

QUT Digital Repository:
<http://eprints.qut.edu.au/>



Wiepking, Pamala and Madden, Kym M. and McDonald, Katie (2010) *Leaving a legacy : bequest giving in Australia*. Australasian Marketing Journal, 18(1). pp. 15-22.

© Copyright 2010 Australia and New Zealand Marketing
Academy/Elsevier

Leaving a legacy: Bequest giving in Australia

Dr. Pamala Wiepking, Dr. Kym Madden, Katie McDonald

Abstract

This article considers what drives donors to leave charitable bequests. Building on theories of charitable bequest giving, we consider two types of motivations for leaving a bequest: attitudinal and structural motivations. Using unique Australian data, we show that a strong belief in the efficacy of charitable organisations has a significant positive effect on the likelihood of leaving a bequest, as does past giving behaviour and having no children. As bequests constitute an important income stream for charitable organisations, this research can help fundraisers better target their marketing strategies towards those most likely to plan their estates and motivate these people to make bequests.

Keywords: charitable bequests, marketing, estate planning, philanthropy

Leaving a legacy: Bequest giving in Australia

1. Introduction

Charities all over the world regard bequest income as an important income stream. Many are even heavily reliant upon it [1]. Giving Australia [2] described bequest giving as the most significant funding source for one in ten nonprofit organisations (NPOs) in this country, and bequests were placed third most important of 24 fundraising vehicles in its survey of NPOs.

Bequest income in the United States was estimated at US\$22.6 billion in 2008 [3]. While bequest income varies annually, it represents seven to nine percent of total estimated donation revenues. Although no reliable Australian figures exist, Givewell found AU\$140 million in bequests in 2003/04 in an analysis of financial statements of 220 nonprofit and government organisations [4,5]. Overall charity bequest income in the United Kingdom is estimated around £1.9 billion, representing twelve percent of income of the largest fundraising charities [6-8].

The great majority of individuals in countries such as the US, Canada, the UK and Australia report giving money in any one year yet only a tiny proportion report naming a charity in their wills. In Australia, for example, 87% of adult Australians reported donating at least once in 2004 but fewer than eight percent of those with a will (58% of the adult population) had included a charitable bequest [2]. In his examination of probates in Victoria, Baker [9] identified charitable bequests in fewer than five percent of estates, and the total amount bequeathed to charities amounted to just over one percent of the total estate assets.

Clearly, given the inclination of individuals to support charities while they are alive, the scope for greater participation in bequests as a type of giving exists. In principle, anyone who gives during his/her lifetime is a potential bequestor [10]. This is especially important to fundraisers, as a charitable bequest might compensate the loss of a long time donor to some extent.

This bequest research is timely given that the much proclaimed intergenerational transfer of wealth is now begun. Over the next four decades, many people will gain from what is projected to be the largest wealth transfer in world history, as the oldest generation dies and passes on their substantial estates [11,12]. Increased longevity and wealth trends

outside this intergenerational factor suggest that offspring will be older and wealthier than previously. Moreover, while medical and living costs associated with longevity may reduce estates, supply and demand around inheritances are expected to change [13,14], with benefit for the charitable sector. How much is expected to flow through to the sector is unknown. In the US, with its tradition of estate taxes, some expect bequest monies to be substantial [11], while others have some serious concerns whether bequests will be able to replace the loss of current giving and volunteering provided by the deceased donors [15,16].

This article provides insights into the characteristics and motivations of charitable bequestors. Motives for leaving a bequest can and do echo why people give generally [17]. We use unique Australian data to answer the question why some people are more inclined to leave charitable bequests than others. We find that charitable bequests are strongly influenced by attitudinal efficacy motivations, but not by attitudinal reciprocity and value motivations. Furthermore, we show that charitable bequests are also influenced by structural factors, such as family status and charitable giving behaviour. Knowing why people leave charitable bequests will help fundraisers and financial planners to better understand those most likely to leave a charitable bequest and, in turn, to optimally allocate their limited time, financial and other resources.

This article begins with a discussion of the current state of the literature on motivations determining bequest giving. After that, we discuss the data collection and the development of the survey instrument. In the result section we discuss how the different attitudinal and structural affect charitable bequest giving. We conclude with a discussion of the results as well as practical implications for practitioners seeking to solicit charitable bequests.

2. Theory and hypotheses

Why do some people leave a charitable bequest, and others not? Seeking to understand the decision to leave a charitable bequest takes one on a journey through different academic fields of study, notably marketing and consumer behaviour, economics, psychology and sociology [15,18]. Combining these literatures with the existing bequest literature leads us to consider two types of motivations that drive people to leave charitable bequests: attitudinal motivations and structural motivations, as depicted in figure 1.

<<Insert figure 1 about here>>

2.1 Attitudinal motivations for charitable bequests

Financial planning and philanthropic literature indicate that the main attitudinal motivations for leaving charitable bequests are: reciprocity, efficacy, altruism, religious and political values [15,19-22].

