

Stelter Donor Insight Report™
*Connections Between Annual and
Bequest Giving*

New findings on the charitable behaviors of Americans

Stelter Donor Insight Report™

Connections Between Annual and Bequest Giving

This report is based on a national survey of Americans aged 40 and older concerning their views on bequest giving. Our objectives in initiating this project were to:

- » Scientifically document the world of bequest givers in America.
- » Confirm current strategies that help nonprofits succeed in identifying and cultivating bequests.
- » Develop data-driven tactics to help make nonprofits even more successful.

Recognizing the importance of annual givers to the success of a gift planning program, we also asked questions about the annual giving habits of Americans and analyzed those results along with the data on bequest giving behavior. The results of that effort are documented here.

Key Findings

Charitable giving is part of American life. Bequests and the decisions to make them play out against a backdrop of smaller gifts that Americans routinely make. Ninety percent of U.S. residents aged 40 and older reported making a contribution to at least one nonprofit in the past year or so. This included a majority (58 percent) who reported contributions to three or more charities, with about one in five (19 percent) giving to five or more organizations.

This pattern of giving transcends demographics, with the exception of income and, to a lesser extent, education. Fewer low-income earners (less than \$50,000 per year) report giving to three or more charities than average (49 percent, compared to 58 percent overall), but those in the upper three income brackets (starting at \$50,000 or more per year) do not differ much. Those with postgraduate work or degrees are more likely than average to report gifts to four or more charities (60 percent, versus 38 percent overall); they are also more likely than average to give to five or more charities (37 percent, compared to 19 percent overall).

Seven percent of Americans aged 40 and older name nonprofits in their wills. Another 5 percent have a will and say at some point they will definitely or probably include a bequest to a nonprofit organization. Still another 5 percent do not yet have a will in place, but say they will definitely or probably include a nonprofit when they create this document. (Read more about this group in *Stelter Donor Insight Report™: Discovering the Secret Giver*). Most of this group (73 percent) intend to create a will within the next five years.

Prolific annual givers have a propensity for bequest giving. Bequest givers and good prospects who have a will in place are more likely than average to make annual gifts to five or more charities: 34 and 37 percent respectively, compared to 19 percent overall (a 15- to 18-point difference). Prospects who do not yet have a will in place differ, in that they give to fewer charities on average.

Annual Contributions to Categories of Nonprofits

By Number of Types of Nonprofits Benefitting

	1 or more %	2 or more %	3 or more %	4 or more %	5 or more %
Overall	90	74	58	38	19
Gender					
Male	90	70	53	34	15
Female	91	78	62	42	22
Age					
40–54	91	75	55	38	19
55–69	90	72	59	37	18
70+	91	77	60	40	20
Income					
\$150,000 or more	96	80	69	53	24
\$100,000–\$149,999	98	88	68	51	35
\$50,000–\$99,999	92	79	64	43	22
Under \$50,000	88	69	49	27	10
Education					
High school grad or less	83	64	44	24	8
Some college	94	72	58	32	12
College degree	95	82	65	48	26
Postgraduate work or degree	97	89	77	60	37
Community					
Urban	94	71	57	40	17
Suburban	97	80	63	45	23
Small city	95	81	62	34	17
Small town	86	67	51	37	19
Mostly rural	88	77	60	35	16
Marital status					
Single	86	66	46	23	12
Married	92	77	62	41	21
Divorced	88	68	48	32	11
Widowed	91	75	57	39	18
Child under age 18					
Yes	95	83	66	48	26
No	89	72	56	35	17
Prospects					
Already included a bequest	97	81	69	59	34
Prospect with will	97	85	75	57	37
Prospect without will	86	68	50	29	14

Religious institutions, human services organizations and disease-related nonprofits benefit most from annual giving. As we saw with bequest gifts, churches and other religious organizations are the most common recipients of annual giving, with 69 percent saying they made a gift to such a nonprofit within the past year. Also receiving donations from a majority of Americans are human services groups (53 percent) and disease-related organizations (51 percent).

For all types of charities, current bequest givers were more likely than average to make annual gifts by at least five percentage points. For three types of charities, however, bequest givers exceeded the average by 10 percentage points or more.

