

# nonprofit tax returns

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## Studies in Charitable Financial Planning

# Texas Tech University



**CAUTION**



**This presentation is different**



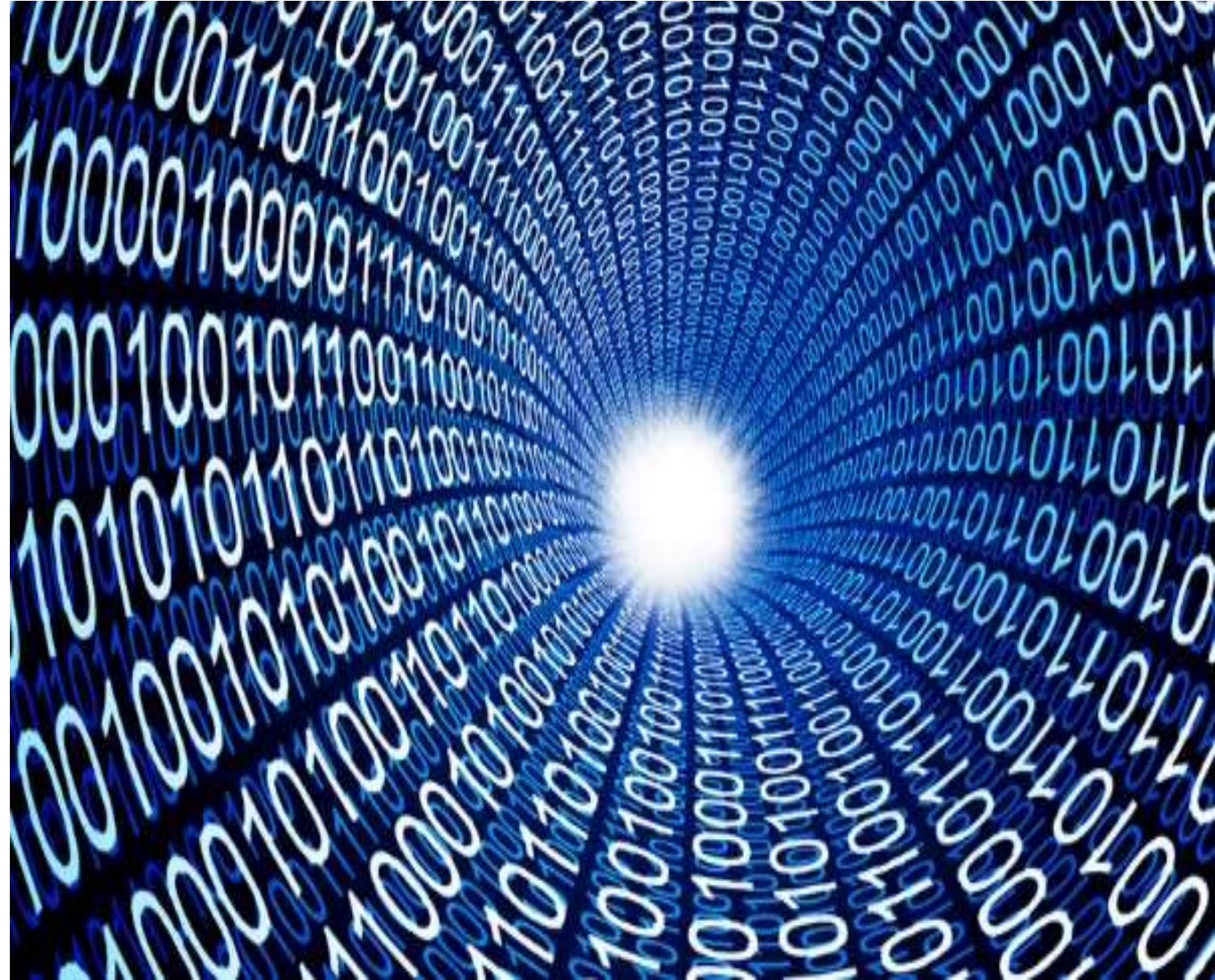
# War stories

*This  
worked for  
me once*



# Massive data

*Over 1 million e-filed  
nonprofit tax returns*





**You wish it were true;  
so I'll tell you it is, and  
you'll be happy.**



**How about a nice cup of  
reality?**



# “Best” practices

*What big organizations do*



# Best practices

*What growing organizations do differently*



The  
**Psychology**  
and  
**Economics**  
of  
**Noncash**  
**Gifts**





# WHY?



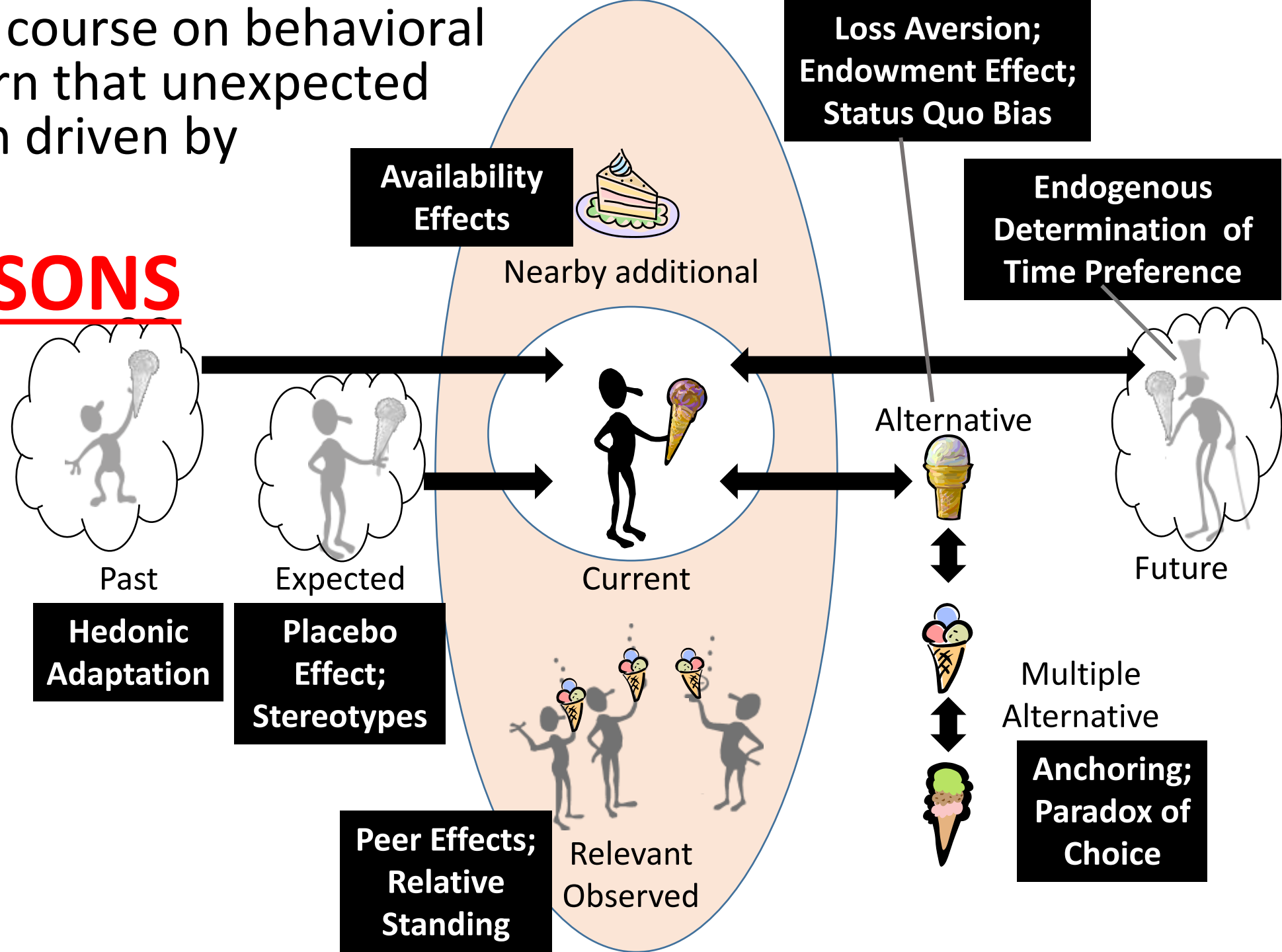
## Asset gifts

- feel relatively smaller
- remind us of our wealth
- mentally reclassify assets as donation relevant
- reflect donor-centeredness
- require fundraiser expertise
- are more social
- are cheaper

Current  
and  
future  
fundraising  
growth

In my graduate course on behavioral finance, we learn that unexpected biases are often driven by

# RELATIVE COMPARISONS





# Relative comparisons matter in charitable decisions



- Cash gifts naturally compare with our disposable income purchases (small)
- Asset gifts naturally compare with our wealth holdings (large)
- Moving donors from giving out of disposable income towards giving out of wealth can be transformational

If you are  
asking for  
cash, you are  
asking small





Wealth is not held in cash.  
It is held in noncash **assets**.

