

Women, Philanthropy, and Financial Planning

STATISTICS

Let's start with a few statistics about charitable giving:

- In 2013, total giving to nonprofits was \$335 billion – about 2% of GDP. Charitable giving has increased for four straight years, but is still not equal to pre-recession levels (\$349.5 billion in 2007).
- The majority of giving comes from individuals (72%), followed by foundations (15%), bequests (8%), and corporations (5%) based on 2013 numbers.
- Religious groups receive the largest share of charitable donations – 31% of all donations 2013 went to religious organizations, primarily because of people giving to their local places of worship. The next largest sector for charitable contributions is education, with 16% of all donations.

Statistics from Giving USA 2014, the Annual Report on Philanthropy. [This year's update due June 16, 2015 at www.givinginstitute.org.]

WOMEN AND GIVING

Women are key or sole decision-makers in their household's giving: Three out of four individuals in households with incomes of \$200,000 or more report women are either the sole decision maker or equal partner in directing their family's philanthropy, according a 2011 Bank of America Merrill Lynch survey.

Women with wealth are using their wealth to build programs and services for women and girls, and to encourage others to do the same. Leading female philanthropists like Swanee Hunt (Cambridge, founder of Women Moving Millions) have spurred charitable giving by encouraging women, especially those with wealth, to give to girls' and women's causes. A 2014 study by Women Moving Millions stated that, "In 2009, the Boston Consulting Group estimated that women controlled 27% of the world's wealth – approximately \$20 trillion. This was projected to grow by 8% over the past five years. By 2030, women-controlled wealth would be \$75.4 trillion based on a conservative annual growth rate of 6%. ... Globally by 2026, women's charitable giving would reach \$1 trillion per year if women gave at 1.7%, the lowest percentage of giving from disposable income on record in the US for the last 40 years."

Women give because they want to help. Men give because they appreciate the tax advantages. Women are more likely to give their time and expertise, while men are more likely to write a check. In American households, single female-headed households give 57% more than single male-headed households.

Women have more giving potential over time: Women are living longer, making more money themselves, and often inherit from parents and then again if they outlive a spouse.

TIPS FOR DONORS: Give wisely, give thoughtfully

1. Make your giving meaningful. Don't just give because a telemarketer (or friend) asks. Think about causes, programs, and places that resonate with your values, passions, and interests. Is it a cause or organization that has touched your life or the life of someone close to you? Does an organization's mission align with your principles and beliefs? Also consider things like size, geography, startup vs. established, etc. And think about legitimacy and performance – we'll talk more about that later.

2. Have a giving budget. Some people use tithing guidelines (generally 10% of income) as a baseline, and give that percentage to charity each year. Whatever your comfort level is, create a budget that you can live with. Be sure to save a portion of your budget (I recommend about 1-2% of your total giving budget) for things like attending friends' and colleagues' charity dinners and golf tournaments, sponsoring marathon runners and Pan Mass Challenge riders, and, if you sit on a board or volunteer with a nonprofit, for that organization's special drives and events (above and beyond whatever giving commitment you already make to the organization).

Americans, on average, give 3% of their income to charity. However, this figure is based on income tax filings, so it misses a significant segment of donors - those who do not itemize and people with very low incomes. It's been shown that middle income and lower income households give a higher percentage of household income to charitable causes. (Charity Navigator)

3. Give by check if you can. Most organizations receive 100% of your donation this way. The next best way is credit card or PayPal (organizations generally pay 2-4% for processing). Some credit card processing websites for nonprofit fundraising, like Network for Good, allow you to donate the processing fee, so the organization gets the full amount you intended.

Avoid giving through telemarketing campaigns. Beneficiary organizations only receive a small percentage of these campaigns. If you want to give to an organization a telemarketer has contacted you about, research the organization and write a check directly. Otherwise, see #1 and #2 above and stick to your plan.