Reciprocity

Donors, especially wealthy donors, are often motivated to give back to their community [23]. People who have benefitted from nonprofit services themselves may be more inclined to make bequests in return for the services they (or family members or friends) received during their life [1]. Also, they may have only become aware of the nonprofit organisation after their need to use its services [24]. We formulate the following hypothesis:

- 1. People who are more strongly motivated to give back to their community have a higher probability of leaving a charitable bequest.*

Efficacy

Research by Chang et al. [25] shows that US bequestors believe more strongly than non-bequestors that charitable organisations do not waste funds in pursuit of their mission. Perceived charity effectiveness appears to be an important difference between bequestors and non bequestors. This is important because bequestors have no control over the deployment of their gift. Nor do they have a direct way to monitor what a charity does with their bequest; they have passed away and it is up the charity and possibly their families to monitor the realisation of the bequest. Whether a bequest will be spent effectively and in line with their original goals is unknown. Hence, leaving a charitable bequest requires a belief in the charity's efficacy: it is a prerequisite for making a bequest. This leads us to formulate the following hypothesis:

- 2. People with a stronger belief in the effectiveness of charitable organisations have a higher probability of leaving a charitable bequest.*

Altruistic values

Economic public good theory states that when making a donation, the pure altruist only cares about providing the public good or service [26-28]. A charitable bequest is largely

altruistic in nature [29]. Although the bequestor can derive feelings of warm glow when putting the charitable bequest in place, unlike other types of donations the bequestor will die before the gift is enacted. Research by Chang et al. [25] showed that US bequestors put the goals of others before their own, which is an altruistic act. In another US bequest study, people who would consider naming a charity in their will were significantly more likely to be motivated by helping others [10]. We formulate hypothesis 3:

3. *People with stronger altruistic values have a higher probability of leaving a charitable bequest.*

Political values

People differ in the extent to which they believe in governmental provision of public goods [24,30]. Generally, left-leaning people tend to believe that the government is responsible for the wellbeing of citizens, whereas right-leaning people have a stronger belief in the private provision of public goods and services. Brooks [30] finds that in the US, (religious) conservatives are more generous donors than (non-religious) democrats. We formulate the following hypothesis:

4. *People with a stronger belief in the governmental provision of public goods have a lower probability of leaving a charitable bequest.*

Religious values

Many studies have shown the effect of religious beliefs and attendance on charitable giving [31,32]. People with stronger religious values are more inclined to do good and help others who are less well off than themselves. In all major world religions, kindness towards others is a religious virtue and is considered very important. The most well known parable illustrating the value of helping strangers is the Good Samaritan [33]. Therefore we argue that religious people will more often make charitable donations and leave charitable bequests, and we formulate hypothesis 5:

5. *People with stronger religious values have a higher probability of leaving a charitable bequest.*

2.2 Structural factors for charitable bequests

Leaving a charitable bequest is strongly affected by structural factors, such as family status, wealth, and charitable giving behaviour [15,19-22].

Family status

Some of the triggers for estate planning (a prerequisite for leaving a charitable bequest), such as getting married and having children, are likely to have a negative effect on the likelihood of leaving a charitable bequest. People leaving family behind will most often leave (largest proportion of) their estates to relatives. The stronger the familial ties, the more likely the estate will go to relatives, such as a partner and/or (grand)children [15]. The absence of close family relatives increases the probability of leaving charitable bequests although exceptions are noted. Auten and Joulfaian [34] showed that when children are financially better off, parents are more inclined to leave larger charitable bequests. While Whitaker [35] found that the majority of childless single and widowed people in Ireland left bequests to their extended families: siblings, nieces, nephews, and cousins, rather than to the masses or charity. Generally speaking we expect that the presence of spouses and children (or grandchildren) will decrease the likelihood of leaving a charitable bequest. We formulate the following hypothesis:

6. *People who have a partner or (grand)children have a lower probability of leaving a charitable bequest.*

Financial wealth and assets

Much research, notably by leading US scholars Havens and Schervish [21,36] shows that the wealthy are significantly more likely to participate in bequests and make proportionately higher contributions [22]. James et al. [29] show that people who experience a substantial increase in assets are more inclined to leave charitable bequests. In the US, Joulfaian [37] used taxation data (IRS records) to show that those with estates over US\$10 million left bequests approximately three times the value of gifts made in the 10 years prior to death while those of more modest estates of under US\$1 million tended to give little through charitable bequests, presumably making donations during their lifetime.

This trend holds in part for Australia. In an exhaustive examination of probate records in Victoria, Baker [9] found that estates over \$2 million were the most likely to have included a charitable bequest, while those with the least estate value (under \$500,000) were the

least likely to do so. However, those leaving estates of under \$500,000 left a greater proportion of their estate to charity than did those with estates over \$2 million (1.8% and 1.3%, respectively). This behaviour by Australia's wealthy may be explained, in part, by the taxation benefits attached to donations while alive, and the absence of death duties in Australia (abolished in 1979), unlike in some other countries (notably the US) where charitable bequests can alleviate tax burden on an estate [38,39].

Part of the positive relationship between wealth and charitable bequests also might be due to a selection effect, if people with more financial wealth and assets are more likely to have a will. Krauser's [10] results do show that there is a possibility of a wealth selection effect. In his study, income was not significant in whether a donor is likely to bequest, or to consider the bequest of a charitable gift in his or her will.

Overall, the evidence on the effect of financial wealth and assets on the decision to leave a charitable bequest is contradictory. We believe that people with more financial resources will have invested more in estate planning, and are more likely to be charitable bequestors, which leads to hypothesis 7:

7. *People with more financial resources and assets have a higher probability of leaving a charitable bequest.*

Charitable giving behaviour

If you ask fundraisers what the strongest predictor of a donor's future giving is, they will respond by stating it is their past giving behaviour: the recency, frequency and value of past donations [40]. Why would previous charitable donors be more likely to include a charitable bequest in their will? Drawing upon Bekkers and Wiepking's [24] identification of the range of mechanisms that drive giving, we argue that there are three additional factors that motivate charitable bequests through past charitable giving behaviour: awareness of need, efficacy and solicitation.

