

The Giving Gap

DONOR AWARENESS AND USE OF STRATEGIC GIVING METHODS

A 2016 survey examines giving strategies among wealthy people who give to charity.

This survey report looks at the awareness and use of charitable giving methods and vehicles among affluent and high-net-worth donors, and how wealth, stage of life, age, and advisor relationships impact how they give.



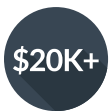
Key Highlights



Donors commit substantial resources to giving and integrate giving into their financial plans.



Despite their commitment to giving, donors are unaware of the range of giving methods and vehicles available that can benefit both donors and the charities they support.



Donors who give more than \$20,000 a year are most likely to use giving methods beyond cash, though a quarter of these donors are not using advanced giving methods.



Donors who give less are less likely to use a charitable vehicle, although this group can also benefit from the tax advantages and strategic planning provided by a giving vehicle.



Younger donors, those under age 50, are much more likely to use advanced charitable planning strategies than their older counterparts, despite lower overall wealth.



Retired donors give less than their employed peers and report low use of advanced charitable planning strategies—despite substantial assets and a demonstrated commitment to giving.



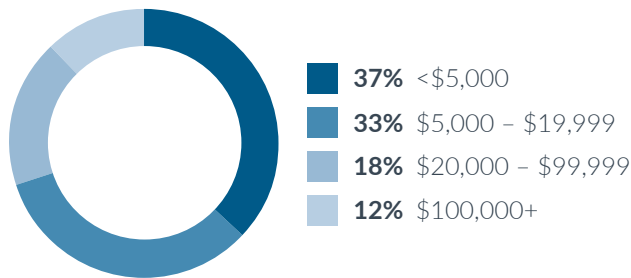
Advisors play an important role in educating clients about ways to give beyond cash, but they can do more to encourage use of strategic giving vehicles.

Affluent and high-net-worth donors dedicate time and money to giving.

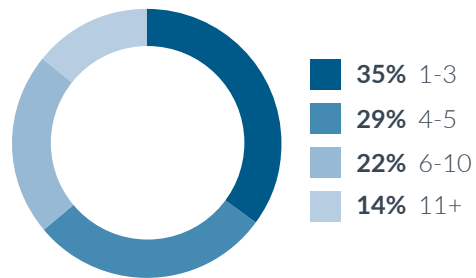
In January 2016, Fidelity Charitable surveyed consumers with at least \$100,000 in investable assets who in the last year either itemized charitable giving on their most recent tax return or gave at least \$10,000 to charity without itemizing. A third (34%) of these donors are affluent, with investable assets of less than \$1 million dollars. Two-thirds are high-net-worth; 34% have assets of \$1-2.9 million dollars; 32% have assets of \$3 million dollars or more. Though assets and charitable giving were the common thread across all respondents, the survey captured a mix of gender, age, geography, and education.

About two-thirds of donors give more than \$5,000 per year, and a third give to six or more organizations per year.

Charitable donation in the last 12 months



Estimated number of charities supported each year



Respondents also give their time; two-thirds spend five or more hours a month on activities such as volunteering or researching charities.

Average amount of time spent on philanthropic activities

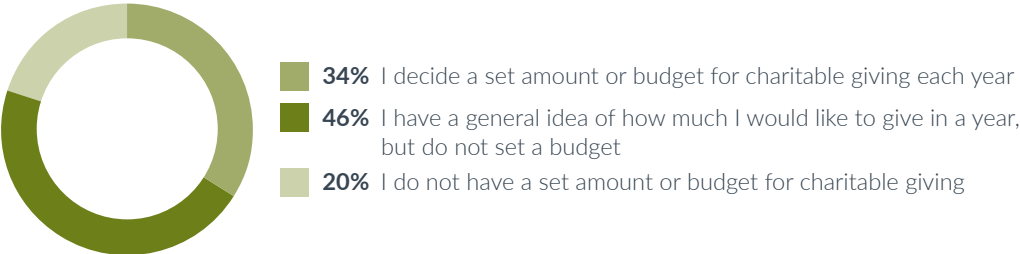


Donors integrate giving into their financial plans.

Wealthy people who give to charity not only give at high levels, but also make charitable giving part of their broader financial picture. Most have a set budget or general idea of how much they will give, while a third consider charitable giving more important than other financial priorities.

