

## Why Do People Give?

by Robert F. Sharpe, Jr.

In times of economic prosperity characterized by large amounts of discretionary income and capital, fund raising activity tends to focus on the basics: planning and organization, training and motivating volunteers and staff, tracking progress, acknowledging gifts, and stewarding ongoing relationships. In good times, gifts are often presumed to be primarily motivated by the donor's desire to support the mission of a particular organization or institution. For those with a strong case for support, asking for gifts from enough people, often enough, on a consistent basis, normally leads to results that are at least acceptable, if not exceptional.

Today, however, the "wealth effect" of the 1990s has subsided and provides less impetus for across-the-board increases in giving. The most successful programs are beginning to more closely examine why individual donors have given in the past and, more importantly, how they may be motivated to give in the future. While examining the reasons for past generosity can offer some indication of the likelihood of future giving, personal priorities and values can and do change over time. Donors may require different and in some cases more compelling reasons to give when demands on their capital seem to come from every direction.

### What motivates a gift?

Unfortunately, there is no simple answer. People give for many and varied reasons. Although those outside the world of development may assume that donors give primarily to gain recognition or tax savings, those desires are only part of the picture. What are the other motivators?

**Religion** appears to inspire more charitable gifts than any other motivation. In fact, the majority of



*Make plans now to join us for gift planning training in Boston. See page 7 for details.*

charitable gifts in America each year are designated for religious-based charities. According to the *Giving USA* report, charitable organizations with religious affiliations received nearly 40% of all charitable gifts in 2001. By comparison, education and health care combined accounted for just 24% of individual giving.

Despite the personal nature of religious beliefs, successful fundraisers should make every effort to understand them and their role in the gift planning process if they want to help their donors make their gifts most effectively. For instance, in a number of religious traditions, it is possible to achieve the greatest satisfaction in giving only by making gifts anonymously. With such a donor, offering a naming opportunity or otherwise emphasizing recognition for a gift may actually seem insensitive and may even be offensive to some.

**Social** motivations are another major factor that influences charitable giving behavior. Many donors who are not motivated by religious beliefs hold definite ideas regarding social responsibility that include the duty to share with others and to invest in social infrastructure. It is often the case that persons who have accumulated or inherited substantial wealth believe they have an obligation as part of a "social contract" to help meet the needs of society. Philanthropy has long been one of the behaviors expected of those who would be community leaders and members of influential social circles in a culture built on a combination of democracy and capitalism.

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- How to benefit from the hidden potential of memorial giving p.3
- See what Sharpe seminar participants are saying p.6

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Robert F. Sharpe, Jr., is president of the Sharpe company. He advises a number of the nation's leading nonprofits in the design and implementation of their gift planning initiatives.

### Give & Take:

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Elaine Gumbert

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Kelley Carter

**Political** beliefs can also come into play. Some persons are adamantly opposed to government taxation and spending for social welfare and cultural purposes. Within that group are the “social Darwinists” who believe in “survival of the fittest.” Others, however, believe that they are “stewards” of capital and have a duty to reinvest it for the benefit of mankind through a voluntary system of wealth redistribution. Still others believe in European-style social democracy with involuntary redistribution of wealth through high taxes, universal government benefits, and little or no private philanthropy. Understanding where donors fit on the political spectrum can be a key to helping them decide whether, when, and how to make their gifts.

A discussion of the many **emotional** motivations for charitable gifts could fill volumes. Virtually every human emotion can inspire a charitable gift. Gifts in memory of or in honor of others are obviously emotionally charged (see page 3). Quite different emotions may motivate donors who wish to gain recognition or notoriety for themselves through their gifts.

