

The 2019 FreeWill Planned Giving Report

A closer-than-ever look into the trends of legacy giving

FREEWILL 

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Introduction

“Planned giving” has been an important part of the nonprofit fundraising equation for as long as nonprofits have raised money – but, for smaller organizations, it’s generally been regarded as a “nice to have” not a “need to have.” The ultimate timing on planned-giving revenue is uncertain and cultivation and stewardship are time-consuming.

Meanwhile, donors find estate planning expensive and intimidating. As a result, most American adults don’t have a will or trust and only the most well-funded nonprofits have historically maintained robust planned giving programs.

If there has ever been a time for a fundraising nonprofit to invest in planned giving, that time is now. Over the next 30 years, the U.S. will experience the greatest transfer of wealth in human history.¹ As the Baby Boomer generation dies, they will pass approximately \$30 trillion to the next generation. The nonprofits that cultivate their supporters now will reap the benefits in bequests.

Recent changes to the tax code make a focus on planned giving all the more essential for fundraising nonprofits. With fewer Americans than ever eligible to itemize deductions on their tax return (and an erratic stock market at the end of the year), 2018 saw the first year-over-year decrease in charitable giving from individuals in more than five years.² Planned giving represents an opportunity for individuals to make what is potentially the biggest gift of their lives, without costing them a cent during their lifetimes. For fundraising nonprofits, it represents an opportunity to recoup what could be significant losses in annual giving.

My cofounder Jenny Xia Spradling and I launched FreeWill in 2017 in the belief that, just as the advent of direct mail and digital fundraising empowered small dollar donors to make a big impact, the tools and principles of grassroots digital fundraising could extend planned giving far beyond its existing horizons. In the past two years, our free online estate planning tools have helped more than 65,000 people write legal wills online or prepare documented wishes to take to a trust and estates attorney – and we’ve generated more than \$700 million in committed planned giving revenue for nonprofit organizations. 79% of our users have never made a will before, suggesting that these bequests – with an average gift size of \$78,630 and spanning from as little as five dollars to more than ten million³ – represent a pool of planned giving revenue that would have otherwise gone untapped.

¹ https://www.accenture.com/ca-en/-/media/accenture/conversion-assets/dotcom/documents/global/pdf/industries_5/accenture-cm-awams-wealth-transfer-final-june2012-web-version.pdf

² Giving USA Report, 2019

³ Donation numbers come from the first 50,000 wills made on www.freewill.com

Thanks to the data we've collected, we're proud to present the most in-depth report ever on the trends of planned giving. Prior to this report, the only available data on legacy giving was from the charitable bequest revenue organizations received that year (i.e. when their generous donors had already passed away), and stories of the extremely wealthy leaving huge sums to organizations they cared about – like John Santikos's \$605 million bequest to the San Antonio Area Foundation or John W. Kluge's \$400 million bequest to Columbia University – dominated the news headlines. Never before has anyone analyzed the far more numerous smaller donors, and the trends they represent.

This data set represents the clearest look yet into planned giving: who gives, how much, and from where in the country. In the report that follows – a report that we plan to publish on an annual basis going forward – we've confirmed some long-held assumptions (older people with no children are more likely to include a nonprofit in their will) and identified some surprising trends.

Our present moment represents a massive fundraising opportunity for planned giving officers and the nonprofits who benefit from their outstanding work. I hope this report is useful to you and your organizations as you develop strategies to maximize fundraising so you can keep working to make the world a better place.

Sincerely,

A handwritten signature in black ink that reads "Patrick Schmitt". The signature is written in a cursive, flowing style with a large initial "P" and a long, sweeping underline.

Patrick Schmitt
Co-CEO FreeWill

About the Report

This report is an analysis of estate plans and bequests made through FreeWill's platform between June 2017 and May 2019. In that time, 50,192 FreeWill users completed free legal wills (or documented their wishes to be taken to an attorney), 6,885 of which included charitable bequests, totalling an expected value of \$541,435,413.

The mean size of a bequest was \$78,630. Just under 20% of wills with bequests included more than one bequest. As a result the mean size of all giving made in wills with bequests was \$108,482.

Over the course of this report, we review seven different variables and consider each in terms of how they correlate to the three following data points:

1. The number of wills made
2. The number of bequests made
3. The expected value of those bequests⁴

Where possible and appropriate, we also sought to balance our insight against publicly available and verifiable statistics.

We have peppered the report with suggested learning points and use cases and hope they spur inspiration and thought.



