



Queensland University of Technology
The Australian Centre for Philanthropy
and Nonprofit Studies

CPNS Mission

To bring to the community the benefits of teaching, research, technology and service relevant to the philanthropic and nonprofit communities.

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Keeping giving going: Charitable bequest and Australians

Executive Summary

The potential of bequests to contribute to the sustainability of charities is immense, with social and economic trends opening up the bequest landscape. Yet so much is unknown about how Australians think about charitable bequests – particularly about the motivations, barriers and triggers surrounding this behaviour. *Do bequestors differ from other donors? What prevents good intentions from becoming good actions? Where do charities figure in this process?* This study aims at a better understanding of those Australians who make a charitable bequest and those who might. It offers individual charities, and the sector as a whole, empirical evidence to support and extend the anecdotal knowledge of those working with donors around this sensitive, but vital, area.

Drawing upon the work of scholars of bequest decision-making - notably Professor Adrian Sargeant at the Center on Philanthropy at Indiana University in the U.S. - as well as scholars of planned behaviour, a survey was designed to explore the attitudes and behaviour of a wide range of donors to different kinds of charities. Six charities partnered with CPNS on the project, generously co-operating to facilitate insights into the decision by Australians to bequest whilst maintaining strict protection of the privacy of these organisation's donor bases. This completely voluntary study tapped the attitudes and behaviour of over 1000 charity donors, mainly located in New South Wales and Queensland, with the final sample divided fairly evenly between known bequestor and non-bequestor donors.

Three words perhaps best sum up our key findings – **passion, pragmatism and potential**.

Passion:

Donors' attitudes to themselves. The great majority of both bequestors and non-bequestors described themselves as wanting to help those less fortunate even when they don't know them well, along with being generous to those close to them. For more than a third of respondents, this passion had a religious base, but a larger cohort said it did not.

Donors' attitudes to charities and giving. Two notions were overwhelmingly embraced - that charities have been successful in helping those in need and that it is important to give money to help others. Some 80% of both bequestors and non-bequestors agreed, many of these strongly, that it is their responsibility to make the world a better place. To a lesser extent, giving back to charities that have been helpful to them or someone they know was important. Few reported giving to avoid feeling guilty.

Donation levels. Donation levels varied widely across both bequestors and non-bequestors. However, a greater proportion of bequestors reported larger donations than non-bequestors: 31% of bequestors reported annual donations between \$1,000 and \$5,000 compared to 25% of non-bequestors. However, the median donation of bequestors was *twice as high* as for non-bequestors.

Attitudes towards charitable bequests in general. Predictably, far more bequestors than non-bequestors supported the idea that charitable bequests *perform a useful function* for society (94% to 70%) and that they have been *successful in helping those in need* (87% to 68%). Significantly, a stark difference also emerged between bequestors and non-bequestors about whether they *strongly agreed* that charitable bequests are *easy to do* (32% to 13%). An old fundraising maxim suggests that giving must be easy for donors to do and non-bequestors do not see leaving a bequest as easy.

Pragmatism:

Choosing a charity to support. The great majority of respondents looked for three things in the charities they supported: an excellent reputation, a high proportion of income going to the cause, and being well managed. Bequestors held attitudes toward charity choice more strongly than non-bequestors.

Donor expectations. Tax-deductibility for in vivo donations was the most common expectation with an overall 87% claiming income tax deductions for this input. To a lesser extent, donors also expected information on *how donations were used* (around 60%) and to be given some *choice in how the charity communicated* with them (just over 50%). Respondents disagreed with statements about charities giving them individual attention, or in the need for charities to demonstrate they cared about them or to respond to their needs and preferences as donors.

Demographics. The study adds both some confirmation and some challenge to the stereotypical assumption that a bequestor will be aged, female, single, without children, a church attendee and a long-time supporter of a charity, as noted next.

Potential:

Decision to leave a bequest. The likelihood of an Australian leaving a charitable bequest in his or her will was strongly influenced by donors with one of two motivations - those who said they were motivated to leave a bequest because their *family was already adequately provided for* and those who had *no family* to provide for. This broadens the stereotype of the typical charity bequestor in Australia. The likelihood of leaving a bequest also jumped amongst those who agreed that charity *'performance'* was vital - e.g. who looked for charities that were well managed and got results - as well as amongst those who strongly believed in *'reciprocity'* or giving back - e.g. they believed it important to give back to charities that had been helpful to them or those close to them. While it is perhaps unsurprising that older donors without children were likely to leave a bequest, this study suggests that males and those on modest annual household incomes (under \$52,000) were also highly likely to name a charity in their will.

For a substantial slice of all bequestors, their making a bequest was *'triggered'* by several factors working together (42% reported a combination of factors that prompted action). Two of the most powerful influences (nominated by respondents themselves) were a donor's *belief in the cause or in the organisation*, and the desire to help those in need *into the future*. That the single greatest trigger for donors was will-making or remaking (nominated by 23% of bequestors) confirms what charities have known for a long time but reiterates just how integral the decision to name a charity in one's will is to decision-making about one's estate more generally.