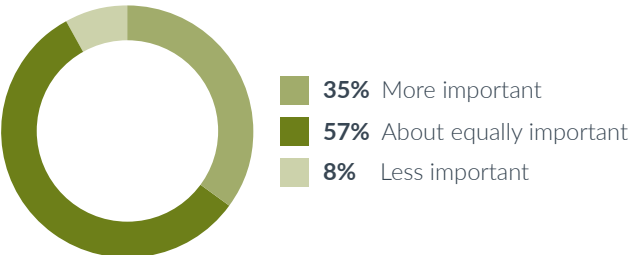
Four in five plan how much they'll give each year, including a third who set a specific amount or budget.

Budgeting and/or planning for charitable giving



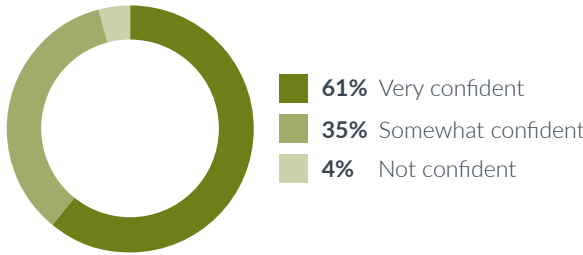
A third say charitable giving is more important than other financial priorities.

The importance of charitable giving compared with other financial priorities



More than half are confident that they can give the same amount or more in the future.

Confidence in ability to support charities at the same level or a higher level in the future







Affluent donors give less to fewer organizations, but have the same commitment to giving as wealthier donors.

High-net-worth donors, particularly those with assets of more than \$3 million, are older and more established, with substantial financial resources. While these donors can give more generously to more organizations, affluent donors still place a high priority on charitable giving and expect to continue or increase their charitable support in the future.

Affluent donors are younger and still building wealth, compared with their more established peers.

Profiling donors by wealth

				
	Wealth	Income	Employment	Age
Affluents, under \$1 million		57% make < \$200k	71% work full-time	58% under 50
High-net-worth, \$3 million or more		21% make < \$200k	53% work full-time	34% under 50

While affluent donors give less to fewer organizations...

	Affluents, under \$1 million	High-net-worth, \$3 million or more
Yearly charitable giving	47% give < \$5k	75% give > \$5k
Number of charities supported	48% give to 1-3 charities	75% give to 3+ charities

... their charitable commitment is similar to those who have assets of \$3 million or more.

	Affluents, under \$1 million	High-net-worth, \$3 million or more
5 or more hours per month spent on giving	59%	66%
Have a budget or general idea of donation amount	78%	76%
Confidence in future charitable support	57%	58%

Despite strong commitment to charity, donors lack awareness of the range of available giving vehicles and options.

Most donors are not aware of the full range of giving strategies and vehicles that can benefit them and the charities they support. The number of donors who report understanding or using giving vehicles or methods other than cash is even lower.

Overall awareness of different ways to give is low. Even fewer donors understand and use these strategies.

Awareness, understanding, and use of charitable vehicles and methods

	Aware	Understand well, among all	Use, among all
Bequests, or leaving money to charity in a will	67%	48%	15%
Donating appreciated assets, such as securities or real estate	59%	39%	19%
Family foundations or private foundations	56%	31%	14%
Naming a charity as the beneficiary of a retirement or life insurance plan	56%	36%	9%
Charitable trusts, such as a charitable lead trust or a charitable remainder trust	52%	25%	10%
Charitable gift annuity	51%	31%	15%
Community foundations	42%	24%	16%
A qualified charitable distribution from an IRA	37%	23%	8%
Donor-advised funds	36%	17%	11%

Only half of donors have used a giving method other than cash, despite having other assets that could be more advantageous to give.

Giving vehicle and method use



Have never used a giving vehicle or method	47%
Have used 1 giving vehicle or method	24%
Have used 2 or more giving vehicles or methods	29%

80% of donors have appreciated assets, such as stocks, mutual funds, or bonds, but **only 21%** of those donors have contributed this type of asset to charity.

90% of donors have a retirement or life insurance plan, but **only 9%** have named a charity as a beneficiary of the plan.

Donors who give more are more likely to use a giving vehicle, regardless of wealth.

Wealth is a less reliable predictor of giving vehicle use than amount of yearly donations, and many of those who make large donations give out of income. Those who give more than \$20,000 per year are the most likely to use strategic giving methods, but a quarter of these people still do not use them. Those who give less are less likely to use a giving vehicle, though these vehicles have the potential to provide a significant tax benefit as well the ability to better plan their giving.

A quarter of donors who give more than \$20,000 per year do not use a strategic giving method, while those who give less than \$20,000 are much less likely to use a giving method or vehicle.