The Southern Baptists of Texas Foundation (SBTF) has secured million of dollars in pledges through FreeWill. While church members were generally unfamiliar with the concept of planned giving, there was a strong tradition of tithing. SBTF staff began their work, therefore, with a focus on simply encouraging people to think about making a will to put their affairs in order and take care of their families. From there, they introduced the notion of planned giving, and tied it to the regular tithing donations church members were already making in their day-to-day lives. Alongside face-to-face communication, SBTF provides clear information on their website to help people think through what they may want from their will.

⁴ The vast majority of bequests made on the FreeWill estate planning tools are made as percentages of the will writer's estate, rather than as a cash lump sum. We calculate the value of the bequest based on the estimated value of the estate as provided by the will writer.

Age⁵

The Key Takeaway

Older adults are far more likely to write wills and, while they are somewhat less likely to include a charitable bequest in their wills, the bequests they do leave are far more likely to be valuable. Adults aged 44 and older represent approximately 50% of the American adult population, but they represent more than 75% of the wills and more than 80% of the total value of all charitable bequests made on our platform.

This data validates the long-held strategy of planned giving officers to direct their energies and resources toward older donors. While this group is less likely to include a charitable bequest than those who are younger than 44, the value of those proportionally fewer bequests is approximately 300% larger.

We do not, however, recommend ignoring bequest intent from adults younger than 44. While, statistically speaking, these specific bequests will likely only ever exist on paper (this group is likely to update their wills multiple times over the course of their lives), they represent a low-cost investment opportunity that will likely pay great dividends not only in the future, but in the present, as well.

Research shows that once a person includes a nonprofit organization in their will, they are much more likely to give in higher amounts to that organization on an annual basis going forward.⁶ Additionally, these younger adults are likely only to increase in net worth as they age, and having once included a charitable bequest in their will, they are more likely to continue doing so as they update their estate plans over the course of their lives. Bequests from this group, therefore, represents not only an opportunity to steward them throughout their lives to maintain that bequest intent as they age, but also a more immediate opportunity to cultivate them for a lifetime of annual giving.



⁵ We have only considered wills made by people over the age of 18 in this analysis.

⁶ American Charitable Bequest Demographics (1992 - 2012), Russell N. James III.

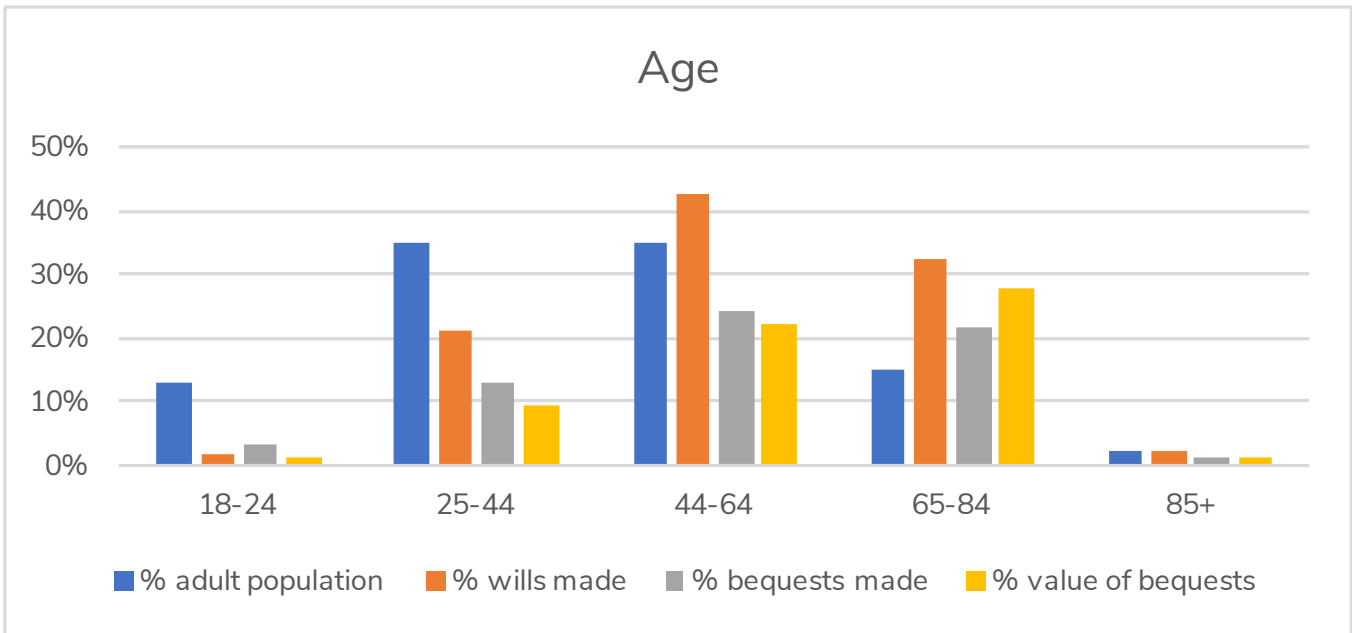
<http://www.encouragegenerosity.com/ACBD.pdf>



Save the Redwoods League made planned giving appeals to supporters of all ages – to great effect. Communication with supporters through newsletters, email, and face-to-face conversations consistently mentioned the impact making a legacy gift can have. The League went on to show in their membership magazine why making a will was important for people in particular age groups, giving helpful hints and tips to those in their 40s, 50s, 60s, 70s, and 80s. Donors rewarded these efforts with more than \$864,000 in committed bequests made through FreeWill’s online estate planning tool.

