

Money, Money, Money

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The Pig Give

Valley businesses give big, but what about you?

Use these tips to tap your inner-philanthropist.

Philanthropy in Phoenix is alive and well, says Laurel Kimball, principal of the Phoenix Philanthropy Group.

“There’s a lot of hand-wringing that we don’t have many corporate headquarters and that we have a lot of new residents or winter visitors who only give to where they came from,” she says. “But I think there are a lot of very generous companies or individuals here, and I’m not sure how much the hand-wringing is justified.”

There are approximately 18,950 nonprofit organizations on file with the Arizona Corporation Commission, including civic clubs, country clubs, labor unions, etc. The biggest group, however, includes charitable nonprofits with 501 (c)3 designations. There are an estimated 11,504 charities in Arizona.

According to the Lodestar Center for Philanthropy & Nonprofit Innovation at Arizona State University, Arizona’s charitable giving is not far behind the national average. The average Arizonan donates \$1,572 per year, the center reports; the national average is \$1,620. According to the center’s Arizona data, the amount of giving usually increases with household income and higher education levels.

The 31-to-45 age group has the highest rate of giving, and people who live in urban parts of Arizona give slightly more than people in rural areas.

Religious organizations receive by far the highest amount of donations. They get more than 62 percent, followed by education groups, which receive 43 percent.

Start the Giving Process

According to the ASU Lodestar Center, 85 percent of Arizonans who donate do so because they are asked. Others give to organizations they already volunteer for. People also are more likely to give to an organization they have read or heard about.

Nationally, the top reason people say they don’t donate is because they can’t afford it; the second reason is because they weren’t personally asked to do so.

People who are very wealthy don’t usually have to think about how to start the giving process; charity and nonprofit representatives approach them, Kimball says. Giving can be a lot of fun, but it’s often a big responsibility.

“They have to be somewhat selective,” Kimball says. “A lot of times people don’t realize that being a good philanthropist requires a lot of research and soul searching... otherwise, you end up giving \$10 to everyone, and that’s one way to go, but if you want to have a real impact, you have to be very thoughtful.”

The first question potential donors of any level should ask themselves is, “What matters to me?” Lewis suggests.

What changes would improve society most in the ways you care about? Donating to a symphony? Homeless shelters? Environmental groups? Then, find out which organizations handle those issues, and call them or research them to find out what their missions are and how they spend their money.

Lewis recommends checking guidestar.com to learn more about different organizations and how much of each donation goes toward overhead versus the actual recipients or causes. And if you're strapped for cash but still want to be a giver, don't count yourself out. Even giving a quarter can help, Lewis says: "I don't think philanthropy is a privilege of the few. I think it's something everyone can do."

That Magic Number

Deciding how much to give can be tricky. Guidelines for an appropriate amount depend on the individual, almost like tipping at a restaurant, DeVine says. (He recommends charitynavigator.org as a good resource to decide how much to give.)

There are limits for tax deductions based on adjusted gross income, so DeVine sometimes has to make certain that clients are within that range. Clients usually have a good idea of what they want to give before they see him and, thus, don't need much guidance. However, some go a little too far.

"I have experienced people in the past that I felt may have been too generous, given their personal financial needs and situation," he says. "I don't know if you can be too poor to donate. Someone without money to donate might be in a position to donate their time to their favorite charity through local volunteer work."

DeVine says his clients who do give usually are eager to help, particularly after a tragedy such as a tsunami or hurricane. They like to feel they are "doing something" to help, he says.

David Carroll, a certified financial planner and managing director of Phoenix Wealth Advisors, an independent, integrated wealth advisory firm, agrees that the amount one should give is highly personal.

The amount also should be based on expectation of future income. If the client has an excess income that may not be permanent, they'll probably give a smaller donation. "If they feel the excess income is a permanent state, then contributions will increase as a percentage," Carroll says. "If it is a permanent and increasing state of income over expenses, that is another level again."

And despite the fluffy feel-good side of giving, Carroll says it's important to calculate how a donation could affect your everyday lifestyle.

"There is a conflict going on with folks and their money," he says, "somewhat of a Maslow's hierarchy. Their first priority, generally, will be to ensure their lifestyle, next will be family and third will be social capital or charitable gifting. Every dollar that someone gives to charity is a dollar that they can't use in their retirement or give to their children and grandchildren."

People tend to under-contribute, and charities tend to under-ask, Carroll adds. Once people have clarity about how much they actually need to feel secure in their everyday lives, they know how much excess wealth they actually have.

"This then gives them the confidence to be able to give the appropriate portion of the excess in some form to charities," he says. "More and more people are wanting to be The

Rules of Giving

The clichés about donating money are true: It's addicting; it's a win-win situation; it improves both the donors' and recipients' lives. There are certain ground rules to giving, however.

Instead of donating randomly, find the issues that are most important to you, then find the organizations that most closely align with those issues, Kimball says.

Her group partners with individual philanthropists to help them find ideal partnerships, and it works with nonprofit organizations to optimize their impact through fundraising, branding and awareness programs.

“When there’s a match, the donor gets a lot of personal satisfaction,” Kimball says. “I think there’s a lot of joy and feeling of fulfillment. Donors usually don’t respond when an organization says, ‘We need this.’ Donors respond when they are presented with a vision that matches their values and that furthers something they care about.”

There is a social stigma that philanthropists only give their money to see their names on buildings or to get recognition. But actually, a lot of donors want to remain anonymous, she says. Some want to keep a low profile because of modesty or to avoid being targeted for more money. Humble donors are easier to deal with than egomaniacs, but organizations sometimes prefer donors who welcome the spotlight. That way, the organization can publicize the gift and receive more attention.

Big gifts make headlines, but it’s the combination of small gifts that keeps most churches and charities afloat, says Patricia Lewis, a senior professional-in-residence and faculty associate at the ASU Lodestar Center.

“Giving \$10 to a student fundraiser, putting a dollar in the Salvation Army bucket outside a grocery store – even small gestures add up,” Lewis says. “Even little kids who save up their allowance are philanthropists.”

Indeed, having a broad base of donors makes a huge difference to an organization, even when the donations are less than \$100, Kimball says.

“If the organization just has \$1 million donors, those donors start to say, ‘How come I’m doing all the heavy lifting? Doesn’t anyone else believe in this organization?’” Kimball says.

“Those \$25 gifts really are important. I have come to appreciate them more and more,” she adds.

Individuals account for much more giving than corporations, Kimball says. About 75 percent of the donations to nonprofits and religious organizations are from individuals; less than 20 percent are from corporations. The rest comes primarily from wills. To learn more about nonprofits in the state, visit arizonanonprofits.org.