



Weekly Research Insight

FACT BOOK

From the 2016 NMI Healthy Aging Database® study

Research Insights

No one has invested more in market research than The Stelter Company to advance nonprofits' understanding of donor behavior and attitudes. As the sole contributor of charitable giving content to the Natural Marketing Institute's Healthy Aging Database® study now in its 12th year, we are pleased to provide the industry's only in-depth information on nonprofit sector differences.

This compilation of marketing communications tips from the 2016 study go far beyond basic demographics to shed light on how changes in health, finance, technology and family dynamics may influence future planned giving intentions and practice.

Turning Data Into Dollars

Stelter uses data from this study and others to build results-driven planned giving content for more than 1,500 organizations. Whether you're new to planned giving or a seasoned fundraising professional, read on for ways to strengthen your connection with donors and set yourself up for greater success.

FACT
1



Donors Still Prefer Local Nonprofits by a Wide Margin

Sixty-three percent of donors to nonprofits prefer to give to local organizations. That's up from 60 percent in 2015.

Donor preference for giving to national nonprofits dropped from 30 percent to 26 percent in the past year. Donor preference for giving to global nonprofits rose slightly, from 10 percent to 11 percent.

WHAT IT MEANS

All types of nonprofits may benefit by customizing communications materials with messages that emphasize outreach and results closest to where donors live. Data shows most people like to know they are making an impact in their own backyards.

FACT
2

Donors Still Rely Most on Personal Experience to Learn About Nonprofits

In first learning about a nonprofit, 29 percent of donors rely on personal experience far more than friends and relatives, media, direct mail, the internet, or other sources. That's up slightly from 2015, when 28 percent said they rely most on personal experience.

WHAT IT MEANS

Providing direct exposure to and involvement with your nonprofit is still the best way to inform and influence potential donors. In fact, 51 percent of those who rely on their personal experiences say such experiences wield “a lot of influence” when they consider donating to that organization. Targeted communications that recognize volunteers or others who regularly come into contact with your organization can increase your likelihood of receiving a planned gift at the end of a donor's life.



FACT
3



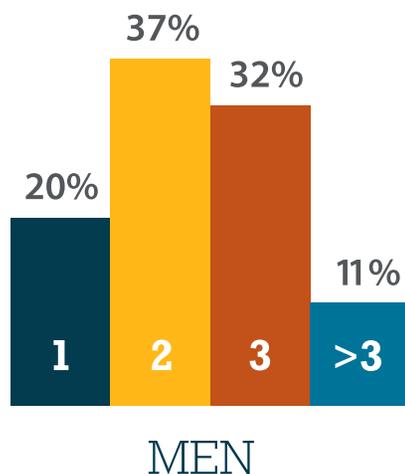
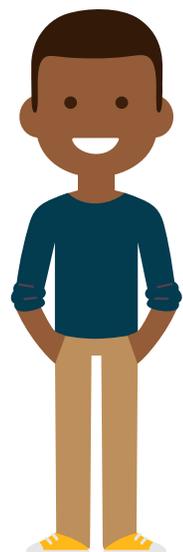
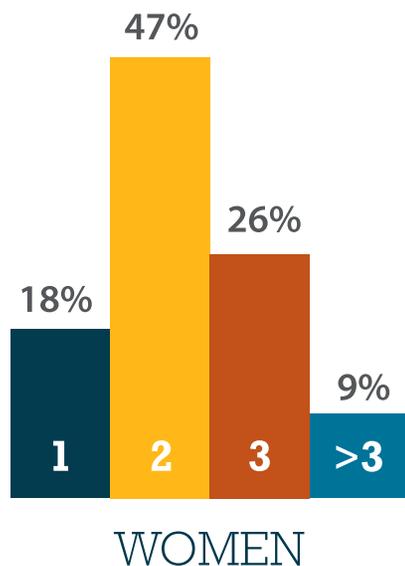
Top Reasons for Donating to Nonprofits Remained Same in 2016

“It makes me feel good to help other people” and “It’s a cause I strongly believe in” were the top two reasons U.S. donors said they give to nonprofits. These were also the top two reasons in 2015. These two selections far surpassed other chosen reasons by 20 to 30 percentage points.