	< \$5k per year	\$5k - \$20k per year	\$20k+ per year
Have never used a giving vehicle or method	69%	43%	24%
Have used 1 giving vehicle or method	19%	28%	25%
Have used 2 or more giving vehicles or methods	11%	28%	52%

Donation amount is not directly tied to amount of wealth.

Use 1 or more giving strategies	\$3 million or more in assets	57%	Give more than \$100,000 per year	80%
Use 1 or more giving strategies	Affluent	48%	Give less than \$5,000 per year	30%

Younger donors are more likely to use giving vehicles, reflecting their robust commitment to charity.

While wealthy donors under 50 make up a small proportion of the population overall, they are more likely to use giving vehicles or giving strategies. While these donors may not have the wealth of their older peers, they do have more available income and are committed to giving. Still, younger donors could be taking greater advantage of the range of tax and strategic planning benefits of giving vehicles.

Despite lower overall wealth, younger donors have income that funds their giving.



Investable assets of 3m+	25%	38%
Income of \$200,000 or more per year	70%	48%

Younger donors' commitment to giving early in life also may reflect a generational trend.

Give \$20,000 or more per year	47%	16%
Importance of charitable giving compared with other financial priorities	50%	22%

Younger donors are much more likely to use giving vehicles than older donors.

	Use, among all younger donors	Use, among all older donors
Charitable gift annuity	23%	8%
Community foundations	22%	12%
Family foundations or private foundations	21%	8%
Donating appreciated assets, such as securities or real estate	19%	18%
Charitable trusts, such as a charitable lead trust or a charitable remainder trust	18%	4%
Bequests, or leaving money to charity in a will	15%	15%
Donor-advised funds	15%	8%
Naming a charity as the beneficiary of a retirement or life insurance plan	12%	7%
A qualified charitable distribution from an IRA	11%	5%

62% of younger donors use a charitable giving vehicle, including **25%** who use **3 or more** vehicles.

Despite their wealth and commitment to charities, most retired donors don't give at the same level as their employed peers.

Both retirees and full-time workers have wealth and a commitment to charities, but giving differs. Retired donors are more likely to have significant investable assets, but lower income. This likely impacts retirees' security about giving, despite their strong commitment to charitable organizations.

While retired workers give to many charitable organizations, they give less than those who are employed.

	Retired	Full-time workers
Give to 6 or more charities	49%	32%
Give \$20,000 or more to charity each year	12%	38%

Retired donors are slightly less confident they can sustain their charitable support, and they view giving as less important than other financial priorities.

	Retired	Full-time workers
Confidence in ability to support charities at the same level or higher in the future	52%	67%
Importance of giving compared to other financial priorities	14%	48%

Retirees have low use of giving vehicles, though these methods could help them give more.

Retirees are more likely to know about legacy vehicles than other types of giving vehicles. However, retirees have lower overall use of giving strategies.

Retirees are more likely to know about certain types of vehicles, but awareness does not impact their use.

	Awareness, among all retirees	Use, among all retirees
Bequests, or leaving money to charity in a will	84%	18%
Naming a charity as the beneficiary of a retirement or life insurance plan	68%	7%
Charitable trusts, such as a charitable lead trust or a charitable remainder trust	58%	4%

Only 23% of charitable retirees use any legacy vehicle, as compared with **28% of full-time workers**.

Retirees are as likely as other donors to know about non-legacy vehicles, but less likely to use them.

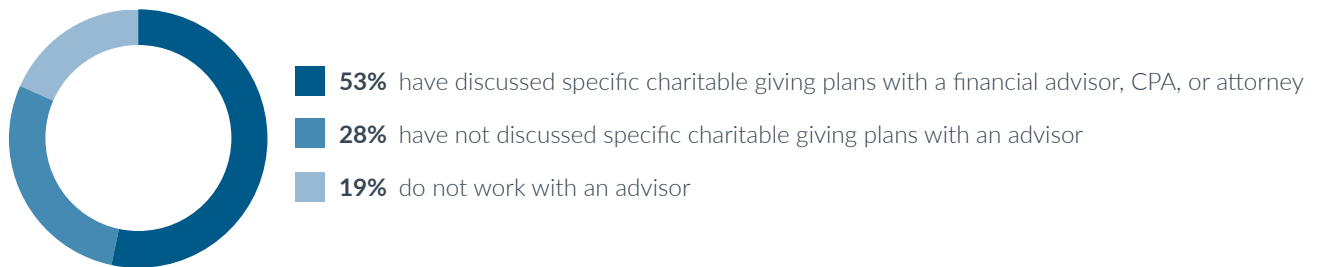
	Awareness, among all retirees	Use, among all retirees
Donating appreciated assets, such as securities or real estate	72%	20%
Family foundations or private foundations	61%	7%
Charitable gift annuity	48%	7%
Community foundations	42%	12%
A qualified charitable distribution from an IRA	42%	5%
Donor-advised funds	35%	9%

39% of retirees use a non-legacy vehicle, compared with **50% of full-time workers**.

