
The Personal Philanthropy Project: Inspiring Canada's Affluent to Give More

Vision without action is merely a dream.

Action without vision is merely passing the time.

Vision with action can change the world.

-Chinese Proverb

Canada. Our country. Our home. From far and wide, we are strong and we are free. We have often been envied as one of the best countries in the world in which to live, from our much-admired diversity, spectacular scenery, and the freedoms we enjoy. Oh, and of course there is the spirit of our people. Not only have Canadians been called some of the friendliest folk across the globe, showing kindness and compassion to our neighbours both near and far, but we have also been hailed as the standard-bearer of goodwill.

After all, Canada *is* the land of hope, is it not?

Canadian Newcomer Musharaf Hussain thinks so. "Canada is a land of opportunity. There are a lot of chances to grow, build up yourself, your knowledge, your ability," he told the *Hamilton Spectator* (2010), in the city he now calls home. "I also feel that Canada is a land for human beings. There are many people living together, caring for each other, with regard for one another. Canada is a very good place to live and raise a family."

Yet, in a time of many social challenges, the need – both in Canada and around the world – is so great, and the ability to meet that need is slowly, but unquestionably, atrophying. Recently, the Organization for Economic Cooperation and Development (OECD) raised concerns about the degree of income inequality in Canada. "There is a considerable gap between the richest and the poorest – the top 20% of the population earn more than five times as much as the bottom 20%," the OECD's *Better Life Index* reported (2016). One has to ask, is there more that Canadians can be doing?

In 2013, Imagine Canada was asking that very same question.

Over the past 25 years, our country has seen a slow erosion in the relative size of its donor base, at least as measured by those claiming charitable donations on their tax returns. The percentage of tax filers claiming donations fell from a high of 29.5% in 1990 to 21.4% in 2014, the most recent year available. However, if accounting for the effects of inflation, total donations have more than doubled over that same period with major gift donations playing an increasingly larger role (Lasby, 2011).

Imagine Canada has a long history of encouraging philanthropy, including its research about giving and donors; the Caring Company Program, which benchmarks corporate giving at 1% of pre-tax profits; its advocacy for the [Stretch Tax Credit](#); and its promotion of the [First-Time Donor's Super Credit](#). In addition, it publishes the [Guide to Giving](#), which helps Canadians make informed choices about charitable support; and coordinates public relations campaigns to encourage philanthropy during the holiday giving season. Yet, a critical need still exists. Due to

the persistent financial instability of a great number of charitable organizations, many in the sector believe there is an increasing urgency to reawaken – or perhaps even awaken – philanthropy among Canadians. In response to this, Imagine Canada, together with a small group of charitable sector and business leaders, began holding preliminary discussions to explore how to affect change. There is consensus among this group that charitable giving by those who undoubtedly have the capacity to give seems to be incongruous. But is that statement truly accurate? What does the picture really look like and how great is the giving potential? Imagine Canada has been successful at cultivating corporate philanthropy through its [Caring Company Program](#). Could it be possible to achieve the same results with individuals?

Starting with this premise and many questions to investigate, Imagine Canada created a new initiative that would target individual Canadians. Given the challenge of focusing on all Canadians at once, we segmented the population for this project, at least initially, to include affluent Canadians. Moreover, while Imagine Canada is playing a lead role and serving as a long-term custodian for this initiative, we believe that building relationships and fostering partnerships with sector organizations and the business community is paramount to ensure buy-in and momentum. If we are to nurture a robust giving culture in our country, we need to know the facts, we need to work together, and we need to promote the message that Canadians can give, and can give more. Ultimately, the goal is to engage Canadians to build stronger communities through philanthropy.

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So how do we advance the cause?

First off, the overall intent for this important undertaking, which we would eventually coin as The Personal Philanthropy Project, needed to be clear. Although celebrating philanthropy, encouraging volunteerism, and acknowledging the different ways that Canadians do give back to their communities is both meaningful and vital, the aim of this project is to incent and inspire personal financial giving. This is not an easy task by any stretch of the imagination, to which stakeholders in the charitable sector around the world can attest, but it is nonetheless a critical one for Imagine Canada to tackle.

Next, it was essential to have a better understanding of the issues. Through government surveys, we had a good sense, in broad strokes, of what motivates Canadians to give to charity – compassion, personal affinity for a cause, etc. – but we lack a solid understanding of the actual triggers behind these motivations. And although we have a basic idea of why people choose to *not* give – they want to spend their money somewhere else; they have reservations about how their money is being spent; they don't like how requests for donations are being made; etc. – we believe it would be invaluable to understand the attitudes that precipitate giving behaviours. What are the “sticky” ideas? The common biases? The collective perspectives? Finally, what are the inherent positions among Canadians that may prevent them from giving, and potentially from giving more? Clearly, being able to obtain or conduct research that would allow us to probe deeper into these areas would be a key starting point in gaining useful insight to propel this project forward.

So, we did just that.