WHAT IT MEANS

Organizations that best demonstrate need and clearly articulate how donors can make an impact on helping others have more success at planned giving. Financial reasons, such as “It helps my financial situation at tax time” scored last among seven response options, at 12 percent and 10 percent respectively for 2016 and 2015.

FACT
4



Competition for Planned Gifts Likely to Increase for All Nonprofit Organizations

Among men and women donors who say they would designate a planned gift in their wills, the largest percentage prefer to split a planned gift between **two** nonprofits. The second largest percentage of men and women prefer **three** nonprofits.

WHAT IT MEANS

Research indicates that donors will make gifts to fewer organizations than in the past. Understanding how your donors relate to your organization, their interests and how important they regard your priorities could make all the difference on whether or not you receive a gift. If you haven't connected with donors lately, now's the time to "ask before you make the ask."

FACT
5



Women Value Importance of Having a Will More Than Men

Women (45 percent) are more likely than men (41 percent) to agree that it is very important to have a will. Conversely, only 30 percent of American women age 18+ actually have a will, compared with 35 percent of American men.

WHAT IT MEANS

Organizations may reap benefits from going back to the basics when it comes to estate planning. Offer simple tips on how to get started with estate planning and include clear next steps on how to leave a gift to your nonprofit. Consider changing up content and/or photos to appeal to a female audience.

FACT
6



Boomers List Losing Mental/Brain Capacity as Biggest Fear of Aging

Fifty-five percent of baby boomers (age 52–70) select cognitive decline as their greatest fear of aging, 17 percentage points ahead of fear of heart disease or contracting cancer. While both genders place fear of losing mental/brain capacity at the top of the list, boomer women place diminished mental capacity 10 percentage points higher than men, a statistically significant difference.

WHAT IT MEANS

Fear of high costs associated with assisted living and memory care may delay boomers' decisions regarding charitable giving or cause them to decrease gift amounts. Organizations that can fuel donors' financial peace of mind while nourishing their desire to help others stand the best chance of growing planned giving with this important segment.

FACT
7



Donor Preference for Unrestricted Gifts Rose Slightly in 2016

The percentage of U.S. donors who prefer to give unrestricted donations to nonprofits increased from 75 percent in 2015 to more than 76 percent in 2016. Preference for restricted gifts fell to 23.6 percent. Donors to education organizations made the highest percentage of restricted gifts (36 percent), while donors to human services organizations made the lowest percentage of restricted gifts (17 percent).

WHAT IT MEANS

In general, most donors are comfortable with organizations using their gifts to support the areas of greatest need. Still, allowing for specialized, restricted gifts should also be a part of your marketing plan, as allowing both options may also raise unrestricted gift giving.

FACT
8



Importance of Charitable Giving Growing With Wealthier Consumers

More U.S. consumers with a net worth greater than \$2 million say charitable giving is very important. In 2016, nearly 35 percent of these higher net worth consumers said it is very important to donate to charitable organizations, up from approximately 23 percent in 2015.

WHAT IT MEANS

Identifying and establishing relationships with high net-worth donors is the first step in paving the way to future planned gifts. Understanding gift type preferences and performance expectations from your organization can help you cement the deal.

FACT
9



Financial Concerns Regarding Retirement Affect Most

Only 15 percent of donors age 18+ to nonprofits feel financially ready for retirement. The percentage increases as net worth grows, yet only 62 percent of donors with a net worth over \$2 million feel financially prepared.

WHAT IT MEANS

It's no surprise that wealthier donors feel more secure with their retirement plans. Engaging donors who may have lower confidence in building retirement assets can still produce positive planned giving results, as long as those donors can be shown that planned gifts don't have to impact their financial security during retirement.

