

2003 Survey of Planned Giving Vehicles

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Background and Purpose

This report is based on data obtained in a national telephone survey of 1,010 respondents age 18 and older conducted by the Caravan Division of Opinion Research Corporation International (ORCI) of Princeton, New Jersey from March 13 through March 16, 2003. The survey was conducted for the *NonProfit Times* Publishing Group using a module of questions developed at the Social Welfare Research Institute at Boston College. The analysis in this report was restricted to the 873 respondents who were (1) heads of household and (2) either aged 30 or older or were high school graduates.

The main questions in the module asked if the respondents or their spouses had used each of ten vehicles of planned giving, and if they had not, whether they were considering a particular vehicle, or if asked, whether they would consider using each of the vehicles. Other questions were asked about their charitable giving in the calendar year 2002, their current net worth, how financially secure they perceived themselves to be, and whether or not they had consulted with professional advisors about their long-term plans for charitable giving. In addition to the questions in the planned giving module, the survey obtained selected demographic information about the respondent and the respondent's household.

Introduction

In recent years several trends have heightened interest in a variety of vehicles of planned giving. These trends include growth in personal inter-vivos giving, growth in the amount of charitable bequests, growth in high income and high net-worth households, increased interest among the population in financial and estate planning, and the increased range of options for giving, as well as more frequent appeals to participate in planned giving by financial and development professionals. The appeal of planned giving generally has grown as a result of the emergence of a broader, more inclusive concept of planned giving as a form of giving in which biographical and family purposes are integrated with financial purposes. In this broad view, a planned gift is any charitable contribution around which conscientious decision-making about the allocation of material resources is connected to similarly conscientious decision-making about the content, timing, and personal and family impact of the donor's charitable aspirations. In this research report, we define planned giving both as in its conventionally narrow meaning, as including any type of deferred gift made in light of the donor's death, as well as the giving of real and appreciated assets directly to a charity or to a vehicle of charitable giving while the donor is alive, such as a foundation or donor advised fund, since such contributions also require the self-reflective translation of fixed assets (other than cash) into charitable gifts.

Although there is a great deal of interest in various vehicles of planned giving, there has been to date no baseline information available concerning the prevalence of usage in the population at large of planned giving vehicles, narrowly or broadly defined. To remedy this gap, the *NonProfit Times* engaged the Boston College

Social Welfare Research Institute to design and analyze a national survey of households. Paid for by the *NonProfit Times*, and conducted in mid-March 2003 by the Opinion Research Corporation, this national telephone survey interviewed 1,010 participants concerning their use of each of nine planned giving vehicles.¹ These nine vehicles, which constituted our working definition of planned giving, were (1) including a bequest to charity in a will, (2) designating a charity as a beneficiary of a life insurance policy or retirement plan, such as an IRA, (3) establishing a charitable gift annuity with a charitable organization that provides lifetime income to the donor or spouse, (4) creating a charitable trust (including charitable remainder trust, charitable lead trust, and other fiduciary trust providing a charitable contribution), (5) establishing a private or family foundation, (6) establishing a charitable gift fund or a charitable gift account at a financial institution, (7) creating a charitable fund at a community foundation or nonprofit organization, such as a donor advised fund, designated fund, unrestricted fund, or supporting organization, (8) donating assets (such as stock, real estate, art or a business interest) or selling such assets in a bargain sale to a charitable organization,² and (9) establishing a retained-life-estate agreement with a charitable organization.

Participants in the survey were asked whether they or their spouse had ever used one of these vehicles for giving to charity. Those who said they had not used a particular vehicle were then asked if they or their spouse were considering using it.

¹ The survey asked about the use of ten vehicles of planned giving. Preliminary analysis of the results indicated that respondents appear to have confused pooled income funds connected to a charitable organization with commercial mutual funds. The pooled income fund category was thus dropped from the analysis, and estimates of prevalence of planned giving are therefore somewhat conservative (i.e., too low).

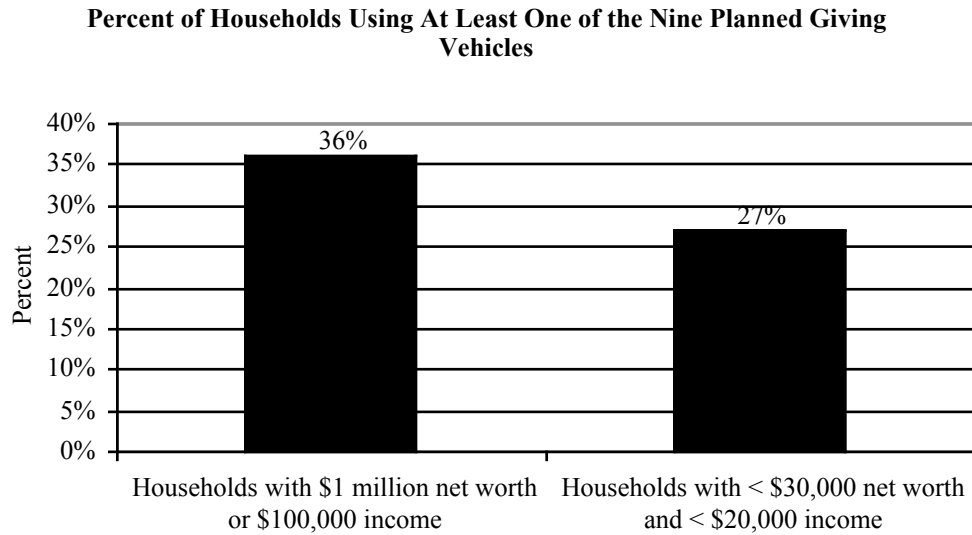
² The question about donated assets was designed to capture donations of assets such as stocks, bonds, art, real estate, and vehicles. However, findings, especially among lower income and lower wealth households, may also include giving of in-kind assets such as clothing or food.

1 Summary of Findings

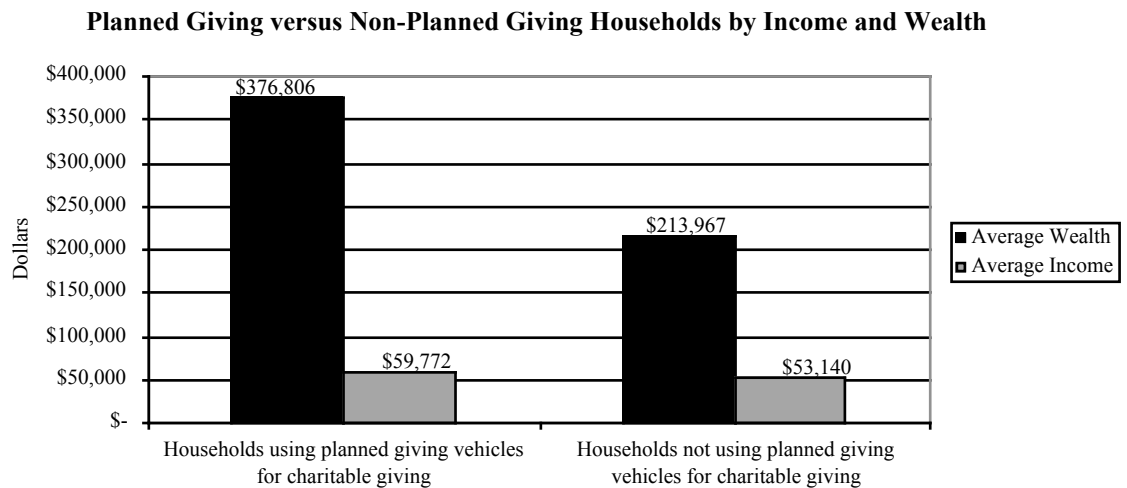
The survey results portray the widespread knowledge and prevalence of planned giving vehicles among the general population. Over half the adult population (57%) reports either using at least one of the nine vehicles (31%) or, if not utilizing any of them at the time of the survey, reports *considering* at least one of them for future use (26%). Moreover, households that use or are thinking about employing one planned giving vehicle are more likely than not also using or considering the use of other planned giving vehicles. Another significant finding of the survey is the fact that 95% of the population reports being familiar with at least one of the specific vehicles, indicating knowledge of planned giving options is quite pervasive.

