



# **EMERGING TRENDS IN PHILANTHROPY**

## **ASSET UTILIZATION IN RURAL COMMUNITIES**

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**March 2011**



## **Rural Development Institute, Brandon University**

Brandon University established the Rural Development Institute in 1989 as an academic research centre and a leading source of information on issues affecting rural communities in Western Canada and elsewhere.



RDI functions as a not-for-profit research and development organization designed to promote, facilitate, coordinate, initiate and conduct multi-disciplinary academic and applied research on rural issues. The Institute provides an interface between academic research efforts and the community by acting as a conduit of rural research information and by facilitating community involvement in rural development. RDI projects are characterized by cooperative and collaborative efforts of multi-stakeholders.

The Institute has diverse research affiliations, and multiple community and government linkages related to its rural development mandate. RDI disseminates information to a variety of constituents and stakeholders and makes research information and results widely available to the public either in printed form or by means of public lectures, seminars, workshops and conferences.

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# Introduction

The role of philanthropy in society is receiving more attention today among scholars and non-scholars alike. Many communities through foundations and charities depend on donations to support community development initiatives and boost the well-being of its members through shelter programs, food banks and newcomer language programs to name a few. In today's uncertain global economic climate it is prudent that communities, stakeholders, and governments understand the social dynamics and trends occurring in the philanthropic sector so that well-informed decisions about communities and development can be made.

The purpose of this paper is to explore the social dimensions of giving in rural and urban Manitoba as well as identify emerging trends, barriers to estate planning and areas for further research. Our findings suggest slight differences between the urban and rural donor profile that may indicate emerging trends in the philanthropic sector. As well a strong focus by self-identified rural organizations on estate and Transfer of Wealth (TOW) planning was apparent as was a predominant concern by charitable organizations in more urban areas about global charitable competition, donor fatigue and engagement of a younger demographic through the social media. Although slight, these aspects and differences of social giving in Manitoba help us understand the broader impact of changes that may be occurring in the philanthropic sector today.

Recent studies suggest that the face of philanthropy is indeed changing across North America. Social networking and the media, longer life spans, the presence of women in the workforce and increased societal wealth have moved philanthropy from the hands of the few to the arms of many. One such study by Schverish and Szanto published by the Boston Center on Wealth and Philanthropy suggests that because people are living longer, making money faster and earlier in their lives they do not want to put off philanthropic interests until retirement. The result according to the authors is a more involved, (and presumably more profitable) longer stay in the charitable sector. This stay, principally by baby boomers along with their well documented potential transfer of wealth (TOW) to the next generation as they age will help usher in what Schverish and Szanto refer to as a golden age of philanthropy.

However it's not just the baby boomers that are spurring on change in philanthropy. Considering that 97% of not-for-profits in the United States and Canada use some form of the social media, surpassing the academia and the business sectors, (Barnes, Matteson 2009) it is not surprising that a new kind of philanthropist has appeared on the scene. Coined the citizen philanthropist these upstarts are younger than the traditional donors (typically 30-49 years rather than over 50 years), utilize and trust the social media, and enjoy a mix of social entrepreneurship and economic development that according to one blogger "*has a different DNA than philanthropy.*" Recent results from a study commissioned by the Columbus Foundation and the San Francisco Foundations found that this age group represents a good opportunity for online cultivation of donor dollars because they want to make change and unlike previous generations, are willing to pay for it. (Diaz, Kanter, Livingston 2009).

The view that philanthropy is about making change and is something that everyone can participate in is a new idea. Traditionally, philanthropy has been about charity. In Canada during the early part of the 20<sup>th</sup> century philanthropy was for the wealthy and giving was for everyone else who did so at church on Sunday. In rural Manitoba after the store bill was paid farmers donated to the church, the Salvation Army and sometimes the Red Cross. Legacy and endowments or wealth had to do with the number of able sons to help run the farm. Technology and credit were limited and farming was of a subsistence nature. It was an era of low yields, little waste and little money.

Today North American society and Manitobans are wealthier than they were in the early part of the 20<sup>th</sup> century. In Canada, Manitobans remain the most generous people in the country (Gainer, Lamman, and Veldhuis 2010). Nevertheless rural communities in Manitoba are confronting serious issues including outmigration by youth, aging populations and a lack of infrastructure. As the baby boomers begin to retire community foundations and charitable organizations are determining what if any impact TOW will have on giving and estate planning in rural communities. In a more competitive, more connected globalized era can community foundations and charitable organizations in rural and urban settings still raise funds for an array of development initiatives or will donor fatigue set in after a natural disaster occurs in another part of the world?

