BOSTON COLLEGE
CENTER ON WEALTH AND PHILANTHROPY

"Charitable Giving: How Much, By Whom, To What, and How?"

Paul G. Schervish, Mary A. O'Herlihy, and John J. Havens
Published in
The Non Profit Sector: A Research Handbook
Edited by Woodrow Powell and Richard Steinberg
Yale Press, 2002

CENTER ON WEALTH AND PHILANTHROPY
BOSTON COLLEGE
MCGUINN HALL 515
140 COMMONWEALTH AVENUE
CHESTNUT HILL, MA 02467
TEL: (617) 552-4070
FAX: (617) 552-3903
EMAIL: cwp508@bc.edu
WEBSITE: www.bc.edu/cwp

Charitable Giving: How Much, By Whom, To What, and How?

Mary A. O'Herlihy, John J. Havens, and Paul G. Schervish*

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

. The authors thank Richard S. Steinberg and Walter W. Powell, editors of this handbook, for inviting us to author this chapter and for their subsequent suggestions and patient encouragement. We also thank Caroline Noonan, Todd Fitzpatrick, Cheryl Stults, and Rosa Ortiz, staff members of the Social Welfare Research Institute at Boston College, for their considerable assistance in compiling material, editing drafts, proofreading text, and providing general assistance in developing the chapter.

. The Social Welfare Research Institute is generously supported by the T.B. Murphy Foundation Charitable Trust and the Lilly Endowment, Inc. whose funding supported the development of this chapter.

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.

I. 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 or 76%[4] of total giving to charities (Giving USA 2002). An additional $16.3 billion or 7.7% was donated through charitable bequests. Taken together, approximately 84% of the $215.4 billion total contributed to nonprofit organizations across the nation comes from individuals. If current growth trends continue, the future looks promising for philanthropy: we estimate that between 1998 and 2052, between $21 and $55 trillion will be donated to charities. As

shown in Table 1, the total will be comprised of between \$6.6 trillion and \$27.4 trillion from bequests and between \$14.6 trillion and \$28 trillion from inter-vivos gifts. Over 50% of the future trillions will be contributed by households at or above \$1 million in net worth.

Table 1:
Projections for Charitable Contributions in the Period 1998-2052

(Trillions of 2002 Dollars)

Type of Contribution	Low Estimate (2% secular growth)* (1)	Middle Estimate (3% secular growth)* (2)	High Estimate (4% secular growth)* (3)
Bequests to Charity**	\$6.6	\$12.8	\$27.4
Inter-Vivos Giving by Individuals***	\$14.6	\$20.0	\$28.0
Total Charitable Contributions	\$21.2	\$32.8	\$55.4
Percent of Total Contributed by Millionaires****	52.0%	57.5%	65.3%

Source: Calculated by the Social Welfare Research Institute at Boston College, http://www.bc.edu/swri.
* 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.
** Bequests to charity were estimated by the Social Welfare Research Institute at Boston College (Havens and Schervish 1999).
*** Calculated by the Social Welfare Research Institute at Boston College, based on estimates from AAFRC, Giving USA 2002.
**** Millionaires are defined as having at least \$1,000,000 of household net worth at the time of the contribution.

Participation in charitable giving is high with nearly 90% of households making donations to charity on an annual basis. The average dollar amount contributed per household is approximately \$1,479, representing 2.7% of income (Independent Sector 2002a: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 2 presents findings on giving to nonprofit organizations derived from a variety of data sources.

Table 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 1995 1998	Gifts by Individuals and Families	$110.59 $118.60 $152.50	1.35% 1.36% 1.57%	$1,203 $1,198 $1,457
Giving and Volunteering (in the United States)*	1990 1995 2000	Household Contributions	$90.29 $81.86 $154.76	1.17% 0.95% 1.51%	$983 $841 $1,479
Giving USA	1990 1995 2000	Gifts by Individuals and Families	$111.46 $112.54 $166.05	1.45% 1.30% 1.62%	$1,213 $1,157 $1,586
Survey of Consumer Finances**	1990 1995 2000	Family Contributions ($500 or more)	$97.85 $111.56 $188.52	1.27% 1.29% 1.84%	$1,065 $1,147 $1,770
Consumer Expenditure Survey	1990 1995 2000	Consumer Unit Cash Contributions	$109.08 $112.64 $145.05	1.42% 1.30% 1.41%	$1,187 $1,158 $1,315
Statistics of Income	1990 1995 2000	Itemized Charitable Deductions	$78.73 $88.56 $142.85	1.02% 1.02% 1.39%	$856 $910 $1,364
Panel Study of Income Dynamics	1990 1995 2000	Family Contributions ($25 or more)	 $157.38	 1.53%	 $1,445

Source: Calculated and compiled by the Social Welfare Research Institute at Boston College, http://www.bc.edu/swri.
* The Giving and Volunteering Survey adopted a telephone interview format and implemented other methodological changes between 1995 and 2000. The higher estimates based for 2000 may reflect methodological improvements in the survey.
** 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.

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% and 5% during the decade and between 5% and 9% from 1995 to 2000.[5] Second, as shown in table 2, 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 table 2, column 6, average contributions per household generally increased from 1990 to 2000. Moreover, as shown in table 2, column 5, household contributions grew faster than did gross domestic product during the 1990s, since within each data source the contributions as a percentage of GDP generally increased from 1990 to 2000.

Findings on informal giving will be presented in some detail in Section III. Suffice to say here that table 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 table 2, 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 non-itemizers 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 13 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 90 minutes to complete since they prompted respondents both by area and method of giving. The most successful of the seven instruments tested were those which 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).[7]

Turning from lifetime giving in table 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 that only one in ten households has named a charity in their will (NCPG 2000:6). Of these, only those which 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% were subject to tax, and of these, 10,959 or 21% 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% of the total assets of all taxable estates. It should be noted that the average number of charitable bequests is somewhat misleading since 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% of married decedents made a charitable bequest, with the vast majority (97.2%) transferring the estate to a surviving spouse. In contrast 43.3% of single estates and 25.4% 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.

Table 3:
Changes in Value and Allocation of Net Estates*

(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 Social Welfare Research Institute at Boston College based on data from Johnson and Mikow 1999 and Eller 1996-1997 and from the web page of the Statistics of Income Division of the IRS.

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

Charitable bequests have increased over the period from 1992 to 2000, outpacing growth in both the value of estates and bequests to heirs, though not taxes. As shown in table 3, the value of all net estates (estates net of spousal deduction and estate fees) grew by 80.21%, from \$80.3 billion to \$144.7 billion; the value of estate tax revenue was up by more than 100%, from \$16.93 to \$33.98 billion; bequests to heirs increased by more than 70%, from \$54.64 billion to \$93.88 billion; and charitable bequests grew more than 90%, from \$8.72 billion to \$16.81 billion. If current growth trends continue, charitable bequests are projected to total between \$6.6 and \$27.4 trillion (2002 dollars) from 1998-2052, depending on the rate of real growth in wealth. In Section III we will discuss the relationships between bequest and inter-vivos giving and outline some potential future trends.