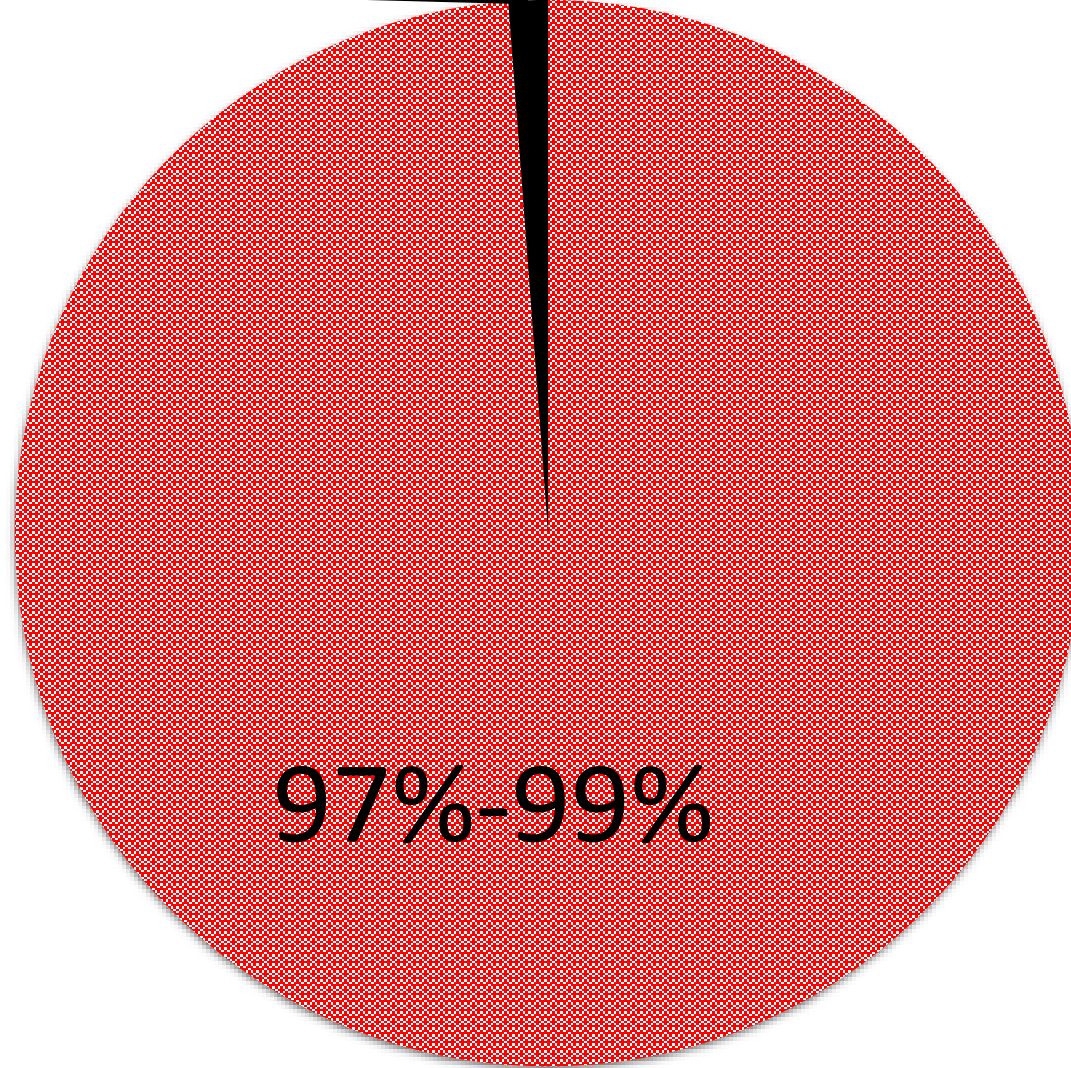


If you are asking from the cash bucket, you are  
asking from the **small** bucket.

# Financial assets held by families (U.S. Census 2017)

<https://www2.census.gov/programs-surveys/demo/tables/wealth/2013/wealth-asset-ownership/wealth-tables-2013.xlsx>

1%-3%



- Other financial assets (stocks, bonds, retirement accounts, life insurance, mutual funds)
- Cash: Checking, savings, money market deposit accounts, and similar



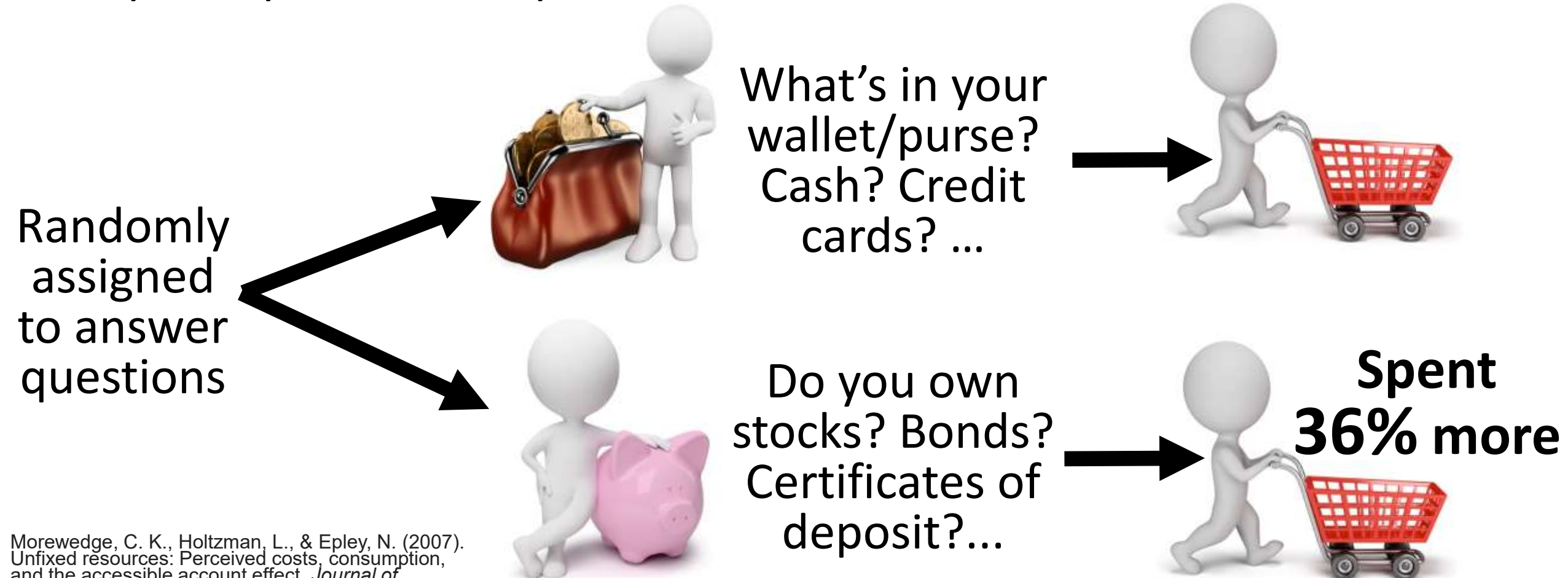
# Asset gifts feel relatively smaller

“For a wealthy donor, asking for the same gift from assets (where it constitutes a tiny share) rather than from income (where it constitutes a much larger share) may reduce the relative perception of financial loss.”



# Asset gifts remind us of our wealth

Shoppers entering Broadway Market in Cambridge, MA: Would you like to participate in an experiment and receive this free chocolate bar?







# People who feel wealthy act charitably

The strongest predictor of donation amount was subjective feelings about one's wealth, not it's objective adequacy.

Wiepking, P., & Breeze, B. (2012). Feeling poor, acting stingy: The effect of money perceptions on charitable giving. *International Journal of Nonprofit and Voluntary Sector Marketing*, 17(1), 13-24.

Relative comparisons change this feeling. Making college students feel richer by having them report their savings on a scale ranging from \$0 to \$500 rather than \$0 to \$50,000 increased subsequent donations.

Herzenstein, M., & Small, D. (2012). Donating in recessionary times: Resource scarcity, social distance, and charitable giving. *ACR North American Advances*.