## Methods

Overall 17 people were identified and interviewed as key informants in one of three areas of expertise: accountants and lawyers who have been involved in some estate planning, directors of community foundations whose budgets depended on some contributions from estates and legacies and directors of charitable organizations (or those in positions of authority) whose budgets included contributions from estate and legacies. The snowball technique was used to find key informants who were identified by their peers as leaders in estate planning, in terms of their practices and thinking. Semi-structured interviews were conducted with these leaders, who included accountants, lawyers, directors for community foundations and directors for charities. Five people were identified as accountant and lawyer professionals with 2 in Brandon, Manitoba and 3 outside of Brandon in rural areas. In the same manner 5 professionals were identified as executive directors of community foundations (1 in Brandon, 1 in Winnipeg and 3 in rural areas). As well 5 executive directors of charitable organizations were contacted with 2 located in Brandon, 1 in a rural area and 2 in Winnipeg. Since there is a wide range of missions among charitable organizations, large and well established charitable organizations with national or international structures, were chosen for the interviews to avoid any capacity issues with regard to legacy planning or engagement with the public. To provide a historical context one pastor and one retired teacher were interviewed from a rural area. The majority of rural locations were in the south-western area of the Manitoba.



## Literature Review

To understand philanthropy in rural Canada as well as who is most likely to donate, numerous sources were reviewed ranging from community foundation websites to international research reports on philanthropy. For the purposes of identifying who gives to charities and why, several key sources stood out. From a Canadian perspective, the *Canada Giving, Volunteering and Participating Surveys* are a crucial tool for identifying which Canadians give, how much they give, and why they give. The last survey was conducted in 2007 and with three year cycles between them, another round of this research should be conducted this year. Another key source was an extensive scholarly literature review done by Bekkers and Weipking in 2007 out of Vrije Universiteit Amsterdam. This report provides an extensive overview of philanthropic studies done around the world, including Canada and synthesizes the findings to create a foundation of knowledge on philanthropy from academia's perspective. Other seminal sources of note include the authors Reed and Selbee from Statistics Canada and Carleton University respectively. They have co-authored several key reports that help identify the key values related to philanthropy and define the core group of Canadians that are consistently identified as doing much more than their philanthropic share. One study not to miss and key to understanding the social as well as the demographic dynamics of philanthropy is *Wealth and Giving* by Paul Schverish and Andras Szanto. Mentioned in the introduction of this paper their findings suggest that the wealthy baby boomer generation will provide Transfer of Wealth (TOW) opportunities to the next generation as well as communities and charities. TOW opportunities are now a regular part of strategic planning and analysis in the United States by many charitable organizations and foundations. The Western North Dakota's Transfer of Wealth Opportunity published by the RUPRI Centre for Rural Entrepreneurship in 2009 is an excellent example of TOW analysis.

Studies in Canada and internationally have shown that there are common characteristics amongst those who donate to charitable causes. While the majority of people in Canada over the age of 15 donate to charity, several key attributes can be identified amongst those who stand out the most. The people who donate the most in Canada tend to be middle-aged or older, have a higher household income and at least some post-secondary education. This group of Canadians also tends to be married and religious, coming from a family that is active in volunteering and donating. In addition, those Canadians tend to come from smaller towns and were civically active as youth. These results in no way dictate who is going to donate most in any given community, but they do illustrate trends in core characteristics, identifying those population segments which tend to give the most to charitable causes.

To further understand the dynamics of philanthropy in Canadian communities, it is as important to identify why people donate as it is to understand who donates. Research reveals that most Canadians have several reasons for giving to charity. The most common reason that individuals give to charity is a genuine concern and caring for others. The desire to help others, to help their community and to give back to the common good is the primary motivator for vast majority of Canadians to donate to charity. Another important reason that Canadians give to a charitable cause is if they or someone they know has been directly affected by the cause or the issue that the charity is addressing. People who have firsthand experience either receiving assistance from a charity or dealing with the cause that the charity is addressing are motivated to give to that specific charity. Religious duty and tax relief are two other factors that motivate people to give to charity, however only a minority of Canadians cite these as reasons why they donate.

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One of the most important aspects of philanthropy in Canada is that a very large portion of donations comes from a small portion of the population. In the 2007 Canada Survey of Giving, Volunteering and Participating, 82% of all money donated in Canada was given by 25% of people who donate. This small group of donors are giving a very large portion of the support. As the survey highlights show, the average Canadian donation is \$437, but the median donation is only \$120 indicating that half of Canadians who donate give less than \$120 per year and revealing that a small portion of Canadians donate enough money to make the average donation equal more than three times the median donation. This small core of people is the reason most charities in Canada are successful and can achieve their goals.

