



# The Psychology of the Massive Donation

## Gifts of wealth

Professor Russell James, Texas Tech University

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# The Secret to Fundraising Math

## Gifts of Wealth Not Disposable Income

Professor Russell James  
Texas Tech University

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Wealth is  
not income

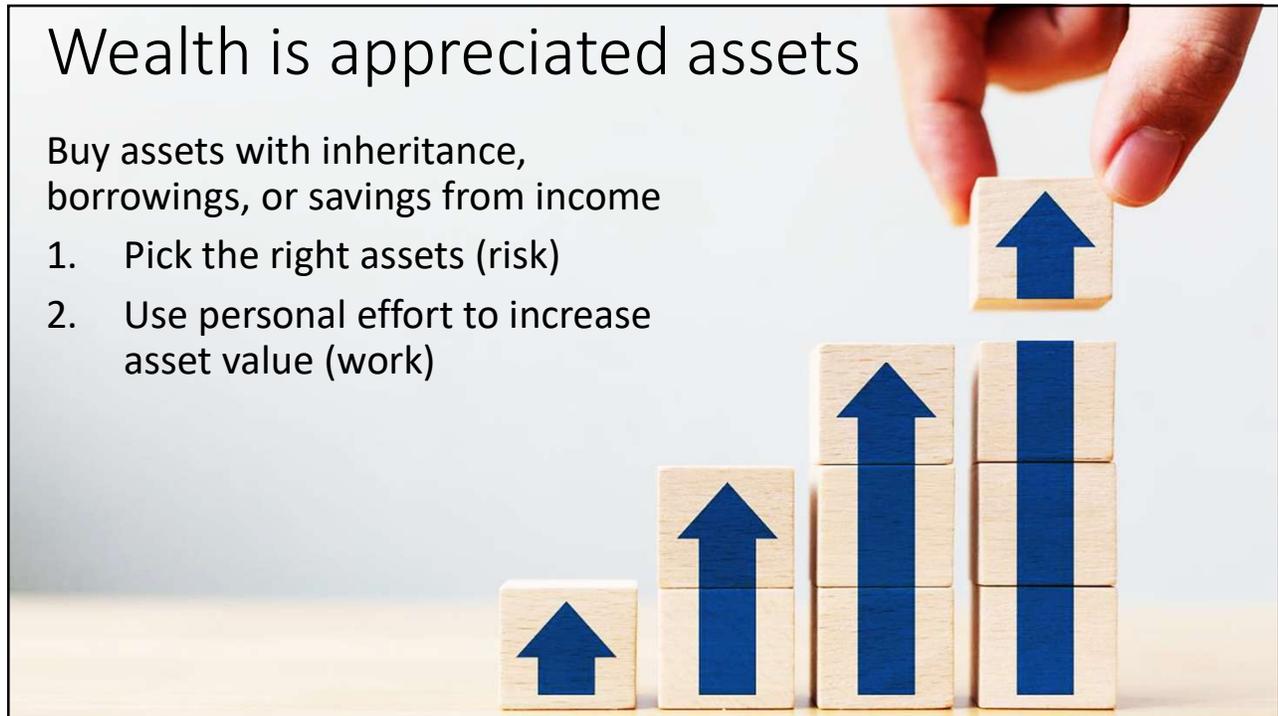
- Wealth doesn't come from a paycheck
- Wealth comes from owning assets that go up in value

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## Wealth is appreciated assets

Buy assets with inheritance, borrowings, or savings from income

1. Pick the right assets (risk)
2. Use personal effort to increase asset value (work)



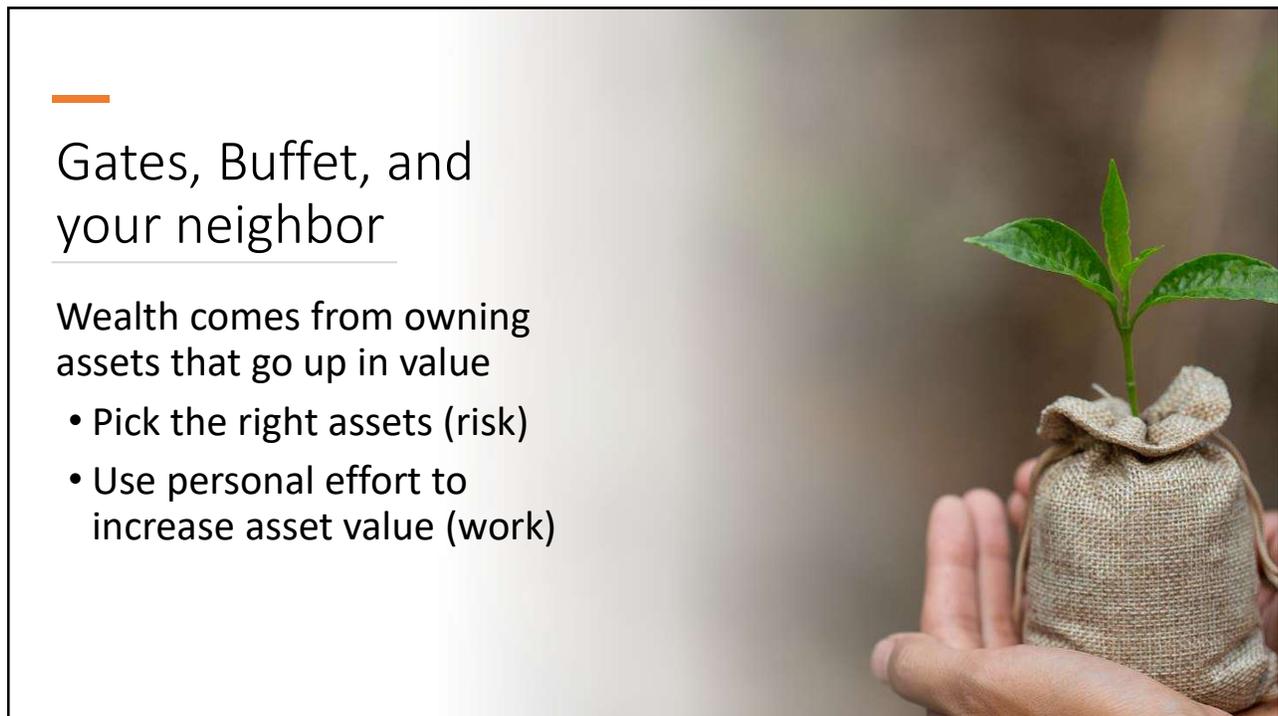
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## Gates, Buffet, and your neighbor

Wealth comes from owning assets that go up in value

- Pick the right assets (risk)
- Use personal effort to increase asset value (work)

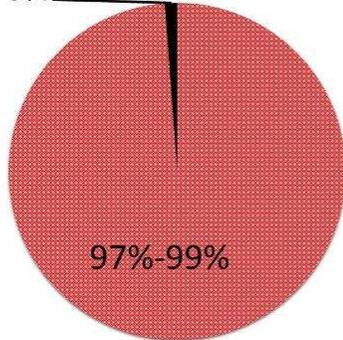


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## Wealth is a different money category

### Financial assets held by families (U.S. Census 2017)

1%-3%



- Other financial assets (stocks, bonds, retirement accounts, life insurance, mutual funds)
- Cash: Checking, savings, money market deposit accounts, and similar

- The story of wealth is the story of appreciated assets
- Less than 3% of household wealth is held in cash or checking accounts

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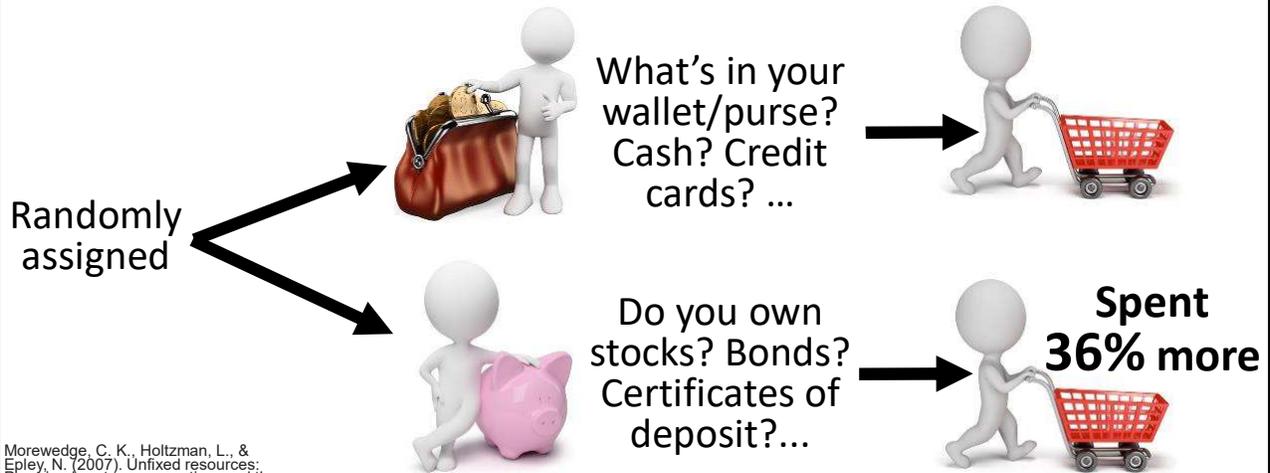
Gift size is relative to the money category

- Asking for cash is asking from the small bucket
- Asking for appreciated assets is asking from the big bucket
- Large gifts are made possible by large reference points

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# Money categories change behavior

Shoppers entering Broadway Market in Cambridge, MA

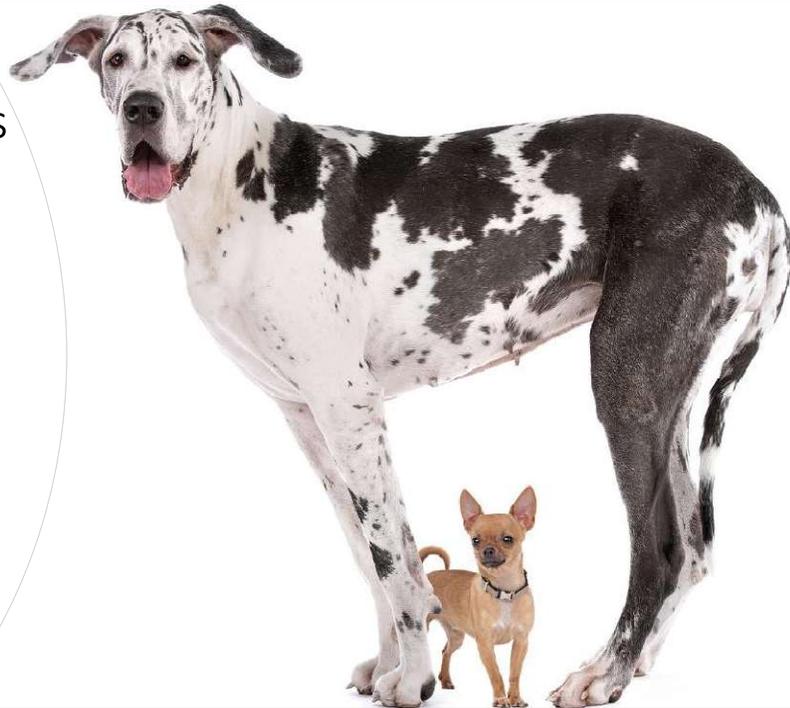


Morewedge, C. K., Holtzman, L., & Epley, N. (2007). Unfixed resources: Perceived costs, consumption, and the accessible account effect. *Journal of Consumer Research*, 34(4), 459-467.

