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Charitable Giving: How Much, by Whom, to What, and How?

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In this chapter we discuss four aspects of charitable giving by individuals: how much is given in total; the patterns of giving broken down by demographic and behavioral characteristics; how much is given to various areas of need; and how donors are giving, that is, through outright cash gifts, or through more formal and strategic methods. We define individual charitable giving more broadly than simply as those contributions that are eligible for the charitable deduction according to the IRS—that is, gifts made to qualified nonprofit organizations. In addition to contributions to and through charitable organizations, we also discuss several aspects of informal giving, by which we mean gifts of money and goods made directly to other individuals living outside of the donor's household.[1] Finally, we consider not just inter vivos giving (giving during the donor's lifetime) but also charitable bequests—that is, posthumous gifts made to charitable organizations from the donor's estate.

We draw heavily, but not exclusively, on several well-established and rich sources of data on charitable giving in the United States: *Giving USA*, *Giving and Volunteering in the United States*, the *Nonprofit Almanac*, the *Center on Philanthropy Panel Study* in the *Panel Study of Income Dynamics* (COPP/PSID), the *Survey of Consumer Finances* (SCF), the *Statistics of Income* (SOI), and the *Consumer Expenditure Survey*.[2] These sources allow us to paint a general picture of philanthropy that is practiced by all economic and demographic groups and that has increased considerably in total amounts since 1990.

Unless otherwise noted, all dollar values in this chapter have been adjusted for inflation and are expressed in 2002 dollars; the values may differ from the cited sources due to this adjustment. When depicting more detailed patterns of giving, some sources are more valuable than others. In such instances, we present the most consistent findings, and when there is little consistency among the sources we present a range of findings.

HOW MUCH?

In this section we review broad trends and patterns in aggregate inter vivos giving to charitable organizations and needy individuals. We also review trends in bequest giving to nonprofits and raise some issues about how survey methodology affects the reported amounts of charitable giving.

Individuals give by far the largest share of charitable contributions to nonprofit organizations. In 2001 individuals accounted for $163.5 billion[3] (or 76 percent)[4] of total giving to charities (AAFRC Trust for Philanthropy 2002). An additional $16.3 billion (or 7.7 percent) was donated through charitable bequests. Taken together, approximately 84 percent of the $215.4 billion total contributed to nonprofit organizations across the nation came from individuals. If current growth trends continue, the future looks promising for philanthropy: we estimate that between 1998 and 2052, between $21 trillion and $55 trillion will be donated to charities. As shown in table 23.1, the total will be composed of between $6.6 trillion and $27.4 trillion from bequests and

TABLE 23.1. PROJECTIONS FOR CHARITABLE CONTRIBUTIONS IN THE PERIOD 1998–2052 (TRILLIONS OF 2002 DOLLARS)

Type of contribution	Low estimate (2% secular growth)[a] (1)	Middle estimate (3% secular growth)[a] (2)	High estimate (4% secular growth)[a] (3)
Bequests to charity[b]	$6.6	$12.8	$27.4
Inter vivos giving by individuals[c]	$14.6	$20.0	$28.0
Total charitable contributions	$21.2	$32.8	$55.4
Percent of total contributed by millionaires[d]	52.0	57.5	65.3

Source: Calculated by the Center on Wealth and Philanthropy at Boston College, http://www.bc.edu/swri.

[a] Calculated for secular trends of 2%, 3%, and 4% in real growth rates for both household wealth and individual inter vivos giving. The real growth rate in household wealth was 3.3% from 1950 to 2000; the real growth rate in individual inter vivos giving was 3.7% from 1985 to 2000.

[b] Bequests to charity were estimated by the Center on Wealth and Philanthropy at Boston College (Havens and Schervish 1999).

[c] Calculated by the Center on Wealth and Philanthropy at Boston College, based on estimates from AAFRC Trust for Philanthropy, 2002.

[d] Millionaires are defined as having at least $1 million of household net worth at the time of the contribution.

TABLE 23.2. AGGREGATE INTER VIVOS CHARITABLE CONTRIBUTIONS AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT AND AVERAGE CONTRIBUTION PER HOUSEHOLD BY SOURCE AND YEAR

Data source (1)	Years (2)	Content of next columns (3)	Total amount (billions of 2002 dollars) (4)	Contributions as percent of GDP (5)	Average contribution per household (2002 dollars) (6)
Nonprofit Almanac	1990	Gifts by individuals and families	$110.59	1.35	$1,203
	1995		$118.60	1.36	$1,198
	1998		$152.50	1.57	$1,457
Giving and Volunteering (in the United States)[a]	1990	Household contributions	$90.29	1.17	$983
	1995		$81.86	0.95	$841
	2000		$154.76	1.51	$1,479
Giving USA	1990	Gifts by individuals and families	$111.46	1.45	$1,213
	1995		$112.54	1.30	$1,157
	2000		$166.05	1.62	$1,586
Survey of Consumer Finances (SCF)[b]	1990	Family contributions ($500 or more)	$97.85	1.27	$1,065
	1995		$111.56	1.29	$1,147
	2000		$188.52	1.84	$1,770
Consumer Expenditure Survey	1990	Consumer unit cash contributions	$109.08	1.42	$1,187
	1995		$112.64	1.30	$1,158
	2000		$145.05	1.41	$1,315
Statistics of Income (SOI)	1990	Itemized charitable deductions	$78.73	1.02	$856
	1995		$88.56	1.02	$910
	2000		$142.85	1.39	$1,364
Panel Study of Income Dynamics (PSID)	1990	Family contributions ($25 or more)			
	1995				
	2000		$157.38	1.53	$1,445

Source: Calculated and compiled by the Center on Wealth and Philanthropy at Boston College, http://www.bc.edu/swri.

[a] The *Giving and Volunteering Survey* adopted a telephone interview format and implemented other methodological changes between 1995 and 2000. The higher estimates for 2000 may reflect methodological improvements in the survey.

[b] Some wealthy households make large donations from time to time, which produces lumpiness in the time series of giving. The estimate for 2000 reflects an unusual number of large gifts during 2000 among the oversample of wealthy households.

between $14.6 trillion and $28 trillion from inter vivos gifts. Over 50 percent of the future trillions will be contributed by households at or above $1 million in net worth.

Participation in charitable giving is high, with nearly 90 percent of households making donations to charity on an annual basis. The average dollar amount contributed per household is approximately $1,479, representing 2.7 percent of income (Independent Sector 2002b:28). When informal giving is included, participation rates, average dollar amounts, and percentage of income contributed for the benefit of others are even higher.

Table 23.2 presents findings on giving to nonprofit organizations derived from a variety of data sources. A number of trends can be discerned from the data. First, aggregate giving, after adjustment for inflation, has increased during the period from 1990 to 2000 and rapidly so since 1995. Except for *Giving and Volunteering,* all sources imply a growth rate in aggregate giving of between 2 percent and 5 percent during the decade and between 5 percent and 9 percent from 1995 to 2000.[5] Second, as shown in column 6, households contributed substantial amounts to charity with estimates of average annual contributions per household ranging from approximately $850 to $1,800. Third, also shown in column 6, average contributions per household generally increased from 1990 to 2000. Moreover, as shown in column 5, household contributions grew faster than did gross domestic product during the 1990s, since from 1990 to 2000, within each data source the contributions as a percentage of GDP generally increased.

Findings on informal giving will be presented in some detail in a later section. Suffice it to say here that table 23.2 does not include the substantial amount of informal giving documented subsequently. The broad range of reported results for aggregate and household charitable giving reported in columns 4 and 6 reveals just how difficult it is to capture the complexity of inter vivos giving. There are substantial differences in estimates of aggregate inter vivos giving among sources that report on essentially the same population in the same year, which are due in part to the variety of measures, inconsistencies between sample design, and differing methodologies employed by each study. As for measures, *Giving USA* and the *Nonprofit Almanac* provide series with aggregate measures of inter vivos giving; the *Consumer Expenditure Survey* does not include in-kind giving; the SCF does not measure contributions of less than $500; the SOI ignores the charitable contributions of nonitemizers or charitable contributions that exceed legal limits on the level of charitable deduction; and the COPPS/PSID does not include contributions of less than $25 and, in comparison to the SCF, has a relatively sparse sample of very wealthy households. Sample design and survey methodology also influence the findings of research on charitable giving. Based in part on their experience of interviewing forty respondents weekly for thirteen months about their formal and informal giving in the Boston Area Diary Study, researchers Schervish and Havens made five recommendations in regard to improving survey data: first, that surveys sample households across the complete spectrum of income; second, that they interview the household member who knows the most about the household's giving, not necessarily the head of the household; third, that interviewers be well trained; fourth, that interviewers use a variety of prompts to aid respondent recall (Schervish and Havens 1998:241); and fifth, that surveys inquire about a broad range of voluntary giving to others in need so as to achieve the most complete and extensive findings possible on the landscape of financial care (Havens and Schervish 2001:548).

The latter propositions were recently confirmed by researchers at the Indiana University Center on Philanthropy, who, in *Indiana Gives 2000,* simultaneously tested a variety of survey methods ranging from a very short module ("Did you give last year? If so, how much?") to two longer modules, which in some cases took up to ninety minutes to complete since they prompted respondents by both area and method of giving. The most successful of the seven instruments tested were those that combined prompts to interviewees on the method of giving and the area of need to which they gave. Researchers Rooney, Steinberg, and Schervish conclude that: "The longer the module and the more detailed its prompts, the more likely a household was to recall making any charitable contribution and the higher the average level of its giving. These differences persisted even after controlling for differences in age, educational attainment, income, household status, race, and gender" (2001:551).[6]

Turning from lifetime giving in table 23.2 to the area of charitable bequests, our analysis is limited to a single data source, IRS estate tax filings. We know from the *National Survey on Planned Giving* (2001:6) that only one in ten households has named a charity in its will. Of these, only those that exceed the estate tax threshold, $675,000 in 2000, will show up in the federal estate tax data. Of the 108,322 estate tax forms filed in 2000, 52,000 estates (or 48 percent) were subject to tax, and of these, 10,959 (or 21 percent) made a charitable bequest, averaging $934,516 per bequesting estate, or $196,249 averaged over all taxable estates. The amount donated to charities represented 7.5 percent of the total assets of all taxable estates. The average number of charitable bequests is somewhat misleading since

TABLE 23.3. CHANGES IN VALUE AND ALLOCATION OF NET ESTATES[a] (BILLIONS OF 2002 DOLLARS)

Year	Value	Bequests to charity	Taxes	Bequests to heirs
1992	$80.29	$8.72	$16.93	$54.64
1995	$86.19	$10.27	$18.41	$57.51
1997	$115.60	$16.03	$24.67	$74.90
1999	$139.66	$15.77	$32.73	$91.17
2000	$144.68	$16.81	$33.98	$93.88
% Δ 92–00	80.2	92.9	100.8	71.8

Source: Calculated by the Center on Wealth and Philanthropy at Boston College based on data from Johnson and Mikow 1999 and Eller 1997 and from the Web site of the Statistics of Income Division of the IRS, www.irs.gov/taxstats/.

[a] Net estates are gross value of estates minus debt, estate fees, and surviving spouse deduction.

the data do not differentiate between estates that can take a spousal deduction and those with no surviving spouse, which make most of the charitable bequests. When the data are separated by the presence of a surviving spouse, radically different patterns appear for married versus single or widowed decedents. Only 7.4 percent of married decedents made a charitable bequest, with the vast majority (97.2 percent) transferring the estate to a surviving spouse.[7] In contrast, 43.3 percent of single estates and 25.4 percent of widowed estates made a charitable bequest, indicating that when the priority of looking after a surviving partner is removed, charity becomes important for a substantial proportion of estates (Eller 2001) and may be increasing as a priority, especially compared to heirs.

