



## The State of Canadian Generosity: Trends You Need to Know for 2024

**Mary Barroll:** Welcome to CharityVillage Connects. I'm your host Mary Barroll.

(SFX: Hummingbird flying and tone)

That's the sound of the Hummingbird pollinating our world and making it a better place. The Hummingbird is CharityVillage's logo because we strive – like the industrious Hummingbird – to make connections across the nonprofit sector and help make positive change.

Over this series of podcasts, we'll explore topics that are vital to the nonprofit sector in Canada. Topics like diversity, equity and inclusion, mental health in the workplace, the gap in female representation in leadership, and many other subjects crucial to the sector.

We'll offer insight that will help you make sense of your life as a nonprofit professional, make connections to help navigate challenges and support your organization to deliver on its mission. In this episode, we delve into new reports examining the current state of fundraising, the challenges facing nonprofits amid unprecedented demand for their services and lower levels of donations. We'll explore the impact of inflation on giving, demographic changes requiring new fundraising strategies, and larger sociological shifts for the current downward trend in donations. We are taking the pulse of fundraising for nonprofits in 2024 and looking ahead to major trends that will impact the sector in the future – along with potential solutions.

**John Hallward:** Well, unfortunately, generosity is indeed declining. The charity as a sector has done very well with CanadaHelps and giving platforms and mobile giving. So, we've made it easy for people to give. Now it's just a question of getting them sociologically to be motivated to give.

**Dr. Paloma Raggo:** This transition might be more difficult to keep building these relationships and not necessarily focus on how do I get pre-pandemic, we're in a post-pandemic world. Just forget how you were operating pre-pandemic - change is coming.

**Wen-Chih O'Connell:** I am very optimistic for the future of giving, both Gen Z and Millennials report that they are likely to donate more money in 2024 than in 2023. They want to give and they're willing to support their favourite causes in other ways, even if they don't yet have the finances to do it now.

**Charlotte Field:** We had 42% of Canadians having made wills back in 2019. That's up to 52%. So right there, your target audience, high-quality prospects just grew by 10%. Incredible news. We have more people who've left gifts in their wills. That's up by 500,000 Canadians.

## MONTAGE NEWS CLIPS

<https://bc.ctvnews.ca/video/c2827471-canadians-donating-less-to-charity>

“A new report paints a bleak picture when it comes to charitable donations”

<https://globalnews.ca/video/10176936/decline-of-charitable-giving-in-canada>

“Canadians are giving less and less”

<https://www.bnnbloomberg.ca/video/report-canadian-generosity-hits-lowest-point-in-20-years~2828203>

“We’re looking at one of the graphs and it looks like a steady decline over the years”

<https://www.bnnbloomberg.ca/canada/video/cause-and-effect-how-to-affect-change-as-canadian-generosity-hits-10-year-low~1283751>

“This could be the grinchiest Christmas in ten years?!! What happened?”

**Mary Barroll:** We’ve been hearing it for years, the pool of Canadians giving to charity is getting smaller, and has been every year, for the past decade. Ten years ago, one in four Canadians gave to charity. Now, fewer than one in five give.

That’s according to federal government data from income tax filings, compiled by the Fraser Institute in its annual Generosity Index.

**Host:** The percentage of Canadian tax filers donating to charity has fallen from 23.0% in 2011 to 17.7% in 2021 - which then took yet another tumble to 17.1% in 2022 - the most recent year of data available from Statistics Canada. And for the first time since 2016, the total of all donations claimed fell, shrinking by 3.1 percent to 11.4 billion dollars.

The percentage of aggregate income donated to charity also fell from .59% in 2011 to .55% in 2021. And it’s happening right across the country, in every province and major jurisdiction. Perhaps curiously, the Fraser Institute says that in the U.S. the depth of giving is considerably higher. They point to Internal Revenue Service data that shows Americans donate just over 1 percent of their aggregate income, almost twice as much as we do here. The Generosity Index authors say that if Canadians gave at the same level as Americans, it would mean another 10.6 billion dollars to our nation’s charities.

**Mary Barroll:** According to the latest Stats Can numbers, it’s worth noting that total charitable donations a year earlier – in 2021 - actually rose by 11.5 percent, perhaps driven by the pandemic. But the following year, inflation spiked to 6.7 percent in 2022, casting a chill over a wide variety of spending.

The Generosity Index concludes that the shrinking proportion of Canadians who give, and the declining percentage of aggregate income donated, undoubtedly limits the ability of Canadian charities to improve the quality of life in their communities and beyond.

And still hanging like a pall over the sector are lingering concerns about the economy. Even as inflation has eased, 79 percent of people working in the nonprofit sector say

the economy will continue to be the biggest challenge over the next three years, according to another survey, conducted by Blackbaud.