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## Money categories change current donations

- A small ask from a small category works
- A big ask from a small category does not work
- A big ask from a big category works



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## Gift description changes money reference points

- A monthly pledge where gift amounts were described as \$\_\_ a day or \$\_\_ a year
- With daily amount, people compared the gift with “routinely encountered, petty-cash types of expenditures”
- With the annual amount, people compared with “infrequently encountered, major expenditures”



Gourville, J. T. (1998). Pennies-a-day: The effect of temporal reframing on transaction evaluation. *Journal of Consumer Research*, 24(4), 395-408.

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## Big gifts need big reference points

Using \$1/\$4/\$7 a day vs. \$350/\$1,400/\$2,500 a year

- For the smallest ask, the daily amount worked better
- But for anything over \$1,000, the result reversed
- The “pennies a day” story worked, but only for pennies



Gourville, J. T. (1998). Pennies-a-day: The effect of temporal reframing on transaction evaluation. *Journal of Consumer Research*, 24(4), 395-408.

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## A small reference point makes future gifts small

- People had a gift made on their behalf either as a single lump sum or broken into small daily amounts
- Later, people with prior gifting broken into small amounts gave a third less

Hmurovic, J., & Lambertson, C. (2017). Does repeating prompt retreating? How the structure of initial charitable contributions impacts the magnitude of subsequent support. *North American - Advances in Consumer Research*, 45, 661-662



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## Reframing the reference point

- People with prior gifts on their behalf broken into small amounts then gave a third less
- Why? The reference point felt smaller
- Solution: Showing the total of prior gifts before making the ask increased donations almost 50%

Hmurovic, J., & Lambertson, C. (2017). Does repeating prompt retreating? How the structure of initial charitable contributions impacts the magnitude of subsequent support. *North American - Advances in Consumer Research*, 45, 661-662

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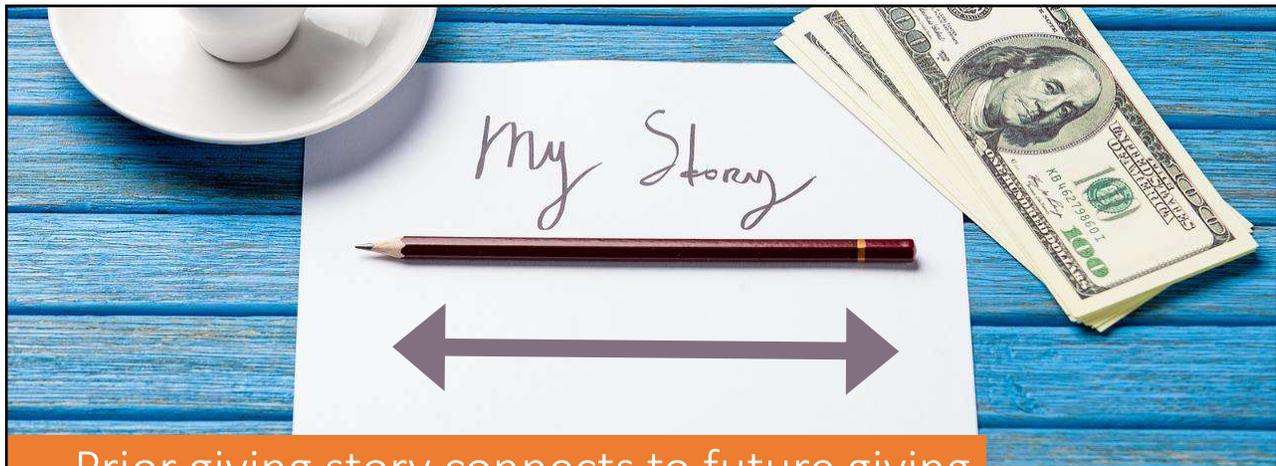
## Another experiment: Same result

- When their prior gifts were described in total terms, people gave more
- If described in monthly terms, they gave less



Experiment 1. Hmurovic, J., & Lambertson, C. (2017). Does repeating prompt retreating? How the structure of initial charitable contributions impacts the magnitude of subsequent support. *North American - Advances in Consumer Research*, 45, 661-662

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Prior giving story connects to future giving

- Describing past giving as several small gifts is one story
- Describing it as a single large total is a different story
- Changing the story changes the reference point and the behavior

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## Best performing headline

[6 mailings, 50,000 people]

“CAMPAIGN DONOR FOR  
\_\_\_ YEARS

Your most generous gift  
was \$\_\_\_. Thank you.”

Emphasizes

- Largest gift
- Long relationship



Khan, H. & Hardy, E. (2019). *Using behavioural insights to encourage charitable donations among repeat donors*. Privy Council Office: Impact Canada

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## Which gift is more valuable?

A \$10,000 check vs.  
\$10,000 of stock shares

One gift is more hassle for  
the nonprofit, but it costs  
the donor less (avoiding  
capital gains taxes)



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## A money category answer

A \$10,000 check vs.

\$10,000 of stock shares

If gifting comes from the tiny category, future gifting stays tiny

- A checking account is where disposable income lives
- Appreciated assets is where wealth lives



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## “Mental accounting”

- In math, a dollar is a dollar
- In story, people put labels on money and then treat the dollars differently based on those labels
- When a new category of money becomes donation relevant, giving increases



Thaler, R. (1985). Mental accounting and consumer choice. *Marketing Science*, 4(3), 199–214; LaBarge, M. C., & Stinson, J. L. (2014). The role of mental budgeting in philanthropic decision-making. *Nonprofit and Voluntary Sector Quarterly*, 43(6), 993–1013.

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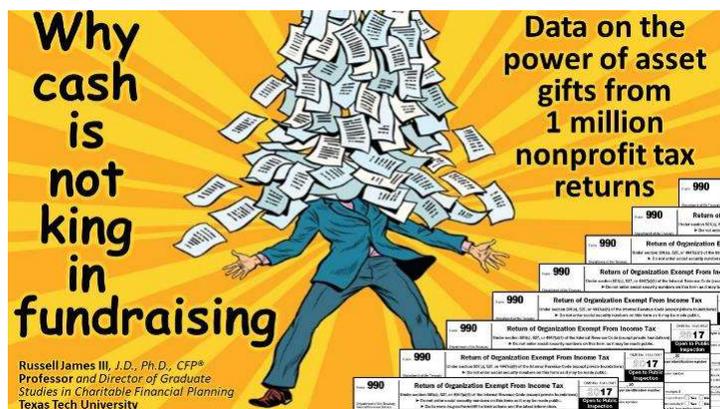
## Making the category donation-relevant

After a first gift of furniture or clothes [or **stock**], the category becomes donation relevant

Whenever redecorating or moving [or an **asset sale**], is contemplated, charity comes to mind



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James III, R. N. (2018). Cash is not king for fundraising: Gifts of noncash assets predict current and future contributions growth. *Nonprofit Management & Leadership*, 29(2), 159-179.

Real world: Money categories and fundraising success

Over a million nonprofit tax returns showed the answer: Raising money from noncash assets predicts current and future fundraising success

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## 5-year average growth in total fundraising

**NONPROFITS**  
receiving  
**ONLY**  
**CASH**  
gifts

2,548 nonprofits raising \$1MM+ in 2010 reported only cash gifts in 2010 & 2015 on e-file IRS-990

**11%**  
**GROWTH**

**NONPROFITS**  
receiving  
**ANY**  
**NONCASH**  
gifts

4,236 nonprofits raising \$1MM+ in 2010 reported noncash gifts in 2010 & 2015 on e-file IRS-990

**50%**  
**GROWTH**

**NONPROFITS**  
receiving  
**SECURITIES**  
**NONCASH**  
gifts

2,143 nonprofits raising \$1MM+ in 2010 reported securities gifts in 2010 & 2015 on e-file IRS-990

**66%**  
**GROWTH**

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### How to start

- Listen: An upcoming sale, retirement, inheritance are all times for charitable planning.
- Be a resource: I help our donors give smarter. How? Share a story.
- Share stories: Donor stories can include stocks, bonds, real estate, or businesses.

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How do I have  
wealth and  
asset  
conversations?

Let's get  
practical!



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Tell me a story: Past,  
present, and future

Assets have stories

- Past: Origins of the asset
- Present: What's happening now
- Future: Future plans for the asset

Uncovering this story → Charitable  
planning opportunities

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## Questions can lead the donor through their asset story

### Past

- “What’s the story of your business? How did you get started?”

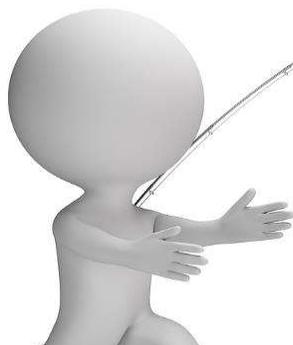
### Present

- “What are you proudest of?”
- “What are you most excited about at the current time?”



Questions from Sharkey, G. (2021, March 25). Personal communication. Greg Sharkey, Senior Philanthropy Advisor, The Nature Conservancy.

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# FUTURE

## Future sale or transfer

- “What are your future plans for your business?”
- “What will that mean to you?”

“Have you thought about using the sale or transition of your business as an opportunity to achieve some of your charitable goals in addition to financial goals?”

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## Future estate transfer?

- “Will your heirs continue running the business?”
- “I know there are some smart ways to avoid taxes for people like you who want to include a gift to charity in their plans. Have you ever considered that?”



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## Other assets?



- “Are you a collector (art, stamps, coins, etc.)?” “What is the story? How did you get started?”
- “Do you invest in Real Estate?” “How did you get started?”
- “Where do you vacation?” “Do you own a home there?”
- “How has the market been treating you?” “What is your investment philosophy?” “What’s the best investment you ever made? Tell me that story.”

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Past to present to  
CHARITABLE future

“Have you considered making gifts with assets instead of cash?”

“Most donors giving at your level use appreciated assets instead of cash because they get a double tax benefit. Have you ever considered giving in that way?”

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“How?” questions

“Why?” questions uncover connections to the donor’s people, values, and history

“How?” questions uncover wealth:

- “You’ve done so much for [charity]. What allows you to be so generous?”
- “How were you able to make this wonderful gift?”\*



\*Rice, Dan. (October, 2009). *Asking for principal gifts – 5 approaches*. Presented at the National Conference on Philanthropic Planning, October 14-17, National Harbor, MD. p. 2.

