

# Overcoming BARRIERS TO GIVING

## Report summary

Two-thirds of American donors say they want to give more to charity. So what holds them back—and are there ways to overcome the barriers they may face? This report, based on a study of 3,200 Americans who give,<sup>1</sup> explores the reasons donors do not give as much as they'd like to and solutions that may help them give more.

## Key findings

- Donors want to increase the amount they give to charity. Two-thirds express a desire to give more to the causes they support.
- Most donors (95 percent) would give more under the right circumstances.
- However, a range of questions and concerns about their giving stand in the way.
  - Seventy-two percent would give more if their financial situation permitted.
  - Sixty-five percent would give more if they knew the impact of their donations.
- While other aspects of giving also affect donors and may influence their levels of giving, addressing donor concerns about charitable impact and financial planning have the greatest potential to influence the amount donors give overall.

<sup>1</sup> Unless otherwise noted, *Overcoming Barriers to Giving* is based on a survey conducted June–July 2016 among 3,254 people who give to charity and who itemized charitable deductions on 2015 tax returns.

## Americans are known for their generosity and commitment to charitable giving.

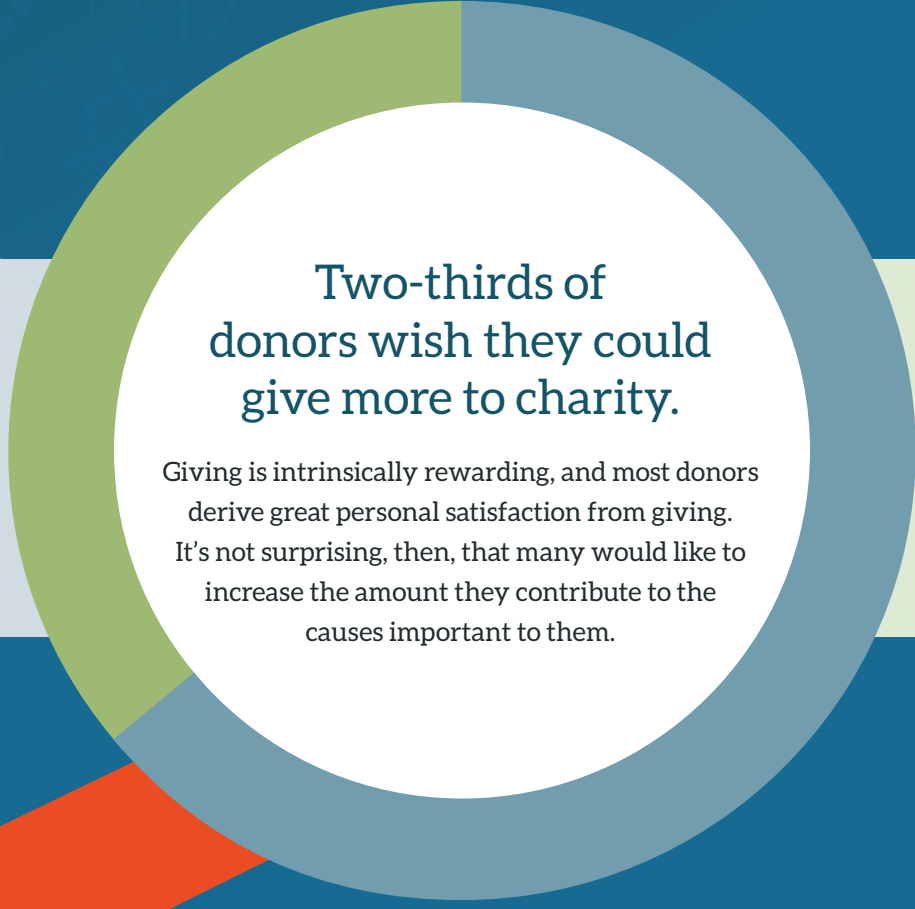
Still, the average American household donates only about 2 percent of their discretionary income to charity each year.<sup>2</sup>

Most donors say they wish they could give more—so what prevents them from increasing their giving? This report, based on a survey conducted in 2016 among 3,254 people who give to charity and who itemize charitable deductions on their tax returns, examines that question. *Overcoming Barriers to Giving* first presents an overview of donors' concerns about personal giving: what holds donors back and possible ways to address those barriers. This is followed by a more detailed look at how their concerns impact the scale of their philanthropy.