That sentiment is echoed by Carleton University's Charity Insights Canada Project, which conducts weekly surveys with hundreds of nonprofits across the country to stay on top of trends. Their most recent semi-annual report concludes that across the sector charities are seeing rises in demand and increases in costs associated with their services. For nearly 50% of survey respondents, inflation has led to an "increase" or "major increase" in demand for services in their communities, and for 60% of respondents, inflation has raised the costs of providing those services. While inflation and the economy may be beyond our control, the survey did identify some important trends among donors that the nonprofit sector should focus on.

**Host:** Twenty-five percent of charities surveyed last summer said donors are shifting their giving more closely with specific causes or issues. Eighteen percent say donors are increasingly looking for impact and transparency. Twenty-two percent said they are noticing a decrease in donor engagement and giving.

**Dr. Paloma Raggo:** The question was exactly, how have donor attitudes changed in recent years towards your organization?

**Mary Barroll:** Dr. Paloma Raggo is a PhD and researcher at Carleton University specializing in nonprofit leadership, policy and philanthropy. She's with Carleton University's Charity Insights Canada Project or CICIP.

**Dr. Paloma Raggo:** And what we found was really 25% of our respondents have observed a shift in donors' priorities towards specific causes and specific issues. So, they are hearing that donors have narrowed focus, maybe their interests, which is good in a way if you're already in that field, it can be a challenge if you're not around these areas and requires much more agility from organizations. So, I think now we're kind of in the second phase of post-pandemic. And I think this is where we're really going to see the strain, maybe not the doom and gloom predicted initially, but if organizations don't have this agility built-in or are not working towards that, then this transition might be more difficult to keep building these relationships and not necessarily focus on how do I get pre-pandemic. We're in a post-pandemic world. Just forget how you were operating pre-pandemic.

**Mary Barroll:** In this new, post-pandemic reality, building relationships with donors is proving to be far more important than fundraising strategies, according to the CICIP research.

**Dr. Paloma Raggo:** In terms of developing relationships with donors, this has become much more important to ensure some kind of stability. The pandemic has shown how volatile the context can be, from one day to the other, your activities are shut down and if your base is not solid, you're not able to weather the storm. And so, it's a shift from strategy focus, what can I do, to relationship building. Okay, how can I bring in committed people to the organization? And that shift has been quite interesting since the pandemic.

**Mary Barroll:** The shift to relationship building and donor stewardship is showing up in the survey results conducted by the Charity Insights Canada Project.

**Host:** 37 percent of respondents say their organizations are working to strengthen their relationships with existing donors. 35 percent say they're adjusting their fundraising strategies. 34 percent say they're diversifying their fundraising sources. And 29 percent say they're working to better emphasize the measurable impact of their efforts in the communities they serve.

**Mary Barroll:** It's important to note that while data is extremely important in fundraising and service delivery, relevant and timely information is not often easy to access. By the time results are published they're often in the rear-view mirror – some of it is quite distant in the past.

That has been one of the frustrations facing the nonprofit sector, and the data gap, or rather data delay, is what CICIP is trying to solve in order to support organizations and leaders in navigating real-time challenges.

**Dr. Paloma Raggio:** It's interesting because a lot of people assume we don't have a lot of information about the sector, but there is lots of information out there. One of the big challenges we have is either the quality is uneven or the access is problematic. The government publishes a lot of information - it's just not in a format that's consumable. Imagine Canada produces a lot of their reports, and these are often based on sector-wide perspectives. So there is a lot of good information out there. It's just sometimes not easily accessible or not as current as we would like it to be. If you think about the government data, the T3010 forms and the tax data that they release are usually 18 months old by the time we have public access to it. So, what we can infer from it is relatively limited.

**Mary Barroll:** The problem became especially critical during the pandemic and drove the creation of the Carleton University's Charity Insights Canada Project or CICIP.

**Dr. Paloma Raggio:** We needed clear, timely, fast answers to issues that were coming up, but having data that's 18 months old in the middle of a pandemic is not as helpful as we would like it to be. So, the question was, how can we make this happen? How could we have almost near real-time data about the sector, concerns, and trends? And we proposed a project which got funded. And the idea was that each week, we would ask a panel of about a thousand charities across Canada, selected randomly, to ensure that it represents the Canadian population of charities. And we would ask them weekly questions. So short pulse survey. And on the Wednesday, we asked them questions. On the Friday, we delivered the results. And we've been doing this now for a year and a half. And with this year, we started off year two with over 80% response rates. So, we are able to recruit them, and on top of that, they are participating and engaging because I think it's interesting for them to know what other charities think. So, we're breaking this isolation as well, because many are in the same boat.

**Mary Barroll:** Their weekly survey data can be accessed by visiting [carleton.ca/forward/cicp-hyphen-pcpob](http://carleton.ca/forward/cicp-hyphen-pcpob). Dr. Paloma Raggio says her team is also developing

dashboards to help nonprofits delve deeper into the data. And the website also has an educational component that teaches visitors how to use the information.