1.1 Financial Resources and Planned Giving

The greater the economic wherewithal of a household, the more likely it is to participate in planned giving--the prevalence of use of the nine planned giving vehicles is greatest among households with very large financial resources. Thirty-six percent of households with at least \$1 million dollars in net worth or at least \$100,000 in income report using at least one of the nine vehicles for giving. But usage remains strong at *all* levels of income and wealth. Twenty-seven percent of households with less than \$30,000 in net worth and less than \$20,000 in income report using at least one of the planned giving vehicles.

Figure 1:

The survey data indicate that households that are using a planned giving vehicles to carry out charitable giving have a higher average wealth (\$376,806 vs. \$213,967) and a somewhat higher average income (\$59,772 vs. \$53,140), compared with households that are not currently engaged in planned giving via these vehicles.

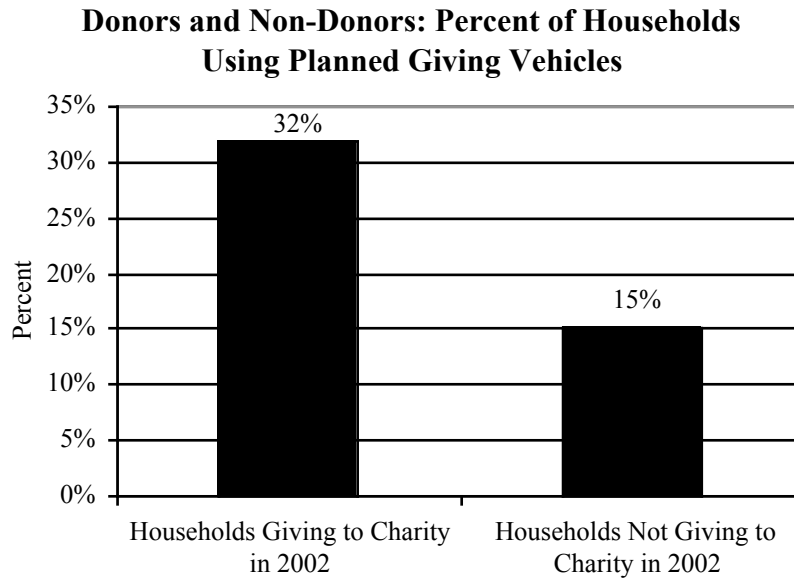
Figure 2:

1.2 Demographic Characteristics

In addition to being strongly related to the level of economic resources, the use of planned giving vehicles is strongly related to particular demographic characteristics. Planned giving is more prevalent among households headed by individuals who are married or widowed, older, college educated, retired, or white-collar professionals. Although planned giving is more common among these groups, a relatively large fraction of all demographic groups is composed of planned givers. Regardless of marital status, age, education, race, employment status, and occupation, the demographic characteristic most strongly related to the use of planned giving is simply the presence of an adult head of household.

1.3 Charitable Giving

The use of planned giving vehicles is higher among households that made a contribution to charity in the past year. Households that engage in annual giving are twice as likely to have availed of planned giving vehicles (32%), than are households that did not report charitable gifts in calendar year 2002 (15%). In addition, among those who make annual contributions, the amount contributed is greater for those who participate in planned giving than for those who do not.

Figure 3:

From a different viewpoint, households that were using planned giving vehicles at the time of the survey, reported a higher rate of participation in charitable giving in 2002 (92.6% vs. 82.7%), as well higher average contributions to charity in 2002 (\$3,325 vs. \$2,762),³ than did those households that were not engaged in any methods of planned giving.

³ The charitable contribution figures exclude one respondent with high 2001 income, low net worth, and no use of vehicles of planned giving but who reported donating \$1,000,000 to charity last year. If this person were included the charitable giving figures would be \$3,325 for households using a vehicle of planned giving vs. \$4,641 for households not using any vehicle of planned giving.

Figure 4:

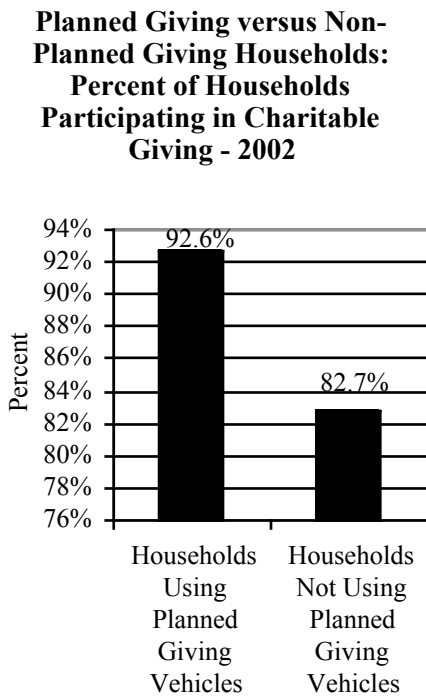
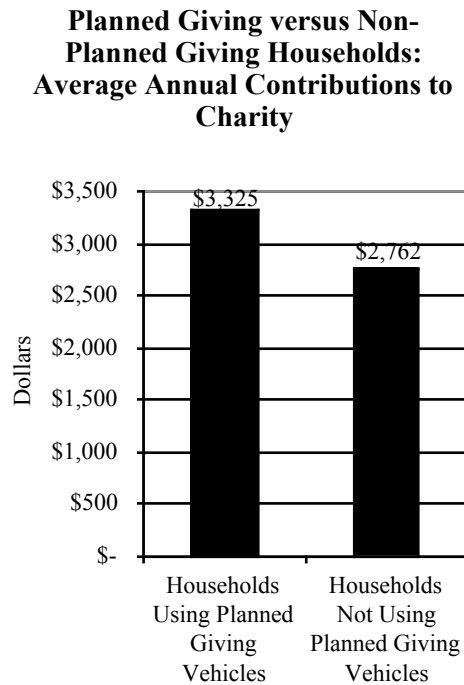


Figure 5:



1.4 Current Giving, Planned Giving, and Wealth

Those who participate in planned giving contribute a larger proportion of their *income* to charity on an annual basis, than do those who do not. However, planned givers contribute a smaller portion of their *wealth* to charity on an annual basis, than do those not utilizing planned giving vehicles. Although the current survey did not obtain information about the amount of charitable donations made through the various vehicles of planned giving, this finding on the relationship between wealth, annual giving, and planned giving is consistent with the proposition that planned giving tends to come from wealth, while annual giving tends to come from income,

especially for the bottom 93% of the economic spectrum (those worth less than \$1 million in wealth).

1.5 Professional Advisors

The impact of professional advisors on either annual or planned charitable giving has not been systematically studied here, but the survey findings do offer a suggestive insight on the matter. Overall, only one in ten households has sought professional advice concerning their charitable giving (10%); and even though those who participate in planned giving are more likely to have used professional advice, nonetheless, a mere one in five planned givers has consulted a professional about their long-term giving plan (20%).

Figure 6:

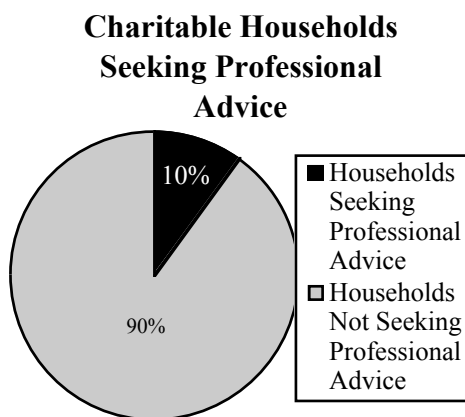
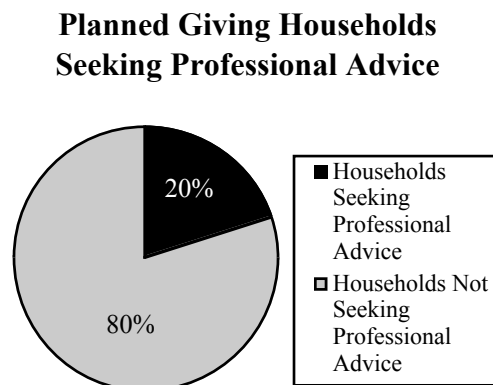


Figure 7:



2 Methodology

This report is based on data obtained in a national telephone survey of 1,010 respondents age 18 and older conducted by the Caravan Division of Opinion Research Corporation International (ORCI) of Princeton, New Jersey from March 13 through March 16, 2003. The survey was conducted for the *NonProfit Times* Publishing Group using a module of questions developed at the Social Welfare Research Institute at Boston College.

