

Giving It Away is the American Way

By Gail Buckner
FOXBusiness

"Americans are incredibly generous," says Eileen Heisman, CEO of the National Philanthropic Trust [NPT], the 4th largest donor-advised [fund](#) in the United States. Since the founding of this country, she says, Americans have been forming associations and rallying around a variety of causes.

In fact, according to Heisman, most charities have been started by groups of private individuals who saw a problem or need and decide to do something about it. It could be alleviating hunger, protecting animals, housing the homeless, promoting the arts or education, finding the cure to a particular disease, or just reaching out to those hit by a natural disaster.

"It's part of the fabric of who we are... you don't see it anywhere else in the world," says Heisman, who also teaches a university course on philanthropy. When she discusses the topic with people from other countries, Heisman says they're literally "startled by it. They can't believe Americans give voluntarily out of their pockets."

Of course, our generosity is encouraged by public policy which allows us to take a tax deduction for charitable donations. This is not the case in other countries - England and Germany, for instance. In many cultures, individuals don't step up because they consider a particular issue to be the responsibility of the government. "When you expect the government to take care of something," says Heisman, "there is no private philanthropy."

Still, the tax deduction U.S. taxpayers get for their charitable donations doesn't explain why most of us are so willing to part with some of our bounty to advance a cause we believe in or help those less fortunate. The fact is, many Americans don't see any benefit from the charitable deduction, either because they don't itemize or don't bother to keep track of their contributions or lose part of their deduction because their income is above a certain threshold.

Americans, it turns out, are just plain generous. A survey by Bank of America (BAC: 16.12, 0.03, 0.19%) four years ago underscored this. When high net-worth individuals were asked how they'd react if the charitable deduction were eliminated, 53% said it would either have no impact at all on their giving or would cause them to *increase* it. According to the Giving USA Foundation, which conducts research and education to promote public understanding of philanthropy, "the most important factor in how much people give is how committed they are to the purpose" of the organization making the request.

As predicted, last year's one-two punch of the meltdown in the [financial markets](#) and the bursting of the real estate bubble led to a drop in charitable contributions - the first (in inflation-adjusted dollars) since 1987, another notably bad year for the markets. Despite last year's 2.2% decline, donations topped \$307 billion, with 75% of that coming from individuals.

Ironically, of course, the current 10% unemployment rate means many Americans have less ability to give at the same time that demand for the kind of services charities provide has increased. Even non-profit organizations not directly tied to meeting the needs of humans are impacted. Humane associations report an increase in the number of animals being left on their doorsteps because their former owners can no longer afford to care for them.

Right now charities are holding their collective breath, wondering if donors will come through and whether they will be more, less or as generous as they were in 2008. The lion's share of charitable donations comes in the fourth quarter, so the verdict's still out. Heisman says she's noticed that there's "still a lot of caution about parting with large sums of money."

However, the year-to-date recovery we've seen in the stock market is giving nervous philanthropic organizations a glimmer of hope that things might improve. The Giving USA Foundation says, "Time and time again, it has been shown that when wealth is created, giving increases." Heisman thinks potential donors are waiting to see how the financial markets - and their portfolios - look closer to the end of the year.

If that describes you, Heisman suggests using the time to identify which organizations/causes are most important to you. Notify each charity that you identify and let it know that you plan to make a gift before the year is out. That will relieve some of the stress most are feeling. "Charities are struggling, especially the smaller ones." If you can afford to give something now, she says, "don't hold back." Make whatever size donation you can afford today and follow through with the rest next month.

If you don't have the cash or appreciated assets to donate at the same level as you have in the past, Heisman says there's always the "old-fashioned American way: volunteer." Dishing out turkey and trimmings at a local food kitchen or your place of worship can be both a humbling and incredibly rewarding experience- especially for children. It makes you vividly aware of the blessings you still have.

She suggests that small business owners who can't afford cash contributions consider giving in-kind services instead. A printing company could offer to provide brochures, a bakery could donate baked goods, a hair salon might provide a certain number of free haircuts. You get the idea. We've all got something we can share.

In the end, says Heisman, "Private philanthropy exists because capitalism is successful." In order for people to give away some of what they've got, "they have to perceive they have more than they need to live."

But the most important reason to give without expecting anything in return is the simplest and most basic:

It makes you, the *donor*, feel good.

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