First, people who are more generous donors are more likely to be aware of the needs of beneficiaries of charitable organisations. Secondly, more generous donors are also more likely to receive communications about the projects they supported with their donations. This would also mean that they have more information about the efficacy with which organisations spend their money. Thirdly, more generous charitable donors are more likely

to be known by charitable organisations, either because they give larger or more frequent donations. When soliciting charitable bequests, fundraisers will likely start soliciting people they know already support the organisation. These three arguments lead us to formulate the following hypothesis:

8. *More generous charitable donors have a higher probability of leaving a charitable bequest.*

3. Data and Methods

Data collection

The main difficulty with any bequest research is gathering data: those whose death has triggered a charitable bequest cannot be interviewed, obviously, and it may be inappropriate to speak to their families who could only offer their views assuming they could be found and agreed to participate in the research. An interesting exception is the bequest research project conducted by James [15], in which he used the longitudinal Health and Retirement Study to track charitable bequest records for those recently passed away.

Giving Australia's [2] survey of 6,209 Australians found that only 7.5 percent of those with a will (or 4.6 percent of the whole sample) had included a charitable bequest. Therefore, it would be very difficult and expensive to conduct a random sample survey among Australians studying their bequest giving. Instead we approached six charitable organisations that have both active donation solicitation programs and active bequest solicitation programs across different cause areas to help us collect the data. The cause areas these organisations are active in include animal welfare, medical research, environmental heritage, higher education, community welfare and palliative health care. These partner organisations were asked to provide two lists: the first list comprised a randomly selected subsample of current donors from their donor database, with 'current donors' defined as people who had been recorded as having made at least one donation to that organisation within the past two years, and the second list comprised a randomly selected subsample of bequestors from their bequestor database, with 'bequestors' defined as people who had notified that organisation that they had left it a charitable bequest in their will. The first list, then, was made up of those known to be donating to that organisation and these donors had not, to the organisation's knowledge, left a charitable bequest to it. Hence all respondents in the survey are current charitable donors and/or charitable bequestors across a range of causes.

Potential respondents received a short letter from the partner organisation with which they are affiliated, explaining the research and endorsing its legitimacy. In the same envelope, was an invitation to participate prepared by the researchers (on university letterhead) along with the survey and a reply paid envelope back to the university. In total, 3184 invitations were dispatched from late April to early June 2008, with the close of survey in July. Follow ups were not sent. The response rate for respondents approached by the different organisations varied between 24% and 44%, with an overall response rate of 32%.

Development of survey instrument

To operationalise the concepts derived from the literature, we partly drew upon Sargeant's UK and US bequest studies [1,22,41]. Through qualitative research, involving two focus groups with known bequestors and bequest fundraisers, the precise wording of the survey instrument was modified to suit the Australian context.

Dependent variable

Our dependent variable is the dichotomous variable *bequest* pledging. This variable is measured by responses to the question "have you already left a bequest to charity in your will?" Necessarily, those without a will are excluded from the analysis. To select only respondents with a will in place, we asked them "Have you got a will?". 87% of the respondents indicated they had a will in place. This high percentage of people with a will in our sample can be explained by the sampling procedure, focussing on an equal representation of charitable bequestors and non bequestors. 19 respondents (1.8%) did not answer this question and were excluded from the analyses [42]. A further 38 respondents did not indicate whether they had already pledged a bequest or not, resulting in a sample of 846 respondents included in the analyses. 52% (N=440) of the respondents with a will indicated to have made a pledge to leave a charitable bequest.

Predictor variables

Attitudinal motivations

For *reciprocity* motivations, we used the mean score of the following two five-point Likert scale items: "It's important to give back to charities that have been helpful to me or someone I know" and "I want to give back to the organisation for helping me or someone I care about". Cronbach's alpha for these two variables is .66.

We measured *efficacy* motivations using the mean score of the following two items: “Charities [in general] have been successful in helping those in need” and “Charitable bequests have been successful helping those in need”. Cronbach’s alpha for these items is .60.

We used six five-point Likert scale items, developed by Sargeant et al. [1], to measure *altruistic values*. However, a factor analysis revealed two initial factors with five items on the first factor and one item on both factors. The item: “I find it difficult to get interested in those not close to me (reverse scaled)” appeared to have confused respondents with the presence of a double negative. As such, it was not included as a measure of altruistic values. Instead, we used the one factor solution, based on the five former items, including statements in line with: “I like to be very generous with those close to me” and “I enjoy helping people, even when I don’t know them well”. Cronbach’s alpha for these five items is .78.

To measure *political values*, that is, attitudes towards private versus government provision of public goods, respondents were asked their agreement with the item “It is the role of charities, not just the government, to meet community need”. Those who agreed or strongly agreed (a score of 4 or 5 on a five point scale) were coded as in favour of the private provision of public goods. 60% of the respondents fell into this category.

Religious values were measured using the same procedure as for political values. Respondents who agreed or strongly agreed with the statement: “I would say that religion is important in my life”, were coded as holding religious values as important (35% of the respondents).

