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Influence of external and internal factors on financial advisors' guidance of clients in the area of charitable giving

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University of Northern Iowa

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INFLUENCE OF EXTERNAL AND INTERNAL FACTORS ON FINANCIAL ADVISORS’ GUIDANCE OF CLIENTS IN THE AREA OF CHARITABLE GIVING

An Abstract of a Dissertation

Submitted

in Partial Fulfillment

of the Requirements for the Degree

Doctor of Education

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July, 2019
ABSTRACT

Charitable giving plays a vital role in the ability of nonprofit organizations to carry out their missions to contribute to the well-being of society. Research suggests that most wealthy Americans have an interest in being philanthropic and giving to nonprofit organizations. Financial advisors often play a substantial role in helping their clients understand the complex policies related to charitable giving. As the experts, financial advisors play an important consultative role in making sense of the benefits that can come as a result of charitable giving.

The purpose of this study was to explore how financial advisors work with clients in the area of charitable giving. This study sought to explore how external factors, including such aspects of financial incentives, advisors’ knowledge, and service perspective impact how financial advisors guide clients in charitable giving decisions. Additionally, internal factors, including advisors’ values and beliefs related to charitable giving and their personal involvement in nonprofit organizations, were explored to understand how that impacts the way they work with clients regarding charitable giving.

The study utilized a quantitative correlational research design. This was appropriate, as the purpose of this study was to measure the correlation between variables. The electronic survey was distributed to 156 members of the Financial Planning Association of Iowa, with 41 members who engaged in the research study. Findings indicated that service perspectives, including an advisor’s personal perspective that charitable giving is a part of overall financial planning, as well as company policy to engage clients in the area of charitable giving guidance, play a significant role in the
degree to which advisors engage in conversations around charitable giving with their clients. An additional significant relationship existed between the number of clients an advisor works with who have high net worth and the advisor’s guidance in the area of charitable giving.
DEDICATION

I dedicate my dissertation to my grandfather, John Gorsuch, who passed away just months before he was able to see me complete my doctoral degree. He was always a great encourager of my education and invested in me in a multitude of ways so that I could have the career and life I do. Ultimately, he made it possible for me to establish the Gorsuch Widner Family Fund, through which giving to causes will be a shared experience within our family, ensuring a legacy that upholds the value of giving for generations to come.
ACKNOWLEDGEMENTS

There are many people without which this endeavor would not have been possible. First, my committee co-chairs and advisors, Dr. Christopher Edginton and Dr. Julianne Gassman are two of the most important mentors in my life. I owe them both a debt of gratitude that extends far beyond this endeavor. As a first-generation college student, Dr. Edginton painted a vision of what I was capable of achieving that was beyond anything I had imagined for myself. Without him, I would not have pursued a doctoral degree and would have missed out on some of the most joyous work of my life, teaching college students. Dr. Julianne Gassman is the best kind of person to know, both an incredible colleague and dear friend. At a time when this dissertation was off everyone’s radar, including mine, she kept pushing and bringing it back to mind. I know without a doubt this would not have happened without her gentle, and sometimes not so gentle (but appreciated), prodding.

My sincere appreciation goes to my committee members, Dr. Oksana Grybovych, for her steadfast support, Dr. Michele Devlin for her valuable input, and Dr. Radhi Al-Mabuk, for his expertise in statistics. Additionally, Dr. Stanley Ebede, provided invaluable support in the data analysis process and helped me realize the completion of this research was possible.

Erin Ramsey and John Glaser of the Financial Planning Association of Iowa gave me wonderful support in data collection. Erin consistently helped me over the many years I worked on this, and John played a vital role in assisting in the final, critical months.
I have many friends and professional colleagues who have lent advice and support throughout this process. I am fortunate to have a considerable group of friends who have gone down this journey before me, and their encouragement and guidance was critical in spurring me on and helping me see the light at the end of the tunnel.

I grew up with a foundation of opportunity that my parents, David and Kathleen Gorsuch, provided. That foundation included the chance to pursue degrees in higher education. I am deeply grateful for the ways they supported my educational and career paths. My sister, Kristi Diffor, has been a constant encourager, boosting my spirit and helping me see the best of who I am capable of being. She provided extra momentum to push me through in the final weeks and months of this endeavor.

To my husband and children I offer my sincere gratitude. It was a worthwhile detour in the midst of this work to meet, marry, and create a family with my husband, Eric. Even while my dissertation was on pause, he continually encouraged me and gave me the confidence of knowing when I picked it up again, he would care for all aspects of our family life while I focused on the effort. He did exactly that. To my daughters, Emma, Megan, Madie, Vivian, and Clara, I saw this through for you. I hope to instill in you the understanding that learning, whether formal or informal, is a lifelong endeavor. I want you to see through my example that seemingly impossible things can be made possible, that perseverance and commitment are keys to achieving big dreams, and that sometimes our best accomplishments come with many restarts along the way.

And finally, I want to acknowledge and give credit to my one true advisor, God. He is the planner of my life story, and I could not have written it better. I am appreciative
of the experiences, people, blessings, detours, growth, and continued learning that have been weaved into my life journey. I pray I will find a way to use this accomplishment to further God’s work on this earth.
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CHAPTER I
INTRODUCTION

Giving USA reported donations for 2017 were approximately $410 billion, a 5.2 percent increase over donations made in 2016. When adjusted for inflation, the increase in giving is closer to three percent. The largest percentage of overall giving is made by individual donors at 70 percent of total giving (Giving USA, 2018). Americans are inclined to give, thus charitable donations serve as an important element in supporting the nonprofit sector. Central to the management of wealth in the United States are financial advisors, who work with clients in the area of charitable giving and the role that charitable deductions play in that guidance.

The tradition of charitable giving in the United States is strong and extends back to the founding of our country (R. A. Gross, 2002). During his studies and observation of the United States during the early 1800s, Frenchman Alexis de Touqueville noted the ability of American citizens to form together “to address social and political objectives” (Worth, 2017, pg. 21). The U.S. government confirmed the importance of individual citizen’s contributions to their community by instituting a deduction for charitable giving as part of our country’s original tax code in 1916 (Naboulsi, 2012; Bakija & Gale, 2003; Rooney & Tempel, 2001).

Greater wealth disparities evident in American society, diminished government spending toward programs offered by the nonprofit sector, and the beginning of a predicted $41 trillion intergenerational wealth transfer, make it more important than ever for the nonprofit sector to focus on expanding the potential for giving by our nation’s
citizens (Pfeffer, Danziger, & Schoeni, 2013; Havens & Schervish, 2003). Additionally, research has indicated that up to $25 trillion will be donated to nonprofit organizations, particularly through planned giving, in the coming decades (Prince, 1998).

In a survey of high-net-worth households (N=519), four out of five households indicated a desire to do more in regards to charitable endeavors, including expanded giving and involving their family members in philanthropic activities (Prince, 1998). At the same time, wealthy individuals who have a desire to give may lack the knowledge and understanding of how to realize that desire (Weems, 2002). Financial advisors often play a substantial role in helping their clients understand the sometimes complex policies related to charitable giving and charitable deductions, both in terms of income taxes and estate taxes. As the experts, financial advisors play an important consultative role in making sense of the benefits that can come as a result of charitable giving. Since many clients have little or limited understanding of the implications of one’s philanthropic engagement, particularly related to estate planning, it is the function and responsibility of financial advisors to help their clients understand the various dimensions of charitable giving. In some cases, financial advisors do so, even if clients are resistant at first. In other cases, financial advisors simply drop the subject and move on to other financial planning matters (Breiteneicher, 1996).

For those financial advisors who do visit the topic of charitable giving with their clients, their advice may be invaluable to turning a client toward and expanded philanthropic financial portfolio. In a series of studies on why donors engage in planned giving conducted by the National Committee on Planned Giving, 28 percent of bequest
donors reported in 2000 that they got the idea from a legal or financial advisor as compared to only 4 percent in 1992 (2001). Thus, it is evident there is an expanded role that financial advisors are playing when they interact with their clients in relation to charitable giving.

Breiteneicher (1996) has witnessed the impact that financial advisors with the skills and knowledge, as well as the desire to engage clients in discussions about philanthropic giving, have on a client’s decisions regarding planned giving. At the same time, he recognizes the missed opportunities that have occurred when financial advisors did not effectively engage clients in such discussions and provide them with appropriate guidance. As Breiteneicher expressed, “…we have observed in our ongoing relationships with donors-clients how much their willingness to become more charitable has been shaped by their advisors’ enthusiasm for philanthropy and their ability to share that passion” (pg. 29). Johnson and Gregory (2000) concurred, “Advisors to the wealthy have a unique opportunity to help leverage their clients’ philanthropy” (pg. 15).

Beyond creating donor interest in charitable giving, Ramirez and Saraoglu (2009) suggest that financial advisors may play an even greater role by facilitating the use of public information (i.e. tax filings) in determining to which organizations their clients’ giving can have the most meaningful impact. As the nonprofit sector seeks a way to further engage donors, financial advisors clearly play a central role in developing the giving potential and decision-making skills of those with the financial means to engage in philanthropic giving. Breiteneicher (1996) called for financial advisors to take a lead in encouraging charitable giving when he stated:
Our world desperately needs those of means to be involved and engaged in their communities and to philanthropically invest their resources in ways that make a difference. That difference will be made if advisors see philanthropy as a primary element of the guidance they provide. (pg. 29)

Financial advisors may play a key role in unlocking further philanthropic potential in our country in order to meet the growing needs of our society. There are few research studies that have examined the role financial advisors play in guiding clients, particularly those not considered high net worth, regarding charitable giving (U.S. Trust, 2013; Connors, Spurrier, & Johnson, 2004; Johnson & Gregory, 2000).

Current research suggests inconsistencies in how the financial planning industry thinks about charitable giving as part of clients’ total portfolio. Some studies have suggested that discussing charitable giving is a common practice among financial advisors (U.S. Trust, 2013; Schwab Charitable, 2007; Johnson & Gregory, 2000), while other research points to a lack of charitable giving guidance (Wymer, Scaife, & McDonald, 2012; Madden, 2004, 2009). An additional layer involves who broaches the topic of charitable giving, the financial advisor or the client. In studies by Schwab Charitable (2007) and Connors et al. (2004), high percentages of financial advisors said they initiate conversations with clients to learn about their interest in charitable giving. Johnson and Gregory (2000) found that 90 percent of clients identified themselves as they ones bring up charitable giving with their financial advisors. The U.S. Trust (2013) discovered a disconnect between financial advisors’ and clients’ views on this matter, with each reporting differing perspectives on who is the one to start the conversation around the topic of charitable giving.
In most cases, studies have revealed a correlation between financial advisors’ personal values and practices regarding charitable giving and their work with clients in that area. Schwab Charitable (2007), Oriano-Darnall (2006), and Madden and Newton (2006) all found a higher level of giving among financial advisors who do more in working with clients to develop plans for charitable giving.

Research suggests financial advisors are in tune to clients’ motives for giving to a degree. Advisors seem to understand many of the top motivators for client charitable giving, including personal connections to a cause or organization, a desire to give back, and religious and spiritual beliefs (Wymer et al., 2012; Madden, 2009; Madden & Newton, 2006; Connors et al., 2004; Madden, 2004; Johnson & Gregory, 2000). At the same time, financial advisors also misjudge the importance of tax planning, believing it is or should be a primary motivator for giving. In fact, most clients report it be of low importance in their reasons for giving (U.S. Trust, 2013; Johnson & Gregory, 2000).

Financial advisors may not be well-prepared to provide quality guidance around giving. Less than half of financial advisors included in research by Madden (2009), Madden and Newton (2006), and Schwab Charitable (2007) noted they felt knowledgeable about charitable giving. While financial advisors may be under-informed about how to guide clients in the area of charitable giving, many of those studied have indicated an interest in education and resources to help them develop their knowledge in that area (U.S. Trust, 2013; Wymer et al., 2012; Madden & Newton, 2006; Connors et al., 2004; Madden, 2004; Johnson & Gregory, 2000). Likewise, clients have also indicated the need for financial advisors to strengthen their ability to provide sound guidance in the
area of charitable giving (U.S. Trust, 2013; Connors et al., 2004; Madden, 2004; Johnson & Gregory, 2000; H. Hall, 1997).

If financial advisors increase their knowledge of the policies and vehicles for charitable giving, they will in turn be able to more effectively educate their clients on the topic (Breiteneicher, 1996). As financial advisors increase their knowledge base and competence regarding charitable giving, they will be able to present more options for giving vehicles (U.S. Trust, 2013; Schwab Charitable, 2007; Connors et al., 2004; Giving Campaign, 2001). It is especially important for clients to receive thorough advice on the variety of vehicles available for giving so they are not limited in using a particular vehicle simply because it may be of benefit to the financial advisor (Connors et al., 2004; Bandera, 2003; Johnson & Gregory, 2000).

**Theoretical Framework**

Figure 1 offers a theoretical framework for understanding previous research on financial advisors and their work in charitable giving guidance. This framework combines the work of Madden (2009) and Johnson and Gregory (2000). As one can see in viewing this framework, there are two major approaches identified by Madden (2009) that categorizes financial advisors based on their approach to charitable giving. One approach is that of the warm financial advisor, who demonstrates the following qualities: (1) interest in philanthropy; (2) informed about philanthropic giving; (3) proactive in discussing giving with clients; (4) motivated to assist clients in giving; (5) belief that they can personally afford to be philanthropic; and (6) personally give larger donations. Another approach is that of the cool financial advisors, who demonstrate the following
characteristics: (1) ambivalence about philanthropy; (2) limited belief that philanthropy adds to one’s quality of life; (3) belief that clients are uninterested in giving; (4) recalcitrant to develop giving strategies for clients; and (5) make smaller personal donations.

Figure 1. Theoretical Model for Types of Advisors in Regards to Guidance on Charitable Giving (Johnson & Gregory, 2000; Madden, 2009)
Another feature of the theoretical framework is offered by Johnson and Gregory (2000). Their research breaks down types of financial advisors into three categories, including initiators, facilitators, and followers. Initiators engage in the following: (1) they raise the topic of philanthropy regularly with clients; (2) they are advocates for philanthropy; (3) they view philanthropy as a key aspect of one’s financial life; and (4) they use their own philanthropic giving as a reference when providing guidance to clients in this area. Facilitators are described as: (1) viewing philanthropy as an important component of advising services; (2) sometimes discussing clients’ values and giving goals; (3) rarely using their own giving as a guidepost when working with clients regarding their giving; and (4) showing a desire to be more proactive in the area of philanthropic giving. Finally, followers demonstrate the following characteristics: (1) they are unlikely to broach the topic of giving; (2) they see giving as a tool for tax planning primarily; (3) they view conversations about values and legacy to be too personal; and (4) they understand and/or use few planned giving strategies.

Statement of the Problem

Our country has experienced growing wealth disparities which have increased the need for the service provided by the nonprofit sector. At the same time, decreased government spending toward social services had necessitated an expansion of the provision of those services by the nonprofit sector (Pfeffer et al., 2013; Cho & Gillespie, 2006; Havens & Schervish, 2003).

As nonprofits bear greater responsibility in meeting societal needs, ensuring adequate resources for that work is imperative. Our country is in the midst one of its most
significant opportunities to secure resource for the nonprofit sector. An anticipated $41 trillion wealth transfer is expected as the Baby Boomers distribute their wealth upon their death (Havens & Schervish, 2003). The charitable giving potential within this historic transfer of wealth has the potential to strengthen the foundation of many nonprofits’ financial standpoint and secure their future ability to fulfill their mission. The challenge is to harness this potential giving at this moment in time.

Financial advisors are at the heart of providing guidance to individuals regarding their wealth, particularly at the end of their lives (Coutre, 2013; Madden, 2009). More and more donors rely on the advice of their financial advisors (NCPG, 2001), yet there are inconsistencies in how the financial planning industry sees charitable giving as part of their clients’ financial picture (U.S. Trust, 2013; Wymer et al., 2012; Madden, 2009; Schwab Charitable, 2007; Madden, 2004; Johnson & Gregory, 2000). It is imperative to learn about how advisors think about this aspect of financial planning.

Purpose of the Study

The purpose of this study was to examine how financial advisors work with clients in the area of charitable giving. This study sought to understand how external factors affect financial advisors’ guidance of clients in the area of charitable giving. In addition, the personal attitudes and practices, described as internal factors, of financial advisors was examined to understand how those impact the way they work with clients regarding charitable giving. Finally, this study examined how external and internal factors predict the way that financial advisors guide clients in the area of charitable giving.
Research Questions

This study attempted to answer the following research questions:

1. Is there a significant difference in how advisors view external factors based on the financial advisors’ demographic characteristics, including gender, age, race, number of clients, client net worth, and percentage of clients intending to make a charitable bequest?

2. Is there a significant difference in advisors’ internal factors based on the financial advisors’ demographic characteristics, including gender, age, race, number of clients, client net worth, and percentage of clients intending to make a charitable bequest?

3. Is there a significant difference in how advisors view philanthropic giving as part of their work based on their demographic characteristics, including gender, age, race, number of clients, client net worth, and percentage of clients intending to make a charitable bequest?

4. Is there a significant relationship between external factors and internal factors?

5. Is there a significant relationship between external factors and how they guide clients in the area of charitable giving?

6. Is there a significant relationship between internal factors and how they guide clients in the area of charitable giving?