- » Nature and science organizations: 24 percent, compared to 11 percent overall (a 13-point difference);
- » Educational institutions: 51 percent, compared to 38 percent overall (a 13-point difference); and
- » Arts and cultural organizations: 28 percent, compared to 16 percent overall (a 12-point difference).

Bequest prospects with wills have distinguishable giving patterns. Americans who have a will and say they will definitely or probably include a charitable bequest in the future (5 percent) tend to be notably more likely to donate an annual gift (exceeding the average by 10 percentage points or more) in a majority of categories. The most popular nonprofit recipients of annual gifts among this group are as follows, in order from the greatest difference from average:

- » An arts or cultural organization that performs or promotes music, art, history or theater: 37 percent, compared to 16 percent overall (a 21-point difference);
- » A school, college or other educational institution: 57 percent, compared to 38 percent overall (a 19-point difference);
- » A disease-related organization that supports research to find cures: 64 percent, compared to 51 percent (a 13-point difference);
- » A hospital or organization that provides health services: 35 percent, compared to 25 percent overall (a 10-point difference); and
- » A church or religious organization: 79 percent, compared to 69 percent overall (a 10-point difference).

And, to a lesser extent (with 5 to 9 points above average),

- » An organization devoted to animals or pets: 29 percent, compared to 21 percent overall (an 8-point difference);
- » A nature or science organization, such as a science center or a conservation group: 18 percent, compared to 11 percent overall (a 7-point difference); and
- » A human services organization that helps people in need: 59 percent, compared to 53 percent overall (a 6-point difference).

FACT

In a room full of 100 annual givers:

- » 8 have already included a charitable bequest in their wills.
- » 5 have a will and plan to add a bequest in the future.
- » 5 do not have a will, but will definitely or probably name a nonprofit at some point in the future.
- » 82 are unlikely to make a charitable bequest.

Bequest prospects without wills do not deviate much from average when it comes to **annual giving**. The only nonprofit category they give to at a notably higher-than-average rate is **hospitals or organizations that provide health services** (34 percent, 9 points higher than the overall average of 25 percent), to which they all but match both bequest givers and prospects with wills.

Annual giving also varies by region. The **Southwest** is above average for giving to religious organizations; the **Midwest** is stronger for human services groups, educational institutions, arts and cultural organizations, and science and nature groups; and the **East** is home to greater-than-average giving to disease-related organizations, educational institutions, and hospitals or providers of health services.

Certain demographic groups have greater responses to different types of charities.

The table on the next page shows the groups most likely to report annual gifts, showcasing the demographic groups who are more likely than average to report gifts in each nonprofit category. Here are some highlights:

- » **Older Americans** give to religious organizations and disease-related organizations in proportions greater than average.
- » **Younger Americans** are more likely than average to give to educational institutions.
- » **Americans with children under age 18 in their homes** are more likely than average to report annual gifts to disease-related nonprofits, educational institutions, and nature and science organizations.
- » **Affluent Americans** are more likely than average to give to human services organizations, arts and cultural organizations, and nature and science nonprofits.

ANNUAL GIVING INDICATOR

For virtually every type of charity, postgraduate work is the best indicator of annual giving. As one may expect, higher educational attainment generally correlates with higher household income, so we frequently see both of these groups stand out when looking at the likelihood of annual donations.



Bequest Giving Indicator

Education is the strongest indicator of bequest giving. The vast majority of bequest givers (65 percent) report having earned at least a college degree, compared to 42 percent of the general population. Those who report having completed at least some postgraduate work or degree demonstrate an even more remarkable difference: The most educated make up 31 percent of bequest givers, almost double their proportion in the general population (16 percent).

Made a Cash Donation to This Type of Nonprofit

Within the Past Year

	All %	%	Groups more likely than average to donate:
A church or religious organization	69	77 76 76	Southwest region Age 70+ Postgraduate work
A human services organization that helps people in need, such as a food pantry or domestic violence shelter	53	65 60 60 59	Income: \$100K+ College degree+ Women Midwest region
A disease-related organization that supports research to find cures	51	67 62 61 57 57 56 56	Postgraduate work Child under age 18 Suburban Age 60–69 East region Women Income: \$50K+
A school, college, or other educational institution	38	61 58 50 46 45 44	Postgraduate work Child under age 18 Income: \$50K+ Suburban East, Midwest regions Age 40–49
A hospital or organization that provides health services	25	32 31 30	Small city Postgraduate work East region
An organization devoted to animals or pets	21	No significant findings.	
An arts or cultural organization that performs or promotes music, art, history, or theater	16	37 30 25 24	Postgraduate work Income: \$100K+ Midwest region Urban
A nature or science organization such as a Science Center or a conservation group	11	24 17 16 16	Postgraduate work Midwest region Child under age 18 Income: \$100K+
Other	4		
None of these	10	18	High school grad or less