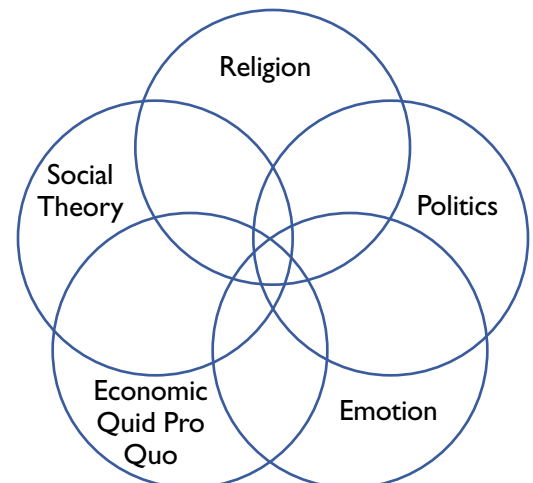
Other gifts can be guided by a combination of emotions. Consider, for example, the complex forces at work in the mind of a man who has been asked to make a major gift to a university medical facility. This university is pursuing state-of-the-art research on a genetically linked disease that has already taken the life of his wife of 40 years—research that may in the future save the lives of his own children. Suppose the same institution recently announced a decision to condone behavior on campus that the donor finds morally objectionable. Experienced development officers appreciate the challenges such conflicting emotions can present and will work to obtain a mutually agreeable outcome.

Because emotions can be so powerful, it is tempting to overemphasize them at the expense of other factors that may be more relevant. The key is to find a way to understand and satisfy donors' emotions and desires without manipulating those persons who may be at their most emotionally vulnerable, particularly older donors and those who have recently lost a loved one. As

a result, this is one of the areas of fund development in which experience, personal integrity, maturity, and judgment are especially important. Board members and development officers should seek out these characteristics when hiring staff with planned and major gift responsibilities.

Lastly, **economic quid pro quo** is perhaps the most misunderstood motivator of charitable gifts. While it is true that there are significant tax and other financial benefits associated with certain types of gifts, it may be an increasingly dangerous mistake for fundraisers to assume that these factors are more than occasionally the root motivator for gifts. Remember that donors receive the same tax benefits regardless of the recipient of their charitable gifts, and most nonprofits offer the same or similar payment rates. This is why, at the end of the day, planned gift marketing activities based solely in tax and other benefits seldom produce meaningful or long-term results. In fact, such efforts may simply serve to educate donors who then decide to complete gifts with other charitable interests that satisfy their true donative intent.

Herein lies the paradox. In today's world of major gift development, it is vital to understand the economics of larger charitable transfers, but it is also important to realize that those economics in the end rarely motivate the gift itself. A study commissioned by NCPG in 2002 affirms this fact (see page 3). The most successful gift planners know the importance of non-financial motivations and thus tend to put the “gift” before the “plan.” They know it is difficult if not impossible to

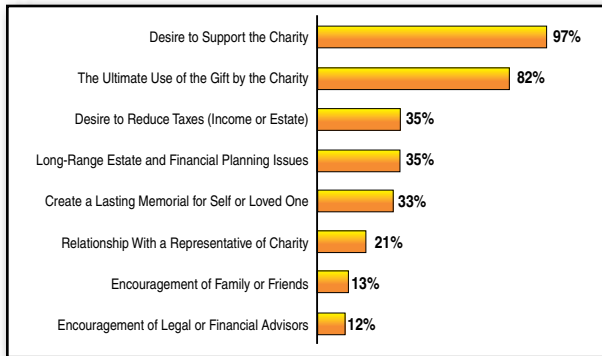


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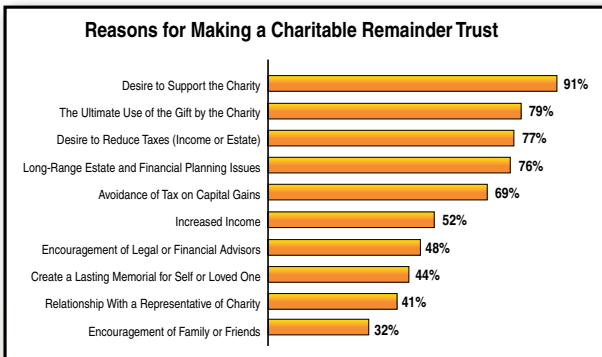
# Memorial Giving: Thinking Outside the Box

by Barlow T. Mann

A survey conducted under the auspices of the National Committee on Planned Giving (NCPG) in 2000 revealed that the desire to create a lasting memorial for oneself or a loved one motivated almost as many charitable bequest donors as tax and financial considerations. The wish to memorialize a loved one was listed as a motivation for bequests in one-third of the cases.