# Mental accounting

People attach labels to financial assets and then treat them differently



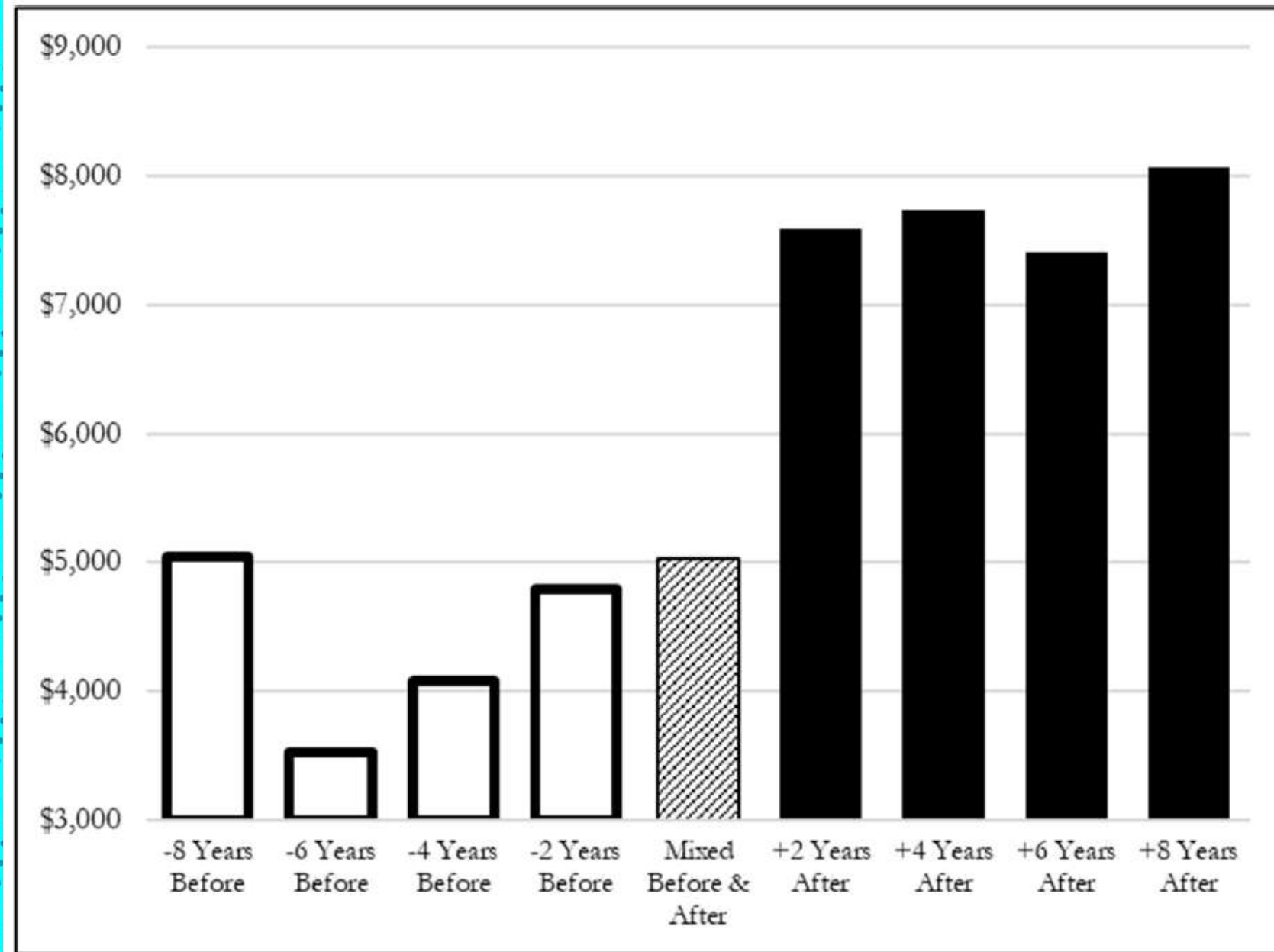




# Labeling assets as donation relevant

When a donor makes a gift of a noncash asset, the donation experience can re-categorize that asset class as appropriate for future charitable consideration

Figure 1. Average Annual Charitable Donations Before and After Adding Charity to an Estate Plan



For many, the first time they commit to a charitable gift from their wealth is when they add charity to their estate plan.

James III, R. N. (2020). The Emerging Potential of Longitudinal Empirical Research in Estate Planning: Examples from Charitable Bequests. *UC Davis Law Review*, 53, 2397-2431.  
<https://lawreview.law.ucdavis.edu>

# The will plan as a gateway to major gifts of assets

Among 18,078 supporters (humanitarian charity) responding to the survey

Most supporters (80%) say they are “unlikely” to make a gift in a will to support the org.

**0.4%**

Have made a “gift of assets (i.e., stock, real estate, retirement/ bank account or life insurance)”

**2.2%**

Would consider doing so

**2.6%**

Total openness to asset gifting

Just under 2% of supporters have already included a gift in their will.

**21.2%**

Have made a “gift of assets (i.e., stock, real estate, retirement/ bank account or life insurance)”

**15.6%**

Would consider doing so

**36.8%**

Total openness to asset gifting

**14X** greater  
openness to  
asset gifting



# Labeling assets as donation relevant

Expanding the total number of budget categories for which a particular charitable donation was arguably relevant increased donations







# Irregular unearned gains – like appreciated assets – generate more giving

People are more likely to spend irregular unearned gains (vs. regular earned income) on luxury goods in general (O'Curry, 1999) and charitable donations in **particular** (Reinstein & Reiner, 2012; Konow, 2010).

Framing a donation as an exceptional event removes it from comparison with regular disposable income budget items and **increases giving** (Sussman, Sharma, & Alter, 2015)

Konow, J. (2010). Mixed feelings: Theories of and evidence on giving. *Journal of Public Economics*, 94(3-4), 279-297.; O'Curry, S. (1999). Consumer budgeting and mental accounting. In P.E. Earl & S. Kemp (Eds.) *The Elger companion to consumer research and economic psychology*. Northampton, MA: Cheltenham.; Reinstein, D. & Riener, G. (2012) Decomposing desert and tangibility effects in a charitable giving experiment. *Experimental Economics*, 15(1): 229-240.; Sussman, A. B., Sharma, E., & Alter, A. L. (2015). Framing charitable donations as exceptional expenses increases giving. *Journal of Experimental Psychology: Applied*, 21(2), 130.

# Cash is anti-social

## Gifts of objects are pro-social

Reminders of cash promote independence and exchange motives, reducing willingness to help and to make donations



Vohs, K. D., Mead, N. L., & Goode, M. R. (2008). Merely activating the concept of money changes personal and interpersonal behavior. *Current Directions in Psychological Science*, 17(3), 208-212.

Savani, K., Mead, N. L., Stillman, T., & Vohs, K. D. (2016). No match for money: Even in intimate relationships and collectivistic cultures, reminders of money weaken sociomoral responses. *Self and Identity*, 15(3), 342-355.





# Cash is anti-social

## Gifts of objects are pro-social

In contrast, gifts of objects are common in social relationships and emphasize communal norms rather than self-interested exchange relationships and exchange norms

Mauss, M. (1923). Essai sur le don forme et raison de l'échange dans les sociétés archaïques. *L'Année sociologique*, 1, 30-186. [The Gift: Forms and Functions of Exchange in Archaic Societies]; Cheal, D. (1987). Showing them you love them: gift giving and the dialectic of intimacy. *Sociological Review*, 35(1), 150-69.

# Fundraiser technical sophistication

- Organizations promoting and receiving non-cash gifts, especially complex gifts, are more likely to develop technically-skilled fundraisers
- This greater level of financial knowledge changes the relationship from "asking" to "advising" and this leads to long-term fundraising growth





# Fundraiser technical sophistication

- Free 65 video YouTube series
- Direct link:  
[bit.ly/TexasTechProfessor](https://bit.ly/TexasTechProfessor)