Structural factors

Family situation was measured by asking respondents about their marital status, and the presence of (grand)children. In total, the sample included 51% of respondents who were married or had a partner, 12% widowed, 17% divorced or separated, and 20% single. 53% of the respondents had (grand)children. We control for respondent’s age, as it is strongly related to family status.

Financial wealth and assets is measured by family income and assets. Respondents indicated their annual family income and total family assets by selecting between five

income and six assets categories (as employed by the Australian Taxation Office). The income categories were recoded to three categories: 1) below \$52,000 (reference category); 2) between \$52,001 and \$104,000; and 3) over \$104,001. For assets, the categories were recoded to 1) below \$500,000 (reference category); 2) between \$500,000 and \$1 million; and 3) over \$1 million. Of the total sample, 129 respondents (15%) did not indicate their income, while 161 respondents (18%) did not indicate their assets. We included a dummy variable in the analyses to control for missing income and asset information.

Finally, *charitable giving* is measured by past giving behaviour. Respondents were asked how much they gave to charity in a typical year. 147 respondents (14%) did not answer this question. We replaced these missing amounts with the median donation of \$700. We included the total amount donated (divided by 1,000) in our analyses. The average reported donation was \$3,744. This is much higher than the average Australian donation to charitable organisations, which was \$424 in 2005 [2]. Note that all our respondents are charitable donors (due to the sampling procedure), which explains the higher than average charitable giving behaviour of the respondents in this study. Table 1 shows the descriptive statistics of the variables used in the study.

<<Insert table 1 about here>>

4. Results

Table 2 displays the results of a logistic regression model, explaining the incidence of bequest giving with attitudinal motivations and structural factors. All analyses control for age, educational level, whether the respondent indicated to be triggered to leave a charitable bequest by the (re)making of a will, and the partner organisation through which the respondents were approached.

<<Insert table 2 about here>>

Model 1 in table 2 shows the effect of the different attitudinal motives that people can have for bequest giving. We predicted that people with the desire to give back to their community or to a nonprofit organisation would have a higher probability of leaving charitable bequests. However, we found no significant effect for reciprocity motivations. Efficacy motivations, on the other hand, were found to be important for making a charitable bequest, in line with our

hypothesis. People with a stronger belief that charities are successful in helping those in need have a higher probability of leaving a charitable bequest.

Contrary to our hypothesis, and the general philanthropic literature, those with stronger altruistic values, who are highly concerned with helping others, were found to have a lower probability of leaving charitable bequests.

The other attitudinal motivations we hypothesized to affect making charitable bequests were political and religious values. However, neither of these were found to be significant. Model 1 in table 2 shows that whether respondents believe it is the role of the charities or the government to meet community needs, their probability of leaving a charitable bequest is unaffected. Similarly, people with stronger religious values were *not* found to be more likely to leave a charitable bequest.

Model 2 in table 2 shows the effect of different structural factors on bequest giving. First we look at the effects of family status. We do not find an effect of being married or having a partner. However, we do find a very strong negative effect of having (grand)children on leaving a charitable bequest. People with (grand)children have a 91% lower probability of leaving a charitable bequest, compared to people with no children or grandchildren.

The second structural factor we expected to affect leaving a charitable bequest, is the presence of higher levels of income and assets. Unexpectedly, we find that those with a higher income (over \$104,000) have a 61% lower probability of leaving a charitable bequest than those with an income below \$52,000. We find no difference in charitable bequest making between people with lower (under \$52,000) and middle family income (between \$52,000 and \$104,000). We furthermore expected that people with higher levels of financial assets have a higher probability of leaving a charitable bequest. We find no support for this hypothesis, as Model 2 in table 2 shows no differences between people with different levels of financial assets in bequest making. We can assume that these results are not distorted by missing income or asset information, as we controlled for this and found it unrelated to bequest giving.

For the final structural hypothesis, we stated that more generous charitable donors are more likely to leave a charitable bequest. The results in Model 2 in table 2 support this

hypothesis: People who donate \$10,000 or more over the course of a year, have a 27% higher probability of leaving a charitable bequest.

In model 3 in table 2, we included all variables in one model predicting leaving a charitable bequest. This does not change any of the effects of attitudes or structural factors on leaving a charitable bequest. This indicates that the attitudinal and structural factors for leaving a charitable bequest are unrelated.

5. Conclusion and discussion

In this study we used unique Australian data to answer the question of why some people are more inclined to leave charitable bequests than others. We separately investigated the effects of attitudinal factors affecting bequest making, such as reciprocity, efficacy and religious values, and structural factors, such as family status, financial wealth and past charitable giving behaviour. Table 3 depicts an overview of the hypotheses and results of this study.

<<Insert table 3 about here>>

Regarding the attitudinal factors affecting charitable bequest making, we found support for just one of the hypotheses - that people with stronger beliefs in the *efficacy* of charitable organisations have a higher probability of making charitable bequests. Theoretically, we argued that the importance of perceived effectiveness can be explained by the lack of options for control over the enactment of the gift. Bequestors have no means to know, in advance, if their gift will be used wisely after their death. They have to believe that the charity acts efficiently or they would not leave such a legacy.

