

Davenport Asset Management presents:

Virtual Investor Summit Series

The Current State of Philanthropy:

Charitable Giving in the US & Donor Motivation

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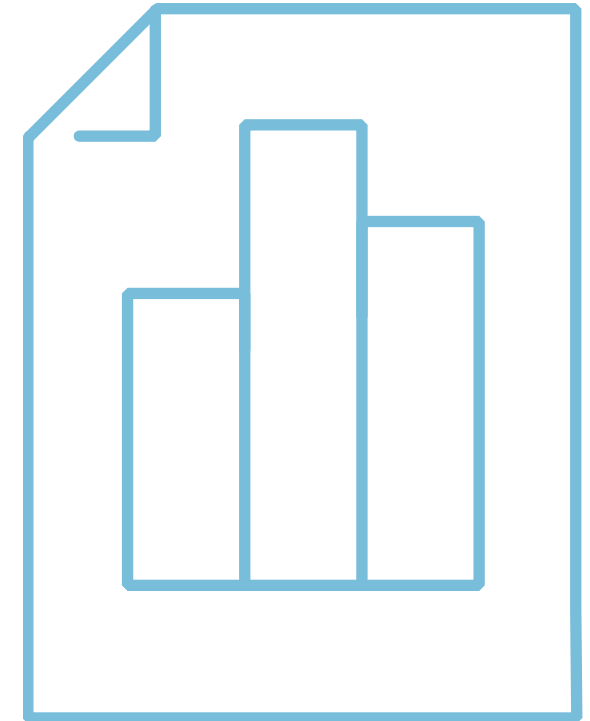
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State of Giving in the U.S. After 2017 Tax Reform

- Association of Fundraising Professionals Report on 2018 Giving
 - Number of donors declined 4.5%
 - Donations under \$250 dropped by 4.4%
- Giving USA Annual Survey (June 2020)
 - Total giving in 2019 was \$449.64 billion
 - One of the highest amounts ever
 - Increase of 1.6% over 2018.
 - Giving rose 2.4% in 2019 (after adjusting for inflation)
 - Corporate giving increased 11.4%
 - Individual giving remained constant
- Fundraising Effectiveness Project Study on 2019 Giving
 - Donations of less than \$1,000 declined by more than 4%
 - Gifts from major donors increased by 2.6%
 - Number of donors declined by 4.5%

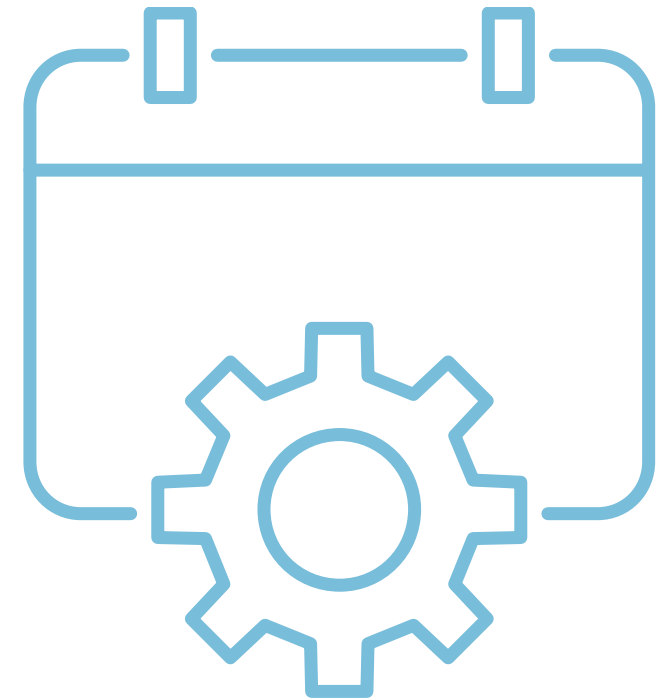


- Study published by DealAid in January 2021
 - 70.8% of Americans made donation in 2020 (increase of 14.5% over 2019)
 - Primary reasons for not giving
 - Lack of disposable income (87.9%)
 - Covid-19 (18.4%)
 - 83.5% said CARES Acts additional benefits for charitable gifts did not impact the amount donated
 - Average donation amount declined by 8.2% from 2019 to 2020 from \$379 to \$348
 - 71.7% of Americans expect to make a donation to charity in 2021



Report available at <https://dealaid.org/research/charitable-giving-covid>

- Current market conditions favor charitable giving
 - Appreciated property gifts are particularly tax efficient
- Cuts in government funding for certain programs and activities may motivate giving
- Charitable lead annuity trusts and gifts of remainder interests in a personal residence or farm – attractive in low interest rate environment
- Political or economic uncertainty often inhibits charitable giving



Findings from 2016 U.S. Trust Study of High Net Worth Philanthropy – Executive Summary

- 28% of high net worth individuals plan to increase charitable giving in the next three years
- 33% of high net worth individuals participate in impact investing
 - 34% of them do it in place of some of their charitable giving
 - 5% do it in place of all charitable giving
- Receiving tax benefits only motivated 18% of wealthy donors in 2015 as compared to 34% of donors in 2013
- Personal and altruistic reasons for giving:
 - Belief in mission (54%)
 - Belief that gift can make a difference (44%)
 - Personal satisfaction, enjoyment, or fulfillment (39%)
- Greatest challenge is identifying causes they care about and where to donate (67%)

Study available at https://www.ustrust.com/publish/content/application/pdf/GWMOL/USTp_ARMCGDN7_oct_2017.pdf

Findings from 2018 U.S. Trust Study of High Net Worth Philanthropy

- Percentage of giving by HNW women and African-Americans is higher than percentage of giving by all HNW individuals
- 28% of HNW individuals plan to increase giving in next 3 years
- Millennials and women are more likely to participate in impact investing
- More women volunteer than men
- Receiving tax benefits only motivated 17% of HNW donors in 2017
- Only 42% believe their giving is having intended impact

Study available at <https://www.ustrust.com/articles/2018-us-trust-study-of-high-net-worth-philanthropy.html>

- Personal Reasons for Giving
 - Belief in mission or that gift can make a difference
 - Personal satisfaction, enjoyment, or fulfillment
 - Public recognition or to leave a legacy
 - Family values and encourage younger generations to give
 - Reduce taxes
- Role of Tax Benefits
 - No one gives to charity solely to get a tax deduction
 - Many donors cannot use income tax charitable deduction
 - Complexity of tax laws and substantiation rules discourage donors
 - Experience with donors indicates that personal reasons for giving outweigh tax benefits
 - Donors want tax efficiency, but tax savings don't cause the spark.



Turning the Spark into a Flame: How Do Donors Implement Their Philanthropy?

- Identifying Causes
 - One of the more difficult tasks
 - Seek out resources to further refine causes and opportunities
- Identifying Charities
 - Emotional connection with charity's story and mission?
 - Able to advance the donor's cause?
 - Meeting the needs of those the charity serves?
 - Sound operations and business practices?
 - Appreciate the gift?
 - Comply with terms of gift or restrictions?
- Understanding When and How Much to Give
- Achieving Tax Efficiencies



- Evidence of Impact
 - Belief in positive impact of charitable giving and volunteering on society
 - Some need evidence or monitoring to ensure intended impact is achieved
- Evidence of Appreciation
- Influence on Younger Generations



Questions?



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For those that have further questions on this topic, you can contact Michele McKinnon directly at the information on this page. For those that have investment related questions, please contact your Davenport advisor or Davenport Asset Management at DAMinfo@investdavenport.com



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