#### Micro-donations

Broadly defined as a direct interaction between individual donors and projects (with nonprofits usually verifying cases and facilitating donations) micro-philanthropy is typified by groups such as [modestneeds.com](http://modestneeds.com), [donorschoose.org](http://donorschoose.org) or [global-giving-is](http://global-giving-is) and is growing fast. Many people want to have a say in where their money goes and know beyond a doubt that they are making a difference in today's globalized world. Technology is making this a possibility. Most of us are happy to help a neighbor with a specific need and so smart not-for profits have always tapped this impulse by broadening the answer to the question of who is my neighbor. Today, if you donate to some international projects overseas you can get regular updates each day before breakfast.

Identifying specific characteristics of philanthropy in rural Canada is a main goal of this research. What the research reveals is that rural and urban Canadians have more similarities than differences when it comes to philanthropy. The size of the community you live in is a predictor of how much you donate with people living in larger communities tending to give less than their counterparts in smaller communities. However, other factors such as age, education, income, family background are all indicators as well, and stronger ones, especially in relation to identifying core contributors. As a result, the key characteristics for rural Canada are the ones above, just as they are in urban centres and in addition the core donors are the key philanthropists in rural Canada, just as they are in other parts of Canada. Another key factor related to geography is that donors give more often and more on average in the Prairies and British Columbia than in the rest of Canada.

### 2007 Canada Survey of Giving, Volunteering and Participating Highlights

#### What is the state of philanthropy in Canada?

Some quick facts about philanthropy in Canada

- **Almost everybody gives** - 84% of Canadians donated some amount of money in 2007
- **A small core is doing more than their share** - 25% of donors accounted for 82% of donations given in 2007
- **How much is given** - Canadians gave \$437 on average to charity, but the median amount is only \$120 per annum in 2007
- **Bequests are a small part** - 4% of donations are made as bequests through wills

#### Who is likely a donor?

Canadians are more likely to donate to charity:

- **As they get older** – Canadians give more as they age
- **If they have a higher income** – Canadians who are more financially stable give more
- **If they have a higher education** – Canadians with at least some post secondary education give more
- **If they are married** – Canadians who are married give more than those who are single
- **If they come from a family that donated or volunteered** – Canadians who come from a background of giving and volunteering give more themselves as adults
- **If they are religious** – Canadians who attend church regularly, especially if they are protestant, give more
- **If they live in smaller towns** – Canadians living in small towns give more than those in urban centres
- **If they were civically active as youth** – Canadians who were engaged as youth give more as adults

#### Why do people donate?

Canadians donate for many reasons and the most common are:

- **People care** – more than 9 out of 10 people who donated said it was due in part to a compassion for those in need
- **Believe in the cause** – almost 90% of donors are motivated to donate because the cause is one they personally believe in
- **To give back to the community** – 8 out of 10 donors cite the importance of helping their community as a key reason to give
- **They have been affected by the cause** – nearly 2/3 of donors have been personally affected by the cause or know someone who has
- **It's a religious duty** – 1/3 of donors give because of their religious obligations
- **It's a tax break** – less than ¼ of donors are motivated to give for tax purposes



While rural Canadians and their urban counterparts share more similarities than differences in their charitable characteristics, there are some key geographic differences in community foundations, an important agent of philanthropy in Canada. Rural foundations are much more integrated into the community than urban organizations tend to be. The small size of rural communities dictates that almost everyone in the community is a potential donor and beneficiary of community foundations. Another key characteristic of rural charities is that it is much easier to align their goals to the community's development goals where appropriate and to have a sizeable impact on the community by leading or supporting development initiatives. On the other hand, while charities in all locations can struggle with resources and volunteer skills and capacity, these challenges are magnified in rural areas. Fewer resources, a lack of personnel and the overburdening of smaller volunteer pools can make it difficult for rural charities to effectively staff their organizations. As the Rural Development Institute's study on Manitoba's community foundations reveals, capacity issues along with competition with other charities in small towns are key challenges that need to be overcome to be successful.

Related to the competition between charities in small towns is the phenomenon of donor fatigue. Caused by too many solicitations by charities or due to a reduction in available time or money, donor fatigue is a real challenge for charities. In small towns, there are fewer residents and businesses to solicit donations and as a result, they are receiving more and more requests. In 2005 donor fatigue after hurricane Katrina and other natural disasters led to a reduction in donations for many charities. Small charitable organizations are usually hit harder than larger donations, another factor which impacts rural communities where the local charities are often small to very small. Another related challenge for all charities, including rural charities is managing government and large corporate grants. If not handled properly, a 'crowding out' phenomenon can take effect reducing the amount of money raised through fundraising. Studies have shown that for every \$1000 given in grants, more than \$500 can be lost to this effect. The primary reason for the crowding out is that charities will reduce their fundraising efforts once they have received large grants. While charities may meet their financial targets in this manner, it can be a concern for government and corporate partners that the full effect of their donations are not being realized. Maintaining fundraising efforts regardless of large grants can mitigate most of this impact, although a small drop off usually occurs amongst some donors who feel that their money is no longer required.