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## From “How?” to wealth conversations

1. What makes it possible for you to make this generous cash gift?
2. Have you ever given something other than cash to a charitable organization?
3. Are you planning to sell something this year that is worth more than you paid for it?



Steenhuysen, Jay. (October 23, 2015). *A future for gift planning*. Presented at the National Conference on Philanthropic Planning.

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## Reverse questions

A statement triggers a question:

***“I help donors give smarter.”***  
 → ***“How do you do that?”***

***“I help people give weird assets to [charity].”***  
 → ***“What’s the weirdest asset someone has given?”***

This gives permission to share a story

Clontz, Bryan. (June 3, 2018). *Planned giving comedy hour*. Presented at the Life and Legacy Conference, Springfield, MA.

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## Their question gives you permission to share a story

### Your story

- Your advice helps someone like the donor
- They give an asset instead of cash

### Ends with a question

- “Have you ever made any unusual investments?”
- “Have you ever been hit with capital gains taxes?”



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## Follow-up questions

“Have you ever made any unusual investments?”

- Yes? Ask about it. “Has it gone up in value?”
- No? Ask about it. “So, do you like stocks or bonds or something else?”



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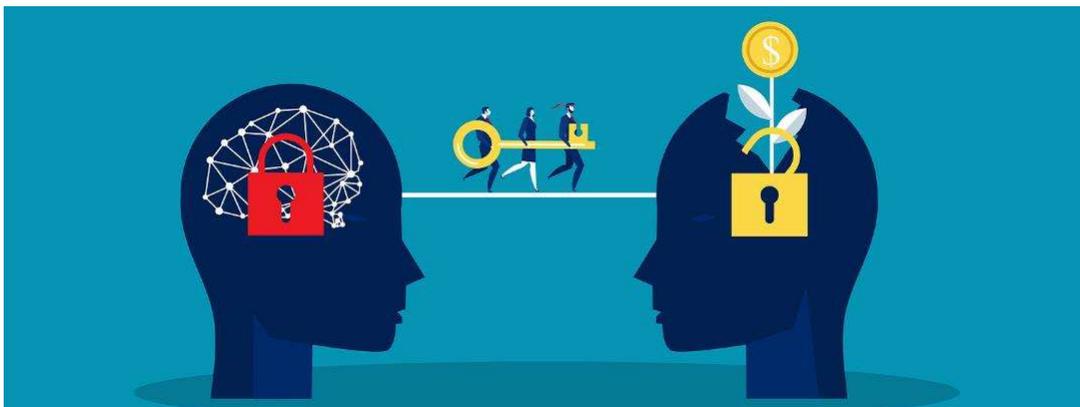
## Follow-up questions

“Have you ever been hit with capital gains taxes?”

- Yes? Ask about it. “That must mean you were good at investing! Tell me what happened!”
- No? Ask about it. “That’s smart. It’s good to avoid those as long as you can. Do you think it might be a problem in the future?”



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Mindset matters

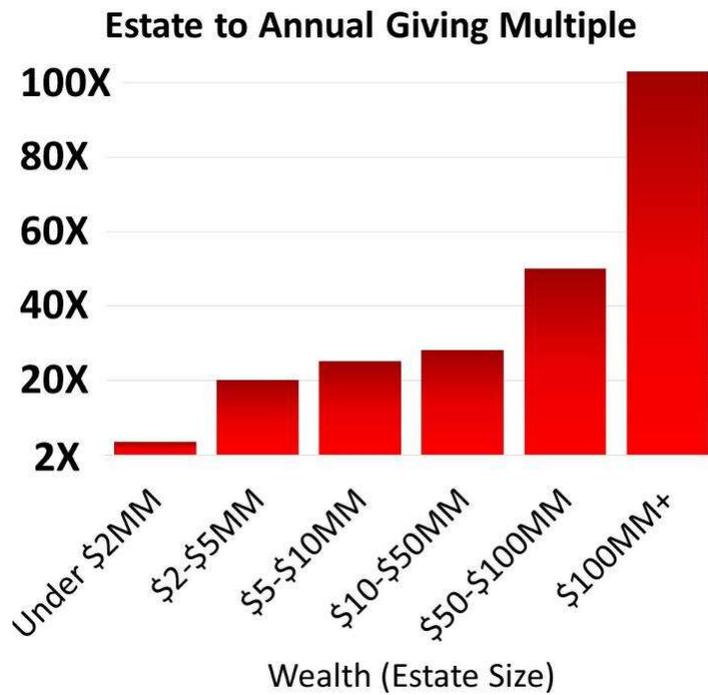
- Gifts from disposable income stay small.
- Once a donor begins to think of donations as something that comes from wealth, things change!

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## Legacy gifts can be transformational for the organization

- Estate gifts from the wealthy can be enormous

James, R. N. III. (2020). American charitable bequest transfers across the centuries: Empirical findings and implications for policy and practice. *Estate Planning and Community Property Law Journal*, 12, 235-285, 271.

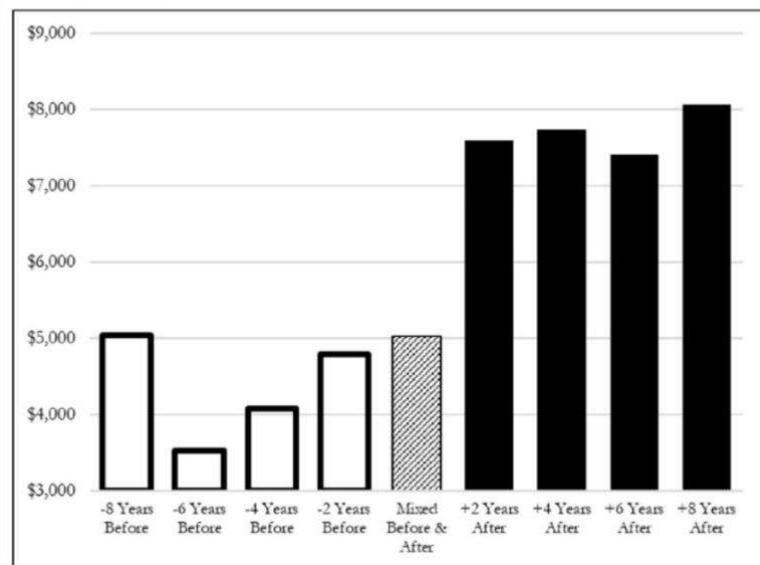


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## Legacy gifts can be transformational for the donor

- Current giving increases dramatically after adding charity to an estate plan
- Annual donations are consistently about 75% higher

Figure 1. Average Annual Charitable Donations Before and After Adding Charity to an Estate Plan

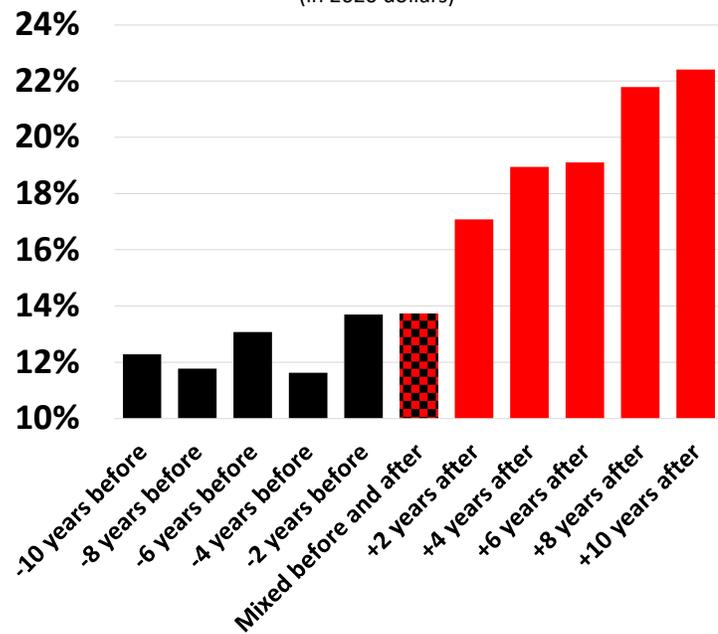


James, R. N. III. (2020). The emerging potential of longitudinal empirical research in estate planning: Examples from charitable bequests. *UC Davis Law Review*, 53, 2397-2431 at p. 2422.

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Major giving propensity increases after including charity in the estate plan

**Propensity to make gifts of \$10,000+**  
(in 2020 dollars)



Data from 1992-2016 Health and Retirement Study

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The Psychology of the Massive Donation

Foundations, Funds, Trusts, and Endowments

Professor Russell James, Texas Tech University

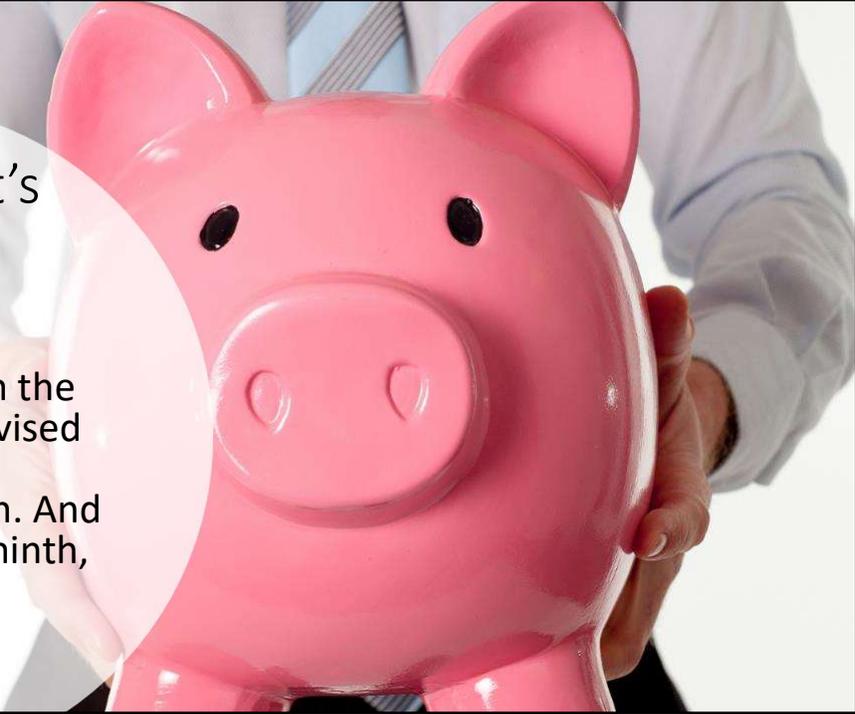
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Many fundraisers don't understand the real world of philanthropy

- They don't understand wealth
- They don't understand charitable instruments

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Because that's where the money is

The largest charity in the U.S.? It's a donor advised fund. So is the third largest. And the sixth. And the eighth, and the ninth, and the tenth.

