldest age cohort (age 40 to 49), they spark to the idea of making planned gifts. In fact almost six in 10 would at least consider one of the vehicles for making a planned gift we tested in this survey. They've just never been asked.

Those in the 30 to 39 age bracket are more likely than average to:

- » Say they are making a bigger effort to pay off debt (59 percent, compared to 54 percent overall).
- » Report they have not been approached about making a planned gift (84 percent, compared to 78 percent overall).
- » Say they probably would or might put in place at least one of six gift vehicles we tested (59 percent, compared to 46 percent overall).
- » Say a main reason they are not inclined to make a planned gift is they have never been asked to do it (26 percent of those who say they might or might not or probably would not leave assets to a charity, compared to 20 percent overall).
- » Not know retirement funds are taxable eventually if they are left to individuals rather than nonprofits (63 percent, compared to 56 percent overall).
- » Be college educated (52 percent have a degree or at least some post-graduate work, compared to 43 percent overall).
- » Have children under age 18 at home (74 percent, compared to 35 percent overall).
- » Be politically independent (38 percent, compared to 30 percent overall).
- » Be more likely to report income in the $100,000 to $149,999 bracket (17 percent, compared to 11 percent overall).
- » Live in the western part of the United States (30 percent, compared to 24 percent overall).
- » Be Hispanic (12 percent, compared to 6 percent overall).

Fast Fact

Almost six in 10 Americans ages 30 to 39 would at least consider one of six vehicles for making a planned gift we tested in this survey.

Ages 40 to 49

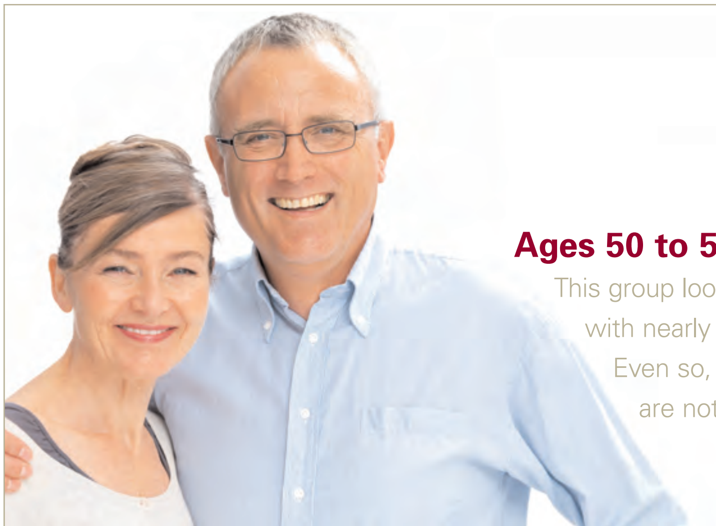
Like their younger counterparts, members of this age group demonstrate they are mostly left out of planned giving conversations. And, yet, they are open to the idea, just as we saw in the 2008 study which revealed the "secret giver" generation (see www.stelter.com/secretgiver). They are the most open to the idea of planned gifts in estates in which they are named. This signals what seems to be a genuine recognition that charities do good work and are deserving of support, even if it cuts into inheritance they would otherwise receive.

Those in the 40 to 49 age bracket are more likely than average to:

- » Have cut back on spending with the downturn in the economy (83 percent, compared to 78 percent overall).
- » Report having made a cash contribution in the past year to an educational institution (37 percent, compared to 29 percent overall).
- » Say they have not been approached about making a planned gift (84 percent, compared to 78 percent overall).
- » Initially say they will definitely or probably make a planned gift at some point in the future (23 percent, compared to 15 percent among all who plan to leave an inheritance).
- » Later say they probably would or might put at least one of the six vehicles in place (57 percent, compared to 46 percent overall).
- » Say a main reason they have not already made a planned gift is that they just haven't thought of it before (40 percent of those who say they might or might not or probably would not make a planned gift, compared to 33 percent overall).
- » Not know retirement funds are taxable eventually if they are left to individuals rather than nonprofits (67 percent, compared to 56 percent overall).
- » Say they think a 5 percent to 10 percent planned gift in an estate in which they are named is reasonable (83 percent, compared to 72 percent among those who have received or expect to receive an inheritance).
- » Have children (57 percent, compared to 35 percent overall).

