



**COMMUNICATING EFFECTIVELY
ABOUT PLANNED GIFTS:
WHAT 5,000⁺ TEST SUBJECTS TELL US**

PG CALC WEBINAR

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Introduction

The paper presents some results from a series of surveys conducted in 2014. The surveys were completed online and all participants were paid to complete the surveys. In total, 5,244 individuals participated by completing one of the surveys. The purpose of the surveys was to learn about the messages and phrases that worked best to encourage charitable bequest giving and other forms of planned giving. As we review the results from the survey, we will interpret them in three stages. First, we will look at the underlying theory proposing why certain approaches should be effective. Second, we will look at the results themselves. Finally, we will explore how this theory and these results can be used in actual fundraising practice to improve fundraising results. (And on behalf of any other attorneys reading this, let me offer my sincerest apologies that I will throughout be using the term bequest in its vernacular sense, i.e., to refer to any type of transfer at death, rather than in its formal sense of a transfer of personal property through the probate estate.)

Core Theory

Philanthropy is a SOCIAL act using the mechanisms of FAMILY bonding

Why theory?

Since this is a presentation of survey results, why should we spend any time discussing the underlying theory behind why certain messages and phrases are likely to work better than others? Why not just get to the results and be done with it? As much as the results are themselves interesting, it is – ultimately – evidence of proving (or disproving) a more general theory that is more valuable. Why? Each survey result can tell us a limited amount of information. Phrase “X” works better than phrase “Y.” That, by itself, is helpful, especially if we were in the habit of using phrase “Y.” But, the everyday practical reality of communicating with donors is far too complex to test every phrase, every sentence, every comment. Even if it were possible, you wouldn’t want to read through thousands of pages of results.

Instead, what we really want is *the principle* of the thing. What is most valuable is the general idea, not just the specific outcome, because you can apply the general idea to a wide variety of settings. Theory is not simply the domain of ivory tower professor pontification – although I have just as much fun with that as the next person. When it is accurate and understandable, it can be the most useful of all findings. Theory allows you to not only read what has worked in the past, but also to become better at predicting what will happen in the future. Specific experimental results may not apply to your situation, but if those results prove the validity of a general principle – of a theory – that theory can guide you in making better decisions in your particular situation.

So, having made my attempt at convincing you that accurate and understandable theory can be, in fact, the most practically useful of all academic results, I now want to turn to the theoretical concept that we will return to again and again throughout the presentation.

Philanthropy as synthetic family

I want you to begin thinking of philanthropy as a form of synthetic family. When I use this term, I mean, specifically, that *philanthropy is a SOCIAL act using the mechanisms of FAMILY bonding*.

The practical application of this theory will become more obvious later, but let's start with the scientific evidence of the validity of this concept.

Neural evidence

When I am not analyzing survey data, much of my research involves the use of neuroimaging. Neuroimaging is a process where we examine the brain, typically while people are engaging in some decision or task, and thereby learn which parts of the brain are particularly engaged in the task. Most commonly neuroimaging is completed using functional magnetic resonance imaging (fMRI). This employs a large magnet to detect the magnetic properties of different tissues. It turns out that oxygenated blood is not as magnetically attractive as deoxygenated blood. (The oxygen reduces the paramagnetic components of the iron in blood.) When a particular brain region is firing, the body rushes oxygenated blood to that region. This change in oxygenation shows up as change in magnetism on the fMRI machine. By learning which parts of the brain are involved in a task, and comparing it with other things that generate activation in that same brain region, we can learn about the actual cognitive processes. (By the way, for any of you who have seen the movie "Lucy," I hate to disappoint you but the notion of humans using only some fraction of their brain is a myth. During any one millisecond only a small portion of the brain is firing, but over the course of a long period of time – like, say, a couple of seconds – activation often occurs throughout the brain. Or, as another professor once put it, "If you think you are using only a fraction of your brain, let me know which part you want removed and we will see how well you function afterwards!")

The first fMRI study of charitable giving decisions was published in 2006. Even from that very first experiment (there have been many others since then), we were able to learn important concepts about how people think about charitable giving. We learned that charitable giving is rewarding. It activates reward centers in the brain very similar to when participants received money awards. But, the neural reward from charitable giving was different than simply receiving money. In addition to activating the normal reward/attention areas activated by receiving money, charitable giving uniquely involved oxytocin-rich social attachment brain regions.¹ This activation of oxytocin-rich brain regions provided a fascinating clue. Oxytocin is a neuropeptide (hormone) used in family bonding throughout mammals. It is a key component in both maternal attachment and pair-bonding in all types of mammals, including humans. It is, in essence, the family bonding hormone. This first fMRI study provided a hint. Later studies would provide more direct confirmation.