The main questions in the module asked if the respondents or their spouses had used each of ten vehicles of planned giving, and if they had not, whether they were considering a particular vehicle, or if asked, whether they would consider using each of the vehicles. Other questions were asked about their charitable giving in the calendar year 2002, their current net worth, how financially secure they perceived themselves to be, and whether or not they had consulted with professional advisors about their long-term plans for charitable giving. In addition to the questions in the planned giving module, the survey obtained selected demographic information about the respondent and the respondent's household.

ORCI cleaned the survey data and formatted them for transmittal and analysis at the Social Welfare Research Institute. In addition, ORCI calculated a response weight⁴ based on the national population distribution by age, gender, race, and region. The findings in this report are based on survey data weighted by the ORCI response weight. It should be noted that the weight does not adjust for variations between the sample and the population due to income or wealth. The weighted sample distributions differ from population distributions⁵ by both income and wealth. With respect to income, the

⁴ When the data are weighted by the response weight the resulting proportions match those in the national population on the characteristics used to calculate the response weight (i.e., age, gender, race, and region).

⁵ The population distributions were taken from the 2001 Survey of Consumer Finances sponsored by the Board of Governors of the Federal Reserve. The data were not adjusted for inflation or growth in personal wealth from 2001 to 2003.

weighted survey distribution has too small a proportion of households with incomes below \$25,000 (20% for the weighted survey but 32% for the population), and too high a proportion of households with incomes of \$75,000 or more (29% for the weighted survey but 23% for the population). With respect to wealth, the differences are reversed: the weighted distribution has too large a proportion of households with wealth below \$60,000 (49% for the weighted survey but 43% for the population), and too low a proportion of households with wealth above \$300,000 (17% for the weighted survey but 24% the population) distribution. Since prevalence of use and consideration of vehicles of planned giving are positively related to both income and wealth, the effects of the downward bias on wealth are likely to be offset by the upward bias on income, with the net effect on prevalence likely to be small.

The analysis in this report was restricted to the 873 respondents who were (1) heads of household and (2) either aged 30 or older or were high school graduates. These restrictions were placed on the analysis in order to eliminate uninformed or misleading responses. Non-heads of household tend to be adult children or older relatives of heads of household, and they are often ignorant of the financial planning and charitable donations of the household as a whole. Preliminary analysis of respondents who were under thirty and who had not completed high school found very high use of vehicles of planned giving by the group, findings which did not seem credible.

The analysis was further restricted to only nine of the ten vehicles of planned giving included in the survey. The pooled income fund vehicle was dropped from the analysis because it appears that respondents confused it with commercial mutual funds.

It is possible that some other respondents in the survey may have given inaccurate responses to some of the questions. In a survey like this, which is limited to a relatively small number of questions, the results are necessarily less precise than would be the case with say a large national survey that asks many detailed questions. As one validation of

the responses, however, we may compare the prevalence of charitable bequests from the current survey (6.8% of households) with that obtained from the *2000 Survey of Donors* conducted by the National Committee on Planned Giving (5.6%⁶ of households). These percentages are fairly close, but show an increase in the rates of charitable bequests. This increase concurs with what one would expect over that three-year period, that with an aging population and growing interest in planned giving in recent years, the rate of bequest giving would be higher. Even allowing for some margin of error, however, the findings of this survey, as will be seen throughout the report, are in general terms so large as to allow us to be confident that they reflect the broad and growing popularity and interest of the entire population--and not just the wealth holders--in vehicles of planned giving.

⁶ The National Committee on Planned Giving reports a figure of 8%, but this figure combines a representative sample with an oversample of wealthy households and does not calculate its measure based on microdata estimation.

3 Detailed Findings

3.1 Prevalence of the Usage of Individual Planned Giving Vehicles

Planned giving vehicles are enjoying widespread usage among the general population. More than half of U.S. households (57% or approximately 60 million households) are either participating in or are considering planned giving. Among this group the most popular vehicles are the traditional methods of charitable bequests and donating assets. The least popular are retained life estates and charitable gift funds at financial institutions. Looking only at the 31% of households currently participating in planned giving, we find that while donating assets is popular (10.5%), charitable funds at community foundations and nonprofit organizations are nearly as prevalent (9.3%) among planned givers, with charitable bequests third in prevalence (6.8%).

Figure 8:

Percent of Households Using Each of Nine Vehicles of Planned Giving

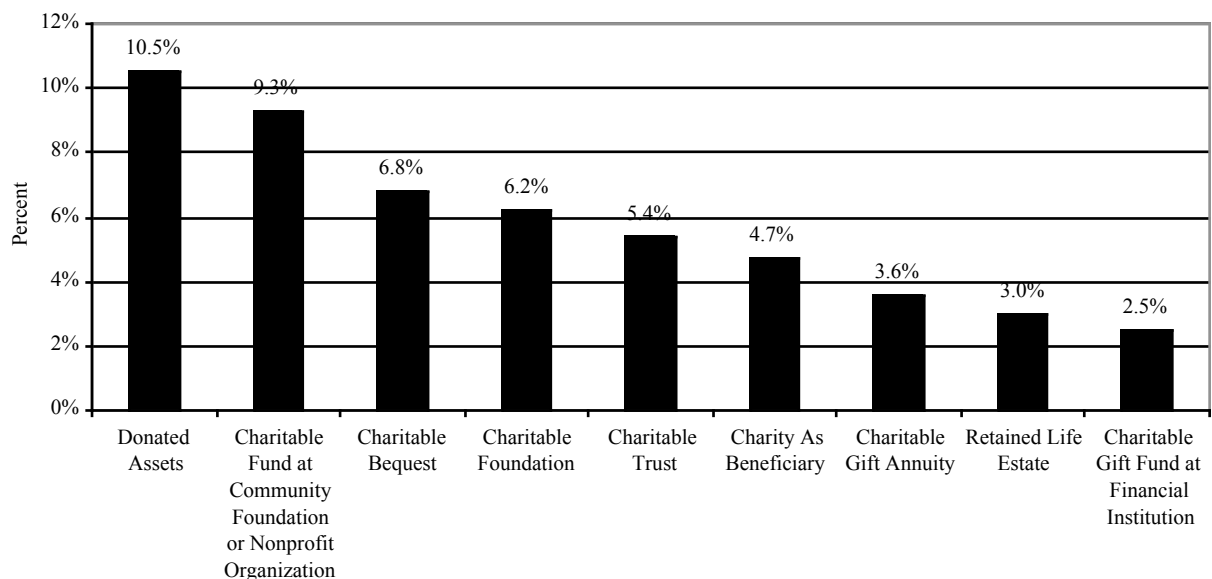
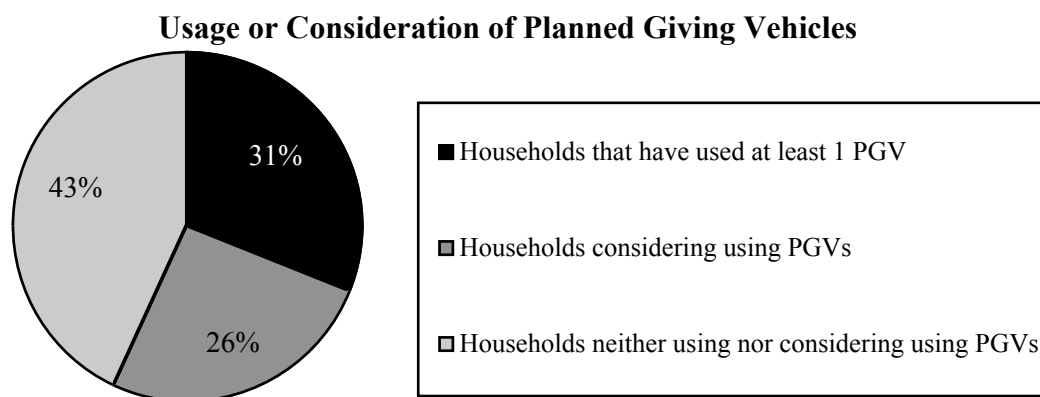


Table 1 summarizes the results for each of the vehicles included in the survey. The first column of this table lists the vehicle of planned giving. The second column lists the percentage of households using the vehicle. The third column lists the percentage of households that are not currently using the vehicle, but that are considering doing so.