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Because that's where the money is

- Charitable remainder and lead trusts hold over \$100 billion
- 50 to 100 times what the American Red Cross or the American Cancer Society has



Rosenmerkel, L. S. (August 2013). Split-Interest Trusts, Filing Year 2012, <https://www.irs.gov/pub/irs-soi/14eowinbulsplitinterest12.pdf>

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Because that's where the money is

Private foundations hold about a trillion dollars

IRS, Statistics of Income Division, Domestic Private Foundations Study, November 2019. Table 3. Domestic Private Foundations: Income Statements and Balance Sheets, by Size of Fair Market Value of Total Assets, Tax Year 2016, <https://www.irs.gov/pub/irs-soi/16pf03ta.xls>



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## So what?

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Understanding the attraction of these instruments

- Reveals the psychology of giving and wealth
- Shows your real competition

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Charitable foundations, funds, and trusts provide big value to donors

- Multiply the feeling of being generous
- Divide the feeling of paying a cost
- Allow giving and holding wealth at the same time
- Include instructions reflecting the donor's identity
- Give permanence to the donor's identity

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Multiply the feeling of being generous

Step 1: Donor gives to a charitable fund that he controls

Step 2: Donor manages the assets in the charitable fund

Step 3: Donor makes transfers from the fund to a charity

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Step 1: Donor gives to a charitable fund that he controls

- The donor is generous
- The government recognizes this philanthropy with a deduction



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## Step 3: Donor makes transfers from the fund to a charity

- The donor is generous AGAIN
- A charity gets the money and makes an impact



Andreoni, J., & Serra-Garcia, M. (2021). The pledging puzzle: How can revocable promises increase charitable giving?. *Management Science*, 67(10), 6198-6210.

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Step 2: Donor manages the assets in the charitable fund

- The donor manages his charitable fund
- This regularly reminds him (and others) of his generosity

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## Divide the feeling of paying a cost

Step 1: The donor gives to his charitable fund

- This cost isn't as painful as a normal gift
- The donor isn't giving up as much
- Still controls investments (sometimes can even benefit)
- Still controls which charities will get funds and when



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## Divide the feeling of paying a cost

Step 3: Donor transfers from the fund to a charity

- This cost isn't as painful as a normal gift
- The donor isn't giving up as much
- The gift has already been committed to go to charity at some point
- The decision only affects the timing



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## Allow giving and holding wealth at the same time

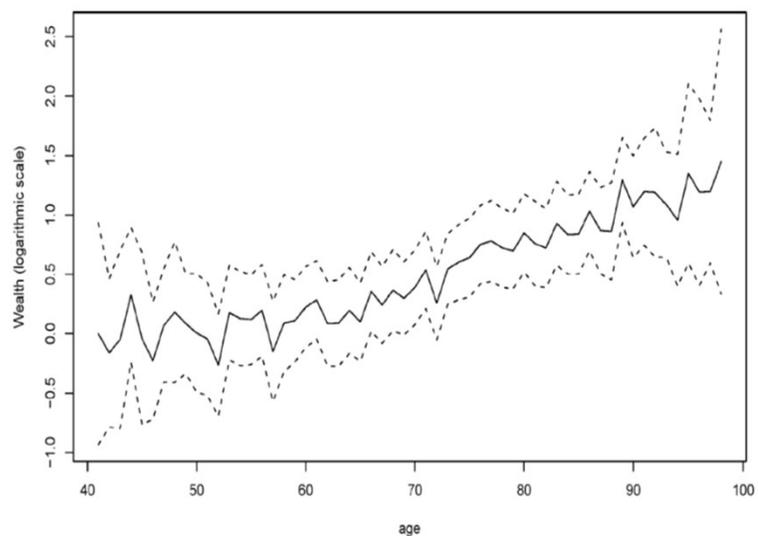
Step 2: The donor has already given (and received a tax deduction), yet the donor still holds the wealth



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## Wealthy people like to hold wealth

- That's part of the reason why they became or stayed wealthy
- They don't spend it even during retirement
- When the wealthy (top 5%) hit age 65 their rate of wealth accumulation **increases**



Kopczuk, W. (2007). Bequest and tax planning: Evidence from estate tax returns. *The Quarterly Journal of Economics*, 122(4), 1801-1854, Figure 1.

56

**Wealthy people like to hold wealth**

They don't give it away to family members during their life even though this would save enormously on estate taxes

Kopczuk, W., & Slemrod, J. (2003): "Tax Consequences on Wealth Accumulation and Transfers of the Rich," In A.H. Munnell & A. Sundén (Eds.), *Death and Dollars: The Role of Gifts and Bequests in America* (pp. 213–249). Washington, DC: Brookings Institution Press

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**Wealthy people like to hold wealth**

- Estate giving allows donors to give and hold wealth at the same time
- A donor includes a charity in his estate plan, but he is still holding the wealth
- This is how wealthy people prefer to give

**Estate to Annual Giving Multiple**

Wealth (Estate Size)	Estate to Annual Giving Multiple
Under \$2MM	~2X
\$2-\$5MM	~20X
\$5-\$10MM	~25X
\$10-\$50MM	~30X
\$50-\$100MM	~50X
\$100MM+	100X

Steuerle, C. E., Bourne, J., Ovalle, J., Raub, B., Newcomb, J., & Steele, E. (2018). *Patterns of Giving by the Wealthy*. Urban Institute. Table 4.

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## Large gifts come with lots of instructions



- Instructions make the gift compelling
- They reflect the donor's values, life story, and identity

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Gift restrictions  
make the gifts  
larger

The instructions make the gift  
compelling

Helms, S. E., Scott, B. L., & Thornton, J. P. (2012). Choosing to give more: Experimental evidence on restricted gifts and charitable behaviour. *Applied Economics Letters*, 19(8), 745-748

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## Large gifts HAVE ALWAYS come with lots of instructions

In two studies of wills from the 1800s, charitable bequests were restricted in

- 14% of small cash gifts
- 58% of real estate or large cash gifts
- 70% of gifts of a share of the entire estate

James III, R. N. (2020). American Charitable Bequest Transfers across the Centuries: Empirical Findings and Implications for Policy and Practice. *Estate Planning & Community Property Law Journal*, 12, 235-285.



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## Death is a problem

The solution: "symbolic immortality" the idea that some part of one's identity – one's values, story, name, family, or community – will live on

Pyszczynski, T., Greenberg, J., & Solomon, S. (1999). A dual process model of defense against conscious and unconscious death-related thoughts: An extension of terror management theory. *Psychological Review*, 106, 835-845.



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Really big gifts come with donor instructions that create lasting results



“The majority of principal gifts were intended to provide long-term or perpetual benefits to the institution. Nearly two thirds of all gifts were designated in whole or part for endowment...

Only 14% of the gifts included unrestricted current use funding...

Just under half of the gifts (46%) provided funding for new buildings or renovations...”

Giacomini, C., Trumble, D., Koranteng, A. & King, J. (2022). CASE Study of Principal Gifts to U.S. Colleges & Universities. p. 7.

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## Give permanence to the donor's identity

- A donor can't provide a college education, but through a nonprofit he can
- A donor can't advance cancer research, but through a nonprofit he can
- A nonprofit can do something else the donor can't: It can live forever



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Include instructions reflecting the donor's identity

- The most extreme version of gift instructions: Foundations, funds, and trusts.
- Pages of detailed instructions controlling the gift for decades or even generations

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The ultimate charitable instrument for symbolic immortality

#### The private foundation

- Legally bound to advance the donor's values
- Named for and managed by the donor and the donor's family
- Lives forever



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## Permanence is powerful in estate giving

- 78% of charitable bequest dollars (estates \$5MM+) go to private family foundations
- 35 of the wealthiest and oldest schools get over a quarter of estate gifts to education



Raub, B. G. & Newcomb, J. (Summer 2011) Federal Estate Tax Returns Filed for 2007 Decedents, *Statistics of Income Bulletin*, 31, 182-213, 191; Fleischer, M. P. (2007). Charitable contributions in an ideal estate tax, *Tax Law Review* 60, 263-321, 303.

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## What motivates really big estate gifts? This is a solved question.

Only 22% of charitable bequest dollars (estates \$5MM+) go charities other than private foundations.

Anything you offer to donors that replicates components of the private foundation features works.

- Detailed instructions
- Permanence
- Participation in decision-making
- Named for donor or donor's family.

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Help the donor  
to design their  
most compelling  
gift ...

“Have you ever  
thought about how  
you would like your  
estate gift to be  
used?”



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Why should you care about  
really big estate gifts?

- Nationally, most charitable estate dollars come from 0.1% of decedents.
- This is a fractal relationship.
- At YOUR organization, most charitable estate dollars will come from 0.1% of donors.

James III, R. N. (2020). American charitable bequest transfers across the centuries. Estate Planning & Community Property Law Journal, 12, p. 250. A total of 2,813,503 decedents in 2017 at <https://www.cdc.gov/nchs/data/databriefs/db328-h.pdf>

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## Mortality and permanence in experiments

Charity Description	Average Gift	
	Normal Group	Death Reminded Group
“creating lasting improvements that would benefit people in the future”	\$100.00	<b>\$235.71</b>
“meeting the immediate needs of people”	\$257.77	<b>\$80.97</b>

- Mortality reminders increased giving if the charity was described as “creating lasting improvements”
- They decreased giving if the charity was described as “meeting the immediate needs of people”
- Adding permanence to a memorial scholarship fund also dramatically increased giving

Wade-Benzoni, K. A., Tost, L. P., Hernandez, M., & Larrick, R. P. (2012). It's only a matter of time: Death, legacies, and intergenerational decisions. *Psychological Science*, 23(7), 704-709.; James, R. N. (2019). Encouraging repeated memorial donations to a scholarship fund: An experimental test of permanence goals and anniversary acknowledgements. *Philanthropy & Education*, 2(2), 1-28.

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## As people age, mortality awareness and desire for lasting impact increases

- Major gifts often occur at older ages
- Permanence is important for these gifts
- They tend to go to large charities that hold large endowments and offer more permanence

Maxfield, M., et al. (2014). Increases in generative concern among older adults following reminders of mortality. *International Journal of Aging and Human Development*, 79(1), 1-21.; Coutts and Co. (2015) Coutts Million Pound Donors report

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Legal theory recognizes the power of permanence

“Laws enforce perpetual funds for charity because to do otherwise would discourage gifts.”

-Professor Evelyn Brody

Brody, E. (1997). Charitable endowments and the democratization of dynasty. Arizona Law Review, 39, 873-948, 942-43.

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## Do you want to?

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- Big donations come from providing big value
- Foundations, funds, and trusts do that
- Charities can too but only if they decide they want to



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Delivering value to donors?  
That's crazy talk!