The same report revealed an even greater role for memorial gift motivations in persons who had established charitable remainder trusts.



Countless colleges, universities, museums, and other organizations offer prominent examples of memorial gifts. Harvard University was named in honor of its first benefactor, John Harvard, who donated his personal library and half of his estate in a bequest to the emerging university. Leland and Jane Stanford established Stanford University for “California’s children” in memory of their only child, who died at the age of 16.

In light of this and other evidence of the role memorial considerations can play in the decision to give, fundraisers should make every effort to capture this potential to increase funding from bequests and other planned gifts while also providing an additional source of current gift income.

Yet programs designed to encourage gifts in memory of or in tribute to others are often overlooked and/or underutilized.

## Missing the mark

Memorial gift programs often revolve largely around the process of receiving, receipting, and acknowledging memorial gifts sent “in lieu of flowers” at the time of someone’s death. These gifts typically come as a result of a donor’s decision to honor a family’s wishes and may or may not be an indication of any donative intent on the part of the donor.

While an efficiently run program of this nature can produce a significant stream of small current gifts, these gifts represent only a portion of the funding that can be derived from efforts to serve a donor constituency through a more comprehensive memorial and tribute gift program.

In addition to welcoming gifts made in memory of a decedent soon after their death, consider including a line on regular gift appeal response devices that allows a donor to make a gift in memory or honor of a loved one. Experience shows that persons who make gifts in memory of the same person on more than one occasion are much more likely to leave a bequest to the same organization, whether or not the bequest is specifically designated in the will as a memorial gift.

A number of studies of wills that contain gifts for charitable purposes have revealed that bequests to an organization from the estates of persons who had made one or more gifts to that organization in memory of a loved one during their lifetime tend to be two to three times larger than bequests left by others.

## Strengthening your memorial gifts program

To fully realize the potential for memorial gifts to your organization or institution, consider the following steps or activities:

1. Make certain that existing programs for encouraging, receiving, receipting, and acknowledging memorial gifts are running smoothly. It is especially important that memorial gifts of any size be quickly processed and acknowledged to donors and the survivors of those who have been commemorated.

2. At the end of a period of time after all those persons who have made a gift following the passing of a friend or loved one have been acknowledged, consider presenting a list of the names of donors in a framed certificate or perhaps a scroll that can be delivered to the closest surviving loved one. This piece will act as a constant reminder of the importance of your organization

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## Memorial Giving...Continued from page 3

in the life of the deceased and their surviving family members and could well lead to the decision to make additional gifts during lifetime and as part of a surviving loved one's estate.



*Barlow T. Mann is an attorney and chief operating officer of the Sharpe company. He designs planned giving programs for a number of America's nonprofits, presents seminars, and authors many articles on gift planning.*

3. Once it is determined that all memorial gift donors have been properly acknowledged, make certain their names are included to receive future information on charitable gift planning along with others who may have been selected to receive this information on account of age, longevity of giving, or other factors.

4. Consider adding an honorary or tribute component to other development programs designed to encourage outright gifts, bequests, and other planned gifts. This may be accomplished by including a special insert with regular acknowledgment letters or by following up with special communications focused on memorial and tribute gifts.

5. Make sure that you have a readily available list of commemorative naming opportunities, including named funds, buildings, rooms, and programs, with appropriate minimum donations and funding options.