**Dr. Paloma Raggo:** Data is the new gold rush. Everyone wants it. Everyone is trying to find it somewhere. But there is little effort done around data literacy. And that's a real commitment we have. Whereas you can have the best data in the world if you don't know how to manage it, access it, interpret it, how much good can it do for you and for others? So, what we're trying to build is really these basic skills around data literacy. And when I say basic, we're not talking about university level. We're really talking about basic, because some people, that's what they need to really understand what's happening. What is data? What is a variable? What can I do with the kind of information I actually have? And so, what we're building is capacity building for practitioners, for fundraisers, and hopefully for the general public to better understand the work the sector does.

#### NEWS CLIP MONTAGE

<https://globalnews.ca/video/10188077/traditional-charitable-donations-hit-30-year-low>

“Fewer Canadians are donating to charity, leading to a decades-long dip in giving”

<https://www.youtube.com/watch?v=NmWGISsMNaM>

“The same poll finding 37 percent are scaling back on the amount they donate to charity”

<https://www.youtube.com/watch?v=54mgXGjJdy0>

“To date, we're receiving less donations, yet the requests for assistance have really skyrocketed”

[https://www.youtube.com/watch?v=uKlbz3E3\\_tc](https://www.youtube.com/watch?v=uKlbz3E3_tc)

“The bottom line here: donations are down. They're expected to go down even further. The need is up.”

**Mary Barroll:** So, if the news reports are correct and giving is down, are Canadians showing their generosity in other ways? Here's what the data concludes.

**John Hallward:** Well, unfortunately, generosity is indeed declining.

**Mary Barroll:** John Hallward is Chairman of the Canadian charity Giv3 and President of the social enterprise Sector3Insights, which measures best practices and provides insightful research for nonprofits.

**John Hallward:** So, one could argue that if those who aren't giving are more generous in volunteering of time, which by the way is also down in terms of measurement or giving, up for other types of behaviours, then maybe generosity is not declining. But in the research, when we looked at all these different types of behaviours, it is a net

decline. The people aren't just shifting and the younger people aren't giving less money because they're doing more volunteering or giving more money directly to the person in the street. Really just across all of these pro-social generosity type behaviours, it's declining.

**Mary Barroll:** In December 2023, Sector3Insights and Giv3 jointly published a report on giving in Canada based on a survey of a thousand Canadians. Here's a broader look at the rather concerning findings and what it means for the future.

**Host:** Older adults are more generous than adults under 35 years of age. And as older Canadians pass on, their level of generosity is not being equally replaced by the newest generations.

Economic pressures are squeezing Canadians' ability to afford generosity. Religious Canadians are much more generous than non-religious Canadians. As religiosity continues to decline, so does generosity. Younger adults have lower appreciation for social giving norms. And they have a lower recognition that charities need their help. Younger adults are less likely to feel a responsibility to help. They are more likely to feel government is responsible.

**Mary Barroll:** All of which appear to be troubling signs for the future of Canada's nonprofits. For John Hallward, this data points to broader sociological shifts and attitudes affecting giving behaviour among the generations.

**John Hallward:** Younger Canadians give less in terms of money, and you could argue, well, they have less, and that makes sense. If you start to look then at attitudes in terms of asking them, well, hypothetically, if somebody was earning X tens of thousands of dollars or hundreds of thousands of dollars, what percent of their income do you think they should be giving to charity?

And we ask all age groups this question. And it's the younger ones who had the lower percentages. They're saying, oh, wow, they should only be giving one or 2%. Whereas older generations for the exact same question are saying, oh, well, hypothetically, if somebody's earning 200,000, they should be giving three or 4%. Another question we asked was about attitudes, about whose responsibility is it to fix the problems in your community, you know, who has those responsibilities. And middle-aged and older Canadians are more likely to say, well, it's our community, it's our responsibility. The younger ones are less likely to say that, it's kind of not our problem. It's you boomers who created the problem, therefore you have to fix the problem, it's not my problem. And so that's not a very strong pro-social attitude and it's concerning.

**Mary Barroll:** And yet 78 percent of people in John Hallward's survey say they believe they are helping their communities become a better place. 77 percent say they believe everyone has a responsibility to give and to help those in need. 77 percent also report that they enjoy supporting nonprofits and registered charities.

**John Hallward:** Yeah, 90% of Canadians are generous in one way or another. From helping coach a school little league team to helping a neighbour with meals, to formally giving money to registered charities.

The problem really is not so much that people are generous or not, but it's the volume and the amount of generosity. And that's where the younger, even in their attitudes, their social norms, their expectations for what people should be giving are coming down.