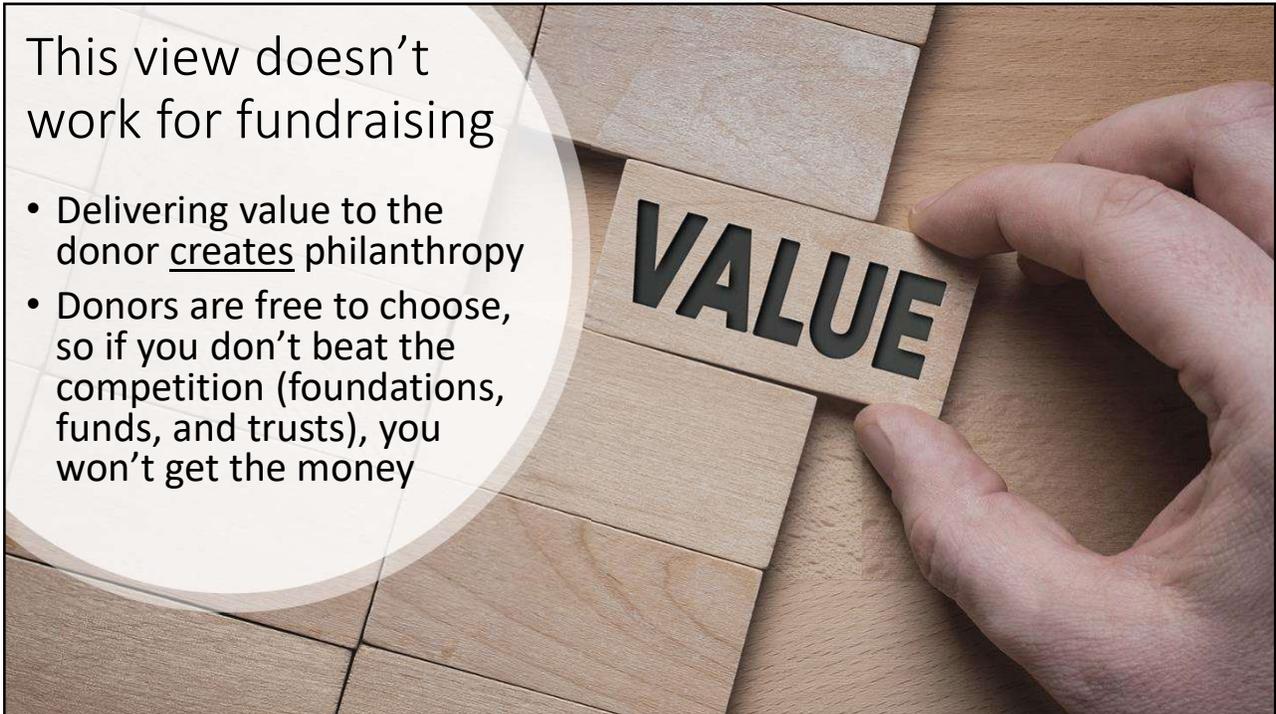


- The donor's job is to deliver value to the charity, right?
- The charity's job is just to be its wonderful self, right?

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This view doesn't  
work for fundraising

- Delivering value to the donor creates philanthropy
- Donors are free to choose, so if you don't beat the competition (foundations, funds, and trusts), you won't get the money



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Yes, we can!

- Charities can provide value
- They can compete with foundations, funds, and trusts

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## Allow permanent endowments

- Follows the donor's instructions forever
- If the charity is new or unstable it can use an established community foundation to hold the funds

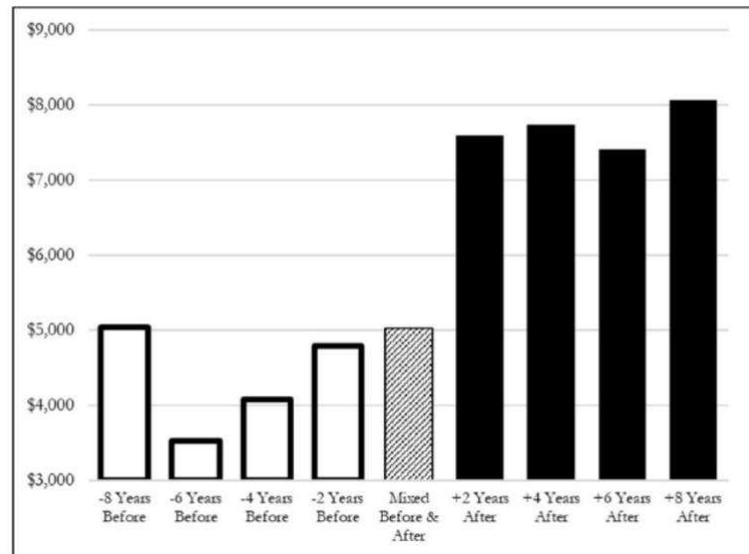


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## Emphasize estate giving

- Allows donors to give and hold the wealth
- After planning, current giving just changes the timing
- Donors increase annual giving by about 75% after adding charity to an estate plan

Figure 1. Average Annual Charitable Donations Before and After Adding Charity to an Estate Plan



James, R. N. III. (2020). The emerging potential of longitudinal empirical research in estate planning: Examples from charitable bequests. *UC Davis Law Review*, 53, 2397-2431 at p. 2422.

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Oklahoma City Community Foundation Scholarship Fund Policy (April 6, 2007)  
<https://www.occf.org/documents/ScholarshipPolicy.pdf>

## Give more influence over endowments during life

- One community foundation allowed scholarship donors to serve on the committee that selects recipients
- It's now the state's largest scholarship program

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Promote instruments that combine gifts to the charity with continued control of the wealth

- Charitable remainder trusts
- Charitable lead trusts
- Retained life estates

See <http://bit.ly/TexasTechProfessor>

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Encourage instructions with large gifts

- Instructions increase the value of the gift experience
- Instructions lead to discussions about bigger (or more permanent) impact from bigger gifts

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## Increase a planned estate gift or learn of its size



Lumpkin, S. & Comfort, J. (2018). *How to Have the MOST Productive Conversations: From Here to Eternity...*. Colorado Planned Giving Roundtable, 30th Annual Summer Symposium, August 23, 2018, Denver, CO.

- Ask “Have you ever thought about how you would like your gift to be used?”
- Share examples of other planned gifts and their lasting impact

83

## Get creative with blended gifts

- Virtual permanent endowment with annual gifts for payout and some principal plus estate gift backup for any remaining principal
- Discount any “unsold” naming opportunities by counting multi-year pledges, estate gifts, or irrevocable trusts



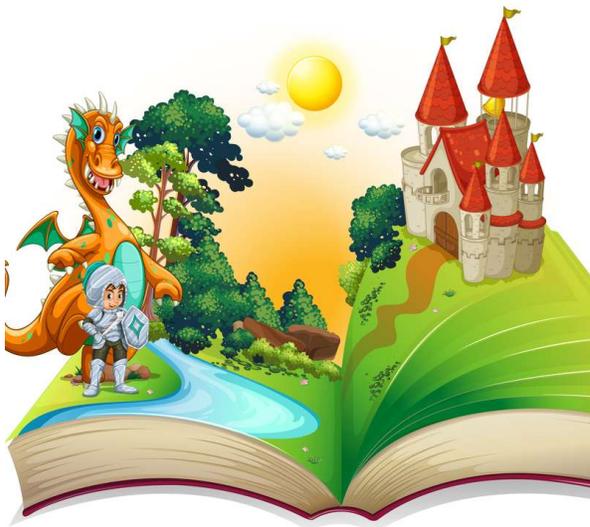
84



Big gifts come from delivering big value to donors

- Are you trying to deliver big value?
- Are you trying to compete with foundations, funds, and trusts?
- Doing so transforms the donor's experience and the charity's fundraising

85



In fundraising, story is powerful!

- So, what is the story of the really big donation?
- It's the donor's story.

86

## What is a story?

A story progresses through

1. Backstory and setting  
These establish motivation from the main character's original **identity** (people, values, and life story).
2. The call to adventure  
This is the main character's **challenge**, (which, although extreme, will at that point seem appropriate).
3. Climax and resolution  
These show the main character's **victory** and altered **identity**.



**Challenge**  
 ↗                  ↘  
**Identity ← Victory**

87

<p style="text-align: center;"><b>Challenge</b>        ↗                  ↘  <b>Identity ← Victory</b></p> <p>A story progresses through</p> <ol style="list-style-type: none"> <li>1. <u>Backstory and setting</u> These establish motivation from the main character's original <b>identity</b> (people, values, and life story).</li> <li>2. <u>The call to adventure</u> This is the main character's <b>challenge</b>, (which, although extreme, will at that point seem appropriate).</li> <li>3. <u>Climax and resolution</u> These show the main character's <b>victory</b> and altered <b>identity</b>.</li> </ol>	<h3>What is the story of the really big donation?</h3> <ol style="list-style-type: none"> <li>1. Motivated by their family upbringing and reciprocity values,</li> <li>2. The donor accepts a challenge to <u>share wealth</u> (which, although extreme, is framed in a way that makes it seem appropriate)</li> <li>3. Resulting in a lasting, enjoyable, personally meaningful impact.</li> </ol>
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88

## What motivates billion dollar gifts?

A recent study analyzed the letters accompanying 187 billionaires “giving pledge” commitments. (These were pledges to give at least half of their wealth to charity.)



Schmitz, H. P., Mitchell, G. E., & McCollim, E. M. (2021). How billionaires explain their philanthropy: A mixed-method analysis of the giving pledge letters. *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*, 1-12.

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### Analysis of reasons why Billionaires pledge at least half their wealth to charity (2021)

Schmitz, H. P., Mitchell, G. E., & McCollim, E. M. (2021). How billionaires explain their philanthropy: A mixed-method analysis of the giving pledge letters. *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*, 32(2), 512-523.

Table 3 Explanations for giving

Code ( <i>n</i> = 187)	Coding description	References and alternative terminologies in the literature
Impact/making a difference; mentioned in 79 letters (42.20%)	Use of terms such as “impact,” “benefit to others,” “making a difference”; references to solving societal problems, instrumental use of wealth, or helping others	Breeze and Lloyd (2013) (belief in cause); Schervish (2005) (hyperagency, urgency, effectiveness); Sadeh et al. (2017); Worth et al. (2019) (impact)
Gratitude toward others (based on past experiences), mentioned in 70 letters (37.40%)	Use of terms such as “gratitude,” “giving back,” “being blessed,” “being lucky” (personal benefits received from society in the past prompt wanting to help others, “pay it forward”)	Ostrower (1995) (obligation); Worth et al. (2019) (reciprocity); Hickman et al. (2015) (responsibility); Sadeh et al. (luck/good fortune)
Personal gratification (resulting from current giving); mentioned in 54 letters (28.88%)	Use of terms such as “enjoyment,” “satisfaction,” “psychological returns,” or “pleasure” (personal benefits experienced while giving prompt more giving)	Breeze and Lloyd (self-actualization); Ostrower (1995) (reward, joy); Sadeh et al. (2017) (warm glow); Worth et al. (2019) (benefits)
Family upbringing; mentioned in 47 letters (25.13%)	Description of how giving was learned at young age from parents and other family members	Ostrower (1995); Schervish (2005) (models of experience from one’s youth)
Stewardship; mentioned in 24 letters (12.83%)	Statement that wealth is not their own; use of terms “stewards” or “trustees”; references to abstract principles of justice or equality	Worth et al. (2019) (altruism based on moral values)
Inheritance causing harm to offspring; mentioned in 20 letters (10.16%)	Statement on how a large inheritance can harm offspring	Sadeh et al. (2017); Worth et al. (2019) (limit inheritance to heirs)
Excess wealth; mentioned in 19 letters (11.11%)	Reference to having more wealth than personally needed and/or possible to spend in a lifetime	Breeze and Lloyd (2013) (surplus money); Sadeh et al. (2017) (no other need); Ostrower (1995); Schervish (2005) (discretionary resources)
Legacy; mentioned in 15 letters (8.02%)	Term “legacy” used	Worth et al. (2019) (Tradition/legacy/memorial)
Religion/spirituality; mentioned in 14 letters (7.49%)	Reference to religious or spiritual texts or inspiration	Ostrower (1995); Schervish (2005); Worth et al. (2019) (obligation of religious faith)

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Challenge  
↗   ↘  
Identity ← Victory

A story progresses through

- Backstory and setting  
These establish motivation from the main character's original **identity** (people, values, and life story).
- The call to adventure  
This is the main character's **challenge**, (which, although extreme, will at that point seem appropriate).
- Climax and resolution  
These show the main character's **victory** and altered **identity**.