The Data

Those aged 18 to 24 constitute more than 13% of the US adult population, but account for just 1.82% of wills made on our platform. The overwhelming majority, more than 70%, are made by those aged 44–84 despite them representing only 50% of the adult population. The divergence between share of the population and the share of wills being written is particularly pronounced for people aged 65–84. They account for just 14.82% of the adult population but more than twice the relative share of wills at 32.26%.



Ages	% adult population	% wills made	% bequests made	% value of bequests
18-24	13.08%	1.82%	3.36%	1.15%
25-44	35.02%	21.11%	13.07%	9.26%
45-64	34.74%	42.62%	24.49%	22.20%
65-84	14.83%	32.26%	21.49%	27.74%
85+	2.34%	2.19%	1.09%	1.19%



The United Way of New York City, a local member of the United Way Worldwide network has also found that planned giving is resonating with their existing supporters, including those who currently only give small dollar amounts. They began sending out information on planned giving to donors in

early 2019. Consistently and gently reminding supporters of the importance of making a will and the potential to leave a gift has already netted them nearly half a million dollars in pledges. Over the coming months they plan to integrate this further into their communication plans, such as using #WomenCrushWednesdays to encourage women to think about the impact they would like their money to have beyond their life.

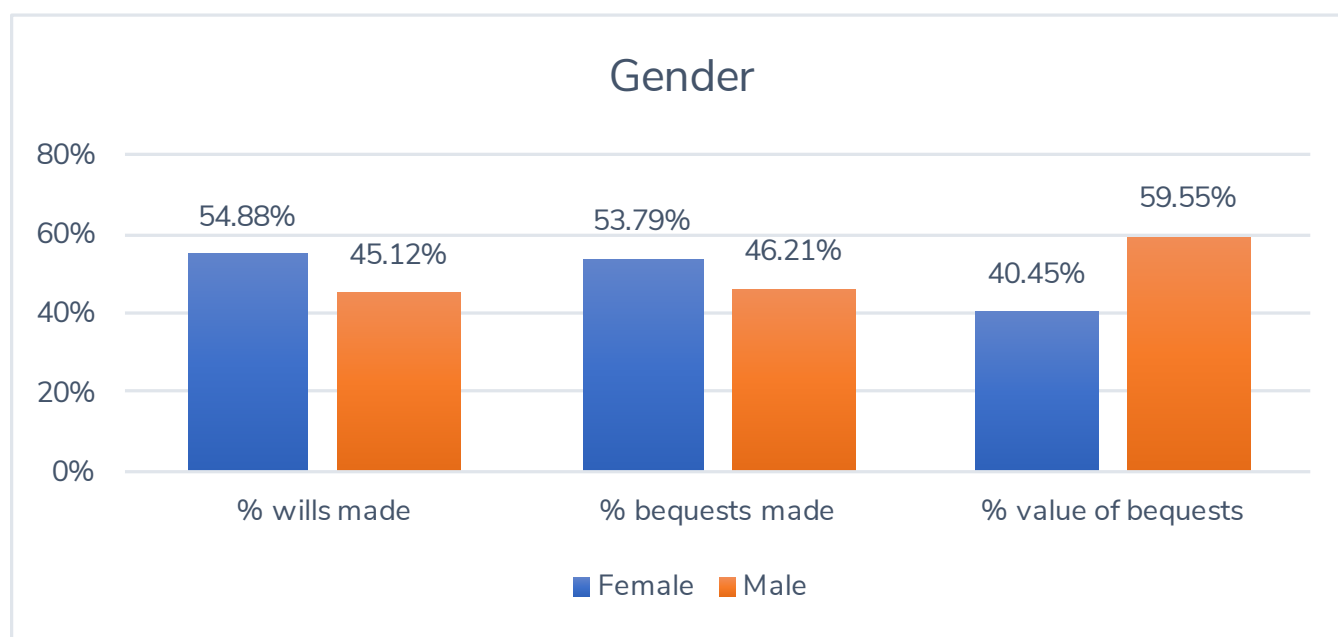


Gender

The Key Takeaway

What men on our platform lack in terms of quantity of wills written, they make up for in both bequests and sheer dollar value. During the period of this analysis, women made more wills than men, but the men who made wills were more likely to include a charitable bequest – and those bequests were far more valuable. There is an expectation that the first step of the upcoming Great Wealth Transfer will be from men (who, statistically speaking, have shorter life spans than women) to their wives.⁷ Conventional wisdom would dictate, therefore, that planned giving officers should dedicate their time toward cultivating female donors. Our data shows that this approach would be a missed opportunity. Men are more likely to include a charitable bequest in their wills, and those bequests are likely to be worth considerably more.