Artificial biochemical evidence

Not content to observe charitable giving in the scanner, professor Paul Zak and colleagues decided to directly inject oxytocin into subjects and see if it had any effect on people's willingness to make charitable gifts to others.² Comparing with those who received a placebo injection, the injection of

¹ "donating to societal causes recruited two types of reward systems: the VTA–striatum mesolimbic network, which also was involved in pure monetary rewards, and the subgenual area, which was specific for donations and plays key roles in social attachment and affiliative reward mechanisms in humans and other animals." Moll, et al (2006) PNAS 103(42), p. 156234.

² Zak, P. J., Stanton, A. A., & Ahmadi, S. (2007). Oxytocin increases generosity in humans. PLoS ONE, 11, e1128

oxytocin did result in increased charitable giving to others. This, then, was direct evidence, to go along with the neuroimaging evidence, that oxytocin was a modulator of charitable giving decisions. By the way, oxytocin is injected through a nasal spray, not a needle. But, don't be tempted. The practical application here is not to somehow surreptitiously spray something up a donor's nose before making a big ask. Instead it is to understand the biological mechanisms of how charitable giving decisions work.

Natural biochemical evidence

Oxytocin, however, can be altered by more ways than simply squirting it up your nose. In a later study, researchers found that human touch – when combined with a small gift – elevated oxytocin levels and subsequent financial giving.³ This is, once again, evidence of the family bonding hormone being a pathway for charitable giving. But, in this case the hormone levels are being altered naturally, not artificially. If I were to tell you that donor premiums and giving someone a handshake, a hug, or an arm around the shoulder are appropriate fundraising techniques, you probably would be less than shocked. It is not the method here that is the big news; it is the mechanism by which these things appear to work. That mechanism involves the family-bonding hormone. (As a side note, this wouldn't necessarily relate to donor premiums by themselves or touch by itself. What was tested here was a combination of both touch and a subsequent small gift.)

Demographic evidence

It is not necessary to examine neural or biochemical results to find evidence that charitable giving can act as synthetic family, especially in the field of charitable bequest giving. Although many factors can influence the likelihood of including a charitable bequest in one's plans, none is more powerful than the absence of children. Just to give you a sense of the power of this one factor, suppose you have two otherwise identical older adults. One gives to charity substantially every year, volunteers regularly for charity, and has grandchildren. The other never gives, never volunteers, and has no children or grandchildren. The second person, rather than the first, is more likely to leave a charitable bequest at death. This is how powerful that one factor of childlessness is.

Philanthropy is a SOCIAL act

When I describe philanthropy as synthetic family, I mean specifically that *philanthropy is a SOCIAL act using the mechanisms of FAMILY bonding*. We have seen evidence of philanthropy using the mechanisms of family bonding, but there is also specific evidence of philanthropy being a social act. To begin with, as mentioned above the first fMRI study on charitable giving found that charitable giving involved social attachment brain regions. Later fMRI studies have developed this idea more clearly. In one fascinating experiment researchers had subjects make charitable giving decisions when being observed and also when not being observed.⁴ The

³ Morhenn, V. B., Park, J. W., Piper, E., Zak, P. J. (2008). Monetary sacrifice among strangers is mediated by endogenous oxytocin release after physical contact. *Evolution and Human Behavior*, 29, 375-383.

⁴ Izuma, K., Saito, D. N., & Sadato, N. (2010). Processing of the Incentive for Social Approval in the Ventral Striatum during Charitable Donation. *Journal of Cognitive Neuroscience*, 22 (4), 621-631.

participants could see, through a camera, those who were watching their decisions. The result was that charitable giving generated greater activation in brain reward centers when observers were present. In other words, charitable giving is rewarding, but it is more rewarding when the charitable giving is observed by others. This provides additional evidence that charitable giving is inherently a social act.