Intention to leave a bequest. *Huge potential lies in tapping the reported openness of donors to the notion.* While just over half of the entire sample had not made a charitable bequest, they were not necessarily against doing so. In response to the question *'do you expect to leave a bequest?'* 61% of non-bequestors said either yes (16%) or maybe (45%). Even pulling back these figures (because asking about charitable behaviour can prompt some respondents to present a socially-approved image of themselves), this is still a large proportion who appear not yet to have made up their minds.

Findings also show that only 9% of those who might or expected to leave a bequest thought they were likely to discuss it with a solicitor or other adviser in the coming 12 months. The greater proportion (61%) described themselves as being *very unlikely* to have such a conversation in the near future. This is a reminder that while advisers will be important to those who are taking advice, other strategies need to be in place to interest the bulk of potential bequestors in the concept.

Those who *expected* to leave a bequest were significantly different from other non-bequestors on two fronts: they were more concerned about a charity's *performance* and *service quality* (that the charity provides to them as donors), suggesting there is potential for charities to respond to these concerns.

Personal attitudes to leaving a charitable bequest. Substantial differences in attitude arose between bequestors and non-bequestors as to whether they felt they could afford a bequest (90% of bequestors agreeing compared to 41% of non-bequestors), their liking of the idea (89% to 41%) and the perceived ease of doing so (86% to 41%). However, as noted elsewhere, many non-bequestors were *undecided* rather than negatively disposed to whether they could afford it, whether they liked the concept or if it was easy.

Wills and attitudes to will-making. Some 77% of non-bequestors had a will but 23% believed it needed revising. More bequestors than non-bequestors saw *no* constraints to making a will (23% to 12%) and while bequestors reported the decisions involved as challenging, more non-bequestors perceived *several obstacles* to will-making, or re-making (36% to 23%).

Charities' bequest communication and notification. While a third of respondents were satisfied with communication from charities about bequests, some 44% believed improvements could be made. The most common were for charities *not to push the idea on them too often*, for greater *awareness* of bequests as a giving option, and for the *case to make a bequest* to be made more compellingly (for example, by demonstrating how bequest monies are spent). A far larger proportion of bequestors than non-bequestors would inform the charity of their bequest (71% to 23%). However, the latter were mainly undecided rather than against doing so.

So what? Limitations, conclusions and ten key recommendations for charities

The focus in this study is what self-identified bequestors and donors who are non-bequestors say about their attitudes and behaviour. As charities know, there is no guarantee that 'bequestors' will in fact leave a bequest – they have the right to change their minds, estates may dwindle and wills can be – and are – disputed.¹ Also, we recognise that *non-donors* to an organisation can and do leave charitable bequests to that organisation.

In defence of our approach, we would say, an individual who has named a charity in his or her will is the closest we are likely to get to an actual bequestor (who by definition must have passed on). Further, our decision to compare donating bequestors to donating non-bequestors was driven by the need to be efficient and does not mean to suggest that bequestors are only drawn from donor segments. We sought to reach a sizeable sample of both groups within time and cost constraints and, while steps were taken to draw a diverse sample across cause areas, future studies will be useful if they can report also on non-donors.

Also, it is likely that some donors in this study have named a charity in their will but are not on our charity partner's radar. From responses to our question about notification, it is clear that some just do not feel comfortable advising the beneficiary organisation - possibly because of the point made above that they might change their minds.

We do not wish to imply that these findings by themselves give the definitive story of charitable bequests in this country. They certainly provide an intriguing look into this Pandora's Box but at this stage of limited research on bequests in Australia, it remains – a Pandora's Box.

Ten key recommendations for charities flowing from this study

Experienced charities will already engage in a range of the following activities. However, the data reinforces the soundness of particular approaches and points to some being more critical than perhaps assumed. The conclusion section of this report amplifies these recommendations.

¹ See Hannah, F. and McGregor-Lowndes, M. (2008). *Every Player Wins a prize? Family Provision Applications And bequests to Charity*. Brisbane: The Australian Centre for Philanthropy and Nonprofit Studies, Queensland University of Technology. Available from <http://wiki.qut.edu.au/display/cpns/Planned+Giving+-+Bequests>

1. *The value of values*: donor values and attitudes could be better harnessed to guide charity actions and communication.
2. *Remember the giving pyramid*: provide more opportunities for bequestors to give at higher levels in other ways.
3. *Make bequesting easy*: showcase, help, and open low pressure avenues of finding out more.
4. *Recognise champions*: encourage existing bequestors to share their stories and values.
5. *Donors in the communication driver's seat*: offer, honour and update communication preferences.
6. *Avoid age stereotypes*: images need to appeal to a younger (middle-aged) demographic too.
7. *Empower the working class*: promote this survey's findings to prove to the less affluent the power of good they are exercising via bequests.
8. *Size doesn't matter*: demonstrate that bequests are extraordinarily affordable for all.
9. *It's raining men*: consider the male propensity to bequest.
10. *Moments that count*: focus on will-making and remaking.

This information sheet is part of a series of research projects on bequests and planned giving funded by the E F and S L Gluyas Trust and the Edward Corbould Charitable Trust under the management of the Perpetual Trustees Company. Many issues require further investigation, including practical considerations for charities in pursuing bequests in wills, and a further report will be forthcoming from CPNS on this topic.

The Information Sheet was issued on 07 November 2008. Events, policies and laws alter rapidly – you should take independent advice before acting on any matter raised in this publication.

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