II. Who Gives?

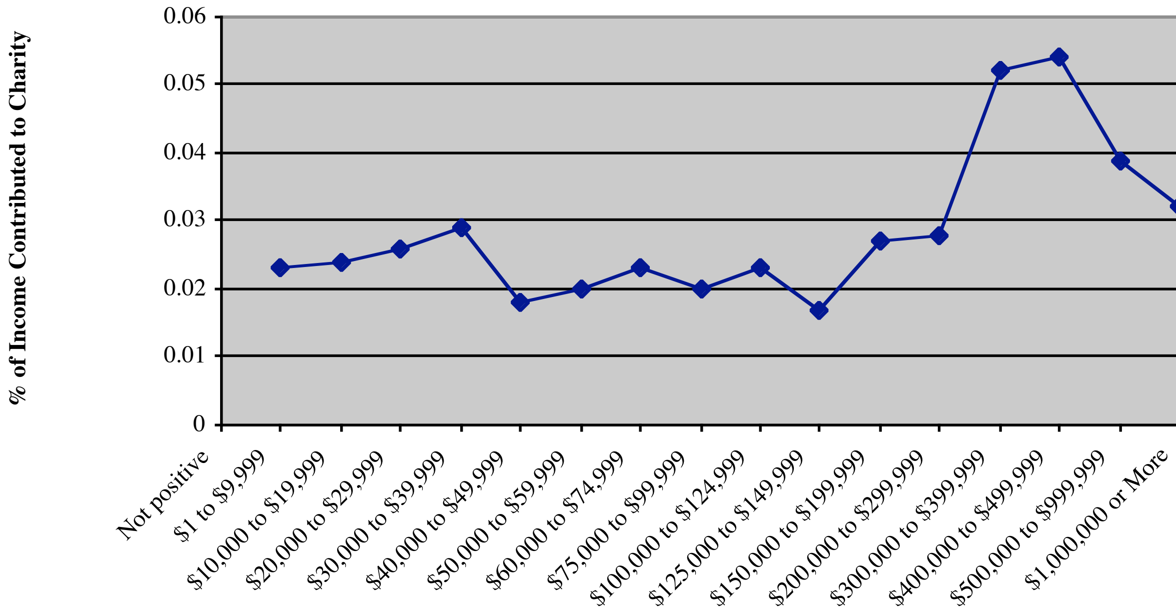
Decades of research indicate that higher levels of charitable giving are positively associated with higher income, higher wealth, greater religious participation, volunteerism, age, marriage, higher educational attainment, US citizenship, higher proportion of earned wealth versus inherited wealth, and a greater level of financial security. How gender, ethnicity, or religion, among other demographic characteristics impact 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 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 <u>Giving and Volunteering in the US 1992</u>, researchers Schervish and Havens conclude that the key indicator of a donor’s giving is 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 call a donor’s "network-based social capital" (2002:ii), 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 relationship 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 middle 1980s and was reinforced through the early 1990s by findings derived from Independent Sector surveys on Giving and Volunteering in the US. Research at the Boston College Social Welfare Research Institute, however, revealed that the U-shaped curve did not pertain 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. 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.

Figure 1: Relation of Income to Percentage of Income Contributed to Charity



Source: Based on findings calculated by the Boston College Social Welfare Research Institute, based on data from the 2001 *Survey of Consumer Finances*

As shown in figure 1, when these "zeroes" 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 up tick 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 US does not oversample 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% of the nation's households in 2000), it is unable to capture the giving patterns of households above that level (approximately 7% of households in 2000), that contribute half of individual inter-vivos charitable giving. When the curve charting the relationship between income and percentage of

income contributed is extended to include that top 7% of households by income, an upswing in the right side of the curve appears. The original U-shaped curve did not reveal is the dramatic upswing in giving among very high income households.

Table 4:
2000 Charitable Contributions by Family Income in 2002 Dollars

Family Income*	Percent of Families Giving at least $500 (1)	Average Family Contribution** (2)	Average Percent of Family Income Contributed (3)	Cumulative Percent of Families (4)	Aggregate Contribution** (Millions) (5)	Percent of Total Aggregate Contribution (6	Cumulative Percent of Contributions (7)	Cumulative Percent of Income of All Families (8)
Not Positive	7.2%	$544	-	100.0%	$200	0.1%	100.0%	-
$1 to $9,999	7.4%	$143	2.3%	99.7%	$1,467	0.7%	99.9%	100.0%
$10,000 to $19,999	18.2%	$359	2.4%	90.0%	$5,304	2.6%	99.2%	99.1%
$20,000 to $29,999	26.8%	$667	2.6%	76.2%	$10,209	5.1%	96.5%	96.1%
$30,000 to $39,999	32.9%	$1,072	2.9%	61.8%	$14,159	7.0%	91.5%	90.9%
$40,000 to $49,999	36.1%	$834	1.8%	49.4%	$7,739	3.8%	84.5%	84.7%
$50,000 to $59,999	43.7%	$1,114	2.0%	40.7%	$9,445	4.7%	80.6%	79.0%
$60,000 to $74,999	51.7%	$1,579	2.3%	32.7%	$15,991	7.9%	76.0%	72.7%
$75,000 to $99,999	60.6%	$1,789	2.0%	23.2%	$17,668	8.7%	68.1%	63.3%
$100,000 to $124,999	71.6%	$2,641	2.3%	13.9%	$14,977	7.4%	59.3%	51.7%
$125,000 to $149,999	69.1%	$2,386	1.7%	8.6%	$6,389	3.2%	51.9%	43.0%
$150,000 to $199,999	79.1%	$4,660	2.7%	6.1%	$11,431	5.7%	48.7%	37.9%
$200,000 to $299,999	82.9%	$7,049	2.8%	3.8%	$12,538	6.2%	43.1%	32.1%
$300,000 to $399,999	97.0%	$17,539	5.2%	2.1%	$14,204	7.0%	36.8%	26.3%
$400,000 to $499,999	94.2%	$23,709	5.4%	1.4%	$8,135	4.0%	29.8%	22.4%
$500,000 to $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 Social Welfare Research Institute at Boston College based on data from the 2001 Survey of Consumer Finances sponsored by the Board of Governors of the Federal Reserve.

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

** Contributions of less than $500 were imputed based on data from the General Social Survey.

Tables 4 and 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 oversample of wealthy households, provides as 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.[9] As a group, the 98% of families with incomes under $300,000 all tend to contribute about the same proportion of their income to charitable causes, roughly 2.3%. On average the highest income families, those with incomes in excess of $300,000, represent just 2% of families nationwide, contribute an average of 4.4% of their income to charitable causes and in aggregate approximately 37% of all charitable dollars.

