Executive summary

Bequest Giving Study for Campbell & Company

March 2007

Question or issue

Charitable bequests amounted to $17.44 billion in 2005 (estimated, *Giving USA 2006*). This amount was small (7% of estimated total giving in 2005) compared with the $199 billion donated by living individuals. What is more, this amount has not shown the growth observed for other types of giving, remaining at a stable level across the past six years while other types of giving grew. This lack of growth in giving by bequests, points to a potential new source of charitable giving for fundraisers.

This report outlines the average demographics of this market. While most households (67%) report donating to charities in recent years (COPPS 2003), only a small minority of households (8%) report leaving a charitable bequest in their wills (NCPG). In principle, anyone who gives during his/her lifetime is a potential bequest donor. Therefore, the research questions that were addressed include what researchers can do to better understand the reason households do not leave charitable bequests and how nonprofit organizations can raise the number of households that leave charitable bequests.

Data

The Campbell & Company Scholar at the Center on Philanthropy at Indiana University (Center) worked with the Center's research team to use data from over 2,000 household surveys conducted in four states or regions to assess the differences in characteristics between those who have a charity in their wills and those who would consider adding a charity to their wills. The results from these general household surveys were compared with results from another Center study, a national survey of 1,400 households conducted for Bank of America about philanthropy in high net worth households.

This research was the first to use large data sets to examine the relationship between socio-economic status, giving during life, charitable bequest intent, and motivations for charitable giving.

The surveys asked respondents to rate the importance of more than a dozen possible motivations for charitable giving (not bequest giving *per se*, but any charitable giving). Potential motivations included items such as: perceived community need, belief in the importance of "giving back," tax benefit, solicitation by a friend, family member or employer, desire to help others, religious belief, and desire to "help those with less," among other possibilities.

Results

One in three of all surveyed respondents indicated that they currently did not have a charity named in their wills but would be willing to consider adding one. We examined the differences in demographic variables between these individuals, those who currently give to charity in their wills, and those who would not consider bequeathing a charitable gift.

Findings indicated that those people, not currently donating, but most likely to consider naming a charity in their will are aged 40 to 60, educated, with at least a bachelor's degree, and motivated primarily by both "doing good" and "doing what is expected." These findings are discussed in greater detail below.

Current giving levels

Individuals with a charity in their will donated more than twice as much money (over $2,000 more on average) in any given year than those who do not have a charity in their will. This difference was highly statistically significant. The gap was smaller, but still statistically significant, between those who would *consider* naming a charity in their will and those who would *not* consider it, with a difference of about $500 found on average. There was no difference in annual donations between those who do not have a charity in their will and those who would not consider naming a charity in their wills.

Age

People with a charity named in their will tended to be between 40 and 50 years of age, indicating that fundraisers should focus on younger individuals for charitable bequests. Individuals between 40 and 60, the Boomer generation, are a significant proportion of the population. This group was also found to be a significant share of those who have already named a charity in their will and also those who are willing to *consider* making a bequest (50% and 51% respectively).

Education

People with a graduate-level education made up the largest percentage of individuals with charities in their wills, indicating that this is an important demographic, even though they comprise a comparatively small percentage of the population.

A larger pool of prospective bequest donors is individuals with a bachelor's degree. Only nine percent of people with a bachelor's degree indicated that they currently have a charity in their wills. Thirty-nine percent indicated they would consider naming a charity in their will, leaving a large untapped market of potential bequest donors.

Motivation

The three most likely motivations for charitable giving, selected by people with a charity named in their will, were "helping others;" "religious beliefs;" and "giving back to society."

Individuals who would *consider* naming a charity in their will were significantly more likely to be motivated by “helping others” and less likely to be motivated by “religious beliefs” than those who already have a charity in their will.

Individuals unlikely to have or even consider naming a charity in their will were unlikely to report having a major motivation for “helping others,” “religious belief,” or “giving back.”

Two primary factors emerged which explained a significant amount of the variance in motivations. These two factors were “doing good” and “doing what is expected.” Each factor is a cluster of motivating statements from the dozen or so included in the survey.

Those who would consider giving in their wills and those who would not showed marked differences on these two factors, with those who would consider giving rating the combined motivations of “doing good” and “doing what is expected” as driving their behaviors far more than those who would not consider giving in their will. These two motivations were found to occur together for individuals who would consider naming a charity in their will.

Income

Income was not found to affect the likelihood that a donor would bequest, or consider the bequest of a charitable gift in his/her will. This finding indicates that fundraisers should not focus only on those with high incomes, regardless of income, fundraisers have between a one-in-three and one-in-four chance of speaking with an individual who would consider giving to a charity in a will.

Synthesis of donor characteristics and motivating factors into “archetypes”

Relationships between socioeconomic status, motivation, and bequest intention may be better described by archetypes, or models, of individuals in different income and age ranges. We have identified three primary archetypes with different likelihoods of leaving a charitable bequest. Archetypes include: “community core,” “climber,” and “retiree.”

Community Core

The community core consisted of individuals between 40 and 60 years of age who were employed and had a household income between $50,000 and $75,000. People in this group were among the most likely prospects for planned gift opportunities. This group’s age range and endorsed motivations, the clusters for “doing good” and “doing what is expected,” placed them within the group with the highest likelihood of naming or considering naming a charity in their will.

Climber

Those in the “climber” group were young (30-45), likely to be married, had at least a bachelor’s degree, had an annual household income between $75,000 and $100,000, and endorsed the giving motivations of “helping others” and “giving back.” These people were not likely to name or consider naming a charity in their will.

The Retiree
Respondents with an annual household income between $25,000 and $50,000, who were not employed, and were over 65 years of age made up the archetype “retiree.” Only a small percentage (4%) of retirees had named a charity in their will, but approximately 1 in 4 would consider doing so.

Conclusion
This study suggests that individuals aged 40 to 60 and those with at least a bachelor’s degree education were the most likely to name or consider naming a charity in their will. Similarly, a combination of having both the desire to do good and the desire to fulfill other’s expectations was found to motivate individuals who give and who would consider giving to charity in their wills. Conversely, income was found to have no impact on the likelihood that an individual would name or consider naming a charity in their will.

In sum, to increase the number of wills that include charities, the nonprofit sector must cultivate younger donors (ages 40 – 60), and focus on individuals who are educated and motivated by both a desire to do good and a desire to meet others expectations. A large number (approximately 1 in 3) of surveyed respondents indicated a willingness to consider naming a charity in their wills. It is up to fundraisers from all types of nonprofits to turn that donor’s consideration into action. Because of the labor-intensive nature of fund raising, asking the correct people for planned gifts is important. These results provide insight on whom to approach in order to more effectively accomplish the goal of increasing the number of charitable bequests.