**Mary Barroll:** And by “young people” Hallward means anyone in his survey under 35.

**John Hallward:** I grouped them all because if you start to look at it just in five-year increments, it's too small a slice of the data to be honest. And clearly 18, 19, 20, 23-year-olds just don't have money to give and it's very hard for them to be generous in other ways. So, most of the insight really is kind of the Millennials down

**Mary Barroll:** John Hallward believes an important factor contributing to the long decline in giving is not just the economy or changes in attitude, but a broader change in social norms, especially the decline in religion.

**John Hallward:** Religions were very good at this concept of tithing, and tithing literally means one-tenth. And if you think of one-tenth of one's income, that's 10%, right? I mean, that is a huge number. And as people become less religious and don't even understand what tithing is, then you can see that the sense of social norm becomes, well, what is everybody else giving? And if everybody else is not giving very much, or you perceive that half your friends aren't giving anything. Then it's the volume of your gifts that decline. And I know there's a hypothesis south of the border from someone who I've talked with, very smart in academics, they're saying, they're questioning whether all this digital technology and access to giving is undermining that sense of a high social norm. Because if you can text five or \$10, and if you can do and participate in Bell Mental Health Day and give \$5, that's a very low gift size to feel good about yourself. But if you do give \$5 and you feel good about yourself, then it's going to just undermine the whole idea that really you shouldn't feel good unless you're tithing. Now, obviously, that's an extremely high number, but it's almost on a mercenary level that the cost of feeling good about oneself is coming down.

**Mary Barroll:** That's concerning. What does this mean for fundraisers and organizations? Is there anything that they can do to mitigate these kinds of shifts that you're talking about, which they do appear to be beyond their control in terms of what you found?

**John Hallward:** Yeah, it's a great question because I don't feel personally that whining about any of this is going to help much. So yes, it's perhaps a necessary first step to prove where the problem is, so you know what to fix, but we need to get on with fixing it. And I think it's very difficult for 75,000 operating charities, which half don't have any people in them or paid staff and stuff. It's not equipped to take this kind of on in a strategic, nationwide, existential threat to the sector. So, what can a charity do? Well, yes, maybe they can become a little bit more efficient in their fundraising efforts and leverage best practices, leverage emotion, tell narrative, those kinds of things. But in and of itself, what we found with the research is that there's not a lack of trust with charities. People believe that charities serve a good role, et cetera. So, I don't think the problem rests with the charities. Therefore, it's hard for the charities to fix the problem.

**Mary Barroll:** But as younger people grow older are they likely to adopt the generosity of the older generations, once they become more financially comfortable?

**John Hallward:** I think there's going to be some of that. Clearly in our research, one of the questions we asked was how they felt about and how aware are they that charities in their community are struggling and need their help. And the young were a lot less aware of that or less believing that that was truly the case. So, there is room and I guess what you're alluding to is that as one gets old, you learn, you become aware, you become wise. I think that's part of the solution going forward is that we need to promote these insights and these values and sensitivities.

Religion was pretty good at that because Friday, Saturday, Sunday, church, temple, or synagogue, you got that messaging. Well guess what? If that's not happening and you're at home watching Netflix and it's video on demand and coffee on demand and music on demand and it's I want what I want, when I want it, wow, that's what we have to overcome.

**Mary Barroll:** As to solutions, John Hallward suggests possibly a public awareness campaign similar to ParticipAction, the campaign launched in 1971 and is still in circulation, designed to encourage Canadians to be more physically active.

**John Hallward:** So, ParticipAction is a small investment from the government to help encourage Canadians to be more healthy and exercise more. And the payout is greater productivity and less demands on the healthcare system. So, a small investment goes a long way. You kind of wonder if the same concepts would apply in philanthropy, that Canadians are caring, and caring Canadians help others and here are ways to help. And you just try to push the messaging into the void by the decline of religiosity. Mentoring, maybe new tax laws, maybe volunteers should be able to get a discount on their taxes payable. If you give money, you get a discount on your charity tax credit. Can we use something similar, perhaps in volunteering? So, we need to start exploring multiple methods to start to address this problem.

**Mary Barroll:** Are you optimistic about the sector's ability to continue to engage donors and fund programming for the years ahead?

**John Hallward:** Yeah, it's a great question. I find myself to be a realist, you know, so like all the facts as a market researcher. So I am very concerned about the trends. And if we don't do something, the trends will continue. I'm heartened by the fact that we are humans. Canadians do care. We do wish to be helpful in all those good things.

But being humans, we compare ourselves to others. And if nobody else is giving, then what should I give? So all these little humanistic things need to be dealt with. As I mentioned, I think there are lots of resources in this sector. I don't think we're gonna get there voluntarily. We've asked foundations to up their spending. During COVID, we asked them to step up and spend their money and increase their grant giving. They barely did. The rest has continued to grow right through the rainy days of the pandemic. So, I'm now kind of thinking we need systemic change. We need to put things into law to require, force, or oblige better outcomes.