Table 5: 2000 Charitable Contributions by Net Worth in 2002 Dollars								
Family Net Worth*	% of Families Giving at least $500 (1)	Average Family Contribution** (2)	Average Percent of Family Income Contributed (3)	Cumulative Percent of Families (4)	Aggregate Contribution** (Millions) (5)	Percent of Total Aggregate Contribution (6)	Cumulative Percent of Contributions (7)	Cumulative Percent of Net Worth of All Families (8)
Not positive	8.7%	$262	1.1%	100.0%	$2,678	1.3%	100.0%	-
$1 to $9,999	8.3%	$237	1.1%	90.4%	$3,349	1.7%	98.7%	100.0%
$10,000 to $19,999	17.0%	$439	2.3%	77.2%	$2,731	1.4%	97.0%	99.9%
$20,000 to $29,999	21.4%	$542	1.6%	71.4%	$2,512	1.2%	95.7%	99.7%
$30,000 to $39,999	22.7%	$650	1.6%	67.0%	$2,894	1.4%	94.4%	99.4%
$40,000 to $49,999	37.4%	$683	1.9%	62.8%	$2,201	1.1%	93.0%	99.0%
$50,000 to $59,999	33.9%	$668	2.2%	59.8%	$2,231	1.1%	91.9%	98.7%
$60,000 to $74,999	32.3%	$736	1.9%	56.7%	$2,938	1.5%	90.8%	98.3%
$75,000 to $99,999	34.6%	$1,048	2.6%	52.9%	$6,553	3.2%	89.3%	97.6%
$100,000 to $124,999	43.9%	$1,139	2.8%	47.0%	$6,146	3.0%	86.1%	96.3%
$125,000 to $149,999	39.4%	$1,477	2.1%	42.0%	$5,803	2.9%	83.0%	94.9%
$150,000 to $199,999	49.8%	$1,159	2.4%	38.3%	$7,335	3.6%	80.2%	93.6%
$200,000 to $299,999	53.5%	$1,603	3.0%	32.3%	$14,353	7.1%	76.5%	91.0%
$300,000 to $399,999	66.3%	$2,356	4.3%	23.9%	$13,020	6.4%	69.4%	85.8%
$400,000 to $499,999	65.3%	$1,748	2.6%	18.7%	$7,204	3.6%	63.0%	81.2%
$500,000 to $999,999	73.6%	$2,378	3.4%	14.9%	$19,861	9.8%	59.4%	76.9%
$1,000,000 to $4,999,999	82.9%	$7,055	3.7%	7.0%	$43,501	21.5%	49.6%	63.1%
$5,000,000 to $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 Social Welfare Research Institute at Boston College based on data from the 2001 Survey of Consumer Finances sponsored by the Board of Governors of the Federal Reserve.

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

** Contributions of less than $500 were imputed based on data from the General Social Survey.

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% of families with a net worth below $10,000 to 93% of families who have $10 million or more in net worth. Families with a net worth of $1

million or more, represent 7% of all households nationwide, but make 50% of all charitable contributions. Third, while the percentage of income contributed to charitable causes increases with wealth as well as with income, the percentage of wealth contributed rises with income, but not with wealth. Charitable bequests relate positively to wealth as is shown in table 6.

Table 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 Other	
Gross Estate Category	# Returns (Thousands)	Assets (Billions)	Net Worth* (Billions)	Fees & Surviving Spouse (Billions)	Net Estate Available** (Billions)	Amount (Billions)	% of Available	Amount (Billions)	% of Available	Amount (Billions)	% 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 Social Welfare Research Institute at Boston College based on tabulated data available on the web page of the Statistics of Income Division of the IRS.
* The net worth is calculated by subtracting liabilities against the estate from assets.
** Net Estate Available is the net worth of the estate minus estate fees and spousal deduction.

Even among affluent estates (the only estates for which tax data is 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% of those filing, but contribute 80% of the approximately $16.8 billion gifted to charity annually through bequests (Center on 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% of the

estate, taxes at 23.5%, and bequests to heirs at 64.9%. 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%, estate taxes at 39.1%, and heirs receiving 27.8%.

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 2002a: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)." 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 (Independent Sector 2002a:86).

Not only do religiously affiliated households give more to religion, as one would expect, they also give more to secular causes. The 52% of households that give to both religion and secular causes give more to secular organizations than do the 28% of households that give to secular organizations only, $1,001 versus $651 respectively. In fact, households that give to religion give 88% of total charitable contributions (Independent Sector 2002b: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 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" (O'Neill and Silverman 2002:7). 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 (O'Neill and Silverman 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 non-volunteers (Independent Sector 2002c). Not only do households where members volunteer give larger dollar amounts to

charity, they also have higher participation rates in charitable giving (94% versus 82%) and contributing households where members volunteer give more than twice the percentage of income to charity (2.5% versus 1.2%).[10]

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, make them more likely over time to identify with and support the mission of the organization, and 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 building confidence in an organization. Giving and Volunteering in the US reports that in 2000, 67.1% of volunteering households agreed that most charitable institutions are honest in their use of donated funds, versus 57.7% of non-volunteering households (Independent Sector, 2002a: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, thus, it may be the case that it is giving which 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 65, at which point there is a drop in the dollar amount of annual charitable giving. Giving and Volunteering in the US shows that the average dollar contribution increases from age 21 to 64 from a minimum of $698 to a maximum average of $1,781 and from a minimum of 1.7% of income to 2.8% of income per household. After age 65, while the average amount contributed

drops to $1,551, the average percentage of income contributed jumps to 4.1% (Independent Sector 2002a).

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 finds no significant differences in household participation among 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% versus 2.8% of income respectively, as well as among contributing households 3.1% of income versus 3.2% respectively. As the wage gap between men and women continues to narrow[11] and as business ownership by women continues to increase,[12] 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 in 1998, Mary Ellen S. Capek 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" (Capek 2001).

Recent multivariate analysis by researchers at Indiana University, however, begins to develop a theory of the relationship 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, 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% versus only 40% of male decedents. Life expectancy rates for women in the US continue to be higher than men, thus, widows often end up bequeathing the final estate, "[t]he 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 US the majority of households (60.3%) are headed by married couples (SCF 2001) who have a higher rate of participation in charitable giving than do single, widowed, divorced, and separated households (92.5% versus a range of 82.2% to 87.5% 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 due in part it seems 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% more than that of two single people and the combined income of a married couple is 35% more than two single people. Married households represent 60.3% of households, but make 79.1% of the income, hold 81.9% of wealth, and give 76.2% of charitable contributions (Independent Sector 2002a).

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 US 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 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 (Wolpert 1996:9).

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 the other, 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 to the national trends reported by Independent Sector, might have less to do with Californian generosity and more to do with study design (O’Neill and Roberts 2001:3).

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% versus 86% respectively) and, in terms of donation amounts, employed households donate 17% 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% versus 2.5% respectively) (Independent Sector 2002a: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 SCF (2001) shows 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% of total income, hold 31.4% 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.

Periods of unemployment negatively impact giving, not just because of loss of income and the drawing down of savings, but, as economist Arthur Brooks' research shows, because welfare payments tend to depress giving. Brooks finds a 10% increase in welfare payments is correlated with an average drop of 1.4% 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 (2002:112).

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. 68% of households gave to charity where the respondent had less than a high school education, compared to 86% of households with a high school diploma, and 95% of households where the respondent was a college graduate (Independent Sector 2002a:134-5). Even controlling for income, education has "an independent, positive effect on how much a person gives to charitable causes" (Brown 1999:218). Household income among households where the respondent was a college graduate is more than two and a half times greater 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 2002a:134-5). Brown and Ferris 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" (2002:13-14).

