

Monday, December 9, 2002

Affair of the Heart

By ALINE SULLIVAN

For Dick Taylor, this is a busy time of year. As a senior executive at a major insurance brokerage, he finds that year-end renewals keep him late in the office most nights. And at home, his time is scarcely his own, consumed by a relentless succession of cocktail parties, school concerts and shopping for friends and family. Yet, for all the demands on his time and wallet, Taylor expects to give more than \$15,000 to a range of carefully selected charitable causes before Christmas.

Taylor, who asked that we change his name to keep him from being inundated with even more charitable requests, is far from alone. The U.S. is second only to Israel in giving as a percentage of gross domestic product, according to research from Johns Hopkins University. As the French political theorist Alexis de Tocqueville noted more than 170 years ago, enlightened self-interest drives Americans to help each other by giving freely of our time and money. In other words, we give for our own good.

That isn't as calculating as it sounds. Yes, the U.S. tax laws make it easy for us to give. Giving can also be good for our social and professional lives; a token donation at this time of year to the boss's pet cause won't go amiss. But these are secondary considerations, affecting the timing and amount of our gifts. They do not in themselves inspire us to become benefactors.

The real reason so many of us give -- the latest figures from the nonprofit coalition Independent Sector show that 89% of Americans donate money to charity -- is that it makes us happy.

Indeed, it makes us so happy that once we start giving, we generally keep on giving, both in good times and bad. And the more we give, the more we want to give.

"We don't stop giving when we are worried about our own financial well-being," says Sara Melendez, president and CEO of Independent Sector, a coalition of nonprofits, foundations and corporate philanthropy programs. "We may give less if times are really tough but we try to keep on giving because it feels so good." Times are tough now, of course, and early indications are that some benefactors are cutting back on their giving. But many are determined to keep going, hoping to make a difference now and build up their assets again when the economy improves.

Kim Wright-Violich, president of the Schwab Fund for Charitable Giving, a donor-advised fund with \$175 million in assets, reports a 30% decline in new accounts this year.

Donor-advised funds typically require an initial, irrevocable contribution of \$10,000; individuals get to realize the full tax deduction the first year, but can take their time in allocating the funds.

But Wright-Violich says that very few existing clients are dropping out or even cutting back on their giving to the fund, which continues to average about 8% of their annual income. The national average, by contrast, is just under 2%. It's an impressive commitment, all the more so because many donors to the fund are based in northern California, the epicenter of the Internet shakeout. (For more on the state of the philanthropy industry, see "[Shock to the System](#).")

Indeed, the remarkable success of the Schwab fund and other relatively new donor-advised funds suggests that contributors are easily hooked. Six donor-advised funds make this year's Philanthropy 400, the Chronicle of Philanthropy's list of top charities. The funds -- Fidelity's Charitable Gift Fund, the National Philanthropic Trust, the Vanguard Charitable Endowment Program, Schwab's Fund for Charitable Giving, the Ayco Charitable Foundation and the U.S. Charitable Gift Trust -- raised a total of \$1.6 billion in 2001. That's nearly \$1 of every \$30 raised by the 400 charities together.

The funds' managers are finding ways to keep the momentum going, even in what for many has been a very difficult year. "We are encouraging clients to think outside the box, to be more creative with assets such as life-insurance policies," Wright-Violich says. "They are extremely receptive to alternative ways of giving."

There are, of course, limits to this generosity. As one professional fundraiser points out, very few people will tap a home-equity line of credit to make a charitable donation. The more involved we already are, however, the more likely that we will continue giving. The 44% of Americans who volunteer their time to a nonprofit organization give on average twice as much a year as the rest of us, says Dwight Burlingame, associate executive director of the Center on Philanthropy at Indiana University.

A survey published last month by Independent Sector found that adults who volunteered as children contribute more of their time and money to charitable organizations than those who didn't have such experience in childhood. Among households with annual income ranging from \$25,000 to \$49,000, for example, those in which the adults were charitably active when they were young give \$1,124 a year on average. Those without that early experience give just \$802. Even the occasional commitment can loosen the purse strings. "If you participate in an organization just once a month or so, you will give more," says Burlingame.

The nonprofits know this, which is why they make so many new appeals to people who already have given time or money. It is also part of the reason that churches are so successful at raising funds. The 70% of Americans who contribute to religious organizations are reminded to do so on every visit. Households with family members who attend religious services each month give on average more than double the amount

donated by those who are not regular attendees, according to survey data from Independent Sector.

Schools, hospitals and even the local Little League team can also exert a considerable pull. Indeed, the greatest proportion of giving and volunteering takes place in one's own community and helps support activities from which the donor directly benefits, says Paul G. Schervish, Professor of Sociology and Director of the Social Welfare Research Institute at Boston College.

"You want to help the organizations or institutions with which you are already involved," he says. "That's why people with children tend to give more; because they are involved in so many activities."

Map: [State of Grace](#)
[Faith and Charity](#)

Schervish identifies six primary motivations for people to give: happiness for oneself, family and others; gratitude -- a sense of blessing and a desire to give back; identification with others, such as church or school communities; "hyperagency," or the desire to make an impact on others' lives and the community; aspiration -- to care for or meet the needs of others directly; and, finally, what he calls the spiritual secret of wealth -- the recognition of one's own fortune and empathy for others' misfortune.

The importance of each depends on the individual; most people will be motivated by more than one, which is why Schervish likens them to charms on a charm bracelet.

Entrepreneurs, for example, are often driven to good works by hyperagency; they desire to change the world around them. Individuals with inherited money may be prompted more by a sense of gratitude.

But almost everyone who gives is motivated by some sense of identification -- by, as Schervish puts it, "thinking of the needs of others as if they were my own or those of people that I love. That's why you will give to the school that made an impact on your own life, to the hospital that treated your mother for cancer and to the activities that your children enjoy."

