



Trends in Philanthropy

Legitimacy?

\$100 million Campaign

Half from 25,000 donors

Half from 25 donors

What unites us is the mission to serve those whom our organization was founded to serve.



97% of the money comes from
3% of donors.

Wealth Composition

- Households net worth up to \$471K:
 - Home and pension accounts - 80%
 - Stocks and mutual funds – 4%
 - Business equity and other real estate – 8%
- Households net worth between \$471K - \$10.2M:
 - Home and pension accounts – 48%
 - Stocks and mutual funds – 19%
 - Business equity and other real estate – 25%

Source: Routley, 2019





Cash is not king in fundraising

- What happens in a given year if cash gifts rise by 10%?
 - Total gifts: *-13%*
- What happens if gifts of securities rise 10%?
 - Total gifts: *+18%*
- What happens if real estate gifts rise 10%?
 - Total gifts: *+26%*

Source: James, R.N. III, Cash is not king for fundraising: Gifts of noncash assets predict contributions growth, 2018.



Bryan Clontz: "10 Worst Gift Assets"

- Timeshares
- Negative basis pre-86 tax shelter partnerships
- Things that eat
- Any kind of vehicle, including cars, boats, and planes
- Life insurance with outstanding loan on the policy
- Patent or copyright without revenue
- Small, undeveloped lots on the moon or Earth
- Burial plots
- Installment notes and annuities
- Non-qualified stock options

Generational Dynamics

DATA

Percentage of each generation
who were givers:

Silent: 78%

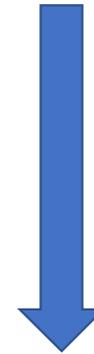
Boomer: 75%

Gen X: 55%

Millennial: 51%

Gen Z: 44%

TREND



Blackbaud: *The Next Generation of American Giving*, 2018



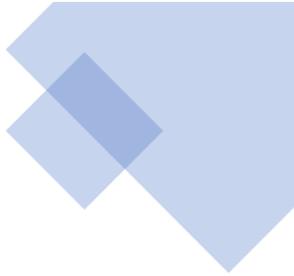
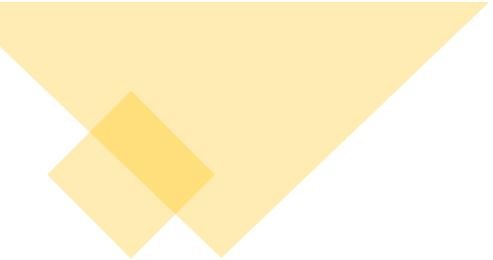
Copernican revolution:

- Donors used to center their giving around the organization's needs
- Now donors want organizations to center their needs around the donor's goals

Donor-centered philanthropy:

- People have a natural urge to give
- The fundraiser should focus on the mission or cause, not on the needs of the organization or its budget
- The solicitation should be in proportion to the donor's means, interests, and inclinations, and it should be conducted without pressure.





- Of the ten responsibilities of nonprofit boards, on which do boards rate themselves lowest?



- Why is this weakness also a problem for fundraisers?



- How does it affect donor-centered fundraising?



- How does it affect fundraiser retention?