FACT
10

Boomers and Matures Quite Comfortable With Digital Technology

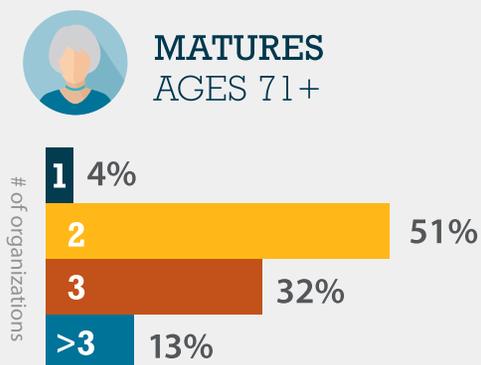
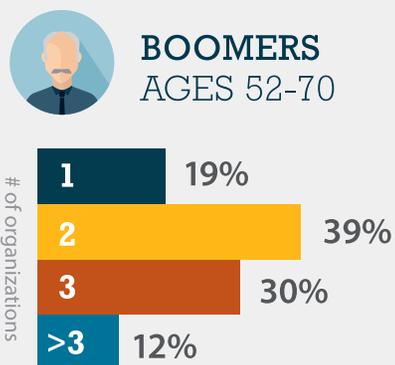
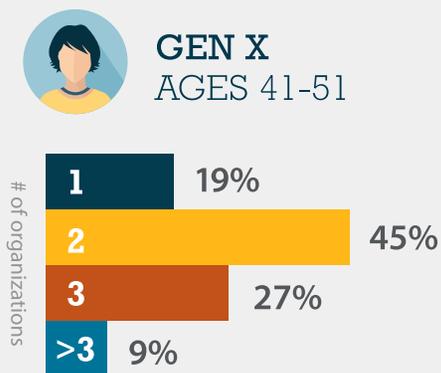
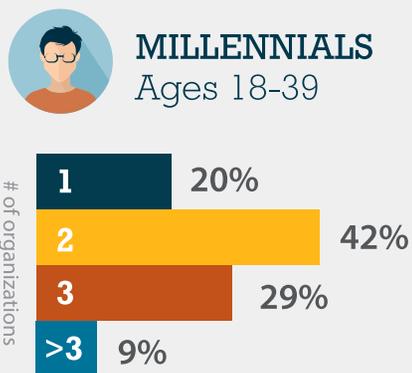
Ninety percent of baby boomers (ages 52–70) and 85 percent of matures (age 71+) claimed to be comfortable using digital devices, including laptops, tablets and smartphones. These numbers, from mid-2016, represent a 17-percentage point jump for boomers and an 18-percentage point increase for matures over responses reported during the same period in 2015.

WHAT IT MEANS

Incorporating digital communications into your planned giving marketing plan should be common practice no matter the age of donors in your database. You'll cut costs and increase the likelihood of donors seeing your message when you develop a multichannel approach using digital and printed materials. Regular testing of materials can help hone which donors prefer digital communications and which prefer direct mail.



**FACT
11**



Donors Lean Toward Splitting Planned Gifts Among Fewer Organizations

Among donors of all ages who say they're very likely to designate a planned gift in their wills, the largest percentage in each age group prefer splitting their gifts between two charities. Overall, the number of organizations donors say they would consider leaving a gift to has decreased for all age groups, with the largest decreases reported by baby boomers and matures.

WHAT IT MEANS

Donors of all ages plan to support fewer organizations than in the past. Nonprofits that use age-appropriate content to engage with donors early and often and that understand donors' changing financial priorities stand the best chance of seeing an end-of-life gift.

FACT
12



Charitable Giving 'Going to the Dogs!'

When it comes to identifying characteristics of frequent donors to nonprofits, pay attention to dog owners. Data from Stelter's most recent national study indicates that those households that include "man's best friend" are statistically significantly more likely, at 47.2 percent, to donate more than once a year when compared to other types of pet owners or non-pet owners, at 42.6 percent.

WHAT IT MEANS

Since frequent donors to nonprofits in all sectors are more likely to leave a planned gift than infrequent donors, test an image of a dog in your marketing communications materials. It might make the difference on whether they're noticed or not. In addition, the strong emotional bond donors feel for their dogs may transfer to your organization as well.

FACT
13



Few Donors Seeking Financial Advice Prior to Considering a Planned Gift

According to data from Stelter's latest national study, more than 75 percent of donors who would consider leaving a gift to charity in their wills say they're likely to do so without first obtaining professional financial advice.

WHAT IT MEANS

Educating donors about the benefits of seeking professional financial advice on estate planning may benefit donors and nonprofit organizations alike. Donors learn how various gift types may best fit into their financial needs, and charitable organizations benefit when donors receive professional assurance that leaving a gift won't jeopardize donors' financial future.