**Mary Barroll:** Despite concerns that generosity among young people is waning, there is also new research that shows room for optimism. PayPal Giving Fund Canada along with AgentsC Inc. set out to study the generosity habits of younger Canadians. The findings are compiled in a report entitled *The Future of Giving; Looking Beyond the Selfie*, that explores generosity between generations and offers a glimpse at emerging giving trends among Millennials and Gen Z.

**Host:** The study released by PayPal Giving Fund Canada reveals strong giving intentions among Gen Z, who are 18 to 26 years old and Millennials aged 27 to 42 years old. The survey of over 1,000 younger Canadians reveals that 93 percent of those surveyed from these generations plan to make a financial donation in the coming year, while significantly more (91%) Gen Z than Millennials plan to give back by volunteering.

**Wen-Chih O'Connell:** So, one of the questions we had when we started this project was whether younger Canadians had a different definition of generosity than the traditional one. Given the more recent rise and normalization of crowdfunding, social sharing and advocacy through consumerism.

**Mary Barroll:** Wen-Chih O'Connell is President and Executive Director of PayPal Giving Fund Canada, a registered charity that uses PayPal technology to support other charities. Their recent report tells a much different story about the generosity of younger Canadians.

**Wen-Chih O'Connell:** But what the data told us is that younger people's definition of generosity is actually still quite traditional in that it's the giving of money, time and things towards supporting a cause. But what we found was that Gen Z respondents are significantly more likely to have engaged in civic action, volunteering, and giving gifts in-kind in 2022 as compared to Millennials. Both Gen Z and Millennials are supporting varied causes, and the top three causes they're supporting include children and youth and animal welfare for both groups. But education was number two for Gen Z, and health and medicine was number three for Millennials.

So, they are supporting a variety of causes. But we did find that Gen Z respondents are significantly more likely to support inclusion-related causes. For example, disability services, human rights, crime and prevention and criminal justice than Millennials.

The survey asked Millennials and Gen Z what motivated them to donate financially. Both groups cited the same top two reasons, which were a nice feeling and appreciation from the recipient. But after those reasons, the motivation of the two young groups – Millennials and Gen Z - differed.

But the third most important incentive for Millennials, specifically is getting a tax receipt for their donation, which was preferred more by early Millennials than late Millennials. But this receipt for their donation was one of the lowest ranked for Gen Z. And so that is just not something that they really care much about. And their number three was actually having no reward or incentive expected, which is kind of nice.

**Mary Barroll:** And just to help keep track, early Millennials are the oldest among the young (34 to 42). Late Millennials are in the middle, 27 to 33. And Gen Z are the youngest of the young, 26 and under.

Well, how much money are they typically giving per year in each of these demographics? And are there barriers that they're facing to being able to give more?

**Wen-Chih O'Connell:** The most common self-reported annual donation amount among our survey respondents was between 50 and \$200. And the most common barrier for not being able to give more was not being able to afford to give more. And so that was cited by 50% of respondents across the board. While there is a lot of data out there highlighting the decrease in donations generally, what we saw in our survey data was that the desire to give, and support charitable causes and organizations is there. And it may just be these especially challenging economic times that are impacting their ability to give financially. However, especially among Gen Z, they are really keen and active in volunteering and providing support in other ways. One of the tips for charities highlighted in the report is to continue reaching out with other opportunities for engagement, such as volunteering and maintaining a connection, such as through social platforms where younger generations are active. And that will help increase lifetime donor value as they're likely to resume or increase donations once they're able to.

**Mary Barroll:** Of course, we are talking about people in the early stages of their working lives who are still establishing homes and families, and still facing the challenges of an uncertain economy.

**Wen-Chih O'Connell:** Yeah, definitely. I mean, aside from even just the fact that the primary barrier is just not being able to afford to give more, and that was preventing them from giving more. We also saw that more than 50% of respondents showed an interest in serving on a charity or nonprofit board. And the largest proportion of those interested came from Gen Z and late Millennial respondents.

And Gen Z was also the only group with more respondents interested to start their own charity over those that wouldn't. And in contrast, significantly more early Millennial respondents would not want to start a charity than those who would.

So I liked this finding from our data because it indicates that young people are really keen to serve through leadership roles. And it is a powerful way to engage deeply and develop those strong relationships. So even if a charity doesn't have board positions to offer, they could consider setting up an advisory committee or youth council to engage younger supporters and hopefully kind of grow them in that relationship towards when they have the financial means to be able to give financially. We did see that younger generations also were really interested in learning more about the cause that they care about. They really want to see what is the impact of the funds that they're receiving. They want to see the impact of that organization on the cause that they're supporting. And they're looking towards influencers and their networks to learn more about that.