Charitable bequests have increased from 1992 to 2000, outpacing growth in both the value of estates and bequests to heirs, though not taxes. As shown in table 23.3, the value of all net estates (estates net of spousal deduction and estate fees) grew by 80.21 percent, from $80.3 billion to $144.7 billion; the value of estate tax revenue was up by more than 100 percent, from $16.9 billion to $34.0 billion; bequests to heirs increased by more than 70 percent, from $54.6 billion to $93.9 billion; and charitable bequests grew more than 90 percent, from $8.7 billion to $16.8 billion. If current growth trends continue, charitable bequests are projected to total between $6.6 and $27.4 trillion (2002 dollars) from 1998 to 2052, depending on the rate of real growth in wealth. Later in this chapter we will discuss the relations between bequest and inter vivos giving and outline some potential future trends.

WHO GIVES?

Decades of research indicate that higher levels of charitable giving are positively associated with higher income, higher wealth, greater religious participation, volunteerism, age, marriage, higher educational attainment, U.S. citizenship, higher proportion of earned wealth versus inherited wealth, and a greater level of financial security. How gender, ethnicity, or religion, among other demographic characteristics, affects participation in giving and amounts donated is more complex than simple bivariate analysis can describe. As a general point, due to cost restrictions in conducting surveys, simple random samples typically do not interview sufficient numbers of high-income and high-net-worth households or enough ethnically diverse households to accurately capture their giving patterns. In addition, there is frequently insufficient multivariate analysis that would enable us to determine to what extent an increase or decrease in charitable giving is due to a complex array of causes, rather than a single demographic characteristic.

One context for the findings presented in this section is that research shows that the most important predictor of charitable giving is "communities of participation," or groups and organizations in which the donor is a member or is otherwise involved. Based on a multivariate analysis of data from the Independent Sector's (1992) *Giving and Volunteering in the United States,* researchers Schervish and Havens conclude that the key indicators of a donor's giving are the "density and mix of opportunities and obligations for voluntary association" (Schervish and Havens 1997:256). Many of the demographic characteristics we explore here are proxies for associational capital or what Brown and Ferris (2002:ii) call a donor's "network-based social capital," the degree to which the donor is embedded socially, or involved and engaged in society. For example, greater income and wealth aside, a college graduate participates in a number of networks that a high school graduate might not, each of which may offer many opportunities for giving such as an alumni association, a professional membership organization, or a workplace giving program.

Income and Wealth

In regard to income and wealth, we first address the persistent misconception among the public and even some researchers on philanthropy that there is a U-shaped relation between the level of household income and charitable giving, with low-income households giving more to charity as a percentage of household income than do middle-income or high-income households. The myth of the U-shaped curve has existed at least from the mid-1980s and was reinforced through the early 1990s by findings derived from the Independent Sector (1992, 1996) surveys *Giving and Volunteering in the United States.* Research at the Boston College Center on Wealth and Philanthropy (formerly the Social Welfare Research Institute), however, revealed that the U-shaped curve pertained not to the entire population but only to households that contributed to charity, and even among this group excluded households with the highest incomes. The Boston College research produced several relevant findings (Schervish and Havens, 1995a, 1995b). First, as income and wealth increase, the participation rate of households in charitable giving increases; however, the U-shaped curve, which was based on contributing households only, left out of the calculations the relatively high proportions of low-income households that give nothing to charity. As shown in figure 23.1, when these "zeros" are included and the percentage of income is calculated for all households in the sample, the left-hand side of the U virtually disappears. What remains of the uptick at the lower end of the income spectrum can be explained by taking into account household wealth in addition to income (Savoie and Havens 1998). Finally, because *Giving and Volunteering in the United States* does not over-sample higher-income households, its findings pertain mainly to households with incomes of no more than $125,000. Although a sample with incomes up to this level covers most households (approximately 93 percent of the nation's households in 2000), it is unable to capture the giving patterns of households above that level (approximately 7 percent of households in 2000) that contribute half of individual inter vivos charitable giving. When the curve charting the relation between income and percentage of income contributed is extended to include that top 7 percent of house-

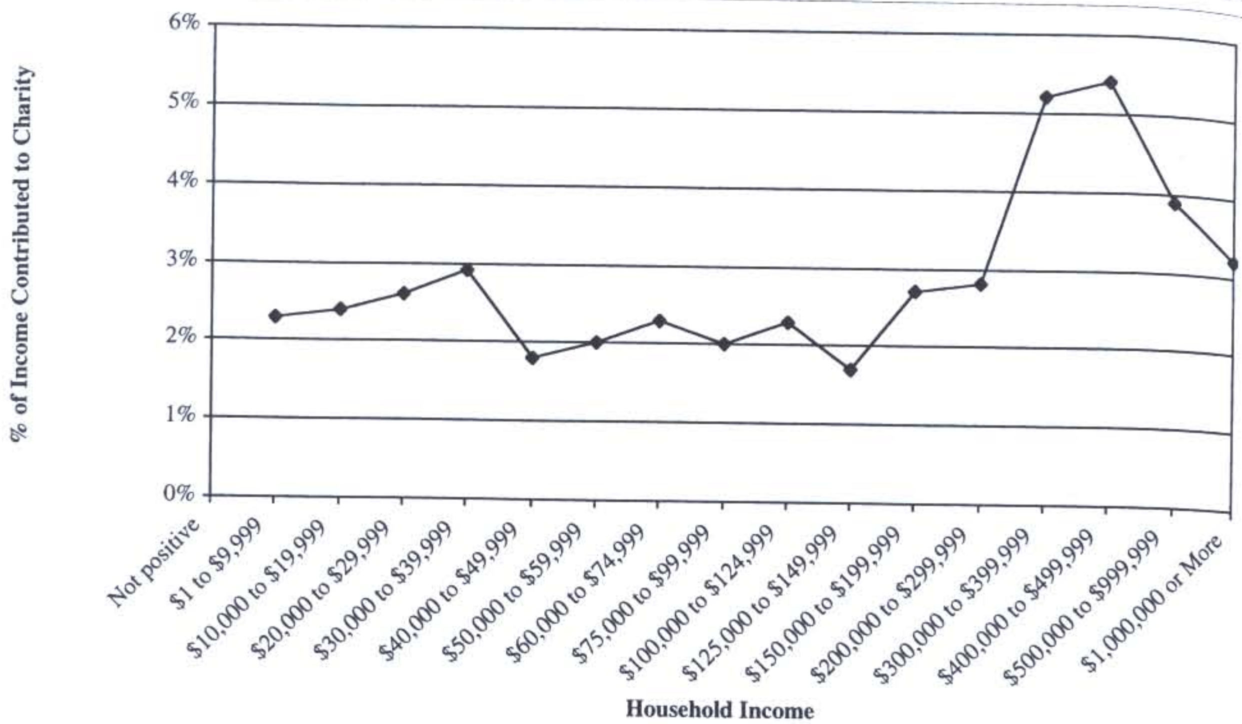


FIGURE 23.1. RELATION OF HOUSEHOLD INCOME TO PERCENTAGE OF INCOME CONTRIBUTED TO CHARITY
Source: Calculated at the Boston College Center on Wealth and Philanthropy, based on data from the 2001 *Survey of Consumer Finances* (Board of Governors of the Federal Reserve System 2001).

holds by income, an upswing in the right side of the curve appears. The original U-shaped curve did not reveal the dramatic upswing in giving among very high income households.

Tables 23.4 and 23.5 present additional important patterns of charitable giving by income and wealth based on data from the 2001 *Survey of Consumer Finances,* which, because of its over-sample of wealthy households, provides a basis for estimating giving at the upper ends of income and wealth distributions. First, except at the very highest levels, families at every level of income and wealth are about equally philanthropic in terms of the percentage of income contributed. Second, charitable giving is highly skewed toward the upper end of the wealth and income spectrums, with the small number of families at the highest end of the distributions of wealth and income contributing a dramatically high proportion of total annual charitable giving.[8] As a group, the 98 percent of families with incomes under $300,000 all tend to contribute about the same proportion of their income to charitable causes, roughly 2.3 percent. On average the highest-income families, those with incomes in excess of $300,000, represent just 2 percent of families nationwide, and contribute an average of 4.4 percent of their income to charitable causes and in aggregate approximately 37 percent of all charitable dollars (Board of Governors of the Federal Reserve System 2001).

The same pattern is true for wealth: at higher levels of wealth, families contribute more to charitable organizations as compared with families at lower wealth levels. The proportion of families that contribute at least $500 to the financial support of charitable organizations increases substantially as family wealth increases, from 8.3 percent of families with a net worth below $10,000 to 93 percent of families who have $10 million or more in net worth. Families with a net worth of $1 million or more represent 7 percent of all households nationwide but make 50 percent of all charitable contributions. Third, although the percentage of income contributed to charitable causes increases with wealth as well as with income (as shown in tables 23.4 and 23.5), the percentage of wealth contributed rises with income, but not with wealth (not shown in tables).

Charitable bequests relate positively to wealth, as shown in table 23.6. Even among affluent estates (the only estates for which tax data are available), bequests are more concentrated among wealthier decedents: estates worth $2.5 million or more, after subtracting estate fees and spousal deduction, constitute only 15 percent of those filing but contribute 80 percent of the approximately $16.8 billion gifted to charity annually through bequests (AAFRC Trust for Philanthropy 2002). Charitable bequests rise with the net worth of the estate while bequests to heirs decrease. In 2000, across all estates, charitable bequests were valued at 11.6 percent of the estate, taxes at 23.5 percent, and bequests to heirs at 64.9 percent. Among estates worth $20 million or more after subtracting estate fees and spousal deduction, the trend is skewed more toward charity and away from heirs, with charitable bequests at 33.2 percent, estate taxes at 39.1 percent, and heirs receiving 27.8 percent.

TABLE 23.4. 2000 CHARITABLE CONTRIBUTIONS BY FAMILY INCOME IN 2002 DOLLARS

Family income[a]	Percentage of families giving at least $500 (1)	Average family contribution[b] (2)	Average percentage of family income contributed (3)	Cumulative percentage of families (4)	Aggregate contribution[b] (millions) (5)	Percentage of total aggregate contribution (6)	Cumulative percentage of contributions (7)	Cumulative percentage of income of all families (8)
Not positive	7.2	$544	—	100.0	$200	0.1	100.0	—
$1–$9,999	7.4	$143	2.3	99.7	$1,467	0.7	99.9	100.0
$10,000–$19,999	18.2	$359	2.4	90.0	$5,304	2.6	99.2	99.1
$20,000–$29,999	26.8	$667	2.6	76.2	$10,209	5.1	96.5	96.1
$30,000–$39,999	32.9	$1,072	2.9	61.8	$14,159	7.0	91.5	90.9
$40,000–$49,999	36.1	$834	1.8	49.4	$7,739	3.8	84.5	84.7
$50,000–$59,999	43.7	$1,114	2.0	40.7	$9,445	4.7	80.6	79.0
$60,000–$74,999	51.7	$1,579	2.3	32.7	$15,991	7.9	76.0	72.7
$75,000–$99,999	60.6	$1,789	2.0	23.2	$17,668	8.7	68.1	63.3
$100,000–$124,999	71.6	$2,641	2.3	13.9	$14,977	7.4	59.3	51.7
$125,000–$149,999	69.1	$2,386	1.7	8.6	$6,389	3.2	51.9	43.0
$150,000–$199,999	79.1	$4,660	2.7	6.1	$11,431	5.7	48.7	37.9
$200,000–$299,999	82.9	$7,049	2.8	3.8	$12,538	6.2	43.1	32.1
$300,000–$399,999	97.0	$17,539	5.2	2.1	$14,204	7.0	36.8	26.3
$400,000–$499,999	94.2	$23,709	5.4	1.4	$8,135	4.0	29.8	22.4
$500,000–$999,999	85.3	$28,354	3.9	1.0	$19,441	9.6	25.8	20.3
$1,000,000 or more	98.6	$77,999	3.2	0.4	$32,627	16.2	16.2	13.8
All families	39.1	$1,896	2.4		$201,923	100.0		

Source: Calculated by the Center on Wealth and Philanthropy at Boston College based on data from the 2001 *Survey of Consumer Finances* (Board of Governors of the Federal Reserve System 2001).