6. If appropriate, consider sending information on a periodic basis encouraging additional memorial gifts to all prior donors

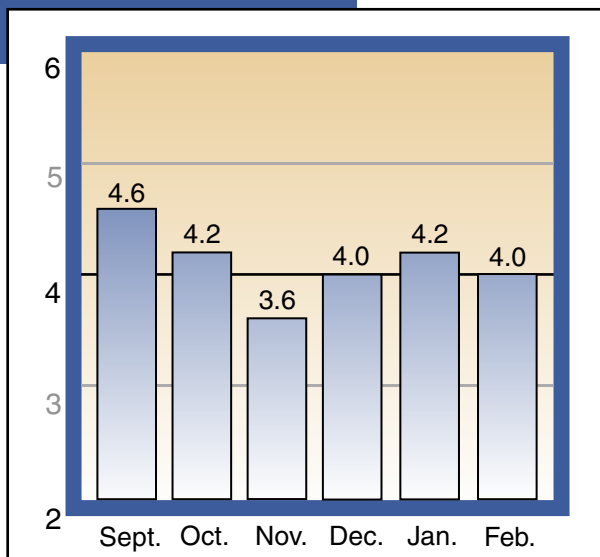
regardless of whether they have made memorial gifts in the past. This communication may be structured around anniversaries, birthdays, times of religious significance, Mother's Day, Father's Day, or Memorial Day.

7. Examine major and planned gift proposals currently under consideration and determine the appropriateness of adding a memorial element. Special attention should be paid in determining the proper person to be recognized, whether it be the donor, another family member, or a close friend or mentor. A suitable and tastefully presented opportunity to honor a loved one in a special way may make the difference in a donor's decision to fund a gift in one instance over another.

8. Always remember to contemplate the gift from the donor's perspective and identify ways to increase the donor's satisfaction through suitable recognition, whether public or private. In some cases it may be appropriate to volunteer to give recognition to donors who did not seek it for themselves. Be sure, however, always to seek the donor's approval before bestowing this recognition. Donors may be recognized in this manner through inclusion in gift clubs, societies, walls of honor, or other appropriate programs. Remember that a listing in a permanent bequest recognition society is tantamount to creating a lasting memorial in memory of that donor, something some persons may desire though they would never initiate a request for this recognition on their own.

In challenging economic times, it is important that all possible motivations for the completion of larger gifts be considered. The desire to give in honor or memory of others is among the most powerful and timeless of motivators—and facilitating such gifts can be a welcome way to provide additional service to your constituency. [G&T](#)

### Discount Rates



Trend in applicable federal mid-term rates (AFMR's), which are used in calculating tax benefits of planned gifts.

For information on specialty brochures to bridge the gap between current and deferred gifts, visit our Web site at [www.sharpenet.com](http://www.sharpenet.com) or see footnotes on page 5.

# Footnotes

## BOOKLET OF THE MONTH

### *“Reflecting on Tomorrow”*

Despite your best efforts, it can sometimes be difficult to determine exactly what gift planning information will best fulfill your donors' needs. In such cases, it can be particularly helpful to have on hand an easy-to-understand booklet that offers a thumbnail sketch of various planning opportunities.

Regardless of their situation, your donors will find information they need to begin the gift planning process in Sharpe's newly updated booklet, “Reflecting on Tomorrow.” This 20-page booklet explains a variety of gift planning strategies. Helpful examples accompany the descriptions of each plan so readers can understand the benefits available to them. There is also a section that encourages donors to think in terms of funding gifts in memory of their friends and loved ones.



“Reflecting on Tomorrow” is designed to be an excellent information piece to enclose along with acknowledgments of memorial gifts as they are received. You may also want to send the booklet to those who have indicated that they have already remembered, or are considering including, your organization in their will. “Reflecting on Tomorrow” may help them find

other ways to fulfill their wishes that could be more beneficial to all concerned.

The Sharpe Group also offers a memorial giving newsletter and memorial giving brochures (see below) to those who communicate with their donors in those formats.


### *A season for giving*

With its concentration of commemorative holidays, the spring is a natural time to honor those we love. Mother's Day, Father's Day, Memorial Day, graduations, and wedding anniversaries can all cause us to pause and remember the impact others have had on who we are and who we might yet become.