Schools, Colleges or Other Educational Institutions

Annual giving to **educational institutions** is more popular than average (38 percent) among:

- » Those with a **child under age 18** at home (58 percent). These parents make up almost three in ten donors (29 percent), higher than their proportion of the population (19 percent).
- » Understandably, those with a **college degree** (56 percent) or **postgraduate work** (61 percent). Those with at least a college degree make up two-thirds (65 percent) of annual donors to educational institutions.
- » Those with **incomes of \$50,000 or more** (54 percent for those earning \$100,000 or more and 48 percent for those with incomes between \$50,000 and \$99,999). They are the majority of annual donors to educational institutions (57 percent, with 22 percent of donors earning less than \$50,000 a year and 21 percent refusing to say).
- » In the **East and Midwest regions** (45 percent each). Combined, these two regions make up just under a third of annual givers to educational institutions (31 percent).
- » Those in **suburban** (46 percent) and **small city** (43 percent) areas. More than two out of five annual givers (42 percent) to educational institutions live in communities of these types.
- » Those **ages 40 to 49** (44 percent). They make up a quarter (25 percent) of annual givers to educational institutions.
- » Those who are **married** (43 percent). Married individuals make up nearly three-quarters of annual givers to educational institutions (72 percent, compared to 63 percent of the sample).

Churches or Religious Organizations

Annual giving to **churches and religious organizations** is relatively level across demographic groups.

Only a few groups have a slightly greater likelihood than average (69 percent) to give:

- » Residents of the **Southwest** (77 percent);
- » Those with **postgraduate work or a postgraduate degree** (76 percent);
- » **Ages 70 and over** (76 percent, although that only decreases to 75 percent if we drop the starting age to 65); and
- » People who are **widowed** (74 percent).

If we fill the room with 100 annual givers to churches and religious organizations, they look like our general sample, with no donor group varying from their proportions in the study by more than four percentage points.

Hospitals or Organizations That Provide Health Services

Annual giving to **hospitals or organizations that provide health services** is also relatively level across demographic groups. Those groups that have a slightly greater likelihood than average (25 percent) to give share some similarities with givers to churches and religious organizations:

- » Residents of **small cities** (32 percent);
- » Those with **postgraduate work or a postgraduate degree** (31 percent);
- » Residents of **Eastern states** (30 percent); and
- » People who are **widowed** (30 percent).

Compared to their proportion in the population, only those **ages 65 and over** (who make up 35 percent of the sample) give in greater proportion to hospitals and other health organizations, and this increase is quite small (as they make up 40 percent of annual givers to this category).

Disease-Related Organizations That Support Research to Find Cures

Annual giving to **disease-related organizations** shows a bit more volatility across demographic groups. Those demographic groups that have a greater likelihood than average (51 percent) are as follows:

- » Those with **postgraduate work or a postgraduate degree** (67 percent);
- » Those with **children under age 18** at home (62 percent); and
- » **Suburban** residents (61 percent).

Respondents **ages 60 to 69**, residents of the **Eastern United States**, **women**, and those with **incomes exceeding \$50,000** are only modestly more likely to give to these organizations.

Human Services Organizations That Help People in Need, Such as a Food Pantry or Domestic Violence Shelter

Groups remarkably more likely than average (53 percent) to donate annually to **human services organizations** are as follows:

- » Those with **household incomes of \$100,000** a year or more (65 percent), and
- » Residents of **small towns** (also 65 percent).

Women, respondents with **at least a college degree**, and residents of the **Midwest** are a bit more likely to give to these groups.

Women tend to give to this category in greater proportion than men: 62 percent of annual givers to human services organization are women, compared to 38 percent of men. In our study sample, women make up 55 percent and men 45 percent.

