Partnership for Philanthropic Planning
Charitable giving made most meaningful

# National Conference on Philanthropic Planning

**October 14-17, 2009**
**National Harbor, Maryland**

## Conference Presentation Paper

## Are Demographics Destiny?
## Contending with America's Looming Demographic Upheavals

**Introduction**

We are an aging nation. On August 18 of this year, the Bureau of Census released a report that the average life expectancy of Americans was at an all time high, 78 years. By 2015, one in every 5 Americans will be over the age of 65. By mid-century, the number of those over 65 will have tripled. However, the story of aging, and its implications for philanthropy, extends far beyond even these striking numbers.

First, the larger economic consequences are significant. By 2025, nearly 80% of dependents will be elderly rather than children. Elder dependency has three times the societal support costs of youth dependency.

Second, personal costs will also rise. In 1960, the average 65 year old could look forward to 13 more years of life. Now, that has grown to an average of 20 years. The conventional wisdom has been that this leaves the nation with a large group of elderly women. This is no longer true. Advances in health care, especially for cardiovascular disease and cancer, have resulted in a narrowing of the gap between male and female life expectancy at age 65. The aged will be men as well as women. In either event, these extra years are almost purely consumption years. For example, per capita expenditures on health care in 2000 were just over $4,000. By 2014 that is projected to rise markedly to $11,000.

Third, the children of those over age 80, referred to as the "oldest old," will also still be alive, and they will be in or approaching their 60s. They too will face not only the extended lives of their aged parents, but expectations for extended lives for themselves. Resource concerns will escalate.

Finally, and perhaps most critical, is the change in the profile of adults in America. The combined process of changed fertility patterns, immigration rates higher than any seen since the 1920s, and health care advances means that, by 2015, the absolute number of minority adults will be growing and the number of white adults will be falling. Those who are entering their years of expanded philanthropy – ages 40 to 65 – will increasingly be minorities. And they will be wealthy. By 2015, the base of the top quintile of African American and Hispanic incomes will be nearly $150,000, 40% higher than today in inflation adjusted terms.

The implications for philanthropic planning are significant. Conventional wisdom about widows being the primary source of planned giving must change, and strategies adjust accordingly. Lengthy lives will affect perspectives about how much philanthropy is possible or advisable. Retaining enough in principal assets to provide for a longer life expectancy may make adults hesitant to make long term or large commitments.

The simultaneous long lives of the "oldest old" and their elderly children will mean that major philanthropic decisions may not be those of individuals but those of families. The philanthropic "unit of analysis" traditionally described by such resources as Giving USA as "individuals" may not be so individual at all. Communications will need to be with families.

Most strikingly, completely new strategies need to take account of ethnicity. This involves culture, language and perspectives with regard to giving. But it involves more than just money. Nonprofits must begin to reflect the realities of the change in adult characteristics in America and the rise of ethnic wealth. The profession of philanthropy itself needs to reflect these changes, and build a deeper understanding of culture. This is an area of change in tremendous need of leadership.

Jack Welch opened his 2000 letter to GE shareholders saying, “It has long been our observation that, for any institutions whose external environment is changing faster than it is changing internally, the end is in sight.” Philanthropic planning must take heed.

This is not a matter of hanging crepe. It is a matter of developing aggressive and creative strategy, built on sophisticated understanding of the implications of demographic change. Certainly, these economic times only underscore the need for such planning.

**The Changing Landscape of Planned Giving**

A review of the trajectory of demographic change in America – “Where is America heading? Who will be our planned giving prospects? What will they have left in their estates?” – leads us to seriously doubt the optimistic visions of a $41 trillion dollar wealth transfer as well as pots of gold at the end of the rainbow for charities engaged in planned giving promotion.

Many planned giving efforts were launched and/or built on the back of grand predictions of trillions of dollars passing to charities. But, in addition to hard-to-predict or unknown economic factors, many other negative factors which have recently come to light give us further perspective on the potential wealth transfer. We question whether the so-called wealth transfer predictions took into consideration life expectancy changes, rising costs of health care, cultural changes and changing family structures.

Even if some of the financial estimates of funds passing between generations eventually ring true, all of these other factors paint a significantly more complex picture for the future of fundraising in general, and planned giving in particular.

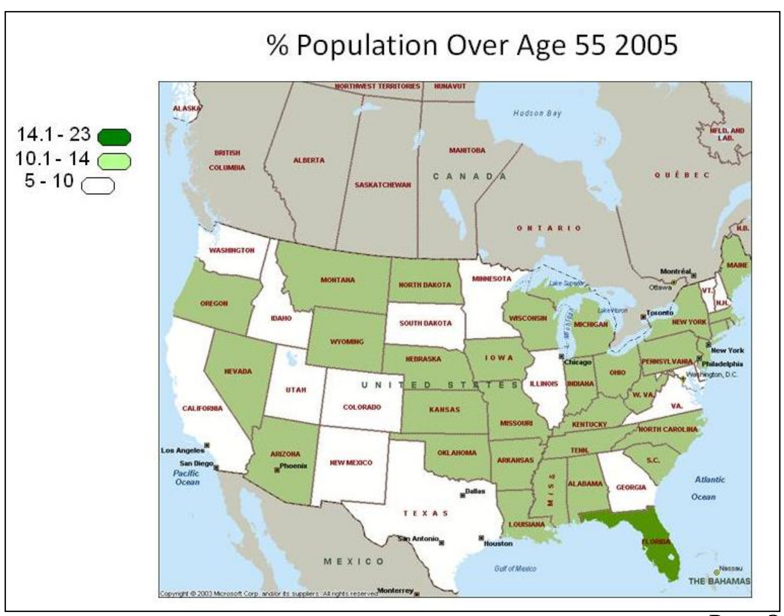
The objective of this paper and its corresponding presentation is to take a hard look at various demographic/economic/cultural/family factors projected for the next 20 or so years, and determine where fundraisers, and planned giving officers in particular, need to make adjustments in their efforts to maintain and/or expand their future revenue sources.

As a reader, you need to start thinking about how these various factors will impact your institution in the years ahead and what steps you can take today and in the near future to be ready for the very significant changes that are coming to America and the non-profit community.

**Aging of America**

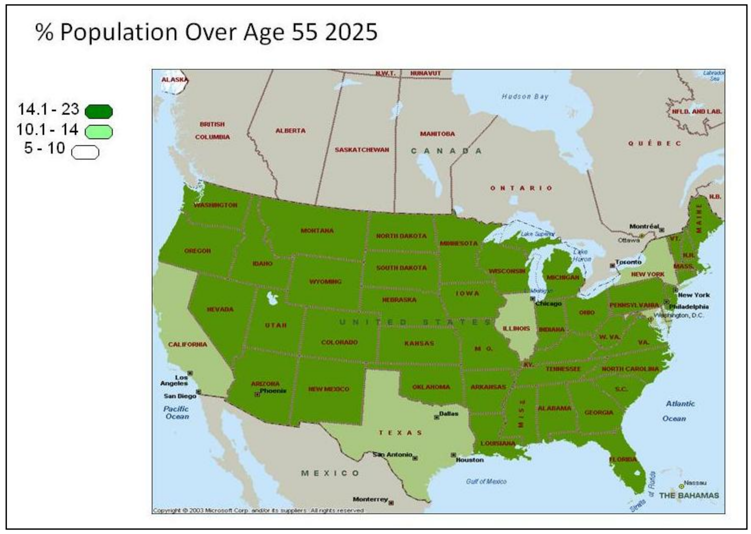
Picture yourself in Florida, in Miami or Boca Raton or Palm Beach. What is different about Florida from your home state? Well, in Florida, you will likely notice many senior citizens. Large condominium complexes for seniors – literally cities unto themselves. The early-bird specials and interesting driving styles make for good humor but there is no denying that many retirees are opting to live in Florida.