The Data



⁷ <http://money.com/money/2992759/what-do-women-investors-want/>

Marital and Parental Status

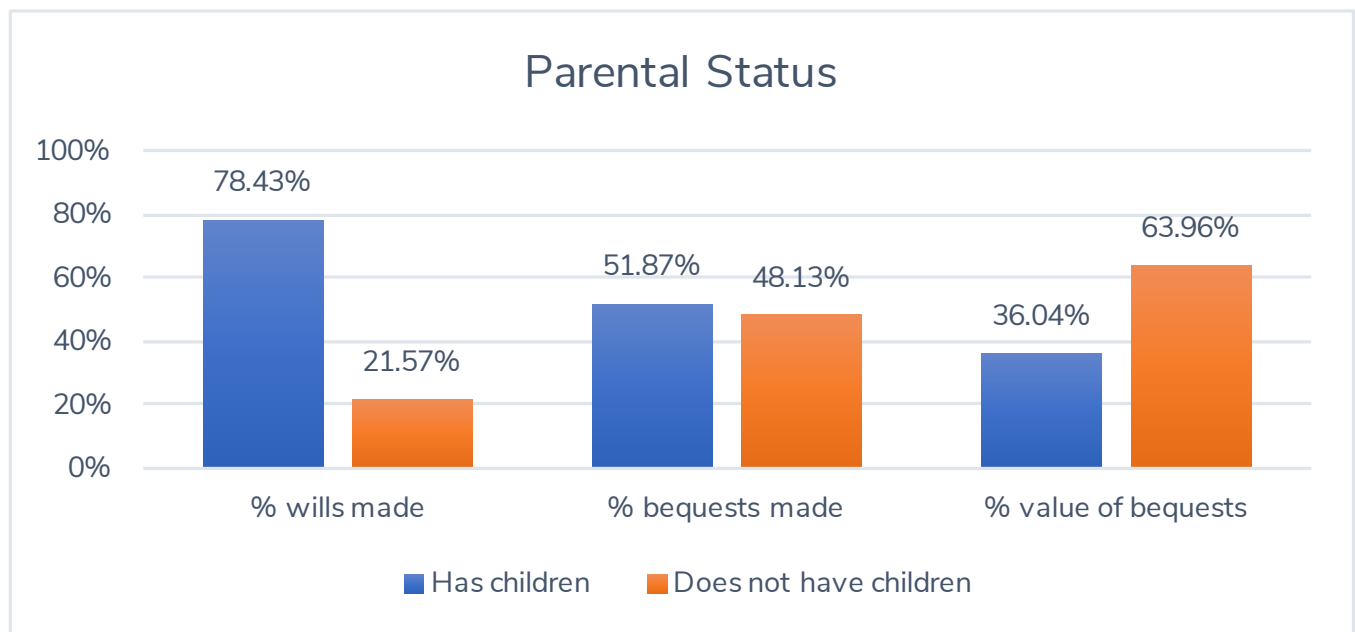
The Key Takeaway

Those with fewer family attachments are more likely to include a charitable bequest in their estate plan. Nearly 80% of our will writers are parents and, unsurprisingly, the remaining 20% of will makers, who did not have children to leave anything to, were far more likely to include a charitable bequest in their wills and for that bequest to be of higher monetary value.

As you'll see in the data that follows, the increase in number of bequests – but especially in value of bequests – when comparing parents to non-parents is extremely large. This finding is a validation of what is likely already a big part of many planned giving officers' stewardship and cultivation strategies.