Fast Fact

Of respondents ages 40-49, 40 percent say a main reason they have not already made a planned gift is that they just haven't thought of it before.



Ages 50 to 59

This group looks to be the hardest hit by the recent economic downturn with nearly half saying they are worse off than they were last year. Even so, they are putting more money aside to pay off debt. They are not terribly receptive to the idea of planned giving.

Those in the 50 to 59 age bracket are more likely than average to:

- » Report they are worse off compared to last year (48 percent, compared to 39 percent overall).
- » Say they are making a bigger effort to pay off debt (63 percent, compared to 54 percent overall).
- » Have made a cash contribution in the past year to a human services organization (56 percent, compared to 48 percent overall).
- » Initially say they will probably not put a planned gift in place (59 percent, compared to 52 percent among all who plan to leave an inheritance).
- » Be married (73 percent, compared to 63 percent overall).
- » Have children who do not live at home (49 percent, compared to 37 percent overall).
- » Have grandchildren (51 percent, compared to 39 percent overall).
- » Live in the West (30 percent, compared to 24 percent overall).

Ages 60 to 69

This is a group knowledgeable about planned giving, but that does not raise their interest. Those not inclined to make a planned gift say a main reason is because they prefer to leave assets to family and friends.

Those in the 60 to 69 age bracket are more likely than average to:

- » Have made a cash contribution in the past year to a human services organization (53 percent, compared to 48 percent overall).
- » Be familiar with the term "planned giving" (45 percent, compared to 37 percent overall).
- » Have received an inheritance (27 percent, compared to 17 percent overall).
- » Say a major reason they have not and likely will not include a nonprofit in their plans is because they prefer to leave their assets to friends and family (93 percent, compared to 88 percent overall).
- » Be aware that retirement fund assets are taxed at some point if left to individuals rather than charities (55 percent, compared to 43 percent overall).

A quick note on older respondents

With just 31 percent of those surveyed having received or expecting to receive an inheritance, it is hard to break out findings by age. However, when we combined age groups to look at the 60 and older population, the heirs among them are more likely than average to say they think all assets from an estate from which they would benefit should go to individuals, not charities (22 percent, compared to 11 percent overall).

Fast Fact

Of respondents ages 60-69, 93 percent say a major reason they have not and likely will not include a nonprofit in their plans is because they prefer to leave their assets to friends and family.

Ages 70 and older

In some ways, this age group is the most experienced with inheritance. They are more likely to say they've already received one and more likely to say they expect to leave one. They are also the least likely to express an interest in making a planned gift. It seems they are dedicated to bestowing any assets to friends and family.

Those in the 70 and older age bracket are more likely than average to:

- Say they have already received an inheritance (24 percent, compared to 17 percent overall).
- Say they expect to leave an inheritance (76 percent, compared to 69 percent overall).
- Initially say they will probably not put a planned gift in place (70 percent, compared to 52 percent among all who plan to leave an inheritance).
- Later say they would not consider any of the six planned gift vehicles tested (67 percent, compared to 50 percent overall).
- Say a major reason they have not and likely will not include a nonprofit in their plans is because they prefer to leave their assets to friends and family (94 percent, compared to 88 percent overall).
- Report awareness that retirement fund assets are taxed at some point if left to individuals rather than charities (64 percent, compared to 43 percent overall).
- Be widowed (48 percent, compared to 10 percent overall).
- Have no more than a high school education (50 percent, compared to 32 percent overall).
- Align politically with Democrats (42 percent, compared to 34 percent overall).
- Have children not living at home (78 percent, compared to 37 percent overall).
- Have grandchildren (89 percent, compared to 39 percent overall).
- Be white (83 percent, compared to 71 percent overall).
- Report household income in the lowest bracket (57 percent report household incomes under $50,000 per year, compared to 38 percent overall).
- Live in the Midwest (39 percent, compared to 33 percent overall).