This is why we find Florida is a second home for many planned giving programs. This is where your older donors/prospects reside, at least during the winter months, so here is where you need to concentrate much of your planned giving efforts.




Look at the chart showing the percentage of U.S. population over the age of 55 in the year 2005. Only Florida had over 14.1% of its population over age 55.

Take a look at the next chart showing the projected breakdown of the same over age 55 population across the country in 2025.

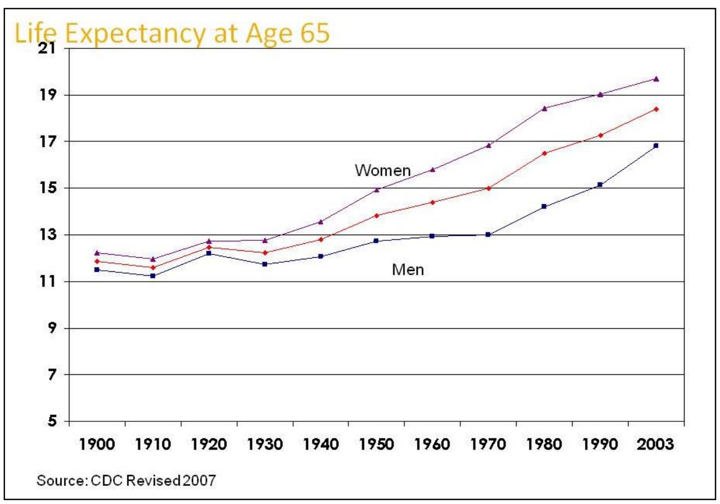



While it is a stretch to say that most of America will look like Miami Beach, one thing is for sure: there will be obvious changes in most of this country. This will not only affect the local economy, various social services, job and housing markets, it will affect non-profit organizations.

Wearing the planned giving blinders, this aging of the population is good news. Or, is it?

**Life Expectancy**

For all of the criticism of the U.S. government in regards to its attention to the health and social services of the nation, there is one very positive note that is often overlooked. With the creation of the Medicare program in the 1960's, America made a significant commitment to the health of its over 65 populations. And, this decision seems to have contributed greatly to sharp increases in the life expectancy of this population group, thus putting the U.S. at the head of the world in life expectancies for its senior populations.




The United States has the second highest life expectancy estimates at age 65 in the world, second only to Iceland. By age 75, U.S. life expectancy is the highest in the world. Kudos should be given to former President Lyndon Johnson and Congress for taking steps in the 1960s to ensure that the retiree population of the U.S. has a minimum of health care coverage.

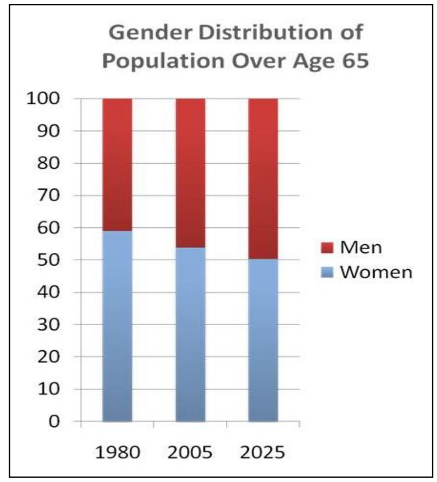
Without minimizing this achievement, there are consequences. It is important to examine the potential effects of longer lives on the economy as a whole, on family structures, on assets and wealth, and ultimately on charitable institutions that currently benefit greatly from an average of $20 billion a year in charitable bequest revenue (as reported over the past ten years in Giving USA). And, the question we will have to ask is: What will actually be left for charities in people's estates?

**Gender Gap Closed**

The first point to consider is the closing of the gap between female and male life expectancies.

Women's life expectancies from the 1940s through the 1980s grew at significantly greater rates than those of men. As a result, it was commonly presumed that wives would outlive their husbands. This resulted in fundraisers, and planned giving officers in particular, focusing their over-65 marketing efforts towards women.

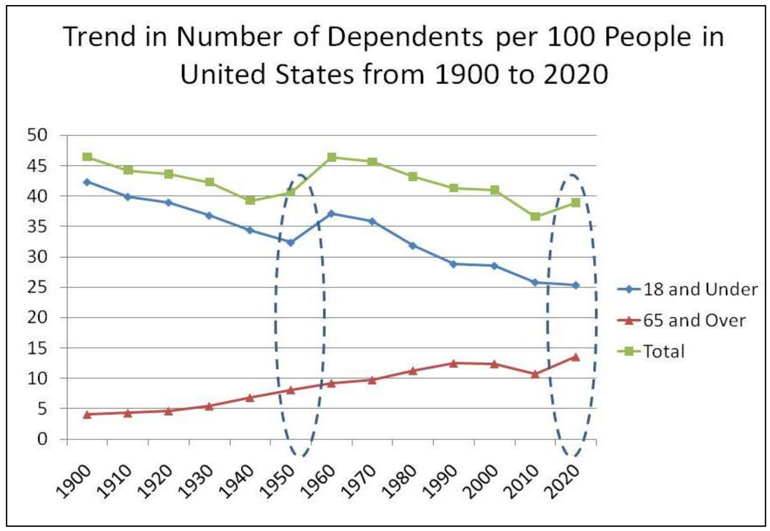
The increase in male life expectancy lagged significantly behind female expectancies, primarily due to cardiovascular disease prevention and treatment and smoking cessation. Improvement in treatment in this area since 1980 has finally started to bridge the gap between men and women. The gap in life expectancy between men and women reached its peak in 1980 at over 4 years in favor of women. In 2003, the gap is less than 3 years and the trend continues towards longer male life expectancies. This is further exemplified by the Gender Distribution statistics (obtained from the Bureau of the Census) which show the percentage of women in the over age 65 population decreasing from nearly 60% in 1980 to 50% in 2025.




It is obvious that planned giving marketing efforts will need to be more clearly directed to men than in the past, and to couples whose joint financial needs will be upper most in their minds. The bigger questions, however, pertain to what impact this will have on the economy, and the consequences for the potential assets to be left to charities, or the propensity to leave assets to charities at all.