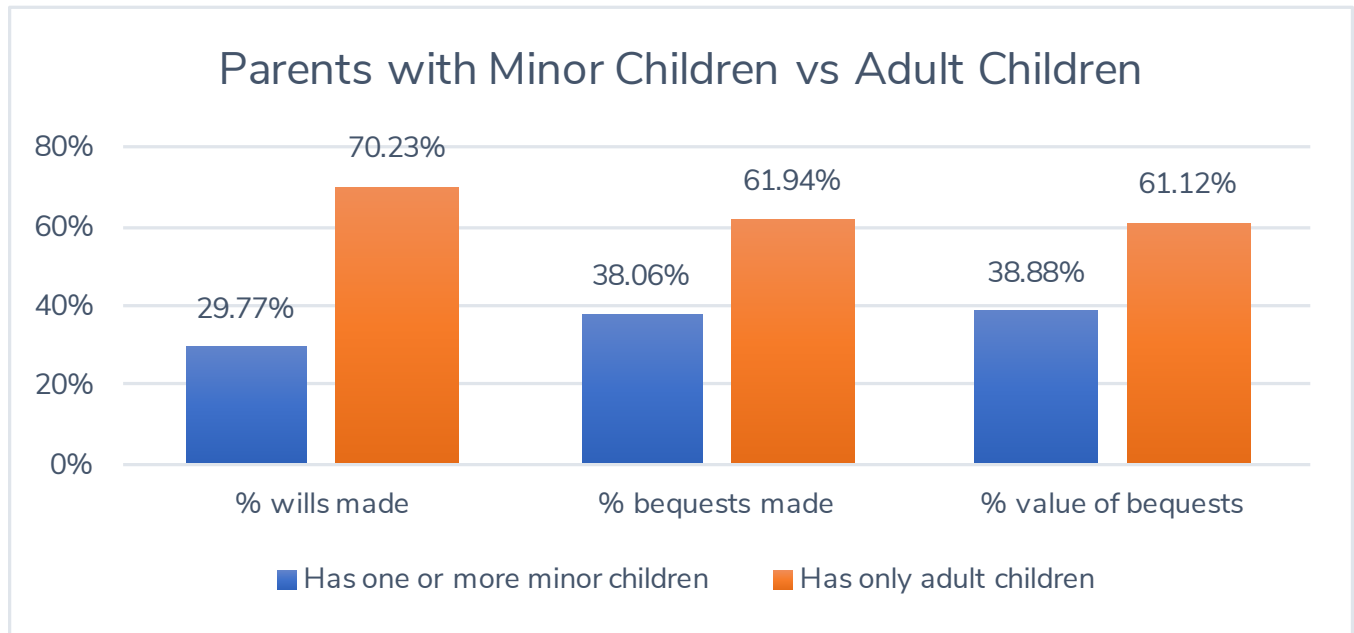


Parental Status Data



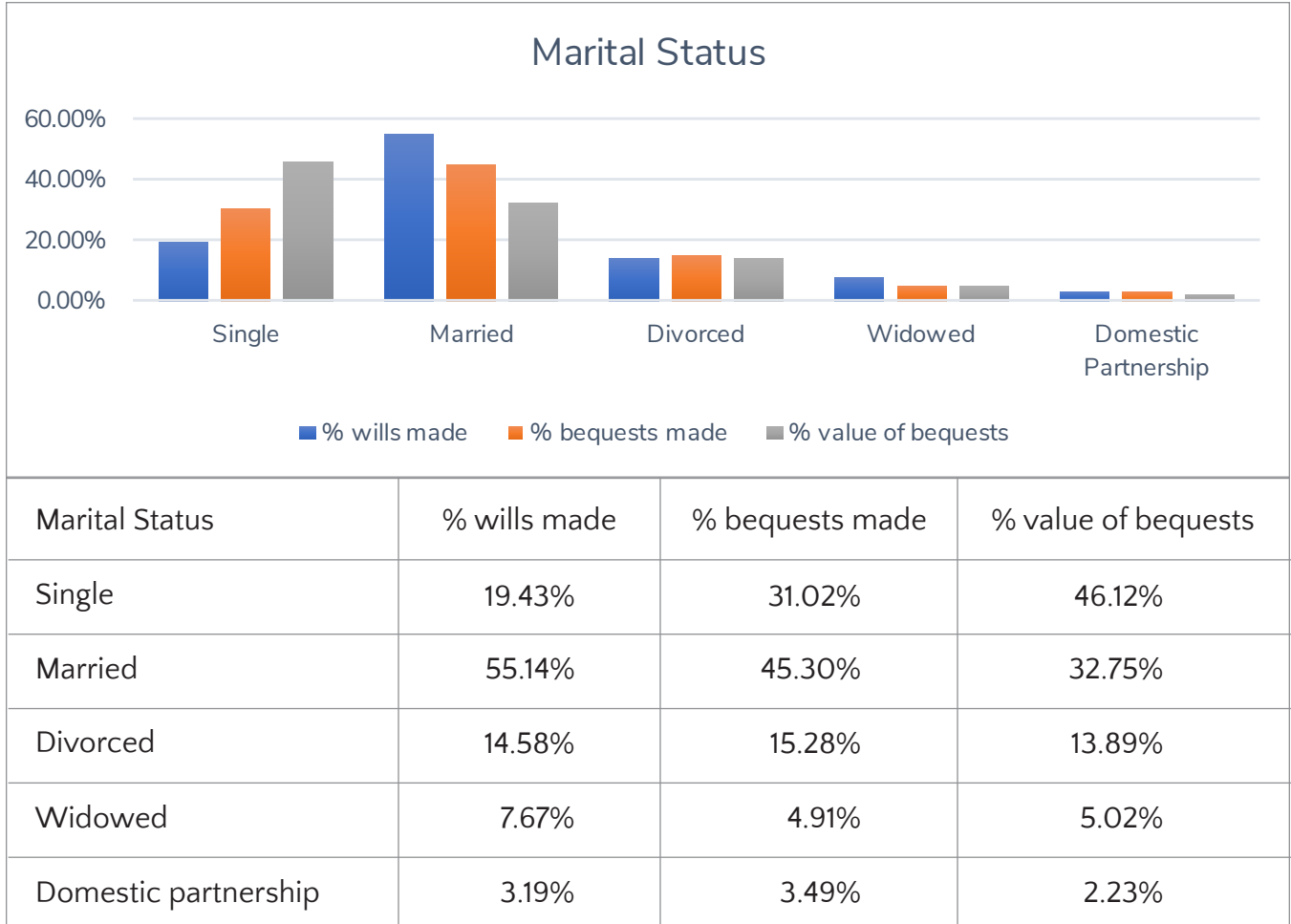
Parents of Minor vs Adult Children Data

There was also a marked difference between the giving habits of parents who had only adult children and those who had minor children. In total these two groups accounted for approximately 40,000 wills. While those with adult children accounted for a greater share of wills being made, their relative share dropped when considering the amount of bequests and the value of bequests.



Marital Status Data

People who are unmarried (or civil partnered) are most likely to leave a bequest in their will and for that bequest to be of a significant size. Those who are married are more likely to want to leave a significant portion of their estate to their spouse or partner.



The Most Generous States

The Key Takeaway

The most generous state...is not a state. Of wills created on FreeWill, there is a high correlation between frequency of bequests and states that have strong economies and higher concentrations of wealth. New York and California are both in the top five, but the clear winner is Washington, D.C. There, on average, will writers are nearly twice as likely to make a charitable bequest than those in Vermont, the state that has the second-highest bequesting rate.

This geographic correlation suggests that, while the relative wealth of an area is one of the most important factors when considering the likelihood of planned giving, it is not the only factor. Another extremely important factor is harder to measure: The passion and idealism of the state's residents.