Finally, in perhaps the most sophisticated analysis of charitable giving decision making, researchers were able to break down the likely sequence of brain activations that lead to a charitable giving decision.⁵ Ultimate charitable giving decisions were predicted by neural valuation. This neural valuation (taking place in the ventral medial prefrontal cortex) integrated input from social cognition reasons. Once again, this provides evidence of the social nature of charitable giving. But, more specifically, researchers were able to find that the social cognition brain regions were one area typically involved with understanding another person's perspective (posterior superior temporal cortex) and another typically involved with having empathy with another person (anterior insula). In other words, the valuation that determines interest in making a charitable gift requires both understanding another's perspective and having empathy for that person. If I understand another's perspective, but have no empathy, I am unlikely to provide help. If I have empathy for another person, but don't understand what they need because I fail to understand their perspective, I am also unlikely to help. Fundamentally, this shows that charitable giving is a social act, involving the intricate relationships between ourselves and others.

Conclusion

Taken together, all of this scientific and demographic evidence supports the underlying idea that *philanthropy is a SOCIAL act using the mechanisms of FAMILY bonding*. Or, as a shortened version, simply consider this evidence of philanthropy as synthetic family.

Theory application: Family words outperform formal words

So, what do all of this neuroscience, biology, and demographics have to do with the words and phrases that encourage planned giving? A lot. The first theoretical application resulting from the premise that "*philanthropy is a SOCIAL act using the mechanisms of FAMILY bonding*" is a prediction that FAMILY words will outperform FORMAL words. By "family" words, I mean words that you would normally use in conversation with your grandmother. Family words means simple language and life stories. In contrast, formal words are technical, contract, or market terms. What is the big deal about using family or formal words? As long as the words are accurate and communicate the correct information, why would the format be so critical?

Social/family realm v. Market/contract realm

We operate, on a daily basis, in different realms, different worlds, and these realms produce different mindsets. We each have times when we operate in the social or family realm and times when we operate in the market realm. Mixing these two can create unhappy results. Imagine a

⁵ Hare, T.A., Camerer, C. F., Knoepfle, D. T., O'Doherty, J.P., and Rangel, A. (2010) Value Computations in Ventral Medial Prefrontal Cortex during Charitable Decision Making Incorporate Input from Regions Involved in Social Cognition, *The Journal of Neuroscience*, 30(2), 583–590.

man who lays out in advance the expenditures he plans to make on meals and gifts and then requests an agreement in advance for a specific amount of romantic affection in return from his potential girlfriend. This would be entirely inappropriate. It is applying a market norm to a social setting. Although it is true that such an exchange may ultimately transpire, it is not a market exchange and is not governed by market rules. Conversely, professor Dan Airely shares the story of a daycare that was having some problems with parents arriving late to pick up their children. Parents would apologize profusely, but the problems seemed to arise regularly. In response, the daycare instituted a policy charging a fee for an extended hour of care whenever parents picked up the children late. The result? Late pickups rose dramatically after the fee was instituted. Why? Because the daycare had taken being late out of the social realm (breaking of a promise regarding one's child) and placed it into the market realm (a fee for service). Putting a price on being late removed the social stigma and made being late more attractive.

The point is that market norms and social/family norms are not the same thing. The rules and mindset of the social realm are not the rules and mindset of the market realm. The social realm is based upon one's identity. So, for example, in the social realm I help people because of who I am. The market realm is based upon exchange. In the market realm I engage in transactions by formal contract. Social/family norms encourage gratuitous sharing and gift giving as a reflection of one's identity. Market/contract norms are directly opposed to gratuitous sharing and gift giving, because these reduce one's benefit from engaging in transactions.

Words and phrases can be important in establishing whether we are operating in the market/contract realm (where giving is discouraged) or the social/family realm (where giving is encouraged). Let's now turn to our first set of survey results that demonstrate the importance of using FAMILY words not FORMAL words.

Results: Family words not formal words

The setup

For the next series of results we will be examining the relative effectiveness of different ways to describe the same type of charitable instrument. In each case a different group of survey respondents received a different description of the same charitable option. Survey respondents are asked to "Please rate your interest in pursuing any of the following charitable giving arrangements." The options are (1) I will never be interested, (2) Not now, but maybe in the future (3) Not now, but probably in the future (4) Not now, but definitely in the future (5) Slightly interested now (6) Somewhat interested now (7) Definitely interested now. To simplify reporting, this paper will condense responses 5, 6, and 7 as "interested now," responses 2, 3, & 4 as "Not now, but in the future," and response (1) will remain "will never be interested". The different descriptions tested here were dispersed among nine different groups so that unexpected differences between the people who happened to be classified into a particular group would not consistently bias the results.