7. To what degree do external factors predict how advisors provide guidance to clients in the area of charitable giving?

8. To what degree do internal factors predict how advisors provide guidance to clients in the area of charitable giving?
Hypothesis Statements

The following null form hypotheses have been constructed to assist in statistical analysis.

1. There is no statistically significant difference between external factors and advisors’ demographic characteristics, including gender, age, race, number of clients, client net worth, and percentage of clients intending to make a charitable bequest.

2. There is no statistically significant difference between internal factors and advisors’ demographic characteristics, including gender, age, race, number of clients, client net worth, and percentage of clients intending to make a charitable bequest.

3. There is no statistically significant difference in how advisors view charitable giving as part of their work based on their demographic characteristics, including gender, age, race, number of clients, client net worth, and percentage of clients intending to make a charitable bequest.

4. There is no significant relationship between financial advisors’ external factors and internal factors.

5. There is no significant relationship between financial advisors’ external factors and how they guide clients in the area of charitable giving.

6. There is no significant relationship between financial advisors’ internal factors and how they guide clients in the area of charitable giving.

7. External factors do not serve as a successful predictive model for how advisors provide guidance to clients in the area of charitable giving.
8. Internal factors do not serve as a successful predictive model for how advisors provide guidance to clients in the area of charitable giving.

Definition of Terms

The following definitions have been included to provide clarity and understanding of the key terms used in this study:

1. External Factors: For the purpose of this study, the researcher has identified external factors into three primary categories, including financial incentives, advisor knowledge and ability to offer guidance, and service perspectives. Further explanation of each category is as follows:
   a. **Financial Incentives**: Represents advisor views on tax advantages for clients and financial incentive for advisor to offer advice on charitable giving
   b. **Advisor Knowledge**: Represents advisor preparedness to provide advice on charitable giving and familiarity with clients’ background and values
   c. **Service Perspective**: Represents advisor belief in the importance of including charitable giving as part of overall guidance and the encouragement of advisor’s company on providing philanthropic planning services to their clients

2. Internal Factors: For the purpose of this study, the researcher has identified internal factors into three primary categories, including encouraging values and beliefs, discouraging values and beliefs, and personal practices related to supporting nonprofit organizations.
a. **Encouraging Values and Beliefs**: Represent advisor belief that giving can bring satisfaction, contribute to one’s quality of life, and give clients an opportunity to make a difference

b. **Discouraging Values and Beliefs**: Represent advisor discomfort with raising the topic and belief that it is too personal to discuss

c. **Personal Practices**: Represent advisor involvement in nonprofits through both giving and volunteering

3. **Nonprofit Organization**: Organized for public interest, as opposed to private interest in which earnings may benefit private shareholders or individuals. Rather, nonprofit organizations must operate for exempt purposes including charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competition, and preventing cruelty to children or animals (Internal Revenue Service, 2010a). The IRS further clarifies its definition of charitable to include such activities as:

   …relief of the poor, the distressed, or the underprivileged; advancement of religion; advancement of education or science; erecting or maintaining public buildings, monuments, or works; lessening the burdens of government; lessening neighborhood tensions; eliminating prejudice and discrimination; defending human and civil rights secured by law; and combating community deterioration and juvenile delinquency (Internal Revenue Service, 2010b).

4. **Nonprofit Sector**: The collection of over 1.6 million nonprofits organizations that are registered with the IRS, private (separate from the government), not primarily dedicated to generating profits (although they may accrue profits), self-governing, voluntary, and organized for public benefit (Pettijohn, 2013; Blackwood, Roeger, &
Pettijohn, 2012; Salamon, 2012; Salamon, 1999); for the purpose of this study, the term “nonprofit sector” refers to the collection of organizations considered 501(c)(3) public charities.

5. **Philanthropy**: The giving of time and/or money for public purposes (Salamon, 1999); the word philanthropy is derived from two Greek words meaning “love of people” (Klein, 2011). Kym Madden (2009) further explains philanthropy as “substantial and on-going donations for a nonprofit organization with the aim of alleviating or preventing community problems or to improve life and living conditions for people and creatures that have no claim on the givers” (pg. 3).

6. **Charity**: From a Latin word meaning love, related to compassion and doing good (Klein, 2011). Worth (2017) explains charity as donations to meet human needs, often driven by compassion for others.

7. **Charitable Giving**: Financial contributions given to nonprofit organizations from individuals, bequests, corporations, and foundations (Sherlock, 2010); for the purpose of this study, the term charitable giving was used primarily to describe contributions made by individuals; additionally, for the purpose of this study, the terms charitable giving and philanthropic giving were used interchangeably.

8. **Donor**: An individual who makes a financial contribution to a nonprofit organization for the purpose of helping others and improving the human condition, receiving some kind of personal benefit such as recognition or social position, and/or obtaining financial benefits in the form of tax deductions (Worth, 2013).
9. **High Net Worth (NHW):** Affluent or wealthy (Madden, 2009); for the purpose of this study, the identifier “high net worth” represents individuals who have liquid financial assets in excess of $1 million.

10. **Charitable Deductions:** Reduces tax liability for those who make charitable contributions to organizations designated 501(c)(3) by the Internal Revenue Service; the deduction is essentially a semi-matched gift by the taxpaying citizenry (Renz, 2010).

11. **Financial Advisor:** Professional advisors who have formal training and education and employ skill sets and nomenclatures of the financial advising industry (Madden, 2009); the professional advisors for this study were limited to those who are members of the Financial Planning Association of Iowa.

### Assumptions

The assumptions of this study include:

1. All the participants complete the questionnaire honestly and completely.

2. The questionnaire, adapted from Johnson and Gregory (2000) and Madden (2009), is reliable and valid.

3. The questionnaire is understandable by the participants.

4. The participants are representative of financial advisors in the state of Iowa.

### Limitations of the Study

Several limitations regarding this study should be noted as follows:

1. The study relied on a self-reporting questionnaire. Participants might not complete the questionnaire honestly.
2. The study relied on the ability of the participants to understand the terminology used in the questionnaire.

3. The study took an average of 12 minutes which could mean some participants did not complete or stay focused throughout.

4. The study alpha coefficient was .578, indicating weak reliability, making it difficult to generalize beyond the participants in this study.

5. The generalization of the study may be limited because the study population is limited to a select group of financial advisors, those identified as members of the Financial Planning Association of Iowa.

6. The number of participants makes the results of the multiple regression analysis not sufficient enough to generalize.

**Delimitation of the Study**

Delimitation for this study is identified as follows:

1. The study is delimited to members of the Financial Planning Association of Iowa.

**Significance of the Study**

Charitable giving and the many variables which affect it are of primary concern to the nonprofit sector, which relied on over $410 billion in individual donations in 2017 (Giving USA, 2018). At this particular time in history, as the Baby Boomer generation moves into retirement and the end of their lives, there is an anticipated $41 trillion wealth transfer that is expected (Havens & Schervish, 1999). When it comes to intergenerational wealth, financial advisors play a large role in influencing how clients disperse their estates, including charitable giving.
Financial advisors are at the heart of these issues and provide guidance to their clients based on the current economic conditions and legislative environment. Additionally, since financial advisors may be the only source of education and guidance to their clients, advisors’ own giving practices and beliefs may be of interest to nonprofit managers. Leaders in the nonprofit sector need to better understand the role financial advisors play in guiding clients in the area of charitable giving, as advisors may deeply influence the giving decisions of their clients.

As previously mentioned, there have been limited studies which have explored the perspective and work of financial advisors regarding charitable giving. The studies that have been conducted in the United States have focused primarily on high net worth individuals (U.S. Trust, 2013; Connors et al., 2004; Johnson & Gregory, 2000). Additionally, there has not been a study that specifically looks at financial advisors in the state of Iowa.
CHAPTER II
REVIEW OF LITERATURE

The purpose of this study was to explore how financial advisors work with clients in the area of charitable giving. This study sought to explore how external factors, including such aspects of financial incentives, advisors’ knowledge, and service perspective impact how financial advisors guide clients in charitable giving decisions. Also, internal factors, including advisors’ values, attitudes, and behaviors related to charitable giving and their personal involvement in nonprofit organizations, were explored to understand how that impacts the way they work with clients regarding charitable giving. This chapter provides a review of the relevant literature of the major research topics being examined in this study.

The first section of the literature review provides an understanding of the nature and scope of the nonprofit sector. The second section provides an overview of the financial model of nonprofit organizations that distinguishes it from for-profit entities. The third section explores charitable giving and the role it plays in our society, as well as in individuals’ lives. The fourth section gives attention to charitable deductions which provide an incentive in the form of a tax deduction for those giving charitable gifts. The fifth section further explores charitable deductions in the context of estate taxes. Finally, the sixth and last section reviews studies and information on the role financial advisors play in guiding clients regarding charitable giving.

Table 1 presents the major research topics and sources found in the literature review.
Table 1

*Literature Review Sources*

<table>
<thead>
<tr>
<th>Research Topics</th>
<th>Sources</th>
</tr>
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<tbody>
<tr>
<td>Nonprofit Sector</td>
<td>Independent Sector, 2019; McKeever, 2019; National Council of Nonprofits, 2017; Giving USA, 2018; Nonprofit Finance Fund, 2014; Pettijohn, 2013; Weikart, Chen, &amp; Sermier, 2013; Blackwood, Roeger, &amp; Pettijohn, 2012; Knutsen, 2012; Roeger, Blackwood, &amp; Pettijohn, 2012; Salamon, 2012; Cordes, 2011; Gronbjerg &amp; Paarlberg, 2011; Arnsberger &amp; Graham, 2010; Fischer, Wilsker, &amp; Young, 2010; McLaughlin, 2009; Worth, 2009; Cho &amp; Gillespie, 2006; Lohmann, 1992</td>
</tr>
<tr>
<td>Charitable Giving</td>
<td>Giving USA, 2018; Perry, 2013; Pettijohn, 2013; Salamon, 2012; Klein, 2011; List, 2011; Bekkers &amp; Wiepking, 2010; Worth, 2009; Blumkin &amp; Sadka, 2007; Gittell &amp; Tebaldi, 2006; P. D. Hall, 2006; Auten, Sieg, &amp; Clotfelter, 2002; Andreoni &amp; Scholz, 1998; Glazer &amp; Konrad, 1996; Hodgkinson, Nelson, &amp; Sivak, 1996; Rose-Ackerman, 1996; Rose-Ackerman, 1982</td>
</tr>
</tbody>
</table>

(Table Continues)
<table>
<thead>
<tr>
<th>Research Topics</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estate Taxes</td>
<td>Hudson Institute, 2009; Perry, 2009d; Bloomberg News, 2007; Birney, Graetz, &amp; Shapiro, 2006; Kurth, 2006; Burman, Gale, &amp; Rohaly, 2005; Bakija &amp; Gale, 2003; Irons, 2003; Bartels, 2004; McClelland &amp; Greene, 2004; Havens &amp; Schervish, 2003; Burman &amp; Gale, 2001; Lav &amp; Friedman, 2001; Rooney &amp; Tempel, 2001; Gale &amp; Slemrod, 2001; Johnson &amp; Gregory, 2000; Havens &amp; Schervish, 1999; Clotfelter, 1997; Auten &amp; Jouifaian, 1996</td>
</tr>
</tbody>
</table>

**Nonprofit Sector**

The nonprofit sector plays a vital role in our society, both for the services it provides and for the economic activity it generates. The nonprofit sector is distinguished from the private and government sectors in the types of goods it provides. Private, for-profit businesses and corporations compete to provide private goods in our capital marketplace. When someone purchases a particular good or service, the individual (or anyone chosen to be included) enjoys the benefits of that good. For example, when a person purchases clothing, cars, a house, etc., that person and possibly family and friends, receive the benefit of enjoying those goods (Fischer, Wilsker, & Young, 2010; Worth, 2009).
Public goods, provided by the public, government sector, include those goods which are considered non-rival and non-excludable. In other words, they are goods that could not exist in the private marketplace because it is difficult to exclude anyone from enjoying the benefits of those goods. Thus, free-riding would be an issue, which would occur when individuals who have not paid for the good are still able to enjoy the benefits of its existence. Public parks, public safety services, and transportation infrastructure (i.e. roads) are examples of public goods. The private marketplace is not interested in providing these goods because it would be difficult to charge consumers. An additional characteristic of the government sector is that the goods it typically provides goods that meet needs for the general population, or majority of citizens (Fischer et al., 2010; Worth, 2009).

The market and government failure theory, gap theory, and theory of the commons explain how the nonprofit sector provides goods, considered common goods, that the government and for-profit, market sectors do not address (Worth, 2017). Lohmann (1992) introduced the concept of commons, which refers to nonprofit organizations as the places where people associate together and create social worlds.

Nonprofit organizations serve as the places where people can see their interests, values, beliefs addressed through each organization’s unique mission. Nonprofit organizations offer a place where individuals with common interests and desires can come together. For example, individuals who are interested in seeing cancer research advanced, can join and support organizations that do just that. In doing so, they enjoy the benefits of that organization, whether that means direct advances in cancer
treatment or simply the benefit of being part of a cause in which one believes and considers valuable. As Worth (2009) explains, “Whereas a private good benefits only the individual who consumes it and a public good benefits all of society, common goods benefit (or are of interest to) all members of the particular commons…” (pg. 39).

In addition to the distinction in the types of goods provided by for-profit entities and nonprofit organizations, another difference can be seen in their financial models. While “profit is the organizing principle in the for-profit world,” as explained by McLaughlin (2009), nonprofit organizations must manage two bottom lines: a financial bottom line as well as a mission bottom line. Typically, nonprofit organizations are organized around the focus on their mission and financial goals are perceived as secondary (McLaughlin, 2009). Though financial goals may seem secondary, they are essential to effective service delivery. While an organization can sustain good financial performance with poor service delivery, it is much more difficult, if not impossible, to sustain good service delivery in the face of poor financial performance. Thus, a nonprofit organization’s ability to effectively manage its financial resources is at the heart of its ability to effectively meet its mission.

While many nonprofit organizations can be considered community enhancers in that the goods and services they produce contribute to enhanced livability in communities, over half of nonprofit organizations surveyed by the Nonprofit Finance Fund (2014) indicated they consider themselves to be a “lifeline” organization addressing critical needs. Additionally, 70 percent of organizations surveyed indicated they either exclusively or primarily serve low-income communities.
The nonprofit sector plays an important role in our society, fulfilling needs left unmet by the government and private sectors. In addition, the nonprofit sector works collaboratively with the government sector to deliver human services (Cho & Gillespie, 2006). As such, in the 1970s the Commission on Private Philanthropy and Public Needs, developed and funded by John D. Rockefeller, named the nonprofit sector the third sector to recognize the important role it plays in our society (Weikart, Chen, & Sermier, 2013).

The size of the nonprofit sector in the United States is significant with approximately 1.6 million IRS-registered nonprofits in total, 1.1 million of which are categorized as 501(c)(3)s public charities. Additionally, the sector accounts for 5.5 percent of the nation’s gross domestic product and employs 10 percent of the nation’s workforce (Independent Sector, 2019; National Council of Nonprofits, 2017; Blackwood et al., 2012; Salamon, 2012).

The nonprofit sector includes a wide array of organizations addressing various facets of individual, community, and societal needs. According to the “The Nonprofit Sector in Brief,” human services makes up the largest subsector of nonprofit organizations at 34.8 percent, followed by education (17.5 percent), health (12.4 percent), public-society benefit (11.8 percent), and arts, culture, and humanities (10.5 percent) (Pettijohn, 2013). Table 2 identifies the subsectors and provides information regarding the scope, revenue, and charitable contributions for each.
Table 2

Scope of Nonprofit Subsectors

<table>
<thead>
<tr>
<th>Subsectors</th>
<th>% of Total Nonprofits</th>
<th>% of Total Revenue</th>
<th>% of Charitable Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human services</td>
<td>34.8</td>
<td>12.7</td>
<td>12</td>
</tr>
<tr>
<td>Education</td>
<td>17.5</td>
<td>16.9</td>
<td>16</td>
</tr>
<tr>
<td>Health</td>
<td>12.4</td>
<td>59.1</td>
<td>10</td>
</tr>
<tr>
<td>Public-Society Benefit</td>
<td>11.8</td>
<td>5.7</td>
<td>7</td>
</tr>
<tr>
<td>Arts, Culture, and Humanities</td>
<td>10.5</td>
<td>1.9</td>
<td>5</td>
</tr>
<tr>
<td>Religion</td>
<td>6.4</td>
<td>0.9</td>
<td>31</td>
</tr>
<tr>
<td>Environment/Animals</td>
<td>4.5</td>
<td>0.9</td>
<td>3</td>
</tr>
<tr>
<td>International affairs</td>
<td>2.1</td>
<td>1.8</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: Giving USA (2014) and Pettijohn (2013)

The nonprofit sector has been experiencing substantial growth. Calculations of growth of the number of nonprofits have ranged from 24 to 31 percent over a decade (McKeever, 2019; Blackwood et al., 2012). While it is difficult to pinpoint the exact number of nonprofits organizations operating in the United States, according to the number of organizations registered with the IRS, there has been a 21.5 percent increase in the number of nonprofit organizations from 2001 to 2013 (Pettijohn, 2013).