64%

I wish I could donate more to the causes I support



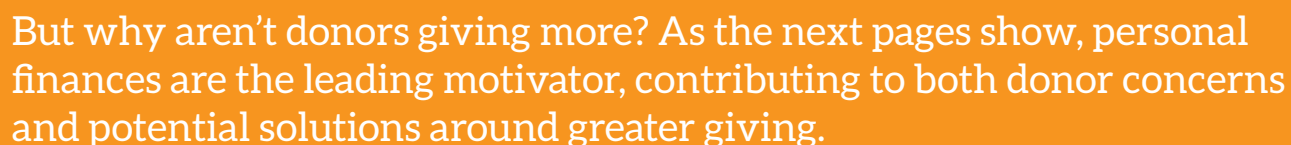
### Two-thirds of donors wish they could give more to charity.

Giving is intrinsically rewarding, and most donors derive great personal satisfaction from giving. It's not surprising, then, that many would like to increase the amount they contribute to the causes important to them.



36%

I feel like I donate enough to the causes I support

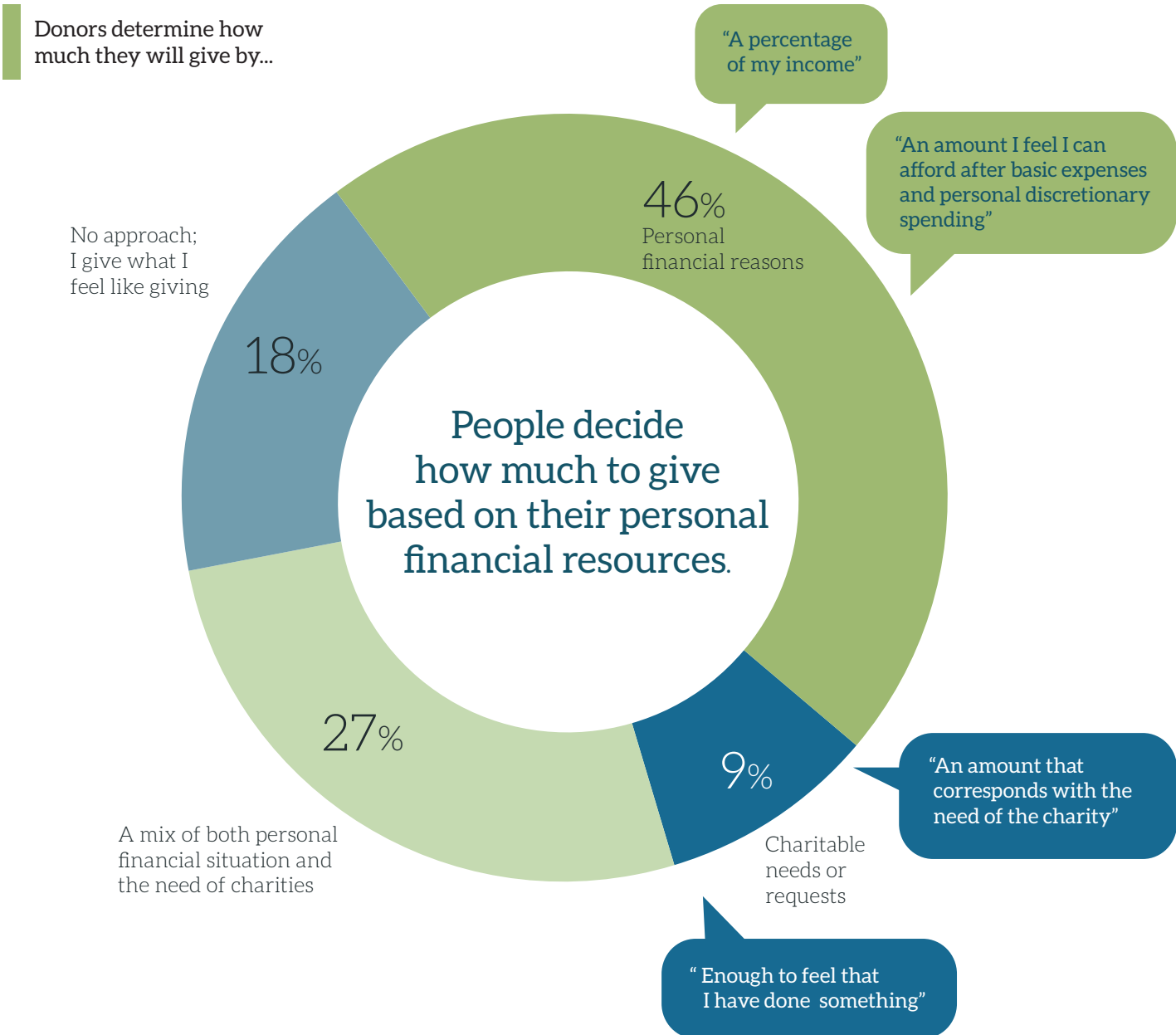


But why aren't donors giving more? As the next pages show, personal finances are the leading motivator, contributing to both donor concerns and potential solutions around greater giving.

# Donors determine how much they give each year based on their personal finances

Donors' charitable giving budgets are most influenced by their discretionary income—the money remaining after taxes and cost-of-living expenses.