Current Trends in Philanthropy and Charitable Giving

Eric Javier and Sevil Miyhandar, CCS Fundraising
January 26, 2018
Today’s Presenters

Eric Javier
Principal & Managing Director
CCS

Sevil Miyhandar
Managing Director
CCS
## About CCS

<table>
<thead>
<tr>
<th>Founded in</th>
<th>300+ employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1947</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>200+ campaigns per year</th>
<th>250+ studies and assessments per year</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>500 cities in which we work</th>
<th>$15 billion in campaign goals under management</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>95% repeat and referred business</th>
<th>Advised 40% of America’s Top 100 Performing Charities</th>
</tr>
</thead>
</table>

© 2017 Grant Thornton LLP  |  | All rights reserved  | U.S. member firm of Grant Thornton International Ltd
A Selection of CCS Clients
Agenda

1. General Trends in Philanthropy
2. Philanthropy in 2018 – What’s Next?
3. Five Key Strategies for Nonprofits
Individuals Drive Philanthropy

According to the Snapshot of Today’s Philanthropic Landscape by CCS Fundraising 2017 (6th Edition), Americans gave $390.1 billion last year. The pie chart illustrates the distribution of donations:

- **72%** by Individuals
- **15%** by Foundations
- **8%** by Corporations
- **5%** by Bequests

Diversification of Recipients

- RELIGION: 33%
- EDUCATION: 15%
- HUMAN SERVICES: 12%
- GIFTS TO FOUNDATIONS: 10%
- HEALTH: 8%
- PUBLIC-SOCIETY BENEFIT: 6%
- INTERNATIONAL AFFAIRS: 5%
- ARTS, CULTURE & HUMANITIES: 3%
- ENVIRONMENTAL & ANIMAL: 3%

Philanthropy is Resilient

Total giving, 1976–2016 (in billions of dollars)

Source: Annual Report on Philanthropy for the Year 2016 Giving USA 2017
Philanthropy Tracks the Stock Market

Total charitable giving graphed with the Standard & Poor’s 500 Index, 1976–2016

(in billions of inflation-adjusted dollars, 2016 = $100)

Source: Annual Report on Philanthropy for the Year 2016 Giving USA 2017
Another Economic Predictor

Total giving as a percentage of Gross Domestic Product, 1976–2016

(in inflation-adjusted dollars, 2016 = $100)

Source: Annual Report on Philanthropy for the Year 2016 Giving USA 2017
Corporate Giving Remains Consistent

Corporate giving as a percentage of corporate pre-tax profits, 1976–2016

(in current dollars)

Source: Annual Report on Philanthropy for the Year 2016 Giving USA 2017
Recipients of High Net Worth Givers

CAUSES SUPPORTED BY HNW* DONORS

- Basic Needs: 63.0%
- Religion: 49.6%
- Health: 40.2%
- **Combination: 38.2%
- Youth/Family Services: 36.1%
- K-12 Education: 33.4%
- Animals: 32.5%
- Higher Ed: 31.3%
- Arts, Culture & Humanities: 26.8%
- ***Other: 23.6%
- Environment: 21.0%
- International Affairs: 11.2%

Demographic Considerations

1. Generational Wealth Transfer
2. Women’s Wealth and Philanthropy
3. Millennials and Philanthropy
We are Experiencing the Greatest Wealth Transfer in U.S. History

- Between 2007 and 2061, it is predicted that $59 trillion ($67.5 trillion in current purchasing dollars) will move from older to younger generations.

- It is believed that about $6.3 trillion (sum directed from final estates) will go toward charitable giving.

- Heirs will receive $36 trillion through estates.

- A new component of giving is “accelerated wealth transfer,” or the trend to transfer wealth during lifetimes rather than posthumously, which reduces wealth transfer through estate taxes, charitable bequests, and money transfer to heirs.

Women’s Impact on Philanthropy Will Continue to Increase

- Women in the U.S. currently control $14 trillion in wealth – more than half of the country’s personal wealth.

- By 2020, female wealth will grow to $22 trillion because of:
  - Outliving their spouses, and
  - Advances in the workforce.