[a] The term *family* in this table denotes the combination of families plus unrelated individuals living together.

[b] Contributions of less than $500 were imputed based on data from the *General Social Survey* (National Opinion Research Center 2001).

Note: Columns 3, 7, and 8 cumulate from high-income categories to low-income categories.

TABLE 23.5. 2000 CHARITABLE CONTRIBUTIONS BY FAMILY NET WORTH IN 2002 DOLLARS

Family net worth[a]	Percentage of families giving at least $500 (1)	Average family contribution[b] (2)	Average percentage of family income contributed (3)	Cumulative percentage of families (4)	Aggregate contribution[b] (millions) (5)	Percentage of total aggregate contribution (6)	Cumulative percentage of contributions (7)	Cumulative percentage of net worth of all families (8)
Not positive	8.7	$262	1.1	100.0	$2,678	1.3	100.0	—
$1–$9,999	8.3	$237	1.1	90.4	$3,349	1.7	98.7	100.0
$10,000–$19,999	17.0	$439	2.3	77.2	$2,731	1.4	97.0	99.9
$20,000–$29,999	21.4	$542	1.6	71.4	$2,512	1.2	95.7	99.7
$30,000–$39,999	22.7	$650	1.6	67.0	$2,894	1.4	94.4	99.4
$40,000–$49,999	37.4	$683	1.9	62.8	$2,201	1.1	93.0	99.0
$50,000–$59,999	33.9	$668	2.2	59.8	$2,231	1.1	91.9	98.7
$60,000–$74,999	32.3	$736	1.9	56.7	$2,938	1.5	90.8	98.3
$75,000–$99,999	34.6	$1,048	2.6	52.9	$6,553	3.2	89.3	97.6
$100,000–$124,999	43.9	$1,139	2.8	47.0	$6,146	3.0	86.1	96.3
$125,000–$149,999	39.4	$1,477	2.1	42.0	$5,803	2.9	83.0	94.9
$150,000–$199,999	49.8	$1,159	2.4	38.3	$7,335	3.6	80.2	93.6
$200,000–$299,999	53.5	$1,603	3.0	32.3	$14,353	7.1	76.5	91.0
$300,000–$399,999	66.3	$2,356	4.3	23.9	$13,020	6.4	69.4	85.8
$400,000–$499,999	65.3	$1,748	2.6	18.7	$7,204	3.6	63.0	81.2
$500,000–$999,999	73.6	$2,378	3.4	14.9	$19,861	9.8	59.4	76.9
$1,000,000–$4,999,999	82.9	$7,055	3.7	7.0	$43,501	21.5	49.6	63.1
$5,000,000–$9,999,999	95.9	$17,592	4.3	1.2	$15,289	7.6	28.0	35.4
$10,000,000 or more	92.8	$94,966	12.3	0.4	$41,324	20.5	20.5	21.1
All families	39.1	$1,896	2.4		$201,923	100.0		

Source: Calculated by the Center on Wealth and Philanthropy at Boston College based on data from the 2001 *Survey of Consumer Finances* (Board of Governors of the Federal Reserve System 2001).

[a] The term *family* in this table denotes the combination of families plus unrelated individuals living together.

[b] Contributions of less than $500 were imputed based on data from the *General Social Survey* (National Opinion Research Center 2001).

Note: Columns 3, 7, and 8 cumulate from high-net-worth categories to low-net-worth categories.

TABLE 23.6. ESTATES AND CHARITABLE BEQUESTS. FEDERAL ESTATE RETURNS FILED IN 2000 (2002 DOLLARS)

	Gross estate			Estate funds available for distribution		Charitable deduction		Taxes		Heirs and others	
Gross estate category	# Returns (thousands)	Assets (billions)	Net worth[a] (billions)	Fees & surviving spouse (billions)	Net estate available[b] (billions)	Amount (billions)	Percentage of available	Amount (billions)	Percentage of available	Amount (billions)	Percentage of available
.6 M–1M	47.8	$40.3	$39.2	$7.8	$31.4	$0.9	3.0	$1.4	4.3	$29.1	92.7
1 M–2.5 M	45.2	$69.9	$67.6	$21.5	$46.1	$2.7	5.8	$7.3	16.0	$36.1	78.2
2.5 M–5 M	10.0	$35.6	$34.3	$13.1	$21.2	$2.2	10.3	$6.6	30.9	$12.4	58.7
5 M–10 M	3.4	$24.3	$23.3	$8.7	$14.5	$2.1	14.3	$6.0	40.6	$6.6	45.1
10 M–20 M	1.1	$16.0	$15.3	$6.0	$9.3	$1.6	17.1	$4.2	44.3	$3.6	38.6
20 M or more	0.7	$41.0	$39.4	$17.2	$22.2	$7.3	33.2	$8.7	39.1	$6.2	27.8
Total	108.3	$227.2	$219.0	$74.3	$144.7	$16.8	11.6	$34.0	23.5	$93.8	64.9

Source: Calculated by the Center on Wealth and Philanthropy at Boston College based on tabulated data available on the Web site of the Statistics of Income Division of the IRS, www.irs.gov/taxstats/.

[a] The net worth is calculated by subtracting liabilities against the estate from assets.

[b] Net estate available is the net worth of the estate minus estate fees and spousal deduction.

Religious Affiliation

Religious affiliation and attendance at religious services have historically been positively correlated with charitable giving. In 2000 the average contribution of households where the respondent belonged to a religious organization was more than twice that of households where the respondent reported no religious affiliation, and the average amount of income donated was also more than double (Independent Sector 2002b:85). *Giving and Volunteering in the United States* reports that "more respondents in contributing households belong to religious organizations than do those in non-contributing households (68.8% versus 43.1% respectively)" (84). The same pattern holds for frequency of attendance: those who go to church at least once a month give almost twice as many dollars, and almost three times as much as a percentage of income, as those who attend services less frequently (86).

Not only do religiously affiliated households give more to religion, as one would expect, they also give more to secular causes. The 52 percent of households that give to both religious and secular causes give more to secular organizations than do the 28 percent of households that give to secular organizations only, $1,001 versus $651 respectively. In fact, households that give to religion give 88 percent of total charitable contributions (Independent Sector 2002a:11–12). Religious giving is an example of the most prevalent type of giving: what might be called consumption philanthropy—that is, charitable giving that supports causes from which the donors themselves benefit (Schervish 2000:20–21). Furthermore, as a great many churches and houses of worship are also involved in providing social services to members and a wider community, membership in a congregation tends to embed a donor further in the community, increasing the potential number of "communities of participation" in which the donor is involved, and thereby increasing opportunities for charitable giving.

While the Independent Sector's bivariate analysis shows that religiously affiliated households give more to secular causes, recent multivariate analysis by researchers at the University of San Francisco based on data from *Giving and Volunteering in California* (O'Neill and Silverman 2002) has somewhat complicated the picture of how religious affiliation and spirituality relate to charitable giving. The researchers conclude that for Californians "religious affiliation makes no difference with regard to either the rate or level of giving and volunteering to *secular* [emphasis added] agencies" (7). They also find that in regard to *religious* giving and volunteering, it is frequency of attendance at services, rather than simple affiliation that, after income, is the strongest predictor of giving. The researchers summarize their findings as follows: "While the California data confirm the general significance of religious affiliation and activity to charitable behavior, they also make clear that there is no clear and simple connection between the two," since other demographics—income, age, ethnicity, and immigration status—play a role in participation and amount in charitable giving among religiously affiliated households (25).

Volunteer Status

If we consider that the degree to which a donor is involved and engaged in social networks increases charitable giving, it follows that those who volunteer also give more money to charity than those who do not. Volunteer giving is always associated with charitable contributions that are two to four times higher than that of non-volunteers (Independent Sector 2002b). Not only do households where members volunteer give larger dollar amounts to charity, they also have higher participation rates in charitable giving (94 percent versus 82 percent), and contributing households where members volunteer give more than twice the percentage of income to charity (2.5 percent versus 1.2 percent).[9]

Despite research on the substitutability of volunteer time for charitable donations (Duncan 1999), the zero-sum notion of how volunteering and charitable giving interact belies the degree to which either volunteer time or charitable donations can lead to increased contributions of the other. Volunteering and charitable giving bring donors into contact with an organization, give them a better knowledge of the needs of the organization, and make them more likely over time to identify with and support the mission of the organization. Previous donors are more likely to be asked by the nonprofit organization to contribute either time or money. As a volunteer, proximity to the organization allows the donor to see in person just how the organization is utilizing funds, thereby gaining confidence in an organization. *Giving and Volunteering in the United States* reports that in 2000, 67.1 percent of volunteering households agreed that most charitable institutions are honest in their use of donated funds, versus 57.7 percent of non-volunteering households (Independent Sector 2002b:69). However, it is also the case that many interested and strategic donors carefully read annual reports and information on how an organization is using their money to meet social needs, and thus it may be the case that it is giving that leads to greater volunteering, or that giving and volunteering are mutually reinforcing activities.

Age

Charitable giving is found to increase with age up to approximately age sixty-five, at which point there is a drop in the dollar amount of annual charitable giving. *Giving and Volunteering in the U.S.* shows that the average dollar contribution increases from age twenty-one to sixty-four from a minimum of $698 to a maximum average of $1,781 and from a minimum of 1.7 percent of income to 2.8 percent of income per household. After age sixty-five, while the average amount contributed drops to $1,551, the average percentage of income contributed jumps to 4.1 percent (Independent Sector 2002b).

Gender

Are women more generous than men? Are men more generous than women? This question posed to any roomful of people is guaranteed to elicit a wide variety of responses and lively discussion, but what do the data reveal about gender and charitable giving?

The Independent Sector (2002b) finds no significant differences in household participation between male and female respondents but reports higher average charitable contributions by male respondents than female respondents, \$1,858 versus \$1,594 for contributing households, or \$1,617 versus \$1,393 for all households. It should be noted that as in the majority of other surveys, the *Giving and Volunteering* survey respondents are answering for the *household,* but the data are frequently interpreted as revealing something about giving patterns by the *gender* of the respondent. Much of the difference reported by the Independent Sector may be due to differences in income, with male respondents reporting significantly higher household income than female respondents (\$63,265 versus \$51,330). Translating the contributions into a percentage of household income, we find that male and female respondents report very similar levels of household giving, both among all households 2.7 percent versus 2.8 percent of income respectively, as well as among contributing households 3.1 percent of income versus 3.2 percent respectively. As the wage gap between men and women continues to narrow[10] and as business ownership by women continues to increase,[11] we expect in the future that income and wealth disparities between men and women will decrease and the dollar amounts of inter vivos charitable giving equalize. Thus in analyzing the Independent Sector results, "the most definitive thing that one can say . . . is that women say their households give a little less than men say" (Kaplan and Hayes 1993:11).