**Appreciated asset  
gifts are objectively  
cheaper**

Donors can give more at  
the same net cost



# Appreciated asset gifts are objectively cheaper



**Tax  
deduction  
only**

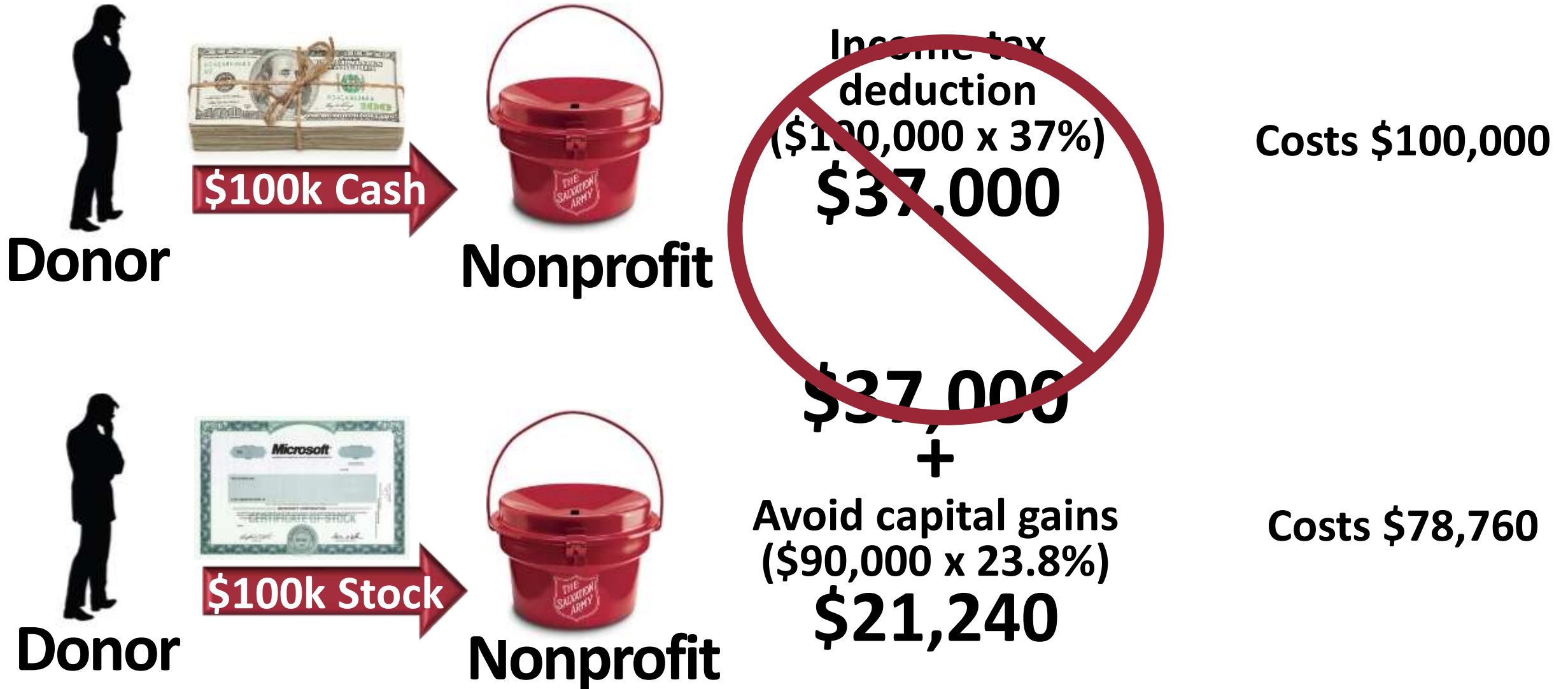
**Tax deduction  
+  
Avoid capital  
gains tax**

# Asset gifts are cheaper for itemizers

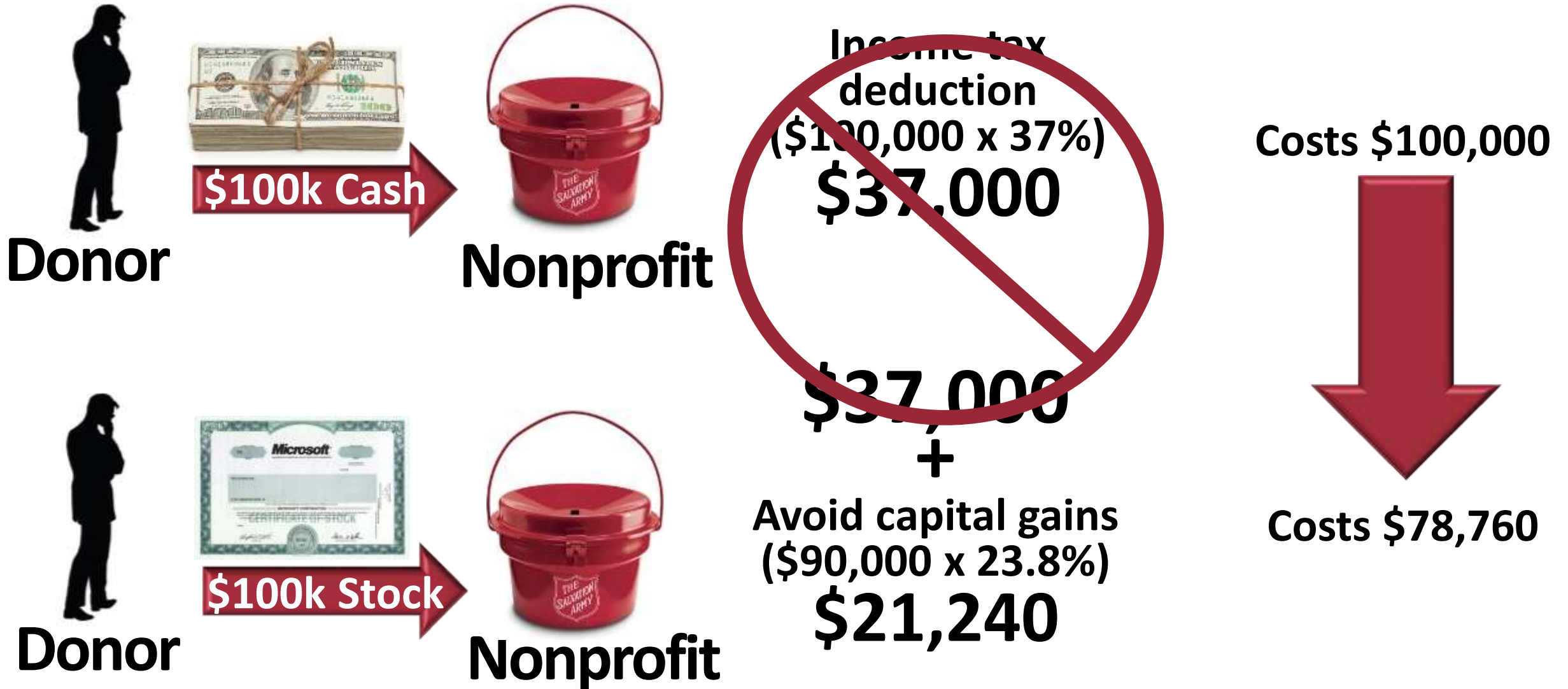




# Asset gifts are cheaper for non-itemizers



# Use the new tax law to shift non-itemizers to asset gifts



# Asset gifts got EVEN cheaper for many



**\$100k Cash**



**Donor**

**Nonprofit**

Net cost \$52,370 in '18 vs. \$49,700 in '17

2017

Income tax deduct.  
(\$100,000 x 39.6%)

**\$39,600** fed

(\$100,000 x 11%)

-(~~\$100,000 x 4.36%~~)

**\$6,644** state

+

Avoid capital gains  
(\$90,000 x 23.8%)

**\$21,240** fed

(\$90,000 x 11%)

-(~~\$90,000 x 4.36%~~)

**\$5,980** state

2018

Income tax deduct.  
(\$100,000 x 37%)

**\$37,000** fed

(\$100,000 x 11%) =

~~-(~~\$100,000 x 4.36%~~)~~

**\$11,000** state

+

Avoid capital gains  
(\$90,000 x 23.8%)

**\$21,240** fed

(\$90,000 x 11%)