**The Winnipeg Foundation – supporting Manitoba philanthropy and development for 90 years (<http://www.wpgfdn.org>)**

The Winnipeg Foundation was the first community foundation developed in Canada. Created in 1921, the foundation was started to help manage donations from individuals, families and organizations. Donations are put towards community development grants and projects that improve the quality of life in Winnipeg. The foundation also provides professional services to help communities and organizations manage local donations, creating appropriate and cost-effective solutions to establishing private foundations.

Communities and development organizations in rural Manitoba are able to work with the Winnipeg Foundation to plan and implement foundation goals. The Winnipeg Foundation also provides other resources and expertise regarding philanthropy, including an endowment tool kit that contains advertising and marketing materials to help raise awareness of the benefits of will-based philanthropy.

### Key Factors in Giving (Bekkers and Wiepking, 2007)

There are certain steps or factors that need to be considered for charities to successfully get people to donate:

- **Awareness** – people have to be aware of a need before they will be willing to donate to a charity that addresses that need
- **Solicitation** – the vast majority of donors only donate after they have been asked to do so
- **Costs** – when the donation amount is lowered, the donation rate will rise (the principal behind the recent trend of micro-donating)
- **Benefits** – giving to donors in exchange for donations can increase donations; i.e. fundraising dinners and galas. A note of caution however, this is only appropriate in certain situations and can decrease donor and recipient reputation if implemented poorly
- **Altruism** – many donors are focused on the output of the services and not any personal benefits; the caution in these instances is that large inputs of donations from other sources can cause these donors to lessen their donations as someone else fulfills the output goals (this is termed the ‘crowding-out’ effect)
- **Reputation** – giving to charities provides the donors with social benefits as their reputation is improved amongst peers – note this is only the case if the donation made public by either the donor or recipient
- **Psychological** – giving can contribute to a person’s sense of well-being and self image; positive emotional responses are common immediately after giving

The business sector is another key partner in the support of Canada’s charities. Imagine Canada and EnCana’s study on corporate philanthropy is a critical source for understanding the relationship between Canada’s businesses and charities. Almost all businesses recognize the importance of charities and their impact on quality of life and nearly all businesses think that businesses and charities can work together to mutually benefit each other. An important finding in corporate philanthropy is that large businesses, those with more than twenty-five million in annual revenues, are the leaders in charitable donations. While it is understandable that large companies give more money than smaller ones (\$3000 median donation for all businesses compared to a \$275,000 median donation for large businesses), a higher percentage of large companies give money as well. Part of the reason for the high number of donations is that large businesses also give more strategically, in alignment with their own business goals or market bases, as well as the fact that large businesses are more likely to monitor and evaluate the impact

*Intelligent involvement of the business sector in philanthropy is an important part of supporting charities and the causes they serve.*

#### **Corporate Social Responsibility**

The social media has begun to play a key role in how companies shape their corporate social responsibility (CSR) policies and present themselves as good corporate citizens. Until recently CSR among businesses has revolved around risk mitigation and self regulation instilled to make sure companies would abide by the law and perform ethically. Today CSR is being redefined and can function as more than just a set of guidelines to keep companies out of trouble but also as socially responsible entities, even innovators. Philip Donne, president of Campbell Soup Canada shares this view. His company has recently developed a nutrient dense meal in a can to be distributed only to food-banks in Canada and as food aid around the world. The Haiti crisis demonstrated a need for highly nutrient dense suggests that today’s new generation has a global awareness that is pushing the corporate agenda to be more than a shareholder but also a responsible citizen. The companies recent involvement in About CSR Donne said, “companies are getting populated with a new generation that really has global awareness...they are pushing us to both a shareholder focus and The bottom line is now three-fold and is centered around people, planet, and profit. As business leaders strive to build more sustainable and socially responsible entities, formal social media strategies are becoming paramount. Social media can aid companies in being more socially responsible.

of their giving. Aligning charitable goals to business goals and evaluating return on investment for donations results in a more positive relationship between business and charity which in turn increases the likelihood and amount of future donations. Intelligent involvement of the business sector in philanthropy is an important part of supporting charities and the causes they serve.

### Important Points About Corporate Donations (Hall et al. 2008)

Businesses are an essential partner in supporting charities and contributing to important causes. There are several important points to be aware of in terms of corporations and charitable donations and in some instances, there are substantial differences between all businesses in general and those businesses which are large, with more than \$25 million in revenue:

- **What businesses think** – nearly all businesses (more than 90%) feel that charities are an important part of improving society and that businesses and charities can have a mutually beneficial relationship
- **Why do businesses give** – businesses are motivated by several factors when giving to charity with altruistic and bottom line motives existing side by side. In order of importance for all businesses:
  - Giving helps to build a strong and healthy community which is good for business
  - Giving is good for a business' relationship with the community
  - Giving fits with a business' traditions and values
  - Giving is good for a business' reputation
  - Giving is a good thing to do irrespective of financial returns
  - Giving is good for the business' relationship with customers or clients
  - Giving helps you recruit or retain employees
- **How much they give** – the median charitable donation was \$3000 for all businesses and \$275,000 for large businesses
- **How they support charities** – while the primary method of supporting charities was through monetary donations there are several other ways that businesses provided support:
  - 97% of large businesses and 76% of all businesses donated money;
  - 72% of large businesses and 51% of all businesses donated products and goods
  - 69% of large businesses and 43% of all businesses donated services
  - 59% of large businesses and 14% of all businesses provided sponsorship
  - 26% of large businesses and 8% of all businesses participated in cause marketing
  - 17% of large businesses and 5% of all businesses donated to corporate foundations
- **Who gives the most** – the Finance and Manufacturing sectors (32.1% and 19.4% of all corporate donations respectively) are responsible for more than half of corporate donations while Accommodations and Food Services gives the largest % of profits to charity (2.6%)
- **Who they give to** – donations from corporations tend to be focused on several core areas although the areas do differ between all businesses and large businesses:
  - Social services organizations receive donations from 66% of all businesses and from 90% of large businesses
  - The United Way receives donations from 28% of all businesses and from 82% of large businesses
  - Health organizations receive donations from 66% of all businesses and from 81% of large businesses
  - Sports and recreation organizations receive donations from 58% of all businesses and from 74% of large businesses
  - Hospitals receive donations from 48% of all businesses and from 53% of large businesses
  - Universities and Colleges receive donations from 24% of all businesses and from 67% of all large businesses

## Canadian & American Giving

The Fraser Institute's Generosity Index suggests that Americans are more generous than Canadians. The annual index measures private monetary generosity through charitable giving in Canada (10 provinces and 3 territories) and the United States (50 states and Washington DC) based on two indicators: the percentage of tax filers who donate to charity and percentage of aggregate personal income donated to charity. Based on data from the tax year 2008 Americans scored higher than Canadians on the generosity index (overall average score of both indicators out of 10). In terms of state performance Utah scored the highest at 8.7 followed by Maryland at 7.2 and Connecticut at 6.2. Although Manitoba is the highest scoring Canadian province at 3.8 out of 10, its performance ranks only 35th out of 64 North American jurisdictions. The most notable distinction between the two countries is the depth of giving. Overall Americans gave 1.38 of their aggregate income while Canadians donated .76 of their income in the tax year 2008. If Canadians had given the same percentage of their aggregate income as Americans gave to charities in 2008, Canada charities would have received 9 million more dollars.

*There is a tradition within the fabric of US society which not only encourages the creation of wealth but the sharing of wealth through community foundations and trusts.*

### ***Are Americans better at giving than Canadians?***

Not necessarily. Even though the percentage of Canadian tax filers donating to charity fell between 1998-2008, the average aggregate income donated went up in every province. However some research suggests America's cultural emphasis on entrepreneurship may at the end of the day help charity. There is a tradition within the fabric of US society which not only encourages the creation of wealth but the sharing of wealth through community foundations and trusts. Think of the robber barons and it is easy to imagine why there are thousands of foundations and trusts that dot the US landscape. Foundations and trusts are part of home-grown philanthropy or local philanthropy traditions in both rural and urban areas and are considered potential partners in community and rural development initiatives. In Canada potential partners for community and rural development initiatives almost always include the provincial or federal government and these development projects would benefit from increasing the role of philanthropic funding. Balancing government funding with philanthropic funding for community development would enable communities to expand on current development activities and to sustain activities during changes in government priorities.

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This is evident in the literature about philanthropy and giving in the US. Endowment building, capturing rural assets and other such strategies to raise community development and rural development funds is common language in the literature. The RURPI Centre for Rural Entrepreneurship is a good example as their centres, newsletters and research abound with advice about how to capture rural assets and increase knowledge about the complex issues surrounding donations and bequests of real property. They suggest that the benefits of community philanthropy need to be promoted to accelerate the growth of rural philanthropic assets. This language does not yet seem to exist in the Canadian philanthropic literature and an important step in increasing the role of philanthropy in community development would be to increase overall awareness of the importance and benefits of philanthropy in development in Canada.

*the benefits of community philanthropy need to be promoted to accelerate the growth of rural philanthropic assets.*

However there are many similarities between the two countries in terms of giving. In the US and in Canada people living in rural areas tend to donate more than their urban counterparts and they also give a higher proportion of their donations to religious organizations. According to the Centre on Philanthropy's regional data set of seven states (Rooney 2009) people in rural areas donated 18.3% of their total income to charity while urbanites donated 14% of their total income. The former also donated more to religious organizations: 72% of total giving from rural donors were distributed to religious organizations vs. 59% to religious organizations in urban areas. In Canada the statistics were similar: the 19% of those who attended religious services weekly gave 74% of the total value of all donations to religious organizations and 22% of the total value of all donations.