So many memorials and tributes are established in the early months of the year that gift planners have come to label the spring “memorial giving season.” As this season is approaching, now is the best time to obtain gift planning materials that will help inspire your donors to remember family and friends with a special memorial to your organization.

Sharpe's “Giving Through Living Memorials” brochures are tasteful and easy-to-read. Offered in two designs, this six-panel brochure features information about how best to make gifts in a loved one's name. And requesting more information couldn't be any easier—these brochures include a tear-off reply card that can be imprinted with your organization's name, address, and logo.

You may want to include “Giving Through Living Memorials” in a mailing to a broad group of donors, using “Reflecting on Tomorrow” (see left) as a follow-up piece for those who request more information. These brochures also make appropriate inserts in gift acknowledgments and handouts during seminars and other donor gatherings.

For more information or to place an order for memorial giving publications, please call 1-800-238-3253. 



News and ideas about Robert F. Sharpe and Company's services.



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transform even the best “what,” “when,” and “how” into the “why” behind the gift.

The interconnection of the motivations discussed above illustrates how rare it is to find a single motivation as the sole reason behind a gift. Most larger gifts tend to involve complex relationships between a number of these factors. Understanding the “motivational molecule” depicted above is a major key to successfully arriving at the correct gift solution.

### Completing the puzzle

After fundraisers develop a greater understanding of the basic motivators for charitable gifts, the other pieces of the puzzle tend to fall into place. The property that a donor uses to make a gift may be decided upon in part by economics, in part by emotion, and in part by other considerations. A similar combination of factors usually determines the timing of a gift. The property and timing, when decided, then naturally tend to drive the process toward a particular gift planning vehicle.

In times when donors are perhaps more likely to closely scrutinize requests for gifts, fundraisers would be wise to devote more energy to gaining a better understanding of why donors give. Learning about gifts donors may have made in the past can shed some light on their motivations. In the final analy-

sis, however, there is no substitute for carefully maintaining relationships with donors over time. That is the best way to learn about motivations that are not detectable through electronic screening and other impersonal means.

### The best laid plans

Even in the best of times, donors will sometimes express reluctance to make a gift in the context of a capital campaign or other fund development effort, in spite of earlier expressions of interest and careful analysis of a donor’s motivations and the other components of the gift. What then?

In this article we have explored some of the basics of why donors *make* gifts. Next month, we will examine the reasons why otherwise motivated donors will sometimes decide *not* to make a gift, and how to respond in ways that can salvage gifts that otherwise might not come to fruition.

*Editor’s note: This article is the first of a two-part series. Part II, entitled “Why Don’t People Give More?,” will be featured in the March issue of Give & Take. This article is based in part on Session III of the Sharpe seminar “Major Gift Planning, Part I.” See page 7 for upcoming dates and locations or visit [www.sharpenet.com/seminars](http://www.sharpenet.com/seminars). G&T*

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 “At the end of the day, planned gift activities based solely in tax and other benefits seldom produce meaningful or long-term results.”

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## What Participants Are Saying About Major Gift Planning I

*“Sitting for two days (a near biological impossibility) was a breeze with the zest of the presenters. Many thanks!”*

–Betty Wolf, St. John’s Health Center Foundation, Santa Monica, CA

*“Great seminar. Very helpful, well organized, and easy to follow. I really enjoyed it!”*

–Martha Allen, Catholic Medical Mission Board, New York, NY

*“Since I have so little experience it was a huge step forward to get an authoritative overview with so many practical ideas for moving forward. Contrasting styles helped me digest so much factual information.”*

–Bob Webb, Sisters of St. Joseph, TOSF, Chicago, IL

*“Much more intriguing than I would have ever imagined. I’ll be back.”*

–Martha Sullivan, Tulane University, New Orleans, LA

*“Very worthwhile seminar, informative and full of good ideas.”*

–Marilyn Rosenzweig, Advocate Charitable Foundation, Park Ridge, IL

*“I can’t say enough great things about these wonderful and incredibly useful seminars!”*

–Anna-Beth Reilly, The Greater Los Angeles Zoo Association, Los Angeles, CA

*“You both are an outstanding team! I’ve enjoyed, appreciated, and gained good new ideas from this seminar and found the review of basics most helpful.”*

–John C. Thompson, The Principia School and College, St. Louis, MO

# Training Update

## *An Introduction to Planned Giving*

For a comprehensive, in-depth training experience, consider attending Sharpe's seminar "An Introduction to Planned Giving."