In the wider philanthropic literature, altruistic, political and religious values and reciprocity motivations are important drivers of charitable giving more generally [24]. However, our study shows that these motivations are *not* important distinguishers between general charitable donors (without a bequest) and charitable donors who have included a charitable bequest in their will. One reason why altruistic values negatively affect bequest giving might reflect the perceived difficulties in making this type of gift. For example, how the decision to leave (part of) one's estate to charity will be seen by close relatives – its symbolism – may discourage individuals who have stronger altruistic values. Alternatively, this finding might reflect the planned and rational nature of this type of donation. Highly altruistic people may

prefer passionate and spontaneous giving during their lifetime, while bequests require considerable forethought and planning. However, further research would be necessary to test this post hoc assumption. While political and religious values are found to be very important in giving [30], they appear to be unrelated to charitable bequest making. However, our measure of political values could have been more extensive, and we need to consider that the partner organisations through which we solicited respondents were mostly secular, which could have biased our results.

Structural factors we found to positively influence charitable bequest behaviour were being without (grand)children, and making donations at a high level (in general, not necessarily to the organization the charitable bequest is pledged to). Unexpectedly, we found that people with the highest incomes have a lower probability of leaving a charitable bequest than people with the lowest incomes. One reason for this could be that many wealthy people are “income poor, asset rich”. They might report very low annual family income, but have high levels of wealth. However, we controlled for financial assets in the analyses and we did not find an effect for the level of financial assets on leaving a charitable bequest. Hence it is unlikely that those who are “income poor, asset rich” can account for the unexpected negative effect of family income on charitable bequest giving.

In line with fundraising literature, we also argued that charitable giving behaviour affects charitable bequest making. The results support the hypothesis that people who are more generous charitable donors have a higher probability of leaving a charitable bequest. We argued that this could be due to the likelihood that more generous donors are more aware of beneficiaries needs and receive more communications about the projects they support, making them better informed about the efficacy with which organisations spend their money than lower level givers (or non-donors). Furthermore, more generous charitable donors are more likely to be known by charitable organisations, and as such, receive more solicitations, hence increasing the probability that more generous donors are more likely to leave a charitable bequest. In future studies it would be very interesting to not only examine the effect of the amount that people donate while they are alive on whether or not they leave a charitable bequest, but also study the strength of the relationship with a charity to which they may or may not intend to leave a charitable bequest. This relationship could be measured for example with attitudinal loyalty towards a charity or with the age of the relationship, indicating how long the donor and the charitable organization have been connected. We expect that stronger attitudinal loyalty towards a particular charity and a

longer relationship with this charity will have a strong positive effect on leaving a charitable bequest to that particular charity.

One consideration with the data used in this study is that the respondents do not form a representative sample of the Australian population. The results can thus not be generalized to the total population. However, when studying charitable bequest making, it is virtually impossible to use a sample representative of the population, as only 7.5% of those with a will or 4.6% of the Australian population leave a charitable bequest [2]. To study charitable bequest making, an oversampling of charitable bequestors is a necessity. This means that we cannot make descriptive statements on Australian bequestors. However, the aim of this study is to investigate the effects of attitudinal and structural factors on leaving a charitable bequest. Because we use multivariate statistics in the analyses, the oversample of bequestors is less problematic. Another consideration to take into account is that our study explains charitable bequesting among current known charitable donors. It explains why some of these leave a charitable bequest, while others do not. The study does not include respondents who are not on charity donor databases. However, as there will be very few people who never give during life and then leave a charitable bequest, we expect this is a minor problem.

What do these findings mean for understanding the dynamics of leaving a charitable bequest, and what do they mean for practitioners seeking to solicit them? Firstly, this study suggests that leaving a charitable bequest may be feasible for those who are in a relationship keeping in mind that having (grand)children is likely to lessen its appeal. This is encouraging for practitioners, as more people are expected to be childless in the future, but more research is needed to test its wider applicability. Further, the study highlights the importance of 'efficacy' for bequestors, warranting further attention both by scholars and practitioners. The way this construct was measured in this study (that is, by asking about the perceived efficacy of the charitable bequest as well as of nonprofit organisations) allows for speculation that the cost/benefit assessment that individuals make about a charitable bequest may be a critical distinction between bequestors and non-bequestors. That efficacy is a growing issue is confirmed by the recent study of 500 wealthy UK and US donors which found that 78% of respondents did not perceive charities to be efficient and 82% believed that they needed to become more efficient and transparent in the future [43]. For scholars, research that addresses perceived efficiency and effectiveness of nonprofits, and bequests in particular, is vital. Practitioners have been successful in building bequestor relationships characterised by perceived efficacy yet clearly more needs to be done around this issue with

potential bequestors. It may be that non-bequestors are *unclear* about the efficacy of nonprofit organisations and of charitable bequests, rather than perceiving them as inefficient and ineffective. If the latter was true, cognitive dissonance would arise given that, in this study, non-bequestors are current donors.

Finally, the study provides evidence that charitable bequests may be more appealing to those of modest means than the rich (in terms of their propensity to leave a bequest, not the size of a bequest). Given that, in Australia, taxation benefit applies to donations during the donor's lifetime but not to charitable bequests as there are no estate taxes, the findings support the conclusion drawn by Ledbury Research [43] that wealthier, philanthropically-inclined individuals are seeking to give while they are alive rather than upon death. Further research is needed to confirm the nature and scope of this preference but it does raise concern for nonprofits that highly valued bequest income may fall. Practitioners face the twin challenges of, firstly, making a charitable bequest seem within the reach of, and desirable to, people of average means and, secondly, of providing inter vivos giving opportunities to those who can afford large gifts. If the joy of giving and involvement in nonprofit outcomes can be sparked for wealthier donors, a charitable legacy remains an option for them and, as noted, the more generous donor is more likely to make such a bequest.