While employment across the United States has declined since 2008, there was an 18 percent increase in employment in the nonprofit sector. Wages paid to nonprofit employees increased 21 percent from 2000 to 2007, outpacing the growth wages paid in
the government and business sectors at 17 percent and 8 percent respectively (Roeger, Blackwood, & Pettijohn, 2012).

The nonprofit sector makes a substantial economic impact in the United States, particularly because service industries are a major factor in our economy (Gronbjerg & Paarlberg, 2011). Revenues for nonprofit organizations grew by 44.2 percent (after adjustment for inflation) from 2000 to 2017, which far outpaced the growth of the gross domestic product which grew only 16.4 percent (McKeever, 2019; Blackwood et al., 2012). While the increase in revenues is impressive, the other side of the story is that expenses outpaced revenue growth (Pettijohn, 2013).

At a time when the sector has seen impressive growth, the recent economic recession has created challenges for the sector. While nonprofit organizations control trillions in assets (Arnsberger & Graham, 2010), income from those assets declined by a quarter during the economic recession (Roeger et al., 2012). In addition, while the sector saw financial growth from 2000-2010, much of that growth occurred during the first half of the decade. Revenue grew 25 percent from 2000-2005, but only 16 percent from 2005-2010 (Blackwood et al., 2012). Over the past decade and a half, as presented in Table 3, nonprofit growth in terms of the number of organizations, revenue, expenses, and assets has ranged from 42.8 percent to 46.2 percent (McKeever, 2019; Pettijohn, 2013).
Table 3

*Size and Scope of the Nonprofit Sector*

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Public Charities, 501(c)(3)</td>
<td>721,456</td>
<td>1.56 million</td>
<td>46.2%</td>
</tr>
<tr>
<td>Revenues</td>
<td>$876 billion</td>
<td>$1.98 trillion</td>
<td>44.2%</td>
</tr>
<tr>
<td>Expenses</td>
<td>$812 billion</td>
<td>$1.84 trillion</td>
<td>44.1%</td>
</tr>
<tr>
<td>Assets</td>
<td>$1.57 trillion</td>
<td>$3.67 trillion</td>
<td>42.8%</td>
</tr>
</tbody>
</table>

Source: McKeever (2019); Pettijohn (2013)

The recent economic challenges have meant increased demands for services, with over 80 percent of all nonprofit organizations reporting an increase in service demand. In the face of such increased demand, over half of all nonprofits report being unable to meet the service demand. The ability for organizations to expand their revenue sources, including from charitable giving, remains critical (Nonprofit Finance Fund, 2014).

While both for-profit and nonprofit entities earn revenue through fees/charges, investment income, and government contracts, nonprofit organizations also earn revenue through private donations, grants, and in-kind donations (Fischer et al., 2010). A common misnomer of nonprofits is that they do not earn revenue through payments for goods and services like their for-profit counterparts, but nearly 50 percent of all nonprofit revenue comes from payments for such services as health care or college tuition. There has been a steady increase in the dependence on commercial activities as sources of revenue for nonprofit organizations (Freolich, 1999). Some researchers have even questioned whether
the nonprofit sector can truly be considered distinct from private corporations because many nonprofits organizations are highly engaged in commercial activities (Knutsen, 2012). While only 12 percent of all nonprofit revenue today is derived from charitable contributions, many smaller nonprofit organizations rely more heavily on contributions than larger nonprofits such as hospitals and universities (Weikart et al., 2013; Cordes, 2011).

Charitable Giving Within the Nonprofit Sector

The nonprofit sector in the United States is rooted in ancient traditions of charity and philanthropy. A convergence of Greco-Roman and Judea-Christian values related to community and helping others formed the foundation of early America’s voluntary associations to address social needs and interests. While those are ancient values going back long before the founding of our nation, it is in the United States that those values have found their highest expression. The United States has a long and deep history of charitable giving and volunteerism (Worth, 2009).

Early America life saw the emergence of voluntary associations that served as an outlet to those with little power in the political and economic life of the nation. Investments in some of the country’s earliest endowments funds for charitable, educational, and religious institutions provided needed capital to stock companies. Citizens faced the difficulties of urban life through associations that served those in need. Voluntary associations were serving a wide variety of purposes and Americans were giving in large amounts to support those associations (P. D. Hall, 2006).
A time of particular growth and interest in giving came as a result of the industrial revolution when many experienced great increases in personal wealth. Key philanthropists of that time, including Andrew Carnegie and John D. Rockefeller, played an important role in further embedding the value of giving into American culture. They not only gave at unprecedented amounts, but they shared their perspectives on the importance of giving, particularly for those with wealth. Andrew Carnegie went as far to say, “the man who dies rich dies disgraced” (Worth, 2009).

Carnegie also helped develop a distinction between charitable giving and philanthropic giving, which he believed were two different types of giving. Charitable giving can be thought of giving as intended to meet current and immediate needs, while philanthropic giving assists in the sustained, long-term development of societal infrastructure and institutions (Worth, 2009).

Rockefeller and Carnegie would no doubt be proud of their counterparts of today, including Warren Buffet and Bill Gates who have given billions so far during their lifetimes. But it is not only the wealthy who give. While it is impressive that 97 percent of millionaires engage in giving, it is equally impressive that 20 percent of individuals on welfare make charitable contributions. In fact, most charitable contributions are made by middle- and lower-income individuals, with the majority of contributions being made by households with annual incomes under $90,000. In total, seven out of ten adults give to nonprofit organizations and two-thirds of all households in the United States engage in charitable giving (Klein, 2011; Hodgkinson, Nelson, & Sivak, 1996).
Charitable contributions play a vital role in the work of most nonprofit organizations (Auten, Sieg, & Clotfelter, 2002). In many ways, private giving is uniquely American. Nonprofit organizations in the United States receive less government assistance than most of their counterparts in other developed countries. With a reduced role of government funding, charitable giving is critical to maintain quality services (Rose-Ackerman, 1996).

Charitable giving benefits not only the nonprofit organization, but the donor as well. Research has demonstrated that giving provides personal, intangible benefits to the donor, such as the desire to be giving, the promotion of one’s reputation and social status, the psychological benefits of giving, and the alignment of giving with personal values (Bekkers & Wiepking, 2010; Blumkin & Sadka, 2007; Glazer & Konrad, 1996; Rose-Ackerman, 1982). Thus, giving is the manifestation of one’s personal identity, values, and beliefs. Additionally, while there may be no exchange of a tangible good or service, there are certainly intangible benefits a donor receives in exchange for a charitable contribution.

While personal, intangible benefits are important to understand within the context of charitable giving, it is also useful to understand that many donors make decisions about giving from a financial management perspective. Research shows that financial factors including personal income, capital gains rates, stock market returns, and financial security have a positive correlation to level of giving (Gittell & Tebaldi, 2006; Andreoni & Scholz, 1998).
For nearly a half century charitable giving has remained strong and grown in its proportion to the gross domestic product, even during more challenging economic times. While giving hovered at approximately 1.8 percent of the gross domestic product during the 1970s, 80s, and 90s, since the 2000s charitable giving has increased to about 2 percent of the gross domestic product (Perry, 2013; List, 2011).

Over the past decade, individual giving in the United States has remained steady at about 2 percent of total personal income (Salamon, 2012), though overall charitable giving has declined due to the economic recession in the late 2000s. After reaching an all-time high of $343 billion in 2007, private giving declined by 15 percent during the recession. It began rising again in 2010 and increased 6 percent (adjusting for inflation) between 2009 and 2012. Charitable giving from individuals, corporations, and foundations reached $316 billion in 2012 (Pettijohn, 2013) and for the first time ever, exceeded $400 billion at $410 billion in giving in 2017 (Giving USA, 2018).

**Charitable Deductions**

Individuals who give charitable donations to 501(c)(3) nonprofit organizations are able to deduct the value of donations to lower tax liability (Salamon, 2012). Charitable deductions through the United States tax code have long been a mechanism for encouraging personal giving in our country (Naboulsi, 2012). While the government supports the nonprofit sector through grants and paybacks, the charitable deduction may be the government’s most observable way for demonstrating its support of the nonprofit sector (Brody & Cordes, 2006).
As Joseph Cordes (Hudson Institute, 2009), professor of economics and public policy at The George Washington University, explained, “Charitable deductions have been around for a long time – since the 1920s; it has generally been unquestioned in many circles as good tax expenditure, as distinct from others” (pg. 6). Recent research regarding whether the charitable deduction is an effective incentive for giving suggests that the charitable deduction produces enough additional giving to offset the lost revenue the government would have otherwise collected without the deduction (Yetman & Yetman, 2013).

Traditionally, the charitable deduction rates have coincided with an individual’s tax bracket, so for an individual paying 35 percent in taxes, a 35 percent deduction in charitable contributions was also allowed. In other words, for a $1,000 contribution, an individual in the 35 percent bracket could deduct $350 of that contribution, saving that amount from what would have been paid in income tax (Hudson Institute, 2009).

Effect of Tax Rate Changes on Charitable Giving

The timing of changes in the tax rates can sometimes spur giving when it is needed most. Historically, charitable giving has been responsive to changes in tax rates. When Reagan proposed lowering the highest tax rate from 50% to 33% in 1986, charitable contributions increased significantly during the time of his proposal and when the tax provisions actually took effect. The rate of charitable contributions dropped after that year and remained fairly constant until 1993, when President Clinton raised the highest income brackets. Those affected responded with increased charitable contributions, because even though those in the highest income bracket saw their taxes
increase, they also saw their charitable deduction rates increase as well. When President Bush lowered the top income tax brackets in 2002, charitable contributions momentarily spiked (Adelman, 2009).

**Itemizers Versus Nonitemizers**

High-income donors have been found to be more likely to respond to changes in charitable deduction rates (Rehavi, 2010), with 90 percent of high net worth households making charitable donations compared to 56 percent of the general U.S. population (U.S. Trust, 2018). The focus on encouraging their giving behavior through greater incentives may make sense. Tax break incentives do not dramatically change the giving behavior of low-income givers, which many argue underscores the reason tax incentives should be different depending on income level. This perspective neglects to take into account the important fact that charitable deductions are only offered to those who itemize. Nonitemizers, who make up 70 percent of all tax filers, have no incentive whatsoever (Hudson Institute, 2009).

After public commissions were conducted in the 1960s and 1970s, recommendations on tax policies by the Commission on Private Philanthropy and Public Needs led Congress to pass a law allowing nonitemizers the opportunity to deduct charitable contributions (Clotfelter, 1985). As part of the Economic Recovery Tax Act of 1981, from 1982 to 1986 nonitemizers could deduct charitable deductions at rates from 25 percent to 100 percent. At that time, the Treasury Department determined the deduction for nonitemizers created complexity that was not paid off by significant stimulation of giving by nonitemizers (Dunbar & Phillips, 1997). Thus, the charitable
deduction for nonitemizers expired in 1987 and has not been reenacted since (Congressional Budget Office, 2002).

If the charitable deduction is viewed as a subsidy by the government to support charitable causes, it should arguably be the same for everyone willing to voluntarily offer their money in support of a public good or charitable cause. As Cordes (Hudson Institute, 2009), explained, “One can criticize the subsidy saying if you want to subsidize charities what exactly is the policy rationale for structuring a subsidy that gives different subsidy rates to people at different income levels? Shouldn’t they all be eligible for the same subsidy?” (pg. 7). Rob Reich (Hudson Institute, 2009) of Stanford University concurred, “The same social good is produced, but the policy structure we have in place treats us capriciously in a very different way. Why? Because the outcome, the social output, is identical and yet the incentive on the input end is very different” (pg. 14). From this perspective, fairness becomes a central concern.

Obama Proposal to Cap Charitable Deductions

In March 2009, President Obama announced a proposal to decrease the level of charitable deductions from 35 percent to 28 percent for couples who earn more than $250,000 and individuals who earn more than $200,000 (Perry, 2009a). This proposal would have taken effect alongside the expiration of the Bush tax cuts in 2011, at which point those in the top tax bracket would have been taxed at 39.5 percent, while still receiving the lowered 28 percent in charitable deductions. In a letter from President Obama to Senator Kennedy (D-MA) and Senator Baucus (D-MT) in June 2009, Obama (2009) reiterated his support for limiting charitable deductions to 28 percent and stated,
“The reserve fund also includes a proposal to limit the tax rate at which high-income taxpayers can take itemized deductions to 28 percent, which, together with other steps to close loopholes, would raise $325 billion over 10 years” (para. 8).

The Obama proposal prompted an immediate response by donors, nonprofit leaders, and public officials and opened up an interesting debate over both the moral and technical merits of charitable deductions. While the president’s proposal did not garner support, and therefore serious consideration, Senator Baucus of the Senate Finance Committee proposed capping charitable deductions at 35 percent (United States Senate Committee on Finance, 2009). Other members of the Senate Finance Committee were supportive of a proposal to cap itemized deductions at 35 percent, keeping future deductions at their current rate. This means while President Obama allowed the Bush tax cuts to expire in 2011, thus increasing the highest tax bracket from 35 percent to 39.5 percent, the charitable deduction rate would have remained at 35 percent (Perry, 2009c).

The response to both proposals was overwhelming opposition to such a reduction or cap. In multiple letters to then President Obama, Senator Baucus and other key senate leaders on the U.S. Senate Committee on Finance, CEOs and executive directors from nonprofit organizations and associations, including the Association of Fundraising Professionals, DMA Nonprofit Federation, Council on Foundations, United Jewish Communities, Partnership for Philanthropic Planning, Association for Healthcare Philanthropy, and many more, urged Obama and the Senate Finance Committee to protect the charitable deduction limits at their current level (Council on Foundations, 2009a; DMA Nonprofit Federation, 2009; United Way of America, 2009). While some
who originally opposed the president’s proposal have expressed support for Senator Baucus’ proposal, such as the Institute for Public Affairs, most nonprofit leaders remained opposed to any kind of change to the charitable deduction mechanism within the tax code (Institute for Public Affairs, 2009). Limiting the incentives of donors is a concern (Perry, 2009a). Cordes (Hudson Institute, 2009) explained:

This is important – because economists tend to think of charitable giving as a consumption choice that people make. It has a price. And while we do not claim that people would stop giving if we didn’t subsidize it, we do think that there is evidence to support that the out-of-pocket cost of giving does affect the amount given (pg. 5).

In its 2009 Legislative Agenda, the Council on Foundations (2009b) made their position clear with the following statement:

A reduction in the charitable deduction rate will reduce the current incentive for donors to give, thus reducing the amount of money available to support worthy non-profits across the country. At a time when charities and non-profits are faced with increasing demands from their communities, it is important that public policies support and encourage charitable giving. The Council strongly supports maintaining the current law with respect to itemized charitable deductions (para. 5).

President Obama argued the plan would affect only 1% of the Americans and will increase fairness regarding tax breaks for charitable deductions (Perry, 2009a). He believed it would level the playing field and allow individuals of various tax brackets to enjoy the same percentage of benefit for their charitable contributions. Peter Orszag, Director of the White House Office of Management and Budget, highlighted the inequity of the current charitable deduction limits. As Orszag (2009) elucidated, “If you’re a teacher making $50,000 a year and decide to donate $1,000 to the Red Cross or United Way, you enjoy a tax break of $150. If you are Warren Buffet or Bill Gates and you make
that same donation, you get a $350 deduction – more than twice the break as the teacher” (pg. 5).

During a testimony on the budget proposal before the House Ways and Means Committee in March 2009, U.S. Treasury Secretary Timothy Geithner (as cited by Leibell, 2009) concurred, “This is a deep moral imperative to make our society more just” (para. 14). As Obama (as cited by Perry, 2009b) expressed, “Now, if it’s really a charitable contribution, I’m assuming [the lower rate] shouldn’t be the determining factor as to whether you’re giving that hundred dollars to the homeless shelter down the street” (para. 7).

If instead the charitable deduction is merely a way to encourage giving by those with higher incomes, some argue fairness may not be the issue as the tax code is inherently unfair. While those in higher income brackets may enjoy better rates for charitable deductions, they also fall into a higher tax bracket and are responsible for a heavier tax burden than those in lower tax brackets (at least in theory). Joseph Ashby (2009) argued that President Obama’s rationale could be perceived as an endorsement for a flat tax. As Ashby pointed out, “On the tax side, Obama advocates even higher rates for certain income groups. On the deduction side he argues unequal rates are unfair” (para. 19).

Cordes explained the after-tax price of giving is the key issue in determining how changes in deduction rates, combined with the repeal of the Bush tax cuts, would impact giving (Hudson Institute, 2009). The Economic Growth and Tax Relief Reconciliation Act of 2001, after-tax price of giving for those in the highest tax bracket was $0.60 per
dollar donated (Economic Growth and Tax Relief Act, 2001). Obama’s proposal would have represented a $0.12 per dollar donated increase in the price of giving in 2011, as presented in Table 4.