<sup>3</sup> Understandably then, almost half of donors decide how much to give each year based solely on their household's financial situation rather than the needs expressed by charities. Just 9 percent decide how much to give based only on specific charitable needs without regard to their personal finances.

These numbers indicate that most donors first consider the amount they can afford to give to charity, then how it will impact the charity. Donors want to give more but have finite resources with which to give. So perhaps the easiest way to help people meet their desire to give more is to find more money in their existing budgets.

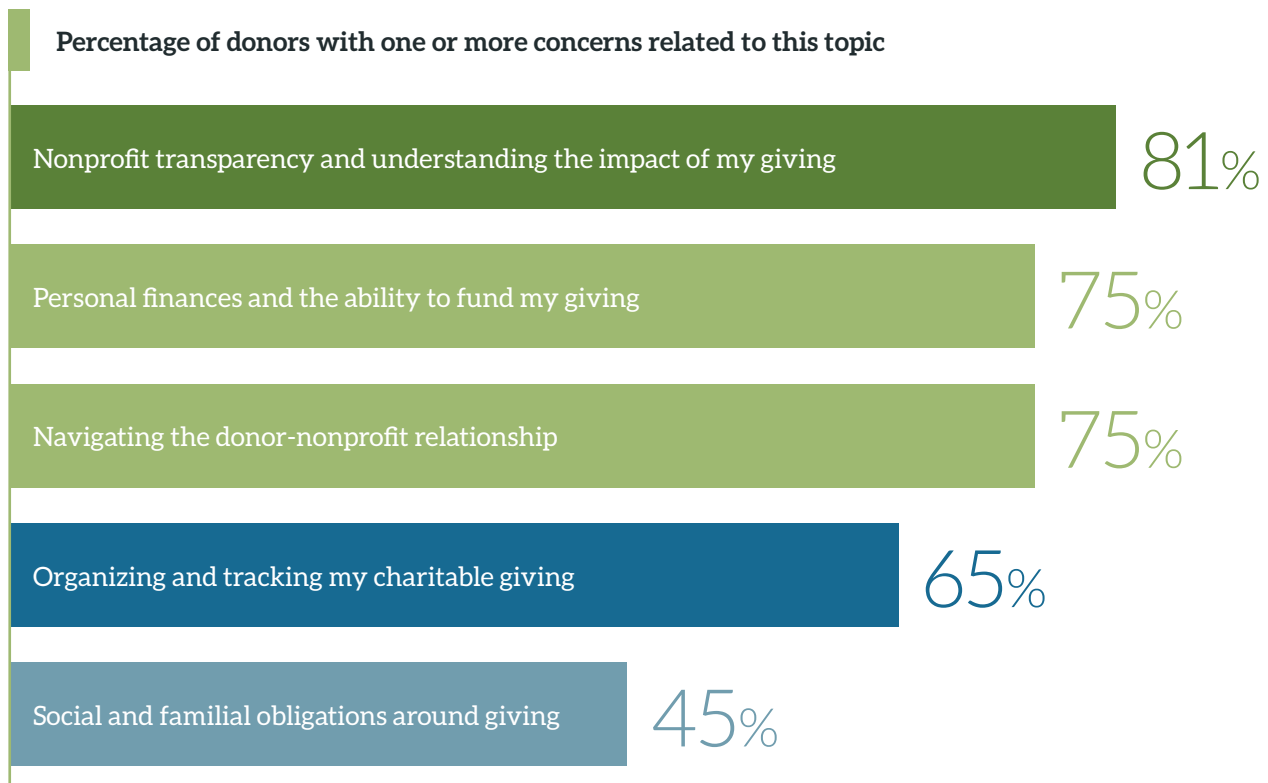


<sup>3</sup> Giving USA Foundation, "Giving USA 2017: The Annual Report on Philanthropy for the Year 2016," 2017.