In closing, this study provides evidence that the profile of those who have traditionally made charitable bequests is changing. Nonprofit organisations need to cultivate the right environment for charitable bequests to be made: while opportunities exist to expand bequest income, such gifts cannot be taken for granted.

Acknowledgements

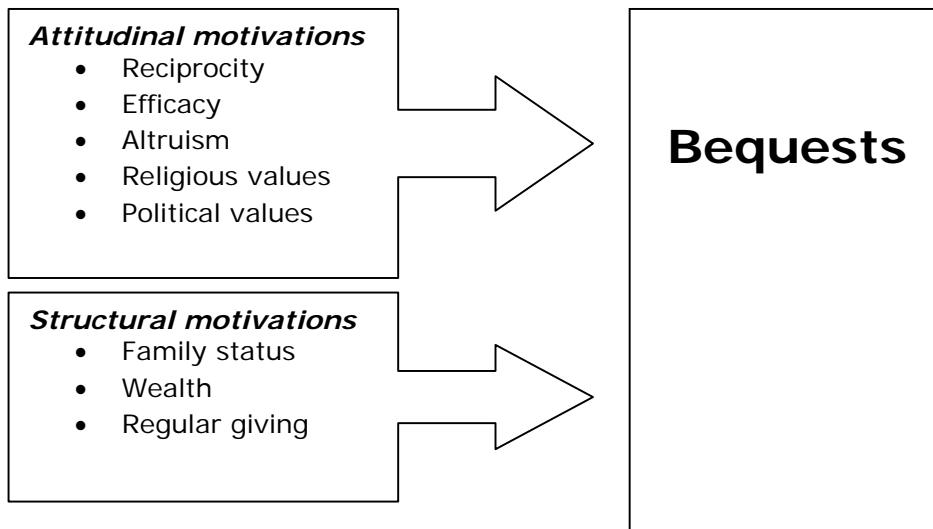
The authors thank Adrian Sargeant and Russell James III for their help and suggestions, which improved this work. This research has been supported by the E. F. and S. L. Gluyas Trust and the Edward Corbould Charitable Trust under the management of Perpetual Trustee Company Ltd.

References

- [1] A. Sargeant, W. Wymer, and T. Hilton, Marketing Bequest Club Membership: An Exploratory Study of Legacy Pledgers, *Nonprofit and Voluntary Sector Quarterly*. 35 (2006)
- [2] Giving Australia, Giving Australia: Research on Philanthropy in Australia, Prime Minister's Business Community Partnership, Department of Family and Community Services, Australian GovernmentPlace, Published, 2005.
- [3] Giving USA, Giving USA 2009: The Annual Report on Philanthropy for the Year 2008, Giving USA Foundation in conjunction with the Centre on Philanthropy, Indiana University, 2009.
- [4] Givewell, Australian Giving Post-tsunami: Australian Charities Financial Analysis 2004, Givewell, Evan Heads, 2005.
- [5] M. Lyons and A. Passey, Australians Giving and Volunteering 2004, Department of Families, Community Services and Indigenous Affairs, Australian Government, Canberra, 2005.
- [6] C. Pharoah, Charity Market Monitor, Volume 1: Fundraisers, CharitasDataPlace, Published, 2008.
- [7] Legacy Foresight, Legacy Foresight 2009, Published, 2009.
- [8] C. Pharoah and J. Harrow, Charitabel Legacies in an Environment of Change, Smith Institute Monograph, London, 2009.
- [9] C. Baker, How Victorians leave their money - patterns of transmission and giving, The Australian Sociology Association Conference, Asia Pacific Centre of Philanthropy & Social Investment, Swinburne University of TechnologyPlace, Published, 2007.
- [10] E. Krauser, Bequest Giving Study for Campbell & Company, The Center for Philanthropy at Indiana University, 2007.
- [11] J. J. Havens and P. G. Schervish, Why the \$41 Trillion Wealth Transfer Estimate is Still Valid: A Review of Challenges and Questions, Social Welfare Research Institute, Boston College, Boston, 2003.
- [12] P. Schervish, The material horizons of philanthropy: New directions for money and motives New Directions for Philanthropic Fundraising. Autumn (Fall)2000 (2000) 1-96.
- [13] D. Olsberg and M. Winters, Ageing in place: Intergenerational and Intrafamilial Housing Transfers and Shifts in Later Life, Australian Housing and Urban Research Institute, 2005.
- [14] K. Rawlinson and S. McKay, Attitudes to inheritance in Britain, Joseph Rowntree Foundation; The Policy Press, 2005.
- [15] R. N. James III, Health, wealth, and charitable estate planning: A longitudinal examination of testamentary charitable giving plans, *Nonprofit and Voluntary Sector Quarterly*. (forthcoming)
- [16] —, The Myth of the Coming Charitable Estate Windfall, *The American Journal of Public Administration*. (forthcoming)
- [17] K. Madden and W. Scaife, Good times and Philanthropy: Giving by Australia's Affluent, Australian Centre for Philanthropy and Nonprofit Studies, Queensland University of Technology, Brisbane, 2008.
- [18] A. Sargeant and Y. Shang, Indentification, Death and Bequest Giving. A Report to AFP and Legacy Leaders, Indiana University, Indianapolis, IN, 2008.
- [19] C. Routley, A. Sargeant, and W. Scaife, Bequests to Educational Institutions: Who Gives and Why?, *International Journal of Educational Advancement*. 7 (2007) 193.
- [20] K. Madden and W. Scaife, Keeping Giving Going. Charitable Bequests and Australians, CPNS Working Paper. QUT: Brisbane (2008)
- [21] P. G. Schervish and J. J. Havens, How do People Leave Bequests: Family or Philanthropic Organizations?, in A. Munnell and A. Sunden, *Death and Dollars*, Brookings Press, forthcoming, pp.
- [22] A. Sargeant, T. Hilton, and W. Wymer, Bequest Motives and Barriers to Giving The Case of Direct Mail Donors, *Nonprofit Management & Leadership*. 17 (2006) 49-66.