Washington, D.C. is the home of the United States federal government, but it is also the gravitational center of the nonprofit ecosystem; a significant proportion of national nonprofits have their headquarters in D.C. People who live and work in the District are likely to be idealistic, committed to public service, and community-minded. It is not surprising, therefore, that D.C. residents leave bequests in their wills at such a high rate.



The Data

States whose residents are most likely to leave a bequest

Of those who did make a will with us, those who chose to include a bequest came from a markedly different set of states. On average, DC residents were nearly twice as likely as those in any other state to include a bequest in their will.

Rank	State	Avg. # of bequests per will	Median household income ⁸
1	Washington, D.C.	0.42	\$82,372
2	Vermont	0.24	\$57,513
3	California	0.21	\$71,805
4	New York	0.21	\$64,894
5	Hawaii	0.20	\$77,765

Because DC is a city and not a state, we also compared its data with that of another East Coast metropolis you may have heard of: New York City. DC's generosity outperformed that of the Big Apple, but the difference was less striking. In New York City, there was an average of 38 bequests per 100 wills, as compared to 42 bequests per 100 wills in the Capital.

States whose residents were most likely to make a will

Given the previously discussed between age and likelihood to make a will, it should come as no surprise that the retiree-haven of Florida tops our list of most likely home states for FreeWill will writers. There were, however, some states that surprised us by featuring in this list. We calculated how many wills made on FreeWill came from each state and then considered that against the share of the state-wide population⁹, allowing us to see which states over-indexed.

⁸ American Community Survey, 1 Year Estimates, 2017 - Produced in conjunction with the Census Bureau's Population Estimates Program.