Reviewing the literature from 1998, Mary Ellen S. Capek (2001:2) summarizes: "much existing research is based on stereotypes about gender that generate the wrong questions and hence the wrong answers. In fact, once other variables such as age, level of income, number of dependents, and health are taken into account, few discernible differences between men and women donors remain. The data reveal, however, that some differences do exist. Women have less wealth than men, earn less, and have to spend more on day-to-day expenses. Yet women do give and give generously."

Recent multivariate analysis by researchers at Indiana University, however, begins to develop a theory of the relation between gender and giving, which implies there may be some substantive differences in giving patterns. The researchers cite sociological and psychological research on gender differences in altruism and empathy, as well as evidence that women are "socialized to conceive of themselves as connected to others and socialized to reflect a strong concern of care to others" (Mesch, Rooney, Chin, and Steinberg 2002:66). Their analysis indicates that there may be differences in the giving patterns of single women as compared with single men: breaking out single males and single females from a sample of 885 Indiana households and performing regression analysis, the researchers find that "after controlling for differences in age, educational attainment, and research methodologies,[12] single females were 14 percent more likely to donate than were single men" and, "after controlling for differences in income, education, and methodologies, single females gave \$330 more than single men did" (72).

When it comes to bequests, we find more women making charitable bequests, 60 percent versus only 40 percent of male decedents. Life expectancy rates for women in the United States continue to be higher than men, thus, widows often end up bequeathing the final estate; "the majority of female estate tax decedents were widowed—with no spouse as a potential heir—and therefore more likely to contribute to charity. The majority of male tax decedents were married" (Eller 1997:175). Hence the simple fact of making a charitable bequest cannot reveal whether the gifts from final estates by widowed women represent their personal desire to leave a charitable bequest, their husband's wish to do so, or their joint plan as a couple to leave a bequest to charity.

Marital Status

In the United States the majority of households (60.3 percent) are headed by married couples (Board of Governors of the Federal Reserve System 2001), who have a higher rate of participation in charitable giving than do single, widowed, divorced, and separated households (92.5 percent versus a range of 82.2 percent to 87.5 percent for the other groups), and higher average household contribution (\$2,299 versus a range of \$887 to \$1,246) than the other groups. Many of these differences are partly due to the fact that marriage seems to be an engine of wealth formation. For reasons perhaps to do with more efficient division of labor and costs, the combined net worth of a married couple is 40 percent more than that of two single people and the combined income of a married couple is 35 percent more than two single people. Married households represent 60.3 percent of households, but make 79.1 percent of the income, hold 81.9 percent of wealth, and give 76.2 percent of charitable contributions (Independent Sector 2002b).

Region

Charitable giving is often thought to be a way of redistributing wealth, but if it is true that most giving is local and supports causes that the donor or the donor's family and friends identify with, or benefit from, what effect does the ongoing geographic segregation of the United States both ethnically and socioeconomically have on both the idea and reality of philanthropy as a great equalizer?

Julian Wolpert describes in his research the uneven distribution of nonprofits across the country, with a majority concentrated in metropolitan areas, and numbers growing faster in the suburbs nationwide than in city centers. Wolpert (1996:9) terms this a "dislocation effect," creating an enormous fundraising burden on inner-city charities serving low-income constituents, while suburban dollars are creating nonprofits locally to meet a more affluent community's needs.

In regions around the country, a great deal of research has been sponsored by community foundations, local associations of grant makers, and other consortia of nonprofits. However, again it is difficult to truly say whether one area of the country is more or less generous than another, since due to differences in survey design and methodology, cross-comparisons between regions are almost impossible, and the vast majority of the studies lack the rigor to make their data reliable. Researchers who conducted the *Giving and Volunteering in California* study have acknowledged that the significantly higher rates of giving and participation in giving in California reported in the study, as compared with the national trends reported by the Independent Sector, might have less to do with Californian generosity and more to do with study design (O'Neill and Roberts 2000:3).

Employment Status

It would seem clear that due to higher income and financial security, employment would correlate strongly with giving. This is indeed the case for participation rates and for the amount contributed, but not for the percentage of income contributed. The percentage of households contributing to charity is higher if the respondent is employed than if the respondent is unemployed (90 percent versus 86 percent respectively) and, in terms of donation amounts, employed households donate 17 percent more than unemployed households ($1,558 versus $1,336 respectively). However, as a percentage of household income, unemployed households contribute more than employed households (3.2 percent versus 2.5 percent respectively) (Independent Sector 2002b:133–134).

Two explanations for the difference in percentage income seem plausible. First, unemployed households have lower household income and if their charitable contributions do not decline proportionately, their percentage of income contributed will be higher than it was when the respondent was employed. Second, the Independent Sector includes retirees as unemployed respondents. Data from the 2001 SCF show that the retirement status of the head of household is highly correlated with both larger dollar amounts contributed to charity and larger percentage of income contributed. According to the SCF, retiree-headed households make 16 percent of total income, hold 31.4 percent of the net worth, but make charitable contributions that are more than one and a half times larger than those made by households where no one is retired (Board of Governors of the Federal Reserve System 2001).

Periods of unemployment negatively impact giving, not just because of loss of income and the drawing down of savings, but, as economist Arthur Brooks's research shows, because welfare payments tend to depress giving. Brooks (2002:12) finds that a 10 percent increase in welfare payments is correlated with an average drop of 1.4 percent in charitable giving. He emphasizes that while the impact on levels of funding is low, the findings have public policy implications in terms of the impact on civic participation.

Educational Attainment

Even without a specific curriculum on philanthropy, education increases participation in charitable giving, as well as the average contribution, and average percent of income contributed. Sixty-eight percent of households gave to charity where the respondent had less than a high school education, compared to 86 percent of households with a high school diploma, and 95 percent of households where the respondent was a college graduate (Independent Sector 2002b:134–135). Even controlling for income, education has "an independent, positive effect on how much a person gives to charitable causes" (Brown 1999:218). Income among households where the respondent was a college graduate is more than two and a half times greater than that of households where the respondent had not graduated from high school ($80,551 versus $28,870 respectively), but charitable contributions were four and a half times higher ($2,432 versus $541 respectively) (Independent Sector 2002b:134–135). Brown and Ferris (2002:13–14) suggest that education is "a socializing influence as well as an occasion for making contacts. Education lowers the costs of identifying specific avenues of participation and, perhaps through increased efficacy, increases the benefits of engagement."

Ethnicity

There are methodological difficulties in measuring charitable giving by ethnic group. The lack of large enough sample sizes, of culturally sensitive survey methodologies, and of multivariate analysis on the interactions of ethnicity with factors such as income, wealth, communities of participation, and so on are insufficiencies that all have a tendency to cloud findings on the philanthropic practices of various ethnic groups. The Independent Sector's (2002b) *Giving and Volunteering* for 2001 finds that whites were more likely to contribute to charity (90.3 percent) compared to blacks (80.6 percent), Hispanics (85.2 percent), and other racial/ethnic groups (77.6 percent), with some significant differences also reported in the amounts contributed (127). For example, when averaged over all households, whites had contributions that were one and a half times larger than those of Hispanics, and despite differences in income, with white households having incomes 27 percent higher than Hispanic households, Hispanic households contributed significantly less to charity as a percentage of income, 1.9 percent versus 2.9 percent for whites.

If formal philanthropy is something that whites are involved in more than members of other ethnicities, what are the implications of these findings for nonprofits in a country where in the coming decades, whites will increasingly constitute a minority of the population in many cities and states across the country? The impact on nonprofits can be reduced if they manage to suitably engage donors of diverse cultures. The Independent Sector considers the "power of the ask" as one of the strongest motivators of charitable giving. Quite simply, people give because they are asked to do so. In the 1997 *National Survey on Philanthropy (*Institute for Social Inquiry and Roper Center for National Commission on Philanthropy and Civic Renewal 1997), 67 percent of Hispanic households and 68 percent of black households said that the biggest reason they had not volunteered or made a charitable contribution was that they were not asked to do so. Only 44 percent of white households said not being asked had been an obstacle to participation. Given that housing is increasingly segregated socioeconomically and that black households, for example, tend to have on average only one-fifth to one-quarter of the wealth of white households (Altonji, Dorazelski, and Segal 2000:1), it is not surprising that direct mail campaigns or telephone fundraisers, which tend to target affluent areas, fail to engage ethnically diverse donors.

Giving and Volunteering in California is a useful touchstone regarding the relative generosity of different ethnic groups since in its design and methodology it included a special effort to assess the relation between race/ethnicity and charitable behavior for Black/African American, Latino/Hispanic, Asian/Pacific Islander, and White/Caucasian households. The survey contained a module on informal giving and volunteering, which the authors, based on prior research, believed might be "particularly important in some demographic groups, e.g. immigrant, minority, and low-income people" (O'Neill and Roberts 2000:6). Looking at informal giving to individuals as a percentage of income, *Giving and Volunteering in California* found, for example, that Latino/Hispanic households were giving nearly twice as much informally as a percentage of income than were white households (4.0 percent versus 1.9 percent respectively). Moreover, when informal and formal giving were combined, multivariate analysis revealed that "when the effects of income, education, and immigration status are statistically taken into account, differences in charitable behavior among whites, Latinos, Asian/Pacific Islanders, and African Americans virtually disappear" (56).

Obstacles to the engagement of donors from different socioeconomic and cultural backgrounds take on even more importance when we consider that more than one in ten Americans is foreign-born, presenting an additional challenge to nonprofit organizations that would seek to engage them.

Immigrant/Citizenship Status

One of the first things that Americans tend to claim about philanthropy is that it is a uniquely American phenomenon, though there is little evidence to compare helping behavior across cultures. Nonetheless, it is the case that families with at least one member born in the United States contribute approximately twice as much to charity as do families composed entirely of immigrants. The Independent Sector reports that among households where the respondent was born in the United States, the average charitable contribution was 59 percent greater ($1,529 versus $898 respectively) than among immigrant households. Participation rates are slightly higher where the respondent is U.S.-born: 88.9 percent versus 79.6 percent of households where the respondent was not U.S.-born. Differences in charitable contributions cannot be explained by income alone, since income was only 9 percent greater among households where the respondent had been born in the United States ($56,191 versus $51,476 respectively). Research has shown time and again that charitable giving is connected to a donor's involvement in various social networks, to opportunities for participation, and to identifying with a cause (Schervish and Havens 1997; Havens and Schervish 2002; Putnam 2000; Brown and Ferris 2002). The fact that immigrant households do not give as much to charitable causes as U.S. citizens may have to do with: first, a lack of connection between immigrants, especially new immigrants, and American society; second, immigrants' origins in societies, such as Europe, where higher taxes provide many social services that philanthropy supports in the United States; or third, immigrants leaving societies where gifts are typically made to others directly, rather than through charitable organizations.

Of course, differences in reported giving may be artifacts of survey methodology: small proportions of immigrant households in survey samples, lack of emphasis on informal giving, and language and conceptual barriers in the survey process. Certainly one significant aspect of immigrant giving that is rarely specified in surveys is immigrant remittances, typically informal gifts of money and goods to relatives, friends, and other needy individuals in the donor's country of origin.[13] Though not comprehensive, estimates of remittances are extremely high for certain immigrant groups, up to 10 percent of immigrants' household income in some cases (de la Garza 1999:58). The Multilateral Investment Fund estimates that Latin American and Caribbean (LAC) immigrants to the United States remit $250 between eight and ten times a year, reaching an estimated $20 billion in 2000 (Multilateral Investment Fund of the Inter-American Development Bank 2001:6). The Bank of Mexico reports that Mexican emigrants remit as much as 1.5 percent of Mexican GDP annually (Rapoport and Docquier 2006). Although only one in six households surveyed by *Giving and Volunteering in California* made such direct transfers abroad, the actual dollar amounts as a mean for the group ($1,276) were more than the mean contributed to charitable organizations averaged across all households ($1,235) (O'Neill and Roberts 2000:5,7).