Our survey also asked an open-ended question about what platforms were preferred when actioning their generosity. And I found it interesting that, honestly not really surprising, that social media platforms were mentioned the most. The number one platform for Millennials is Facebook, followed by Instagram for late Millennials and nothing or none for early Millennials. And number three is the same across Gen Z and both Millennial groups, which is GoFundMe. But for Gen Z, the number one platform is

Instagram for them, with Facebook and TikTok tied for second place. So, all of these social media platforms are really the ones that all of these people in these younger age groups are active on and are looking to actually be generous on as well. And so, you know, since Gen Z and Millennials prefer to engage in acts of generosity through social media platforms, such as Facebook and Instagram. Charities can leverage these channels and the integrated fundraising that PayPal Giving Fund is powering on these platforms through our partnership with Meta to reach a range of younger donors using both mobiles and laptops to make online donations. And I'll note that giving on Instagram is only available on the mobile app, but that actually kind of aligns with younger donors' preferences anyway.

**Mary Barroll:** Which also underscores the importance of social media in reaching out to younger people, engaging them in specific charities, and developing donors of the future.

**Wen-Chih O'Connell:** The data that we saw also gives some insight into how charities can leverage these platforms depending on the audience they may want to engage. So, for Gen Z, it is really important to talk about the impact of your organization's work, and how their support, whether that's through donations or volunteerism, would contribute to that. So that's a really important piece as you're developing your messaging on social media. For Millennials, charities can engage them specifically in calls to action related to fundraising, since that's their preference in making donations, financial donations, over other forms of support. So, I think including that CTA, that call to action, around making a financial donation would be welcomed by Millennials.

**Mary Barroll:** Regardless of age, another aspect of fundraising and philanthropy that's often talked about, is the need for greater equity, diversity and inclusion. But data is still being developed.

**Wen-Chih O'Connell:** Yeah, part of why we partnered with AgentC on this report was for their expertise in diversity and inclusion research in the field of philanthropy. And both AgentC and PayPal Giving Fund wanted to bring that lens to the data analysis for this report to see if there were any significant findings across the diversity of ethno-cultural identities. And we included a number of initial learnings in the spotlight section of our report, with a note that our survey sample was not statistically representative of the ethnocultural communities discussed. So, while these findings can help start a conversation of the emerging themes around diversifying Canadian philanthropy, further research is still needed for a more robust understanding. A couple of examples of the initial learnings from this data.

The first is around the fact that ethno-culturally diverse respondents are significantly more likely to be open to serving on a nonprofit board in the future than white respondents. So, it was 48% versus 26%. This data point should be encouraging to charities looking to diversify their leadership through board service, to know that people of colour are keen to engage in this way. Another finding that stood out to us was a large majority of black respondents prefer giving on mobile. So, 69% of black respondents prefer giving on mobile versus 52% white, 51% Asian. So, there is an opportunity for organizations to use mobile phone messaging and mobile-friendly platforms to encourage engagement with young black donors and volunteers.

## MUSIC TRANSITION

**Mary Barroll:** While Canadian charities struggle with declining generosity and growing economic pressures, there are signs of hope. And it has everything to do with age and the life journey from cradle to grave.

## MONTAGE NEWS CLIPS

<https://www.youtube.com/watch?v=WwCWmggzXJs>

“The Baby boomers have built a historically unprecedented amount of wealth”

<https://www.youtube.com/watch?v=wkLkz9KnHSU>

“This is being referred to as the greatest wealth transfer in history and it’s already started”

<https://www.bnnbloomberg.ca/video/small-business-implications-as-massive-transfer-of-wealth-looms~1736890.amp.html.amp.html.amp.html.amp.html>

“Canada will see a massive transfer of wealth as Canadians pass their hard-earned assets to their children”

<https://www.bnnbloomberg.ca/video/economic-success-of-younger-canadians-increasingly-depends-on-parents-income-cibcs-tal~2137897.amp.html.amp.html>

“We know that there’s an avalanche of wealth coming, that’s going to be handed down...”

**Mary Barroll:** The newest data from Statistics Canada shows that 23.9 percent of people over 65 donate to charity – well above the national average. And more impressively, out of every 100 dollars donated by Canadians, 48% came from seniors according to tax filings - almost half. Numbers that underscore a looming legacy.

Not surprisingly, the number of Canadians writing wills jumped significantly during the pandemic. Facing a global existential threat, ten percent of us wrote wills for the first time. Another 20 percent updated existing wills. Two million Canadians are estimated to now have wills. “Giving while living” may be in decline according to some reports we’ve discussed in this podcast, but Charlotte Field says there is enormous potential in what’s known as “legacy giving”.

**Charlotte Field:** We are estimating that the value of that marketplace, the value of that pipeline, is in the area of \$280 billion. Again, up from 216 back in 2019. So, there's a lot to like here.