Fast Fact

Of respondents ages 70 and older, 76 percent say they expect to leave an inheritance.

Interpretation

This age cohort analysis documents what we theorized after completing our 2008 survey of the planned giving community. Younger adults are receptive but they lack knowledge. Just listing ways a planned gift can be arranged generates interest. Charities that figure out how to target this category stand a chance to build lifetime relationships that can affect annual giving as well as planned gifts. The first step is to invite them into the conversation.

Addendum

The following age segmentations are provided because they match a segmentation strategy Stelter recommends to its nonprofit clients. The broader age breaks allow nonprofits to more efficiently target content to existing donor groups. Although we find that the decades tell a more compelling story this year, few charities have the budget for such micro-targeting, thus we've provided results broken down into broader segments.

Ages 40 to 54

The economy plays a role in how this group is living their lives this year. They are cutting back on spending and they are working to pay off debt to put themselves in a more stable position. They have not necessarily been any harder hit financially, but they are behaving more prudently. Their giving is not down as a group, but among those who did give less to charity last year, it is more often because of the economy and because they are putting more toward paying off debt. They spark to the specific mechanisms for putting a planned gift in place and end up with a higher than average percentage saying this is something they probably or might do, even though they did not express high interest when this was first mentioned in the course of the interview. They appear receptive to the general idea of planned giving, expressing willingness to forego part of an inheritance they might receive were a charity also to be named in the estate plan.

Those in the 40 to 54 age bracket are more likely than average to:

- Report having made a cash contribution in the past year to an educational institution (35 percent, compared to 29 percent overall).
- Say they are both making a bigger effort to pay off debt (61 percent, compared to 54 percent overall) and are cutting back on spending (83 percent, compared to 78 percent overall).
- Report giving less to charity last year because they are putting more money toward paying off debt (62 percent of those who gave less last year, compared to 55 percent overall), though they are no more likely than average to say they gave less overall.

- » Say the economy was a major factor in reducing the amount they gave to charity (86 percent, compared to 77 percent overall, among those who report giving less).
- » Say a main reason they might or might not or probably would not make a planned gift is because they just haven't thought about it before (38 percent, compared to 33 percent among those who are not inclined to make a planned gift).
- » Not know retirement funds are taxable eventually if they are left to individuals rather than nonprofits (62 percent, compared to 56 percent overall).
- » Say they probably would or might put at least one of the six vehicles in place to make a planned gift (53 percent, compared to 46 percent overall), even though they do not differ from average in their initial interest in making a planned gift.
- » Say they think a 5 percent to 10 percent planned gift in an estate in which they are named is reasonable (82 percent, compared to 72 percent among those who have received or expect to receive an inheritance).
- » Have children under age 18 at home (48 percent, compared to 35 percent overall).

Ages 55 to 69

This group is simply not all that receptive to the idea of planned giving. It is not a lack of terminology in that they are more likely than average to be familiar with the phrase "planned giving" (though still the majority is not familiar). A higher percentage has been approached about making such a gift. At each turn, they balk at making one themselves. They like leaving their own money to family and friends, and they also believe in above average numbers that an estate in which they might be included should leave assets only to individuals rather than charities.

Those in the 55 to 69 age bracket are more likely than average to:

- » Report they are worse off compared to last year (45 percent, compared to 39 percent overall).
- » Report giving less to charity last year because they had lower household income (79 percent, compared to 66 percent overall), because they had new expenses (51 percent, compared to 44 percent), and because charities they normally support did not ask (19 percent, compared to 12 percent), even though they are no more likely to say they gave less overall.
- » Say they are familiar with the term "planned giving" (42 percent, compared to 37 percent overall).
- » Say they have been approached about making a planned gift (28 percent, compared to 22 percent overall).
- » Say a main reason they are not inclined to make a planned gift is they prefer to leave assets to family and friends (93 percent of those who say they might or might not or probably would not leave assets to a charity, compared to 88 percent overall), or say it is because there are not any nonprofits they want to support in this way (27 percent, compared to 18 percent overall).