Advisors influence understanding and use of charitable giving vehicles.

Half of donors have had a specific charitable planning conversation with an advisor. These donors better understand the range of giving options available to them, but are no more likely to use these vehicles than donors overall.

About half of high-net-worth donors have discussed specific charitable giving plans with an advisor.



Donors who discuss charitable planning with an advisor better understand a range of charitable giving vehicles, but are no more likely to use them.

Donors who understand vehicles well

	Have discussed charitable planning with advisor	Have NOT discussed charitable planning with advisor
Bequests, or leaving money to charity in a will	41%	57%
Donating appreciated assets, such as securities or real estate	38%	42%
Charitable gift annuity	37%	22%
Family or private foundations	36%	24%
Naming a charity as the beneficiary of a retirement or life insurance plan	33%	39%
Charitable trusts	29%	19%
Community foundations	26%	20%
A qualified charitable distribution from an IRA	25%	20%
Donor-advised funds	21%	11%

Donors who discuss charitable planning with an advisor are **equally likely** to use any charitable giving vehicle compared to those who do not discuss planning with an advisor.

Key takeaways

Donors can do more with their giving.



Making use of the full range of charitable giving vehicles and methods available to them can help donors better plan their giving, save on their taxes, and in some cases, give more to the charities and causes they care about.

While donors who give more than \$20,000 a year are generally using at least one or several strategic giving methods or vehicles, those who give at lower levels can still leverage significant tax benefits from this type of planning.

Donors close to retirement should consider integrating a charitable giving method into their financial plans. This can help them give in retirement at levels similar to when they were employed.

Nonprofit staff should continue to reinforce the importance of donor gift planning and legacy vehicles.



While donors are most likely to know about bequest giving, far fewer have included a charity in their will. Even fewer donors are aware of other legacy and gift planning vehicles and methods.

Nonprofit development offices have an opportunity to educate donors on the ways that making use of these methods can be beneficial to both their supporters and the organizations.

Advisors have an opportunity to help clients give more



Advisors have a clear impact on clients' understanding of charitable giving methods and vehicles. However, they have the opportunity to bridge the gap between understanding and use of different giving

strategies—and help clients at all levels understand the benefits of using a range of strategies and vehicles to fund their giving.

Learn more about ways to give and charitable planning at [FidelityCharitable.org](https://www.fidelitycharitable.org)



Methodology

This report is based on surveys of 950 total consumers who give to charity, conducted 2015-2016. The surveys were conducted by W5, an independent research firm. The percentages reported exclude donor responses of NA/Unsure.

Questions about understanding of charitable giving vehicles, time spent on charitable giving, charitable budgeting, importance of charitable giving compared with other financial priorities, and ability to give in the future were all asked to half of the base sample.

About Fidelity Charitable

Fidelity Charitable is an independent public charity that has helped donors support more than 210,000 nonprofit organizations with more than \$22 billion in donor-recommended grants. Established in 1991, Fidelity Charitable launched the first national donor-advised fund program. The mission of the organization is to further the American tradition of philanthropy by providing programs that make charitable giving simple and effective.

Fidelity Charitable is the brand name for the Fidelity® Charitable Gift Fund, an independent public charity with a donor-advised fund program. Various Fidelity companies provide services to Fidelity Charitable. The Fidelity Charitable logo is a service mark, and the Fidelity Charitable name and Fidelity are registered service marks, of FMR LLC and are used by Fidelity Charitable under license. Third-party marks contained herein are the property of their respective owners.

For investment professional or institutional investor use only. Not authorized for distribution to the public as sales material in any form.

"The Giving Gap" release is being provided to you by Fidelity Family Office Services, Fidelity Institutional Wealth Services, and National Financial. Third-party marks are the property of their respective owners; all other marks are the property of FMR LLC.

The third parties referenced herein are independent companies and are not affiliated with Fidelity Investments. Listing them does not suggest a recommendation or endorsement by Fidelity Investments. Fidelity Family Office Services is a division of Fidelity Brokerage Services LLC, Member NYSE, SIPC. Fidelity Institutional Wealth Services provides brokerage products and services and is a division of Fidelity Brokerage Services LLC. National Financial is a division of National Financial Services LLC, through which clearing, custody, and other brokerage services may be provided. Both are members of NYSE and SIPC. 756694.1.0