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 which all have a tendency to cloud findings on the philanthropic practices of various ethnic groups. The Independent Sector's Giving and Volunteering 2001 finds that whites were more likely to contribute to charity (90.3%), as compared to blacks (80.6%), Hispanics (85.2%), and other race/ethnic groups (77.6%), with some significant differences also reported in the amounts contributed (Independent 2002a: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% higher than Hispanic households, Hispanic households contributed significantly less to charity as a percentage of income, 1.9% versus 2.9% 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 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 of Philanthropy, 67% of Hispanic households, and 68% 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% 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 relationship 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% versus 1.9% respectively). Moreover, when informal and formal giving were combined, multivariate analysis revealed that "when the effect 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" (O'Neill and Roberts 2000:56).

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 which 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, one of whose members was 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 US, the average charitable contribution was 59% greater ($1,529 versus $898 respectively) than among immigrant households. Participation rates are slightly higher where the respondent is US-born: 88.9% versus 79.6% of households where the respondent was not US-born. Differences in charitable contributions cannot be explained by income alone, since income was only 9% greater among households where the respondent had been born in the US ($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 US 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 US; 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 which 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.[14] Though not comprehensive, estimates of remittances are extremely high for certain immigrant groups, up to 10% 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 US remit $250 between eight and ten times a year, reaching an estimated $20 billion in 2000 (2001:6). The Bank of Mexico reports that Mexican emigrants remit as much as 1.5% of Mexican GDP annually (Rapoport and Docquier 2002:5). Although only one in six households surveyed by <u>Giving and Volunteering in California</u> made such direct transfers abroad, the actual dollar amounts as a mean for the group ($1276) 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 US, 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:64). De la Garza concludes therefore that these behaviors are learned in one generation.

Currently, the foreign-born represent 28.4 million, or 10%, of the total US population and have doubled in number since 1970. Among those born outside the US, 14.5 million hail from Latin America, 7.2 million from Asia, and 4.4 million from Europe (Census Bureau 2001). Given that immigration to the US will certainly continue in the future, more research is needed on how to involve immigrants in philanthropy in the US, or on how to increase US international philanthropy so that acculturation and increased ties to one's local community in the US need not necessarily imply the abandonment of social, economic, and human development in those countries from which the US 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 55 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% of households report having received an inheritance, and these recipients are concentrated among households with high income and wealth. The 7% 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[15] 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) (SCF 2001). But this is due in no small part to higher income and wealth among inheritors: the average income of inheritors is over 40% 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%) having earned most of their net worth through their own skills and efforts during their lifetime (including investments),[16] 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 newspaper 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 which 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 which substantially impacts charitable giving.

The Independent Sector's Giving and Volunteering in the US asks respondents whether they are worried about having enough money for the future. In 2001, the majority of contributing households (57.5%) reported being worried about their financial future and gave a little more than half the amount to charitable causes as did the 42.5% 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 with education (Independent Sector 2002a: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% of the pentamillionaires who responded to a study conducted jointly by the Social Welfare Research Institute at Boston College and Deutsche Bank Private Banking placed themselves above the midpoint on a scale from 0 to 10 (from not at all secure to extremely secure), only a relatively low 36% felt completely financially secure. The median amount needed for financial security was $20 million, or 67% more than their current wealth. Even respondents who rated themselves as a relatively high 8 or 9 on the scale, indicated that they would require an average additional 60% of their current net worth in order to feel completely financially secure, and respondents

who rated themselves lower than 8 on the scale indicated they would require an average increase of 285% in their net worth to feel completely secure.

Table 7:
Charitable Giving by Net Worth and Financial Security

Panel A. Net Worth of $15 Million or Less

	Less than 8/10 Financial Security*	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*	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*	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 Social Welfare Research Institute at Boston College based on data from the Deutsche Bank Wealth with Responsibility Study 2000. This table republished from Munnell and Sunden 2003: 145.
* Respondents were asked to rate their sense of financial security on a scale of 0-10 from completely insecure to completely secure.

Table 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 US, 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? The most important thing is for donors to go through a process of financial and psychological reckoning to determine their level of perceived financial security. According to Thomas B. Murphy (2001) wealth holders can establish their level of financial security if they 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 financial security and the level of discretionary resources 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).

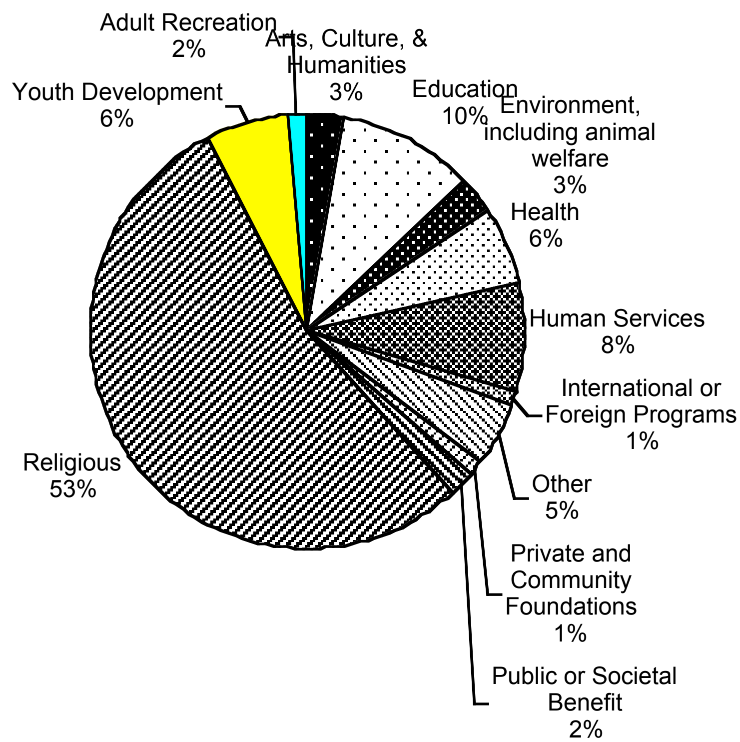
Wealth holder, Claude Rosenberg, of the New Tithing Group has sought to develop a formula for giving that donors can use to determine that third stream of financial resources, one of which is conservative enough to ensure that the donor feels secure. Rosenberg saw the need for such a formula when he recognized that he himself was "virtually flying blind with [my] finances" (1994:7). While tables 4 and 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.

III. 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 percent 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 disproportionate 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, 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.

Figure 2: Total Giving by Organization Type



Source: Giving USA 2002, AAFRC

As shown in figure 2, the largest amount of giving goes to religion, 38.2% or $82.3 billion of total contributions; with the second largest category, education, receiving 15.0% or $32.3 billion of total giving; followed by gifts to foundations and unallocated gifts 12.1%; human services 9.8%; health 8.7%; arts, culture and humanities 5.7%; public-society benefit 5.6%; environment 3%; and international affairs 2%. Independent Sector 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% of total contributions went to religion, 10.1% to education, 7.8% to human services, 5.9% to youth

development, 5.8% 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% of bequests are made to religion, with 30.6% of bequests going to public-society benefit, 18.7% to educational institutions, and 10.4% to health, and the remaining to other types of charitable causes (Giving USA 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 individuals 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 8 and 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.