**What is the story of the really big donation?**

- Motivated by their family upbringing and reciprocity values,
- The donor accepts a challenge to share wealth (which, although extreme, is framed in a way that makes it seem appropriate)
- Resulting in a lasting, enjoyable, personally meaningful impact.

91

Challenge ↗   ↘ Identity ← Victory																					
<ol style="list-style-type: none"> <li>Motivated by their family upbringing and reciprocity values,</li> <li>The donor accepts a challenge to share wealth (<i>which, although extreme, is framed in a way that makes it seem appropriate</i>)</li> <li>Resulting in a lasting, enjoyable, personally meaningful impact.</li> </ol>	<p><b>Table 3</b> Explanations for giving</p> <table border="1"> <thead> <tr> <th>Code (n = 187)</th> <th>Coding description</th> </tr> </thead> <tbody> <tr> <td>Impact/making a difference; mentioned in 79 letters (42.20%)</td> <td>Use of terms such as "impact," "benefit to others," "making a difference"; references to solving societal problems, instrumental use of wealth, or helping others</td> </tr> <tr> <td>Gratitude toward others (based on past experiences); mentioned in 70 letters (37.40%)</td> <td>Use of terms such as "gratitude," "giving back," "being blessed," "being lucky" (personal benefits received from society in the past prompt wanting to help others, "pay it forward")</td> </tr> <tr> <td>Personal gratification (resulting from current giving); mentioned in 54 letters (28.88%)</td> <td>Use of terms such as "enjoyment," "satisfaction," "psychological returns," or "pleasure" (personal benefits experienced while giving prompt more giving)</td> </tr> <tr> <td>Family upbringing; mentioned in 47 letters (25.13%)</td> <td>Description of how giving was learned at young age from parents and other family members</td> </tr> <tr> <td>Stewardship; mentioned in 24 letters (12.83%)</td> <td>Statement that wealth is not their own; use of terms "stewards" or "trustees"; references to abstract principles of justice or equality</td> </tr> <tr> <td>Inheritance causing harm to offspring; mentioned in 20 letters (10.16%)</td> <td>Statement on how a large inheritance can harm offspring</td> </tr> <tr> <td>Excess wealth; mentioned in 19 letters (11.11%)</td> <td>Reference to having more wealth than personally needed and/or possible to spend in a lifetime</td> </tr> <tr> <td>Legacy; mentioned in 15 letters (8.02%)</td> <td>Term "legacy" used</td> </tr> <tr> <td>Religion/spirituality; mentioned in 14 letters (7.49%)</td> <td>Reference to religious or spiritual texts or inspiration</td> </tr> </tbody> </table>	Code (n = 187)	Coding description	Impact/making a difference; mentioned in 79 letters (42.20%)	Use of terms such as "impact," "benefit to others," "making a difference"; references to solving societal problems, instrumental use of wealth, or helping others	Gratitude toward others (based on past experiences); mentioned in 70 letters (37.40%)	Use of terms such as "gratitude," "giving back," "being blessed," "being lucky" (personal benefits received from society in the past prompt wanting to help others, "pay it forward")	Personal gratification (resulting from current giving); mentioned in 54 letters (28.88%)	Use of terms such as "enjoyment," "satisfaction," "psychological returns," or "pleasure" (personal benefits experienced while giving prompt more giving)	Family upbringing; mentioned in 47 letters (25.13%)	Description of how giving was learned at young age from parents and other family members	Stewardship; mentioned in 24 letters (12.83%)	Statement that wealth is not their own; use of terms "stewards" or "trustees"; references to abstract principles of justice or equality	Inheritance causing harm to offspring; mentioned in 20 letters (10.16%)	Statement on how a large inheritance can harm offspring	Excess wealth; mentioned in 19 letters (11.11%)	Reference to having more wealth than personally needed and/or possible to spend in a lifetime	Legacy; mentioned in 15 letters (8.02%)	Term "legacy" used	Religion/spirituality; mentioned in 14 letters (7.49%)	Reference to religious or spiritual texts or inspiration
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## Challenge

↗      ↘

## Identity ← Victory

1. Motivated by their family upbringing and reciprocity values,
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3. Resulting in a lasting, enjoyable, personally meaningful impact.

**Table 3** Explanations for giving

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93

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—

All this research is nice, but how do I ask people for a BIG gift?

Let's get practical!



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The ask meeting

**Challenge**  
 ↗                  ↘  
**Identity ← Victory**

- The fundraising ask shouldn't be just a "naked" challenge
- It should be part of the full story cycle.

96

## The ask meeting: Review



Describe and confirm the donor's identity connections:

- Original Identity → Challenge

They are the kind of person who makes gifts like this

- Victory → Enhanced Identity

Creating this good work will be personally meaningful to them

97

## The ask meeting: Case for support



Connect Challenge → Victory.

May use a formal proposal document.

Answer:

- Why is the project needed? [*Victory*]
- Why now? [*Challenge*]
- How exactly will it work? [*Challenge* → *Victory*]
- What's it going to cost? [*Challenge*]

Kihlstedt, A. (2009). *Capital campaigns: Strategies that work*. Jones and Bartlett Publishers. p. 60. (referencing these four questions to answer in the case for support).

98

## The story cycle fundraising ask



[1] **Identity → Challenge** sentence

“You have ... [here describe a connection with the donor’s identity].”

[2] **Victory → Identity** sentence

“You understand ... [here describe how the victory would be meaningful to the donor].”

[3] **Challenge → Victory** sentence

“Would you consider a gift of \$ \_\_\_\_\_ to ... [here describe the promised victory]?”

Three sentences adapted from Collins, M. E. (2017, Winter). *The Ask. Advancing Philanthropy*, 16-23, p. 21. Quoting Marcy Heim. See also, Heim, M. (2018, August 22). *Wanna Do EVERYTHING Better?* [Website]. <http://marcyheim.com/wanna-do-everything-better>

99

## The story cycle ask

Verify each link

[1] **Identity → Challenge** sentence

“You have ... [here describe a connection with the donor’s identity].”

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“You understand ... [here describe how the victory would be meaningful to the donor].”

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100

## The story cycle ask

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[1] **Identity** → **Challenge** sentence

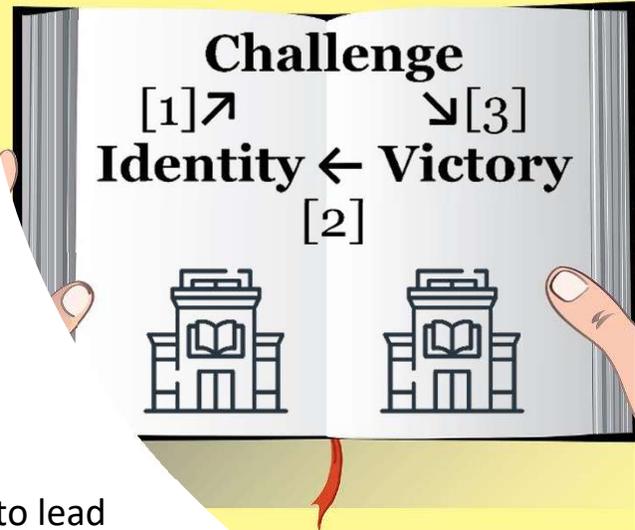
“You have been a friend of this library for over twenty years.”

[2] **Victory** → **Identity** sentence

“You understand how a new regional history collection would preserve our shared heritage.”

[3] **Challenge** → **Victory** sentence

“Would you consider a gift of \$50,000 to lead the campaign to make this a reality?”



101

## The story cycle ask

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[1] **Identity** → **Challenge** sentence

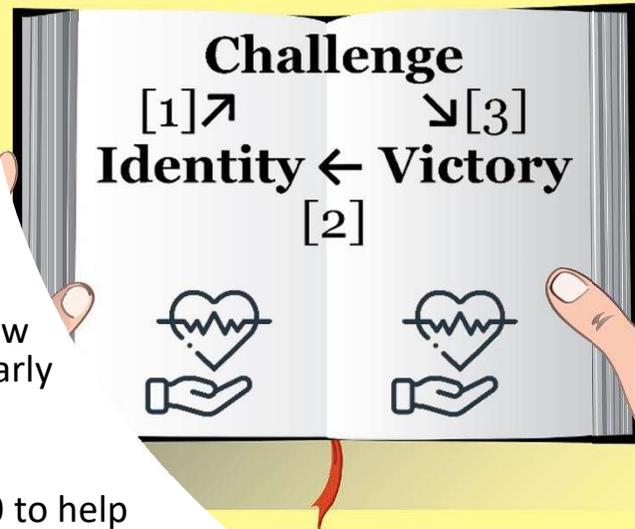
“You have done so much to improve care for others since your own diagnosis with breast cancer.”

[2] **Victory** → **Identity** sentence

“You understand more than anyone how lives can be changed by offering free early screening.”

[3] **Challenge** → **Victory** sentence

“Would you consider a gift of \$100,000 to help fund next year’s screening clinics?”



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## The story cycle ask

[1] **Identity** → **Challenge** sentence

“You have always had such a heart for supporting the arts in our community.”

[2] **Victory** → **Identity** sentence

“You understand how this new exhibition could make a real impact for other art lovers like you and our whole city.”

[3] **Challenge** → **Victory** sentence

“Would you consider a gift of \$50,000 as our lead campaign donor to make this happen?”