4. Do your research. Be careful of fake nonprofit organizations and organizations with similar sounding names – especially with “canning drives,” those collections you see at traffic signals or door-to-door – and with telemarketers. If it seems like a cause you might be interested in supporting, look up the organization online, both through their own website and via third party resources like GuideStar or Charity Navigator. Confirm that their 501(c)(3) status has not been revoked with the IRS's database, and, for Massachusetts organizations, check the Massachusetts Attorney General's database (detail on these resources follow).

Many types of faith-based organizations, including churches, are not required to file with the IRS, but they are generally listed in the official directory for their denomination, so look there.

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Also, if you want to give to a local chapter of a national or multi-site organization, like Susan G. Komen or the ASPCA, be sure you are directing your funds to the local chapter by indicating that on your check, notes section or check box on an online contribution.

5. Large gifts – whatever that means for you – should come with even more due diligence.

Look at the organization's financial documents (audit, IRS 990 filing, etc.) and really evaluate its financial health and results. Review the organization's compensation structure, and be sure you feel comfortable with what's being spent on salaries and consultants. Talk with the staff and/or board about programmatic goals, outcomes, and evaluation, and be sure you feel comfortable with their performance.

WAYS TO GIVE

Give funds – short-term:

- Write a check
- Corporate matching gift (for \$ donations and volunteer hours with some corporations)
- Corporate foundation – make connection, advocate for the organization you'd like your company to support
- Giving stocks and securities
- Crowdfunding – this is a way for organizations to fund a specific need, so you could give to a crowdfunding campaign for something like startup costs, improved physical accessibility, solar panels on a shelter or affordable housing development, or an emergency roof replacement
- Sponsorships – serve on an event host committee, support someone who is walking/running/biking, help connect organization with your corporate foundation or marketing department

Give funds – long-term, planned giving:

- Family foundation, charitable trust
- Charitable gift fund
- Giving circles / collective giving (usually a multi-year commitment of a minimum annual giving amount)
- Bequests and estates

Give time, expertise, stuff, access to your network:

- Leverage your relationships – make introductions between nonprofits you support and people or foundations that might be interested in their work
- Host an event or go to an event
- Volunteer, board service, advisory board, donate professional services
- In-kind contributions (stuff) – donate clothing, cars, toiletries, food, etc.

RESOURCES FOR DONORS AND POTENTIAL DONORS

1. IRS Letter of Determination: This is the letter a nonprofit gets from the IRS that grants nonprofit status and tells what subsection it falls under (you're generally looking for 501(c)(3) status). You can request this letter from the organization, or some organizations post this information on their website.

2. IRS revoked 501(c)(3) status database: The IRS revokes nonprofit status from organizations that do not comply with their filing and other regulations. The database of revoked nonprofit statuses is here: <http://www.irs.gov/Charities-&-Non-Profits/Charitable-Organizations/Revocations-of-501%28c%29%283%29-Determinations>

3. The Massachusetts Attorney General's Non-Profit Organizations/Public Charities Division regulates Massachusetts nonprofits and charitable organizations and other nonprofits that do business or solicit contributions in Massachusetts. You can look at all of their public filings, including free access to IRS 990s, here: <http://www.charities.ago.state.ma.us/>

4. Guidestar www.guidestar.org

Charities upload IRS filings and Guidestar verifies them – you can download 990s and other filings and look at raw data on executive compensation, performance, administrative and fundraising costs. Guidestar also collects additional information about organizations. Easy to search by region, industry, name of organization, etc. Sign up for a free account or paid account with additional services.

5. Charity Navigator www.charitynavigator.org

Charity Navigator provides research, tips, and reports on many (but not all) charities. The site also promotes a set of metrics for overhead costs, executive compensation, and other performance indicators that are somewhat controversial among nonprofit managers and others. As with other industries, the differences among nonprofit organizations and their size, constituents, and service models do not always lend themselves to across-the-board performance measurement guidelines.

Charity Navigator is a great resource for information, research, and more, especially as part of your own deeper assessment of an organization's mission, results, transparency, and leadership, in addition to its financial ratios.