Presenters Timothy Sharpe, Barlow Mann, and Phillip Adcock combine their experience to guide participants through the basics of charitable gift planning, from detailed explanations of gift planning techniques, to organizing and implementing an effective gift planning program, to communicating benefits of more effective charitable gift planning in the most efficient manner for your constituency.

Empower yourself with a wealth of gift planning knowledge that your donors will appreciate and will help your organization or institution benefit from the unprecedented intergenerational wealth transfer that is now on the horizon. This seminar is especially helpful for those who are beginning their career in planned giving or have multiple responsibilities and are charged with incorporating gift planning capabilities into other development efforts.

## *Major Gift Planning I*

In two concentrated, information-packed days, presenters Robert F. Sharpe, Jr., and Jonathan G. Tidd, Esq., address issues of vital importance to those charged with structuring major gifts to their organizations. By linking their knowledge and over 40 years of combined experience, Sharpe and Tidd lead participants who possess a basic understanding of gift planning tools through a comprehensive training experience designed to help them best utilize their skills in today's environment. Registration is limited to allow for more interaction among participants and instructors.

## *Major Gift Planning II*

Designed with the more experienced gift planner in mind, "Major Gift Planning II" focuses on the skillful use of gift planning tools to help donors meet a variety of personal goals while making significant gifts. A working knowledge of various gift planning vehicles is assumed.

Instructors Robert F. Sharpe, Jr., and Jonathan G. Tidd, Esq., emphasize the impact of recent tax legislation and investment market conditions and ways to "salvage" gifts that might otherwise not be completed.

## *Managing Planned Giving Relationships*


Someone has asked for information about a planned gift. What is the next step? How do you use the telephone, written correspondence, personal visits, and other communications in ways that are appropriate, tasteful, and effective?

These and other topics will be explored in a new seminar devoted to the process of developing and managing effective planned gift relationships. Beginning with how to handle initial requests for information, this seminar will also focus on what to do before, during, and after a personal visit.

Also included is an exploration of various ways to work most effectively with donors' advisors to help complete planned gifts.

Special attention will also be given to the process of building and maintaining relationships with the heirs of benefactors after a legacy has been received.

Presenters with decades of combined experience will share their insights regarding ways to build meaningful relationships, including helpful case studies and demonstrations of successful techniques.

Designed to complement "An Introduction to Planned Giving," this one and one-half day session follows that seminar in selected cities. Special tuition rates are available for concurrent attendance or for prior attendees of "An Introduction to Planned Giving." 

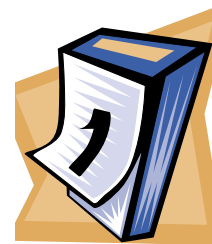
Multiple registration discounts are available. For more information or to register, please contact the Sharpe company.

Phone 1-800-238-3253, ext. 5360

Fax 901-761-4268

Web site: [www.sharpenet.com](http://www.sharpenet.com)

E-mail: [seminars@rfsco.com](mailto:seminars@rfsco.com)



## Seminar Training Dates

### **An Introduction to Planned Giving**

Chicago  
February 10-11  
Boston  
March 10-11  
Cleveland  
May 19-20

### **Managing Planned Giving Relationships**

Chicago  
February 12-13  
Boston  
March 12-13  
Cleveland  
May 21-22

### **Major Gift Planning I**

San Francisco  
February 20-21  
Washington, D.C.  
March 3-4  
Chicago/Oak Brook  
April 23-24  
Boston  
May 15-16  
New York  
August 14-15