Charitable remainder trusts

Two groups received different descriptions of what we know to be a charitable remainder trust. One group read the description "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.” The other group read the description “Make a transfer of assets 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.” Notice that the descriptions were completely identical except for the introductory phrase. That simple change of phrase from “Make a transfer of assets” to “Make a gift” resulted in nearly doubling the percentage of people who were “interested now” in a Charitable Remainder Trust (from 14% to 27%). Similarly, this change reduced the share who reported “I will never be interested” from 32% to 20%. This result is dramatic. First, the magnitude of the difference is shocking – nearly doubling those who were “interested now” in a Charitable Remainder Trust. Second, the amount of the text change was minor. In a 41 word long description, simply changing “transfer of assets” to “gift” drove this entire result. Clearly, “make a transfer of assets” is market/contract language, where “make a gift” is something done in normal social and family settings on a regular basis. The family words dramatically outperformed the formal words.

Charitable gift annuities

Next we test the same gift language against even more formal contract language when describing a Charitable Gift Annuity. One group received the description “Make a gift and in exchange receive a guaranteed lifetime income from the charity.” The other received the description “Enter into a contract with a charity where you transfer your cash or property and in exchange receive a guaranteed lifetime income from the charity.” It may seem that replacing the phrase “make a gift” with such a long and stilted phrase as “Enter into a contract with a charity where you transfer your cash or property” is unrealistic. It is not. This second phrase is taken from an actual charitable gift annuity brochure in current use. With the more extreme market/contract language, we got an even more extreme result. Shifting from the formal language to the family language more than doubled the share of people “interested now” in the transaction from 13% to 29%. Similarly, this shift in language dropped the percentage who reported “I will never be interested” from 44% to 23%.

Don't call it what it is!

In another test of using formal language, we decided to test the effects of including the formal title of the planned giving vehicle in its description. Although these formal titles are quite familiar to planned giving professionals, most are foreign to other people. In the first test we tried inserting the title “Charitable Remainder Trust” into a long description of the planned giving vehicle. In the description, “Get an immediate tax deduction and still receive income from your investments for the rest of your life by making a gift [using a “Charitable Remainder Trust”] where you control the investment of the assets, but anything left over goes to charity at your death,” one group received the description without the words in brackets while the other group received the description included the words in brackets (but without the actual brackets appearing in the description). In the midst of such a long description including something so innocuous as calling a Charitable Remainder Trust a Charitable Remainder Trust would seem unlikely to have much of an effect. But, it did. Simply adding the term “Charitable Remainder Trust” into the middle of the description reduced those who were “interested now” from 36% to 22% and nearly doubled those who would “never be interested” from 14% to 23%.

Including the title of a Charitable Gift Annuity had a similar effect. Changing from a description of “Receive a tax deduction and make a gift that pays you income for life” to “Receive a tax deduction and make a gift that pays you income for life called a ‘Charitable Gift Annuity’” cut the share who were “interested now” by more than half (from 50% to 23%) and more than doubled the share who “will never be interested” (from 8% to 19%). The same trend occurred when describing a remainder interest deed (a.k.a. retained life estate). Changing the description from “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,” to “Immediately receive a tax deduction for 70% of the value of a house or land by making a charitable gift of the property, using a ‘Remainder Interest Deed,’ but keeping the right to use it for the rest of your life,” dropped the “interested now” level from 26% to 15% and increased the “will never be interested” level from 20% to 23%. As a side note, the groups involved in testing the effects of adding the formal name to the description of the gift arrangement were different from the groups involved in the earlier tests. The groups changed, but the principle remained the same. Family words outperform formal words.

Personally, I am fond of the appropriate legal terms for planned giving vehicles. I teach these terms in my online financial planning graduate courses and in my law school classes. It is important to be familiar with the technical language. These results suggest that it is just as important not to actually use them with donors. Words like “remainder trust” and “annuity” or “deed” are formal contract terms and even burying them in the middle of a long description does not hide their detrimental effect on people’s interest in the charitable giving arrangement.