Figure 9:



As the table shows, 31% of households have used at least one vehicle of planned giving and another 26% have not used any of the nine vehicles but are considering doing so. The most popular vehicles are charitable bequests (26% leaving or considering leaving a charitable bequest) and donating assets (24% contributing or considering contributing assets to a charity). The least popular vehicles are retained life estates (9% established or considering establishing such an arrangement) and charitable gift funds (10% established or considering establishing a fund).

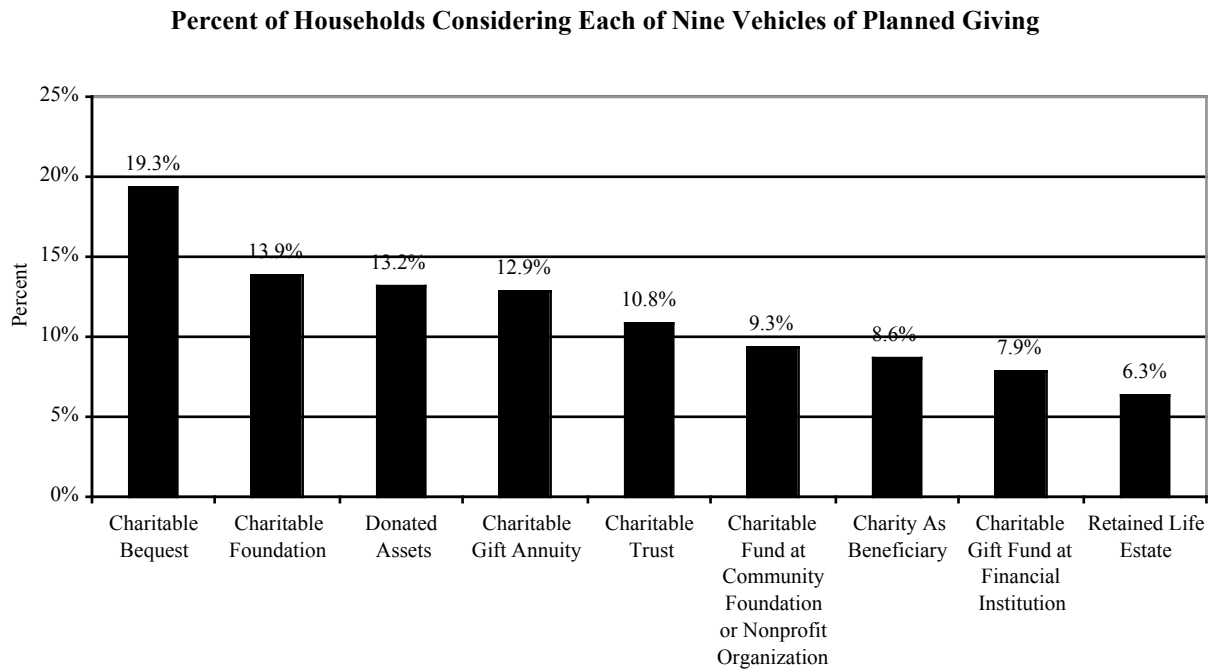
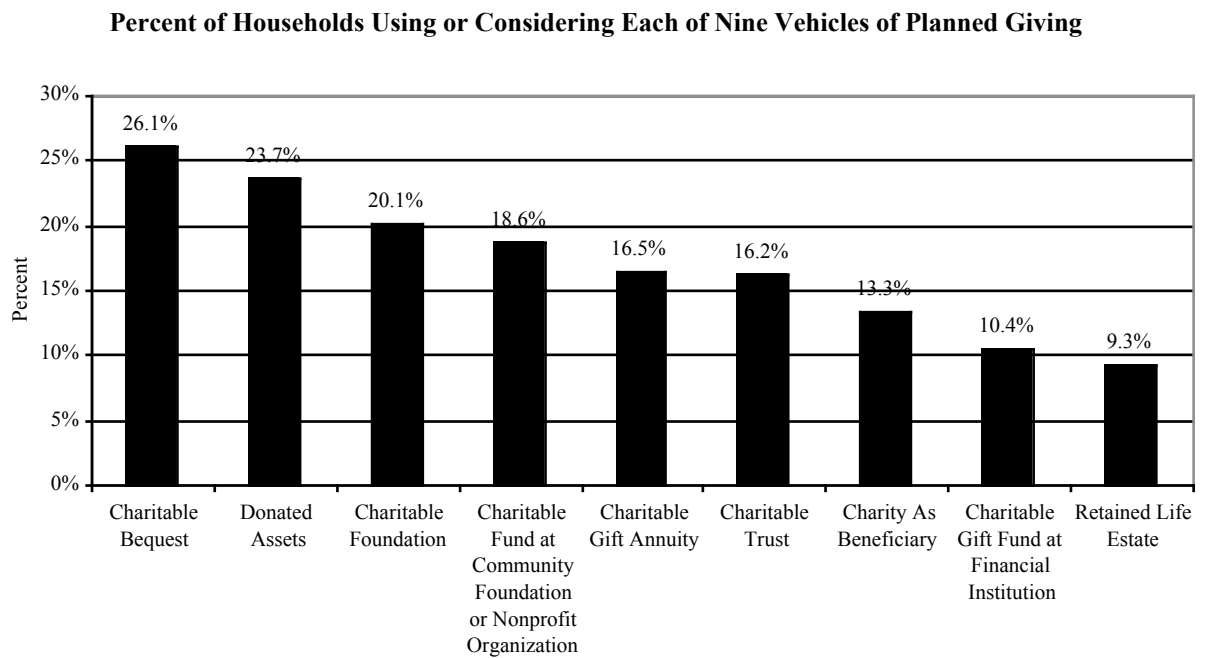
Figure 10:**Figure 11:**

Table 1: Prevalence of Use for Nine Vehicles of Planned Giving

Type of Vehicle	Percent of Households Using	Percent of Households Considering	Percent of Households Using or Considering
Any of the Vehicles Below	31%	26%	57%
Charitable Bequest	6.8%	19.3%	26.1%
Charity as Beneficiary	4.7%	8.6%	13.3%
Charitable Gift Annuity	3.6%	12.9%	16.5%
Charitable Trust	5.4%	10.8%	16.2%
Charitable Foundation	6.2%	13.9%	20.1%
Charitable Gift Fund at Financial Institution	2.5%	7.9%	10.4%
Charitable Fund at Community Foundation or Nonprofit Organization	9.3%	9.3%	18.6%
Donated Assets	10.5%	13.2%	23.7%
Retained Life Estate	3.0%	6.3%	9.3%

Source: Calculated at the Boston College Social Welfare Research Institute based on survey data collected by Opinion Research Corporation International for *The NonProfit Times* Publishing Group.

In recent years, fundraisers and development offices have noted the popularity of both the charitable remainder trust and the charitable gift annuity among planned givers. The data indicate that more households currently use charitable trusts (including charitable remainder trusts, charitable lead trusts, and other charitable fiduciary trusts), than have a charitable gift annuity (5.4% vs. 3.6%). In the last ten years charitable gift funds at financial institutions, including Fidelity, Schwab, or Vanguard, have increased greatly in popularity, with the Fidelity Gift Fund the second largest charity in the US in 2002.