- [23] F. Ostrower, *Why the Wealthy Give: The Culture of Elite Philanthropy*, Princeton University Press Princeton, NJ, 1995.
- [24] R. Bekkers and P. Wiepking, *Generosity and Philanthropy: A Literature Review*, University of Notre Dame, Notre Dame, IN, 2007.
- [25] C. F. Chang, A. A. Okunade, and N. Kumar, Motives behind Charitable Bequests, *Journal of Nonprofit & Public Sector Marketing*. 6 (1999) 69-85.
- [26] J. Andreoni, Economics of Philanthropy, in L.-A. Gerard-Varet, S.-C. Kolm, and J. M. Ythier, *Handbook of Giving, Reciprocity and Altruism*, Elsevier, North-Holland, 2004, pp. 11369-11376.
- [27] N. Eisenberg, Values, Sympathy, and Individual Differences: Toward a Pluralism of Factors Influencing Altruism and Empathy, *Psychological Inquiry*. 2 (1991) 128-131.
- [28] W. T. Harbaugh, What Do Donations Buy? A Model of Philanthropy Based on Prestige and Warm Glow, *Journal of Public Economics*. 67 (1998) 269-284.
- [29] R. N. James III, M. K. Lauderdale, and C. A. Robb, The growth of charitable estate planning among Americans nearing retirement, *Financial Services Review*. 18 (in press)
- [30] A. C. Brooks, *Who Really Cares. The Surprising Truth about Compassionate Conservatism*, Basic Books, New York, 2006.
- [31] R. Bekkers and T. N. M. Schuyt, And Who is Your Neighbor? Explaining the Effect of Religion on Charitable Giving and Volunteering, *Review of Religious Research*. 50 (2008) 74-96.
- [32] D. R. Hoge and F. Yang, Determinants of Religious Giving in American Denominations: Data from Two Nationwide Surveys, *Review of Religious Research*. 36 (1994) 123-148.
- [33] R. Wuthnow, *Acts of Compassion: Caring for Others and Helping Ourselves*, Princeton University Press, Princeton, NJ, 1991.
- [34] G. Auten and D. Joulfaian, Charitable Contributions and Intergenerational Transfers, *Journal of Public Economics*. 59 (1996) 55-68.
- [35] T. Whitaker, Creating Virtual Families? The Bequeathing Practises of Childless Single and Widowed Testators in 1951 and 2000 in Ireland, *Journal of Family History*. 32 (2007) 133-148.
- [36] J. Havens and P. Schervish, *Millionaires and the Millennium: New Estimates of the Forthcoming Wealth Transfer and the Prospects for a Golden Age of Philanthropy*, Boston College Social Welfare Research institute, Boston, 1999.
- [37] D. Joulfaian, Charitable Bequests and Estate Taxes, *National Tax Journal* (1986-1998). 44 (1991) 169-80.
- [38] F. Hannah and M. McGregor-Lowndes, Every Player Wins a PRIZE? Family Provision Applications And bequests to Charity, *The Australian Centre for Philanthropy and Nonprofit Studies*, Queensland University of Technology, Brisbane, 2008.
- [39] J. S. Gans and A. Leigh, Did the Death of Australian Inheritance Taxes Affect Deaths?, *Topics in Economic Analysis & Policy*, Published, 2006.
- [40] A. Sargeant and E. Jay, *Building Donor Loyalty: The Fundraiser's Guide to Increasing Lifetime Value*, Jossey-Bass, San Francisco, 2004.
- [41] A. Sargeant and T. Hilton, The final gift: targeting the potential charity legator, *International Journal of Nonprofit and Voluntary Sector Marketing*. 10 (2005) 3-16.
- [42] J. L. Schafer and J. W. Graham, Missing Data: Our View of the State of the Art, *Psychological Methods* 7(2002) 147-177.
- [43] Ledbury Research, *Tomorrow's Philanthropist*, Barclays Wealth in co-operation with Ledbury Research, London, 2009.