103

## The story cycle ask

[1] **Identity** → **Challenge** sentence

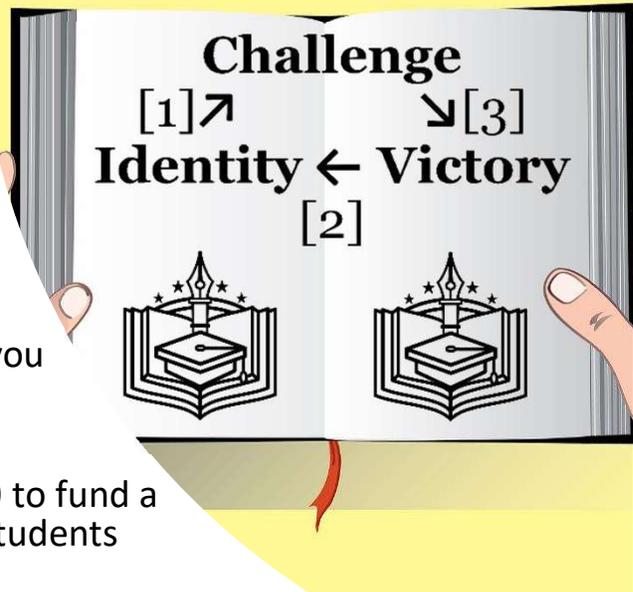
“You have been such a loyal alumnus of this department since you graduated years ago.”

[2] **Victory** → **Identity** sentence

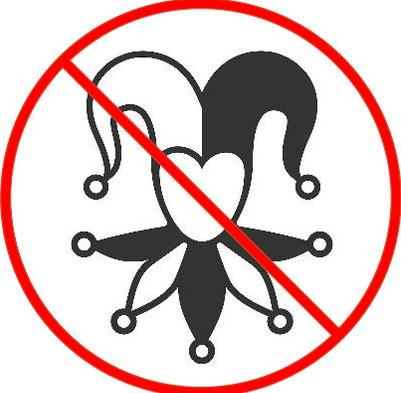
“You understand how important scholarships are in helping others like you become proud alums of the future.”

[3] **Challenge** → **Victory** sentence

“Would you consider a gift of \$100,000 to fund a permanent named scholarship giving students the chance for an education?”



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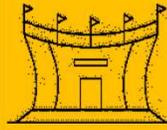
Foolproof	<p style="text-align: center;"><b>Challenge</b></p> <p style="text-align: center;">[1]↗                      ↘[3]</p> <p style="text-align: center;"><b>Identity ← Victory</b></p> <p style="text-align: center;">[2]</p>
	<p>You can't make the story cycle ask without the full story</p> <ul style="list-style-type: none"> <li>• Don't know how the donor's story or values connect to the challenge? <b>Step 1 can't happen</b></li> <li>• Ask doesn't promise a specific impact? <b>Step 3 can't happen</b></li> <li>• Don't know why the gift's impact would be meaningful for the donor? <b>Step 2 is impossible</b></li> </ul>

105

<p style="text-align: center;">The story cycle fundraising ask</p>	<p style="text-align: center;"><b>Challenge</b></p> <p style="text-align: center;">[1]↗                      ↘[3]</p> <p style="text-align: center;"><b>Identity ← Victory</b></p> <p style="text-align: center;">[2]</p> 
<p>[1] <b>Identity → Challenge</b> sentence You have changed so many lives through your support of our job training programs, just as your mother liked to say, 'Giving people a hand up, not a handout.'</p> <p>[2] <b>Victory → Identity</b> sentence "You understand how this new technology center could provide real opportunities for young people who start out with nothing but a willingness to work hard, just like you did."</p> <p>[3] <b>Challenge → Victory</b> sentence "Would you consider a gift of \$100,000 as one of our leadership-level donors to help transform our community in this way"</p>	

106

## The story cycle fundraising ask



**Challenge**  
 [1] ↗      ↘ [3]  
**Identity ← Victory**  
 [2]

[1] **Identity → Challenge** sentence

“You have meant so much to this football program since your days as a player over thirty years ago.”

[2] **Victory → Identity** sentence

“You understand how this new stadium expansion would launch our program onto the national stage.”

[3] **Challenge → Victory** sentence

“Would you consider a gift of \$2 million to lead the campaign to make this a reality?”

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## The story cycle fundraising ask



**Challenge**  
 [1] ↗      ↘ [3]  
**Identity ← Victory**  
 [2]

[1] **Identity → Challenge** sentence

“You have been so dedicated to improving the lives of patients at this hospital going back even before your own father received care here.”

[2] **Victory → Identity** sentence

“You understand how this new “Campaign against Cancer” can change the lives of so many right here in our community.”

[3] **Challenge → Victory** sentence

“Would you consider a gift of \$100,000 to help fund next year’s screening clinics?”

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## The story cycle fundraising ask



### Challenge

[1] ↗

↘ [3]

**Identity ← Victory**

[2]

[1] **Identity → Challenge** sentence

“You have been well-known in this community as an advocate for our youth summer camps.”

[2] **Victory → Identity** sentence

“You understand how camp scholarships can change the lives of young people, giving them a chance to learn and grow, just as you did in your youth.”

[3] **Challenge → Victory** sentence

“Would you consider a gift of \$50,000 to create the Smith Family Permanent Endowed Scholarship Fund to give that opportunity to future generations of campers?”

109



Go home and go big!

You can do it!  
You can have  
wealth and  
asset  
conversations!  
You can make a  
compelling ask!

110



The Psychology of the Massive Donation

Foundations, Funds, Trusts, and Endowments

Professor Russell James, Texas Tech University

111



112

# Restricted Gifts and Fundraising Story

Conflict and Compromise  
Between Two Worlds

Professor Russell James  
Texas Tech University



113

Fundraising lives in “story world” not “commerce world”



- Social-emotional story is the engine that drives giving
- The technicalities, logic, and math of commerce world can confirm or reject the giving desire, but they won't motivate a gift

114



## The power of gift restrictions

When a donor gets to put instructions with money, it's "restricted"

When a charity manager gets to issue the instructions, it's "unrestricted"

115

## Gift restrictions as story: Character

Gift restrictions put the donor in control. (A donor might even choose to use the gift "where needed most" but the donor still chooses.)

Making the donor's character more important makes the story more compelling to the donor.



116

## Gift restrictions as story: Plot

A compelling plot includes an emotionally relevant change. (If the gift doesn't change anything, why make it?)

A gift restriction can connect the gift with a specific tangible outcome evoking a clear image of an emotionally relevant change.



117

## Fundraising is story world: The power of un-restrictions



Eckel, C. C., Herberich, D. H., & Meer, J. (2017). A field experiment on directed giving at a public university. *Journal of Behavioral and Experimental Economics*, 66, 66-71.

- In a field experiment, one appeal letter version added a restricted-gift option
- It raised approximately \$40,000 more, but 98% of those gifts were unrestricted
- The restricted gift option increased giving even though donors didn't use it!

118

## Fundraising is story world: The power of un-restrictions



Helms, S., Scott, B., & Thornton, J. (2013). New experimental evidence on charitable gift restrictions and donor behaviour. *Applied Economics Letters*, 20(17), 1521-1526. p. 1521.

In another experiment, researchers explained,

“Allowing the option to restrict a charitable gift increases the average gift size, whether or not the donor chooses to exercise that option.”

119

## Fundraising is story world: The power of un-restrictions



Fuchs, C., de Jong, M. G., & Schreier, M. (2020). Earmarking donations to charity: Cross-cultural evidence on its appeal to donors across 25 countries. *Management Science*, 66(10), 4820-4842, 4838.

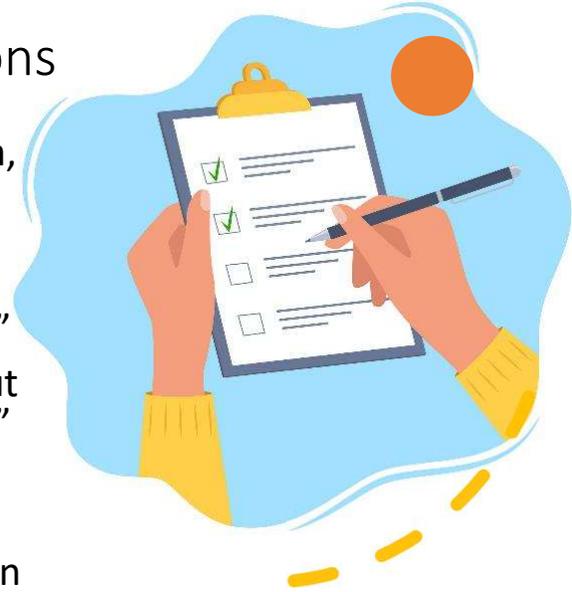
- Another study found allowing restrictions increased donations even for donors directing their gift “where it is most needed.”
- Why? Because allowing restrictions increased “the vividness of the mental pictures of one’s donation’s usage”

120

## Fundraising is story world: The power of un-restrictions

Even for those who didn't use them, allowing restrictions increased agreement with statements like

- "It was easy for me to imagine how my donation would be used,"
- "I had a vivid mental picture about how my donation would be used,"
- "It was easy to envision what would happen to my donation,"
- "I could visualize how my donation would be used"



Fuchs, C., de Jong, M. G., & Schreier, M. (2020). Earmarking donations to charity: Cross-cultural evidence on its appeal to donors across 25 countries. *Management Science*, 66(10), 4820-4842, 4837.

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## Fundraising is story world: The power of un-restrictions



- Allowing restrictions also increased donors' sense of control over their gifts' impact, which increased giving
- But this feeling of control was just as high whether or not they chose to restrict
- Their gift may have gone "where it was most needed," but it went there because they chose it

122

## Fundraising is story world: The donor character in control

In commerce world, the power of an un-selected restriction makes no sense

If donors didn't choose the restriction, then offering it shouldn't matter



123

## Fundraising is story world: The donor character in control



See, Heist, H. D., & Cnaan, R. A. (2018). Price and agency effects on charitable giving behavior. *Journal of Behavioral and Experimental Economics*, 77, 129-138.

- But in story world, it does make sense
- A donor who gets to choose plays a more important story role, even when the donor chooses "where needed most"
- The increased feeling of donor control increases donations

124

## Fundraising is story world: The donor character in control



Xu, Q., Kwan, C. M., & Zhou, X. (2020). Helping yourself before helping others: How sense of control promotes charitable behaviors. *Journal of Consumer Psychology*, 30(3), 486-505.

- Increasing a donor's sense of control is powerful
- In an experiment, when completing a form some potential donors chose between a blue or black pen while others were just handed a pen
- Those who got to choose their pen donated more!

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## Fundraising is story world: The donor character in control

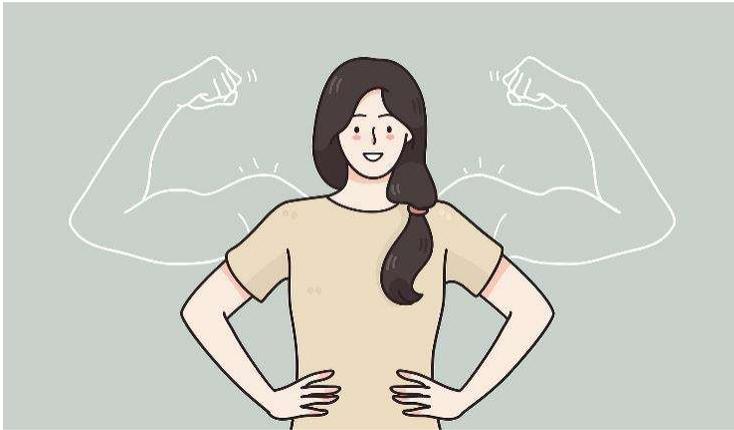


Xu, Q., Kwan, C. M., & Zhou, X. (2020). Helping yourself before helping others: How sense of control promotes charitable behaviors. *Journal of Consumer Psychology*, 30(3), 486-505.