~~-(~~\$90,000 x 4.36%~~)~~

**\$9,900** state



**\$100k Stock**



**Donor**

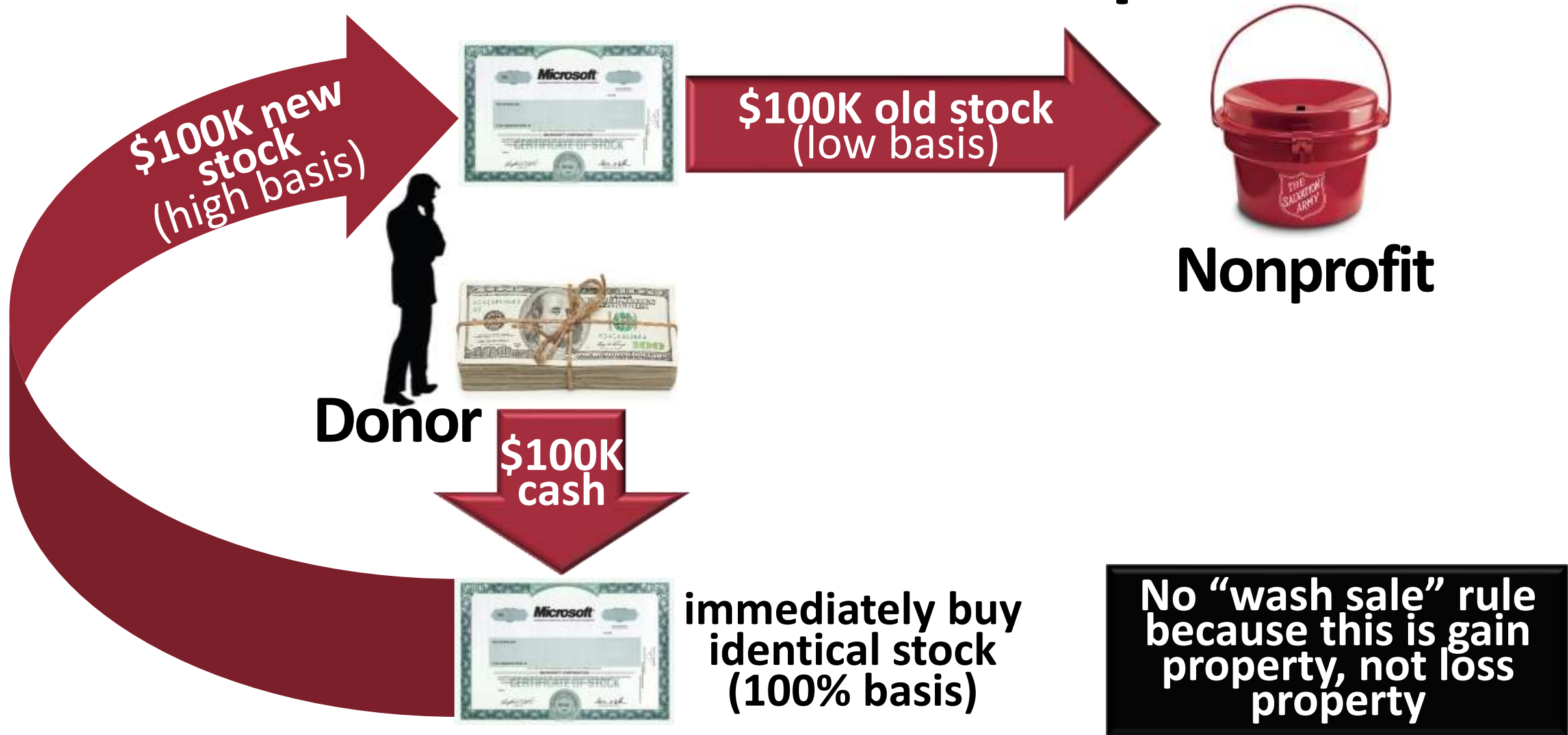
**Nonprofit**

Net cost \$16,490 in '18 vs. \$23,903 in '17

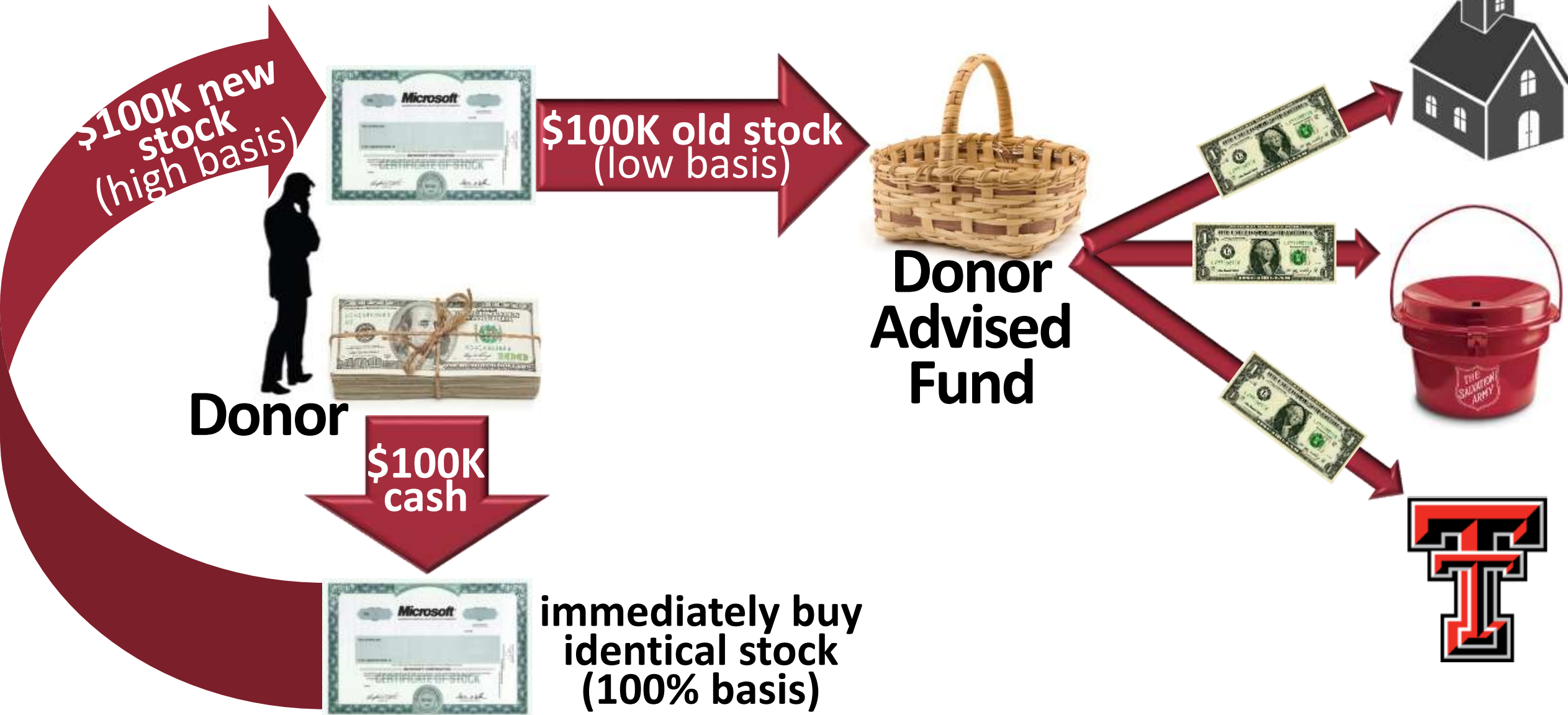


# No need to change your portfolio!

## The Charitable Swap



# The Charitable Swap with a DAF



# Reflect real “donor-centeredness”

- Nonprofits promoting non-cash gifts are willing to increase their hassle (*cash is easier for the charity*) to benefit the donor (*gifts of appreciated assets are cheaper for the donor*)
- Action, not just talk





# WHY?



## Asset gifts

- feel relatively smaller
- remind us of our wealth
- mentally reclassify assets as donation relevant
- reflect donor-centeredness
- require fundraiser expertise
- are more social
- are cheaper

Current  
and  
future  
fundraising  
growth

*If you just want results, the exact  
cause might not matter to you*

# Why this new data is such a big deal



First time IRS released in computer readable format all e-filed Form 990s from 2010 forward including 1,055,917 tax returns from 205,696 nonprofits

# Let's start with a simple comparison

## NONPROFITS

receiving

**ONLY**

**CASH**

gifts



## NONPROFITS

receiving

**ANY**

**NONCASH**

gifts



## NONPROFITS

receiving

**SECURITIES**

**NONCASH**

gifts





# 5-year average growth in total fundraising

(2010 to 2015)

## **NONPROFITS**

receiving

**ONLY**

**CASH**

gifts

2,548 nonprofits raising \$1MM+ in 2010 reported only cash gifts in 2010 & 2015 on e-file IRS-990

## **GROWTH**

## **NONPROFITS**

receiving

**ANY**

**NONCASH**

gifts

4,236 nonprofits raising \$1MM+ in 2010 reported noncash gifts in 2010 & 2015 on e-file IRS-990

## **GROWTH**

## **NONPROFITS**

receiving

**SECURITIES**

**NONCASH**

gifts

2,143 nonprofits raising \$1MM+ in 2010 reported securities gifts in 2010 & 2015 on e-file IRS-990

## **GROWTH**

# 5-year average growth in total fundraising (2010 to 2015)

**NONPROFITS**  
receiving  
**ONLY**  
**CASH**  
gifts

2,548 nonprofits raising \$1MM+  
in 2010 reported only cash gifts  
in 2010 & 2015 on e-file IRS-990

**11%**  
**GROWTH**

**NONPROFITS**  
receiving  
**ANY**  
**NONCASH**  
gifts

4,236 nonprofits raising \$1MM+ in  
2010 reported noncash gifts in 2010  
& 2015 on e-file IRS-990

**50%**  
**GROWTH**

**NONPROFITS**  
receiving  
**SECURITIES**  
**NONCASH**  
gifts

2,143 nonprofits raising \$1MM+  
in 2010 reported securities gifts in  
2010 & 2015 on e-file IRS-990

**66%**  
**GROWTH**



Yeah, but...  
Maybe there was  
something special  
about those five  
years?