## Most donors flag multiple concerns that have affected their personal experiences with charitable giving

While giving is intrinsically rewarding, donors still have concerns around the giving process. Because charitable budget is primarily determined by financial resources, it is understandable that three-quarters of donors have concerns about how giving might impact their future economic situation and about how much money they should keep for personal needs not yet known. And because their financial resources are finite, donors want to ensure their dollars are used appropriately—so more than 8 in 10 donors have concerns about how their donations will be used and if they will make a difference.

These and other concerns may be clouding philanthropic intentions and causing donors to give less than they would like. Indeed, the questions donors have about their giving (aggregated below and explored in more detail in the latter half of this report) largely align with factors that donors say would influence them to give more.



## Almost all donors indicate at least one factor that would influence them to give more

When asked to indicate factors that would encourage them to give more, most donors choose solutions or ideas closely linked to addressing their self-identified concerns, from taxes and finances, to charitable impact, to new and different ways to engage in giving.

Seventy-two percent of donors list at least one reason related to personal finances or the ability to take a greater tax deduction as a reason they would give more—understandable, given the role finances play in giving. Notably, however, almost as many donors – 65 percent – say that understanding the impact of their giving would influence them to donate more. This indicates an opportunity for charitable organizations to better communicate with their constituents, resolving questions and potentially increasing the amount donors give. Almost all donors (95 percent) indicate at least one factor that would influence them to give more.

Percentage of donors who would be influenced to give more if a question about this area were addressed

Changes in my financial situation; a greater tax deduction

72%

Greater insight into the impact of my giving

65%

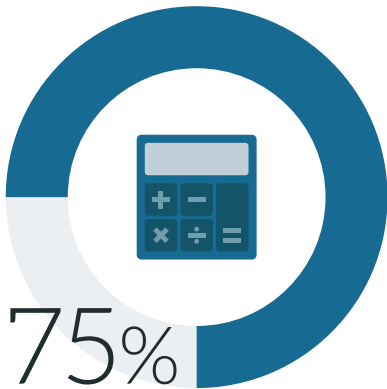
New and different ways to engage with philanthropy

35%

**Digging deeper into donor concerns**

With these foundational insights into donors' giving in mind, the following pages provide more in-depth discovery and analysis into the questions donors have about their personal philanthropy and the factors that would influence them to give more.

## Donors' financial confidence influences giving



Have concerns about personal finances and their ability to fund charitable giving



List at least one change in their financial situation that would influence them to give more

### What are donors' top concerns?

① “I want the ability to take a larger tax benefit or deduction.”  
(47%)

② “I’m torn between donating to charity and holding on to money for personal needs.”  
(42%)

③ “I’m uncertain about who I should turn to for advice on what and how much to give.”  
(21%)

## The finances of funding giving

For most donors, giving more means resolving an unspoken question: How much can I afford to donate and still have enough funds for myself and my family's needs and wants?

### **Bridging the tax knowledge gap**

This inherent financial insecurity is in part why a federal charitable tax deduction was created in the first place. While giving is intrinsically rewarding, a tax incentive can offset concerns about giving while also meeting their other financial obligations. Nearly half (47 percent) of donors say a larger tax deduction would be a significant influence for them to give more.

However, these donors likely aren't taking advantage of all the tax deductions already available to them that could allow them to give more. Only 41 percent of donors surveyed say they pay close attention to tax deductions related to giving—leaving 59 percent of donors who likely are missing out on significant tax advantages related to giving. There is other evidence of the tax knowledge gap: in a separate Fidelity Charitable® study of people who give to charity,<sup>4</sup> 80 percent of respondents said they had appreciated stock in their portfolio, but only 21 percent had ever used appreciated stock as a charitable contribution—though this can allow donors to give up to 20 percent more to charity.<sup>5</sup>

### **A plan for giving more**

Almost half of donors say personal finances are the primary approach they use in deciding how much to give each year—though they would like to give more to charity. And while donors can't give away what they do not have or predict their future financial situation, most do have the financial capacity to modestly increase the amount they are giving without risking financial distress. Many may have the ability to give significantly more. The key may be to help donors discover how to give more without feeling that they are making undue sacrifices to do so—and to help them understand their charitable impact. Greater knowledge of financial planning and tax benefits has the potential to bridge this gap and help donors satisfy their desire to give more.