In general Americans and Canadians support a wide variety of charitable and non-profit organizations but overall religious organizations receive the largest beneficiaries of charitable giving. In Canada religious organizations receive almost \$4.0 billion or 45% of the total value of donations each year followed by health organizations at 1.2 billion in donations and then in descending order education, research, sports and recreation. In the US close to half of all donations are made each year to religious organizations followed by education, social services, health and recreation. Although the US seems to donate a bigger part of their income to charities than Canadians, the breakdown of who donates to what charitable organizations seems to be similar.



## Findings: Giving in Manitoba

To explore the social dimensions of giving in Manitoba further and identify challenges as well as trends of estate planning, interviews were conducted during the months of January and February 2011. Fifteen professionals, specifically accountants, lawyers, directors of charitable organizations, community foundations from rural and urban areas were asked questions about their perspectives concerning Manitoban attitudes toward gift giving and estate planning. As the purpose of this study is to identify possible challenges, trends and areas for further research the limitations of this study include a small sample size focused on key informants that can help identify issues that form a baseline for our exploratory research. Below is a summary of responses.

| Questions Asked   | Responses from Lawyers, Accountants about Estate Planning  |
|---|--|
| Typical age client begins estate planning   | <ul style="list-style-type: none"> <li>▪ Over 40, but likely over 50 years of age</li> <li>▪ Roughly 10-15% bequests include charitable giving</li> </ul>              |
| Motivations for estate planning<br>Motivations for estate planning that include charitable giving | <ul style="list-style-type: none"> <li>▪ Children leaving home, family tragedy,</li> <li>▪ Connection with community or issue</li> </ul>                               |
| Typical client that includes charitable organizations in their estates                            | <ul style="list-style-type: none"> <li>▪ Single/married without children, family taken care of, connection with community</li> </ul>                                   |
| Obstacles to estate planning  | <ul style="list-style-type: none"> <li>▪ Denial, lack of knowledge about the tax benefits, cost, fear</li> </ul>   |
| Required to >donations to community and charitable organizations                                  | <ul style="list-style-type: none"> <li>▪ Further education and workshops in the community about benefits of estate planning</li> </ul>                                 |
| Knowledge of Transfer of Wealth (TOW) opportunities   | <ul style="list-style-type: none"> <li>▪ Very aware of TOW opportunities</li> <li>▪ Lots of professional development about TOW</li> </ul>                              |
| Questions Asked   | Responses from Directors of Community Foundations  |
| Typical donor to community foundations  | <ul style="list-style-type: none"> <li>▪ Over 40, either gender</li> <li>▪ Repeat donor, usually monthly</li> <li>▪ Donor is from or was born in rural area</li> </ul> |
| Estimate of percentage of donations from estate planning  | <ul style="list-style-type: none"> <li>▪ Roughly 50% of overall donations received are from bequests and endowments</li> </ul>   |
| Typical fundraising strategies  | <ul style="list-style-type: none"> <li>▪ Bequests and endowments are part of an overall fundraising strategy</li> </ul>  |
| Suggested method to increase donations  | <ul style="list-style-type: none"> <li>▪ Further education and information about bequests and charitable giving</li> </ul>   |
| Knowledge of TOW opportunities  | <ul style="list-style-type: none"> <li>▪ Very aware of TOW opportunities in this sector</li> </ul>   |
| Available professional development in sector about TOW opportunities                              | <ul style="list-style-type: none"> <li>▪ Frequent PD available about TOW opportunities in sector</li> </ul>  |



| Questions Asked  | Responses from Directors of Charitable Organizations  |
|--|---|
| Typical donor to charitable organizations                            | <ul style="list-style-type: none"> <li>▪ Over 35, although can be younger, wants to volunteer or be involved, either gender</li> <li>▪ usually from urban areas</li> </ul>            |
| Typical donor to charitable organizations 10 years ago               | <ul style="list-style-type: none"> <li>▪ White, male, employed between the ages of 42-65</li> </ul>   |
| Estimate of percentage of donations from estate planning             | <ul style="list-style-type: none"> <li>▪ Small percentage of overall donations are from bequests and endowments</li> </ul>  |
| Typical fundraising strategies                                       | <ul style="list-style-type: none"> <li>▪ Bequests and endowments are not always part of an overall fundraising strategy</li> </ul>  |
| Suggested method to increase donations                               | <ul style="list-style-type: none"> <li>▪ Further education and information about bequests and charitable giving</li> </ul>  |
| Knowledge of TOW opportunities                                       | <ul style="list-style-type: none"> <li>▪ Aware of TOW opportunities</li> <li>▪ one respondent suggested that the TOW would not be substantial for charitable organizations</li> </ul> |
| Available professional development in sector about TOW opportunities | <ul style="list-style-type: none"> <li>▪ Very little or non-existent PD in this sector</li> </ul>   |