# 3-year average growth in total fundraising

(2010 to 2013; 2011 to 2014; 2012 to 2015; 2013 to 2016)

## NONPROFITS

receiving

**ONLY**

**CASH**

Average Total  
Fundraising

Years      Growth

'10-'13 = **5%**

'11-'14 = **1%**

'12-'15 = **2%**

'13-'16 = **0%**

## NONPROFITS

receiving

**ANY**

**NONCASH**

Average Total  
Fundraising

Years      Growth

'10-'13 = **34%**

'11-'14 = **30%**

'12-'15 = **30%**

'13-'16 = **25%**

## NONPROFITS

receiving

**SECURITIES**

**NONCASH**

Average Total  
Fundraising

Years      Growth

'10-'13 = **44%**

'11-'14 = **42%**

'12-'15 = **39%**

'13-'16 = **33%**



Yeah, but...  
Maybe it's just  
because noncash  
organizations are  
**BIGGER?**

# 5-year total fundraising growth by initial level of total contributions

	\$100K to <\$500K	\$500K to <\$1MM	\$1MM to <\$2MM	\$2MM to <\$3MM	\$3MM to <\$5MM	\$5MM to <\$10MM	\$10MM+
<b>Nonprofits reporting only cash</b> <small>contributions in 2010 &amp; 2015 on e-IRS 990s</small>	<b>56%</b> [n=9168]	<b>25%</b> [n=2397]	<b>14%</b> [n=1343]	<b>18%</b> [n=478]	<b>0%</b> [n=358]	<b>0%</b> [n=223]	<b>26%</b> [n=146]
<b>Nonprofits reporting any noncash</b> <small>contributions in 2010 &amp; 2015 on e-IRS 990s</small>	<b>137%</b> [n=2278]	<b>71%</b> [n=1373]	<b>60%</b> [n=1215]	<b>58%</b> [n=652]	<b>48%</b> [n=728]	<b>36%</b> [n=679]	<b>35%</b> [n=962]
<b>Nonprofits reporting securities</b> <small>contributions in 2010 &amp; 2015 on e-IRS 990s</small>	<b>400%</b> [n=114]	<b>176%</b> [n=187]	<b>103%</b> [n=340]	<b>94%</b> [n=284]	<b>68%</b> [n=385]	<b>50%</b> [n=427]	<b>43%</b> [n=707]



Beyond simply “some v. none,” what happens when nonprofits shift to a larger SHARE of cash or noncash gifts?



# What happens **IN THE SAME YEAR** when gifts shift from cash to assets?

When share  
from  
**CASH**  
**GROWS**  
by +10%  
total  
contributions  
fall by  
**-13%**

When  
share from  
**SECURITIES**  
**GROWS**  
by +10%  
total  
contributions  
grow by  
**+18%**

When  
share from  
**REAL ESTATE**  
**GROWS**  
by +10%  
total  
contributions  
grow by  
**+26%**

*Fixed effects regression analysis of the 761,876 e-filed IRS Form 990s reporting positive contribution amounts from 205,696 organizations in 2010-2016.*

# Does the TYPE of noncash asset matter?





# Gifts from larger asset types have more impact

*Same year effect of a 10% ratio shift (asset type/total giving)  
for nonprofits already reporting substantial noncash gifts*

<b>Doesn't help</b>	<b>none/minimal</b>	<b>Books, Food, Collectibles, Uncategorized</b>
<b>Helps a little</b>	<b>+2% to +3%</b>	<b>Cars, Boats, Household goods, Art, Pharmaceuticals</b>
<b>Definitely helps</b>	<b>+7%</b>	<b>Publicly-traded securities, Historical art &amp; artifacts</b>
<b>Helps a lot</b>	<b>+14% to +18%</b>	<b>Real estate, Non-publicly-traded securities</b>

Yeah, but...  
My organization is different;  
we are really big and  
sophisticated



# What happens IN THE SAME YEAR when gifts shift from cash to assets at large, \$50MM+, fundraising NPOs?

When share from  
**CASH**  
**GROWS**  
by +10%  
total  
contributions  
fall by  
**-6%**

When  
share from  
**SECURITIES**  
**GROWS**  
by +10%  
total  
contributions  
grow by  
**+28%**

When  
share from  
**REAL ESTATE**  
**GROWS**  
by +10%  
total  
contributions  
grow by  
**+13%**

*Fixed effects regression analysis of the 2,566 e-filed IRS Form 990s reporting contribution amounts of \$50MM+ from 723 organizations in 2010-2016.*



# What happens IN THE SAME YEAR when gifts shift from cash to assets at large, \$500MM+, fundraising NPOs?

When share from  
**CASH**  
**GROWS**  
by +10%  
total  
contributions  
fall by

**-14%**

When  
share from  
**SECURITIES**  
**GROWS**  
by +10%  
total  
contributions  
grow by

**+13%**

When  
share from  
**REAL ESTATE**  
**GROWS**  
by +10%  
total  
contributions  
grow by

**+4%**

*Fixed effects regression analysis of the 142 e-filed IRS Form 990s reporting contribution amounts of \$500MM+ from 46 organizations in 2010-2016.*



Yeah, but...  
Our sector  
is different;  
you wouldn't  
understand

# What happens IN THE SAME YEAR when gifts shift from cash to assets at **Education** nonprofits?

When share from  
**CASH**  
**GROWS**  
by +10%  
total  
contributions  
fall by

**-11%**

When  
share from  
**SECURITIES**  
**GROWS**  
by +10%  
total  
contributions  
grow by

**+14%**

When  
share from  
**REAL ESTATE**  
**GROWS**  
by +10%  
total  
contributions  
grow by

**+24%**

*Fixed effects regression analysis of the 115,047 e-filed IRS Form 990s from 29,165 organizations in 2010-2016.*



# What happens IN THE SAME YEAR when gifts shift from cash to assets at **Colleges & Universities?**

When share from  
**CASH**  
**GROWS**  
by +10%  
total  
contributions  
fall by  
**-9%**

When  
share from  
**SECURITIES**  
**GROWS**  
by +10%  
total  
contributions  
grow by  
**+10%**

When  
share from  
**REAL ESTATE**  
**GROWS**  
by +10%  
total  
contributions  
grow by  
**+18%**

*Fixed effects regression analysis of the 20,447 e-filed IRS Form 990s from 4,361 organizations in 2010-2016.*

# What happens IN THE SAME YEAR when gifts shift from cash to assets at **Arts & Cultural** nonprofits?

When share from  
**CASH**  
**GROWS**  
by +10%  
total  
contributions  
fall by

**-15%**

When  
share from  
**SECURITIES**  
**GROWS**  
by +10%  
total  
contributions  
grow by

**+21%**

When  
share from  
**REAL ESTATE**  
**GROWS**  
by +10%  
total  
contributions  
grow by

**+28%**

*Fixed effects regression analysis of the 70,744 e-filed IRS Form 990s from 18,228 organizations in 2010-2016.*

# What happens IN THE SAME YEAR when gifts shift from cash to assets at **Health Care** nonprofits?

When share from  
**CASH**  
**GROWS**  
by +10%  
total  
contributions  
fall by

**-13%**

When  
share from  
**SECURITIES**  
**GROWS**  
by +10%  
total  
contributions  
grow by

**+22%**

When  
share from  
**REAL ESTATE**  
**GROWS**  
by +10%  
total  
contributions  
grow by

**+27%**

*Fixed effects regression analysis of the 63,904 e-filed IRS Form 990s from 14,960 organizations in 2010-2016.*



What happens IN THE SAME YEAR when gifts shift  
from cash to assets at  
**Specific Disease** nonprofits [cancer, heart,  
arthritis, birth defect, AIDS, Alzheimer's, autism...]?