Though, as we noted above, there are ongoing differences in giving behaviors among ethnic groups, there is also some evidence to support the theory that the longer immigrants remain in the United States, the more cultural norms they adopt, including formal philanthropy. A multivariate regression analysis using data from the Latino National Political Survey and Independent Sector finds that "after controlling for nativity, income, and education, as well as how confident an individual is in an organization, there are no statistically significant differences between Mexican Americans and Anglos . . . [in terms of] rates of giving and volunteering" (de la Garza 1999:64). De la Garza concludes therefore that these behaviors are learned in one generation. Using the Panel Study of Income Dynamics, Osili and Du (2005) also find that immigrant status has an insignificant impact on the incidence and levels of charitable giving once controls for permanent income are introduced, suggesting that immigrants adapt rapidly to U.S. charitable institutions over time. However, results on private transfers present a striking contrast: immigrant households are significantly more likely to participate in informal giving to non-household members, compared to similar natives.

Currently, the foreign-born represent 28.4 million, or 10 percent, of the total U.S. population and have doubled in number since 1970. Among those born outside the United States, 14.5 million hail from Latin America, 7.2 million from Asia, and 4.4 million from Europe (Census Bureau 2002). Given that immigration to the United States will certainly continue in the future, more research is needed on how to involve immigrants in philanthropy in the United States, or on how to increase U.S. international philanthropy so that acculturation and increased ties to one's local community in the United States need not necessarily imply the abandonment of social, economic, and human development in those countries from which the United States draws much of its labor and markets in a global economy.

Inherited and Earned Wealth

We have learned that wealth is a strong correlate of charitable giving, and that the multi-trillion dollar wealth transfer that will take place over the next fifty-five years will make wealthy heirs of some of the baby boomers' children. While much interest is currently focused on how the legacy of the boomers will be divided between heirs, taxes, and charity, an equally pertinent question is, what portion of their inheritance will the heirs of the boomers give to charity? Are donors more generous when the source of their wealth is inherited, or when it is earned?

The *Survey of Consumer Finances* gathers data on whether a household has ever received an inheritance. The data reveal some interesting patterns. First, only about 20 percent of households report having received an inheritance, and these recipients are concentrated among households with high income and wealth. The 7 percent of households with a net worth of $1 million or more are more than twice as likely to have received an inheritance as households below $1 million, and the same pattern holds true for income. Households that have received an inheritance[14] give more to charity than households that have never received an inheritance: the mean charitable contribution of households that have received an inheritance is almost double that of households which have not received an inheritance ($3,003 versus $1,656 respectively) (Board of Governors of the Federal Reserve System 2001). But this is due in no small part to higher income and wealth among inheritors: the average income of inheritors is over 40 percent more than non-inheritors ($93,833 versus $65,059); the net worth of households that received an inheritance is almost two and a half times that of non-inheritors ($791,022 versus $317,791). Inherited wealth is currently significant for less than one-tenth of wealthy households. However, with the overwhelming majority of millionaire households (93 percent) having earned most of their net worth through their own skills and efforts during their lifetime (including investments),[15] it is important to note that even a small inheritance can provide the seed capital for a business, or graduate education, the cornerstones of wealth formation.

What happens when we compare a dollar of earned wealth to a dollar of inherited wealth? Is it true that money is money in terms of charitable giving? One research finding suggests that donors have a greater propensity—up to six times greater—to give from earned wealth than from inherited wealth, with the average person giving $4.56 to charity each year for every $1,000 of non-inherited wealth, but only $0.76 out of inherited wealth (Avery 1994:29). Preliminary results from researchers at Indiana University and Pomona College tentatively confirm that non-inherited wealth has a substantially positive effect on charitable giving "that is larger than that of inherited wealth, earned income, or transfer income" (Steinberg, Wilhelm, Rooney, and Brown 2002:14). Ongoing research on how donors spend differently the dollars they earn through salary, investment, inheritance, windfalls, and so on has the potential to shed light on the psychological aspects of another key correlate of giving: financial security.

Financial Security

We are all familiar with stories of Americans, who, having lived through the Depression and led lives of extreme frugality, indeed ascetism, surprise everyone, especially the charitable beneficiaries of their estates, by leaving vast bequests from nest eggs that they accumulated virtually untouched over a lifetime. Clearly the experience of living through the Depression greatly impacted a generation's sense of the amount of income and wealth necessary to feel financially secure. Though today we live in much more fortunate times, preliminary research shows an intense human anxiety concerning personal financial security or economic self-confidence at all levels of income and net worth that substantially impacts charitable giving.

The Independent Sector's *Giving and Volunteering in the United States* asks respondents whether they are worried about having enough money for the future. In 2001, the majority of contributing households (57.5 percent) reported being worried about their financial future and gave a little more than half the amount to charitable causes as did the 42.5 percent of contributing households who said they were not worried about their financial security ($1,255 versus $2,306 respectively).

While a sense of security about one's financial future increases monotonically with income, age, and education (Independent Sector 2002b:64), other exploratory research has revealed that even at very high levels of net worth ($5 million or more) and income, insecurity around finances continues to have a strong psychological hold. Although 98 percent of the pentamillionaires who responded to a study conducted jointly by the Center on Wealth and Philanthropy at Boston College and Deutsche Bank Private Banking placed themselves above the midpoint on a scale from zero to ten (from not at all secure to extremely secure), only a relatively low 36 percent felt completely financially secure.

The median amount needed for financial security was $20 million (or 67 percent) more than their current wealth. Even respondents who rated themselves as a relatively high eight or nine on the scale indicated that they would require an average additional 60 percent of their current net worth in order to feel completely financially secure, and respondents who rated themselves lower than eight on the scale indicated they would require an average increase of 285 percent in their net worth to feel completely secure. Table 23.7 summarizes the results: the more financially secure a respondent feels, the more is given to charity, not just in absolute amounts but also as a percentage of income and net worth. Despite the small sample size, the findings are striking enough, especially in the context of *Giving and Volunteering in the United States,* to warrant further investigation.

How can fundraisers and nonprofits work with donors on this issue of perceived financial security so as to increase charitable giving? According to Thomas B. Murphy (2001) one way to have this happen is for wealth holders to clarify their expected stream of resources and their expected stream of expenditures for self, family, investments, and other purposes. The extent of positive difference between the stream of resources and the stream of desired expenditures quantifies the level of financial security and the stream of discretionary resources available for philanthropy. The extent to which this positive difference "is perceived as permanent strengthens the case for allocating some of the resources for philanthropy. The extent to which the difference is positive, permanent, and growing in magnitude enhances the philanthropic allocation" (35).

Wealth holder Claude Rosenberg of the New Tithing Group has sought to develop a formula for giving that donors can use to determine that third stream of financial resources, one which is conservative enough to ensure that the donor feels secure. Rosenberg (1994:7) saw the need for such a formula when he recognized that he himself was "virtually flying blind with [my] finances." While tables 23.4 and 23.5 above outline the amount and percentage of income contributed by various income and net worth categories, and Rosenberg's formula implies a strictly scientific approach to financial security, no quota or "one-size-fits-all" approach is likely to create a confident giver. Rather, the data on financial security suggest the benefits of donor and fundraiser working jointly with a financial planner to go through the reckoning needed to establish the amount and timing of charitable giving in the context of a larger financial biography.

TO WHAT?

The distribution of charitable giving among different types of nonprofit organizations provides an insight into the priorities and cultural imperatives of our society. By this criterion religious organizations are held in high social esteem since the greatest percentage of individual giving goes to religion. Among the wealthy, education is the number-one giving priority. In this section we will report on total giving by recipient organization, and review patterns in both inter vivos giving and bequest giving, including both formal and informal giving and their interrelationship. Given the disproportion-

TABLE 23.7. CHARITABLE GIVING BY NET WORTH AND FINANCIAL SECURITY

Panel A. Net worth of $15 million or less

	Less than 8/10 financial security[a]	8/10 or 9/10 financial security	Complete (10/10) financial security	All levels of financial security
Mean charitable contribution	$36,000	$77,389	$414,521	$130,908
Mean % income contributed	5.0	6.6	23.4	9.5
Mean % net worth contributed	0.4	0.5	3.0	1.0

Panel B. Net worth of more than $15 million

	Less than 8/10 financial security[a]	8/10 or 9/10 financial security	Complete (10/10) financial security	All levels of financial security
Mean charitable contribution	$255,961	$1,170,621	$4,236,437	$2,505,077
Mean % income contributed	7.6	19.2	51.0	32.9
Mean % net worth contributed	0.7	2.0	3.9	2.8

Panel C. All levels of net worth

	Less than 8/10 financial security[a]	8/10 or 9/10 financial security	Complete (10/10) financial security	All levels of financial security
Mean charitable contribution	$65,996	$676,904	$2,913,466	$1,242,861
Mean % income contributed	5.4	13.5	41.5	20.4
Mean % net worth contributed	0.5	1.3	3.6	1.8

Source: Calculated by the Center on Wealth and Philanthropy at Boston College based on data from the Deutsche Bank *Wealth with Responsibility Study/2000* (Havens and Schervish 2000). This table reprinted from Munnell and Sunden 2003:145.

[a] Respondents were asked to rate their sense of financial security on a scale of 0–10, from completely insecure to completely secure.

ate percentage of charitable dollars contributed by a small number of wealthy households, we will also focus on recipients of giving by the wealthy, which differs somewhat from the general population.

Recipients of Inter Vivos and Bequest Giving

According to *Giving USA (*AAFRC Trust for Philanthropy 2002), religion receives the greatest percentage of total charitable giving. This represents giving from all sources, including individuals, bequests, corporations, and foundations; however, since individual giving constitutes the vast majority of contributions, the proportions reported by *Giving USA* generally reflect individual giving. As shown in figure 23.2, the largest amount of giving goes to religion, 38.2 percent, or $82.3 billion, of total contributions; with the second largest category, education, receiving 15.0 percent, or $32.3 billion, of total giving; followed by gifts to foundations and unallocated gifts 12.1 percent; human services 9.8 percent; health 8.7 percent; arts, culture, and humanities 5.7 percent; public-society benefit 5.6 percent; environment 3.0 percent; and international affairs 2.0 percent. Independent Sector (2002b) data on the distribution of household giving (the percentage of households giving to an organization type rather than the percentage of total giving by organization type) confirm these general trends: in 2001, 53.3 percent of total contributions went to religion, 10.1 percent to education, 7.8 percent to human services, 5.9 percent to youth development, 5.8 percent to health, with the remaining split among other types of charitable organization.

The data on the beneficiaries of charitable bequests from the estates of wealthy decedents reveal a quite different pattern. Based on data from estate filings of the wealthy decedents, only 11 percent of bequests are made to religion, with 30.6 percent of bequests going to public-society benefit, 18.7 percent to educational institutions, and 10.4 percent to health, and the remaining to other types of charitable causes (AAFRC Trust for Philanthropy 2002:75, citing Joulfaian 2002).