Table 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* Averaged over All Families	Transfers to Relatives and Friends Averaged over All Families	Charitable Contributions* 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 to $9,999	11,936,824	11.6%	$92	$65	$1,270	$1,921
$10,000 to $19,999	16,829,531	16.4%	$208	$185	$1,418	$2,291
$20,000 to $29,999	15,903,313	15.5%	$449	$321	$1,865	$2,366
$30,000 to $39,999	12,911,943	12.6%	$476	$360	$1,641	$3,172
$40,000 to $49,999	9,369,095	9.1%	$926	$545	$2,387	$4,310
$50,000 to $59,999	8,574,005	8.4%	$1,093	$572	$2,344	$4,139
$60,000 to $74,999	9,270,570	9.0%	$1,493	$954	$2,583	$7,101
$75,000 to $99,999	7,806,849	7.6%	$1,727	$1,303	$2,852	$9,288
$100,000 to $124,999	3,296,579	3.2%	$2,507	$1,558	$3,542	$9,257
$125,000 to $149,999	1,273,740	1.2%	$3,240	$2,249	$4,281	$9,164
$150,000 to $199,999	1,642,334	1.6%	$4,588	$2,910	$5,624	$18,482
$200,000 to $299,999	1,131,882	1.1%	$7,957	$4,693	$9,625	$27,173
$300,000 to $399,999	433,042	0.4%	$10,383	$3,952	$11,931	$19,514
$400,000 to $499,999	274,971	0.3%	$8,914	$4,109	$11,562	$14,596
$500,000 to $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 Social Welfare Research Institute at Boston College based on data from the 1998 Survey of Consumer Finances sponsored by the Board of Governors of the Federal Reserve.

* Contributions of less than $500 are counted as zero.

Table 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* Averaged over All Families	Transfers to Relatives and Friends Averaged over All Families	Charitable Contributions* 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 to $9,999	15,096,872	14.7%	$162	$148	$1,682	$1,666
$10,000 to $19,999	6,121,852	6.0%	$312	$405	$2,411	$3,612
$20,000 to $29,999	5,352,651	5.2%	$275	$431	$1,562	$3,140
$30,000 to $39,999	3,882,414	3.8%	$454	$317	$1,911	$2,892
$40,000 to $49,999	3,338,656	3.3%	$467	$348	$1,463	$3,631
$50,000 to $59,999	3,123,843	3.1%	$482	$406	$1,681	$4,020
$60,000 to $74,999	4,574,088	4.5%	$546	$254	$1,785	$2,320
$75,000 to $99,999	7,393,811	7.2%	$722	$244	$2,126	$2,366
$100,000 to $124,999	5,815,093	5.7%	$792	$785	$1,788	$4,819
$125,000 to $149,999	4,027,848	3.9%	$858	$645	$2,178	$5,730
$150,000 to $199,999	6,979,877	6.8%	$942	$277	$2,098	$3,747
$200,000 to $299,999	7,942,895	7.8%	$1,155	$572	$2,219	$4,317
$300,000 to $399,999	5,110,244	5.0%	$2,100	$843	$3,108	$7,550
$400,000 to $499,999	3,066,877	3.0%	$1,703	$1,633	$2,791	$10,246
$500,000 to $999,999	5,370,002	5.2%	$2,395	$1,256	$3,497	$8,358
$1,000,000 to $4,999,999	3,916,854	3.8%	$5,954	$4,723	$7,177	$20,924
$5,000,000 to $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 Social Welfare Research Institute at Boston College based on data from the 1998 Survey of Consumer Finances sponsored by the Board of Governors of the Federal Reserve.
* Contributions of less than $500 are counted as zero.

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) indicate that informal giving (defined by the survey simply as money given directly to others) represents $58.4 billion, while the SCF (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%), followed by parents (26%), and then by siblings (19%) SCF (1998).

Table 10 summarizes findings on informal giving from a number of surveys.

Table 10: Informal Giving Compared to Formal Giving from a Variety of Data Sources (2002 Dollars)							
	Panel Study of Income Dynamics* 2001	Survey of Consumer Finances 2001	Giving and Volunteering in the US 2001	Giving & Volunteering in California	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%*	39.10%**	89%	89.90%	97.60%	93.50%	100%
Average Informal Contribution	$540.12	$957.58	$1081	$641.78	$1484.77	$524.80	$9137
Average Formal Contribution	$1445	$1896**	$1415	$1904.22	$1578.71	$2522.49	$1750
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 Social Welfare Research Institute at Boston College, 2002.
* The Panel Study of Income Dynamics only asks respondents about charitable contributions in excess of $25.
** Charitable contributions less than $500 in the Survey of Consumer Finances imputed from the General Social Survey.

The data reflect our methodological conclusions from Section I: studies which 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 US asks two questions on informal giving and finds that 52% of households made informal

contributions and that the average contribution was $1,130 (Independent Sector 2002a: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% 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 US. 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% of households). Table 11 summarizes the annual contributions of money and goods reported by participants in BADS. On average respondents gave $9,183 or 7.4% of family income to others directly, versus $1,759 or 2.2% of family income through organizations. Thus, the amount of money devoted to caring directly was more than five times the corresponding 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.

Table 11:
Boston Area Diary Study: Average Annual Contributions of Money and Goods

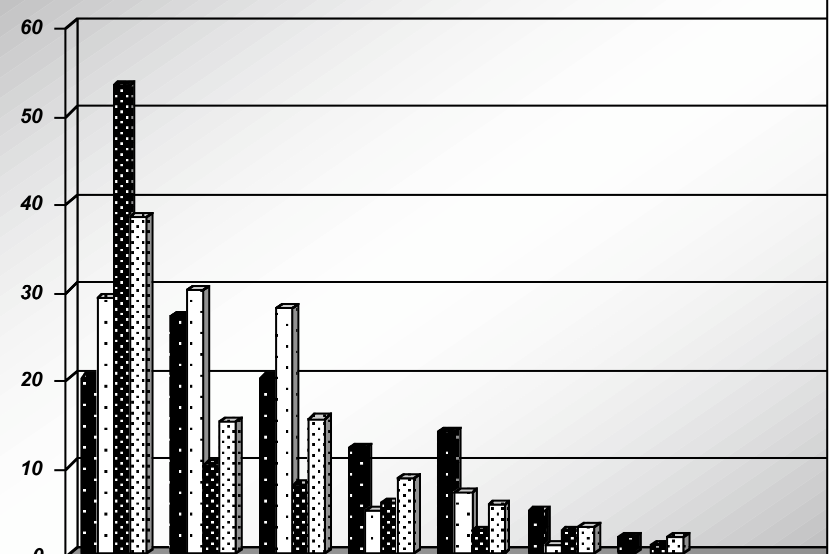
(2002 Dollars)

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: Social Welfare Research Institute at Boston College

Recipients of Philanthropy by the Wealthy. A small number of US households disproportionately shape philanthropy, with 7% of households donating 50% of charitable dollars in the year 2000. Stereotypes of wealthy philanthropists as being driven by a desire to endow buildings and capital projects is belied by leadership on the part of younger donors in funding experimentation and innovation. For example, billionaire Bill Gates' 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 hyperagents, 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 (2001), with its oversample of wealthy households, and surveys published by US Trust, Deutsche Bank Private Banking, Fidelity, HNW Digital, and the Spectrem Group.