Arts or Cultural Organizations That Perform or Promote Music, Art, History or Theater

Respondents who donate annually to **arts or cultural organizations** tend to skew toward a more elite group. Those who have **household incomes of \$100,000 or more** or have completed at least some **postgraduate work** (many of whom tend to be in the same group) are considerably more likely to donate to one of these organizations (30 percent and 37 percent, respectively, compared to 16 percent overall). They are slightly more likely to be from the Midwest (25 percent) or from an urban area (24 percent).

When we look at a profile of givers to arts or cultural organizations, most of the same groups are well-represented.

- » One out of five annual donors to these groups (20 percent) have **incomes of \$150,000** or more, twice the percentage found in our sample. Another 14 percent of those in the **\$100,000 to \$149,000 range** give to the arts, despite being only 8 percent of the sample. Yet those with **incomes under \$100,000** still represent a sizable percentage of contributors: nearly half (48 percent) fall into this income range, split evenly between those who earn **\$50,000 to \$99,999 annually** and those with **incomes of less than \$50,000** (24 percent each). Almost one in five annual donors to arts and cultural organizations (18 percent) declined to state their income.
- » Again, from an education standpoint, donors with **postgraduate work** make an excellent showing: over a third (36 percent) of donors to arts and cultural organizations have education at this level, compared to 16 percent of our sample.
- » A slightly greater proportion of annual donors are **married** (71 percent, compared to 63 percent in the population), making up for the small proportions of **single** and **divorced** donors (7 percent and 6 percent, respectively, compared to 11 percent each in our study).

Nature or Science Organizations, Such as a Science Center or Conservation Group

Demographic groups more likely than average to donate annually to **nature or science organizations** are similar to those who give to arts and cultural organizations. The only demographic group which has a considerably greater likelihood than average (11 percent) are those with **postgraduate work or a postgraduate degree** (24 percent). This demographic group makes up a third (33 percent) of this donor group, which is double their proportion in the sample (16 percent)

Also of note, nearly half (47 percent) of the annual donors to nature or science organizations expect an **estate in the hundreds of thousands, or millions, of dollars** compared to 30 percent of the sample.

Organizations Devoted to Animals or Pets

While nearly one in five respondents (21 percent) say they have given to **organizations devoted to animals or pets** in the past year, no groups distinguish themselves as more likely than average to give.

If we look at a profile of those who have given to this type of group, only **women** stand out as giving in greater proportions than in the sample: Donors are 64 percent women and 36 percent men, compared to 55 percent women and 45 percent men in the study overall.

Interpretation

These results assure us of a solid link between annual giving and bequest giving. Therefore, those who market planned gifts would be well-served to break down any barriers that might exist between the various fundraising arms of your organization. Rather than discriminate between annual, major and planned giving, recognize the opportunity to share learning and combine appeals to your best prospects.

Historically, the mood of the nation is generally quite supportive of philanthropy. We can conclude that the efforts put forth to persuade individuals to consider annual gifts are working and that we should employ the same consistent approach for planned giving. Almost all Americans give to at least one charity, so this is already part of their routine behavior. About two in three already have wills in place, so the stage is also set for bequest giving. Individuals simply need to be asked. Fortunately, the basic planks are already in place to make this job easier, rather than harder, in that most Americans give and most have a will.

Research Methodology

This scientific study, commissioned by The Stelter Company, was conducted in February and March of 2008 by nationally renowned research firm Selzer & Company. The survey is based on telephone interviews with adults aged 40 and older throughout the United States. We interviewed 901 adults, divided into a main sample of 601 and an oversample of 300 current or likely bequest givers. Respondents were contacted using a random sample of listed telephone numbers and were screened for age. In the oversample, respondents were also screened for likelihood to include a nonprofit in their wills. The margin of error is ± 3.3 percentage points for the entire sample. Telephone interviews lasted approximately 13 minutes.

The Stelter Company is the leading source for gift planning marketing for the nonprofit community, serving more than 2,650 clients nationally with a staff of 80 individuals, and has been exceeding customer expectations for 46 years. Our tagline, "Getting to the Heart of the Matter," speaks of our fervent belief that effective philanthropy must begin with understanding and touching the donor's strongest emotions and passions. We know that commitment to your organization and belief in your mission are what motivate donors to give, and our communications are designed to foster that commitment and belief while educating donors about the benefits of various gift vehicles.

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