Match Donor to Process

High Capacity/Low
Propensity

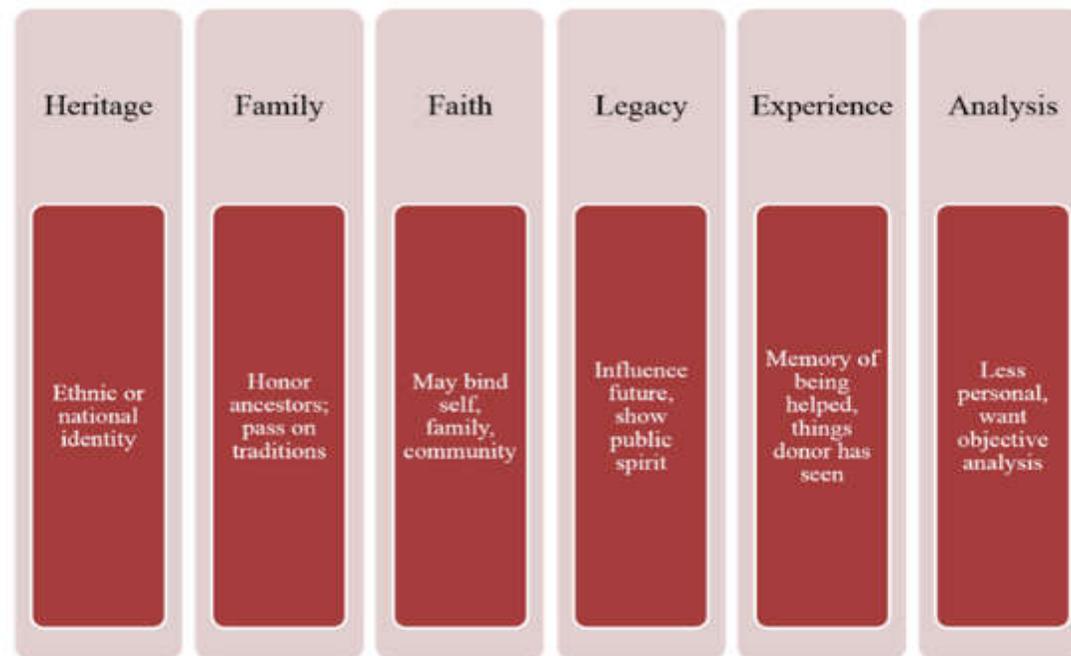
High Capacity/High
Propensity

Low Capacity/Low
Propensity

Low Capacity/High
Propensity

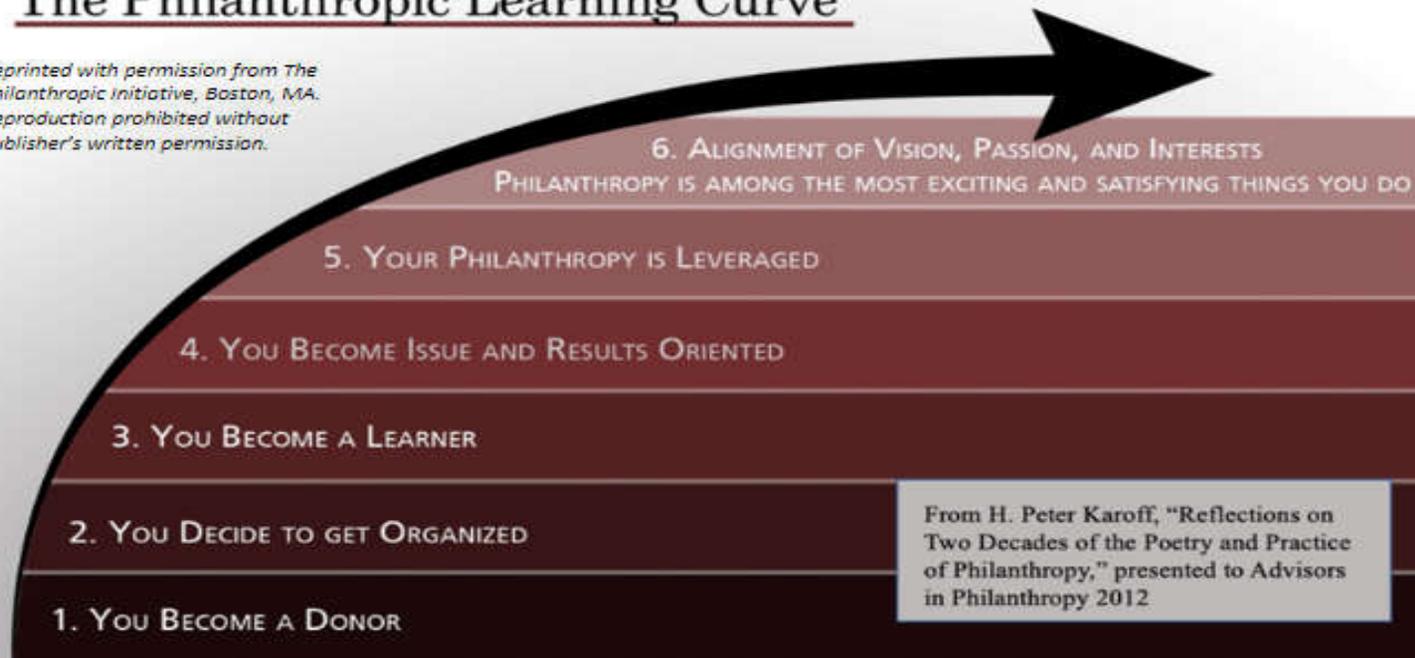


Giving Style and Tradition



The Philanthropic Learning Curve

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From H. Peter Karoff, "Reflections on Two Decades of the Poetry and Practice of Philanthropy," presented to Advisors in Philanthropy 2012