Figure 3: Percentage Giving by Recipient Organization for the Wealthy and the Total Population



	Reli-gion	Educa-tion	Human & Public Service	Health	Arts, Culture, Huma-nities	Environ-ment	Interna-tional
Citigroup Private Banking Charitable Giving Survey 2002	20	27	20	12	14	5	2
Fidelity Gift Fund	29	30	28	5	7	1	-
Independent Sector's Giving and Volunteering in the US 2001	53.3	10.1	7.8	5.8	2.6	2.6	1.1
Giving USA 2002	38.2	15	15.4	8.7	5.7	3	2

Source: Citigroup Private Banking Charitable Giving Survey 2002 (survey distributed in magazines sent to HNW clients and at a HNW event. HNW respondents had $3 million or more in net worth.); Fidelity Gift Fund website 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's *Giving and Volunteering in the US 2001*, Table 1.6, pg. 35. Note that Environment includes animal welfare; AAFRC's report *Giving USA 2002.*

Figure 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% to religious causes and congregations versus 45.8% of giving nationally. However, the wealthy do give more than twice as much to education, human services, 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 which asked wealth holders about the policy issues they would like to influence, the highest-ranking policy area was improvement of education (mentioned by 60% of respondents), followed by policies to do with poverty, inequality, hunger, affordable housing, and healthcare for the uninsured (49%), and arts and culture (33%) (Havens and Schervish 2000). The Spectrem Group's 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[17] or almost three times the amount that went to religion, more than six times the amount that went to hospitals, healthcare and curative causes, and more than eight times the amount that went to social service organizations (2002:7).

That the wealthy place so much emphasis on education, is due in part to the increasing trend in philanthropy towards 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 nineties created a great deal of wealth, especially among younger donors, whose entrepreneurial, investment orientation shaped the timing and form of their charitable giving.

IV. 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,[18] as well as to other vehicles such as donor advised funds,[19] charitable gift annuities,[20] charitable trusts.[21]

At the current time, only a small percentage of the general population has made planned gifts other than a bequest. There is a dearth of data around participation rates in planned giving, but, as an example of how few planned givers there currently are, the National Survey of Planned Giving estimates that only 2% of the population have established a charitable remainder trust (NCPG 2001:6). 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 <u>Wealth with Responsibility Study 2000</u> which found substantial participation in planned giving among respondents worth $1 million or more, with 67% of respondents making contributions to trusts, gift funds, and foundations, averaging $844,017 per household or 63% of total charitable contributions (Havens and Schervish 2000).

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 which, in 1998, represented nearly two fifths of US foundations, numbering 18,300 and holding $170.6 billion in assets. The Foundation Center reports that two thirds of larger family foundations were formed in the 1980s and 1990s (Foundation Center 2001:2), and the largest share of them were founded in the western part of the US (2002b:1), suggesting that many recent foundations are the fruit of entrepreneurial and investment wealth accrued during the high-tech boom of the late nineties. As is the pattern with individual giving, foundation giving is highly skewed toward the upper end of net worth, with the top 1% of foundations providing half of the $7.9 billion dollars (in 2002 dollars) given in 1998 (Foundation Center 2001:1-2). Despite the recent downturn in the economy, the Foundation Center 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 (2002a:3). Another subset of individual giving vehicles, private foundations, also showed rapid growth in the 1990s, growing between 1992 and 1998 by about 5% annually, and increasing 33.6% 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 set up and annual maintenance costs, but also due to the annual 5% 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 refer 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, record keeping 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 US with 30,000 funds a year in which 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 75 donor advised funds found the number of funds had increased 24.9% in the space of a year, from 42,653 in 2000 to 53,275 in 2001, with total assets increasing to $12.5 billion dollars, 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 which 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 23 across the country. In exchange for an initial investment of between $5000 and $10000, 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 found that among households with assets of $100,000 or more, interest

was almost three times as high as utilization, with 27.3% of households having made planned gifts, but 74.6% interested in doing so in the future (Giving Capital 2000). Regarding the wealthy, studies have found that as wealth grows, so too does planned giving. Among those aged over 35 and with investable assets of $250,000 or more, one in twenty-five have 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 they were likely to do so in the future (US 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 represent one sector of the nonprofit world which has responded to the challenge posed by commercial providers by offering donors a similar array of planned giving vehicles, the sector which is probably most competitive in terms of the planned giving options they provide donors, is higher education. Outright gifts (gifts from individuals and from family and private foundations) still remain the primary way that donations are made to colleges and universities, representing $6.8 billion or 66% of total individual giving. Bequests are in the region of $2.2 billion or 22% 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 or 13% 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%. During this period 1998 to 2001, new commitments for bequests declined from an average face value of $2.9 million to an average face value of $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 has implications for nonprofits and how they interact with donors.

CONCLUSION

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 to both 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 which 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 which 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 prompts and wealth, as well as expansion of the set of questions on giving, to include for example, planned giving vehicles.

Two major questions remain outstanding in regards 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 shows that further exploration of expressions of care including remittances, informal giving to others, and interpersonal transfers to family and friends outside the household are necessary. Most importantly, 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 which 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 US which sends remittances to home countries around the globe. Data on the frequency and amounts of these remittances is needed to complete the picture of charitable giving in the U.S.

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.

Although this chapter is highly descriptive, 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.

REFERENCES

Altonji, Joseph G., Ulrich Dorazelski, and Lewis Segal. 2000. “Black/White Differences in Wealth.” Economic Perspectives. Federal Reserve Bank of Chicago. http://www.chicagofed.org/publications/economicperspectives/2000/Epart3.pdf

American Council on Gift Annuities. 2003. “What is a Gift Annuity?” http://www.acga-web.org/whatisga.html

Avery, Robert B. 1994. "The Pending Intergenerational Transfer." Philanthropy 8 (1):5, 28-29.

Brooks, Arthur C. 2002. "Welfare Receipt and Private Charity." Public Budgeting and Finance. 22 (3):101-114.

Brown, Eleanor. 1999. "Patterns and Purposes of Philanthropic Giving." In Philanthropy and the Nonprofit Sector in a Changing America, eds. Charles T. Clotfelter and Thomas Ehrlich. Indianapolis: Indiana University Press, 224-226.