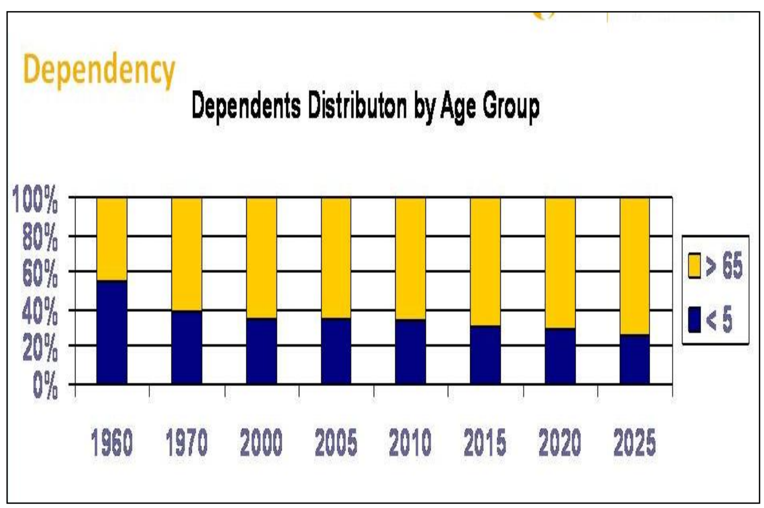
**Dependency**

Currently, dependents (classified as those under age 18 and age 65 and older[1]) make up approximately 37% of the U.S. population. That percentage is projected to rise to over 40% by 2020 and beyond.




The total percentage is not the main issue as the percentage of dependents among the U.S. population has been well over 40% at many times during this past century. The challenge the U.S. will be facing is the makeup of the dependents.

Never in the last hundred years has the percentage of dependents from the 65 and older group been so high. In 1960, at the peak of the baby boom and when dependents made up close to 45% of the U.S. population, approximately 78% of dependents were from the under age 18 group. By 2020, it is projected that only 59% of dependent will be from the under age 18 group.



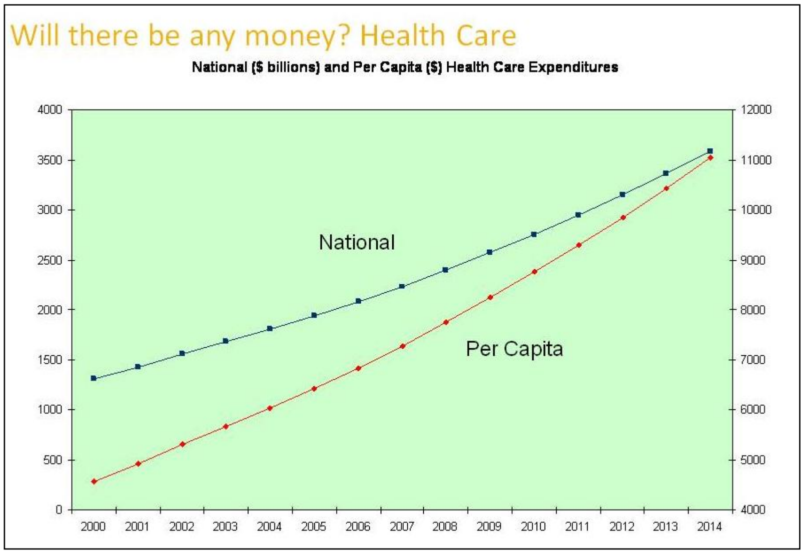

What is more startling is looking at "youth dependency," age 5 and under, versus elder dependency (age 65 and older). Elder dependency costs three times more than youth dependency. By 2025, it is projected that elder dependents will outnumber youth dependents by a ratio of 4 to 1.

While there are many ways to view this oncoming phenomenon, it is very clear that it will have far- reaching implications on the U.S. economy as well as potential family assets and estates. Viewed in conjunction with the rising health care costs, the potential challenges for fundraising and planned giving are enormous.

[1] Note that various analysts define these age brackets differently, some using 15 as the lower bracket and some even lowering that floor to age 5. Nearly all use 65 as the upper bracket because of the structure of Social Security payments.

**Health Care Costs**

Now that we have a glimpse of the numbers, and percentage of society that will become "elder dependents" over the next 20 years, we must consider the impact of rising health costs. The question we have to keep asking ourselves is: Will there be any money left over for charitable bequests.




The following chart shows national costs as well as per person costs in inflation adjusted dollars from 2000 to 2014 (2010 – 2014 projections). The annual health care costs per person in 2000 averaged around $4,600 across the country. Today, in 2009, the average cost per person is already over $8,000 a year. By 2014, it is projected to reach $11,000 per person a year.

On a macro level, annual national health care costs have grown from over $1.3 trillion in 2000, to over $2.5 trillion in 2009, and are projected to exceed $3.5 trillion by 2014. These cost estimates will play a prominent role in the economy discussion later in this paper. Needless to say, the financial challenges facing this country as well as individual families over the next generation appear to be so significant that it is impossible to imagine that it will not negatively affect planned giving at some point in the near future.

While bequest revenues reported in Giving USA have averaged over $20 billion a year for the last 10 years, a convergence of longer life expectancies as the baby boom generation is reaching retirement age, higher than ever percentages of elderly dependents, and soaring health care costs for the increasing elderly population, will all have a significantly negative impact on bequest revenue in particular.

**Addressing the Demographic Challenges**

This presentation is not all about doom and gloom. In fact, our goal is to awaken the non-profit community to changing realities over the next 10 to 20 years and to start offering suggestions for ways to prepare your organizations for the future.

Yes, there will be fewer remainder dollars for charitable institutions as more and more family assets are consumed by individuals living into their 80s and 90s and requiring long-term care. And, yes, there will be lasting psychological impact as well as long term asset impact as a result of the recent economic recession – this will certainly lower the number of "irrevocable" planned gift commitments over the next ten years or so (barring a totally unexpected stock market resurgence). The days of $20 billion bequest revenues may be over.

But, the actual effect of all of these factors may be minimized or even negated if your organization makes adjustments to reach, secure and maintain planned gift commitments within your constituent communities.

**Start Planned Giving Marketing Early**

Because there may be fewer remainder funds available to charitable institutions, it will be important to broaden your bequest revenue prospect pool as widely as possible within parameters feasible for your organization. "Early agers" is the term for those approaching age 50. This is around the age when parents change their wills to remove guardianship provisions for children (now grown and independent). This age also appears to be the one in which people start realizing their own mortality, as they may already have peers that have passed away. Usually, this is the time to start the process of thinking about legacies.