Overall the responses indicate some interesting aspects of rural and urban giving in Manitoba. A typical donor to community foundations (predominately located in rural areas) is over 40 years of age, female or male, employed and has a connection to or has benefitted from the community in some way. According to the respondents it is this connection to or benefit from the community that manifests itself into donations to community foundations as well as bequests and endowments that account for at least 50% of a typical community foundation budget. Although a typical donor to charitable organizations (predominately located in more urbanized areas) looks very similar, they are slightly younger, more likely to volunteer within the organization and more likely to want to understand how their donation impacts the organization or specific project.

Slight differences are apparent with regard to fundraising strategies. Although respondents were knowledgeable about the possible benefits that legacy donation opportunities might bring to an organization, community foundation respondents reported that they regularly included legacy donation opportunities within their fundraising strategies and promotional materials. Some charitable organization respondents said that they were interested in including legacy donation opportunities within their fundraising strategies and might do so in the future. Other charitable organization respondents, usually larger charitable organizations said that legacy opportunities were included within their fundraising strategies.

All respondents said they were aware of the Transfer of Wealth (TOW) opportunities that are predicted to occur as the baby boomer generation transfers its wealth to the next generation. However it was clear that respondents from community foundations were more engaged in TOW strategizing and planning than the respondents from the charitable organizations. Community foundation respondents said that they regularly attended professional development workshops on TOW opportunities and were engaged in some TOW planning. Respondents from charitable organizations had not engaged in any professional development about TOW opportunities or TOW planning although some desired to do so. One respondent suggested that the generational transfer of wealth would not impact charitable organizations as baby boomers donate only a small percentage annually to charitable organizations and there are more charitable organizations now than ever before.

*There is an unprecedented Transfer of Wealth (TOW) that will occur as the baby boomer generation transfers its wealth to the next generation.*



Lawyer and accountant respondents suggested that the TOW opportunities would in most cases have an impact on communities and charitable organizations in Manitoba but the level of impact in a given community would depend on other factors including the economy, and level of personal wealth. Although there is variability among communities in Manitoba with regard to wealth and giving, lawyer and accountant respondents said that the typical age clients begin to do estate planning is over 40 years old but likely over 50 years of age. As well, approximately 10-15% of bequests and endowments include charitable giving and one respondent said that,

*“The smaller the geographical place the closer the ties the more specific the giving.”*

Lawyer and accountant respondents said that barriers to estate planning include a lack of knowledge about the benefits of estate planning, in particular tax benefits, fear, denial and the cost or perceived high cost of estate planning. One respondent said that

*“there is a lack of public information and awareness about the benefits of estate and legacy planning in the public domain and if people better understood the benefits that planning brings to their families and communities they would do it in a heartbeat”.*

Another lawyer respondent suggested that the fact that some members in his community would rather go to staples and purchase a \$20.00 legacy kit suggests that the general public does not understand the financial benefits of legacy and endowment planning.

### **Emerging Trends Identified by Respondents**

During the interviews respondents identified three emerging trends that they felt were taking place within the social dynamics of giving in Manitoba. These trends are mentioned below. They include;

- **A Broader Philosophical Shift**

*An emerging generation (approximately those in their 30s perhaps 40s) who have not directly benefited from a religious organization or their community the way their parents or older family members benefited from in the past. They are more educated, travelled and global in perspective than their parents. They are active in social networking and want to know how their money is being spent.*

- **Competition for Donor Dollars and Donor Fatigue**

*There are more charitable organizations today including health and education institutions that are competing for charitable dollars. There is also more competition at the global level which can induce donor fatigue at the local level. I.e. The earthquake in Haiti*

- **Some Baby Boomers want to Give in the Present**

*Longer life spans and earlier wealth are encouraging baby boomer donors to give now in order to see the impact of their legacy*

#### **Merging Generation i.e. the New Citizen Philanthropist**

According to an interviewee there is a merging generation (approx those in their 20s and 30s) involved in philanthropy today who have not directly benefited from a religious organization or their community. Their level of wealth is higher than their parents and this merging generation has different expectations today. They are more educated and have travelled more than their parents and want to know how their money is being spent. They are also active in social networking and the internet and are very much on board with a broader notion of social justice values which does not translate into more monthly donations to one church or community foundation. This merging generation will be donating to all kinds of social causes so according to this interviewee there is a broader philosophical shift going on in philanthropy that will have repercussions for communities and charitable organizations in the future. Katherine Fulton writer for Citizens Effects website suggests that this is the democratization of philanthropy taking place and accountability and transparency normally only given to donors like Stephen Gates means the whole not-for-profit sector has to step up its game.