Brown, Eleanor and James M. Ferris. 2002. "Social Capital in Los Angeles: Findings from the Social Capital Community Benchmark Survey." Los Angeles: Center on Philanthropy and Public Policy. http://www.usc.edu/schools/sppd/philanthropy/pdf/soc_cap_final.pdf

Bureau of Labor Statistics. 2002. Highlights of Women's Earnings in 2001: Report no. 960. Washington, D.C.: Bureau of Labor Statistics. http://www.bls.gov/bls/blsnew02.htm#May%202002

------. 2000. Consumer Expenditure Survey. Washington, D.C.: US Department of Labor. http://www.bls.gov/cex/home.htm

------. 1995. Consumer Expenditure Survey. Washington, D.C.: US Department of Labor. http://www.bls.gov/cex/home.htm

------. 1990. Consumer Expenditure Survey. Washington, D.C.: US Department of Labor. http://www.bls.gov/cex/home.htm

Capek, Mary Ellen S. 2001. Vol. 1, Women and Philanthropy: Old Stereotypes, New Challenges. San Francisco, CA: Women's Funding Network. http://www.wfnet.org/getinformed/article.php?id=64

Catalogue for Philanthropy. 2002. Generosity Index. Boston, MA. http://www.catalogueforphilanthropy.org

Center on Philanthropy at Indiana University. 2002. Giving USA 2002: The Annual Report on Philanthropy for the Year 2001. Indianapolis: AAFRC Trust for Philanthropy.

Center for Women's Business Research. 2002. "Women-Owned Businesses in the United States 2002: A Fact Sheet." Washington, DC. http://www.nfwbo.org or http://www.womensbusinessresearch.org

Chronicle of Philanthropy. 2002. "The Philanthropy 400." Washington, DC. October 28. http://philanthropy.com/premium/stats/philanthropy400/2002/

Citigroup Private Bank. 2002. CPB Charitable Giving Survey: Final Report, ed. Peg Dwan. New York.

Clotfelter, Charles T. 1997. "The Economics of Giving." Terry Sanford Institute of Public Policy, Duke University. http://www.pubpol.duke.edu/people/faculty/clotfelter/

Council for Aid to Education. 2002. Voluntary Support of Education Survey. New York.

De la Garza, Rodolfo O. and Fujia Lu. 1999. "Explorations into Latino Voluntarism." In Nuevos Senderos: Reflections on Hispanics and Philanthropy, eds. Diana Campoamor, William. A. Diaz and Henry A. J. Ramos. Houston: Arte Publico Press, 55-77.

DeSipio, Louis. 2000. "Sending Money Home . . . For Now: Remittances and Immigrant Adaptation in the United States." Washington, DC: Inter-American Dialogue and Tomas Rivera Policy Institute. http://www.iadialog.org/publications/DeSipio.html

Duncan, Brian. 1999. “Modeling Charitable Contributions of Time and Money.” Journal of Public Economics. 72: 213-242.

Eller, Martha Britton. 2001. "Charitable Bequests: Evidence from Federal Estate Tax Returns, 1995." Statistics of Income Bulletin. Spring:174-190. http://www.irs.gov/pub/irs-soi/95escbar.pdf

Eller, Martha B. 1997. "Federal Taxation of Wealth Transfers, 1992-1995.” Statistics of Income Bulletin 16 (3):8-63.

Fidelity Charitable Gift Fund website. http://www.charitablegift.org

Foundation Center and National Center for Family Philanthropy. 2001. Family Foundations: A Profile of Funders and Trends. Washington DC: Foundation Center. http://www.ncfp.org/program-research-execsummary-FFTrends.pdf

Foundation Center. 2002a. Foundation Growth and Giving Estimates: 2001 Preview. Washington DC: Foundation Center. http://fdncenter.org/research/trends_analysis/pdf/fgge02.pdf

------. 2002b. Highlights of the Foundation Center's Foundation Yearbook. September 03, 2002. http://fdncenter.org/research/trends_analysis/pdf/fgge02.pdf

------. 2002c. "Profile of the Funding Community. Foundations Today: Tutorial." Downloaded September 03, 2002. Washington DC: Foundation Center. http://fdncenter.org/learn/classroom/ft_tutorial/ftt_part1_q2.html

Giving Capital. 2000. Giving Wisely: How Financial Advisors Can Meet the Charitable Needs of Affluent Donors. New York. www.givingcapital.com/info/04_about_gc/Articles/givingwisely_wp.pdf.

Havens, John J. and Paul G. Schervish. 2001. "The Methods and Metrics of the Boston Area Diary Study." Nonprofit and Voluntary Sector Quarterly 30 (3):524-550.

------. 2000. “Wealth with Responsibility Study / 2000.” Social Welfare Research Institute, Boston College. http://www.bc.edu/swri. Bankers Trust Private Banking, Deutsche Bank Group.

------. 1999. "Millionaires and the Millennium: New Estimates of the Forthcoming Wealth Transfer and the Prospects for a Golden Age of Philanthropy." Social Welfare Research Institute, Boston College. http://www.bc.edu/swri

HNW Digital. 2001a. Survey of Wealth and Giving. New York: HNW Digital, Inc. http://www.hnw.com

Independent Sector. 2002a. Giving and Volunteering in the United States 2001: Findings from a National Survey. Washington, D. C.: Independent Sector. http://www.independentsector.org

------. 2002b. Faith and Philanthropy: The Connection Between Charitable Behavior and Giving to Religion. Washington, D. C.: Independent Sector. http://www.independentsector.org/programs/research/faithphilanthropy.html

-------. 1996. Giving and Volunteering in the United States: A National Survey. Washington, D.C: Independent Sector.

-------. 1992. Giving and Volunteering in the United States: A National Survey. Washington, D.C: Independent Sector.

Institute for Social Inquiry and Roper Center for National Commission on Philanthropy and Civic Renewal. 1997. National Survey on Philanthropy. Roper Center for Public Opinion Research, University of Connecticut.

Johnson, Barry W. and Jacob M. Mikow. 1999. "Federal Estate Tax Returns, 1995-1997." Statistics of Income Bulletin (19)1: 69-129.

Kaplan, Ann E. and M. Joanne Hayes. 1993. "What We Know About Women As Donors." In New Directions in Philanthropic Fundraising: Women As Donors, Women as Philanthropists, eds. Abbie J. Von Schlegell and Joan M. Fisher. San Francisco: Jossey Bass.

Kennedy, Michael B., Evelyn M. Capassakis, and Richard S. Wagman. 2002. PriceWaterhouseCoopers Guide to Charitable Giving. Hoboken NJ: Wiley.

Larose, Marni D. 2002. "Assets of Donor-Advised Funds Totaled $12.3-Billion Last Year, Survey Finds." Chronicle of Philanthropy. Washington DC: May 30.

Lincoln Financial Advisors. 2001. Financial Planning Among America's Wealthy. https://www.bisysinsurance.com/PDFShare/mktg/lincoln.pdf

Mesch, Debra J., Patrick Michael Rooney, William Chin, and Katherine S. Steinberg. 2002. “Race and Gender Differences in Philanthropy: Indiana as a Test Case.” In New Directions in Philanthropic Fundraising: Fundraising in Diverse Cultural and Giving Environments, ed. Robert E. Fogal. (37): 65-77.

Minton, Frank. 2000. Report and Comments on the American Council on Gift Annuities 1999 Survey of Charitable Gift Annuities. Indianapolis. http://www.acga-web.org/

Murphy, Thomas B. 2001. "Financial and Psychological Determinants of Donor’s Capacity to Give.” In New Directions in Philanthropic Fundraising: Understanding the Needs of Donors: The Supply-Side of Charitable Giving, eds. Eugene R. Tempel and Dwight F. Burlingame. (28):33-49.