However, the survey finds that only 2.5% of households have established this type of account and that it is the least prevalent of any of the nine vehicles in the survey. Even retained life estates (3.0%) are slightly more popular.

Considering each of the nine categories individually, we find that for the most part there are considerably fewer households currently *using* any specific vehicle of planned giving, as there are households *considering* the use of a planned giving vehicle. It is not that current use is low (indeed 31% of households are using at least one of the planned giving vehicles), rather that high rates of consideration reflect the similarly high degree of interest in planned giving among the general population, implying a fertile market and near-term growth potential for planned gifts. As far as specific vehicles are concerned, household interest in all the categories is relatively high. However, it appears that charitable bequests, family and private foundations, and donating assets are the methods that most appeal to potential planned givers. After these three options, households are next considering charitable gift annuities (12.9%) and charitable trusts (10.8%). As noted previously, there are more households currently using charitable trusts than charitable gift annuities, but there is more interest in charitable gift annuities than in charitable trusts. If new growth follows interest, charitable gift annuities will grow faster than charitable trusts in the near-term, but there will be growth in the use of all vehicles of planned giving.

3.2 Prevalence for Multiple Vehicles

Table 1 indicates that 31% of households use at least one of the nine vehicles of planned giving, but many households use more than one vehicle. About 18% of all households use only one vehicle of planned giving, another 7% use two vehicles, and 6% use three or more vehicles. For households that use at least one of the nine vehicles, the corresponding percentages are 58% using only one vehicle, 23% choosing two vehicles, and 19% availing of three or more vehicles.

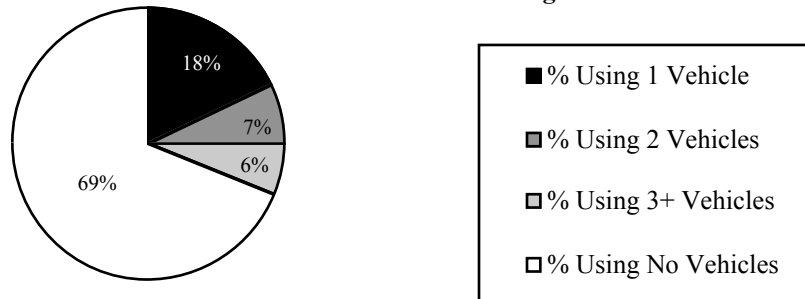
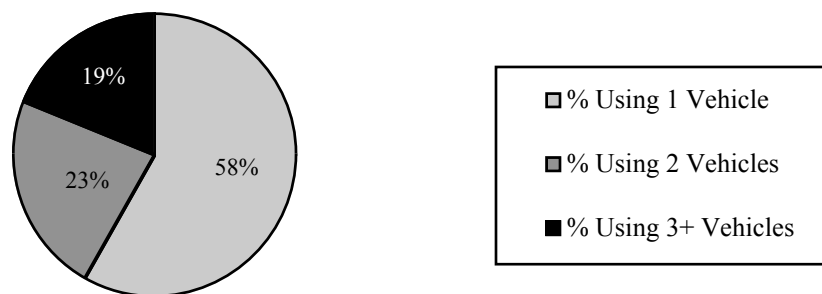
Figure 12:**Percent of All Households Using Zero, One, Two, or Three or More Vehicles of Planned Giving****Figure 13:****Percent of Planned Giving Households Using One, Two, or Three or More Vehicles of Planned Giving**

Table 2 contains data on the relationships among the use of vehicles. Each row of this table contains the percentages of households that use each vehicle of planned giving as a percentage of households that use the vehicle in the first column. For example, the table shows that 15% of households that have included a charitable bequest in their wills have also established a charitable beneficiary of their life insurance, pension plan, etc. Another way to understand the content of this table is that it gives the odds that a household that uses a given vehicle of planned giving will also utilize each of the other vehicles of planned giving. Based on this interpretation, the table indicates that a household that has placed a charitable bequest in a will has a 15% chance of having designated a charity as a beneficiary, an 18% chance of having established a charitable gift annuity, an 18% chance of having established a charitable trust, etc.

Table 2: Percent of Households Using Planned Giving Vehicles

Type of Vehicle	Charitable Bequest	Charity as Beneficiary	Charitable Gift Annuity	Charitable Trust	Charitable Foundation	Charitable Gift Fund at Financial Institution	Charitable Fund at Community Foundation or Nonprofit	Donated Assets	Retained Life Estate
Charitable Bequest	100%	15%	18%	18%	17%	41%	22%	21%	18%
Charity as Beneficiary	10%	100%	12%	11%	11%	23%	9%	6%	31%
Charitable Gift Annuity	9%	8%	100%	13%	15%	9%	16%	10%	27%
Charitable Trust	14%	12%	20%	100%	16%	28%	12%	11%	17%
Charitable Foundation	16%	15%	27%	19%	100%	35%	17%	12%	22%
Charitable Gift Fund at Financial Institution	15%	13%	7%	13%	14%	100%	11%	6%	20%
Charitable Fund at Community Foundation or Nonprofit Org.	31%	19%	43%	22%	26%	42%	100%	25%	47%
Donated Assets	31%	13%	28%	20%	20%	23%	28%	100%	38%
Retained Life Estate	8%	20%	25%	10%	11%	23%	15%	11%	100%

Source: Calculated at the Boston College Social Welfare Research Institute based on survey data collected by Opinion Research Corporation International for *The NonProfit Times* Publishing Group.

The table gives a different perspective on the planned giving vehicles. In general terms it indicates that households that use any given vehicle of planned giving are a good deal more likely (3 to 4 times more likely) to use one of the other vehicles as compared with the simple frequency of use presented in Table 1 (ranging from 2.5% to 10.5% of the population of households).

Table 2 also offers a different view than Table 1 on the role of specific vehicles in the planned giving process. For example, Table 1 indicates that 3.0% of households have a retained life estate. Table 2 indicates that between 17% and 47% of households that employ any of the other forms of planned giving have a retained life estate. Although not very popular among the population at large, retained life estates are relatively popular among households that are already using other vehicles of planned giving. Once a household chooses one or other vehicles of planned giving, retained life estates are much more likely to be part of its portfolio of planned gifts.

The pattern is similar for a charitable gift fund at a financial institution. The survey indicates that this is the least popular vehicle of planned giving (2.5%). Yet among households that are using other vehicles of planned giving, the prevalence of charitable gift funds increases to values of 9% to 43%, depending on the specific other vehicle it is combined with.

Charitable funds and accounts at charitable foundations and nonprofit organizations evince a different pattern. Households which have committed to these funds have a relatively high frequency of usage of the other vehicles. This implies that households tend to choose charitable funds at a community organization in combination with one or more other vehicles of planned giving, regardless of which other specific vehicles are chosen.

Expanding the basis of our analysis from those households that *use* vehicles of planned giving to those that both *use or are considering using* a vehicle of planned giving, we are dealing with more than half (57%) of all households. This 57% is distributed as follows: 23% of households use or are considering one vehicle of planned giving, 11% use or are considering two vehicles, and 23% are using or considering three or more vehicles. If we look only at households that use or are considering any of the vehicles, we find that 40% of such households use or are considering one vehicle, 20% use or are considering two vehicles, and 40% use or are considering three or more vehicles. This implies that 60% of households that are using or considering any given vehicle are also using or considering at least one additional vehicle.