- In another experiment, potential donors first completed a survey
- Some chose its format: they could pick either 4 or 12 questions per page
- Those who got to pick the format then donated more!

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## Fundraising is story world: The donor character in control



Why did these small changes work? They gave potential donors a greater sense of control. This feeling of control, in turn, increased donations. Giving donors control is powerful, even if it's just a feeling.

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## Fundraising is story world: The donor character in control

A charity can choose not to offer restrictions, or a donor can choose not to use the offered restrictions.

In accounting, these two results are the same.

But in story, the results are different. The plot is different. The character roles are different. Thus, donations are different.



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Commerce world:  
Restrictions hurt impact



Charity managers think:  
“The novice-donor is trying to take control from the expert-manager. It’s silly. It’s counterproductive. It’s wrong.”

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The arguments might be true, but they still don’t work

What if a family member responded like a typical charity manager?  
“Thanks for the tuition gift, Grandma. But I would prefer to spend it ‘where needed most.’ I’m sure your goal is my happiness. And, let’s face it, I know a lot more than you do about that. You should really leave it to the expert. Just give me the cash.”



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## Story world: Restrictions help impact

- For a donor, instructions increase the gift's impact
- In experiments, restrictions are most attractive to donors focused on their gift's impact

Gangadharan, L., Grossman, P. J., Jones, K., & Leister, C. M. (2018). Paternalistic giving: Restricting recipient choice. *Journal of Economic Behavior & Organization*, 151, 143-170.

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## Story world: Restrictions help impact

- Restrictions are even more powerful for less responsible recipients
- In experiments, this is true for gifts to other people or charities

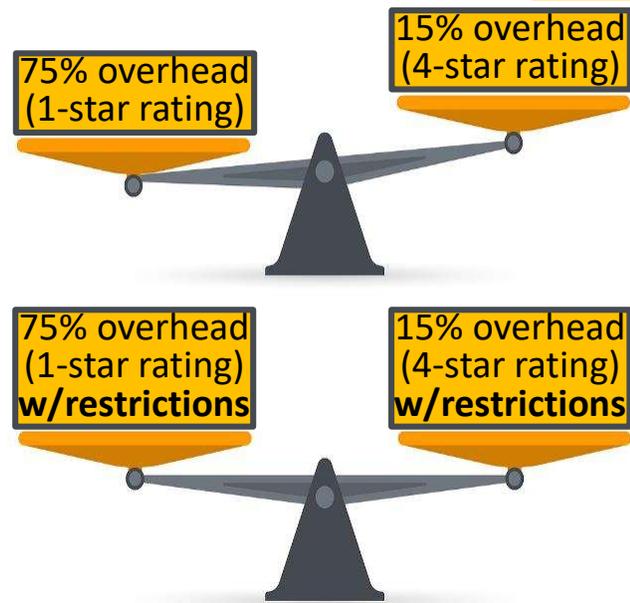


Jacobsson, F., Johannesson, M., & Borgquist, L. (2007). Is altruism paternalistic? *The Economic Journal*, 117(520), 761-781; Jones, K. (2017). Paternalism and ethnicity in giving. *Economic Record*, 93(302), 420-433; Li, W., McDowell, E., & Hu, M. (2012). Effects of financial efficiency and choice to restrict contributions on individual donations. *Accounting Horizons*, 26(1), 111-123.

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Restrictions are more powerful for less responsible recipients

- Gift restrictions increased giving more for a high overhead (75%) than an identical low overhead (15%) charity
- Once restrictions were allowed, giving was the same for both
- Donors will give to a high-overhead charity as long as their money isn't used for overhead



Li, W., McDowell, E., & Hu, M. (2012). Effects of financial efficiency and choice to restrict contributions on individual donations. *Accounting Horizons*, 26(1), 111-123.

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Peace between worlds:  
Gift restriction compromises

- Charity managers hate losing control but putting donors in charge raises more money
- This doesn't have to be a zero-sum game
- The same instructions can be powerful in story world, even if they make no difference in commerce world

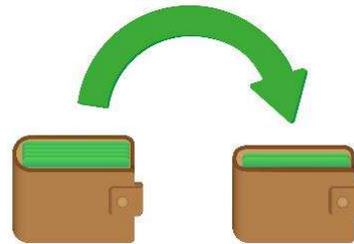
134

## Two-world compromise: “Funged” restrictions

A gift restricted to an already-budgeted item acts like unrestricted money.

“Some restricted gifts can be “funged” or transferred to other areas by budgeting differently.”

-Professor Wes Lindhall



Lindahl, W. E. (1994). Multiyear evaluation of fundraising performance. *New Directions for Philanthropic Fundraising*, 1994(3), 77-93.

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## Two-world compromise: “Funged” restrictions

Restricted gifts don't usually pay for administrative expenses, but ultimately this doesn't change anything.

A 2021 study of 7,031 charities found that, “Restricted revenues, however, do not curb nonprofits’ administrative expenses ...”



Hung, C. (2021). Restricted revenues and nonprofit service delivery: The roles of financial discretion. *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*, 32(1), 136-150.

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## Two-world compromise: “Funged” restrictions

- In commerce world, money is fungible
- But in story world, money is not fungible: My money is special



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## Two-world compromise: Revenue restrictions

- A scholarship gift to a university pays for tuition, but tuition is unrestricted revenue
- The restricted gift becomes unrestricted revenue, but it's still a better story



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## Two-world compromise: Revenue restrictions

- A donor pays for tickets to a charity's cultural performance for those who couldn't have attended otherwise
- This is a great story, but the restricted gift becomes unrestricted extra revenue for the charity



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## Two-world compromise Examples, not restrictions

- Giving examples of what different gift amounts could pay for tells a story
- It can evoke a clear image of a gift's impact, but examples aren't restrictions



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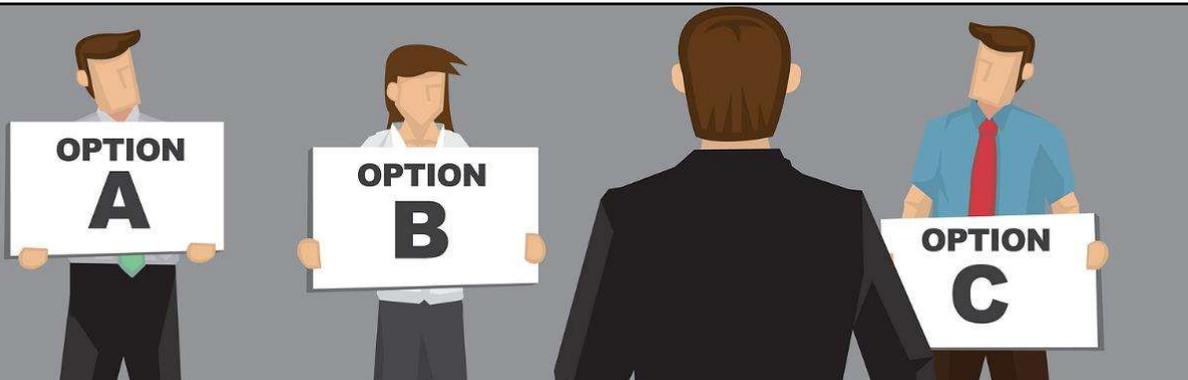


Ahern, T. & Joyaux, S. P. (2007). *Keep your donors: The guide to better communications & stronger relationships*. John Wiley & Sons. p. 83.

Two-world  
compromise:  
Examples, not  
restrictions

“Those solicited through direct mail, however, should receive multiple requests per year, each with a different theme ... It’s a bit like restricted giving, but not exactly. Each theme is part of your core services.”

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Two-world  
compromise:  
Rating example uses

Restricted gift options:

- Can create a specific, tangible, social-emotional image of an outcome
- Requires a decision, increasing thought, involvement, and agency

This increases giving

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Two-world compromise:  
Rating example uses

**Rating the importance** of different uses or projects:

- Can create a specific, tangible, social-emotional image of an outcome
- Requires a decision, increasing thought, involvement, and agency

This also increases giving

James, R. N. (2018). Increasing charitable donation intentions with preliminary importance ratings. *International Review on Public and Nonprofit Marketing*, 15(3), 393-411; Kessler, J. B., Milkman, K. L., & Zhang, C. Y. (2019). Getting the rich and powerful to give. *Management Science*, 65(9), 4049-4062.

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Two-world compromise:  
Combination restrictions

Ex:  $\frac{2}{3}$  goes to the selected project and  $\frac{1}{3}$  goes “where needed most” or to projects of the charities choosing. In an experiment, this worked just as well as a full restriction.

The numbers changed, but the story remained.



Study 2 in Fuchs, C., de Jong, M. G., & Schreier, M. (2020). Earmarking donations to charity: Cross-cultural evidence on its appeal to donors across 25 countries. *Management Science*, 66(10), 4820-4842. The theoretical model is presented first in Aflaki, A., & Pedraza-Martinez, A. J. (2016). Humanitarian funding in a multi-donor market with donation uncertainty. *Production and Operations Management*, 25(7), 1274-1291.

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## Two-world compromise: Combination restrictions

A combined project, e.g., a \$30 million “permanent” building: Construction is \$10 million, and a \$20 million endowment pays for \$1 million annual maintenance, insurance, and utilities.

This reframes the overhead costs as part of making the new building “permanent.”

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## Two-world compromise: Combination restrictions

- A comprehensive campaign includes attractive new expenditures combined with necessary, but less compelling, operational expenses
- The restriction is to the combined package



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## Two-world compromise: Per diem restrictions

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Physical items are easy, but what about charities that offer only intangible services?

The per diem story: A donor can pay to run a particular operation for a day, a week, or a year.

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## Two-world compromise: Per diem restrictions

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“The counseling operation costs \$1,200 per day or \$6,000 for a week. A gift sponsoring a week covers all of these costs. We recognize these donors at the entrance here. This helps remind our counselors and clients that others care about their success. Sponsors receive a full report on all activities that take place during their week. For larger gifts, a full year is \$300,000. A permanent named endowment for the entire program would be \$6 million. You’ve mentioned how much this program means to you. You understand the impact it has in the community. Would you consider a gift of \$6,000 to run this program for a week?”

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Two-world  
compromise:  
Per diem  
restrictions

- It creates a reason for the amount
- It adds a gift range including a very large gift with permanence
- Reporting gift impact is easier, e.g., prorated share of annual outcomes

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Bridging the  
two worlds

In fundraising world, gift restrictions are powerful as story. They evoke a clear image that produces social emotion. This works even if they don't make a difference in commerce world. Bridging both worlds requires a translator, a diplomat: A fundraiser!

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# Restricted Gifts and Fundraising Story

Conflict and Compromise  
Between Two Worlds

Professor Russell James  
Texas Tech University