Table 4

*Charitable Deduction Rates*

<table>
<thead>
<tr>
<th>Income Tax Rate &amp; Deduction Rate for Highest Tax Bracket</th>
<th>Price of Giving</th>
</tr>
</thead>
<tbody>
<tr>
<td>39.6% with 39.6% deduction (previous tax law, prior to 2018)</td>
<td>$0.60 per dollar</td>
</tr>
<tr>
<td>39.6% with 28% deduction cap (Obama proposal)</td>
<td>$0.72 per dollar</td>
</tr>
<tr>
<td>39.5% with 35% deduction cap (Baucus proposal)</td>
<td>$0.65 per dollar</td>
</tr>
</tbody>
</table>

Source: Hudson Institute (2009)

While a $0.12 increase in the cost of giving may not sound significant, when applied to a donation of $10,000, it becomes a difference of $700; for a $100,000 gift, it’s a difference of $7,000. The multiplier effect may be one reason high-income donors are most sensitive to the after-tax price of giving. In the end, while charitable deduction caps were proposed, ultimately they were not adopted and the after-tax price of giving remained at $0.60 per dollar through 2017.

Research suggests that donors are sensitive to the price of giving based on deductions they receive through their income taxes (Bakija & Heims, 2011; Rehavi, 2010; Hudson Institute, 2009; Gittell & Tebaldi, 2006). Martin Feldstein, an economics
professor at Harvard University, suggests the high-income donors are likely to cut their giving, in effect adjusting their giving to the point their bottom line remains the same (2009).

Research on the incentive effect of the charitable deduction found that giving to certain types of public charities, including arts and culture, private education, environmental protection, animal welfare, primary health care, and philanthropy, as well as giving to foundations would have decreased by roughly 25 percent if the charitable deduction cap proposed by Obama had been implemented (Yetman & Yetman, 2013). In this case, it is not the donor who bears the impact of the charitable deduction limit, but rather the nonprofit organizations who would have received less in donations. As Feldstein (2009) explained, “In effect, the change would be a tax on the charities, reducing their receipts by a dollar for every dollar of extra revenue the government collects” (para. 2).

According to various sources, including the Tax Policy Center of the Urban Institute and the Center on Budget and Policy Priorities, total charitable giving would have dropped between $6-9 billion under Obama’s proposed deduction cap (Burman, 2009; Tax Policy Center, 2009; Van de Water, 2009). As a study by Bank of America (2006) found, over 50 percent of high net-worth donors reported they would maintain their current level of giving if they received zero tax deductions. An additional 38 percent reported their giving would decrease somewhat and only seven percent said their giving would dramatically decrease. The Tax Policy Center of the Urban Institute and Brookings Institution indicated that over 80% of all charitable contributions would have been made
by those who fall below the 28% deduction level. In other words, the majority of total charitable contributions anticipated would have been unaffected by the proposed change to the charitable deduction rates (Tax Policy Center, 2009).

2017 Tax Cuts and Jobs Act

An important development related to charitable deductions occurred with the passing of the 2017 Tax Cuts and Jobs Act. While charitable deduction rates continue to coincide with individual tax brackets, an increase of the standard deduction from $12,000 to $24,000 will greatly impact the number of taxpayers who can benefit from itemizing charitable donations. As Steuerle (2017) underscored:

"The Tax Cut Jobs Act of 2017 changed the landscape for charitable giving. While charitable giving has never only been motivated by tax deductions, those deductions have been an important part of the planning process and have often defrayed significant portions of the costs of donating. That has all changed (para. 1)."

With the higher standard deduction in place, only about one-tenth of households, mainly those with the highest incomes, will be able to deduct their charitable gifts. The number of households who will take the charitable deduction will drop from 37 million to only 16 million, a 57 percent decrease in eligible households (Steuerle, 2017). More than 87 percent of all taxpayers will not reach the threshold upon which charitable deductions would make an impact on tax liability (National Council of Nonprofits, 2018). As Steuerle (2017) underscored, “The losses to charities in the new tax law are significant – a decline of about 30 percent in the federal tax subsidy for charitable giving” (para. 13). The Joint Committee on Taxation (2018) estimated that itemized deductions will drop, and specifically charitable giving would decrease by $13 billion or more each year.
Because this tax law is new, the impact on the nonprofit sector in terms of charitable giving has yet to be fully determined. What is known, according to the Independent Sector, is that giving declined by $17.2 billion in 2018 because of the change in the standard deduction (2018). How the law will impact charitable giving levels over the next several years is yet to be seen.

**Giving Strategy and Perspective of High-Income Donors**

Since the new tax law will provide incentives for mainly high-income donors, the giving preferences of those individuals should be considered. A recent study sponsored by Google and conducted by the Center on Philanthropy at Indiana University found less than one-third of all contributions to nonprofit organizations in 2005 were focused on providing basic needs and assisting the poor, with more than half of the giving to help the poor done by individuals making less than $200,000 per year (Center on Philanthropy, 2007).

Some donors believe it is the government’s job to take care of the most needy, leaving individual citizens to support other causes they feel are important. For example, one donor said he directs his largest gifts towards institutions he feels lack sufficient government support (Strom, 2007). Many wealthy donors direct their giving towards universities, private foundations, hospitals, and arts museums, as opposed to much needed support for organizations serving people’s basic needs such as poverty and homelessness (Strom, 2007). A study of the giving practices of high net-worth donors found those donors give a “disproportionately larger percentage of their donations to educational and arts and cultural organizations” (Bank of America, 2006, pg. 4).
Additionally, those organizations tend to receive large gifts from their wealthy donors, so the decrease in incentives created by charitable deductions would likely impact them far more than social service groups who raise smaller gifts (Rucker, 2009).

Burman (2009) pointed out, “The local church or food bank may not suffer much from capping the deductions” since high income donors generally favor arts and educational institutions as opposed to those providing services related to basic needs (para. 6). Because the new tax law provides greater opportunity for high-income taxpayers to deduct charitable giving, the government is mainly subsidizing the causes favored by higher income individuals (Fleisher, 2008; Reich, 2005).

With the federal government losing a dollar for every three dollars given in charitable donations by the wealthy, some wonder if lost revenue is going towards meeting the needs of Americans. Eli Broad, a billionaire businessman, believes the public benefit created by his philanthropic giving is greater than what the government could achieve with that tax revenue. On the other side is William H. Gross, also a billionaire, who thinks the public benefits of philanthropy are not extending far enough. As Mr. Gross (2007) aptly put it, “I don’t think we’re getting the bang for the buck for gifts to build football stadiums and concert halls” (para. 6).

Through charitable deductions, private individuals are essentially able to distribute money on behalf of the government. Since charitable deductions impact the wealthy primarily, deductions subsidize giving to the favored causes of the wealthy (Strom, 2007). Schiff (1989) explained, “This allows the largest donors – typically, the wealthy – a disproportionate degree of influence” (pg. 129). Strom (2007) presents the
example of Woodside Elementary School in Woodside, California, a high-income community where the school raised over $7,000 per pupil through charitable contributions to the school’s foundation. Compare this to the $138 per pupil raised through a similar foundation that supports the Oakland Unified School District. Reich (as cited by Strom, 2007) stated, “In effect, the government is subsidizing a system that enhances inequities between poor and wealthy public schools” (para. 34).

There is a passionate belief among wealthy donors that the most efficient use of dollars comes from private donations directed to nonprofit organizations, as opposed to the government distributing its tax revenue to the same causes. As Ostrower (1995) explained, “Donors argue that the fact that philanthropy places a measure of influence in private hands and outside the governmental domain is appropriate and desirable” (pg. 115). In fact, many feel the principles of the capitalist free market are applicable to the nonprofit sector as well, promoting the innovation and entrepreneurship of private citizens to meet public needs. But, as W. H. Gross (2007) highlighted, “… the inefficiencies of wealth redistribution by the Forbes 400 mega-rich and their wannabes are perhaps as egregious and wasteful as any government agency, if not more” (para. 4).

Most of the nation’s wealthiest philanthropists do not give for reasons of pure altruism, even if they believe this to be their true reason for giving. Instead, many use their philanthropic work as a means to shape public policy and set priorities for our society. For example, many have mixed feelings about the role Bill Gates and his foundation are taking in the area of education. As Quaid and Blankinship (2009) of the Associated Press reported, “…the foundation is taking unprecedented steps to spend
millions to influence the way the federal government distributes $5 billion in grants to overhaul public schools” (para. 3). Many wonder if the Gates Foundation has in effect bought themselves a seat at the table of those making important decisions about the future of public education. It is not difficult to see the conflict of interest as the discussion turns to the use of technology in schools. On the other hand, some argue civil society promotes pluralism and diversity through private citizens’ involvement in identifying and supporting public goods. Reich (Hudson Institute, 2009) pointed out the conflict in this notion and noted, “You ought to worry…about the current mechanism, which gives a plutocratic megaphone to wealthy people and a whisper to those who are poor. That’s not a pluralistic voice; that’s a plutocratic voice” (pg. 21).

Additionally, philanthropy itself plays an important role in the lifestyle of the wealthy. Nonprofit organizations provide a vehicle through which the wealthy socialize and maintain structures of elitism and exclusivity. Historically, philanthropy has long played a role as “an instrument and a visible sign of social exclusion and inclusion,” according to Adam (2009, pg. 89). As Ostrower (1995) explained, “Through their philanthropy, wealthy donors come together with one another and sustain a series of organizations that contribute to the social and cultural coherence of upper-class life…philanthropy is a mark of privilege and high social status” (pg. 36).

**Estate Taxes**

In addition to charitable deductions for annual income taxes, estate taxes play an important role in charitable giving. Taxes on the estates of the wealthy have existed for centuries across many cultures, dating back to as early as 700 B.C. in Egypt. Estate taxes
have existed in the United States almost from the inception of this country, dating back to 1789. The United States’ current estate tax policy has been in place since 1916, created initially to help finance World War I (Bakija & Gale, 2003; Rooney & Tempel, 2001). The estate tax had remained relatively stable, albeit for an unsuccessful effort to repeal the tax in the 1920s, until recently (Birney, Graetz, & Shapiro, 2006). As Gale and Slemrod (2001) explained:

In 1999, in a vote split almost completely along partisan lines, the Republican majority in Congress voted to phase out the estate tax over 10 years, but President Clinton vetoed the bill. In 2000, both Houses voted again to eliminate the tax, this time with significant Democratic support, and the bill was vetoed a second time (pg. 1).

According to Birney et al. (2006), “Beginning in 2000, the House and Senate repeatedly voted to repeal the estate tax in standalone measures” (pg. 439). While President Clinton managed to veto any such legislation during his presidency, the election of President George W. Bush made the repeal of the estate tax more relevant than ever, as he had been a long supporter of its repeal. As expected, soon after the election of President George W. Bush, Congress passed the Economic Growth and Tax Relief Reconciliation Act of 2001 which included a gradual reduction in the estate tax through 2009, with complete elimination in 2010 (Rooney & Tempel, 2001). While the estate tax was completely repealed in January 2010, in December of 2010, President Barack Obama passed the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 which reinstated the estate tax back to its original rate, going back retroactively to January 2010 (Congressional Research Service, 2010).
Opinions are strong on both sides of the estate tax debate. Opponents believe the tax is unfair, promotes double taxation, and does not generate enough revenue to justify the amount of compliance it requires (Gale & Slemrod, 2001; Rooney & Tempel, 2001). Some even go as far as to argue the estate tax negatively impacts charitable giving, believing that charitable giving is best served by ensuring the supply-side is maintained. In other words, if the wealthy have fewer taxes and thus more money, they will have more to give in charitable contributions to the nonprofit sector (Havens & Schervish, 1999). Research by Auten and Joulfaian (1996) suggested that charitable giving would increase if parents believed their children would be well provided for through the inheritance, which would be assured through the elimination of the estate tax.

Supporters of the estate tax believe it is an essential aspect of a progressive tax system that promotes wealth equity in the United States. Some have argued that wealth gained through inheritance is unearned and unfair, giving some an advantage based on luck instead of merit (Burman & Gale, 2001; Gale & Slemrod, 2001; Rooney & Tempel, 2001).

Many leaders, policymakers and wealthy citizens alike, support the estate tax as a means to redistribute wealth in our society. President Franklin Roosevelt was in favor of the estate tax for this reason (Rooney & Tempel, 2001). In addition, wealthy people today have spoken out in favor of the estate tax, including Richard Rockefeller, chairman of the board of the Rockefeller Brothers Fund, and William H. Gates Sr., co-chair of the Bill & Melinda Gates Foundation (Perry, 2009d).
Billionaire Warren Buffett is an outspoken advocate of the estate tax, believing it is essential to controlling further wealth disparities in the United States. Bloomberg News (2007) quoted Buffett as follows, “It would be more appropriate to call it a ‘death present.’ A meaningful estate tax is needed to prevent our democracy from becoming a dynastic plutocracy” (para. 3). Buffett went on to explain that tax laws during the past 20 years have enabled the rich to become richer, leaving other Americans behind. As Buffett explained, “During that time the average American went exactly nowhere on the economic scale: he’s on a treadmill while the superrich have been on a spaceship” (Bloomberg News, 2007, para. 6).

The estate tax has traditionally encouraged charitable giving, providing deductions to one’s estate tax liability based on charitable contributions. Those in favor of the estate tax also believe it provides the framework within which American values of philanthropy are communicated and encouraged. As Rooney and Tempel (2001) highlighted:

The deduction for philanthropy institutionalizes a national preference for the private sector, including the nonprofit sector, to do certain things the government might otherwise have to do. In other words, by encouraging individuals to support philanthropic activity, the estate tax helps to avoid government spending on some activities the American people value (pg. 202).

Public opinions of the estate tax held by Americans are full of ironies. Polls and studies have indicated that American citizens are troubled by the growing disparities between the rich and the poor, yet most Americans also support the repeal of the estate tax, one of the few mechanisms to address those disparities (Bartels, 2004; Birney et al., 2006). Bush’s tax cuts received wide-spread support by the American public, even while
most Americans criticized the growing elite. As Bartels (2004) referenced, in a 2002 National Election Study (NES), over 51% of the public strongly favored the repeal of the estate tax, while only 25% opposed it. This seems to fly in the face of reason. As Birney et al. (2006) pointed out:

…based on accurately perceived expectations of economic self-interest, those who never expect to pay the estate tax should favor keeping it, given the likelihood that repeal would entail either a relative shift of the tax burden to them or a reduction in services that might benefit them (pg. 441).

One problem is that most Americans believe the estate tax impacts them, when in fact it only impacts a very small percentage of Americans. About 96 percent of people do not even have to file for estate taxes. Of the four percent who do file estate taxes, only two percent end up having any estate tax liability. Of the remaining two percent who do pay estate taxes, the recipients of those inheritances are often wealthy already, having nearly twice the annual income as the population’s average annual income (Burman & Gale, 2001; Lav & Friedman, 2001). As Burman and Gale (2001) pointed out, “The estate tax is much more progressive than the individual income tax or any other major tax in the United States” (pg. 3). Lee Farris of United for a Fair Economy explained that the current estate tax law, if not revoked, will result in a “$391-billion tax break to the wealthiest 1 percent of Americans over 10 years, at a time when economic inequality has skyrocketed” (Perry, 2009d, para. 11).

The ways in which this issue has been framed for the public is most likely at the heart of the apparent irony of Americans’ view of the estate tax. The right wing was effective in mobilizing public opinion in their favor with their continued talk of the
“death tax.” They were able to frame the issue not around wealthy Americans, but instead farmers and small business owners. As Birney et al. (2006) elucidated, “Even as wealthy families and ideologically conservative groups contributed to the repeal effort, it was the wholesome, hardworking image of farmers and small businessmen who became its face” (pg. 451). The reality that most small business and family farms are spared through special tax breaks and higher exemptions has been lost (Lav & Friedman, 2001). Instead, it has been full speed ahead as conservatives made small business owners and farmers the poster boys of their campaign to end the estate tax.

The status of the estate tax is of particular concern to the nonprofit sector, which benefits from the charitable bequest deductions offered within the original estate tax policy. The law prior to 2010 provided strong incentives for wealthy individuals to make charitable bequests to lower or even eliminate any estate tax liability. The higher the estate tax rates, the stronger the incentive to give, as the after-tax cost of giving decreases as tax rates increase (Burman, Gale, & Rohaly, 2005). Cordes (Hudson Institute, 2009) explained:

This is important – because economists tend to think of charitable giving as a consumption choice that people make. It has a price. And while we do not claim that people would stop giving if we didn’t subsidize it, we do think that there is evidence to support that the out-of-pocket cost of giving does affect the amount given (pg. 5).

As Clotfelter (1997) pointed out, “As an indication of the magnitude of the price effect, simulations suggest that, if the estate tax were eliminated altogether, charitable bequests would eventually settle at a level somewhere between 24 and 44 percent lower than they would have been otherwise” (pg. 20). Bakija and Gale (2003) reached similar
estimates at 22 to 37 percent. Clearly, nonprofits had cause for concern about how the repeal of the estate tax would affect giving (Perry, 2009a).

The impact of the estate tax reaches beyond charitable bequests to include regular charitable giving as well. Auten and Joulfaian (1996) explained, “…higher estate tax rates are associated with higher lifetime contributions. Thus, the repeal of bequest taxes, which lowers the price of bequests and increases disposable wealth, would reduce lifetime charitable giving by about 12%” (pg. 64). At this time, regular charitable contributions have the double benefit of reducing income tax liability during a given year while also reducing the amount of assets subject to estate taxes upon a donor’s decease (Bakija & Gale, 2003).

McClelland and Greene (2004) of the Congressional Budget Office projected the full repeal of the estate tax to result in a more conservative reduction in overall giving between 6 to 12 percent. To put that into dollars, that reduction would have amounted to $15 to $30 billion in giving in 2008, when charitable bequests were estimated at $22.66 billion and regular charitable giving was an estimated $229.28 billion (Giving USA, 2009). Bakija and Gale (2003) likened this decrease to the nonprofit sector losing “resources equivalent to the total grants currently made by the largest 110 foundations in the United States” (para. 3).