Figure 14:

The Use of Vehicles of Planned Giving Among All Households

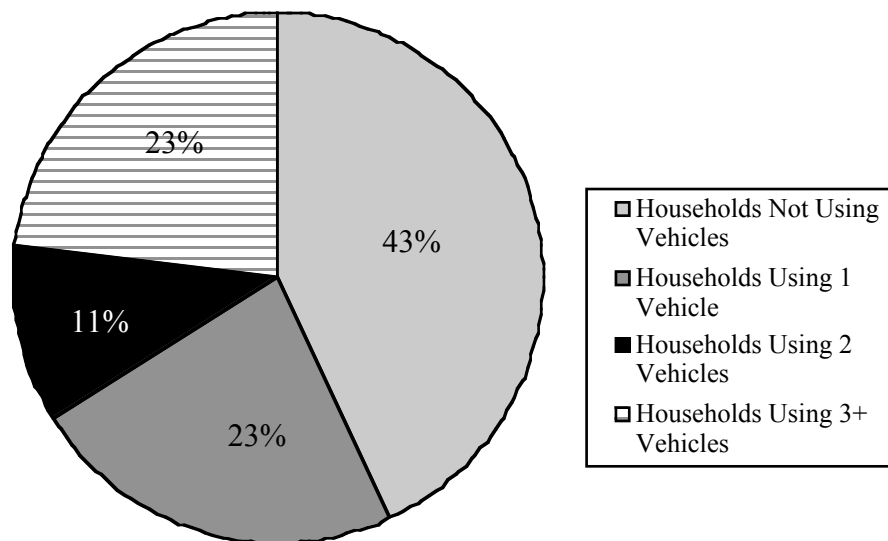


Figure 15:

The Use of Vehicles of Planned Giving Among Planned Giving Households

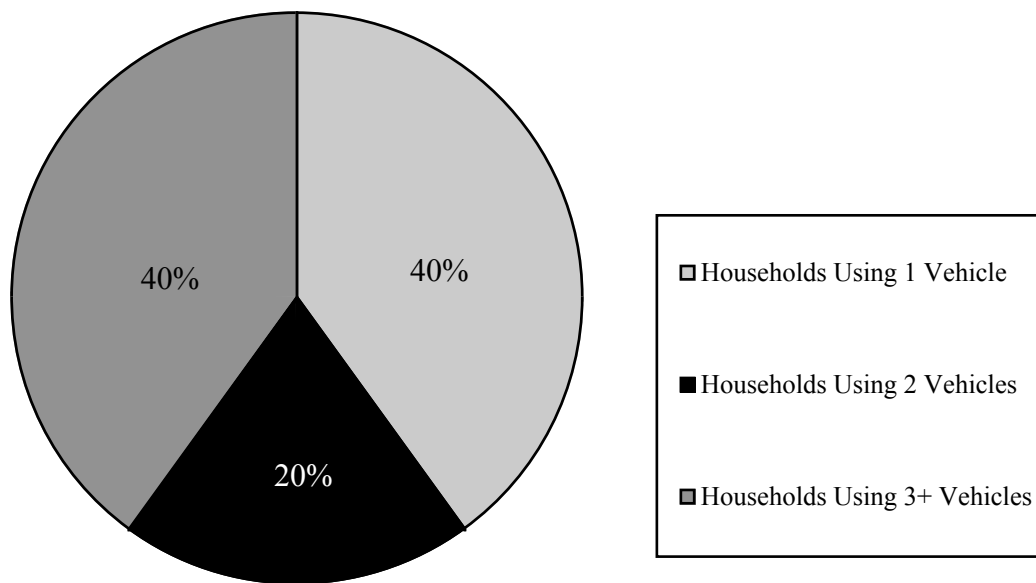


Table 3: Percent of Households Using or Considering Vehicles of Planned Giving

Type of Vehicle	Charitable Bequest	Charity as Beneficiary	Charitable Gift Annuity	Charitable Trust	Charitable Foundation	Charitable Gift Fund at Financial Institution	Charitable Fund at Community Foundation or Nonprofit	Donated Assets	Retained Life Estate
Charitable Bequest	100%	67%	59%	58%	49%	71%	56%	61%	59%
Charity as Beneficiary	34%	100%	38%	37%	30%	45%	35%	33%	47%
Charitable Gift Annuity	37%	47%	100%	57%	45%	63%	49%	39%	64%
Charitable Trust	36%	45%	57%	100%	48%	64%	46%	39%	60%
Charitable Foundation	37%	45%	56%	60%	100%	56%	50%	38%	63%
Charitable Gift Fund at Financial Institution	29%	36%	41%	41%	29%	100%	32%	29%	45%
Charitable Fund at Community Foundation or Non-Profit Org.	40%	49%	58%	53%	46%	56%	100%	48%	63%
Donated Assets	56%	59%	57%	57%	46%	67%	61%	100%	60%
Retained Life Estate	22%	36%	38%	37%	31%	42%	32%	25%	100%

Source: Calculated at the Boston College Social Welfare Research Institute based on survey data collected by Opinion Research Corporation International for *The NonProfit Times* Publishing Group.

Table 3 contains data on the relationship between the use and consideration of vehicles of planned giving. Analogous to Table 2, each row of Table 3 contains the percentages of households that use or are considering each vehicle of planned giving as a percentage of households that use or are considering the vehicle in the first column. For example, the table indicates that 49% of households that have included or are considering a charitable bequest in their wills have also established or are considering establishing a family or private foundation.

Table 3 reflects both the complexity and breadth of interest in vehicles of planned giving among households. From Table 1 we learn that more than half (57%) of households are using or considering using at least one vehicle of planned giving. Table 3 indicates that when a household has used or is interested in using any vehicles of planned giving, there is a high chance that it will also be using or at least interested in other vehicles as well.

Charitable gift funds at financial institutions and retained life estates are on the receiving end of much of this interest: 42% of households that have set up or are considering a retained life estate also have created or are considering a charitable gift fund at a financial institution. Seventy-one percent of households that have made or are considering a charitable bequest in a will are considering a gift fund at a commercial provider. When it comes to retained life estates, 45% of households that already own or are considering a commercial charitable gift fund are interested in setting up a retained life estate. That figure is higher for households which have created or are considering a charitable fund or account at a community foundation or non-profit organization; among these households, a majority of 63% are interested in using a retained life estate as part of their planned giving.

3.3 Prevalence and Financial Resources

The financial resources of the household are composed of wealth and income. Household income can come from several sources: wage and salary, self-employment, unearned (interest, dividend, rent, and capital gain), transfers from government (welfare, SSI, food allowances, etc.), transfers from individuals (alimony, child support, and gifts), and retirement (Social Security, other government pension plans, and private pension plans). Wealth is measured by household net worth: the value of all assets owned by members of the household minus total debts owed by members of the household. For most households, assets include a vehicle, perhaps a home, checking and savings account balances, possibly an IRA or defined contribution pension plan, and perhaps some investment in mutual funds. Most households also have debt in the form of mortgages, credit card balances, and installment loans.

There is a perception among the general public that vehicles of planned giving are confined to high income and wealthy households. In a strict sense this is not true, although it is true that wealthy households with high incomes more frequently use planned giving vehicles. Approximately 25% of households with incomes less than \$50,000 and wealth (net worth) less than \$300,000 are using at least one vehicle of planned giving and another 31% of such households are considering employing a planned giving method (Table 4). The proportion of households using planned giving generally trends upward as income and wealth increase. Among households earning at least \$100,000 per year and owning wealth of at least \$1,000,000, 53% of households are using at least one vehicle of planned giving and another 24% are considering a planned giving vehicle, which makes a total of 77% of households that are using or considering one or more vehicles of planned giving.

Table 4: General Prevalence of the Use of Planned Giving Vehicles by Household Income and Household Net Worth

Income	Net Worth											
	Under \$300,000			\$300,000 to \$999,999			\$1,000,000 or More			All		
	% Using	% Considering	% Using or Considering	% Using	% Considering	% Using or Considering	% Using	% Considering	% Using or Considering	% Using	% Considering	% Using or Considering
Under \$50,000	24.8%	31.4%	56.2%	42.7%	25.7%	68.4%	---	---	---	25.6%	31.1%	56.7%
\$50,000 to \$99,999	34.5%	27.7%	62.2%	41.0%	23.8%	64.8%	33.0%	46.8%	79.8%	35.7%	27.3%	63.0%
\$100,000 or More	21.2%	39.6%	60.8%	47.3%	30.5%	77.8%	52.5%	24.0%	76.5%	34.3%	34.1%	68.4%
All	27.2%	31.2%	58.4%	43.3%	26.3%	69.6%	47.4%	26.9%	74.3%	29.8%	30.4%	60.2%

Source: Calculated at the Boston College Social Welfare Research Institute based on survey data collected by Opinion Research Corporation International for *The NonProfit Times* Publishing Group.