Legacy Wealth Wave

- The leading-edge Boomers are now 78
- \$30 trillion will eventually pass from Boomers
- Over 10% of that is expected to go to charities
- This is the single greatest wealth transfer in history



Giving Trends

Giving reached an all-time high in 2020, but the increase came primarily from large foundations (up 16%) responding to the pandemic

Individual giving inched up only 1% and would have been down, had Mackenzie Scott's massing giving not been included

The percent of total charitable deductions claimed by households making over \$1 million grew from 12% in 1995 to 33% in 2017 and continues to grow more top-heavy



Giving Trends

- Alternative giving, such as Go-Fund-Me, has been on the rise
- Tracking this is difficult
- Only tax deductible if given to a charity fundraiser, not tax deductible if given to a personal fundraiser (parallel with scholarships, which are tax deductible if donated to a fund and not a specific individual)

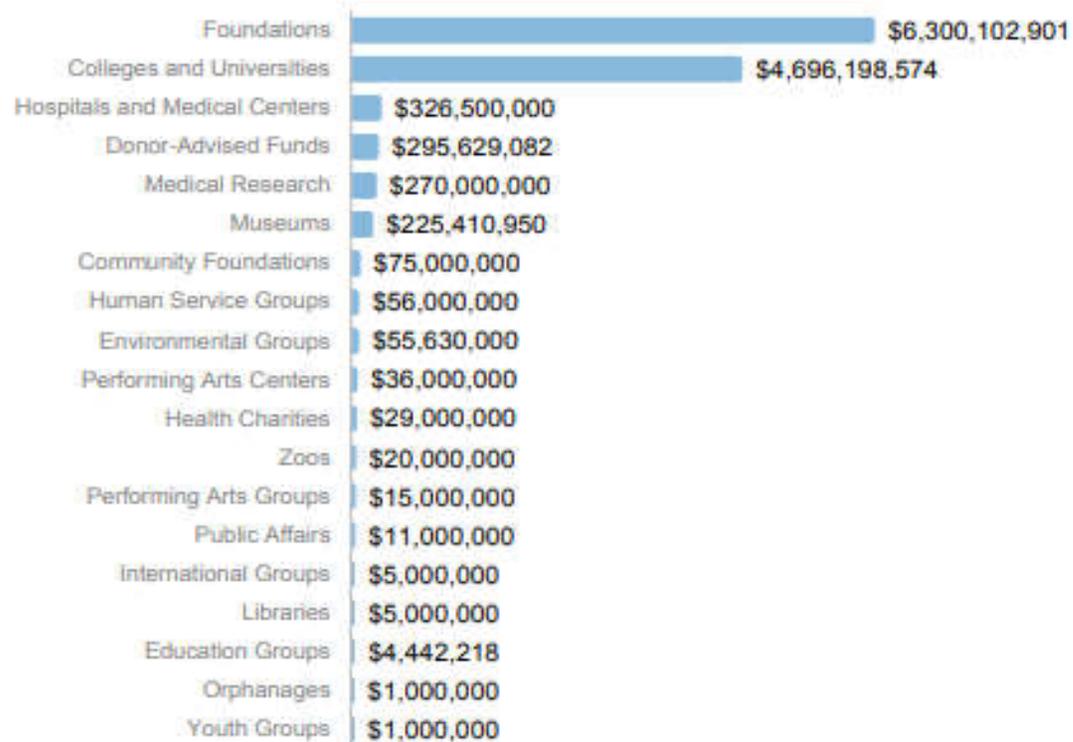


Giving Trends

- Proportion of households giving to charity has steadily declined for over a decade, and then had an even bigger drop after TCJA
- More than 66% of US households gave to charity in 2000; by 2016, that number had dropped to 53%
- Giving declines are greater for households at the lower end of the income ladder
- There has been a marked increase in mega-gifting
- Private foundations and DAFs have seen dramatic growth
- Charities are increasingly dependent on major giving
- Among the 50 top philanthropists in the US, 42% of their contributions went to foundations and DAFs