Sara Melendez at Independent Sector is a case in point. She is, not surprisingly, besieged with requests, but chooses to give her own money to a few specific groups, notably those tackling hunger and homelessness in the greater Washington area, "because I can't stand the idea of hunger and homelessness in the world's richest country."

Melendez adds, "It is also important to me as a Latina to give to organizations that are working with other Latinos, whether helping them with immigration issues or encouraging them in the arts. It is very rewarding to give to such wonderful causes. I wish I could give more."

So if giving is so rewarding, how is it that some people give nothing at all and many of us give far less than we are able?

Why We Give

Paul Schervish at the Social Welfare Research Institute at Boston College has identified six key reasons why people give money to charity. Most people are motivated by more than one, he says, and the most common reason is that we think of the needs of others as if they were our own or those of people that we love.

Happiness	For oneself, family and others
Gratitude	A sense of blessing and a desire to give back
Identification With Others	In church, school and other communities
Hyperagency	The desire to make an impact on others' lives and the community
Aspiration	To care for or meet the needs of others directly
Spiritual Secret of Wealth	The recognition of one's own fortune and empathy for others' misfortune

Note: Two other factors, taxation and satisfaction, are also motivations but are not primary drivers. Tax laws, for example, have an impact on the timing and the size of a gift but not the desire to give.

It isn't about the money. Granted, those who say that they are really worried about having enough money in the future give substantially less than those who are not worried -- \$1,201 a year, on average, compared with \$2,205, according to Independent Sector. But wealth itself has surprisingly little to do with giving as a proportion of income. The amount we give also has nothing to do with gender, race, ethnicity or even education, although the causes we give to can be determined by any number of these factors.

At least part of the reason some people don't give or don't give much can be traced to upbringing. This year's Catalogue for Philanthropy's Generosity Index again shows a near-inverse relationship between a state's wealth and the generosity of its citizens. Three of the poorest states -- Mississippi, Arkansas and South Dakota -- lead the nation in giving as a proportion of gross income. The three richest -- Connecticut, Massachusetts and New Jersey -- are among the most miserly.

A good proportion of this divide can probably be traced to tithing, or giving 10% of one's income to the church, a practice common in the relatively poor communities of the South and almost unheard of in the North. Data on individuals making at least \$200,000 is more mixed, although nine of the 10 most generous states in this category also rank among the poorer half, with Mississippi remaining in the No. 1 position.

Other reasons are more personal. Some people hesitate because they don't want the exposure or are vaguely worried, as one potential benefactor put it, that "no good deed goes unpunished." Or it could be that they haven't experienced what H. Peter Karoff, founder of the Philanthropic Initiative in Boston, describes as an "ah-ha" moment, when an individual discovers a passion and realizes that he or she can make a difference.

Or it could just be that they haven't been asked. We are all subjected to telephone and mail solicitations, often aggressively, but there is growing evidence that these don't work. What does work is being asked by someone we know personally or by a representative of an organization in which we are involved.

In a world that has become bigger and more atomized, the networks of interdependence identified by de Tocqueville more than a century and a half ago are alive and well.

And for most Americans, that's a good thing.

"There is so much going on at this time of year that it can be hard to catch my breath," says Dick Taylor. "Giving makes me appreciate what it is supposed to be about." In other words, it makes him happy. n

Faith and Charity

Giving to Catholic Charities is down sharply this year; a recent survey by Catholic Charities USA found that more than half of the nation's agencies already have reported a decrease in donations and that 71% anticipate a financial shortage over this holiday season. The social welfare network attributes much of the decline to the economy but acknowledges that scandals have also made their mark.

It's hardly surprising. As one devout Bostonian put it last week, after the local Archdiocese gave permission to Cardinal Bernard Law to file for bankruptcy, "Who wants to give money to the Cardinal's lawyers?"

The problem, of course, is that thousands of priests, nuns and laypeople who have devoted their lives to others are also paying for the sins of renegade priests and at a time when need is rising sharply.

The impact of giving through Catholic charities means that that even a small percentage decrease in donations is likely to affect many thousands of people. Catholic Charities agencies help more than 600,000 elderly people annually, in areas from counseling and day care to senior center programs and transportation. More than 90,000 people find

permanent homes, and more than four times that number receive temporary housing in local shelters or other lodgings. Catholic Charities agencies run 250 shelters across the country.

At the local level, Sister Mary Farren in Roxbury, Mass., is very worried about the future of her shelter for mothers and children afflicted with the HIV virus. "Who would be the voice here for the homeless with HIV if we're not able to help?" she asks. Contributions to the Catholic Charities of Omaha are off by about 40%. And in Waterbury, Conn., the St. Vincent de Paul food bank recently ran out of food and can no longer accommodate many families seeking shelter.

"We are deeply concerned about the ability of Catholic Charities agencies to meet a greater need for assistance when donations are down," said Rev. J. Bryan Hehir, president of Catholic Charities USA on the publication of the survey. Eighty-five percent of the network's charities expect that this holiday season will see more people seeking emergency financial assistance.

For many of the Church's charitable supporters, transparency and accountability are big issues at present. The Voice of the Faithful, a grassroots lay organization that started in Boston and now counts 25,000 members worldwide, has raised some \$60,000 for the same causes supported by the Cardinal's Appeal but is insisting that none of the money go toward the Archdiocese's administrative costs. Catholic Charities of Boston, which isn't part of the Catholic Charities USA network, hasn't yet accepted the funds.

Donors to Catholic Charities USA, the social-welfare arm of the church, can rest assured that their contributions won't be used to pay legal fees, court settlements or bankruptcy claims. After the fund's administrative costs, 89% of donations to this national organization go directly to the needy.

-- A.S.