Finally, we looked at phrasing of a bequest gift, this time using two new groups who had not been tested in any of the previous cases. In this case, the comparison was simply between interest in “make a gift to charity in my will” and “make a bequest gift to charity.” Would such a small difference in phrasing make much of an impact? The second phrase, although it includes the formal word “bequest” was actually shorter than the first. The result? The use of the term “bequest” killed the interest in the gift. The bequest phrasing cut interest approximately in half dropping those “interested now” from 23% with the first phrase to 12% with the second and also increasing those who would “never be interested.”

So, what did we learn? We learned that family words outperform formal words. Triggering a market/contract mindset through the use of market/contract language kills interest in charitable giving. Describing the same transaction with family/social words produces much better results.

Theory application: Social examples influence charitable estate decisions

Given the core theoretical concept that *philanthropy is a SOCIAL act using the mechanisms of FAMILY bonding*, it should come as no surprise that social examples (a.k.a. social norms) will have significant influence on charitable estate decisions. A variety of previous research suggests the social norms or examples can influence current giving, but there are reasons to think that this influence could be even stronger for bequest-related charitable decisions. Previous psychological research, predominantly in a field known as “terror management theory” suggests that the initial reaction to personal mortality related topics is avoidance. This avoidance can be expressed in a variety of ways such as denial of vulnerability, differentiation from those who die, delay of

engaging with personal mortality issues, or departing from personal mortality reminders. But, these are all expressions of the underlying avoidance response to personal mortality related issues. This avoidance response can increase the effects of social norms or the status quo, because following the norm provides a quick and comfortable way to avoid deeply engaging in the death-related thought process. The very powerful effects of the status quo have been demonstrated in the related decision-making process of consenting to organ donation. Organ donation is a potentially very important gift to someone else that costs the donor nothing. But, like charitable bequest giving, contemplating organ donation is a strong personal mortality reminder. Research shows that the status quo of a country's organ donation system dramatically affects the consent rate to organ donation.⁶ In other words, people don't want to "opt out" of organ donation and they don't want to "opt in" to organ donation, because they want to avoid thinking about it.

Results: Social examples influence charitable estate decisions

Direct evidence of the power of social norms in charitable bequest giving comes from a recent study in the United Kingdom.⁷ Researchers there divided 3,000 testators going through their normal estate planning process into three groups. One group was not specifically asked if they wanted to leave any gifts to charity. Another group was asked "Would you like to leave any money to charity in your will?" The final group was asked the question following a social norm. "Many of our customers like to leave money to charity in their will. Are there any causes you're passionate about?" The differences between the three groups were dramatic. The percentage of people leaving a charitable bequest rose from 5.0% in the no ask group, to 10.4% in the simple ask group to 15.4% in the social norm ask group. Further, each donor in the social norm ask group gave, on average, more than twice the dollar amount of donors in the simple ask group. A simple statement of social norms before the ask increased participation in giving by 50% and more than doubled the average gift of participants.

In the current survey we tested this notion by changing the phrasing of the charitable bequest question. We learned previously that changing the bequest question from "Make a bequest gift to charity" to "Make a gift to charity in my will" increased "interested now" from 12% to 23%. Now we tested the following question, "Many people like to leave a gift to charity in their will. Are there any causes you would support in this way?" This question resulted in 30% of the group being "interested now." Similarly the percentage who would "never be interested" dropped from 14% in the "Make a bequest gift to charity" group, to 12% in the "Make a gift to charity in my will" group, to 9% in the social norm group. Once again, this simple statement of a social norm was proven to be remarkably powerful in influencing interest in charitable bequest giving.

All of these effects – both with survey attitudes and actual estate plans – also demonstrate clearly that charitable bequests are not fixed in the mind of donors. A simple phrasing change can move interest from 12% to 30%. In the groups tested in the UK study, the simple phrasing changes resulted in actual planned gifts in each group of 1,000 people changing from \$280,500 to \$1.75 million (in U.S. dollar equivalents). Charitable bequest decisions are remarkably fluid and can be

⁶ Johnson, E. J., & Goldstein, D. (2003). Do Defaults Save Lives? *Science*, 302, 1338-1339.

⁷ Cabinet Office Behavioural Insights Team (2013) Applying behavioural insights to charitable giving

significantly influenced by nearby reminders and phrasing changes. This points to the potential power of regular, ongoing marketing on charitable planning topics. The goal is to deliver the right message, to the right people, at the right time. If we are not privy to the times when people are changing their estate plans, then it is important to be persistent with delivering the right message to the right people, because – clearly – a small message can have a major impact on charitable decisions.