In 2014, Imagine Canada conducted a proprietary research study in collaboration with Navigator

Ltd., a Canadian research, public strategy, and communications firm. We conducted 56 in-depth phone interviews with men and women between the ages of 35 and 64 from all regions across the country. Individuals were required to meet an annual household income of at least \$200,000 with minimum investable assets of \$500,000, excluding their primary residence. As an additional qualifier, we also screened each participant for a minimum annual charitable donation of \$500. The primary focus was to gain a better understanding of the personal giving patterns for this segmented group: their motivations, triggers, habits, and behaviours. Additionally, we wanted to gauge the perceived value of a giving benchmark by suggesting the possible use of a giving calculator to help determine an “appropriate” amount to give.

What did we find?

For starters, these individuals donated an average per annum of \$2,694. Yet, despite their relative affluence, these individuals overwhelmingly perceive themselves as “run-of-the-mill” in terms of their means. Most believe their annual donations to charitable causes are generous and above average, without having any benchmark comparison. When asked about using some kind of scale for determining an appropriate giving amount, like a giving calculator, very few expressed interest, with many stating that such a tool might be useful for others, but not for them. This aligned with a belief that their giving is above average. Most recognized the benefit of having a formal, structured approach to giving, but few indicated a desire or intent to change their giving patterns. Many, however, did see value in understanding where they “fit in” relative to others. Such information might encourage these individuals to give more. Most participants considered their contributions significant, valued, and impactful, seeing their philanthropic giving as a personal and social responsibility and something they are genuinely proud of, regardless of the amount. Perhaps noteworthy is that few see their giving as posing any kind of financial “stretch” to their personal household circumstances.

The majority of study participants began giving when they were in their 20s or 30s. Giving back by way of charitable donations, at least in part, was simply “a given” for many, and was attributed to their upbringing and family modelling. Some said that work and colleagues influenced their giving patterns early in their careers, often responding to peer requests or getting involved with workplace giving programs. Personal milestones such as marriage, parenthood, and health events also played a significant role. For many study participants, door-to-door solicitations were a common trigger for establishing initial giving, and continue to be a motivator to this day. Giving is cause-based for the majority with annual, recurring donations going to a small cluster of organizations that champion that cause. These individuals tend to focus on two to three primary causes, generally representing 65% of their total giving. Very few annual patterns emerged, as donors gave “through the year” due to need or their commitments to fundraising events. A small minority reported donating in the final quarter to take advantage of annual eligible tax benefits.

Meanwhile, most reported that they do not have a financial, budgetary, or recipient plan for their charitable giving. Many said they keep a “mental tally” but they could not articulate how they come to that amount. And while the study confirmed that most put little thought into giving levels, it is not remarkable to learn that very few reported any plans to increase their charitable giving over time. The common pattern for these individuals is that donations gradually increased as salaries increased, or was linked to bonuses, but then they quickly plateaued after a few years. Further, if their financial situation changed for the worse over time, their charitable contributions decreased accordingly, and most often remained at that adjusted lower amount,

even if their financial situation later improved.

So now what?

It was apparent that all participants have the ability and the wherewithal to increase their giving. And participants were not resistant to the idea of giving more! But the researchers believed we needed new information to change long-established giving patterns.

So, Imagine Canada decided to dig deeper. In collaboration with TD Bank, we acquired and analyzed Canada Revenue Agency (CRA) tax filer data from 2012 for annual incomes of more than \$4 million. The main objective was to review current giving patterns and connect the data to what we already know.

What did we learn?

Total reported giving by all Canadians in 2012 was \$9.4 billion. As discovered in the proprietary research, giving amounts also rose with increased income: 55% of those who earned more than \$100,000 annually reported charitable donations, while 80% of top-bracket earners of more than \$4 million reported charitable giving. The 1% threshold of giving, as modelled by Imagine Canada's Caring Company Program, was reached when annual incomes reached \$300,000.

When considering giving as a percentage of donor income only – and taking non-donors out of the equation – donations still generally rise with income levels and show fairly healthy levels of giving at all earning grades. What is most telling from this data set is the finding that individuals who earn \$50,000 or less per year give more to charity as a percentage of their income than those with an annual income between \$100,000 and \$900,000. Canadians earning \$50,000 or less donate, on average as a percentage of their income, 2.29% to charity. However, those earning \$100,000 per year give 1.63% to charity as a percentage of their income and that slowly increases to 2.02% at an annual income of \$800,000. Earners at \$900,000 give 2.55% of their income to charity, and donations continue to rise from that point for those earning more than the \$4 million per year.

So what does this mean?

This data tells us that if all those earning more than \$100,000 per year were to give at least 1% to charity, and current donors already giving more than 1% maintain those giving levels, giving would rise by \$1.6 billion. And, if all Canadians were to give at least 1%, while current donors already giving more than 1% maintain their giving levels, giving would rise by \$10.2 billion.

What this really means, then, is that Canadians *have* the power to give! And the size of the prize is potentially billions of additional dollars in giving.

So is it reasonable to say that Canadians can be doing more? It would seem so.

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So, we have the data, but what are the implications? How do we take this information and use it to make change? *Real* change.