OMB Watch estimated that in Iowa, based on 2001 numbers, the repeal of the estate tax would have reduced charitable giving by an estimated $81 million. This total reflects both the amount of loss through charitable bequests, as well as the amount of loss through annual giving which is also impacted by changes in estate taxes (Irons, 2003).
As charitable giving decreases as a result of the elimination of the estate tax, so would state revenue. While many states used to have their own estate taxes, most folded under the federal estate tax once Congress enacted a state credit from the federal estate tax. Now that most states base their policies and rates on the federal estate tax, many are vulnerable to a substantial loss in tax revenue upon the elimination of the federal estate tax. Iowa receives credit from the federal estate tax in addition to its own state inheritance tax policy. The repeal of the federal estate tax would mean a loss of $35 million is state revenue for Iowa (Lav & Friedman, 2001).

The elimination of the estate tax would also take away a key selling point for nonprofit organizations, the estate tax benefit of making charitable contributions. The ability for a nonprofit to make its case within the context of an individual’s estate plan is critical in securing a charitable bequest. In addition, without the estate tax, wealthy individuals would be less likely to seek estate tax planning advice, a key aspect of fostering the consideration of charitable giving options (Irons, 2003). A study of financial advisors by Johnson and Gregory (2000) found most financial advisors would be unlikely to mention charitable giving as part of a client’s estate planning in the absence of the estate tax (Rooney & Tempel, 2001).

The estate tax and other tax policies that encourage charitable giving play a critical role in ensuring that our society not only invests in civil society and public goods, but also in the welfare of all its citizens. As Rooney and Tempel (2001) stated, “For nearly one hundred years, our national social policy (through the estate tax) has had the result, intentional or not, of helping to redistribute wealth” (pg. 201).
The continued discussion over our nation’s tax system and the important role of the nonprofit sector in the United States needs to include the fact that disparities between the rich and the poor are starker than ever. Kurth (2006) referenced a report by the Congressional Budget Office in which they found, “From 1979 to 2001, the after-tax income of the top 1 percent of U.S. households soared 139 percent, while the income of the middle fifth rose only 17 percent and the income of the poorest fifth climbed just 9 percent. Last year American CEOs earned 262 times the average wage of their workers—up tenfold from 1970” (para. 1). These statistics are alarming, and all indications point to a continual widening of the gap between the rich and the poor.

The estimated $41 trillion intergenerational transfer of wealth to occur from the baby-boomers further underscores the necessity for nonprofit organizations to understand how donors are advised regarding charitable giving, particularly in regard to their overall financial picture (Havens & Schervish, 2003). While nonprofits have demonstrated the ability to engage donors for direct gifts, more substantial giving, including estate giving, is a trickier area to navigate. Those with the means to make a substantial donation, whether during their lifetime or after their death, often consult with financial advisors to receive guidance on their financial matters and estate planning.

Other Economic Factors that Impact Charitable Giving

The Center on Philanthropy at Indiana University, a recognized leader in research related to giving, has pointed out changes in personal income and wealth, and the stock market, have a greater impact on giving than tax policies (2009). Giving declines by $1.85 billion each time the stock market declines by 100 points (H. Hall, 2009). Those in
the Obama Administration had emphasized getting the economy back on track as the primary way to spur giving. Obama (as cited by Perry, 2009b) explained:

   I’ll tell you what has a significant impact on charitable giving is a financial crisis and an economy that’s contracting. And so the most important thing I can do for charitable giving is to fix the economy, to get banks lending again, to get businesses opening their doors again, to get people back to work again. Then I think charities will do just fine (para. 2).

   Eileen Heisman, president of the National Philanthropic Trust, concurred and expressed she does not believe the proposal would have a significant impact on giving, although she feels the effect may be greater due to the weak economy (H. Hall, 2009). Orszag (2009) agreed, “The best way to boost charitable giving is to jumpstart the economy and raise incomes” (para. 8).

   **Role of Financial Advisors in Charitable Giving**

   Guiding a client in decisions regarding his or her financial plan is at the core of a financial advisor’s job. An individual’s overall financial picture includes many things, one of which may be charitable giving. Advising clients on decisions regarding charitable giving is one aspect of the overall work of a financial advisor. Madden and Newton (2006) found that for the 46 percent of advisors who reported providing charitable giving advice, more than half believed their ability to do so was an important part of meeting their clients’ needs. As Johnson and Gregory (2000) explained:

   The professional advisor can play an important role in adding to America’s social capital, not only because of his/her technical role in creating giving strategies, but because good counsel can provide clients with a glimpse of the workings and satisfaction in becoming effective donors. (pg. 15)
A recent study by Fidelity Investments (2014) of financial advisors (N=813) found that on average advisors manage $62 million in assets for clients. In a 2007 study by Schwab Charitable, financial advisors (N=318) reported an average of $76.9 million in assets under management. Similarly, research conducted by the Financial Planning Association (2014), the largest association of financial advisors, found that 55 percent of advisors (N=750) reported their current assets under management to exceed $50 million.

Financial advising firms are strategic about the education and guidance they provide clients regarding financial planning, including charitable giving (Schwab Charitable, 2007; Connors et al., 2004; Madden, 2004). The financial planning industry is equipped to provide information and assistance to clients regarding charitable giving as many see it as an aspect of clients’ overall financial picture. As Madden (2009) pointed out:

Advisors are uniquely placed to assist clients with philanthropy because they seek to act in their clients’ best interests and they have, at least in theory, a bird’s eye perspective of their clients’ overall personal and financial circumstances. (pg. 7).

While many financial advisors may be prepared to provide meaningful and informative guidance in the area of charitable giving, it does not necessarily mean they are strong advocates of charitable giving (Madden, 2004, 2007, 2009; Giving Campaign, 2001). Likewise, some may be advocates, but uninformed about charitable giving options (Madden, 2009; Schwab Charitable, 2007; Giving Campaign, 2001; Johnson & Gregory, 2000).
Practices and Perceptions of Financial Advisors Regarding Charitable Giving

Findings across various studies show great discrepancy in the degree to which financial advisors raise the topic of philanthropic and charitable giving. In a study of advisors (N=66) of HNW clients in Australia, 75 percent said it was not a common practice to discuss charitable giving with clients (Madden, 2004). In a separate study Madden (2009) found that 54 percent of advisors said philanthropic advice was not part of their process. Research by the Giving Campaign (2001) in England which included in-depth telephone interviews (N=44) and an online survey (N=243) found that only 18 percent of advisors often or fairly often mention charitable giving to their clients. While two-thirds of advisors in a study of Canadian financial advisors said they provided some guidance to high net worth clients, less than 10 percent said they had a firm understanding of their clients’ interest in the area of charitable giving (Wymer et al., 2012).

On the other hand, a recent study by U.S. Trust (2013) found that 89 percent of advisors (N=300+) say they engage in charitable giving discussions with clients, with 71 percent making it a regular practice. According to another study by Johnson and Gregory (2000), 90 percent of the advisors surveyed (N=500+) said they do make it a practice to talk about philanthropy and charitable giving with clients. Likewise, Schwab Charitable (2007) found that 79 percent of Schwab advisors (N=318) discuss charitable giving.

Studies on who initiates conversations about charitable giving advice during the financial planning process have uncovered mixed results. As many as 69 percent of advisors cite themselves to be the ones who bring up the topic of charitable giving
(Schwab Charitable, 2007), yet another study reveals a disagreement over who starts the conversation. A study by the U.S. Trust (2013) that included advisors (N=312) as well as high net worth clients (N=119) highlights the contradictory perspectives. In the study, 33 percent of advisors said they are the ones to bring up charitable giving with their clients, with clients only bringing up the matter 20 percent of the time (U.S. Trust, 2013). However, in the same study by the U.S. Trust (2013), 51 percent of HNW clients reported they are the ones to begin the conversation of charitable giving and their advisors only do so 17 percent of the time.

Some advisors regularly ask clients about their interest in charitable giving as part of their assessment process, but that is often only done by those advisors who make charitable giving guidance part of their practice and are comfortable in doing so. From the 44 percent of Australian advisors who provide giving advice, over half of those make the topic of giving part of their assessment of a client’s needs. From the same study, of the 46 percent of advisors who do not provide charitable giving advice, only one-quarter asked about clients’ interest in giving at all (Madden & Newton, 2006).

In addition to playing a role in whether an advisor broaches the topic of charitable giving, advisors’ own ability to provide that type of advice seems to correlate to how advisors view the importance of charitable giving advice. Madden and Newton (2006) found that 90% of advisors who provide charitable giving advice believed it was important to do so, whereas only half of advisors who do not offer the same type of advice felt it was important.
It is clear that for some financial advisors, philanthropic or charitable giving is not something they are keen to move forward with unless it is the expressed interest of the client (Madden & Newton, 2006). For many advisors, they wait until the client has broached the topic before they do so themselves. Research by the Giving Campaign (2001) found that over half the advisors (53%) say their clients are the ones to bring up the issue of charitable giving. Similarly, 51 percent of advisors studied by Schwab Charitable (2007) reported waiting for cues from their clients that charitable giving was of interest to them. Advisors in the U.S. Trust’s (2013) study also expressed that they are more likely to discuss charitable giving after an indication by their clients regarding personal and financial goals and/or clients’ involvement in the community.

The ability to limit a client’s tax liability is an important consideration for many advisors regarding whether to discuss charitable giving or not. Ninety-four percent of Canadian advisors consider tax reasons to be important or very important in their decision to talk about charitable giving with clients (Wymer et al., 2012). Likewise, in two studies of Australian advisors, tax planning was reported as one of the most important motivators for providing charitable giving advice by over two-thirds and three-fourths of advisors surveyed (Madden, 2009; Madden & Newton, 2006). Other studies have also indicated tax considerations to be at the forefront of an advisor’s mind when it comes to charitable giving planning for clients (U.S. Trust, 2013; Schwab Charitable, 2007; Madden, 2004; Giving Campaign, 2001).

Wealth seems to be an important indicator as well. Forty-five percent of Schwab advisors reported that a client’s wealth and/or income was a key factor in whether they
included charitable giving in the conversation (Schwab Charitable, 2007). Schwab Charitable’s (2007) study also revealed that advisors with more assets under management ($100 million or more) discuss charitable giving more often than those with less assets under management ($50 million or less). Fifty percent of advisors in the U.S. Trust study’s (2013) said they wait for clients to reach the financial threshold of $500,000 or more in liquid assets before they begin to encourage charitable giving. Twenty-four percent said they wait for asset to be $3 million or more.

For those financial advisors who do introduce the idea of charitable giving, they allow clients to take the lead on whether charitable giving will be a part of their financial plan. In addition, financial advisors seldom put charitable giving in the context of a client’s personal values and beliefs. As Johnson and Gregory (2000) reported:

Over half of the 89 advisors interviewed do not discuss their clients’ charitable or social values, or help them develop a philanthropic mission. There is still a perception that values-based discussions about philanthropy are highly personal and therefore risky. (pg. 7)

While wealth and tax considerations come up the most as reasons an advisor would make charitable giving part of his/her work with clients, there are other motivators for advisors as well. Some advisors believe offering guidance in the area of charitable giving enhances a client’s overall satisfaction with the advisors’ services (Madden, 2009; Madden & Newton, 2006). While more limited, studies have also shown that some advisors believe it is important for people to have the opportunity to make a difference and/or achieve personal and family satisfaction through giving (Madden, 2004, 2009; Madden & Newton, 2006). An indication that this is not a belief shared by all advisors
was demonstrated in a study in which only 7 percent of advisors use legacy giving or values as part of their approach in talking to clients about giving (Connors et al., 2004).

Why an advisor may or may not engage in conversations about charitable giving with clients and his/her motivators and beliefs associated with charitable giving guidance are important to understand. Advisors are in a unique position to understand clients’ personal wealth and influence what clients may do with that wealth. If the nonprofit sector is going to maximize personal giving, it must understand how individuals with the most capacity to give are being guided and influenced in regards to charitable giving.

Advisors’ Personal Giving Attitudes and Practices

Research has also shown that an advisor’s personal giving practices play a role in how that advisor guides clients in the area of charitable giving (Oriano-Darnall, 2006). As charitable giving is typically a values-laden decision, it is understandable that an advisor’s personal values and beliefs in this regard would influence clients. In her dissertation research, Oriano-Darnall interviewed financial advisors to get a sense of how they work with their clients in the area of charitable giving. As she reported, “Advisors’ values about the importance of moving money into philanthropic causes inform their discussions with clients about charitable giving” (2006, pg. 152).

Madden and Newton (2006) found that 57 percent of advisors who reported being engaged in philanthropic conversations with their clients said they personally give substantially as well. Schwab Charitable (2007), which found that 79 percent of its advisors discuss charitable giving with clients, also reported that 95% of advisors personally give to charitable causes and 87% volunteer for charitable organizations. A
likewise correlation exists in the other direction, with Madden and Newton (2006) finding that 62 percent of advisors who are not involved with providing charitable giving advice reported they did not give personally either.

While personal giving has been associated with providing more guidance to clients in the area of giving, Madden (2009) found that 80% of advisors responded positively when asked if they personally gave to community causes, yet only 36 percent reported being proactive in talking with clients about their giving interests.

Financial advisors may bring their own experiences and beliefs to bear in their work with clients and that includes their commitment and involvement in charitable endeavors. That personal experience may enhance the ability of the advisor to help clients make wise decisions regarding charitable giving. As previously mentioned, in many cases if a client does not show an interest in giving, most advisors leave it at that. An advisor with a commitment to charitable giving may be more likely to pursue the issue further. For those advisors who do press the issue, what may be most surprising is the degree to which an advisor’s personal preferences may impact clients. As President of Schwab Charitable, Kim Wright-Violich, explained it, “If advisors themselves are giving, they are more comfortable with the topic and their credibility with the client increases” (Schwab Charitable, 2007, pg. 3).

As a financial advisor works with a client, he or she may offer examples or hypothetical situations. In some cases, those may provide the client with the direction he or she was seeking. An advisor is likely to use examples of organizations in which he or she is most familiar, and more specifically, organizations in which he or she already
supports. An advisor can have significant power over a client’s charitable wishes if he or she points the client in a particular direction. Johnson and Gregory (2000) explained, “Many advisors have the access and opportunity to influence the way their clients think about, use, and allocate their wealth” (pg. 5). Direction is exactly what a client is looking for from his or her financial advisor, so it may not be so surprising that a financial advisor could sway a client to give a particular organization.

Understanding the various perspectives and practices of financial advisors may be critical to understanding, and possibly influencing, the way advisors approach their work around charitable giving advice. Table 5 outlines previous studies that investigated advisors’ practices and perceptions related to charitable giving.

Table 5

*Key Studies of Financial Advisors’ Practices and Perceptions about Charitable Giving*

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Year</th>
<th>Country</th>
<th>Sample Size</th>
<th>Key Finding(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Trust</td>
<td>2013</td>
<td>United States</td>
<td>N=300</td>
<td>- 89% discuss philanthropy with some of their clients and 71% make it a regular practice</td>
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<tr>
<td></td>
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<td></td>
<td>- 33% of advisors report they are the ones to initiate the conversation about charitable giving and that clients do so only 20% of the time</td>
</tr>
<tr>
<td>Wymer, Scaife, &amp; McDonald</td>
<td>2012</td>
<td>Canada</td>
<td>N=84</td>
<td>- 75% of financial planners indicated they do talk to clients about charitable giving, but of those, 29% only discuss it if a client brings it up first</td>
</tr>
<tr>
<td></td>
<td></td>
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<td></td>
<td>- Primary motivation for planners to provide philanthropic advice was tax avoidance</td>
</tr>
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(Table Continues)
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<tr>
<th>Author(s)</th>
<th>Year</th>
<th>Country</th>
<th>Sample Size</th>
<th>Key Finding(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Madden</td>
<td>2009</td>
<td>Australia</td>
<td>N=235</td>
<td>- 93% of advisors surveyed reported a positive view of philanthropy</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- Advisors averaged $6,650 in annual giving themselves, far outpacing the general public</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- Over one third of advisors expressed concerns about being uninformed about clients’ interest in giving and how to advise them in that area</td>
</tr>
<tr>
<td>Schwab Charitable</td>
<td>2007</td>
<td>United States</td>
<td>N=318</td>
<td>- 79% of advisors surveyed reported speaking with clients about charitable giving</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- Advisors reported they initiate the conversation 69% of the time while clients initiate the conversation 31% of the time</td>
</tr>
<tr>
<td>Madden &amp; Newton</td>
<td>2006</td>
<td>Australia</td>
<td>N=115</td>
<td>- Nearly half of advisors reported providing philanthropic advice and resource to some of their clients</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- The primary motivators for providing philanthropic advice revolved around customer service and satisfaction</td>
</tr>
<tr>
<td>Oriano-Darnall</td>
<td>2006</td>
<td>United States (Texas and Florida)</td>
<td>N=4 (interview groups)/12 (interviews)</td>
<td>- Advisors’ own philanthropic values encourages them to engage clients in charitable giving advice</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- Clients’ financial capacity impacts whether or not, and how, advisors engage clients in charitable giving advice</td>
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<tr>
<th>Author(s)</th>
<th>Year</th>
<th>Country</th>
<th>Sample Size</th>
<th>Key Finding(s)</th>
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</table>
| Connors, Spurrier, & Johnson  | 2004 | United States (California)| N=426 (phone interviews)/80 (interviews)/50+ (focus groups)                | - Most advisors in California (80%) make it a practice to ask clients about charitable giving  
- Advisors with more HNW clients are more likely to ask about charitable giving than those with less HNW clients 
- 87% of advisors reported doing their own charitable giving, with 35% reporting significant charitable giving 
- 91% of advisors report volunteering for a charitable organization 
- 86% of advisors refer their clients to another individual or organization for advice and assistance regarding charitable giving 
- Four approaches emerged regarding how advisors broach the topic of charitable giving |
| Giving Campaign               | 2001 | England                  | N= 243 (online survey)/44 (telephone interviews)                           | - Only 18% of financial advisors said they often or fairly often give advice about charitable giving to their clients  
More than half (53%) of advisors stated that clients generally raise the issue of charitable giving, with only 24% of advisors raising the subject themselves |
| Johnson & Gregory             | 2000 | United States            | N=500 (mail)/89 (interviews)                                               | - Half of advisors do not discuss charitable giving with clients |

**Advisors’ Perceptions of Clients’ Motives for Giving**

Studies show that advisors understand that personal connections to a cause or organization have a great impact on the giving decisions of individuals. In many cases, a person is connected to the organization through personal experience, family, friends, or their values and beliefs. A recent study found that advisors and clients agreed on the top
three reasons clients give, which included 1) believing in a cause, 2) wanting to give
back, and 3) wanting to make a positive impact on the world (U.S. Trust, 2013).