Theory application: Social desirability bias hides tax deduction motivations

As described previously, the core theory suggests that *philanthropy is a SOCIAL act using the mechanisms of FAMILY bonding*. Consequently, it is important that charitable acts are perceived as charitable, not simply as a means of getting benefits. Benefits may come to the donor, but these benefits should not be characterized as the motivation for the charitable act, otherwise the *social* value of the act can be impaired. If the benefits are the motivation, then the act is no longer socially desirable.

In social science research, social desirability bias is the tendency of people to answer questions in a manner that will be viewed favorably by others. It is, for example, the reason why the previous survey results are important not because of their absolute levels (people may describe themselves as more charitable than they are), but because of their relative levels (even if everyone is biased to describe themselves positively, this doesn't interfere with comparisons of *differences* in intentions for groups receiving different descriptions).

Unfortunately, a misunderstanding of social desirability bias – especially in survey research – has led some to conclude that tax benefits are not important in donor's decision making. This happens because a survey will ask people what motivates them to make a charitable gift and only a tiny fraction of people will report that they are motivated by tax deductions. Taking this at face value can lead to the assumption that tax deductions are rarely motivational. But, these results should not be taken at face value because social desirability bias will skew people towards giving answers in a manner that is viewed favorably by others. Being motivated solely because of a desire to "help people" or "give back" is far more socially acceptable than admitting motivation from financial benefits and, consequently, these are the answer that we get when asking people in surveys about their motivations. But, the impact of tax deductions *cannot* be tested in this way. Instead, we can eliminate the effects of social desirability bias in the result by splitting a group into two and giving one group a charitable option with tax benefits while giving the other group the identical charitable option but without tax benefits. This can show the real effects of tax benefits *without* forcing people to consciously admit that tax benefits are motivational.

Results: Social desirability bias hides tax deduction motivations

Charitable gift annuity

We proceed with this strategy by testing different descriptions of charitable giving vehicles with variations of tax deduction information. We begin with a baseline description of a charitable gift annuity that includes no tax deduction information. Here respondents rated their interest in "Make a gift that pays you income for life." As we wisely chose to remove all technical terms, i.e., we didn't call it a charitable gift annuity, this resulted in a relatively positive response. 31% of those

who received this description were “interested now” while 20% reported that they would “never be interested.” The next group received the same description, except it now had the mention of a tax deduction at the end of the description. The description “Make a gift that pays you income for life and receive a tax deduction” generated a bit higher level of “interested now” at 33%, but a much lower level who would “never be interested” at 14%. Finally, for the third group we moved the tax deduction phrase from the end of the description to the beginning. The phrase “Receive a tax deduction and make a gift that pays you income for life,” generated remarkably higher interest in the transaction. A full 50% of respondents classified themselves in one of the “interested now” categories, while only 8% declared that they would “never be interested.” Of all the different ways to describe a charitable gift annuity transaction tested (some of which were not reported here) the most successful phrasing was this last one, leading with the tax deduction phrase.

Retained life estate

For the test on retained life estate descriptions we used the same strategy as the charitable gift annuity test (i.e., one with no tax deduction phrase, one with a tax deduction phrase at the end, one with a tax deduction phrase at the beginning). However, we switched which groups received which descriptions. The group that had previously received the charitable gift annuity description leading with the tax deduction phrase, now received the retained life estate description with no mention of tax deductions. The group that had previously received the charitable gift annuity description with no mention of tax deductions, now received the retained life estate description leading with the tax deduction phrase. And the middle group that had received the charitable gift annuity description with the ending tax deduction phrase was removed and replaced with an entirely new group. The point of doing all of this mixing of groups is to make sure that the results reflect consistent differences resulting from the phrasing change, rather than just the happenstance that a more charitably interested group happened to fall into one or the other category. After all of this switching of groups, the results followed the same pattern.

The group receiving the description with no tax deduction information (“Make a charitable gift of either a house or land, but keep the RIGHT TO USE it for the rest of your life”) generated 11% who were “interested now” and 42% who would “never be interested.” The group with the tax deduction information at the end (“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”) generated 12% who were “interested now” and 33% who would “never be interested.” Finally, the group receiving the description leading with the tax deduction information (“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”) generated 26% who were “interested now” and only 23% who would “never be interested.” Once again, mentioning the tax deduction benefit outperformed leaving it off and *leading* with the tax deduction benefit outperformed putting it at the end.