Individual Recipients of Giving

Formal philanthropy, giving to nonprofit organizations, is only one aspect of care that individuals provide to others. Informal philanthropy, giving directly to other individuals, constitutes a large secondary component of care. There is a great deal of truth to the old adage that charity begins at home, and that the care that people provide directly to indi-

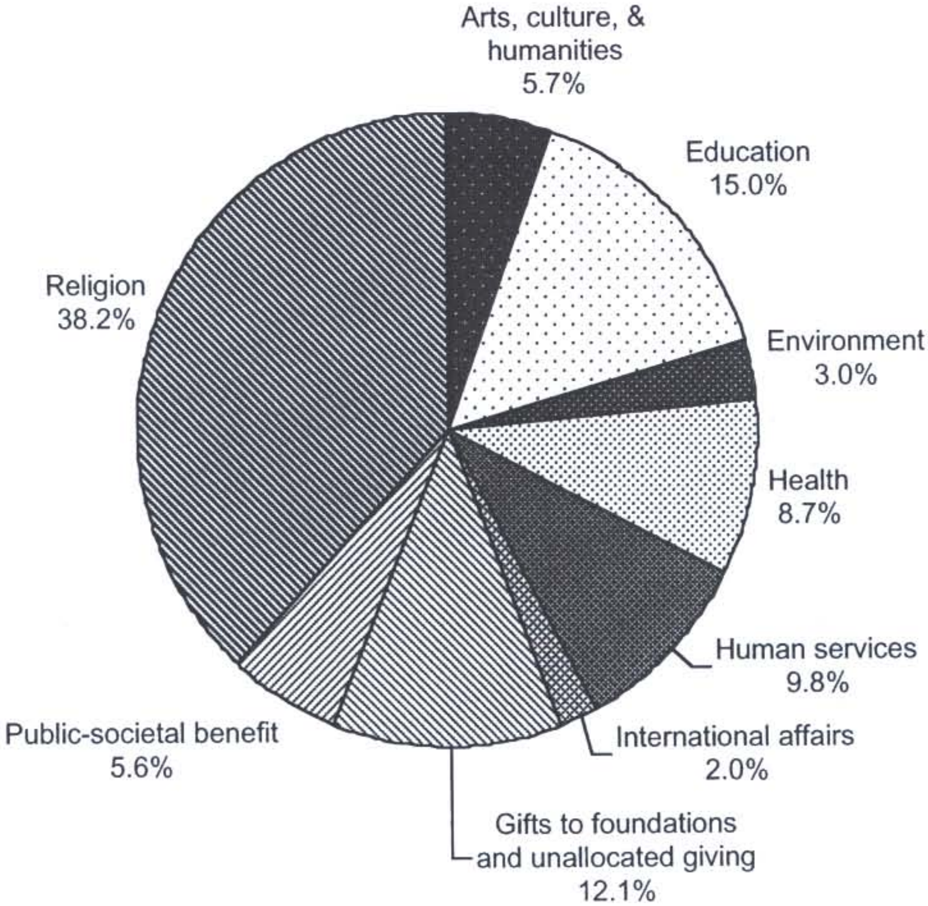


FIGURE 23.2. TOTAL GIVING BY ORGANIZATION TYPE
Source: AAFRC Trust for Philanthropy 2002.

TABLE 23.8. 1997 CHARITABLE CONTRIBUTIONS AND TRANSFERS TO RELATIVES AND FRIENDS BY FAMILY INCOME (2002 DOLLARS)

Family income	Number of families	Percentage of families	Charitable contributions[a] averaged over all families	Transfers to relatives and friends averaged over all families	Charitable contributions[a] averaged over contributing families	Transfers to relatives and friends averaged over gifting families
Negative	1,339,813	1.3	$379	$420	$3,245	$3,708
$1–$9,999	11,936,824	11.6	$92	$65	$1,270	$1,921
$10,000–$19,999	16,829,531	16.4	$208	$185	$1,418	$2,291
$20,000–$29,999	15,903,313	15.5	$449	$321	$1,865	$2,366
$30,000–$39,999	12,911,943	12.6	$476	$360	$1,641	$3,172
$40,000–$49,999	9,369,095	9.1	$926	$545	$2,387	$4,310
$50,000–$59,999	8,574,005	8.4	$1,093	$572	$2,344	$4,139
$60,000–$74,999	9,270,570	9.0	$1,493	$954	$2,583	$7,101
$75,000–$99,999	7,806,849	7.6	$1,727	$1,303	$2,852	$9,288
$100,000–$124,999	3,296,579	3.2	$2,507	$1,558	$3,542	$9,257
$125,000–$149,999	1,273,740	1.2	$3,240	$2,249	$4,281	$9,164
$150,000–$199,999	1,642,334	1.6	$4,588	$2,910	$5,624	$18,482
$200,000–$299,999	1,131,882	1.1	$7,957	$4,693	$9,625	$27,173
$300,000–$399,999	433,042	0.4	$10,383	$3,952	$11,931	$19,514
$400,000–$499,999	274,971	0.3	$8,914	$4,109	$11,562	$14,596
$500,000–$999,999	327,098	0.3	$22,788	$6,461	$25,279	$29,239
$1,000,000 or more	227,253	0.2	$72,454	$17,519	$76,833	$62,708
Total	102,548,843	100.0	$1,204	$686	$3,485	$5,916

Source: Calculated by the Center on Wealth and Philanthropy at Boston College based on data from the 1998 *Survey of Consumer Finances* (Board of Governors of the Federal Reserve System 1998).
[a] Contributions of less than $500 are counted as zero.

viduals is, from their viewpoint, inseparable from the care that they provide through nonprofits to alleviate needs. Many of the same patterns that hold for formal giving are reiterated in informal giving. As tables 23.8 and 23.9 show, as wealth and income increase, the value of charitable contributions averaged over all households and the value of transfers to relatives and friends, similarly averaged over all households, also increases.

There is a good deal of variation in estimates of informal giving from different data sources. Data from the *Center on Philanthropy Panel Study* module in the *Panel Study of Income Dynamics* (COPPS/PSID) (Survey Research Center 2001) indicate that informal giving (defined by the survey simply as money given directly to others) represents $58.4 billion, while the SCF (Board of Governors of the Federal Reserve System 2001) finds informal giving (defined by the survey as financial support to others outside the household) topping $102 billion. According to the SCF, fewer households make interpersonal transfers than contribute to charity, but their average transfer is substantially larger than the average contribution of households that give to charity. Twelve million households reported making interpersonal transfers in 1997 with an average annual transfer of $6,007 per gifting household. During the same period 35 million households reported making a charitable contribution of at least $500, with an average annual gift of $3,539 per contributing household. Children were the most frequent recipients of gifts (48 percent), followed by parents (26 percent), and then by siblings (19 percent) (Board of Governors of the Federal Reserve System 1998).

Table 23.10 summarizes findings on informal giving from a number of surveys. The data reflect our methodological conclusions from the first section: studies that have included a stronger focus and more detailed questions on informal giving have generally found higher participation rates and amounts of informal giving. *Giving and Volunteering in the United States* asks two questions on informal giving and finds that 52 percent of households made informal contributions and that the average contribution was $1,130 (Independent Sector 2002b:35). This amount is quite substantial given that the average contribution to charitable organizations was $1,479. In other words, transfers to individuals were almost two-thirds as large as contributions to charity. *Giving and Volunteering in California* (O'Neill and Roberts 2000) also included a specific focus on informal giving and found that 57 percent of households gave money and goods to individuals outside the immediate family, including homeless persons, needy neighbors, friends and relatives, and struggling individuals outside the United States. The mean contribution was $636 across all households and $1,109 among contributing households, relative to $1,235 mean giving to charitable organizations across all households or $1,374 among contributing households. The Boston Area Diary Study (BADS), which interviewed respondents weekly for more than a year about all the money, goods, time, and skills donated, not just to charitable organizations but also directly to other people, found almost universal participation in giving to others (98 percent of households). Table 23.11 summarizes the annual contributions of money and goods reported by participants in BADS. On average respondents gave $9,183, or 7.4 percent, of family income to others directly, versus $1,759, or 2.2 percent, of family income through organizations. Thus, the amount of money devoted to caring directly was more than five times the cor-

TABLE 23.9. 1997 CHARITABLE CONTRIBUTIONS AND TRANSFERS TO RELATIVES AND FRIENDS BY FAMILY NET WORTH (2002 DOLLARS)

Family net worth	Number of families	Percentage of families	Charitable contributions[a] averaged over all families	Transfers to relatives and friends averaged over all families	Charitable contributions[a] averaged over contributing families	Transfers to relatives and friends averaged over gifting families
Negative	8,076,719	7.9	$261	$192	$1,835	$1,989
$0	2,669,138	2.6	$0	$33	$0	$1,007
$1–$9,999	15,096,872	14.7	$162	$148	$1,682	$1,666
$10,000–$19,999	6,121,852	6.0	$312	$405	$2,411	$3,612
$20,000–$29,999	5,352,651	5.2	$275	$431	$1,562	$3,140
$30,000–$39,999	3,882,414	3.8	$454	$317	$1,911	$2,892
$40,000–$49,999	3,338,656	3.3	$467	$348	$1,463	$3,631
$50,000–$59,999	3,123,843	3.1	$482	$406	$1,681	$4,020
$60,000–$74,999	4,574,088	4.5	$546	$254	$1,785	$2,320
$75,000–$99,999	7,393,811	7.2	$722	$244	$2,126	$2,366
$100,000–$124,999	5,815,093	5.7	$792	$785	$1,788	$4,819
$125,000–$149,999	4,027,848	3.9	$858	$645	$2,178	$5,730
$150,000–$199,999	6,979,877	6.8	$942	$277	$2,098	$3,747
$200,000–$299,999	7,942,895	7.8	$1,155	$572	$2,219	$4,317
$300,000–$399,999	5,110,244	5.0	$2,100	$843	$3,108	$7,550
$400,000–$499,999	3,066,877	3.0	$1,703	$1,633	$2,791	$10,246
$500,000–$999,999	5,370,002	5.2	$2,395	$1,256	$3,497	$8,358
$1,000,000–$4,999,999	3,916,854	3.8	$5,954	$4,723	$7,177	$20,924
$5,000,000–$9,999,999	479,300	0.5	$16,623	$5,717	$18,247	$24,852
$10,000,000 or more	212,809	0.2	$89,545	$19,003	$91,688	$44,789
Total	102,548,843	100.0	$1,204	$686	$3,485	$5,916

Source: Calculated by the Center on Wealth and Philanthropy at Boston College based on data from the 1998 *Survey of Consumer Finances* (Board of Governors of the Federal Reserve System 1998).

[a] Contributions of less than $500 are counted as zero.

responding amounts devoted to indirect caring for others through charitable organizations and causes (Schervish and Havens 2002; Havens and Schervish 2001). The BADS findings suggest that informal giving is prominent among the population in general, and reinforces the notion that the care provided to friends, family members, and others in need can be extended beyond this narrow circle if nonprofits can succeed in increasing the "familiarity" of the donor-beneficiary relationship

Recipients of Philanthropy by the Wealthy

A small number of U.S. households disproportionately shape philanthropy, with 7 percent of households donating 50 percent of charitable dollars in the year 2000. Stereotypes of wealthy philanthropists as being driven by a desire to endow buildings and capital projects are belied by leadership on the part of younger donors in funding experimentation and innovation. For example, billionaire Bill Gates's 2003 donation of $51 million to the New York Public Schools goes to support innovative models that reduce school size, thereby increasing attendance and standards. As hyper-agents, wealth holders shape our society by their choices of which needs get priority, and how social problems are solved. In this section we will review data concerning giving by wealthy households. The data sources include the SCF (Board of Governors of the Federal Reserve System 2001), with its over-sample of wealthy households, and surveys published by U.S. Trust, Deutsche Bank Private Banking, Fidelity, HNW Digital, and the Spectrem Group.