Imagine Canada knows that a significant behaviour shift is needed if any change is to happen: for the charitable sector, for communities, and for Canada. But change takes time and the time necessary for this kind of change requires a solid commitment and real investment. So what, exactly, is the Project's end goal? Essentially, it is the shaking-up of a system. At least the start to that. A movement rather than a tweak. A shift that ensures Canadians recognize their capacity to give generously and still take care of their family's needs.

Sounds good, but how do we get there?

In September 2015, Imagine Canada hired a full time manager to lead the charge in moving The Personal Philanthropy Project forward. In the same month, we created a 16-member steering committee for the Project with representation from Imagine Canada, the charitable sector, and the business community.^[1] The committee is providing strategic direction for the Project's growth and development.

We believe it is imperative to examine – and test – giving constructs that could incent higher-earning Canadians to give more. To establish a sound launching point, Imagine Canada reviewed literature from 140 global research papers and dissertations in the area of altruism and philanthropy related to this Project (Benoit, 2016). While considerable research and data is available about high net worth donors and their giving patterns, both from Canada and abroad, very little exists about how to encourage increased giving. As widely seen in these studies, however, this is a popular question.

From all of this information and knowledge, the steering committee arrived at two possible approaches to investigate. The intent is to test these approach interventions for any measure of success in “moving the dial,” or not, which is just as important to learn. In turn, we will develop and disseminate viable ways to integrate the test findings.

The “Standardized Approach” is an intervention that will alter the giving pattern of the target audience, which will, in turn, aim to increase charitable giving. This approach will provide information to help guide donors about an “appropriate” annual donation amount relative to their personal and financial circumstances. Its intention is to engage donors in a way that is informative and non-shaming, that will serve as useful guidance. The four Standardized Approach interventions include:

- **A giving calculator** provides an “appropriate” amount to give based on personal key variables such as income, net worth, life stage, age, debt, etc. It can be used as a stand-alone tool or as a support tool for professionals working with donors and clients.
- In another intervention, the donor is provided with a recommended **percentage of income**, “does the math” and then makes an informed donation decision. This could serve as a social norming intervention.
- **Predetermined tiers** provide the donor with an opportunity to gauge where they “fit in” compared to others. For instance, a platinum, gold, and silver model shared with the donor (such as in an article or newsletter) will allow them to weigh their personal giving against the accepted standard.
- The **peer influencer model** allows the donor to learn, either directly or indirectly, of a financial peer's annual giving. Knowing that individuals want to match up to their peers when they become aware that “people like me do this,” this intervention can be effective in the workplace, in social groups, or in public campaigns.

The “Systematic Approach” is a mobilization of personal finance professionals in such a way that significantly elevates philanthropic discussions with affluent Canadians with the goal of increasing personal charitable giving. This approach is looking to grow “intentionality” around philanthropy through guidance and coaching that can lead to a more informed giving commitment. This testing approach will engage with personal finance professionals to identify means, processes, and/or products that will support and encourage values-based conversations; help grow the advisor-client relationship; and lead to a more intentional culture around philanthropy, and ultimately increase charitable donations.

So, what’s next?

Imagine Canada is testing the four interventions in the Standardized Approach as part of a quantitative survey of 2,000 Canadians with above-average earnings and investable assets.

Researchers developed the survey as an experimental design that will engage participants in as close to a real-life decision-making process as possible. We launched the survey in February and we will share findings by the summer of 2017.

Researchers have also carried out qualitative research out across the country to examine the Systematic Approach. They have carried out focus groups with personal finance professionals since April of 2016 and completed these in January 2017. These sessions considered whether wealth professionals could be an effective lever to promote more informed and higher levels of giving by establishing deeper communication strategies. We will also share the findings from this research by the summer of 2017.

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By the fall of 2017, The Personal Philanthropy Project will move from a testing phase into an action phase. With the project’s research completed, we will be seeking to convert key learnings into measurable strategies and tactics that may involve:

- **Personal finance professionals:** This includes investment advisors, financial planners, financial advisors, accountants, and estate lawyers.
- **Charitable sector professionals:** Fundraising professionals, executive directors, and key volunteers, among others.
- **Canadian donors:** Citizens with above-average annual incomes and investment capacities for charitable giving.

Anne Frank once said, “No-one has ever become poor by giving.” So one question remains: do Canadians agree?

Please stay tuned as we share new findings and news related to this Project in the coming months. Two more articles that will highlight key findings from our research and outline next steps for the Project will follow this article, which is the first in a series of three to be published in The Philanthropist. We will be updating [our website](#) with relevant Project research,

information, and data as it becomes available.

References

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[i] Steering Committee includes leaders from Association of Fundraising Professionals (AFP); CanadaHelps; Canadian Association of Gift Planners (CAGP); Frontier College; Imagine Canada; Institut Mallet; KCI Ketchum Canada; The Lawson Foundation; Rideau hall Foundation; TD Bank; United Way Centraide Canada; and University of Toronto, Department of Psychology.

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