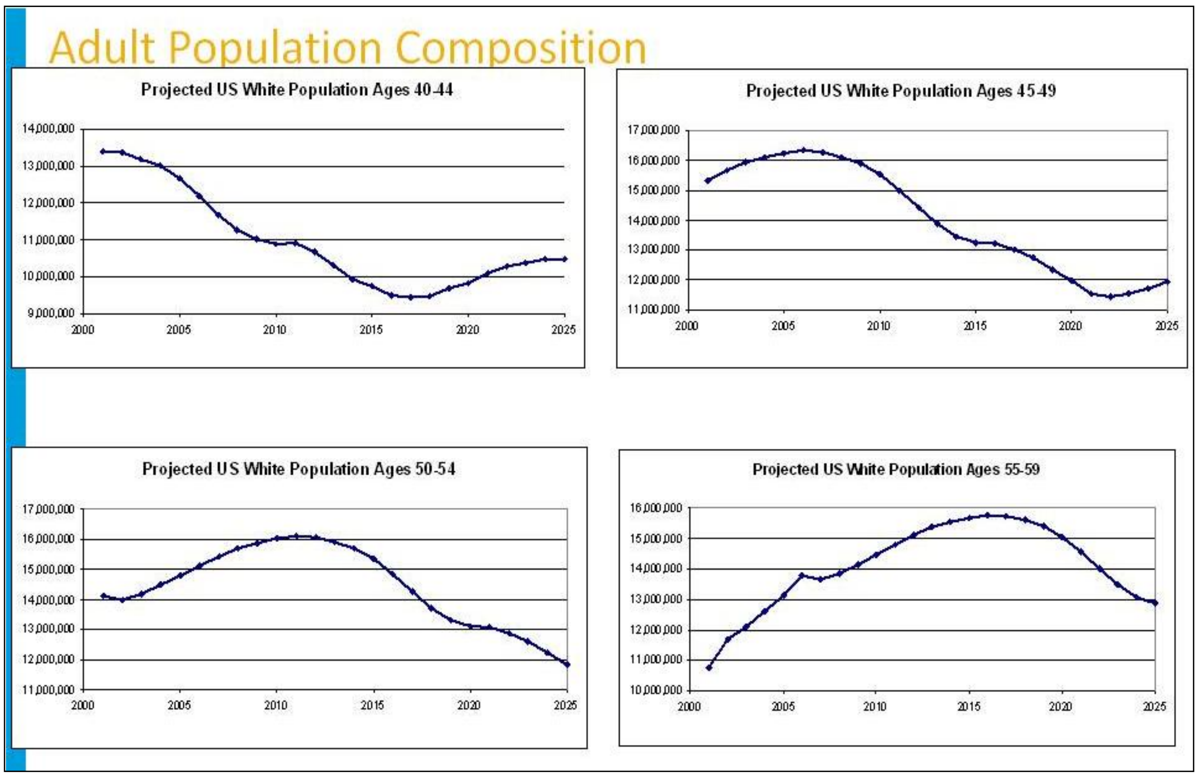
Anecdotal experience in the planned giving community suggests that once a charity is named in a person's will, that institution will very likely be named in a person's final will.  As planned giving professionals, therefore, it should be one of our goals to see our institutions getting into as many wills as possible and as early as possible.

The conclusion therefore should be that the marketing of planned gifts, especially bequests, should start when donors/prospects reach age 40 and not when they reach retirement age.

**Knowing Who Your Donors and Planned Giving Prospects Will Be**

As mentioned in the introduction, changes to the U.S. population are not only occurring in aging and economics, but also in ethnicity.

If the donors to your institution are primarily Caucasians, you might need to consider the following charts.  These demonstrate dramatic changes at various age ranges until 2025.

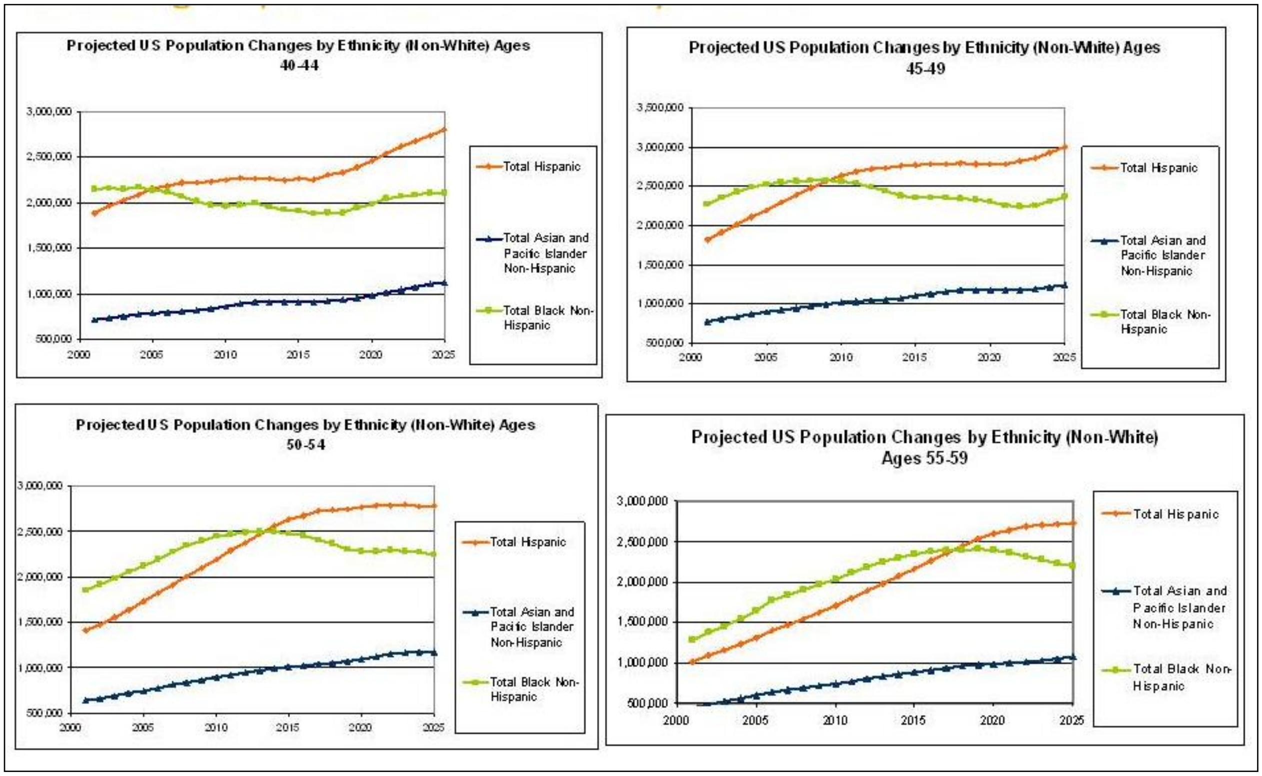



There are two lessons to be learned from these charts.  First, know where your prospects are heading.  If you know that a significant number of your prospects will be reaching the age of making a bequest commitment, make the adjustment and start including planned giving messaging in your communications with that donor segment.

Second, planned giving in general does not operate within a vacuum.  It operates within your donor base and general constituents.  If your donor base is aging or dwindling for demographic reasons, it is time to figure out how to find new donors.  Bequests primarily come from donors or others connected to your organization.  Look into the future and see if you can find new target markets for marketing your charity's mission.  In particular, look to other cultures or age segments.