That such a large proportion, 77%, of high income, high wealth households are using or considering vehicles of planned giving is interesting in its own right, but even more significant is the fact that more than half of households (56%) with incomes under \$50,000 and wealth of less than \$300,000 are also using or considering vehicles of planned giving. These statistics underscore the degree to which planned giving has been accepted and utilized as a means of charitable giving by the general population.

3.4 Prevalence and Demographic Characteristics

The prevalence of the use of planned giving vehicles varies with some demographic characteristics, for example, with age, marital status, retirement status, occupation, and size of household, but not with others, among them, education, home ownership, employment status among non-retired, dual income status, and gender among unmarried adults. Table 5 summarizes rates of use, rates of consideration, and rates of use or consideration by selected demographic characteristics.

**Table 5: General Prevalence of the Use of Planned Giving Vehicles
by Demographic Characteristics**

	Using	Considering	Using or Considering
Age			
Under 40 Years	28.9%	35.6%	64.5%
40 to 59 Years	28.4%	26.4%	54.8%
60 to 64 Years	28.1%	18.7%	46.8%
65 or Older	43.8%	8.1%	51.9%
Marital Status			
Married	32.5%	24.8%	57.3%
Single, Separated or Divorced	27.1%	35.3%	62.4%
Widowed	35.7%	7.3%	43.0%
Home Ownership			
Homeowner	31.9%	22.7%	54.6%
Not a Homeowner	31.0%	35.2%	66.2%
Education			
Less than High School	33.2%	14.7%	47.9%
High School, Not College Graduate	29.4%	26.2%	55.6%
College Graduate	33.6%	27.9%	61.5%
Advanced Degree	30.2%	33.2%	63.4%
Employment Status			
Employed	28.1%	31.4%	59.5%
Retired	43.9%	11.5%	55.4%
Not Employed	27.8%	28.4%	56.2%
Dual Income Households			
Dual Income	31.7%	24.7%	56.4%
Not a Dual Income	33.7%	25.0%	58.7%
Occupation*			
White Collar: Professional, Managerial, Owner	31.3%	29.4%	60.7%
White Collar: Sales, Clerical	22.9%	31.0%	53.9%
Blue Collar	22.6%	35.5%	58.1%
Service Worker	34.9%	34.0%	68.9%
Unmarried by Gender			
Unmarried Female	28.0%	30.5%	58.5%
Unmarried Male	29.7%	29.4%	59.1%
Number in Household			
One	30.2%	23.6%	53.8%
Two	34.3%	23.9%	58.2%
Three	28.8%	28.4%	57.2%
Four	30.8%	30.8%	61.6%
Five or More	28.9%	35.9%	64.8%
Children in Household			
No Children	33.2%	24.6%	57.8%
Children	27.6%	30.9%	58.5%
Minority Status			
White	30.1%	25.4%	55.5%
Not White	33.4%	34.5%	67.9%
Hispanic Status			
Not Hispanic	30.6%	27.1%	57.7%
Hispanic	36.7%	26.3%	63.0%

Source: Calculated at the Boston College Social Welfare Research Institute based on survey data collected by Opinion Research Corporation International for *The NonProfit Times* Publishing Group.

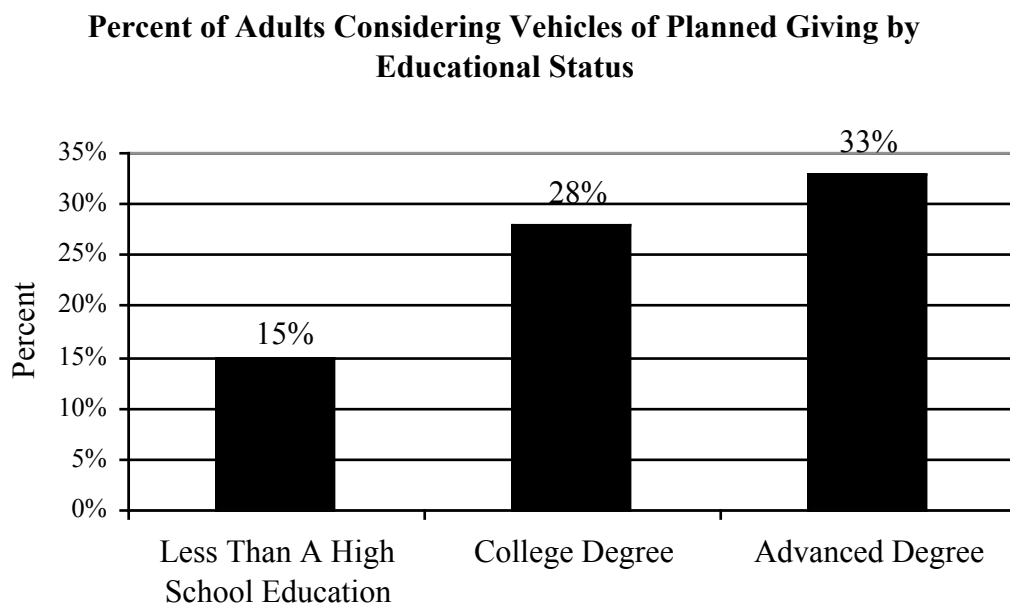
Some of the specific demographic characteristics for which the prevalence of use of planned giving vehicles varies reflect lifecycle differences. Adults who are nearer the end of the lifecycle (i.e., who are aged 65 or older, widowed, or retired) are more likely to be using one or more vehicles of planned giving as compared with adults at the beginning or middle of the lifecycle (i.e., under age 65, not widowed, and not retired). In addition, households with two members, households with no children, households headed by white-collar professionals or by service workers, and households headed by minorities are also more likely to be using one or more vehicles of planned giving as compared with households with more than two members or a single member, households with children, households headed by adults with blue collar or white collar sales/clerical occupations, or households headed by whites.

Prevalence of use and prevalence of consideration tend to be inversely related: when use goes up, consideration goes down. This most likely reflects a decision-making process concerning the use of planned giving vehicles for charitable giving. For example, with respect to lifecycle, adults at the beginning of the lifecycle tend to be interested in planned giving vehicles and to be considering them actively, but have not yet committed to their use and may not yet have the financial resources to do so. At a more advanced stage of the lifecycle, adults tend to have made decisions concerning charitable giving via planned giving vehicles and further consideration is no longer necessary. In addition to lifecycle characteristics, the inverse relation between prevalence of use and prevalence of consideration also holds for household size and occupation. This may also reflect the classic consumer decision-making process of examining the options before choosing to commit to one or more of them.

While education and home ownership bear little relationship to prevalence of use, further examination of these demographics reveals relationships to the levels of interest in vehicles of planned giving. Adults without a high school degree and college graduates without an advanced degree have about the same rate of participation in one or more

planned giving vehicles. However, interest in vehicles of planned giving rises substantially as education increases. Only 15 percent of adults with less than a high school education are considering planned giving vehicles as contrasted with 28 percent of adults with a college degree and 33 percent of adults with an advanced degree. Home ownership exhibits a pattern similar to education. Rates of use of vehicles of planned giving are similar between homeowners and renters. However, renters exhibit more interest in planned giving vehicles (35%) as compared with homeowners (23%). This relationship may, however, reflect differences among households beyond home ownership, for example, differences in financial resources and lifecycle characteristics.