**Mary Barroll:** Charlotte Field is a Partner in GoodWorks. In her State of the Legacy Nation report she explores the phenomenon of leaving gifts in wills, and how the nonprofit sector can benefit.

**Charlotte Field:** More people are making wills. The value of these gifts is extraordinary. There are a huge number of people who are planning to make wills. So that pipeline is

still strong, still moving. There were some questions about, are we over that wealth transfer coming from the civics. And the resounding answer is no. The baby boomers are still very much in play and they're still moving gifts along in a substantial way. And more than that, what we see is that legacy giving seems to be a very stable type of giving. You know, the past four years have been uncertain for nonprofits and charities to say the least. And yet legacy has been because it's so values-based, so inherent, and also because it doesn't tend to be impacted as much by the day-to-day pressures of things like inflation, interest rates, cost of living, it doesn't seem to have the same volatility as other giving types. There's a lot of stability in legacy giving.

Certainly, it's exciting to see more than half of Canadians having wills based on our research. What's really interesting is that as the size of the audience of will makers has risen, the percentage of people who are leaving gifts and wills has actually decreased. That can sound really scary to fundraisers. We actually think that there's enormous promise here because we have a good idea of what's happening there. But it is an interesting inversion to see more wills conceivably with a lesser ratio of gifts in them.

**Host:** In 2019, according to Good Works research, fewer than half (42%) of adult Canadians had wills. One global pandemic and an economic cycle later, this has reversed. Now, more than 50% of Canadians have written a will. During the pandemic about a million new wills were created in Canada, and it's what Good Works described as the advent of the "reactive legacy donor" (folks of all ages who were suddenly faced with the possibility of their own mortality and hastily sought to get their affairs in order).

**Mary Barroll:** Even though the number of people making wills has soared - as have the billions of bequeathed dollars - we also know that most of that money is going to immediate family members. Research done by GoodWorks shows 62% of people who leave gifts or who are planning to, are leaving assets to their children. 57% are leaving assets to their spouse. But those numbers don't tell the complete story.

**Charlotte Field:** The other thing that's interesting about that though is we like to sort of flip the statistic and think about, okay, also 38% of people who leave gifts and wills don't have children. A greater percentage than that even don't have a spouse. So, it's easy to think, well, for the most part, people who leave gifts in wills, the charity is priority three or four or five, but for a large percentage of these people, those two biggest directions, the child and the spouse are actually not in play. And that tracks with what we've historically seen that your best legacy prospect has been female and unmarried. So that pattern continues to be in play here.

**Mary Barroll:** And many people who do have children and a surviving spouse will still donate a residual amount to charity, after accounting for the needs of their families. In total, 10 percent of all Canadians do leave "something" to charity, according to Charlotte Field.

**Charlotte Field:** And it's worth noting that when we do our research, we split apart charitable giving and giving to religious institutions. CRA and Statistics Canada group those together, but we have found that the psychology of a gift and a will to a charity is very, very different from a gift and a will to a religious institution. And so, we split those

apart. Giving to the church or religious institution was a lesser percentage overall than giving to charity, which clocked in at about 10% this year.

**Host:** When Good Works lays its poll results over Statistics Canada census data, it estimates that there are about 2 million Canadians who have either already made legacy gifts or say they're likely to within the next five years. Good Works further estimates that charitable bequesters make an average of four gifts in their wills to charities. Finally, Good Works' data estimates the average charitable bequest gift amount to be \$35,000, amounting to a potential legacy giving amount in Canada to total \$280 billion dollars.

**Mary Barroll:** Charlotte Field says there are still lots of opportunities for nonprofits to cultivate legacy gifts. Most of the 500 thousand Canadians who wrote new wills in the past few years are Gen-Xers who urgently wanted to ensure that their families would be taken care of if the worst happened during the pandemic. Their thinking didn't necessarily include legacy. But as they get older their thinking may change. And there are still many Canadians who haven't written a will yet.

**Charlotte Field:** 35% of Canadians who don't yet have a will are telling us that they're expecting to make one in about the next five years. So, we're going to continue to see that audience of will makers expand. And that's not to mention people who are going to update their wills. So, based on that 35% of people, if they continue to give the rate we've historically seen.

If 35% of those non-will makers do make gifts, you're looking at another 56 billion in that legacy pipeline. Again, that's not \$56 billion that gets realized in the next five years. It's \$56 billion that gets put into wills. And then there's the cultivation work that goes into realizing that gift remaining in the will.

## **MUSIC TRANSITION**

**Mary Barroll:** I'd like to thank our guests for sharing their perspectives on the state of fundraising in the nonprofit sector and their ideas on how to find opportunities amid changing demographics, shifting attitudes and economic uncertainty. Before we go, they shared some final thoughts.