⁹ Taken from American Community Survey as detailed in:
<https://www.businessinsider.com/state-median-age-map-2018-11>

Rank	State	% above index	Median age (rank) ⁹
1	Florida	1.66%	42.0 (4)
2	Washington	0.86%	37.7 (35)
3	Georgia	0.83%	36.8 (=40)
4	Colorado	0.81%	36.8 (=40)
5	New York	0.59%	38.7 (=24)

⁹ Taken from American Community Survey as detailed in:
<https://www.businessinsider.com/state-median-age-map-2018-11>

Pet Ownership

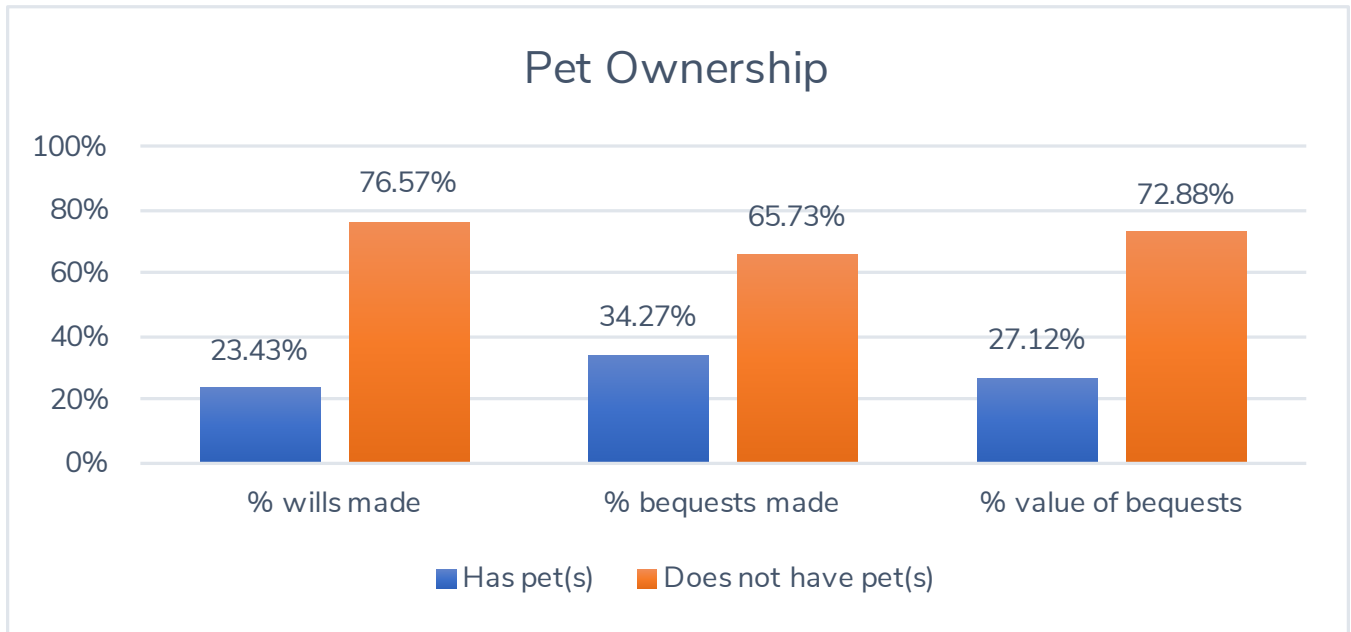
The Key Takeaway

Pet owners are 70% more likely to give, but in slightly lower dollar amounts than people who don't have pets. Marketers and fundraisers learned long ago that including animals in advertising is an incredibly effective tactic, but the fact that pet owners are more likely to think of charities in their estate plan is a new insight.

Less than 25% of our wills were written by pet owners, but those wills were a whopping 70% more likely to include a charitable bequest! While the value of those bequests are slightly lower than those who do not have pets, this strong correlation between pet ownership and inclination toward planned giving represents a significant targeting opportunity for development professionals, particularly those who work for animal- and wildlife-focused nonprofits.



The Data



Defenders of Wildlife has gained pledges worth more than \$4.9m through FreeWill.

In July 2019, they experimented with a more animal-centric promotion, urging supporters to consider providing for both the humans and the wildlife they love when creating a will. That emphasis alone raised more than 10% of the total planned giving commitments they have received thus far.



