

PORTRAIT OF PHILANTHROPY
The Capacity For Individual Giving In Howard County
PART II: Howard Legacy Study

EXECUTIVE SUMMARY

In the fall of 2003, the Board of Trustees of The Columbia Foundation set out to answer a series of questions related to Howard County's capacity for individual giving. Six months of research, surveys, personal interviews and focus groups resulted in a comprehensive report published in July of 2004. The factors affecting philanthropy in Howard County were identified, a "profile" of a philanthropist in Howard County was developed, and recommendations were made for future work.

Nationally, 75.6% of giving comes from living individual. When bequests are included as well, **83.6% of all giving comes from individuals**. This latest study looks at bequests as The Columbia Foundation launches its Howard Legacy Society, made up of those who have identified themselves as having made a bequest to the Foundation.

Why is bequest giving important?

Bequests are the fastest growing source of unrestricted income to charities, posting a 9.2% increase in 2004. Bequests are responsible for 80% of all existing endowments. Donors who set up bequests tend to increase their current giving.

Charitable bequests are the most popular of all planned gifts, accounting for 90% of planned giving. Bequests are easy for donors to understand and inexpensive to create. Not only do they enable donors to maintain ultimate control of their assets, they allow donors to truly leave a legacy.

In addition, the Washington, DC, area stands to benefit greatly from the huge transfer of wealth anticipated over the next 50 years as today's retirees and baby boomers leave their assets to their beneficiaries and charities. A recently released study by Boston College's Center on Wealth and Philanthropy shows that Washington area residents are expected to bequeath \$2.4 trillion over the next 50 years. Local beneficiaries of this huge transfer can expect to inherit more than elsewhere in the country, as the average wealth of households in this region is substantially greater. According to the study, local charities will receive close to \$460 billion during the time period.

Facts about Bequests

- While 42% of people have wills, only 8% have included charitable bequests in them
- The top two reasons cited for making a charitable bequest are directly related to the charity – knowledge of the charity and support for the work it does
- The primary source of motivation for bequest gifts is direct print communications from charities
- Bequest donors are already philanthropists and generally have some prior affiliation with the charity
- The financial benefits of bequest giving are relevant, but not critical
- Most donors add their first charitable bequest to their wills at age 49

Profile of a Bequest Donor

Most bequest gifts come from donors already aware of or involved with a charity, and those who set up bequests are likely to be more generous donors while living.

Not surprisingly, similar factors identified in the original study affect bequest giving, and the profile of a bequest giver is similar to that of a living donor. As previously learned, personal contact and involvement (or knowledge) are key. While a desire to reduce taxes or recommendations from advisors may influence bequest givers, most give from a desire to support the charity, with their primary motivation being communications from that charity. Obstacles to bequest giving include perceived family need and lack of a will.

Howard County is well positioned to capitalize on bequest gifts. Howard County is currently 3rd in the country for median household income and Maryland ranks above the national average in the percentage of estates filed with bequests.

Interviews with Foundation bequest donors support these findings. When asked why they decided to leave a bequest to The Columbia Foundation, most cited previous association with the Foundation or the desire to support their community [through an institution that they know and trust.] Interestingly, a number of donors also cited a significant event as a catalyst, such as an inheritance, the graduation of a child, or an illness.

A bequest donor in Howard County –

- Is already a philanthropist
- Is aware of and probably connected in some way to the charity
- Is motivated to give because of a desire to support the charity
- Enjoys a high income level
- Is older
- Does not have the need to support a family

The Howard Legacy Society

Making a bequest is leaving the ultimate legacy. The Columbia Foundation and its donors are taking the lead by commissioning the report on behalf of the entire community, creating the Howard Legacy Society – and modeling legacy giving. Bequest donors create a lasting memorial – a gift for all time and a model for future generations and our own heirs. As one donor stated: *“This is where I live, and the bequest furthers my community activities. It is a natural extension. I won’t be around forever, but my dollars, at least, will be.”*