In several studies that support the U.S. Trust’s (2013) study findings, financial
advisors reported that clients were primarily motivated by their care and concern for a
particular cause or organization (Madden & Newton, 2006; Connors et al., 2004;
Madden, 2004; Johnson & Gregory, 2000). Wymer et al. (2012) found that 80 percent of
Canadian financial advisors believed their clients give because they care about a cause or
organization. Madden (2009) reported similar results with 77 percent of advisors citing
care for a cause, issue, or institution as the top motivation for clients to give.

Like the findings from the U.S. Trust’s (2013) study, Madden (2009) found that a
desire to give back was identified by advisors as the second key motivator for clients to
give. Similarly, clients’ desire to give back to one’s community was highly ranked by
advisors in several studies (Madden & Newton, 2006; Connors et al., 2004; Madden,
2004).

Advisors indicated religious beliefs and values as another top motivator to explain
why their clients give (Connors et al., 2004; Madden, 2004). Studies of both Canadian
financial advisors and Australian financial advisors found that about three-quarters of
advisors in both studies cited religious and spiritual beliefs to be an important motivator
for client giving (Wymer et al., 2012; Madden & Newton, 2006).

While clients and advisors agreed about the top three motivators for giving in the
study by the U.S. Trust (2013), their answers diverged after that. While clients went on to
identify wanting to encourage the next generation to give, advisors indicated reducing tax
liability as the next key motivator. While taxes were not mentioned in any of the clients’
top six motivators, 46 percent of advisors indicating it was an important motivator. In
similar results, Madden (2004) found that 63 percent of advisors believed tax benefits
were a strong reason clients give.

Many studies demonstrate that advisors believe tax planning is an important
reason to help clients plan for charitable giving (U.S. Trust, 2013; Wymer et al., 2012;
Campaign, 2001). Tax deductions are an added incentive, but most people do not use it as
their primary motivation for giving. While clients are driven by their personal
connections to particular causes and organizations, advisors keep a close tab on the
impact of tax deductions on the charitable contributions of their clients. In the same U.S.
Trust’s (2013) study, while 46 percent of advisors indicated tax benefits as an important
motivator, only 10 percent of the high net worth clients surveyed in the same study cited
tax benefits as a motivator for giving.

An additional study found that while advisors acknowledged that clients’ motives
were rooted in their personal values and beliefs, advisors feel tax planning should be the
primary motivator for clients in charitable giving. Additionally, a much greater number of
advisors than clients believe tax implications are an important reason to give (Johnson &
Gregory, 2000). Advisors’ view on the importance of giving for tax benefits is clear and
no doubt impacts how advisors work with clients in the area of giving.
Advisors’ Ability to Provide Guidance on Charitable Giving

Studies have revealed mixed results regarding the degree to which advisors feel prepared and knowledgeable in providing guidance on charitable giving. While 78 percent of Canadian financial advisors described feeling qualified to provide advice in the area of charitable giving, Australian advisors felt much less certain with only 34 percent describing themselves as well-informed or very well informed (Wymer et al., 2012; Madden, 2009). An additional study by Madden and Newton (2006) showed that of the less than half (44 percent) of advisors surveyed who did provide giving advice, only half of those viewed themselves as well-informed or extremely well informed. Further, of the half (46 percent) of advisors who did not provide advice, only 17 percent reported feeling well-informed or extremely well-informed (Madden & Newton, 2006).

Madden (2007) conducted focus groups to better understand why advisors were reluctant to provide guidance in the area of charitable giving. Her research uncovered the main reasons why advisors are not apt to do so, including feeling they had inadequate hard skills (technical knowledge) and soft knowledge (meeting client needs) needed to be effective in this area of financial planning. As one advisor in her study described it, “Even though I have been doing this for some years…I have only a very small proportion of knowledge that I’d like to have about it – about raising the issue and what are the options” (Madden, 2007, pgs. 3-4). The Giving Campaign (2001) also found that barriers for advisors included a lack of knowledge and appropriate education to equip them with the skills and expertise to provide charitable giving advice.
The research by Schwab Charitable (2007) found that 37 percent of their advisors also felt concerned about their knowledge on charitable giving, which as they said was a barrier for bringing up the topic with clients. In addition, 47 percent of advisors said if they were more informed about charitable giving they would increase their conversations about the matter with clients. For those advisors in this study, the most cited reason for why they would increase the amount of advice they provide regarding charitable giving was if they felt more informed on the topic (Schwab Charitable, 2007). President of Schwab Charitable, Kim Wright-Violich, supported this sentiment and stated:

Knowledge can make a critical difference in terms of an advisor meeting the needs of a client when it comes to charitable giving and the services it requires. It’s difficult to bring up a topic with a client if you don’t feel well grounded, or if you think you might make a mistake. (Schwab Charitable, 2007, pg. 5)

While advisors have indicated a reluctance to build their knowledge of charitable giving because of the time and energy it would take (Madden, 2007), others do express an interest in developing their knowledge in the area of charitable giving. Well over half of the advisors in the U.S. Trust’s (2013) study said they plan to become more informed so they can better guide their clients.

Research indicates that advisors are interested in resources to help them build their knowledge and expertise in this area. Madden and Newton (2006) found that both advisors who did provide charitable giving advice and those who did not were interested in resources that could help them, though those who already gave charitable giving advice showed a greater level of interest in more resources.

As Johnson and Gregory (2000) learned from their research, advisors want better materials about charitable giving to help them in their work with clients. Advisors across
multiple studies indicated an interest in receiving materials that provided an overview of philanthropic giving options (U.S. Trust, 2013; Wymer et al., 2012; Madden & Newton, 2006; Connors et al., 2004; Madden, 2004). Case studies were also commonly cited as being a resource that would be helpful to advisors (Wymer et al., 2012; Madden & Newton, 2006; Madden, 2004). Advisors also shared a desire to have educational materials about charitable giving they could share with clients (Connors et al., 2004; Madden, 2004).

Additional resources that advisors said would be helpful included “how to” articles in professional journals (Connors et al., 2004; Madden, 2004), seminars and trainings (Madden, 2004), and regular updates on charitable giving developments (Wymer et al., 2012). Finally, having knowledge people to reach out to for advice was also identified as being helpful, both in terms of knowledgeable colleagues (i.e. other financial advisors) and local community foundation professionals (Connors et al., 2004; Madden, 2004). As President of Schwab Charitable, Kim Wright-Violich, stated, “Advisors increasingly need to have a bench of experts upon which to draw. They need to find out who they can trust as an expert on charitable giving planning and strategies and seek them out (Schwab Charitable, 2007, pg. 5). Advisors need education and the ability to get counsel so they can be equipped to provide guidance in the area of charitable giving. As Coutre (2013) explained:

The adviser is typically present at key transitions and transactions and can incorporate philanthropic decisions into clients’ financial and estate planning. At these junctures, it is appropriate to challenge clients to think more deeply about their giving and how they can align their giving with their values and their life goals. (pg. 61).
Clients’ Perspectives on the Quality of Charitable Giving Advice They Receive

The research on clients and their perspectives on the guidance they receive in the area of charitable giving from advisors is important to note as it underscores a gap in how clients think about charitable giving compared to their advisors. As indicated in an earlier section, clients often are the ones to even broach the topic of giving. In a study by Johnson and Gregory (2000), donors were also surveyed and interviewed to better understand their perceptions of advisors’ roles in their charitable giving. They found that an overwhelming majority (90 percent) of high net worth clients report they bring up the topic of charitable giving much more often than their advisors. More recently, of the 55 percent of high net worth clients surveyed who indicated they talk with their advisor about giving, nearly all (51 percent) said they are the ones to initiate that conversation (U.S. Trust, 2013).

As Connors et al. (2004) found, high net worth clients expect their advisors to include charitable giving as part of their discussions and overall financial planning advice. The U.S. Trust (2013) reported that while 82 percent of clients believe their advisors do play a critical role in their giving, only 41 percent of high net worth clients are fully satisfied with how their advisors handle discussions surrounding charitable giving.

Research by H. Hall (1997) regarding donors’ satisfaction with their financial advisors in the context of charitable giving underscores the importance of advisors’ role in encouraging and sustaining planned giving. H. Hall found that donors who felt they received sound guidance from a financial planner regarding charitable giving said they
would be likely to engage in additional charitable giving in the future. On the other hand, donors who received poor guidance reported they would be unlikely to use planned charitable giving in the future (1997).

The donors interviewed in H. Hall’s (1997) study also reported that financial advisors too often focused on the tax planning aspect of charitable giving, treating it first and foremost as a financial transaction. They expressed a desire for advisors to recognize and treat charitable giving as the vehicle through which donors express their most deeply held values and goals. As clients reported in the U.S. Trust’s (2013) study, advisors focus too much on the technical aspects of giving, such as tax benefits, as opposed to framing giving within the context of goals, values, and interests. Similarly, Connors et al. (2004) and Johnson and Gregory (2000) reported that high net worth donors wish their advisors took a more comprehensive approach to giving, focusing more on values, personal/social objectives, and other reasons one chooses to give as opposed to a more limited focus on tax planning.

Donors in California suggested there is a gap between the advice they are offered by advisors and what they would like in terms of information about giving options and advice that is tailored to their circumstance (Stone & McElwee, 2004). Further, high net worth donors have also indicated an interest in more focus on due diligence in selecting potential organizations to give to and how they then might measure the impact of their donation (Johnson & Gregory, 2000). A study by Madden of the role of financial advisors in the area of philanthropy noted that advisors need to develop a more holistic approach to advising in regards to philanthropic giving. As Madden noted, “…there appears to be
potential for advisors to provide more comprehensive and strategic service in philanthropic giving, which has served to widen the gap between actual and ideal practice…” (2004, pg. 4).

**Vehicles for Charitable Giving**

The complexities of the tax code in general and the policies related to charitable deductions specifically are beyond what the average client may understand. Breiteneicher noted, “Donors have told us their ‘eyes glaze over’ when CRITS, CRATS, CRUTS, and Q-TIPS are trotted out by advisors. Clearly tax issues matters but explanations often make giving seem overly complicated and perhaps not worth the effort” (1996, pg. 34).

This underscores the important role the financial advisor plays in educating his or her clients regarding the tax benefits of charitable giving, both in terms of income taxes and matters pertaining to estate plans. Breiteneicher suggested, “Advisors should work to demystify and simplify explanations of the technical options that surround the vehicles that donors may use to structure their giving” (1996, pg. 34). Without an advisor’s intercession in such matters, many clients may be apt to allow charitable giving to be pushed out of their overall financial plan.

One way financial advisors can play a positive role in advising clients on charitable giving is through educating clients on the various mechanisms and vehicles for giving. A challenge that has been noted in several studies is that advisors don’t always feel well-equipped and knowledgeable about the various ways to give. Thirty-seven percent of advisors studied by Schwab Charitable (2007) felt concerned about their expertise regarding charitable giving. Madden (2009) found that only one-third of
advisors felt well-equipped to provide giving advice. Another one-third felt somewhat informed and one-third of the advisors surveyed felt not very well informed or not informed at all to advice clients in the area of charitable giving (Madden, 2009).

Johnson and Gregory (2000) found that two-thirds of the advisors they surveyed utilized a very limited number of giving strategies, typically relying on only one or two charitable giving vehicles for all clients regardless of financial position and their intentions in giving. Likewise, the Giving Campaign (2001) reported that advisors used only one or two charitable giving strategies in their work with clients.

In their study of more than 300 advisors, the U.S. Trust (2013) reported that 47 percent of clients who work with their advisor on charitable giving use a structured giving vehicle to make their gifts. After direct gifts to charities, charitable trusts, donor-advised funds, and private foundations were most commonly cited by advisors as their preferred giving vehicles (Schwab Charitable, 2007; Connors et al., 2004). Of the small percentage of advisors who provided advice on charitable giving in Madden’s (2004) study, those who did also used private foundations or charitable trusts the most.

While advisors indicated clients prefer methods that enable [the client] to maintain control (Connors et al., 2004), there are particular methods that enable financial advisors to retain control of assets designated for charitable giving. Simply giving money away means it’s lost forever, particularly to the financial advisor.

Certain giving vehicles may legitimately be the best mechanism for some donors to give as part of their estate plan, advisors may also benefit from the vehicle chosen as they are able to retain those assets under management. While this may be a win-win
situation, it is still necessary to acknowledge the stake financial advisors’ have in such choices. There are times an advisor is apt to weigh his/her own best interests against those of his/her client (Bandera, 2003). As noted by Connors et al. (2004), focus groups and interviews of advisors revealed that they do prefer charitable trusts and private foundations because of their ability to continue to manage those assets, collecting income for doing so. This may work for big donors, but most individuals are more likely to give at a lower level than that which is required to fund a trust or foundation. Community foundations, which allow those at lower thresholds of giving to still make a significant impact in their giving, were only recommended 15 percent of the time (Connors et al., 2004).

The types of investments and assets a client possesses may impact whether advisors encourage charitable giving, highlighting again the link between giving and tax planning. Johnson and Gregory (2000) found that more than nine out of ten advisors are more motivated to encourage giving for clients who have highly appreciated assets.

In summary, financial advisors play a critical role in helping clients understand the policies and procedures for charitable giving. Unfortunately, clients may need to demonstrate interest before an advisor will invest time and efforts into explaining the tax benefits of charitable giving. Without the reliable advice of one’s financial advisor or the existing desire to give to people and causes one believes in, an individual may not understand or learn about the financial benefits of charitable giving, and thus, may not be apt to give at all.
Summary

The body of knowledge pertaining to financial advisors and their role in guiding clients in the area of charitable giving is relatively new. Studies emerged primarily in the 2000s to better understand how charitable giving fits into financial advisors’ work. Primarily, Madden conducted several studies on Australian financial advisors to learn about their practices and perceptions related to charitable giving (Madden, 2004, 2009; Madden & Newton, 2006; Madden & Scaife, 2006). In addition, the Philanthropic Initiative of Boston has been central in many similar studies and in disseminating information about financial advisors and charitable giving in the United States (Coutre, 2013; U.S. Trust, 2013; Connors et al., 2004; Johnson & Gregory, 2000).

Studies have consistently shown the importance of the professional advisor in moving clients toward charitable giving (Ramirez & Saraoglu, 2009; Johnson & Gregory, 2000; Breiteneicher, 1996), yet research also suggests discrepancy in how the financial advising industry engages in this particular area of financial planning (U.S. Trust, 2013; Wymer et al., 2012; Madden, 2009; Schwab Charitable, 2007; Connors et al., 2004; Madden, 2004; Johnson & Gregory, 2000).

Most of the studies in this area have been conducted and published by financial institutions and professional organizations as opposed to within academia. A potential bias exists when financial institutions study their own practices as opposed to an independent third party. Additionally, there is a challenge in understanding the reliability and validity of survey instruments, as those are not published as part of the study reports.
Thus, it is difficult to judge the integrity of these studies in the context of the standard of research found in institutions of higher learning.

Previous studies have been conducted in other countries and states (Wymer et al., 2012; Madden, 2009; Madden & Scaife, 2006; Madden & Newton, 2006; Connors et al., 2004; Giving Campaign, 2001), while this study focuses specifically on financial planners in Iowa. Additionally, most documented studies have placed an emphasis on how advisors work with high net worth clients specifically (U.S. Trust, 2013; Connors et al., 2004; Madden, 2004; Johnson & Gregory, 2000), this study expanded beyond high net worth clients alone. While income and wealth have been demonstrated as indicators of increased giving (The Center on Philanthropy, 2009; 2010), research has also shown little income difference between donors who were planning legacy gifts and those who were not (James, 2009; Sargeant, Hilton, & Wymer, 2005). This study builds understanding around planned giving for expanded levels of net worth beyond those considered “high net” worth.