**Growing Importance of Minority Adults**

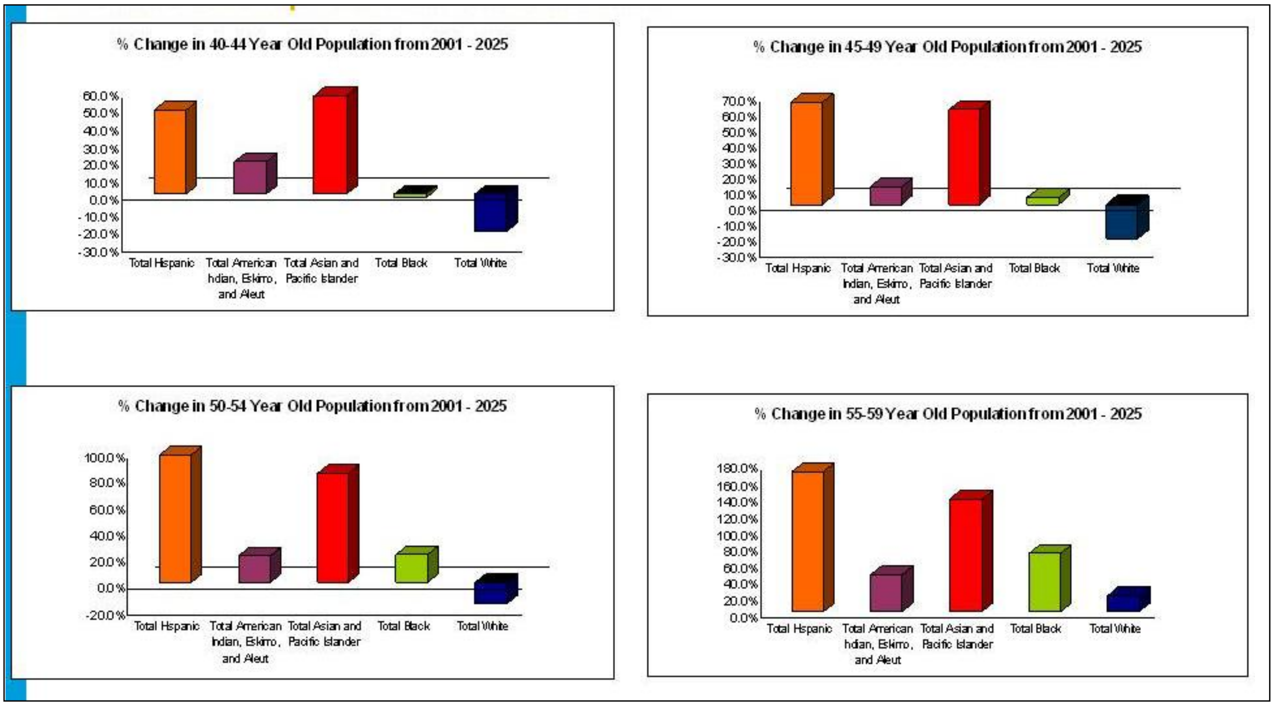
Ethnicity in America is changing rapidly. Without understanding your donor base, you might soon find yourself out of business. Look carefully at the following changes in ethnicity of the U.S. population at various ages:




Unlike the previous charts showing projected U.S. Caucasian population trends, which illustrate clear decreases in the numbers of non-minority individuals, these charts show significant increases in Hispanic, Asian and Black Non-Hispanic populations by age categories between the years 2000 and 2025.

In other words, your future planned giving prospects may no longer be older, white women. And, to be positioned to capture bequests in the future, your donor base needs to be diversified today or in the near future. The sooner your organization connects to prospective donors, the sooner you begin the long process of becoming a bequest recipient. While this sounds rather insensitive, isn't this the end goal of many of the best private universities who begin marketing their mission to incoming freshmen and continue marketing to them for their lifetime? Some universities have programs designed to begin building these lifetime bonds before the students even set foot on campus. While the primary motivation of these programs may have nothing to do with bequests (or fundraising in general), the results are clear. While Giving USA has reported that bequests represent approximately 7% a year in overall fundraising revenue, the university sector has averaged over 10% a year in bequest revenue and the more proficient lifetime relationship builders see an even higher percent of bequest revenue.

The following charts show the percentage of change in various ethnic compositions at key age ranges, indicating that there will be particularly sharp increases in Hispanic and Asian populations over the next 15 years:




**Falling Family Size and Changing Identity**

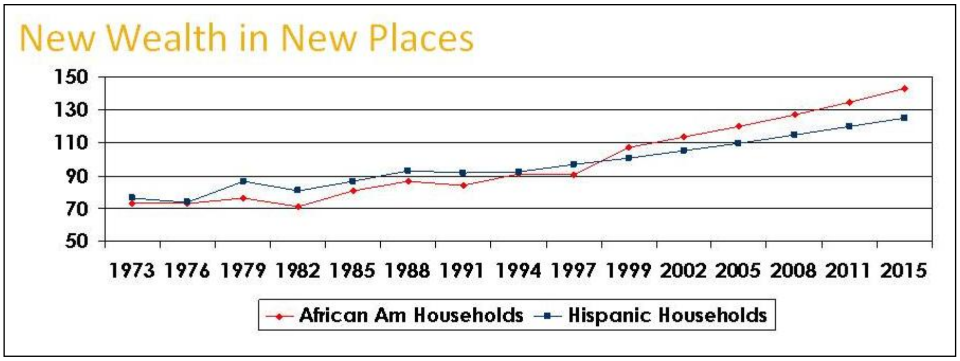
Statistics regarding changing structures and identities within families is another area that may influence fundraising and planned giving. The fact that 60% of children live in families with no or only one sibling, that the average number of children in families is down to 1.9 from 3.1 in 1976, and that 20% of women aged 40-44 currently have no children indicates that families are getting smaller and/or the number of individuals without children is on the rise. While these statistics are not necessarily positive for the economy as a whole, they do show that planned giving among certain audiences may be improving.

Complicating these figures, however, are the statistics regarding immigrants and those regarding divorce. In some states, such as New Jersey, a third or more of residents are first generation immigrants or children of immigrants. This is not bad news (as will be addressed in the upcoming section on ***Wealth among Immigrants***), but it does raise questions regarding the potential cultural gap in the inclinations to create charitable legacies. Philanthropy in America is a given and certain communities have a long history of charitable bequests. Outside of America, however, philanthropy is not common and charitable gift planning is even less so. The challenge, as will be discussed, is not only to find ways to reach immigrant populations for general charitable support, but also to build a long-term bequest/planned gift message that can overcome a lack of cultural history/commitment to charitable estate planning.

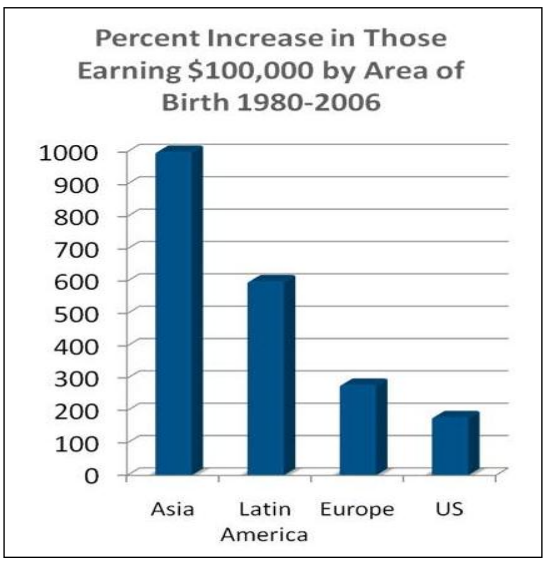
Divorce rates also figure into the changing family identities. Currently, one out of ten children will go through **two** divorces before the age of sixteen. Traditional family structures are no longer the norm. This may impact traditional family giving patterns that had previously spanned multiple generations. How will your institution be able to reach the "next generation" of supporters if the next generation has little or no connection to its predecessor? This has already played out in the Jewish charitable world. Its communal fundraising efforts have stagnated as a result of the baby boomer generation feeling less connection to the mission and ways of communal fundraising than previous generations.