**John Hallward:** I've come to the charity sector from the outside. I came from the for-profit world. I was an entrepreneur. I started a business. I'm not a big fan of bureaucracy and paradigms, i.e. entrepreneurs try to break through, and any means to get to the ends is kind of fair game. And so, I come to the charity sector and it's very obvious very quickly that there's no incentive for the charity sector to become efficient. There's no for-profit payout and reward to take risks. And then it's a little bit the opposite that if you follow popularism and woke popularism and you touch all the right hot buttons, and you follow a good clean process, then you're less likely to get fired or kicked out of your job and you're more likely to continue on.

Rocking the boat is not encouraged. Being innovative in shaking the tree is not encouraged. Even to the point of being critical in the sector, it's kind of shunned and not encouraged. But if it wants to be better, you have to be self-critical. And so, I kind of

unashamedly come at this as the glass, even if it's not half and half, it's three-quarters full. I'm still looking at the quarter that's not full.

We continue to have a deteriorating environment, people dying of opioid crisis, cancer, etc. So, we cannot be complacent. We cannot be happy with what we're doing. So, we have to be critical. We have to change the status quo. We have to take risks. And I think to me that's the message I would like more people in the sector to appreciate, is that we can't be defensive. It's not about process. It's about purpose. And it's about outcomes.

And like I say, as long as people are dying, we've got to do better. The good news is I think there's lots of resources. I mean, look, the charity sector has got tens of billions, hundreds of billions of dollars flowing in it every year. Foundations, the numbers change when the markets are up. So somewhere between 140 and 150 billion dollars sitting on the sidelines in foundation investment accounts. So, there's no shortage of money. That's the good news. You know what that means? Hey, great. We've got the resources. We kind of have the smarts. Now we just need to make some smart little tactical decisions to spend a fraction of that money in new innovative ways.

**Dr. Paloma Raggo:** It gives me hope in a sense that people are still willing to look forward, plan, innovate. One of the big drawbacks is this inertia where they're not realizing that innovation requires capacity-building investments, and not so much from the organizations themselves, but from funders. In order to change and in order to keep growing, organizations need to take risks. Funders need to take risks and sometimes they're very risk-averse.

And so, I'm personally a very optimistic person, so I always will say, oh, optimism is great, but grounded in reality, a lot of people are perhaps missing a bit some of the challenges on the ground of this shift in technology. Now we're dealing with a sector that is really seeing the effects of AI, what it can do, but how it can affect also the labour, the intellectual property, and all these kind of ethical challenges and biases. Are we prepared for these kinds of technological transitions and the costs associated to that?

I'm not sure that funders are also really aware that transitioning takes support and making a case for that is challenging and hopefully our data helps in that way.

**Wen-Chih O'Connell:** I am very optimistic for the future of giving based on the report and the findings. I think that both Gen Z and Millennials report that they are likely to donate more money in 2024 than in 2023. They want to give and they're willing to support their favourite causes in other ways, even if they don't yet have the finances to do it now. And I just saw a news headline last week saying that Millennials stand to become the richest generation in history after something like a \$90 trillion wealth transfer. So, hearing from younger Canadians through research like this is important for the sector to have data-driven support for their approach in engaging these younger supporters into the future. And I think that Gen Z's interest in volunteering and leadership can have really long-lasting impact, both on engaging their peers in supporting charitable causes and through the organizations that they might be choosing to support in these ways too.

**Charlotte Field:** So that's my biggest recommendation, as much as you can, be building a system and structures that are persuasive and active. So, you're really stewarding people along that legacy journey. And by the same token, it's really important to have this understanding that legacy gifts, you cannot expedite them. Those happen on the donor's time on their timeline. So that's why it's so important to be doing that really consistent, constant respectful marketing again so that when that life change happens you're top of mind. You're never going to convince someone to go book time with their lawyer, pay that money, and put a gift in their will, that just doesn't happen. But when that change happens have you done the heavy lifting to be top of mind? That's the biggest thing that you can do right now in order to harness all that potential that's coming down the line.

## **MUSIC TRANSITION**

**Mary Barroll:** You can access all the reports referenced in this episode of CharityVillage Connects in the show notes with the links to those and other resources. If you want to learn more from any of our subject matter experts featured in this episode, the full video interviews with them can be found on [charityvillage.com](https://charityvillage.com).

In our next episode, the 2024 Giving Report by CanadaHelps will build on last year's report that began with a stark headline: It's Time For A Change. The 2023 report outlined alarming challenges facing the nonprofit sector, including unprecedented demand for services, falling donations, staff burnout and rising inflation. Have things changed in 2024? We'll talk to CanadaHelps about what the 2024 Giving Report reveals about the pressing issues facing Canadian charities and what you need to be doing now to help mitigate those challenges. We'll also speak with experts from across the sector for advice on how to navigate these concerning issues. That's on the next CharityVillage Connects. I'm Mary Barroll, thanks for listening.

## **MUSIC OUT**