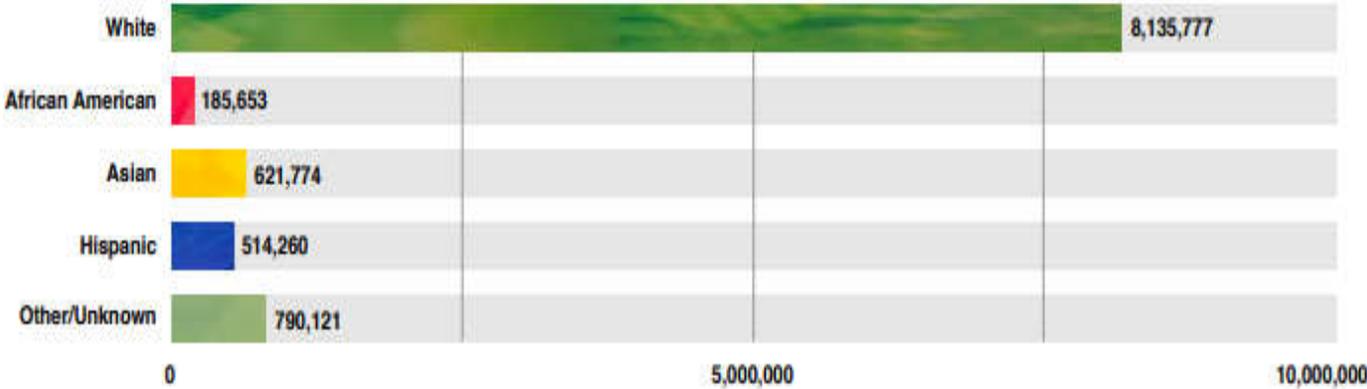
Where Donations of \$1 Million or More Went in 2019

Chronicle of Philanthropy



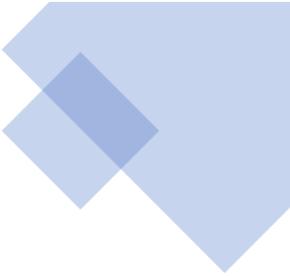
Source: Maria Di Mento, "Philanthropy 50: Where They Live, Where They Give, and More," *Chronicle of Philanthropy*, February 11, 2020.

Net Worth By Race



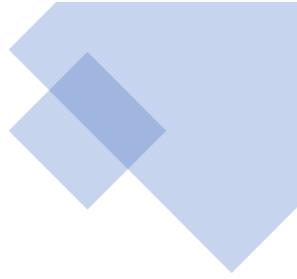
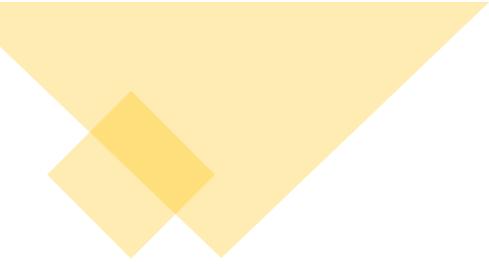
The charts created from the TargetSmart data, shows that individuals meeting this project's definition of high net worth number in the hundreds of thousands, and are present in significant numbers within each group.





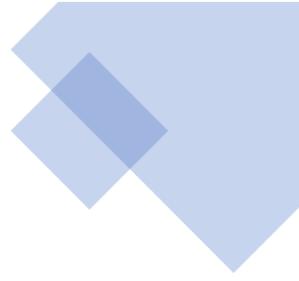
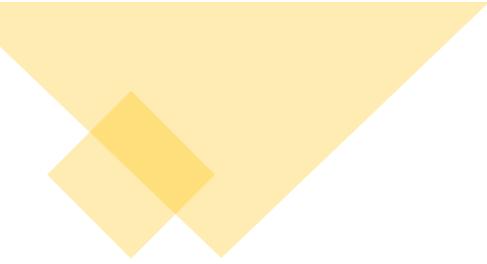
Donors of Color

- \$1.3M households led by a person of color with net liquid assets of \$1M or more
 - Mostly 1st generation wealth creators
- 



- <https://latinfunders.org/>





- Fundraiser Titles
 - Be donor-centric (major gifts, donor advising), not institution-centric (institutional advancement, institutional development)
 - Traditional institution-focused job titles are the most commonly used, and the worst performing
 - Consider the donor's perspective when selecting job titles