- Women are more likely to give, and to give more, than men in similar situations.

- One study showed that older women (including Baby Boomers) gave 89% more to charity compared to men their age.

- Women in the top 25% of permanent income gave 156% more than men in the same category.

Millennials are Savvy (Albeit Different) Donors

“Millennials expect transparency, sophisticated storytelling and technical savvy from their charitable organizations. And many donors will not only give money, but will also volunteer and lend the force of their own social networks to a cause they believe in.” (New York Times, 2016)

- In 2016, Millennials (individuals born between 1977 and 1995) surpassed Baby Boomers as the nation’s largest living generation.

- Only 32% of Millennials donate to religious causes, preferring to giving to human rights, international affairs, child development, and social justice-related causes.

- Millennials are more likely to focus on the individual than institutions.

- Millennials tend to consider charitable gifts as a part of work and consumer spending, where their choice is based on an inspiring cause and whether the organization shows immediate and measurable impact.

Tax Law Considerations for Philanthropy in 2018

**Standard deduction will roughly double**
- Estimated that as few as 5 percent of taxpayers under new law will itemize and take advantage of charitable donations

**Estate tax exemptions will double**
- May reduce the incentive to consider a charitable gift as part of an estate
- Reduction in estates could lead to less giving through wills

**Increase limit on donations**
- Increase limit on cash charitable donations from 50 percent to 60 percent of adjusted gross income for those who itemize deductions, allowing for greater savings

**State and local tax deductions**
- $10,000 cap for high-tax states (e.g. NY, CA, MD, MA, CT), many of which have the largest number of itemizers and highest level of philanthropy
Motivations for HNW Givers

- Because you believe in the mission of the organization: 54.1% (Always), 43.1% (Sometimes), 2.8% (Never)
- When you believe that your gift can make a difference: 44.0% (Always), 50.3% (Sometimes), 5.7% (Never)
- For personal satisfaction, enjoyment, or fulfillment: 38.7% (Always), 52.1% (Sometimes), 9.2% (Never)
- To support the same causes/organizations year after year: 35.7% (Always), 56.6% (Sometimes), 7.7% (Never)
- In order to give back to your community: 27.3% (Always), 60.6% (Sometimes), 12.1% (Never)

Source: The 2016 U.S. Trust Study of High Net Worth Philanthropy
Bank Of America 2016
Tax Benefit as Motivator

## Tax Reform and Philanthropy: Potential Implications

### Tax Deductions
- Increase of Standard Deduction
- Doubling of Estate Tax Exemption
- Increase Limit on Donations

### Disposable Income
- State and Local Tax Deductions
- Lowering of Tax Brackets
- Lowering of Corporate Tax Rate
Five Key Strategies

1. Reinforce Your Mission.
2. Double Down on Relationship Building.
3. Show the Impact.
4. Focus on Donor Education.
5. Train and Support Your Leaders.
1 Reinforce Your Mission.

- Ensure concise and cohesive messaging.
- Articulate your value-proposition.
- Distinguish yourself from others in the landscape.
- Keep it simple.
Double Down on Relationship Building.

- People give to people.
- Provide confidence in leadership and vision.
- Identify and cultivate your most important relationships.
- Deepening engagement = greater giving and investment.
- Relationship building is not transactional – yet it should be methodical and disciplined.
- Leaders should never eat lunch (or breakfast) alone at their desk.
3. **Show the Impact.**

- Metrics-driven landscape.

- Demonstrate impact and value proposition through:
  - Statistics
  - Trends
  - ROI

- You can / should still make it human and personal through:
  - Profiles
  - Stories
4 Focus on Donor Education.

- Smart, successful people want to be engaged intellectually.
- Share things they do not know.
- Bring them under the hood as appropriate.
- Make the business case for philanthropy.
Train and Support Your Leaders.

- Most Executive Leaders wear many hats (fundraising is just one).
- Make it easy and efficient for leaders to succeed.
- Ensure their time is well spent on areas for maximum return.
- Not all fundraising is making the ask – leaders can:
  - Cultivate
  - Thank
  - Convene
  - Advocate
Discussion

Audience Q & A