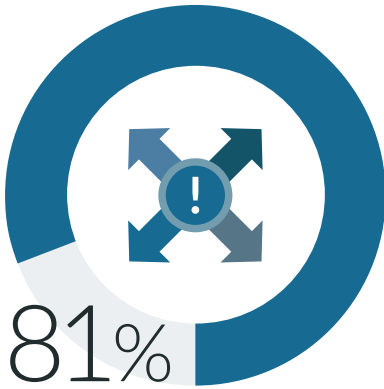


For strategies on how to give more, see page 14.

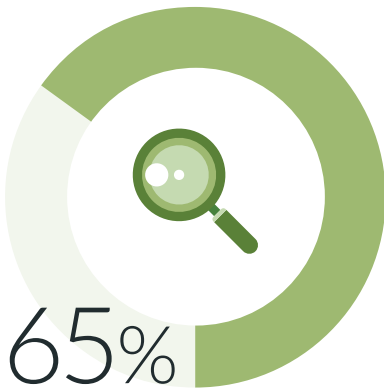
<sup>4</sup> Fidelity Charitable, "The Giving Gap," 2016.

<sup>5</sup> The benefit of donating long-term appreciated securities assumes the elimination of 20 percent capital gains tax by contributing the securities. Donating the stocks would result in a charitable donation valued 20% higher than what the after-tax proceeds of a sale of the securities would have yielded. The actual benefit may have been higher or lower based on the specific tax situation of the donor and changes in the capital gains tax rate over the time period considered.

## Donors tie their giving to charitable impact



Have concerns about the impact of their giving



List at least one insight into the impact of their giving that would influence them to give more

### What are donors' top concerns?

- ① "I sometimes feel uneasy when I cannot determine a charity's credibility or trustworthiness."  
(67%)
- ② "I'm concerned that my charitable donations will not be put to good use."  
(48%)
- ③ "I get frustrated if an organization does not tell me how my charitable donation was used."  
(48%)



## The link between impact and giving.

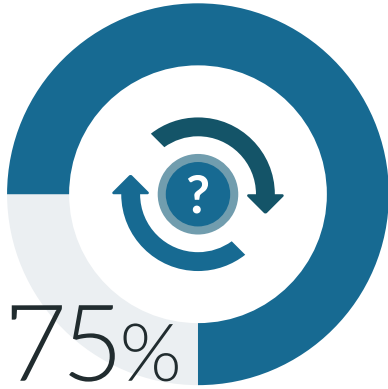
When it comes to giving, financial considerations can't be uncoupled from donors' underlying motivations to do good. Unsurprisingly, concerns about impact emerge as the other most significant factor that keeps donors from giving more. More than 80 percent cite concerns ranging from unease about determining an organization's credibility or trustworthiness to frustrations that some nonprofits do not always explain how a charitable donation will be used.

At the same time, two-thirds of donors say that having greater insight into the ways that their charitable dollars will benefit causes they are being asked to support—or simply greater knowledge of the nonprofit's needs—would influence them to give more.

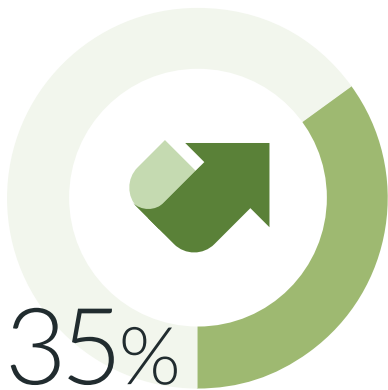
Donors could increase their comfort levels by using publicly available resources to do research or engaging directly with nonprofits to ask questions about their missions and needs. But while research websites like GuideStar and Charity Navigator can provide donors with some information about impact and effectiveness, they can't always answer the prominent question on many donors' minds: What do my dollars do? Some nonprofits are large enough to share this information with donors as a part of their operations. But smaller organizations may simply be focused on delivering quality programs and may not have the resources to share significant data. Charities that make strong efforts to communicate the impact of their programs—especially at smaller nonprofits where this information currently may be lacking—could help donors feel more confident about where they give, and what they give to, potentially driving more dollars to the causes they care about.