Additionally, there is a toll divorce has on the ability of individuals to build wealth, particularly among the middle and upper middle class.  Besides potentially enormous legal costs in protracted divorce cases, the cost alone of maintaining two separate residences and other associated expenses may eventually figure into an individual's total wealth.

**New Wealth in New Places**




While we are witnessing a decrease in populations that may have been a traditional source of fundraising and planned giving revenue, and possibly a decrease in wealth in general as well, wealth is reaching other populations.  The wealth base of the top twenty percent of minority income earners will rise by 40% in the next 15 years, in inflation adjusted terms.

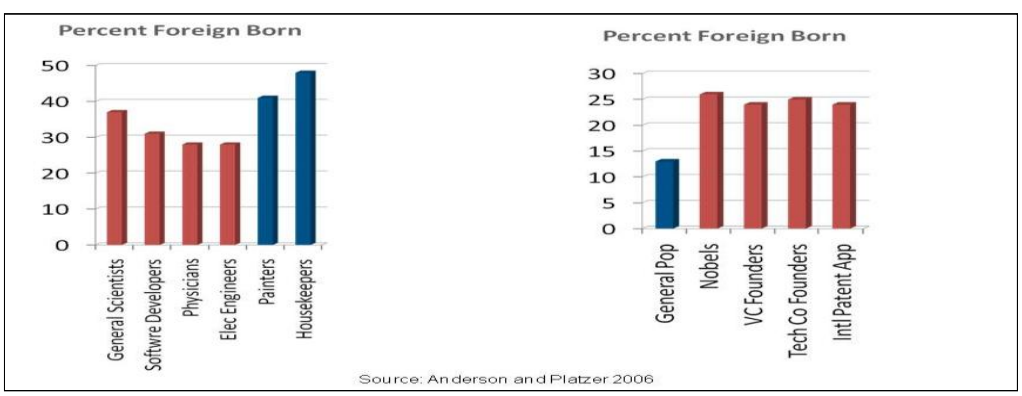



As the chart above indicates, the average income of the top quintile of earners from the African American and Hispanic households will jump dramatically by 2015.

In addition, married households of immigrants from Europe, Canada and Asia will approach or exceed the median and mean levels of wealth of the average U.S. household.  And, in the high technology areas such as central New Jersey and Silicon Valley, median incomes of immigrants from Asia are higher than those of U.S. born workers.  In fact, the rate of increase in the number of foreign-born workers earning $100,000 or more has exceeded U.S. native workers in all regions of origin.

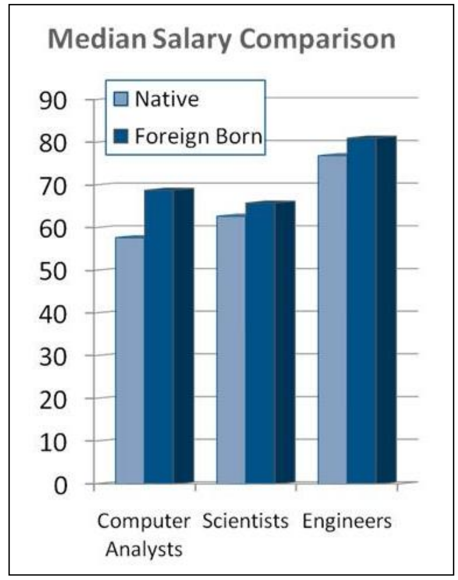
A look at the percentage of foreign-born individuals in various professions in the U.S. further exemplifies that the fact that as wealth may be decreasing among traditional sources of charitable revenue, there will be creation of new wealth among today's first generation Americans.

The following charts show the percentages in certain professions in the U.S. of foreign-born individuals:



In terms of median professional incomes, native-born professionals generally earn more than their foreign-born counterparts. This can be seen particularly among managers, lawyers and physicians where native-born professionals out earn foreign-born individuals by between 4% and 8%. Yet, in the technical professions, the opposite is often the case.

Not-for-profit institutions need to recognize that traditional sources of revenue are changing. But not all is lost. New wealth among minority populations as well as foreign-born populations offers opportunities for nonprofits to adjust and gain new supporters.



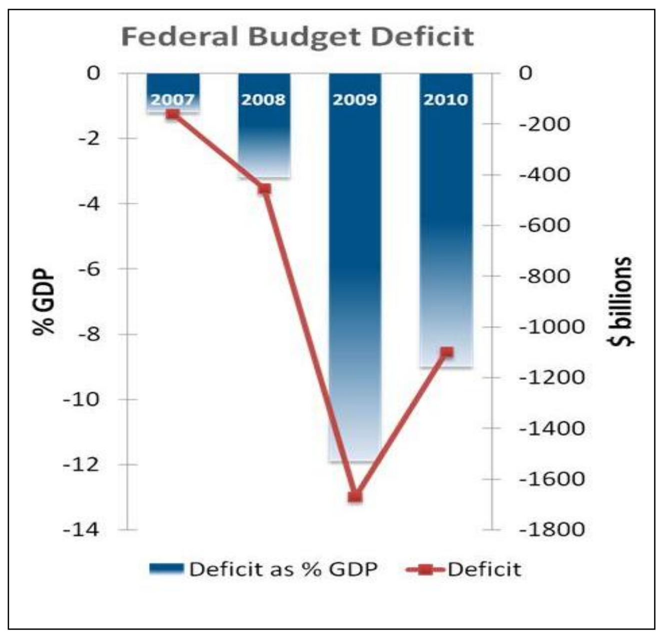

In terms of planned giving, the challenges will be great. Along with the opportunity to gain supporters will be the challenge of overcoming cultural differences relative to charitable estate planning.

**The Economy: It's Not About Today**

Since the stock market high of October 2007, $10 trillion dollars in economic value has literally disappeared; $25 trillion globally. The S&P 500, the core companies of the U.S. stock markets and the U.S. economy, lost 48% of market value between October 2007 and July 2009. Federal deficit figures are startling, as demonstrated in the adjacent chart.

These figures raise multiple, unanswered questions in regards to this country's future, and the inevitable impact this current recession may have on potential planned giving revenue.

To tackle this deficit, as the U.S. government must, there are generally three approaches: 1) borrow money; 2) print more money; or 3) raise more money through taxes. None of these solutions are particularly appealing. Borrowing money prolongs the problem and will eventually cause the government to turn to solutions number 2 and 3. And, those solutions only take money from our pocketbook. The answer will likely lie in a combination of these three deficit-reducing measures.