## ***Reflections: Combining Trends, Findings and Recommendations for Further Research***

Overall responses to interview questions and emerging trends identified by respondents revealed some interesting aspects concerning giving in Manitoba. One aspect of giving concerns the difference between community foundations (located in rural settings) who received at least 50% of their budgets from endowments and regularly engaged in planning & professional development about TOW and charitable organizations (located in more urbanized areas) who received 10-15% of their budget from endowments, were aware of TOW opportunities but not engaged in professional development or strategizing about TOW opportunities.

One way to interpret this difference is to consider that community foundations are anticipating the benefits that TOW opportunities may bring to their organizations and communities in rural areas and are preparing for it whereas charitable organizations do not see TOW opportunities as bringing any foreseeable benefits to their organization, so they are not preparing for it. To determine if this is the case further research is required.

***Further research is recommended in this area specifically TOW opportunity analysis in Manitoba to determine which communities will be impacted by the transfer of wealth opportunities.***

Another interesting aspect concerning giving in Manitoba is that the donor profile may be changing. Previously the literature review pointed to many characteristics that a typical or traditional donor might share with other donors across Canada. These included being middle age, having some post-secondary education, being financially stable and married. Community foundation and charitable organization respondents for the most part agreed with this profile however some respondents indicated that the community foundation donor profile typified the more traditional donor (who is over 50 and more likely to engage in legacy and endowment opportunities) while the charitable organization respondents indicated that their donor profile was a little younger and more likely to engage with the organization through the social media or volunteering.

The latter profile is very similar to the new citizen philanthropist profile referred to earlier in this paper and similar to one respondent's view that there is a new type of donor on the scene, one who donates to affect change and is part of a "merging generation." The respondent's perspective and our interview results suggest that the donor profile could be changing to include the citizen philanthropist donor. If this is the case there would be implications for giving in both charitable organizations and community foundations in both urban and rural areas. Further research in this area is recommended.

### ***Social Media and Donating***

Social media has ushered in the age of the citizen or the individual philanthropist. Kari Dunn Saratovsky (VP of Social Innovation of the Case foundation) says that "social media gives voice to the individual philanthropist." Mobile giving through social media allows individuals to see a direct impact and build social relationships. Citizen philanthropists don't want to work with third party organizations which has prompted industry leaders to say "average citizens in wealthy countries no longer want to outsource doing good to large organizations". The good news is that mobile giving has not lowered traditional solicitations and fundraising has not suffered. Citizen philanthropists want immediate impact and citizen donations are providing new donations and not taking away from traditional forms of social giving. It's safe to say that the age of the citizen philanthropist has just begun.

***Further research is recommended to determine if the donor profile in Manitoba is changing and what impact this change would have on community foundations and charitable foundations in rural and urban areas is recommended.***

Overall respondents answered uniformly with regard to identifying any challenges to estate planning. All suggested a lack of information in the public domain about the benefits of legacy planning and endowments was a key barrier to estate and legacy planning. Respondents also suggested that underpinning a general lack of information about estate planning was reluctance on the part of citizens to engage in estate planning due to fear, denial and a perceived high cost. Respondents suggested that more information about estate planning in the public domain would ease public anxiety about estate planning and suggested a more modern up to date on-line approach.

***Further research about the effectiveness of an on-line social media awareness campaign that would link legacy planning, entrepreneurship and community economic development and engage rural and urban donors***

Finally, two other emerging trends identified by respondents deserve mention. The first is the increased involvement of baby boomers in philanthropy and at an earlier time than previous generations. Their wealth, longer life span and the social media allow the time and money necessary to foster a “second career” in philanthropy. The second emerging trend is increased competition among charitable organizations at the local, national and international levels. Although the physical locality of where we live still informs many of our choices donors today can be involved in and donate to anyone anywhere on the planet through web sites, social media networks, blogs and micro-philanthropy. For the local community foundation and charitable organization in rural and urban areas the competition to engage with donors like the citizen philanthropist is more intense particularly for smaller organizations. Further research on engagement through micro-philanthropy, social networking and community foundations in rural communities would help community foundations and charitable organization identify needed strategies.



## Recommendations

- *A TOW opportunity analysis is to be undertaken in Manitoba to determine which communities will be impacted by the transfer of wealth opportunities.*
- *Further research be undertaken to determine if the donor profile in Manitoba is changing and what impact this change would have on community foundations and charitable foundations in rural and urban areas.*
- *That the links between micro-philanthropy and social networking with community foundations and citizen philanthropy be explored to foster dialogue and more research about the opportunities that potentially exist between philanthropy, entrepreneurship and community economic development in rural communities.*
- *To develop an on-line savvy awareness campaign that would link legacy planning, entrepreneurship and community economic development and engage rural and urban donors and would-be micro-philanthropists*

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