Many of Iowa’s neighboring states, including South Dakota, Kansas, Nebraska, and Minnesota have been identified as among the most charitable in the country, often making it on lists of the top 10 most charitable states, yet Iowa typically falls in the middle of the list (Bernardo, 2016; Dill, 2015). This study focused on financial advisors in Iowa and may shed light on why Iowa lags behind its neighbors in charitable giving.
CHAPTER III

METHODS

The purpose of this study was to explore how financial advisors work with clients in the area of charitable giving. This study sought to explore how external factors, including such aspects of financial incentives, advisors’ knowledge, and service perspective, impact how financial advisors guide clients in charitable giving decisions. Also, internal factors, including advisors’ values and beliefs related to charitable giving and their personal involvement in nonprofit organizations, were explored to understand how those impact the way they work with clients regarding charitable giving. This chapter presents the methods employed in this study.

The methods chapter is organized into four sections, including: (1) selection of the subjects, (2) instrumentation, (3) collection of data, and (4) analysis of data. Selection of the participants describes the population of this study which included members of the Financial Planning Association of Iowa. The instrumentation section describes the survey instrument used in this study. The collection of data section describes how the data was administered to and gathered by study participants. Finally, the analysis of data section details the methods used to analyze the data after it was collected.

Selection of the Subjects

Participants in this study include professional financial advisors in the State of Iowa. The participants were identified based on their membership in the Financial Planning Association (FPA) of Iowa as of Fall 2018. The membership of FPA of Iowa
includes 156 individuals, all of whom were included in this research and asked to complete the survey.

The mission statement for the Financial Planning Association of Iowa states, “FPA of Iowa is the community that fosters the value of financial planning, and advances the practice and profession of financial planning” (Financial Planning Association of Iowa, 2014, para 1). FPA of Iowa is part of the larger Financial Planning Association®, the largest membership organization for financial planning professionals in the United States.

Members of FPA of Iowa hold various credentials and certifications recognized in the financial advising industry. The most prevalent held by FPA of Iowa members is the CFP® (Certified Financial Planner) certification, which is held by 95 of the 136 members. As stated by the Certified Financial Planner Board of Standards, Inc. (2014):

> CFP® professionals must pass the comprehensive CFP® Certification Examination, pass CFP Board's Fitness Standards for Candidates and Registrants, agree to abide by CFP Board's Code of Ethics and Professional Responsibility and Rules of Conduct which put clients' interests first and comply with the Financial Planning Practice Standards which spell out what clients should be able to reasonably expect from the financial planning engagement (para 3).

Other designations held by limited numbers of FPA of Iowa members include AAMS® (Accredited Asset Management Specialist), CFA® (Chartered Financial Advisor), ChFC® (Chartered Financial Consultant), CLU® (Chartered Life Underwriter), MBA (Master of Business Administration), and JD (Juris Doctor).
Permission to conduct this study was obtained from the University of Northern Iowa (UNI) Institutional Review Board. Participants were provided with a written informed consent form prior to their participation in this study.

**Instrumentation**

This study was conducted with the use of an electronic survey administered through Qualtrics. The survey instrument utilized was adapted from two surveys, one developed and administered by Opinion Dynamics Corporation for research conducted by Johnson and Gregory (2000) and the other by Madden (2009). Both surveys explored such topics as whether or not financial advisors engage in discussions about charitable giving with clients, advisors’ beliefs about the role of charitable giving in one’s total financial picture, the informational resources they rely on to stay abreast of charitable giving practices, and personal demographic information. The original survey by Johnson and Gregory included 75 items while the original survey by Madden included 25 items (with subsets of questions).

**Reliability and Validity**

With respect to construct validity, this instrument was modified using two established instruments that were used in published research, both within academic and for-profit research settings (Madden, 2009; Johnson & Gregory, 2000). Further, Confirmatory Factor Analysis (CFA) was utilized to measure validity of this instrument for this study. The Kaiser-Meyer-Olkin statistic was .562 and Bartlett’s test of sphericity was significant (p < .001). Cronbach’s alpha statistical measurement was utilized to
determine the reliability measures for the instrument. Cronbach’s Alpha Score was found to be .578.

**Procedures for Collecting Data**

Permission to survey members of the Financial Planning Association of Iowa was granted by the organization’s Chapter President and Board. The Chapter Executive provided verbal consent, followed by written consent and the provision of the contact list of FPA of Iowa members.

Approval was obtained from the Institutional Review Board (IRB) prior to survey distribution. A letter requesting participation, an informed consent statement, and the electronic survey was emailed to the 156 members of FPA of Iowa.

To increase response rates, an incentive was provided. Out of the pool of the Financial Planning Association of Iowa members who participated in the study, one was randomly drawn to win a $200 Visa Check Card. Any identifying information of participants was separated from their survey responses.

**Analysis of Data**

The SPSS software program (Version 22) was utilized to treat the collected data. Multiple statistical methods were employed to analyze the data after collection. Descriptive statistics were utilized to calculate means, frequency distribution, and percentages. Demographic information collected included: (1) gender; (2) age; (3) race; (4) client base; (5) client net worth, and (6) clients with a charitable bequest plan. For questions using Likert-type scale responses, including “strongly agree, agree, neutral, disagree, and strongly disagree” and “very important, somewhat important, neutral, not
very important, and not important at all,” each response was assigned a score from one to five (1-5) and the aggregate response was reported.

Independent variables were categorized into three groups, including (1) demographic characteristics, (2) external factors, and (3) internal factors. Demographic characteristics include gender (female = 1, male = 2); age (39 and under = 1, 40-59 = 2), and 60 and over = 3); race/ethnicity (white = 1, nonwhite/minority = 2); number of clients (1 = 100 or less, 2 = 101 to 249, 3 = 250 to 499, 4 = 500 or more); percentage of clients with net worth exceeding $1 million (1 = 5 percent or less, 2 = 6 to 19 percent, 3 = 20 to 39 percent, 4 = 40 to 59 percent, 5 = 50 to 89 percent, 6 = 90 percent or more); percentage of clients with intention of making a charitable bequest (1 = 1 percent or less, 2 = 2 to 5 percent, 3 = 6 to 19 percent, 4 = 20 to 49 percent, 5 = 50 percent or more).

The independent variables also included external factors (financial incentives = 1, service perspective = 2, and advisor technical knowledge = 3) and internal factors (advisors’ discouraging values and beliefs = 1, advisors’ encouraging values and beliefs = 2, and advisors’ personal involvement with nonprofit organizations = 3).

The dependent variables relate to the practices of financial advisors in their work with clients (percentage of clients with whom advisor is engaged in charitable giving guidance =1; practice of asking clients about their interest in charitable giving = 2; frequency of advisors’ inquiry about client interest in charitable giving = 3).

Descriptive statistics included frequencies and percentages provided demographic information of the respondents. To test the difference between demographic characteristics and the other groups of variables, including external factors, internal
factors, and how advisors guide clients in the area of charitable giving, one-way analysis of variance (ANOVA) was utilized. One-way ANOVA enabled the researcher to compare the means of two or more groups, producing a F-ratio that shows if there is a significant difference between groups (Urdan, 2010).

A Pearson’s correlation test enabled the researcher to determine relationships between variables including external factors, internal factors, and how advisors guide clients in the area of charitable giving (Urdan, 2010). Since it is likely that many factors influence how an advisor guides his or her clients in the area of charitable giving, Multiple Regression Analysis enabled the researcher to obtain more accurate results by examining multiple predictor variables to see direct relationships between each independent variable and dependent variable while keeping other independent variables constant (Gravetter & Wallnau, 2007).

Several hypotheses were tested as follows:

Hypothesis 1
One-way analysis of variance (ANOVA) was used to test the null hypothesis that there is no statistically significant difference between external factors and advisors’ demographic characteristics, including gender, age, race/ethnicity, number of clients, client net worth, and percentage of clients with plans to make a charitable bequest.

Hypothesis 2
One-way analysis of variance (ANOVA) was used to test the null hypothesis that there is no statistically significant difference between internal factors and advisors’ demographic
characteristics, including gender, age, race/ethnicity, number of clients, client net worth, and percentage of clients with plans to make a charitable bequest.

**Hypothesis 3**

One-way analysis of variance (ANOVA) was used to test the null hypothesis that there is no statistically significant difference in how advisors view charitable giving as part of their work based on their demographic characteristics, including gender, age, race, number of clients, client net worth, and percentage of clients intending to make a charitable bequest.

**Hypothesis 4**

Pearson’s Correlation Coefficient was used to test the null hypothesis that there is no statistically significant relationship between external factors and internal factors.

**Hypothesis 5**

Pearson’s Correlation Coefficient was used to test the null hypothesis that there is no statistically significant relationship between external factors on how advisors’ guide clients in the area of charitable giving.

**Hypothesis 6**

Pearson’s Correlation Coefficient was used to test the null hypothesis that there is no statistically significant relationship between internal factors on how advisors’ guide clients in the area of charitable giving.
Hypothesis 7
Multiple regression analysis was used to test the null hypothesis that external factors do not serve as a successful predictive model for how advisors provide guidance to clients in the area of charitable giving.

Hypothesis 8
Multiple regression analysis was used to test the null hypothesis that internal factors do not serve as a successful predictive model for how advisors provide guidance to clients in the area of charitable giving.

Summary
Chapter III reviewed the specific methods that were utilized in addressing the research problem. The participants of the study were members of the Financial Planning Association of Iowa professional association who completed the research survey. Details regarding the research design, procedures for data collection, and approach to data analysis were presented to provide an understanding of the research actions carried out.
CHAPTER IV

RESULTS

The purpose of this study was to explore how financial advisors work with clients in the area of charitable giving. This study sought to explore how external factors, including such aspects of financial incentives, advisors’ knowledge, and service perspective impact how financial advisors guide clients in charitable giving decisions. Also, internal factors, including advisors’ values and beliefs related to charitable giving and their personal involvement in nonprofit organizations, were explored to understand how those impact the way they work with clients regarding charitable giving. Chapter IV presents the findings and results of the study.

This chapter of the research study is divided into six sections and will include the following: (a) response rate; (b) demographic information; (c) reliability and validity measures; (d) external factors; (e) internal factors; and (f) philanthropic giving as part of advising. The statistical procedures used to analyze the research questions and subsequent hypothesis statements as identified in Chapter III.

Response Rate

The electronic survey was distributed to 156 members of the Financial Planning Association of Iowa. Of this number (N=156), 41 were returned, yielding an overall response rate 26 percent. Several surveys were incomplete and as a result, 35 of the responses were useful, representing 22 percent of the total surveys distributed. As a result, the response rate can best be described as a convenience sample.
Demographic Information

An analysis of demographic variables was completed calculating frequencies and percentages and is presented in Table 6. The survey sought information regarding the respondents: (1) gender (2) race/ethnicity; (3) age; (4) number of clients; (5) percentage of clients with net worth exceeding $1 million; and (6) percentage of clients who have an intention to make a charitable bequest.

As one can see, in viewing Table 6, the gender of respondents included males (n = 30 or 85.7 percent) and females (n = 5 or 14.3 percent). When viewing the race/ethnicity of the respondents, there were seven options offered in the survey. However, to aid in the statistical analysis, the race/ethnicity demographic indicators were collapsed the into two categories: (a) white/Caucasian and (b) nonwhite/minority. There were 34, or 97.1 percent, respondents who identified themselves as white and one, or 2.9 percent, of the those completing the questionnaire identified themselves as nonwhite/minority. Age was organized in the survey into six categories respondents from which respondents could select. A low response required collapsing the six categories into three, including: 39 years and under (n = 10 or 28.6 percent), 40-59 years (n = 19 or 54.3 percent) and 60 to over 69 (n = 6 or 17.1 percent).

Demographic indicators related to the advisor’s work included the number of clients an advisor served, including the following breakdown of number of clients served: 100 clients or less (n = 7 or 20 percent); 101 to 249 clients (n = 8 or 22.9 percent); 250 to 499 clients (n = 12 or 34.3 percent); and 500 clients or more (n = 8 or 22.9 percent). Information was also collected to know the percentage of clients an advisor serves who
have a net worth exceeding $1 million. Respondents identified that indicator as follows: 5 percent or less (n = 5 or 14.3 percent); 6 to 19 percent (n = 4 or 11.4 percent); 20 to 39 percent (n = 8 or 22.9 percent); 40 to 59 percent (n = 6 or 17.1 percent); 60 to 69 percent (n = 7 or 20 percent); and 90 percent or more (n = 4 or 14.3 percent).

Finally, information was gathered regarding the percentage of clients an advisor served who intended to make a charitable bequest. The responses were as follows: 1 percent or less (n = 7 or 20 percent); 2 to 5 percent (n = 13 or 37.1 percent); 6 to 19 percent (n = 7 or 20 percent); 20 to 49 percent (n = 5 or 14.3 percent); and 50 percent or more (n = 2 or 5.7 percent).

Table 6 shows the number of usable surveys for each of the demographic variables including: (1) gender (2) race/ethnicity; (3) age; (4) number of clients; (5) percentage of clients with net worth exceeding $1 million; and (6) percentage of clients who have an intention to make a charitable bequest.
Table 6

**Demographic Information of the Participants**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Frequency (N=35)</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>30</td>
<td>85.7</td>
</tr>
<tr>
<td>Female</td>
<td>5</td>
<td>14.3</td>
</tr>
<tr>
<td><strong>Race/Ethnicity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>White/Caucasian</td>
<td>34</td>
<td>97.1</td>
</tr>
<tr>
<td>Non-White/Minority</td>
<td>1</td>
<td>2.9</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>39 and under</td>
<td>10</td>
<td>28.6</td>
</tr>
<tr>
<td>40-59</td>
<td>19</td>
<td>54.3</td>
</tr>
<tr>
<td>60 and over</td>
<td>6</td>
<td>17.1</td>
</tr>
<tr>
<td><strong>Number of Clients</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>100 or less</td>
<td>7</td>
<td>20</td>
</tr>
<tr>
<td>101 to 249</td>
<td>8</td>
<td>22.9</td>
</tr>
<tr>
<td>250 to 499</td>
<td>12</td>
<td>34.3</td>
</tr>
<tr>
<td>500 or more</td>
<td>8</td>
<td>22.9</td>
</tr>
<tr>
<td><strong>Percentage of Clients with</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Worth Exceeding $1 Million</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 percent or less</td>
<td>5</td>
<td>14.3</td>
</tr>
<tr>
<td>6 to 19 percent</td>
<td>4</td>
<td>11.4</td>
</tr>
<tr>
<td>20 to 39 percent</td>
<td>8</td>
<td>22.9</td>
</tr>
<tr>
<td>40 to 59 percent</td>
<td>6</td>
<td>17.1</td>
</tr>
<tr>
<td>60 to 89 percent</td>
<td>7</td>
<td>20.0</td>
</tr>
<tr>
<td>90 percent or more</td>
<td>4</td>
<td>14.3</td>
</tr>
<tr>
<td><strong>Percentage of Clients Intending</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>to Make Charitable Bequest</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 percent or less</td>
<td>7</td>
<td>20</td>
</tr>
<tr>
<td>2 to 5 percent</td>
<td>13</td>
<td>37.1</td>
</tr>
<tr>
<td>6 to 19 percent</td>
<td>7</td>
<td>20</td>
</tr>
<tr>
<td>20 to 49 percent</td>
<td>5</td>
<td>14.3</td>
</tr>
<tr>
<td>50 percent or more</td>
<td>2</td>
<td>5.7</td>
</tr>
<tr>
<td>Unclassified</td>
<td>1</td>
<td>2.9</td>
</tr>
</tbody>
</table>
Validity

With respect to construct validity, the original instruments that were modified to create the existing survey were designed 1) research experts (Opinion Dynamics Corporation) and 2) experts in higher education research, particularly pertaining to studying financial advisors and their work in charitable giving advice (Madden, 2009). Evidence of construct validity of survey items was demonstrated through exploratory and confirmatory factor analyses (EFA/CFA), as demonstrated in Table 7. The Kaiser-Meyer-Olkin statistic was .562, indicating average factorability.