## Nonprofit interactions affect donor giving



Have concerns or questions about engagement with charities



List at least one different way that they could engage with charities and giving that would influence them to give more

### What are donors' top concerns?

① “ I have been hesitant to give to an organization because they may continue to solicit donations from me.”

(49%)

② “ I get annoyed if an organization does not thank me for my charitable donation.”

(37%)

③ “ It’s hard to find an opportunity to get more involved with charities or issues.”

(33%)

④ “ I care about certain causes, but do not know where to donate.”

(17%)



## The nuances of the donor-nonprofit relationship


A number of donors have concerns about the ways nonprofits engage with them—in particular the continued solicitation of donations, or whether a nonprofit recognizes them for their donations. For charitable organizations, these findings reaffirm best practices in the industry around donor communication and database management. But they also demonstrate that the quality of a nonprofit's interactions with its donors has real implications for how donors think about giving. If an organization does not strike the right tone with its donor engagement efforts, the result could hinder future fundraising opportunities.

### **Giving time can lead to donating more**

A number of donors say it's hard to find time to get involved with nonprofits, but this is something that would influence them to give more. Evidence supports the idea that addressing these concerns—by offering flexible volunteering opportunities or conducting volunteer outreach, for example—could lead to greater giving. Half of Fidelity Charitable® donors said they give more financial support to an organization because they also serve as volunteers.<sup>6</sup>

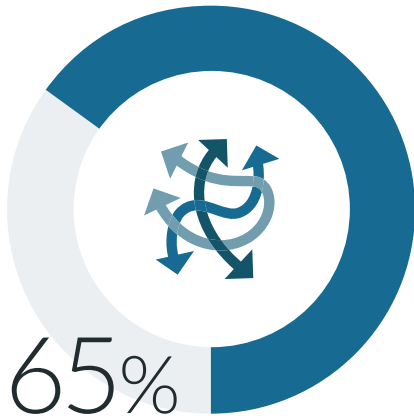
### **Most donors know where they want to give**

Few donors say they have difficulty with or interest in identifying new nonprofits to support. This indicates donors' interest is primarily in better ways to gauge their charitable impact through better information from the organizations they already support. Nonprofits may be able to expand levels of support simply by addressing these concerns and improving communication among existing donors.



<sup>6</sup> Fidelity Charitable, "Time and Money," 2015.

## Donors want their giving to be organized



Have concerns about organizing and tracking their charitable giving

A smaller but notable group of donors say that tracking their donations or organizing their giving in general is a challenge.<sup>7</sup> An overwhelming number of requests can leave donors paralyzed about which nonprofits to give to and how much to give. As a result, they may choose to write small checks to many charities rather than making a more personally meaningful and impactful gift to a smaller number—or they may simply ignore those requests altogether. Another concern among donors who itemize giving on their tax returns is that they must keep copies of each acknowledgment letter they receive throughout the year to take advantage of the financial benefits of giving. Clearly, this can be an administrative burden for donors who give to multiple charities or who donate to the same charities on many occasions during the year. Collectively, these concerns indicate that donors would benefit from putting in place a better process for organizing giving.

### What are donors' top concerns?

① “I am often overwhelmed with the amount of charitable giving requests I receive.”  
(53%)

② “It’s hard to keep track of my donations over an entire year so I can take the appropriate tax deductions.”  
(21%)

③ “I feel unorganized in my approach to charitable giving.”  
(18%)

<sup>7</sup> Donors were not asked if addressing the organization and tracking their giving would influence them to give more.

## Donors can't always give to the causes most important to them



Have concerns about social and familial obligations around giving

Forty-five percent of donors said they struggle with the social and familial obligations around giving.<sup>8</sup> One of the most frequently cited concerns is that donors feel compelled to give to causes when they are asked by friends and family to do so. Peer-to-peer fundraising is broadly used in the United States, with 61 percent of donors saying they made a charitable donation in 2015 by sponsoring a race/walk or attending a fundraising event at someone's request. Not all of these causes match donors' charitable priorities, leaving less in their charitable budget for what's important to them.