National Foundation for Women Business Owners. 2000. Leaders in Business and Community: The Philanthropic Contributions of Women and Men Business Owners. Washington, DC: NFWBO, November. http://www.nfwbo.org

National Committee on Planned Giving. 2001. Planned Giving in the United States: A Survey of Donors 2000. Indianapolis, IN: National Committee on Planned Giving.

National Opinion Research Center. 2001. Survey of Consumer Finances. University of Chicago. National Opinion Research Center.

------. 1998. Survey of Consumer Finances. University of Chicago. National Opinion Research Center.

O'Neill, Michael and William L. Roberts. 2000. Giving and Volunteering in California. San Francisco: Institute for Nonprofit Management.

O'Neill, Michael and Carol Silverman. 2002. "Varieties of Religious and Charitable Experience." Paper presented at the ARNOVA conference, Montreal, Canada, November.

Rapoport, Hillel and Frederic Docquier. Forthcoming. "The Economics of Migrants' Remittances." In Handbook on the Economics of Reciprocity, Giving and Altruism, eds. J. Mercier-Ythier and S.C. Kolm. Amsterdam: Elsevier-North Holland.

Rooney, Patrick M., Kathryn S. Steinberg, and Paul G. Schervish. 2001. "A Methodological Comparison of Giving Surveys: Indiana as a Test Case." Nonprofit and Voluntary Sector Quarterly 30 (3):551-568.

Rosenberg, Claude Jr. 1994. Wealthy and Wise: How You and America Can Get the Most Out of Your Giving. Boston: Little Brown.

Savoie, Anthony J. and John J. Havens. 1998. "The High Giving Poor: Who are the Low Income People Who Make High Contributions?" Paper presented at the annual meeting of the Association for Research on Nonprofit Organizations and Voluntary Action, Seattle.

Schervish, Paul G. 2000. "The Modern Medici: Patterns, Motivations, and Giving Strategies of the Wealthy." Paper presented at "What is 'New' About New Philanthropy?", University of Southern California Nonprofit Studies Center, Los Angeles.

Schervish, Paul G. and John J. Havens. 2002. "The Boston Area Diary Study and the Moral Citizenship of Care." Voluntas: International Journal of Nonprofit and Voluntary Organizations. 13(1):47-71.

------. 2001. "The Mind of the Millionaire: Findings from a National Study on Wealth with Responsibility." Understanding Donor Dynamics: The Organizational Side of Charitable Giving. New Directions in Philanthropic Fundraising, ed. Eugene R. Tempel. 32(Summer):75-107.

------. 1998. "Embarking on a Republic of Benevolence: New Survey Finding on Charitable Giving." Nonprofit and Voluntary Sector Quarterly 27(2): 237-242.

------. 1997. "Social Participation and Charitable Giving: A Multivariate Analysis." Voluntas: International Journal of Voluntary and Nonprofit Organizations 8 (3):235-260.

------. 1995a. "Do the Poor Pay More: Is the U-Shaped Curve Correct?" Nonprofit and Voluntary Sector Quarterly 24 (1):79-70.

------. 1995b. "Explaining the U in the U-Shaped Curve." Voluntas: International Journal of Voluntary and Nonprofit Organizations 6(2):202-225.

Schervish, Paul G., Mary A. O'Herlihy, and John J. Havens. 2001. "Agent-Animated Wealth and Philanthropy: The Dynamics of Accumulation and Allocation Among High-Tech Donors." Social Welfare Research Institute, Boston College. http://www.bc.edu/swri

Smith, Eric L. 2001. "An Introduction to Donor Advised Funds." In Fundraising on the Internet: The ePhilanthropyFoundation's Guide to Success Online. eds. Mal Warwick, Ted Hart and Nick Allen. San Francisco, Jossey Bass, 95-104.

Spectrem Group. 2002. Charitable Giving and The Ultra High Net Worth: Reaching the Wealthy Donor. http://www.spectremgroup.com

Steinberg, Richard, Mark Wilhelm, Patrick Rooney, and Eleanor Brown. 2002. "Inheritance and Charitable Donations." Department of Economics, Indiana University.

Survey Research Center. 2001. Panel Study of Income Dynamics. Institute for Social Research, University of Michigan.

US Census Bureau. "Coming to America: A Profile of the Nation's Foreign Born (2000 Update)." Census Brief: Current Population Survey. February 2002. http://www.census.gov/prod/2002pubs/cenbr01-1.pdf

US Trust. US Trust Survey of Affluent Americans XV. November 1998. http://www.ustrust.com/ustrust/html/knowledge/WealthManagementInsights/SurveyofAffluentAmericans/CharitableGiving.html

Weitzman, Murray S., Nadine T. Jalandoni, Linda M. Lampkin, and Thomas H. Pollak. 2002. The New Nonprofit Almanac and Desk Reference: The Essential Facts and Figures for Managers, Researchers, and Volunteers. Washington, DC: Independent Sector.

Whitten, Melissa. 2002. "Domestic Foundations and Charitable Trusts, 1998." Statistics of Income Bulletin. Winter 2001-2002:45-82. http://www.irs.gov/pub/irs-soi/98pfctar.pdf

Wolpert, Julian. 1996. "How Federal Cutbacks Affect the Charitable Sector." Nonprofit Research Fund. Working Paper Series. Spring.

Endnotes

[1]And though 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 website: http://www.bc.edu/swri.

[3] Please note that all dollars throughout the paper 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.

[7] This questionnaire has been employed in the national survey, *America Gives*, for which data collection was complete at the time of going to press.

[9] Some very wealthy households make multi-million 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 (2001).

[10] Because the 2001 Independent Sector report does not provide data on the relationship between giving and volunteering, we used earlier data on this relationship from the IS website: http://www.independentsector.org/GandV/s_rela.htm.

[11] 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 19-24 year old women earning 90.2% as much as their

male counterparts versus women aged 45 to 54, who, though the gap had closed considerably from 56.9% in 1979, still earned only 73.6% of men's earnings in the same age group (Bureau of Labor Statistics 2002).

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

[13] The researchers use data from the Indiana Gives study, described above in Section I, in which a variety of different questionnaires were used.

[14] 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 US, Mexican immigrants have hometown associations which have been successful in aggregating immigrant remittances to build local infrastructures and setting up government matching schemes in Mexico for dollars remitted (PPIAF 2002).

[15] It should be noted that this is aggregate data and so does 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.

[16] These estimates are based on data from the 1998 SCF (National Opinion Research Center) 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%. This value was at least 50% of current total net worth for only 7% of families whose net worth was $1,000,000 or more.

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

[18] The Foundation Center defines private foundations (including family foundations) 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/

[19] “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, both because of the considerably 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.

[20] 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 website http://www.acga-web.org/ gives further detailed information on various subtypes of annuities.

[21] 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 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 which provide income payments to the charity with the remainder in the trust going to a non-charitable beneficiary or individual (Kennedy, Capassakis, and Wagman 2002: 61-64)