Figure 23.3 compares patterns of giving by the wealthy with those of the total population. As indicated in the figure, giving to religion is not as high a priority among the wealthy as among all households. As a percentage of giving, the wealthy contribute about 29.5 percent to religious causes and congregations versus 45.8 percent of giving nationally. However, the wealthy do give more than twice as much to education, human services, and arts and cultural organizations as does the general population.

Numerous other studies about the wealthy confirm that education is the number-one priority in their charitable giving. In a study that asked wealth holders about the policy issues they would like to influence, the highest-ranking policy area was improvement of education (mentioned by 60 percent of respondents), followed by policies to do with poverty, inequality, hunger, affordable housing, health care for the uninsured (49 percent), and arts and culture (33 percent) (Havens and Schervish 2000). The Spectrem Group's (2002) report, *Charitable Giving and the Ultra-High-Net-Worth: Reaching the Wealthy Donor,* found that the greatest amount of charitable donations in the previous three years went to education: $120,600,[16] or almost three times the amount that went to religion, more than six times the amount that went to hospitals, health care, and curative causes, and more than eight times the amount that went to social service organizations (7).

TABLE 23.10. INFORMAL GIVING COMPARED TO FORMAL GIVING FROM A VARIETY OF DATA SOURCES (2002 DOLLARS)

	Panel Study of Income Dynamics[a] (Survey Research Center 2001)	Survey of Consumer Finances (National Opinion Research Center 2001)	Giving and volunteering in the U.S. (Independent Sector 2001)	Giving and volunteering in California (O'Neill and Roberts 2000)	Indiana Gives 2000 IU Area-Method	Indiana Gives 2000 IU Method-Area	Boston Area Diary Study
Definition of informal giving	Money	Financial support	Money, property, or the cash equivalent of property	Money or goods	—	—	Money and goods
Informal giving participation rate	10%	12.70%	51.60%	57%	71.40%	69.40%	98%
Formal giving participation rate	67.8%[a]	39.10%[b]	89%	89.90%	97.60%	93.50%	100%
Average informal contribution	$540.12	$957.58	$1,081	$641.78	$1,484.77	$524.80	$9,137
Average formal contribution	$1,445	$1,896[c]	$1,415	$1,904.22	$1,578.71	$2,522.49	$1,750
Average percent of income contributed as informal giving	Less than 1%	1.80%	2.40%	1%	N/A	N/A	7.40%
Average percent of income contributed as formal giving	2.50%	2.40%	2.70%	3%	N/A	N/A	2.20%

Source: Compiled by the Center on Wealth and Philanthropy at Boston College, 2002.
[a] The *Panel Study of Income Dynamics* asks respondents only about charitable contributions in excess of $25.
[b] This rate is the percentage of households with charitable contributions of $500 or more, since the *Survey of Consumer Finances* only asks about contributions of $500 or more.
[c] Charitable contributions less than $500 in the *Survey of Consumer Finances* imputed from the *General Social Survey.*

TABLE 23.11. BOSTON AREA DIARY STUDY: AVERAGE ANNUAL CONTRIBUTIONS OF MONEY AND GOODS (2002 DOLLARS)

Category of organization or person	Participation rate	Average annual contribution	Contributions as percentage of income
All organizations	100%	$1,759	2.20
Religious	75%	$875	1.30
Non-religious	95%	$885	0.90
All interpersonal	98%	$9,183	7.40
Recipient is relative	93%	$8,372	6.10
Adult child/grandchild	50%	$5,706	3.80
Parent	52%	$347	0.60
Other relative	93%	$2,318	1.60
Recipient is non-relative	98%	$811	1.30
Total money and goods	100%	$10,942	9.60

Source: Calculated at the Center on Wealth and Philanthropy at Boston College based on data from the Boston Area Diary Study (Havens and Schervish 2001).

That the wealthy place so much emphasis on education is due in part to the increasing trend in philanthropy toward donor interest in tackling the root cause of social problems rather than ameliorating them. In almost all cases, wealth holders have derived a great deal of their wealth from their education, and they identify strongly both with their alma mater and with the notion that equality of education is one of the main ways of reducing inequality in a society (Havens and Schervish 2001). As we will discuss in the next section, the high-tech boom of the 1990s created a great deal of wealth, especially among younger donors, whose entrepreneurial, investment orientation shaped the timing and form of their charitable giving.

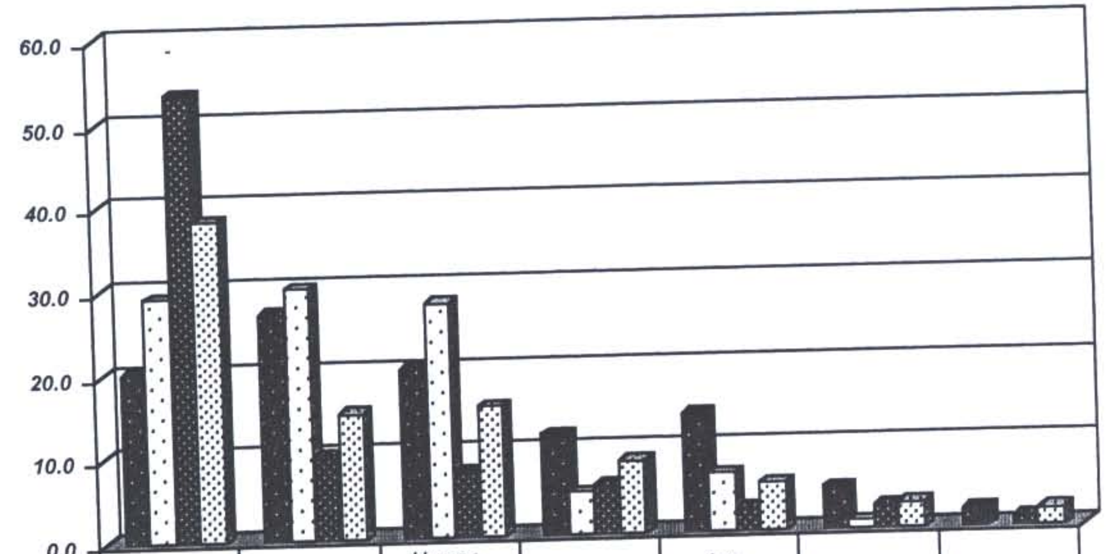
AND HOW?

Perhaps the greatest change that has taken place in philanthropy over the past decade is how business and investment practices have reshaped philanthropy through the creation of vehicles of giving that meet the personal financial needs of donors, especially affluent donors, as well as societal needs. The involvement of financial planners in philanthropy as partners with the donors in a more holistic view of their financial portfolios is in part the result of donor demand for a more strategic than reactive philanthropy. In this section, we review growth in the inter vivos giving to intermediary organizations, such as family and private foundations,[17] as well as to such other vehicles as donor-advised funds,[18] charitable gift annuities,[19] and charitable trusts.[20]

At the current time, only a small percentage of the general population has made planned gifts other than a bequest. There are a dearth of data around participation rates in planned giving, but, as an example of how few planned givers there currently are, the National Committee of Planned Giving (2001:6) estimates that only 2 percent of the population have established a charitable remainder trust. Due to the cost of setting up many of these planned giving vehicles, ranging from $10,000 for a donor-advised fund to $500,000 for a family or private foundation, it seems likely that the one in fifty planned givers is a wealth holder. This is confirmed by the findings of *Wealth with Responsibility Study / 2000* (Havens and Schervish 2000), which found substantial participation in planned giving among respondents worth $1 million or more, with 67 percent of respondents making contributions to trusts, gift funds, and foundations, averaging $844,017 per household or 63 percent of total charitable contributions.

The growth in wealth over the past twenty years has been matched by a growth in the size and number of family and private foundations that, in 1998, represented nearly two-fifths of U.S. foundations, numbering 18,300 and holding $170.6 billion in assets. The Foundation Center and National Center for Family Philanthropy (2001:2) reports that two-thirds of larger family foundations were formed in the 1980s and 1990s, and the largest share of them were founded in the western part of the United States (Foundation Center 2002b:1), suggesting that many recent foundations are the fruit of entrepreneurial and investment wealth accrued during the high-tech boom of the late1990s. As is the pattern with individual giving, foundation giving is highly skewed toward the upper end of net worth, with the top 1 percent of foundations providing half of the $7.9 billion dollars (in 2002 dollars) given in 1998 (Foundation Center and National Center for Family Philanthropy 2001:1–2). Despite the recent downturn in the economy, the Foundation Center (2002a:3) reports that while new gifts into foundations slipped from $34.7 billion in 1999 to $28.8 billion in 2000 (both amounts in 2002 dollars), they helped to offset market losses and boost giving in 2001. Another subset of individual giving vehicles, private foundations, also showed rapid growth in the 1990s, growing between 1992 and 1998 by about 5 percent annually, and increasing 33.6 percent in number over the period from 42,000 to 57,000 organizations, which represent $438 billion in assets and $23 billion in charitable contributions in 1998 (Whitten 2002).

Private and family foundations represent quite a substantial investment on the part of the donor in terms of time and money, not just in setup and annual maintenance costs, but also due to the annual 5 percent payout regulation. In the 1990s, Fidelity Investments led the way in creating a vehicle that offers many of the advantages of a family foundation, but at a much lower financial threshold, leading some to re-



	Religion	Education	Human Services and Public-Society	Health	Arts, Culture, Humanities	Environment	International
■ Citigroup Private Banking Charitable Giving Survey 2002	20.0	27.0	20.0	12.0	14.0	5.0	2.0
□ Fidelity Gift Fund	29.0	30.0	28.0	5.0	7.0	1.0	-
■ Independent Sector's Giving and Volunteering in the U.S. 2001	53.3	10.1	7.8	5.8	2.6	2.6	1.1
□ Giving USA 2002	38.2	15.0	15.4	8.7	5.7	3.0	2.0

FIGURE 23.3. PERCENTAGE OF GIVING BY RECIPIENT ORGANIZATION FOR THE WEALTHY AND THE TOTAL POPULATION
Source: Citigroup Private Banking Charitable Giving Survey 2002 (survey distributed in magazines sent to high net worth clients and at a high net worth event; high net worth respondents had $3 million or more in net worth); Fidelity Gift Fund Web site (www.charitablegift.org). We are assuming that donations from the donor-advised funds represent giving trends by the wealthy since the cost of setting up a fund is $10,000; Independent Sector 2002b:35 (Table 1.6). Note that Environment includes animal welfare; AAFRC Trust for Philanthropy 2002.

fer to it as the "poor man's foundation." With an initial tax-deductible minimum investment of $10,000, a donor can start a donor-advised fund, name it as a personal charitable entity, and make self-directed contributions to charity without the same burdens of annual reporting, required distributions, recordkeeping, or personal liability as a personal foundation (Smith 2001). The Fidelity Charitable Gift Fund has seen exponential growth and, in 2000, became the fifth largest charity in the United States with 30,000 funds. This same year two other commercial providers of donor-advised funds also joined the Philanthropy 400 (Chronicle of Philanthropy 2001). Nationally, numbers of for-profit and non-profit providers of donor-advised funds have grown. A 2002 survey of seventy-five donor-advised funds found the number of funds had increased 24.9 percent in the space of a year, from 42,653 in 2000 to 53,275 in 2001, with total assets increasing to $12.5 billion, and $2 billion distributed in grants in 2001 (Larose 2002). Part of the reason for the success of donor-advised funds is that they allow the donor to make a substantial commitment to philanthropy today, but the freedom to explore the landscape of philanthropy over a longer period, a landscape that newcomers can find "very intimidating" due to the vast range of social needs, seemingly infinite ways of addressing them, and large number of undifferentiated organizations doing so (Havens and Schervish 2001). The opportunity for initial exploration of social problems and solutions, as well as the desire for a buffer between the donor and the nonprofit world, is also a factor in the phenomenal success of the Social Venture Partnership model, which has grown since 1997 from the founding organization in Seattle to more than twenty-three across the country. In exchange for an initial investment of between $5,000 and $10,000, donors can participate in a philanthropic experiment of jointly committing time, money, and expertise to charitable causes (Havens and Schervish 2001).