Charitable remainder trust

For this final test of the principle, we once again switched the groups. This time only the middle group from the Charitable Gift Annuity that was not used in the Retained Life Estate test was used and two brand new groups were added. For this final test we explored the effects not of putting the tax deduction information at the very end, but of putting it only slightly back from the beginning. As before, one group received a description with no tax information (“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”). Having learned not to include the term “Charitable Remainder Trust” in the description and starting with the key phrase “Make a gift,” this generated the relatively positive response of 21% “interested now” with 25% who would “never be interested.” For the second test we put the tax deduction information just after the opening phrase “Make a gift where you...” As discussed above, beginning with the “Make a gift” phrasing was shown to be quite powerful in previous examples. This phrasing, (“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”) generated substantial improvements in outcomes with 27% reporting that they were “interested now” and only 20% reporting that they would “never be interested”. For the final phrasing the “make a gift” and tax deduction information switched places resulting in “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.” This slight change location resulted in a slight change in response with 28% reporting they were “interested now” and only 17% reporting that they would “never be interested.” This last change in outcomes was very minor, but also reflects that the tax deduction phrase was within five words of the beginning in the comparison phrase, so the change was also very minor.

Conclusion

Are tax deductions motivational in planned giving? Absolutely. Should descriptions of planned giving vehicles include mention of this benefit? Absolutely. But, it is important to keep in mind that *philanthropy is a SOCIAL act*. Thus, even though tax benefits are motivational, they should never be characterized as *the* reason or *the* motivation for the charitable instrument. This general principle is valuable whenever donors receive benefits. The benefits can be mentioned, but should not be identified as the motivation. For example, you wouldn’t explain to a donor that “People join the legacy society so that everyone will know how philanthropic they are.” This makes the benefit appear to be the motivation, thus making the act more selfish and less pro-social. Instead, we might explain, “People who join the legacy society make a “second gift” because their example can influence others to make the same commitment.” This makes the act pro-social, perhaps even sacrificially pro-social for someone who normally doesn’t want attention. (A similar explanation can be used with named giving opportunities.)

Benefits are motivational. (Indeed, even the transactional nature of the “tax deduction” term cannot outweigh the reality of how motivational the benefit can be.) But, benefits must be described in a way that allows the act to continue to be pro-social and does not make it feel more selfish, otherwise the underlying nature of the act of philanthropy will be undermined.

Results: Final odds and ends

A few other phrases we tested did not have much effect, but the lack of effect may be of interest.

Leave a legacy

“Leave a legacy gift to charity in my last will & testament” did not outperform “Make a gift to charity in my last will & testament”. The “leave a legacy” phrase generated 22% “interested now”

and 14% “will never be interested.” The competing phrase generated 26% “interested now” and 12% “will never be interested.” Conclusion: It’s not a terrible phrase, but not great either.

Continue my support

“Continue my support of my favorite charities through a gift in my last will & testament” had mixed results compared with “Make a gift to charity in my last will & testament.” It generated a slight decrease in interest for unspecified bequests, but a slight increase for specific dollar bequests and estate percentage bequests. Conclusion: use if you want.

Avoiding “death” words

Since people want to avoid reminders of personal mortality should we avoid using death words in phrasing? The answer turns out to be, it doesn’t really help. Euphemisms don’t change the reality of what is being discussed, and apparently they don’t help increase interest either. So for example, “for the rest of your life” doesn’t outperform “until you die.” Similarly, “my will” doesn’t outperform “my last will & testament that will take effect at my death.”

“Make” a gift or “Leave” a gift?

It doesn’t matter.

TOD accounts

Mentioning the option of leaving a percentage of the account to charity increased interest slightly. (Note: this option may depend upon the rules of the relevant financial institution.) So “Make a gift by naming a charity as a transfer-on-death beneficiary on a bank account or retirement account” created 11.6% “interested now” and 25.6% “will never be interested”. Adding the phrase “for some percentage” to create “Make a gift by naming a charity as a transfer-on-death beneficiary for some percentage of a bank account or retirement account,” generated 14.4% “interested now” and 24.1% “will never be interested.”