FACT
14

Higher Net Worth Donors More Likely to Research Charities Online

Nearly 30 percent of donors with a net worth greater than \$2 million reported that they used the internet to research charities they were considering supporting. This is more than twice the percentage of donors with a net worth of \$500,000 to \$2 million (13 percent) and more than three times the percentage of donors with a net worth under \$500,000 (9 percent).

WHAT IT MEANS

While it's important for all potential donors, our latest research indicates that it's especially valuable to provide a positive website experience for high net worth visitors. Make sure your planned giving pages offer a clear path on how to get started when contemplating a gift. Show simple gift examples and provide options to learn more about areas of interest. Finally, make sure contact information is up-to-date and easy to find.



FACT
15



Boomers Significantly Trail Matures in Matters of Estate Planning Importance and Prevalence

Forty-nine percent of baby boomers (ages 52–70) believe that having a will is very important, yet a smaller percentage, 44 percent, have one. These figures are statistically significantly less than those reported by matures (age 71+), where 64 percent believe that having a will is very important, and 68 percent reported having one.

WHAT IT MEANS

With boomers a prime fundraising target for most nonprofits, don't underestimate the amount of education that still needs to be done with this generation. Providing donors rationale for having a will and simple step-by-step instructions on how to get started with estate planning may go a long way toward helping you reach your planned giving goals.

FACT
16



Women Less Satisfied Than Men With Their Ability to Donate to Charity

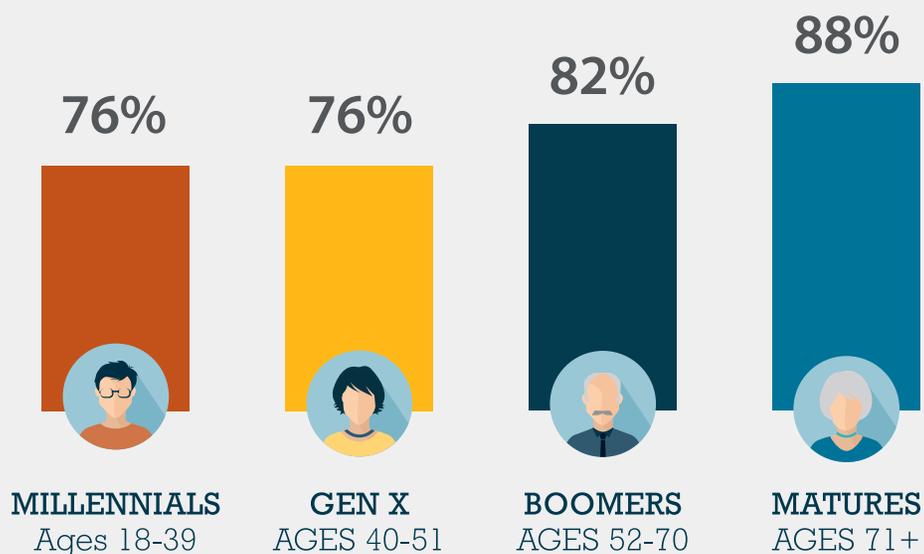
Seventy-two percent of men said they were somewhat or completely satisfied with their current ability to donate to charitable organizations. This is significantly higher than responses from women, where only 65 percent claimed to be somewhat or completely satisfied with their current ability to donate to charity.

WHAT IT MEANS

Charitable organizations may prosper long-term by showing the impact that even small gifts can make toward their cause. The emotional satisfaction women gain from making a gift can easily overcome gender differences in income or net worth. Don't forget to acknowledge women volunteers to your organization, as they are nearly twice as likely as others to become frequent donors.

FACT
17

Believe that advances in health care will extend their lifespan (totally or somewhat agree)



Most Believe That Advances in Health Care Will Extend Their Lifespan

According to data from Stelter's latest national study, more than three-fourths (76 percent) of millennials (ages 18–39) totally or somewhat agree that advances in health care will extend their lifespan. Nearly nine in 10 (88 percent) of matures (age 71+) totally or somewhat agree.

WHAT IT MEANS

Fear of outliving their retirement savings is a major concern, particularly for boomers and matures. Nonprofits that use age-appropriate content to educate generations early and often on ways to leave a gift without jeopardizing their financial peace of mind stand the best chance of receiving an end-of-life gift.