Despite the current low participation rate in planned giving, some surveys indicate that there is a strong inclination among affluent households in formalizing their philanthropy. A study by Giving Capital (2000) found that among households with assets of $100,000 or more, interest was almost three times as high as utilization, with 27.3 percent of households having made planned gifts, but 74.6 percent interested in doing so in the future. Regarding the wealthy, studies have found that as wealth grows, so too does planned giving. Among those aged over thirty-five and with investable assets of $250,000 or more, one in twenty-five has established trusts with a charity as the beneficiary (Lincoln Financial Advisors 2001); among business owners that figure is closer to one in twelve (National Foundation for Women Business Owners 2000); and among households with an income of $250,000 or more or a net worth of $3 million or more, almost one in six respondents had set up a charitable remainder trust and almost one in six said he or she was likely to do so in the future (U.S. Trust 1998); and at $5 million or more in net worth, one in four respondents reported having charitable trusts (Spectrem Group 2002).

While community foundations are one sector of the nonprofit world that has responded to the challenge posed by commercial providers by offering donors a similar array of planned giving vehicles, higher education is probably the most competitive sector in terms of the planned giving options provided to donors. Donations to colleges and universities are still primarily made through outright gifts (gifts from individuals and from family and private foundations), representing $6.8 billion (66 percent) of total individual giving. Bequests are in the region of $2.2 billion (22 percent) of total individual giving, while deferred gifts (e.g., charitable remainder trusts, charitable lead trusts, charitable gift annuities, pooled income funds, etc.) total $1.3 billion (13 percent) of total individual charitable giving. Total individual giving to higher education has grown rapidly during the past decade at an average annual rate of 8.7 percent. From 1998 to 2001, new commitments for bequests declined from an average face value of $2.9 million to $2.6 million per institution, while new pledges for planned gifts have grown from an average of $7 million to $7.7 million per institution (Council for Aid to Education 2002). It is difficult to tell if this five-year trend is an indication that donors are moving their substantial giving from their estates during their lifetime, but even if this is not the case, the data on the increase in interest and utilization of planned giving vehicles have implications for nonprofits and how they interact with donors.

All the data presented here reveal aspects of donor behavior; indeed, numbers *are* behavior. As such, there are areas of philanthropy where more quantitative research needs to be done on trends and patterns in charitable giving both to increase the reliability and usefulness of data on familiar questions—how much is given by wealth and income?—as well as to address complex donor behaviors that current data sources hint at, but do not explain—do donors spend a dollar of inherited wealth differently from a dollar of earned wealth? Here we focus on four main topics for future research: improvement of survey methodology, wealth and philanthropy, informal giving, and planned giving.

We have noted the great strides that survey methodology has made toward completing the picture of charitable giving: for example, by including questions on informal giving, trying to get at asset composition, asking culturally sensitive questions about giving, and attempting to sample high income and high wealth as well as ethnically diverse households. The SCF and the COPPS/PSID, currently the best sources of data on charitable giving, could be improved by expansion of their modules: in the case of the SCF, to include questions about causes and organizations that are the recipients of giving, and in the case of the COPPS/PSID, to include a greater set of questions and prompts about the components of household wealth. Both data sources would also benefit from an expansion of the set of questions on giving, to include, for example, planned giving vehicles.

Two major issues remain outstanding in regard to wealth: the "lumpiness" of giving patterns and how the composition of wealth affects philanthropy. "Lumpiness" of giving refers to the fact that wealthy households tend to give large amounts to charity but relatively infrequently. Their donations are often large enough to add a noticeable amount to the total charitable donations for the year, bulging the distributions of giving by income, wealth, and other demographic characteristics. A glance at the wealth of the Forbes 400 over a couple of years shows dramatic changes in wealth for individuals on the list, and for the group as a whole. Research that would map the "lumpiness" of philanthropy by the wealthy, both at an individual level and as a group, and how this relates to the unevenness of wealth in a given period, would shed some light on the financial biography of wealth holders and how it affects accumulation and allocation. In regard to the composition of wealth, research has begun, and should be ongoing, on how the different sources and forms of wealth and income relate to charitable giving: for example, whether giving patterns from earned wealth are different from giving from inherited wealth; and whether donors are more generous from investment income components such as dividends, interest, rent, and capital gains or from earned income, wage and salary, and self-employment income. We surmise that ebbs and flows of wealth and income, as well as composition changes in portfolios, impact the donor's perception of his or her financial security. Better data on the financial aspects of economic self-confidence will provide a basis for exploration of the psychological component of this significant variable.

With regard to informal giving, the vast amounts of person-to-person aid documented in this chapter show that further exploration of expressions of care, including remittances, informal giving to others, and interpersonal transfers to family and friends outside the household, is necessary. Most important, the interaction of formal and informal giving needs further research that will enable us to distinguish where, and under what conditions, they are complements or substitutes. There are also some fundamental data gaps when it comes to informal and in-kind giving: for example, there is no comprehensive data source available on the recipients of such giving, among them religious organizations that receive a great deal of support from their congregants and communities in the form of in-kind gifts of goods and services. Furthermore, there is a large foreign-born population in the United States that sends remittances to home countries around the globe. Data on the frequency and amounts of these remittances are needed to complete the picture of charitable giving in the United States.

Finally, for a variety of reasons the landscape of philanthropy has changed in recent decades from a relatively reactive to a relatively strategic enterprise. As yet, however, there are no data sources documenting how much planned giving is occurring and few surveys that involve charitable intermediaries, such as financial planners or fundraisers, in the survey process.

The goal of future research on philanthropy should be to help donors and nonprofits alike to better grasp the knowledge and self-knowledge that inspires people to allocate their resources for the care of others.

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The authors are listed in alphabetical order to represent the fully collaborative nature of the chapter.

NOTES

1. And although they are not tax deductible, to the extent that their motivation is similar to philanthropy, we also consider as charitable giving gifts to political parties and advocacy groups.

2. An annotated description of these sources can be found on our Web site: http://www.bc.edu/cwp.

3. All dollars throughout the chapter are 2002 dollars and have been updated where necessary.

4. Percentages reported are valid only for the year of analysis and are not likely to be stable for subsequent years. However, they do indicate trends.

5. The substantially higher estimates of giving reported in *Giving and Volunteering in the United States 2001,* which utilized a revised survey methodology, suggest that the estimates reported in the prior G&V series may have been biased downward in unknown ways.

6. This questionnaire has been employed in the national survey *America Gives* (Steinberg and Rooney 2005), for which data collection was complete at the time of going to press.

7. Since 7.4 percent plus 97.2 percent adds up to 104.6 percent, we presume that 2.8 percent of married decedents made a charitable bequest but left no inheritance to their surviving spouse, 4.6 percent of married decedents made a charitable bequest and also left an inheritance to their surviving spouse, and 92.6 percent of married decedents made no charitable bequest but left their estates to their surviving spouse.

8. Some very wealthy households make multimillion dollar contributions, but relatively infrequently. In any given year there are several of these large contributions, whose number and value make the distribution of charitable giving lumpy among higher-income households. Moreover, estimates based on household surveys, even those with oversamples of wealthy households, tend to magnify the lumpiness in the population distribution through the application of weights to project results to the population. This lumpiness in the distribution and estimates may affect aggregate and even average estimates based on the SCF (Board of Governors of the Federal Reserve System 2001).

9. Because the 2001 Independent Sector report does not provide data on the relation between giving and volunteering, we used earlier data on this relation from the IS Web site: http://www.independentsector.org/GandV/s_rela.htm.

10. A report by the Bureau of Labor Statistics shows that the gap between men's and women's wages narrowed for most major age groups between 1979 and 2001; furthermore, among younger workers, the wage difference was much lower than for middle-aged and older

workers, with nineteen- to twenty-four-year-old women earning 90.2 percent as much as their male counterparts, versus women aged forty-five to fifty-four, who, though the gap had closed considerably from 56.9 percent in 1979, still earned only 73.6 percent of men's earnings in the same age group (Bureau of Labor Statistics 2002).

11. Between 1997 and 2002, the Center for Women's Business Research (2002) estimates that the number of women-owned firms increased by 14 percent nationwide, or at twice the rate of all firms.

12. The researchers use data from the Indiana Gives study in which a variety of different questionnaires were used.

13. Since remittances are so significant to many countries—some estimates are that remittances to Mexico will reach $100 billion before 2012—there have been efforts to promote the use of remittances by communities. In the United States, Mexican immigrants have hometown associations that have been successful in aggregating immigrant remittances to build local infrastructures and setting up government matching schemes in Mexico for dollars remitted (Public-Private Infrastructure Advisory Facility 2002).

14. These are aggregate data and so do not take into account the timing or amount of the inheritance, merely the fact of having received an inheritance of any amount at any time.

15. These estimates are based on data from the 1998 SCF (Board of Governors of the Federal Reserve System 1998), which asked respondents detailed questions concerning inheritance. The current value of all inheritances was estimated by adjusting the value of inheritances received for inflation and by assuming a real secular growth rate of 3 percent. This value was at least 50 percent of current total net worth for only 7 percent of families whose net worth was $1 million or more.

16. Because this figure is an aggregate of three years, we did not adjust it to 2002 dollars.

17. The Foundation Center defines a private foundation (including a family foundation) as "[a] non-governmental, nonprofit organization with an endowment (usually donated from a single source, such as an individual, family, or corporation) and program managed by its own trustees or directors. Private foundations are established to maintain or aid social, educational, religious, or other charitable activities serving the common welfare, primarily through the making of grants" (http://fdncenter.org/funders/grantmaker).

18. "A donor-advised fund is a specially segregated donation to a public charity. The fund is distributed based on the donor's wishes" (Kennedy, Capassakis, and Wagman 2002). A donor-advised fund is a less-costly alternative to a private foundation, because of both the considerable initial investment required and the comparatively low level of reporting and administration required. Donor-advised funds are typically managed by community foundations or commercial providers.

19. The American Council on Gift Annuities defines them as follows: "A Gift Annuity (also known as a 'charitable Gift Annuity' or 'CGA') is a contract (not a 'trust'), under which a charity, in return for a transfer of cash, marketable securities or other property, agrees to pay a fixed sum of money (payments) for a period measured only by one or two lives (not a term of years)." The ACGA's Web site (http://www.acga-web.org) gives further detailed information on various subtypes of annuities.

20. Charitable trusts include various kinds of Charitable Remainder Trusts, where a trust is set up by a transfer of assets with a current charitable deduction and that pay income to beneficiaries with the remaining assets transferred to the charity when the terms of the trust end (Kennedy, Capassakis, and Wagman 2002:51–59), as well as a variety of Charitable Lead Trusts that provide income payments to the charity with the remainder in the trust going to a non-charitable beneficiary or individual (61–64).

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