Digital Assets

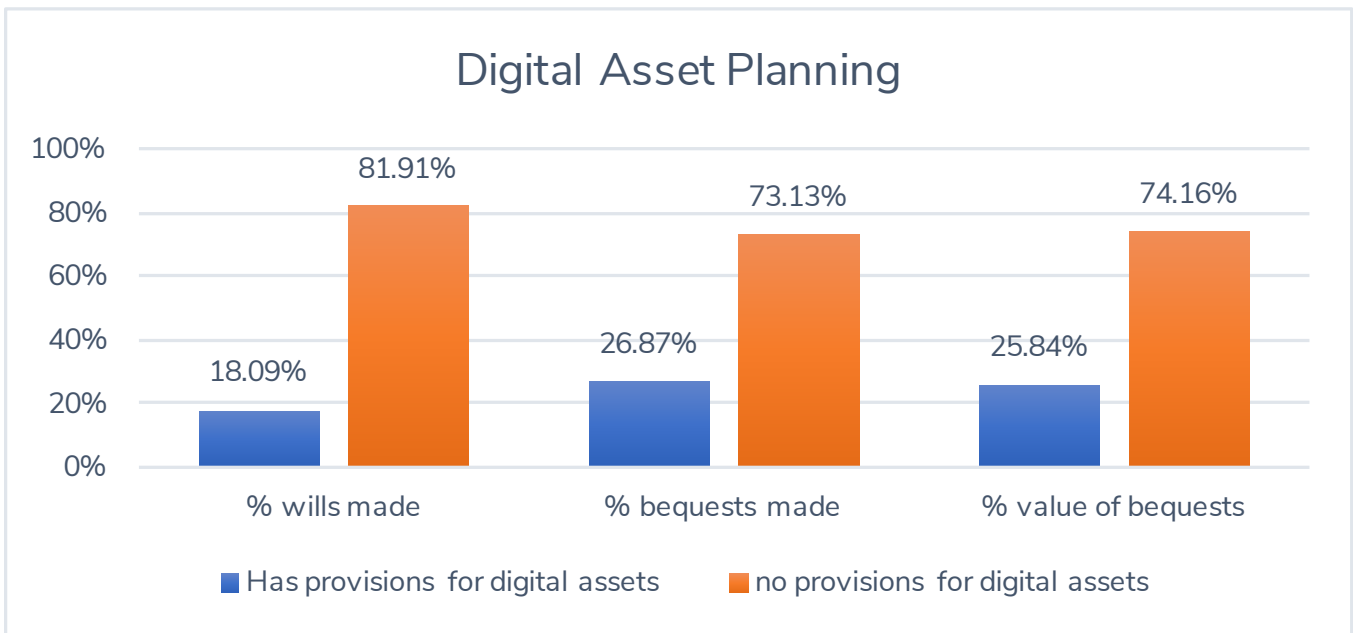
The Key Takeaway

Very few people make plans for their digital assets in their wills, but those who do are more likely to include charitable bequests in their wills. As a rule, FreeWill’s users are internet users, but under 20% of our will writers made any sort of plan for what will happen to their social media accounts, digital photo albums, or email accounts.

We didn’t expect to find a correlation between digital asset planning and charitable giving, but there was one; those who included plans for their digital assets in their wills were more likely to leave a charitable bequest. Given the increasing ubiquity of digital fundraising in the nonprofit space, this correlation represents a real opportunity for organizations that have large online donor lists. Offering this group free online estate planning services with a reminder that they can use it not only for their “real world” property about also for their digital assets could potentially result in a significant number of bequests.

Given the ever-increasing proportion of American life taking place online, we expect the proportion of will writers who make plans for their digital assets to increase fairly rapidly in the years to come.

The Data



What We Learned

In our first-ever FreeWill Planned Giving Report, we unveiled hard evidence to show that older donors, particularly those who don't have children or close family connections, are the source of the plurality of charitable bequest dollars. For most planned giving officers, this news is likely a validation of their existing, long-held strategy. But if that is the sole focus of a planned giving strategy, then nonprofits are missing out.

Our research has also surfaced some significant trends that have the potential of driving substantial, and previously untapped, planned giving revenue. Most notably, we were surprised by the data when it came to age, parental status, pet ownership, geography, and level of concern for digital assets. Together, this suggests the most significant driver of planned giving is not a person's net worth, but their level of passion for the issues and causes they care about.

Traditionally, planned giving officers' strategy has been to focus on high net-worth individuals, where they would get the best return on investment. Nonprofits would receive fewer bequests, but those bequests would be of greater monetary value.

But the broader and more sophisticated outreach channels of the 21st century offer the opportunity to refine this strategy and raise more money. Organizations now have the potential to solicit planned gifts at scale and collect them through digital platforms like ours, extending their planned giving communities well beyond previous limitations. This opportunity does not replace traditional one-to-one relationship building by planned giving officers; it augments it and provides supporters the opportunity to make a meaningful impact on the causes they care about well into the future. And it may help increase revenue outcomes for fundraisers by an order of magnitude in the years to come.

Acknowledgements

We couldn't have created this report (or done the work that led up to it) without the participation of our incredible nonprofit partners in the education, healthcare, environmental sustainability, disaster response, religious, and advocacy sectors. It's a privilege to work with them as they work to make the world a better place.

How to Find out More About FreeWill and This Report

If you're interested in learning more about how FreeWill may help you accelerate giving to your organization, please go to www.freewill.com/nonprofits.