Figure 16:



3.5 Charitable Giving and Planned Giving

More households that donated to charity in 2002 also used one or more vehicles of planned giving, as compared with households that did not donate to charity in 2002: approximately 32% of households that gave to charity in 2002 used one or more vehicles

of planned giving as compared with 15% of households participating in planned giving among those households that did not give to charity in 2002. Table 6 summarizes the relationships between inter-vivos giving in 2002 and prevalence of use and consideration of planned giving vehicles.

Shifting from rates of participation to look at amounts contributed, we find that there is a strong relationship between the amount contributed to charity in 2002 and use of planned giving vehicles. Nearly half the households that contributed to charity in 2002 use at least one vehicle of planned giving as compared with only 16% that did not contribute to charity in 2002. The prevalence of use of planned giving vehicles also increases dramatically as the size of household donations increases, from 24% for households that donated less than \$1,000 to 49% for households that donated at least \$5,000 in 2002.

Table 6: General Prevalence of the Use of Planned Giving Vehicles by Inter-Vivos Giving and Financial Security

	Using	Considering	Using or Considering
Participation in Charity			
Did Not Give to Charity in 2002	16.1%	22.9%	39.0%
Gave to Charity in 2002	31.8%	27.9%	59.7%
Contribution Amount			
Nothing	16.1%	22.9%	39.0%
Under \$1000	24.3%	27.9%	52.2%
\$1000 to \$2499	31.7%	26.1%	57.8%
\$2500 to \$4999	34.6%	36.2%	70.8%
\$5000 or More	49.1%	23.4%	72.5%

Source: Calculated at the Boston College Social Welfare Research Institute based on survey data collected by Opinion Research Corporation International for *The NonProfit Times* Publishing Group.

3.6 Planned Giving and Professional Advice

The impact of the financial planner on charitable giving has not been studied systematically here, and the survey does not support detailed analysis. We can, however, begin to elucidate the relationship between professional advice concerning long-term household plans for charitable giving and the use of vehicles of planned giving.

First, only 10% of households sought and obtained professional advice about charitable giving; and they are concentrated among relatively wealthy households, with \$300,000 or more net worth, and to a lesser extent among relatively high income households, with \$50,000 or more annual income. The other 90% of households have not sought advice.

Seeking professional advice about long-term giving plans does lead to planned giving: most households that consulted a professional are now using one or more vehicles of planned giving (58%). However, even among households using vehicles of planned giving, 80% are doing so without having received professional advice.

4 Discussion of Findings

Anecdotal evidence, reports from financial planners and development officers, as well as statistical evidence on foundations and charitable remainder trusts indicate increased interest and growth in the use of vehicles of planned giving to charitable organizations. What this evidence omits is both the depth and extent of interest and usage of planned giving vehicles not only among affluent households, but also among the entire population. In addition to households in the later stages of the lifecycle and households with large amounts of income and wealth, a substantial proportion of households in all demographic categories, all stages of their lifecycle, and all amounts of income and wealth, currently use or are considering using vehicles of planned giving. We have identified no surprising or dramatic indicators that identify households engaged in or interested in planned giving. What we can say is that such households tend to be concentrated at higher levels of income and wealth, are more advanced in the lifecycle, and are more committed to inter-vivos charitable giving than are average households.

Charitable bequests, family and other private foundations, and donated assets are the most popular of the nine vehicles for planned gifts. Retained life estates and charitable gift funds at financial institutions are the least popular. A planned-giving strategy that involves multiple vehicles of giving is common among households that have already committed to at least one planned gift. It is curious, however, that most households that have created a planned gift have done so without professional advice.

The considerable interest shown in planned gifts among all households, but especially among young adults and households early in the lifecycle, bodes well for fundraisers, development offices, and charitable organizations. Interest, however, tends to be inversely related to use, reflecting we suggest, a decision-making process in which the donor or potential donor first gathers information and then decides on a course of action.

The pervasive interest in these vehicles should, however, enhance fundraising efforts and lead to greater amounts of planned giving in the future.

4.1 Implications

The major implication of the *2003 Survey on Planned Giving Vehicles* is that there is a substantial number of people for whom charitable giving is a strategic activity and the indications are that there is an even greater number for whom it will become so in the future. The stakes for philanthropy are high and are increasing—not just in the aggregate as a quantitative and cultural force nationally, but also at the individual household level, where charitable giving is a qualitative and biographical force of individual and family identity formation. Growth in the prevalence and potential for planned giving, which we understand as the self-reflective allocation of assets over time to achieve a conscientious array of charitable aspirations, is perhaps the leading emergent trend in philanthropy today. The findings from the planned giving survey are congruent with the following trends and implications:

1. Over the past two decades our research has shown that it is important to consider planned giving in its broader sense, as including any gift that which combines a strategy of financial allocation with a strategy of charitable effectiveness. The survey findings on the interaction of the broader range of planned gifts—not just those that depend on the donor's death for their realization, but also vehicles of substantial inter-vivos giving—with each other and with annual charitable giving, support our notion that planned givers consciously create a philanthropic strategy during their lifetimes, where financial resources are translated into effective philanthropy.
2. The fact that those who participate in one form of planned giving tend to participate in other forms supports our view that there is a shift of identity when donors begin to think about their material capacity and philanthropic purpose in a

more systematic way and begin to map the asset composition, timing, and purposes of their gifts. As such, the training of fundraisers and development goals should revolve more around helping donors through this identity shift from giver to planned giver, that is, someone whose more elaborate approach to connecting the assets, timing, and purposes of gifts is mutually formative for themselves and their beneficiaries.

3. There is much room for advancing planned giving in its many forms: only one third of households is currently employing one or more vehicles to carry out their charitable giving but an additional quarter of all households is interested in making their giving more systematic. In introducing donors to planned giving, the relatively high prevalence of charitable bequests suggests that this vehicle may be an entrance point for developing planned giving identities among donors.

4. As income and wealth continue to grow, more households will achieve a sense of financial security and more individuals will see themselves capable at the present or in the future of doing something more systematic and formative for the people and causes they care about. At the same time the portfolios of all households, but especially wealthy households, will increase in financial complexity with respect to assets and the set of options concerning their tax treatment. In this complex financial environment individuals making substantial donations are and will be even more inclined to use forms of charitable giving that provide the most financially congenial contribution strategy, such as the nine vehicles at the heart of this survey.

5. A mere 10% of households has discussed future charitable plans with a professional advisor, such as a fundraiser or financial planner. If it is carried out in an engaging and donor-oriented fashion, gift planning linked to financial planning should be a growth industry. As wealth, financial security, and financial complexity grow, individuals are and will be even more inclined to seek out assistance. As such, financial advisors and development officers have an unprecedented opportunity to help donors combine the complexity and *quantity* of

their financial capacity with the complexity and *quality* of their charitable aspirations.

6. Financial planners and fundraisers need to be sensitive to the fact that, as with all giving, but with planned giving in particular, donors' biographical history and prospects are constituted in tandem. Just as the assets of a planned gift were accumulated in connection to the biographical activities and purposes of a donor, so too will they be distributed. Planned giving is not only biographical formation, it is also family formation. A planned gift invites and often entails the involvement of family members, especially, though not exclusively, through foundations and donor advised funds, which often are intergenerational.

7. In terms of the potential of planned giving as it is fostered through favorable tax legislation, the future looks hopeful. New provisions in the pending CARE act concerning the tax-consequences and timing of charitable gifts made from IRAs and other defined-contribution pension plans create new opportunities for planned giving. How substantial the effect of this legislation on planned giving is to be seen, since apart from penalty-free early distributions of pension assets and the avoidance of penalties for lack of disbursement, there are fewer tax advantages for giving pension assets than non-pension assets, especially appreciated assets. In addition, the tax bill, recently passed by the House and Senate and awaiting the President's signature, accelerates the lowering of the top income tax bracket to 35% and reduces the tax on capital gains and dividends to 15%. Both of these changes will affect charitable gifts, especially gifts of appreciated assets. Income and wealth effects will both tend to increase after-tax financial resources and increase charitable giving, but will be offset by a price effect tending to reduce charitable giving. However, what the net effect on total charitable giving or on the prevalence and amounts of planned giving is at present impossible to say.