FACT
18



What Estate Planning Documents Do You Have?

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|-----|--|
| 14% | Transfer on death designation on bank account, investment account or real estate |
| 17% | Living trust |
| 26% | Joint ownership of property passing to surviving owner |
| 32% | Beneficiary designation on IRA, 401(k) or other retirement accounts |
| 33% | Last will and testament |
| 40% | None |

U.S. Nonprofit Donors and Estate Planning Document Prevalence

According to Stelter's latest research, a last will and testament, beneficiary designations on retirement accounts, and joint ownership of property passing to a surviving owner are the most prevalent estate planning documents held by those who donated to a nonprofit between April 2015 and April 2016.

WHAT IT MEANS

While older and wealthier donors are more likely to have estate documents than the general population, there is still a large percentage across all strata that could do more. Continuing to educate donors on the importance of estate planning and providing gift options that fit various lifestyle and financial needs should be a priority for nonprofits in all sectors.

FACT
19

Family Makeup of Planned Givers Varies Widely by Sector

According to Stelter's latest research conducted between April 2015 and April 2016, individuals who indicated they've left a planned gift in their wills to nonprofits in health care, international affairs, environmental/animal welfare, medical research and public/societal benefits sectors were significantly more likely to report being childless. Gifts to education and secondary education organizations were split between childless donors and donors with children. Planned gifts to nonprofits in the global faith-based, human services, and arts and culture sectors were significantly higher from donors with children than from childless donors.

WHAT IT MEANS

Stelter research has identified statistically significant differences among donors to 10 nonprofit sectors. Differences in gender, age, income, education, race and region of the country, among others, are not uncommon. Taking advantage of sector-specific data to create your marketing materials gives your nonprofit a competitive edge and enhances your chances of developing a strong planned giving pipeline.



FACT
20

Donors to Nonprofits Prefer Honor/Tribute Gifts Over Other Planned Gifts



When it comes to types of planned gifts, donors to all nonprofit sectors prefer honor and tribute gifts over charitable gift annuities, charitable remainder trusts, gifts of stocks or bonds, and gifts of real estate or land holdings by a statistically significant margin.

WHAT IT MEANS

Organizations should look at moving honor and tribute gifts to the top of their “ways to give” list. Stelter’s research shows that donors are motivated to give for emotional reasons rather than financial considerations by a factor of 6 to 1. It makes sense then, that planned gift officers who initiate conversations on honor and tribute gifts early on not only improve their chances of receiving a gift, but also the likelihood of receiving a larger gift as donors make the emotional connection between their gifts and family members or friends.

FACT
21

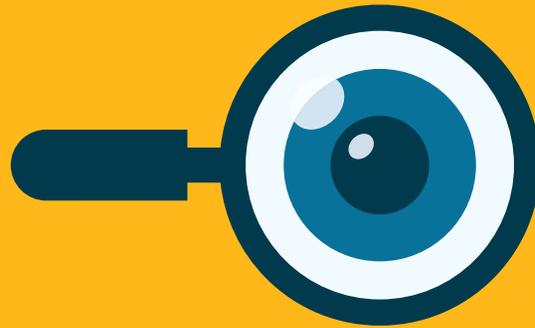


Prevalence of Estate Planning Documents Varies by Net Worth

According to Stelter's latest research, individuals whose net worth exceeds \$500,000 were significantly more likely to have estate planning documents when compared to individuals with a net worth lower than \$500,000. An additional increase occurred among those with a net worth greater than \$2 million.

WHAT IT MEANS

Strategically develop your planned giving pipeline by overlaying your donor database with wealth screening data. Identifying high net worth donors pays in terms of better targeted planned giving communication materials, improved return on your marketing investment and better qualified prospects for follow-up.



LEARN MORE

These new research insights are just a small portion of the data on how, why and where donors prefer to give. Let us help you put this information into action as part of your planned giving marketing plan. Contact us today at stella@stelster.com or visit www.stelster.com for more information.



In business since 1962, The Stelter Company is the strategic partner nearly 1,500 leading nonprofits nationwide depend on most to provide expertise on cultivating valuable, long-term donor relationships through a unique combination of industry insight, customer focus and creative services.

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