When share  
from  
**CASH**  
**GROWS**  
by +10%  
total  
contributions  
fall by

**-12%**

When  
share from  
**SECURITIES**  
**GROWS**  
by +10%  
total  
contributions  
grow by

**+25%**

When  
share from  
**REAL ESTATE**  
**GROWS**  
by +10%  
total  
contributions  
grow by

**+27%**

*Fixed effects regression analysis of the 19,830 e-filed IRS Form 990s from 5,311  
organizations in 2010-2016.*

# What happens IN THE SAME YEAR when gifts shift from cash to assets at **Environment** nonprofits?

When share from  
**CASH**  
**GROWS**  
by +10%  
total  
contributions  
fall by  
**-19%**

When  
share from  
**SECURITIES**  
**GROWS**  
by +10%  
total  
contributions  
grow by  
**+16%**

When  
share from  
**REAL ESTATE**  
**GROWS**  
by +10%  
total  
contributions  
grow by  
**+28%**

*Fixed effects regression analysis of the 18,197 e-filed IRS Form 990s from 4,761 organizations in 2010-2016.*

# What happens IN THE SAME YEAR when gifts shift from cash to assets at **Housing & Shelter** nonprofits?

When share from  
**CASH**  
**GROWS**  
by +10%  
total  
contributions  
fall by  
**-14%**

When  
share from  
**SECURITIES**  
**GROWS**  
by +10%  
total  
contributions  
grow by  
**+27%**

When  
share from  
**REAL ESTATE**  
**GROWS**  
by +10%  
total  
contributions  
grow by  
**+22%**

*Fixed effects regression analysis of the 27,256 e-filed IRS Form 990s from 7,472 organizations in 2010-2016.*



# What happens IN THE SAME YEAR when gifts shift from cash to assets at **Recreation, Sports, Camps** nonprofits?

When share  
from  
**CASH**  
**GROWS**  
by +10%  
total  
contributions  
fall by

**-13%**

When  
share from  
**SECURITIES**  
**GROWS**  
by +10%  
total  
contributions  
grow by

**+24%**

When  
share from  
**REAL ESTATE**  
**GROWS**  
by +10%  
total  
contributions  
grow by

**+35%**

*Fixed effects regression analysis of the 42,197 e-filed IRS Form 990s from 12,620 organizations in 2010-2016.*

What happens IN THE SAME YEAR when gifts shift  
from cash to assets at  
**Human Services** (Red Cross, Salvation Army,  
YMCA, Family Services, Hospice, Adoption) nonprofits?

When share  
from  
**CASH**  
**GROWS**  
by +10%  
total  
contributions  
fall by

**-14%**

When  
share from  
**SECURITIES**  
**GROWS**  
by +10%  
total  
contributions  
grow by

**+23%**

When  
share from  
**REAL ESTATE**  
**GROWS**  
by +10%  
total  
contributions  
grow by

**+28%**

*Fixed effects regression analysis of the 104,214 e-filed IRS Form 990s from 24,874  
organizations in 2010-2016.*

# What happens IN THE SAME YEAR when gifts shift from cash to assets at **Animal or Wildlife** nonprofits?

When share from  
**CASH**  
**GROWS**  
by +10%  
total  
contributions  
fall by

**-11%**

When  
share from  
**SECURITIES**  
**GROWS**  
by +10%  
total  
contributions  
grow by

**+20%**

When  
share from  
**REAL ESTATE**  
**GROWS**  
by +10%  
total  
contributions  
grow by

**+27%**

*Fixed effects regression analysis of the 16,029 e-filed IRS Form 990s from 4,220 organizations in 2010-2016.*



# What happens IN THE SAME YEAR when gifts shift from cash to assets at **Business or Community Development** nonprofits?

When share  
from  
**CASH**  
**GROWS**  
by +10%  
total  
contributions  
fall by

**-13%**

When  
share from  
**SECURITIES**  
**GROWS**  
by +10%  
total  
contributions  
grow by

**+21%**

When  
share from  
**REAL ESTATE**  
**GROWS**  
by +10%  
total  
contributions  
grow by

**+26%**

*Fixed effects regression analysis of the **48,477** e-filed IRS Form 990s from **14,520** organizations in 2010-2016.*

# What happens IN THE SAME YEAR when gifts shift from cash to assets at **Community & Public Foundations?**

When share from  
**CASH**  
**GROWS**  
by +10%  
total  
contributions  
fall by

**-13%**

When  
share from  
**SECURITIES**  
**GROWS**  
by +10%  
total  
contributions  
grow by

**+17%**

When  
share from  
**REAL ESTATE**  
**GROWS**  
by +10%  
total  
contributions  
grow by

**+24%**

*Fixed effects regression analysis of the 30,060 e-filed IRS Form 990s from 7,611 organizations in 2010-2016.*

What happens IN THE SAME YEAR when gifts shift  
from cash to assets at  
**International Development/Relief**  
nonprofits?

When share  
from  
**CASH**  
**GROWS**  
by +10%  
total  
contributions  
fall by

**-14%**

When  
share from  
**SECURITIES**  
**GROWS**  
by +10%  
total  
contributions  
grow by

**+12%**

When  
share from  
**REAL ESTATE**  
**GROWS**  
by +10%  
total  
contributions  
grow by

**+31%**

*Fixed effects regression analysis of the 15,432 e-filed IRS Form 990s from 4,161 organizations in 2010-2016.*



# What happens IN THE SAME YEAR when gifts shift from cash to assets at **Religious** nonprofits filing form 990?

When share from  
**CASH**  
**GROWS**  
by +10%  
total  
contributions  
fall by  
**-14%**

When  
share from  
**SECURITIES**  
**GROWS**  
by +10%  
total  
contributions  
grow by  
**+15%**

When  
share from  
**REAL ESTATE**  
**GROWS**  
by +10%  
total  
contributions  
grow by  
**+25%**

*Fixed effects regression analysis of the 36,194 e-filed IRS Form 990s from 10,015 organizations in 2010-2016.*

Shifting  
to gifts of noncash  
assets drives total  
fundraising growth in  
every nonprofit sector, at  
every fundraising size, in  
every time period  
(same year and 3 or 5  
years later)



What about  
planned gifts  
like  
Charitable  
Gift  
Annuities?





**Where new CGA gifts grew  
+50% or more 2013-2017**

**26  
organizations  
in ACGA  
surveys**

**+50%**

**Where new CGA gifts fell  
-50% or more 2013-2017**

**-50%**

**40  
organizations  
in ACGA  
surveys**



Where new CGA gifts grew  
+50% or more 2013-2017

Share of  
CGA gifts  
from cash  
**fell by**  
**24%**

Avg contract  
size grew by  
\$122,000

Where new CGA gifts fell  
-50% or more 2013-2017

Share of  
CGA gifts  
from cash  
**rose by**  
**4%**

Avg contract  
size fell by  
\$47,000



# What demographic factors predict who will donate noncash assets?



Consumer Expenditure Survey from the Bureau of Labor Statistics (73,109 households)

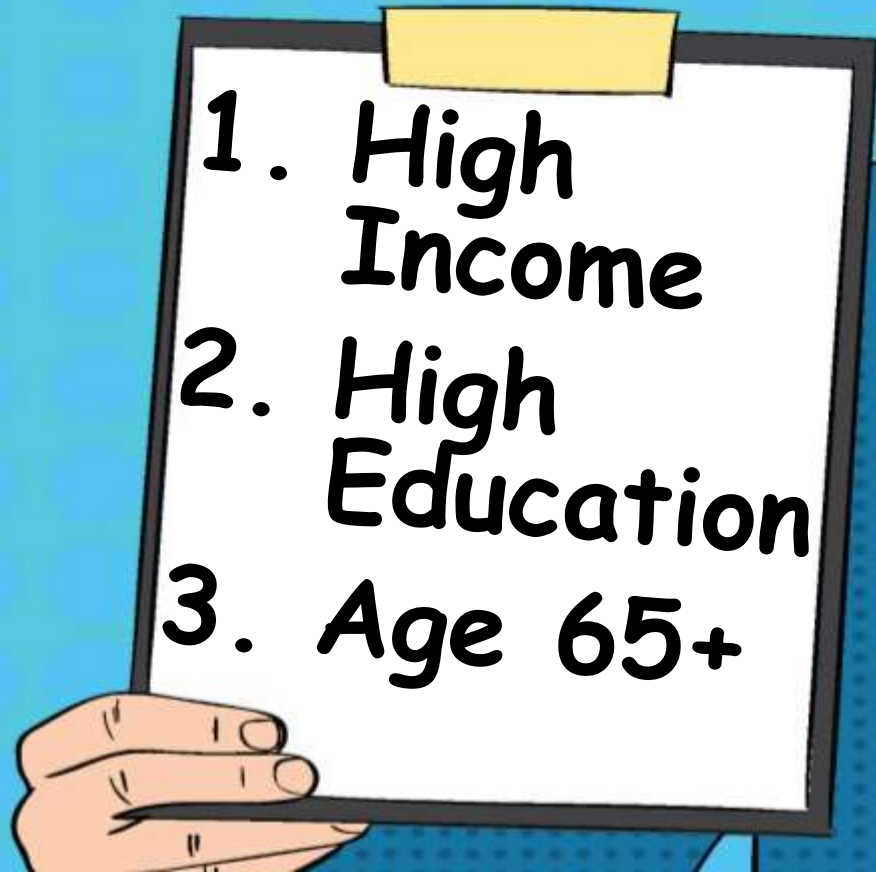
Measures gifts of stocks, bonds, or mutual funds