### What are donors' top concerns?

- ① "I'm often asked to give by friends and family and feel compelled to do it, even if the cause isn't that important to me."  
(22%)
- ② "I have been giving to some causes for a while and would like to give to others instead but don't want to disappoint."  
(22%)
- ③ "I am concerned that other people may find out how much I give to charity or which charitable organizations I give to."  
(14%)
- ④ "There's an expectation in our family that we'll give to certain organizations, so I do, even though I'd prefer to support something else."  
(11%)

<sup>8</sup> Donors were not asked if addressing social and familial obligations around giving would influence them to give more.



## Strategies for giving more

Two-thirds of Americans want to give more. These relatively simple strategies could help most donors address that desire to do more good for the causes they care about.

### Make giving intentional

- Create a household budget that includes giving as a specific line item.**
- Automate your giving.** Instead of giving in lump sums at year's end, use a scheduled bank deduction to make regular contributions to specific charities.
- Particularly for families with children, incorporate giving into everyday life.** Set up a donation jar, and contribute extra cash or change into the fund so donations visibly add up over time.

### Take advantage of charitable tax benefits

- Go beyond cash donations.** By donating tax-friendly assets, donors have the potential to give even more. For example, [donating appreciated stocks directly to charity](#) can allow donors to give up to 20 percent more.
- Ask an advisor about charitable giving strategies.** Donors may benefit from establishing a charitable giving vehicle or deferred giving strategy. Certain vehicles allow you to invest charitable contributions for tax-free growth; others have the potential to set aside charitable funds in a will, easing concerns about giving from current income.

### Create a plan to understand your impact

- [Write a mission statement](#) to focus giving.**
- Use research tools to learn more about nonprofits.** Websites such as Charity Navigator and GuideStar® aggregate information about charities and help donors make informed giving decisions. Donors should also not hesitate to reach out to a charity directly to ask questions that can better help them understand impact and resourcing needs.
- Use a giving guide from a reputable source.** Resources such as the [Center for High Impact Philanthropy's annual giving guide](#) help to identify high-impact giving opportunities that make your dollars go further.

Interested in other strategies to help give more and give smarter? [Visit FidelityCharitable.org.](https://www.fidelity.com/charitable)

## Methodology

This report is based on a 2016 survey conducted among 3,254 adults in the U.S. who have donated to charities and claimed itemized charitable tax deductions on their 2015 tax returns. The study was conducted by Artemis Strategy Group, an independent research firm.

## About Fidelity Charitable

Fidelity Charitable is an independent public charity that has helped donors support more than 235,000 nonprofit organizations with more than \$26 billion in grants. Established in 1991, Fidelity Charitable launched the first national donor-advised fund program. The organization's mission is to grow the American tradition of philanthropy by providing programs that make charitable giving accessible, simple, and effective.

## Disclosures

Fidelity Charitable is the brand name for the Fidelity Investments® Charitable Gift Fund, an independent public charity with a donor-advised fund program. Various Fidelity companies provide services to Fidelity Charitable. The Fidelity Charitable name and logo and Fidelity are registered service marks of FMR LLC, used by Fidelity Charitable under license. Third-party marks contained herein are the property of their respective owners. The third parties referenced herein are independent entities and are not affiliated with Fidelity Investments. Listing them does not suggest a recommendation or endorsement by Fidelity Investments.

Information provided is general and educational in nature, and should not be construed as legal or tax advice. Fidelity Charitable does not provide legal or tax advice. Content provided relates to taxation at the federal level only, and availability of certain federal income tax deductions may depend on whether you itemize deductions. Rules and regulations regarding tax deductions for charitable giving vary at the state level, and laws of a specific state or laws relevant to a particular situation may affect the applicability, accuracy, or completeness of the information provided. Charitable contributions of capital gain property held for more than one year are usually deductible at fair market value. Deductions for capital gain property held for one year or less are usually limited to cost basis. Consult an attorney or tax advisor regarding your specific legal or tax situation.

Fidelity Family Office Services is a division of Fidelity Brokerage Services LLC, Member NYSE, SIPC. Fidelity Clearing and Custody Solutions provides clearing, custody or other brokerage services through National Financial Services LLC or Fidelity Brokerage Services LLC, Members NYSE, SIPC.

200 Seaport Boulevard, Boston, MA 02210

© 2017 FMR LLC. All rights reserved



To learn more about Fidelity Charitable, visit our website at [FidelityCharitable.org](https://FidelityCharitable.org), or call at 1-800-262-6039.