» Say they would not consider any vehicle tested to make a planned gift (59 percent, compared to 50 percent overall).
» Say they prefer an estate in which they are named to leave 100 percent to individuals rather than include a 5 percent to 10 percent gift to charity (19 percent, compared to 11 percent overall among those who have received or expect to receive an inheritance).
» Have children who do not live at home (64 percent, compared to 37 percent overall).
» Have grandchildren (61 percent, compared to 39 percent overall).
» Live in the South (38 percent, compared to 31 percent overall).

Research Methodology

The scientific study, commissioned by The Stelter Company, was conducted between July 19 and July 22, 2009, by nationally renowned research firm Selzer & Company. The survey was based on telephone interviews with 800 adults aged 30 and older throughout the United States. Final data were weighted by age and race to reflect the national population age 30 and over, according to recent Census reports. The margin of error is +/- 3.5 percentage points for the entire sample. Telephone interviews lasted approximately 11 minutes.

About The Stelter Company

The Stelter Company, based in Des Moines, Iowa, is a leading source for gift planning marketing for the nonprofit community, serving 2,000 print and 1,100 Web clients nationally with a staff of 75 individuals. Stelter helps charities achieve superior and quantifiable results through multi-channel direct marketing, consulting services and training. Stelter's integrated solutions are based upon industry research, data-driven tactics and insights gathered from 47 years in the field.

Stelter services include:

- » A complete line of direct-mail gift planning programs (custom-designed newsletters, targeted newsletters, brochures and postcards)
- » An interactive gift planning Web product
- » E-marketing solutions to build loyalty online
- » The Relationship Building Workshop®, major gift training for development professionals
- » The Essentials for Gift Planning Success Seminar, training on how to launch a gift planning program and basic technical instruction for anyone in gift planning
- » A eight-person field staff that conducts on-site marketing consultations with clients and prospects
- » Gift planning assessment and strategic planning
- » Donor research
- » Testimonial writing
- » An on-site printing and mail processing facility
- » Free phone and e-mail access for clients to an on-staff gift planning attorney to answer technical questions

About Selzer & Company

Selzer & Company specializes in communication and public opinion research, helping clients connect with their audiences, be they readers, viewers, customers, voters or lawmakers. J. Ann Selzer, Ph.D., has run her research firm since 1989, after several years in Washington, D.C., working for a major public opinion research firm. She has gained national exposure for her work for *The Des Moines Register's* Iowa Poll, the only poll to correctly predict the outcome of the Iowa caucuses in 2008, earning the Gallup Award for Outstanding Poll Reporting for *The Des Moines Register*. She also conducts the Bloomberg Global Poll and the Bloomberg U.S. Poll for *Bloomberg News,* the Michigan Poll for *The Detroit Free Press*, and the Indiana Issues Poll for *The Indianapolis Star*. Her accuracy for these polls resulted in her firm being named the best of 32 polling firms ranked by the influential polling Web site FiveThirtyEight.com. In 2004, she received the Research Award of Merit from the Newspaper Association of America and is the youngest to win this lifetime achievement award.

Ms. Selzer has appeared on most of the major news networks, including CBS Evening News, MSNBC, Fox News, The NewsHour on PBS, National Public Radio and has had essays published in *The Des Moines Register*, *The Guardian* (of London), *The Polling Report* and *The Indianapolis Star*.

STELTER

Getting to the heart of the matter

Nurturing Relationships **Sharing** Your Message **Cultivating** Philanthropy

www.stelter.com ▪ 800-331-6881