Also measures gifts of cash to religion, education, politics, and other charities

Method: Tobit multiple regression



# What predicts who will donate noncash assets?



No significant differences for gender, other age distinctions, marriage, childlessness, African-American, Caucasian, Asian

# Tax incentives matter more



1. Giving cash to education was 2x more responsive to tax price than giving cash to religion
2. Giving stocks, bonds, or mutual funds was 10x more responsive to tax price than giving cash to education

# How to talk about gifts of assets





**Should  
you  
mention  
tax  
benefits?**



# Social Desirability Bias

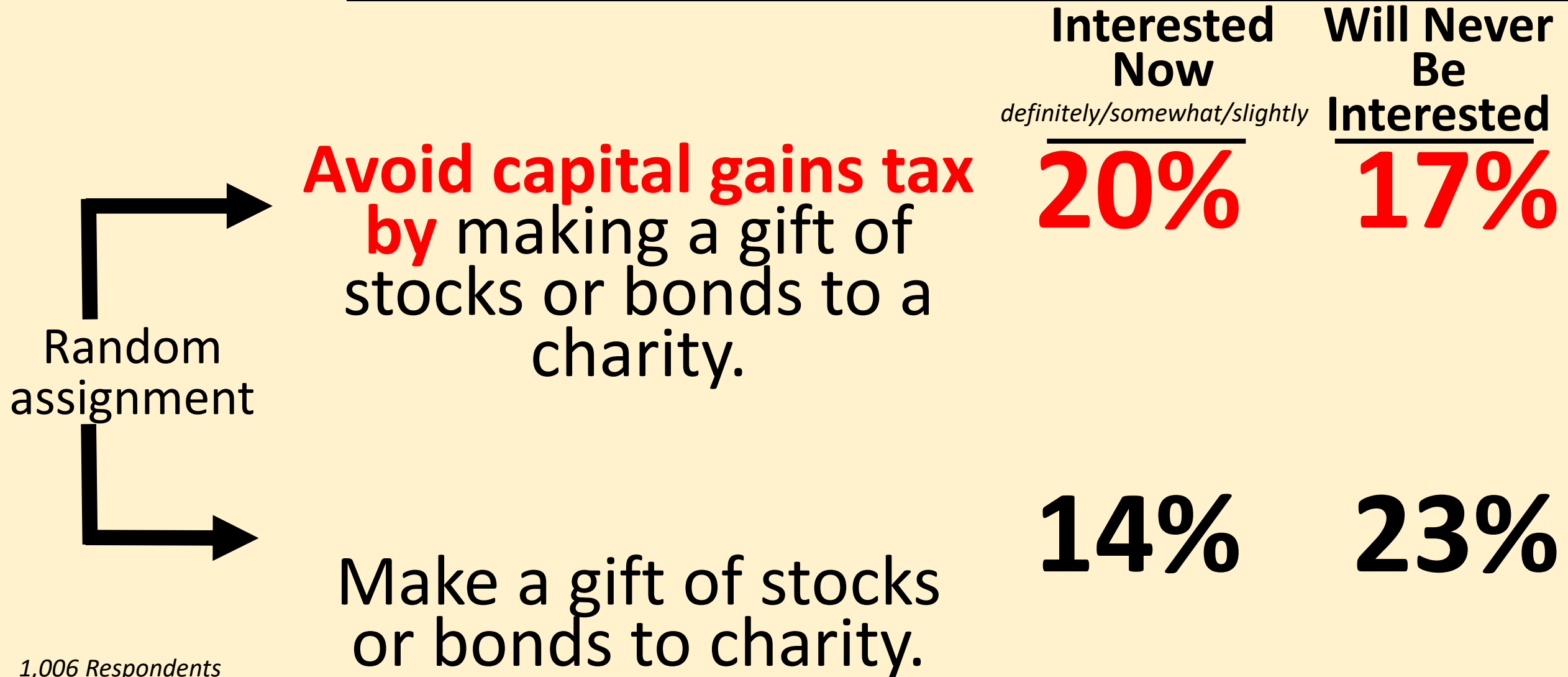
People report  
socially-approved  
motivations



Other motivations  
must be tested,  
not self-reported



# Mentioning tax deductions increases charitable interest





Random  
rotating  
assignment

# Mentioning tax deductions increases charitable interest

Interested  
Now  
*definitely/somewhat/slightly*

**50%**

**Receive a tax deduction and** make a gift that pays you income for life.

Will Never  
Be  
Interested  
**8%**

**33%**

Make a gift that pays you income for life **and receive a tax deduction.**

**14%**

**31%**

Make a gift that pays you income for life.

**20%**

Random  
rotating  
assignment

# Mentioning tax deductions increases charitable interest

**Interested  
Now**  
*definitely/somewhat/slightly*

**26%**

**Immediately receive a tax deduction for 70% of the value of a house or land by** making a charitable gift of the property, but keeping the RIGHT TO USE it for the rest of your life.

**Will Never  
Be  
Interested**

**23%**

**12%**

Make a charitable gift of either a house or land, but keep the RIGHT TO USE for the rest of your life **and immediately receive a tax deduction for 70% of the value of the property.**

**33%**

**11%**

Make a charitable gift of either a house or land, but keep the RIGHT TO USE it for the rest of your life.

**42%**

Random  
rotating  
assignment

# Mentioning tax deductions increases charitable interest

**Interested  
Now**

*definitely/somewhat/slightly*

**28%**

**Get an immediate tax deduction**

by making a gift where you still control the investment of the assets, and receive income from the investments for the rest of your life with anything left over going to charity at your death.

**Will Never  
Be**

**Interested**

**17%**

**27%**

Make a gift where you **get an immediate tax deduction**, still control the investment of the assets and receive income from the investments for the rest of your life with anything left over going to charity at your death.

**20%**

**21%**

Make a gift where you still control the investment of the assets, and receive income from the investments for the rest of your life with anything left over going to charity at your death.

**25%**



Best phrasing  
to describe  
tax benefits



I might  
be/am  
definitely  
interested

\_\_\_%

\_\_\_%

\_\_\_%

\_\_\_%

\_\_\_%

\_\_\_%

**Please rate your level of interest  
in clicking on the button to read  
the corresponding information.**

**Avoid taxes by giving stocks**

**How to avoid taxes by giving  
stocks**

**Save taxes by giving stocks**

**Tax tips when giving stocks**

**Avoiding capital gains taxes by  
giving stocks**

**Giving stocks**

I might  
be/am  
definitely  
interested

**Please rate your level of interest  
in clicking on the button to read  
the corresponding information.**

**28%**

**Avoid taxes by giving stocks**

**27%**

**How to avoid taxes by giving  
stocks**

**25%**

**Save taxes by giving stocks**

**24%**

**Tax tips when giving stocks**

**24%**

**Avoiding capital gains taxes by  
giving stocks**

**16%**

**Giving stocks**



Mentioning  
tax benefits  
works, but it  
isn't "the  
reason"



How can I convince the board  
this is important?

*What's a  
compelling  
argument?*



Room for growth at Texas Tech University?		2017 Texas Tech Foundation	2017 Iowa State University Foundation
Total contributions		\$70,971,175	\$182,944,883
Noncash contributions		\$7,475,636	\$109,538,183
Noncash share		10.5%	59.9%
Publicly traded securities		X	X
Closely held securities			X
Partnerships, LLC, trust interests			X
Miscellaneous securities			X
Residential real estate			X
Commercial real estate			X
Art			X
Historical Art			X
Books			X
Collectibles			X
Historical Artifacts			X
Other-Grain, Gold, Life Insurance		1 gift	102 gifts



**New  
strategies**





# Accepting noncash gifts is safer today

- Using DAFs that accept any asset type
- Using new instruments like the single-asset LLC

Non-cash  
gifts are more  
important and  
more work





**Are fundraisers given the extra tools and rewards to do the hard work of raising gifts of assets?**



**Or to do we hit the “easy button” of cash only?**  
*(keeping the nonprofit in the no growth/slow growth category)*



The image is a collage with a yellow background. On the left, a cartoon hand in a blue sleeve is dropping several white papers. One paper clearly shows '990' and another shows '1041'. On the right, there are several overlapping images of the front covers of IRS Form 990. The covers are white with black text and a black border. The text on the covers includes 'Form 990', 'Return of Organization Exempt From Income Tax', and 'Department of the Treasury'. Some covers also mention 'OMB No. 1545-0047' and '2017'. The covers are arranged in a way that they appear to be floating or falling, creating a sense of motion.

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