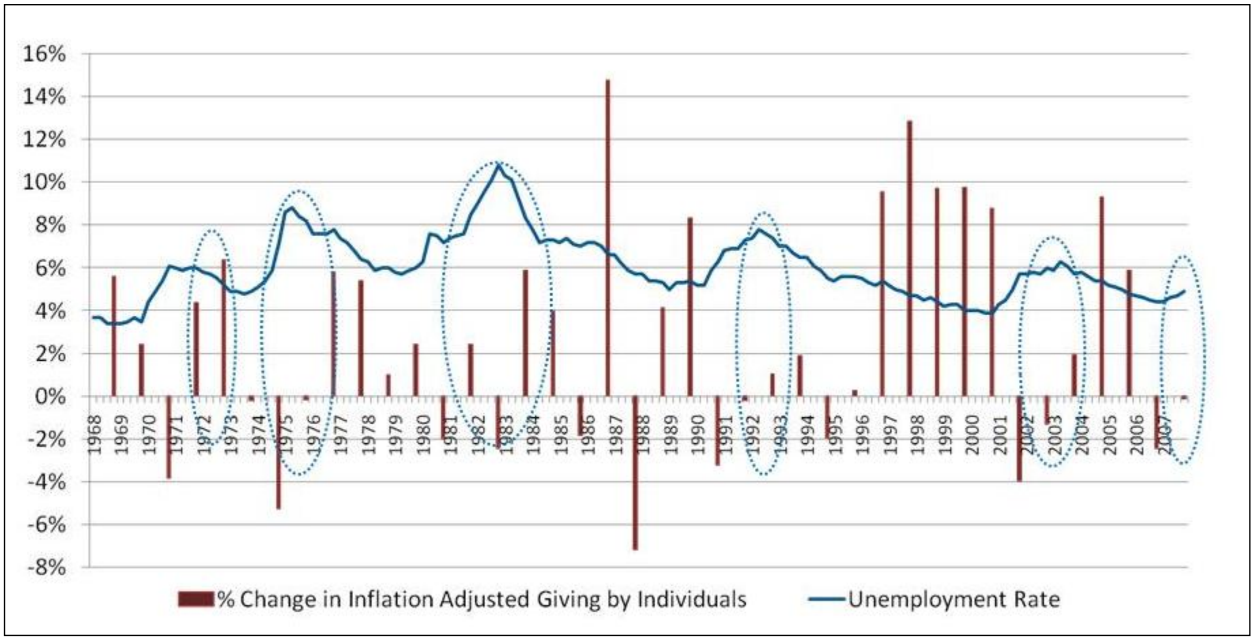



Any actions taken by the U.S. government to address the budget deficit will eventually take their toll on individual and family wealth, and will also take a toll on charitable giving, and charitable bequests in particular. As mentioned earlier, charitable institutions with long term vision must make every effort (within feasible limits) to broaden their potential bequest donor base. Your challenge is to best position your organization to continue to be the recipient of this type of giving despite the general downturn that is happening around the country.

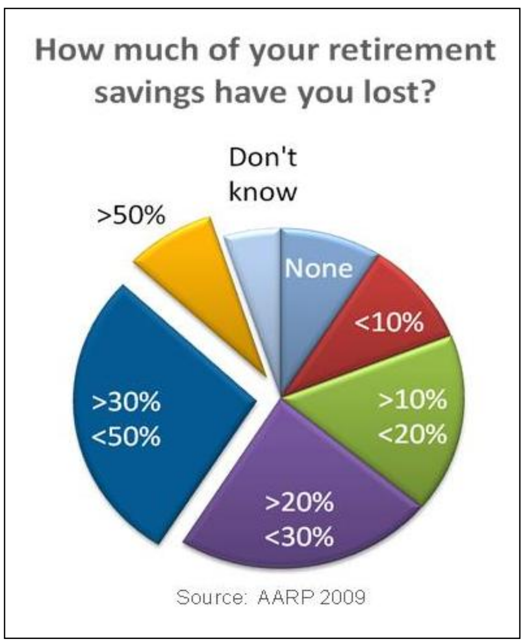
**Other Economic Factors**

Unemployment statistics are particularly useful when considering the impact of economic conditions on charitable giving. To say the least, unemployment has reached 25 year highs this year, approaching 10%, and the number of unemployed going without jobs for at least 27 months is approximately a quarter of that number.

Unemployment impacts charitable giving because of its immediate impact on those affected. When unemployment rates have jumped over the past 40 years, charitable giving has correspondingly dropped (excluding 1988 when tax incentives encouraged individuals to advance their charitable giving into 1987). The following chart illustrates the correlation between individual giving and unemployment:




What may be more startling for planned giving programs is the impact this recession has had on retirement savings. A recent AARP survey of members revealed that 46% of AARP members lost at least a third of their retirement accounts in the current recession. Dwindling retirement accounts (while they themselves are not always a direct source of charitable bequests) indicate that individuals will likely have much less at death than in the previous 20 years.




In addition to the real financial impact, such a large decline in lifetime savings has to have a significant psychological effect on individuals. The days of irrevocable planned gifts funded with appreciated stock may be gone for many years to come. Even before this current downturn, bequests have generally made up 80% or more of planned giving revenue across the country. This is true even for institutions with significant life income programs. Now, with individuals likely having concerns as to whether they will have enough assets to provide for themselves for their lifetimes, the chances for these irrevocable commitments seem to be decreasing exponentially.

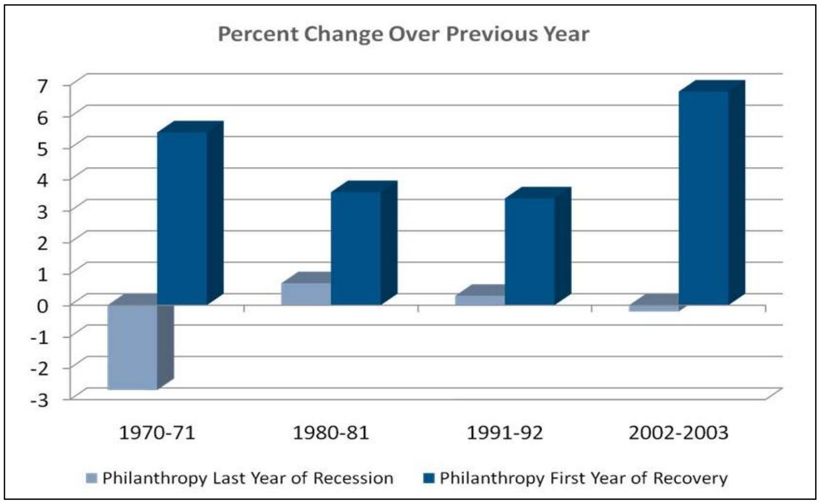
This is not all bad news. Bequest programs are generally the backbone of any successful planned giving operation and are the simplest for any charity to launch. As mentioned previously, broadening your potential bequest pool is the single most important activity to ensure that your institution is able to maintain a flow of planned giving revenue in the future. In addition to reaching new bequest donors, holding on to known bequest commitments becomes even more important.

**Wealth Built Through Homeownership: A Thing of the Past?**

For several generations and up until the present, owning a home has been one of the primary means for middle class and lower middle class families to accumulate family wealth. Anecdotally, planned giving professionals can testify to the fact that larger bequests, those $100,000 or more, often come from individuals with very modest backgrounds. Most common, the donor owned a modest home in a modest neighborhood that increased in value during the donor's lifetime. Upon the donor's death, the house – typically free and clear of any mortgages – is the estate's primary asset.

The challenge for future planned giving efforts is the proliferation of over-mortgaged properties. Startling statistics have been released recently showing that 20% of homeowners in the U.S. have houses worth less than their current mortgages. Homeownership as a means for building family wealth may truly be a thing of the past.