Figure 1: Proposed attitudinal and structural motivations that increase the propensity to include a charitable bequest in one's will



Tables Leaving a legacy: Bequest giving in Australia

Table 1 Descriptive statistics of the variables used in the study

| <i>Variables</i> | Obs. | Mean | Std. Dev. | Min | Max |
|--------------------------------|------|------|--------------|------|------|
| Left a charitable bequest | 846 | 0.52 | 0.50 | 0 | 1 |
| <i>Attitudinal motivations</i> | | | | | |
| Reciprocity | 846 | 2.46 | 0.71 | 1 | 3.67 |
| Efficacy | 846 | 4.26 | 0.62 | 1 | 5 |
| Altruistic values | 846 | 3.78 | 0.56 | 1.33 | 4.67 |
| Political values | 846 | 0.61 | 0.49 | 0 | 1 |
| Religious values | 846 | 0.38 | 0.48 | 0 | 1 |
| <i>Structural factors</i> | | | | | |
| Family Status | | | | | |
| Married or having a partner | 846 | 0.51 | 0.50 | 0 | 1 |
| Children | 846 | 0.53 | 0.50 | 0 | 1 |
| Income | | | | | |
| \$52,001 - \$104,000 | 846 | 0.29 | 0.45 | 0 | 1 |
| Over \$104,001 | 846 | 0.21 | 0.41 | 0 | 1 |
| Assets | | | | | |
| \$500,000 - \$1m | 846 | 0.23 | 0.42 | 0 | 1 |
| Over \$1m | 846 | 0.22 | 0.41 | 0 | 1 |
| Financial information missing | 846 | 0.20 | 0.40 | 0 | 1 |
| Charitable giving ^a | 846 | 3.31 | 19.44 | 0 | 500 |

Notes: ^a Amount donated /1000.

Table 2 Logistic regression analyses of leaving a charitable bequest (N=846)

| | Model 1 | | Model 2 | | Model 3 | |
|---------------------------------|---------------------|--------------------|---------------------|--------------------|---------------------|--------------------|
| | B | Exp(B) | B | Exp(B) | B | Exp(B) |
| <i>Attitudinal motivations</i> | | | | | | |
| Reciprocity | -0.041 (0.150) | 0.960 (0.144) | | | -0.131 (0.167) | 0.877 (0.146) |
| Efficacy | 0.603** (0.177) | 1.828** (0.324) | | | 0.589** (0.201) | 1.802** (0.362) |
| Altruistic values | -0.713** (0.202) | 0.490** (0.099) | | | -0.543* (0.226) | 0.581* (0.131) |
| Political values | -0.179 (0.221) | 0.836 (0.185) | | | -0.289 (0.250) | 0.749 (0.187) |
| Religious values | -0.267 (0.224) | 0.766 (0.171) | | | -0.061 (0.256) | 0.941 (0.241) |
| <i>Structural factors</i> | | | | | | |
| Family status | | | | | | |
| Single or divorced (ref.) | | | - | - | - | - |
| Married or having a partner | | | -0.180 (0.254) | 0.835 (0.213) | -0.160 (0.258) | 0.852 (0.220) |
| Children | | | -2.385** (0.295) | 0.092** (0.027) | -2.333** (0.302) | 0.097** (0.029) |
| Income | | | | | | |
| Under \$52,000 (ref.) | | | - | - | - | - |
| \$52,001 - \$104,000 | | | -0.347 (0.310) | 0.707 (0.219) | -0.357 (0.317) | 0.700 (0.222) |
| Over \$104,001 | | | -0.951* (0.403) | 0.386* (0.156) | -1.071* (0.415) | 0.343** (0.142) |
| Assets | | | | | | |
| Under \$500,000 (ref.) | | | - | - | - | - |
| \$500,000 - \$1m | | | -0.283 (0.322) | 0.753 (0.243) | -0.277 (0.331) | 0.758 (0.251) |
| \$1m plus | | | -0.094 (0.374) | 0.910 (0.341) | -0.169 (0.385) | 0.845 (0.325) |
| No income and/ or asset info | | | -0.180 | 0.835 | -0.211 | 0.809 |

| | | | | | |
|--------------------------------|---------|---------|---------|---------|---------|
| | | (0.320) | (0.267) | (0.328) | (0.265) |
| Charitable Giving ^a | | 0.027* | 1.027* | 0.025* | 1.025* |
| | | (0.011) | (0.011) | (0.011) | (0.011) |
| Constant | -1.220 | 0.632 | | 0.607 | |
| | (1.071) | (0.647) | | (1.237) | |

Notes: Analyses control for age, educational level, triggered by making/remaking will and partner organisation (coefficients not displayed); Standard errors in parentheses; * significant at 5%; ** significant at 1%; ^a Amount donated /1000.

Table 3 Overview of the hypotheses and results of this study

| Hypotheses | Expectation | Result |
|---|-------------|--------|
| Attitudinal motivations for charitable bequests | | |
| <i>1. Reciprocity</i> | | |
| People who are more strongly motivated to give back to their community have a higher probability of leaving a charitable bequest. | + | 0 |
| <i>2. Efficacy</i> | | |
| People with a stronger belief in the effectiveness of charitable organisations have a higher probability of leaving a charitable bequest. | + | + |
| <i>3. Altruistic values</i> | | |
| People with stronger altruistic values have a higher probability of leaving a charitable bequest. | + | - |
| <i>4. Political values</i> | | |
| People with a stronger belief in the governmental provision of public goods have a lower probability of leaving a charitable bequest. | - | 0 |
| <i>5. Religious values</i> | | |
| People with stronger religious values have a higher probability of leaving a charitable bequest. | + | 0 |
| Structural factors for charitable bequests | | |
| <i>6. Family status</i> | | |
| People who have partner have a lower probability of leaving a charitable bequest. | - | 0 |
| People who have (grand)children have a lower probability of leaving a charitable bequest. | - | - |
| <i>Financial wealth and assets</i> | | |
| 7. People with more financial resources and assets have a higher probability of leaving a charitable bequest. | + | 0/- |
| <i>8. Charitable giving behaviour</i> | | |
| People who are more generous charitable donors have a higher probability of leaving a charitable bequest. | + | + |