While current planned giving prospects, those already in their retirement years, are most likely not part of this phenomenon, the next generation of planned giving prospects certainly falls into this category. The future impact of the mortgage debacle over the past decade or so, even excluding those truly "underwater," is to further eat away at potential estates that individuals may leave to family or charity.




**Addressing the Future Challenges Today**

Philanthropy and economic data over the past forty years have proven one very important point: in the year following a recession, philanthropy in America rebounds dramatically. This is good news for fundraising in general.

It does not necessarily solve the challenges facing future planned giving revenue but it does lead to active philanthropy. And, with philanthropy recovering, the opportunity presents itself to charities to increase their donor base. This can eventually lead to broader planned giving prospect pools.

**Opportunities**

A final, interesting fact to consider is the number of Americans who have wills. Several annual surveys regularly report that close to 60% of American adults do not have a will. In other words, more than half of the potential planned giving market has not even been in the game. These surveys have noted that a higher percentage of Caucasian adults have wills, estimated at around 45%, than their minority counterparts. In fact, one survey reported that 28% of African American adults had wills while only 20% of Hispanic adults had wills.

If, in fact, non-profits organizations need to diversify their donor bases into minority and foreign-born communities, here is a clear challenge and yet an opportunity. It is a matter of broadening your organization's reach into the appropriate markets and developing an educational message of the importance of estate planning and charitable giving.

So, while much of the anticipated family wealth transfer over the next generation is in doubt due to a combination of economic and demographic factors, the opportunity exists for charities to increase bequests by effectively increasing the percentage of adults with wills within their constituent communities and hopefully increasing their inclusion among those wills.

Strategically directing your institution's donor outreach to areas of new wealth, minorities and/or foreign-born populations, can potentially make up for the lost wealth we have seen in the recent year and anticipate over the next 10 to 20 years.

The future success of your planned giving efforts will rely upon your institution's ability to diversity its donor base, to efficiently market wills and bequests, and to conduct effective stewardship programs. While the major objectives of will and bequest marketing among your donors and other constituents will be to spread the message as efficiently and consistently to as broad a sector as possible, an additional objective must be to encourage self-identification of bequest/planned gift donors. And, as a vital piece to encouraging self-identification, it will be important to have a fully functioning bequest stewardship program that welcomes and maintains strong relationships with bequest donors. With the prospect of available bequest revenue decreasing in the immediate future, it becomes even more critical that existing bequest donors remain close to your institution.

**New Financial Tools/Strategies and Expanded Professional Systems**

While the IRA Rollover legislation enacted in 2006 has not yielded anything near what the charitable community had expected, it does show us that there will be innovations within estate planning and new legislation that may create greater opportunities for planned giving in the future. One idea proposed within the IRA Rollover legislation was to allow for the funding of life income vehicles with IRA funds. While this idea was not enacted, it gives us an idea of the possibilities. This proposal, in particular, would have enabled charities to offer to replace an IRA, which could run out of funds in the future, with a charitable gift annuity that guarantees fixed income for life.

The planned giving community is continuously expanding and improving. There are more planned giving councils and members of the Partnership for Philanthropic Planning (formerly the National Committee on Planned Giving – NCPG) than ever. More and more, planned giving as a profession is integrating with the broader fundraising community as can be seen by NCPG's changing name and focus. The improvement of the existing professional systems can only improve the non-profit community's abilities to share new information and insights and promote planned giving on a broader scale.

**Challenges within the Opportunities**

It is easy to pontificate about expanding your donor base into various cultures and foreign-born populations but successfully doing it is another story. Historically, it may take several generations for immigrant populations to become engaged philanthropically, let alone inclined towards charitable estate planning. Is there enough time to create an impact to make such efforts cost effective?

The economic downturn has impacted charities severely. Investments not viewed as vital are often eliminated or put on hold. This holds true for planned giving programs as many organizations have scaled back their efforts and staffs, combining planned giving with major gifts. This does not bode well for current investment in a promise of future dollars.

A standard approach in planned giving has been the education of "trusted advisors," traditionally lawyers and accountants. The challenge today is determining who are the trusted advisors? Will it be the lawyers and accountants? Not an easy answer depending on the communities involved.

Lastly, most planned giving efforts begin with an institution's board. The board is ideally comprised of community leaders. But, what about communities not represented on boards or where boards themselves, even with cultural representation, are not fully committed to planned giving efforts.

**Gender Gap and Changes in Traditional Family Structures: More Opportunities and Challenges**

Can planned giving programs survive by maintaining the old ways of doing business? At what point are we going to make adjustments to our messaging? And, what about non-traditional families? When will planned giving marketing efforts reflect the overwhelmingly non-traditional baby boomer generation already reaching retirement age?

**Conclusions**

The outstanding questions are great.  And the overriding concern remains:  will there be money left for charity?

The answer may be that more and more individuals will opt for charitable bequests over irrevocable inter-vivos planned gift options, annual fund or major gifts.  And, if your institution is able to make headway in expanding their overall reach, and broadening the will and bequest messaging to reach new markets, the future for planned giving may in fact be bright.

The challenge for institutions will be in recognizing the need to make changes based on changing demographics and economics, and taking a chance on a long-term investment in planned giving's potential.

*About the Authors:*

Susan Raymond, PhD is Executive Vice President of Changing Our World, Inc., a leading national philanthropy and nonprofit consulting firm.  She has been Director of Strategic Planning at the New York Academy of Sciences and a senior consultant to the Carnegie Corporation and the U.S. Agency for International Development.  Dr. Raymond has also led the formation of private foundations in Poland, Croatia, and Hungary and written business plans for foundations in India and Thailand.  From 2005 through 2007 she was the foreign policy and research advisor to the bipartisan Federal Commission evaluating the effectiveness of public and private foreign assistance.  Dr. Raymond is a member of the Advisory Board of the nonprofit Center for Global Prosperity and a lecturer at the Institute for Human Nutrition at Columbia University.  Dr. Raymond serves as Chief Analyst for OnPhilanthropy.com.  She is extensively published on global philanthropy trends. Her newest book, *Finance for Hard Times: Nonprofit Revenue Strategies in Economic Crisis*, will be published by Wiley and Sons in November 2009.  Dr. Raymond holds her PhD in economics, political science and public health from the Johns Hopkins University.

Mary Beth Martin, Esq. is a Senior Managing Director at Changing Our World, Inc., a leading national philanthropy and nonprofit consulting firm. With more than twenty years' experience in the fundraising field, she has done extensive work in higher education focusing primarily on planned giving, major gifts and capital campaigns.  Since joining Changing Our World, she has provided planned giving advice to numerous clients in addition to providing fundraising strategy and capital campaign oversight.  She is co-editor and a major contributor to *Mapping the New World of American Philanthropy*, published by Wiley and Sons in March 2007.  She has addressed both national and regional organizations as well as numerous nonprofit boards and development professionals on the topic of planned giving.

*Contact information:*

Changing Our World, Inc.
220 East 42nd Street, 7th Floor
New York, NY  10017
Tel:  212.499.0866
Fax:  212.499.9075