Table 7

*Measure of External and Internal Factors - Validity Statistics*

<table>
<thead>
<tr>
<th>Factors Scale (number of items)</th>
<th>Measures of Sampling Adequacy (MSA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>External Factors – Financial Considerations (2)</td>
<td>.522</td>
</tr>
<tr>
<td>External Factors – Advisor Knowledge (2)</td>
<td>.813</td>
</tr>
<tr>
<td>External Factors – Service Perspective (3)</td>
<td>.756</td>
</tr>
<tr>
<td>Internal Factors – Encouraging Values &amp; Beliefs (4)</td>
<td>.773</td>
</tr>
<tr>
<td>Internal Factors – Discouraging Values &amp; Beliefs (3)</td>
<td>.751</td>
</tr>
<tr>
<td>Internal Factors – Personal Practices (2)</td>
<td>.897</td>
</tr>
</tbody>
</table>

*Note:* Kaiser Meyer Olkin MSA = .562; Bartlett Test of Sphericity = 37.173; and p value = .001
Reliability

In 1951 Lee Cronbach established Cronbach’s alpha reliability, or coefficient alpha, represented by $\alpha$, which remains the most commonly applied measure of internal consistency in the behavioral sciences. Internal consistency refers to the degree to which parallel measurements, in other words, survey questions involving the same concepts, produce equal variances or covariances (Bonett & Wright, 2014). Table 8 offers a presentation of the reliability measures for this study.
Table 8

*Measures of Survey Reliability*

<table>
<thead>
<tr>
<th>Scale Items (n = 34)</th>
<th>Mean Scores (M)</th>
<th>Standard Deviation (SD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cronbach’s Alpha Score (α) = .578</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**External Factors – Financial Considerations**

- There is little financial incentive 4.35 1.041
- Charitable giving can reduce taxes 2.18 .797

**External Factors – Advisor Knowledge**

- Unsure of how best to guide clients in this area 4.32 1.041
- Lack familiarity with clients’ personal life/values 3.97 1.218

**External Factors – Service Perspective**

- Should be part of overall service to clients 2.24 1.046
- Company encourages charitable giving guidance 3.47 1.237

**Internal Factors – Encouraging Beliefs**

- Positive view of philanthropic/charitable giving 1.35 .485
- Important for people to make a difference 2.59 1.158
- Believe that giving adds to one’s quality of life 1.50 .663
- Client can find satisfaction in giving 2.21 .914

**Internal Factors – Discouraging Beliefs**

- Raising topic would be uncomfortable for clients 4.18 .834
- Too personal of a matter 4.38 1.015
- Up to clients to mention interest in giving 4.24 1.156

**Internal Factors – Personal Practices**

- Level of personal giving by advisor. 2.59 .609
- Level of volunteer service provided by advisor 2.00 .651
Research Question 1

Is there a significant difference in how advisors view external factors based on the financial advisors’ demographic characteristics, including gender, age, race, number of clients, client net worth, and percentage of clients intending to make a charitable bequest?

One-way ANOVA was calculated to examine the difference between financial advisors’ external factors related to charitable giving and their demographic characteristics, including gender, age, race/ethnicity, number of clients served, percentage of clients with net worth exceeding $1 million, and percentage of clients intending to make a charitable bequest.

Table 9 demonstrates there is no significant difference between the following external factors and advisors’ gender, including: view of financial incentives ($F(1, 32) =1.871, p >.05$); service perspectives ($F(1, 33) =.233, p >.05$); advisors knowledge ($F(1, 32) =.017, p >.05$). For age, financial incentives ($F(2, 31) =1.122, p >.05$); service perspectives ($F(2, 32) =.160, p >.05$); advisors knowledge ($F(2, 31) =.622, p >.05$). For race/ethnicity, the difference is as follows: financial incentives ($F(1, 32) =.130, p >.05$); service perspectives ($F(1, 33) =.151, p >.05$); advisors knowledge ($F(1, 32) =1.450, p >.05$).

Further, the findings indicate that there is no significant difference between the following external factors and number of clients an advisor serves, including: view of financial incentives ($F(3, 30) =.270, p >.05$); service perspectives ($F(3, 31) =1.193, p >.05$); advisors knowledge ($F(3, 30) =.574, p >.05$). The difference between the percentage of clients with net worth over $1 million and external factors is as follows:
financial incentives (F (5, 28) =1.375, p >.05); service perspectives (F (5, 29) =.659, p >.05); advisors knowledge (F (5, 28) =.778, p >.05). The difference between the percentage of clients intending to make bequest and external factors is as follows, financial incentives (F (4, 28) =2.605, p >.05); service perspectives (F (4, 29) =1.175, p >.05); advisors knowledge (F (4, 28) =.8=983, p >.05).

Table 9

*Analysis of the Difference between External Factors Based on Financial Advisors’ Demographic Characteristics*

<table>
<thead>
<tr>
<th>Variables</th>
<th>Sum of Squares</th>
<th>df</th>
<th>$M^2$</th>
<th>f</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External - Financial Incentives</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>.780</td>
<td>1</td>
<td>.780</td>
<td>1.871</td>
<td>.181</td>
</tr>
<tr>
<td>Within Groups</td>
<td>13.338</td>
<td>32</td>
<td>.417</td>
<td></td>
<td></td>
</tr>
<tr>
<td>External - Service Perspectives</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>.171</td>
<td>1</td>
<td>.171</td>
<td>.233</td>
<td>.633</td>
</tr>
<tr>
<td>Within Groups</td>
<td>24.300</td>
<td>33</td>
<td>.736</td>
<td></td>
<td></td>
</tr>
<tr>
<td>External - Advisor Knowledge</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>.016</td>
<td>1</td>
<td>.016</td>
<td>.017</td>
<td>.898</td>
</tr>
<tr>
<td>Within Groups</td>
<td>31.248</td>
<td>32</td>
<td>.977</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External - Financial Incentives</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>.953</td>
<td>2</td>
<td>.477</td>
<td>1.122</td>
<td>.338</td>
</tr>
<tr>
<td>Within Groups</td>
<td>13.164</td>
<td>31</td>
<td>.425</td>
<td></td>
<td></td>
</tr>
<tr>
<td>External - Service Perspectives</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>.242</td>
<td>2</td>
<td>.121</td>
<td>.160</td>
<td>.853</td>
</tr>
<tr>
<td>Within Groups</td>
<td>24.229</td>
<td>32</td>
<td>.757</td>
<td></td>
<td></td>
</tr>
<tr>
<td>External - Advisor Knowledge</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>1.205</td>
<td>2</td>
<td>.603</td>
<td>.622</td>
<td>.544</td>
</tr>
<tr>
<td>Within Groups</td>
<td>30.059</td>
<td>31</td>
<td>.970</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Table Continues)
<table>
<thead>
<tr>
<th>Variables</th>
<th>Sum of Squares</th>
<th>df</th>
<th>$M^2$</th>
<th>$f$</th>
<th>$p$</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Race/Ethnicity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External - Financial Incentives</td>
<td>.057</td>
<td>1</td>
<td>.057</td>
<td>.130</td>
<td>.721</td>
</tr>
<tr>
<td>Within Groups</td>
<td>14.061</td>
<td>32</td>
<td>.439</td>
<td></td>
<td></td>
</tr>
<tr>
<td>External - Service Perspectives</td>
<td>.111</td>
<td>1</td>
<td>.111</td>
<td>.151</td>
<td>.701</td>
</tr>
<tr>
<td>Within Groups</td>
<td>24.360</td>
<td>33</td>
<td>.738</td>
<td></td>
<td></td>
</tr>
<tr>
<td>External - Advisor Knowledge</td>
<td>1.356</td>
<td>1</td>
<td>1.356</td>
<td>1.450</td>
<td>.237</td>
</tr>
<tr>
<td>Within Groups</td>
<td>29.909</td>
<td>32</td>
<td>.935</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Number of clients served</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External - Financial Incentives</td>
<td>.371</td>
<td>3</td>
<td>.124</td>
<td>.270</td>
<td>.847</td>
</tr>
<tr>
<td>Within Groups</td>
<td>13.747</td>
<td>30</td>
<td>.458</td>
<td></td>
<td></td>
</tr>
<tr>
<td>External - Service Perspectives</td>
<td>2.532</td>
<td>3</td>
<td>.844</td>
<td>1.193</td>
<td>.329</td>
</tr>
<tr>
<td>Within Groups</td>
<td>21.939</td>
<td>31</td>
<td>.708</td>
<td></td>
<td></td>
</tr>
<tr>
<td>External - Advisor Knowledge</td>
<td>1.698</td>
<td>3</td>
<td>.566</td>
<td>.574</td>
<td>.636</td>
</tr>
<tr>
<td>Within Groups</td>
<td>29.567</td>
<td>30</td>
<td>.986</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Percentage of clients with net worth over $1 million</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External - Financial Incentives</td>
<td>2.783</td>
<td>5</td>
<td>.557</td>
<td>1.375</td>
<td>.264</td>
</tr>
<tr>
<td>Within Groups</td>
<td>11.335</td>
<td>28</td>
<td>.405</td>
<td></td>
<td></td>
</tr>
<tr>
<td>External - Service Perspectives</td>
<td>2.496</td>
<td>5</td>
<td>.499</td>
<td>.659</td>
<td>.657</td>
</tr>
<tr>
<td>Within Groups</td>
<td>21.975</td>
<td>29</td>
<td>.758</td>
<td></td>
<td></td>
</tr>
<tr>
<td>External - Advisor Knowledge</td>
<td>3.814</td>
<td>5</td>
<td>.763</td>
<td>.778</td>
<td>.574</td>
</tr>
<tr>
<td>Within Groups</td>
<td>27.451</td>
<td>28</td>
<td>.980</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Table Continues)
The null hypothesis that there is no statistically significant difference between external factors and advisors’ demographic characteristics, including gender, age, race/ethnicity, number of clients, client net worth, and percentage of clients with plans to make a charitable bequest, was broken down into 18 sub-hypotheses. In all sub-hypotheses, the null hypothesis was retained, as demonstrated in Table 10.

Table 10

Summary of the Findings Related to Hypothesis 1

<table>
<thead>
<tr>
<th>Hypothesis 1</th>
<th>Sig.</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1Aa. There will be no significant difference in the external factor of how advisors view financial incentives based on the financial advisors’ gender.</td>
<td>$p = 0.181$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H1Ab. There will be no significant difference in the external factor of how advisors view financial incentives factors based on the financial advisors’ age.</td>
<td>$p = 0.338$</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

(Table Continues)
<table>
<thead>
<tr>
<th>Hypothesis 1</th>
<th>Sig.</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1Ac. There will be no significant difference in the external factor of how advisors view financial incentives based on the financial advisors’ race/ethnicity.</td>
<td>$p = .721$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H1Ad. There will be no significant difference in the external factor of how advisors view financial incentives based on the number of clients a financial advisor serves.</td>
<td>$p = .847$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H1Ae. There will be no significant difference in the external factor of how advisors view financial incentives based on the percentage of clients an advisor serves who have a net worth over $1$ million.</td>
<td>$p = .264$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H1Af. There will be no significant difference in the external factor of how advisors view financial incentives based on the percentage of clients an advisor serves who intend to make a charitable bequest.</td>
<td>$p = .057$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H1Ba. There will be no significant difference in the external factor of service perspectives based on the financial advisors’ gender.</td>
<td>$p = .633$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H1Bb. There will be no significant difference in the external factor of service perspectives factors based on the financial advisors’ age.</td>
<td>$p = .853$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H1Bc. There will be no significant difference in the external factor of service perspectives based on the financial advisors’ race/ethnicity.</td>
<td>$p = .701$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H1Bd. There will be no significant difference in the external factor of service perspectives based on the number of clients a financial advisor serves.</td>
<td>$p = .329$</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

(Table Continues)
<table>
<thead>
<tr>
<th>Hypothesis 1</th>
<th>Sig.</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1Be. There will be no significant difference in the external factor of</td>
<td>$p = .657$</td>
<td>Accepted</td>
</tr>
<tr>
<td>service perspectives based on the percentage of clients an advisor serves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>who have a net worth over $1$ million.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H1Bf. There will be no significant difference in the external factor of</td>
<td>$p = .342$</td>
<td>Accepted</td>
</tr>
<tr>
<td>service perspectives based on the percentage of clients an advisor serves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>who intend to make a charitable bequest.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H1Ca. There will be no significant difference in the external factor of</td>
<td>$p = .898$</td>
<td>Accepted</td>
</tr>
<tr>
<td>advisor knowledge based on the financial advisors’ gender.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H1Cb. There will be no significant difference in the external factor of</td>
<td>$p = .544$</td>
<td>Accepted</td>
</tr>
<tr>
<td>advisor knowledge factors based on the financial advisors’ age.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H1Cc. There will be no significant difference in the external factor of</td>
<td>$p = .237$</td>
<td>Accepted</td>
</tr>
<tr>
<td>advisor knowledge based on the financial advisors’ race/ethnicity.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H1Cd. There will be no significant difference in the external factor of</td>
<td>$p = .636$</td>
<td>Accepted</td>
</tr>
<tr>
<td>advisor knowledge based on the number of clients a financial advisor serves.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H1Ce. There will be no significant difference in the external factor of</td>
<td>$p = .574$</td>
<td>Accepted</td>
</tr>
<tr>
<td>advisor knowledge based on the percentage of clients an advisor serves who</td>
<td></td>
<td></td>
</tr>
<tr>
<td>have a net worth over $1$ million.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H1Cf. There will be no significant difference in the external factor of</td>
<td>$p = .433$</td>
<td>Accepted</td>
</tr>
<tr>
<td>advisor knowledge based on the percentage of clients an advisor serves who</td>
<td></td>
<td></td>
</tr>
<tr>
<td>intend to make a charitable bequest.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Research Question 2

Is there a significant difference in advisors’ internal factors based on the financial advisors’ demographic characteristics, including gender, age, race, number of clients, client net worth, and percentage of clients intending to make a charitable bequest?

One-way ANOVA was calculated to examine the difference between financial advisors’ internal factors related to charitable giving and their demographic characteristics, including gender, age, race/ethnicity, number of clients served, percentage of client net worth exceeding $1 million, and percentage of clients intending to make a charitable bequest.

Table 11 shows there is no significant difference between the following internal factors and advisors’ gender, including: advisors’ personal practices and involvement with nonprofit organizations (F (1, 33) =.263, p >.05); discouraging values and beliefs about charitable giving (F (1, 32) =.037, p >.05); encouraging values and beliefs about charitable giving (F (1, 33) =4.132, p >.05). For race/ethnicity, there was no significant difference between the following internal factors: advisors’ personal practices and involvement with nonprofit organizations (F (1, 33) =2.328, p >.05); discouraging values and beliefs about charitable giving (F (1, 32) =.096, p >.05); encouraging values and beliefs about charitable giving (F (1, 33) =.312, p >.05).

A significant difference was found between age and one of the internal factors, advisors’ personal practices and involvement with nonprofit organizations (F (2, 32) =5.208, p <.05). The following internal factors did not have a significant difference
related to age: discouraging values and beliefs about charitable giving ($F(2, 31) = .921, p > .05$) and encouraging values and beliefs about charitable giving ($F(2, 31) = .623, p > .05$).

Further, the findings indicate that there was no significant difference between the following external factors and number of clients an advisor serves, including: advisors’ personal practices and involvement with nonprofit organizations ($F(3, 31) = .463, p > .05$); discouraging values and beliefs about charitable giving ($F(3, 30) = .268, p > .05$); encouraging values and beliefs about charitable giving ($F(3, 31) = 1.900, p > .05$). The difference between the percentage of clients with net worth over $1$ million and external factors was not found to be significant: advisors’ personal practices and involvement with nonprofit organizations ($F(5, 29) = 2.543, p > .05$); discouraging values and beliefs about charitable giving ($F(5, 28) = .292, p > .05$); encouraging values and beliefs about charitable giving ($F(5, 29) = .196, p > .05$).

There was a significant difference between the percentage of clients intending to make charitable bequest and the internal factor related to advisors’ personal practices and involvement with nonprofit organizations ($F(4, 29) = 3.170, p < .05$). There was not a significant difference between the percentage of clients intending to make a charitable bequest and other external factors, including discouraging values and beliefs about charitable giving ($F(4, 28) = .438, p > .05$) and encouraging values and beliefs about charitable giving ($F(4, 29) = .638, p > .05$).
Table 11

*Analysis of the Difference between Internal Factors Based on Financial Advisors’ Demographic Characteristics*

<table>
<thead>
<tr>
<th>Variables</th>
<th>Sum of Squares</th>
<th>df</th>
<th>$M^2$</th>
<th>$f$</th>
<th>$p$</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal – Personal Practices</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>.076</td>
<td>1</td>
<td>.076</td>
<td>.263</td>
<td>.612</td>
</tr>
<tr>
<td>Within Groups</td>
<td>9.567</td>
<td>33</td>
<td>.290</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal – Discouraging Values &amp; Beliefs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>.028</td>
<td>1</td>
<td>.028</td>
<td>.037</td>
<td>.850</td>
</tr>
<tr>
<td>Within Groups</td>
<td>24.146</td>
<td>32</td>
<td>.755</td>
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<td></td>
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<tr>
<td>Internal – Encouraging Values &amp; Beliefs</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
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<td>1</td>
<td>1.376</td>
<td>4.132</td>
<td>.050</td>
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<tr>
<td>Within Groups</td>
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<tr>
<td><strong>Age</strong></td>
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</tr>
<tr>
<td>Internal – Personal Practices</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>2.368</td>
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<td>1.184</td>
<td>5.208</td>
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<tr>
<td>Within Groups</td>
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<td>.227</td>
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<td>Internal – Discouraging Values &amp; Beliefs</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
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<td>2</td>
<td>.678</td>
<td>.921</td>
<td>.409</td>
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<td>Within Groups</td>
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<td>31</td>
<td>.736</td>
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<td>Internal – Encouraging Values &amp; Beliefs</td>
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<tr>
<td>Between Groups</td>
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<td>.232</td>
<td>.623</td>
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<td>Within Groups</td>
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<td>32</td>
<td>.372</td>
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<td><strong>Race/Ethnicity</strong></td>
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<tr>
<td>Internal – Personal Practices</td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
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<td>1</td>
<td>.636</td>
<td>2.328</td>
<td>.137</td>
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<td>Within Groups</td>
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<td>.273</td>
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<td>Internal – Discouraging Values &amp; Beliefs</td>
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<tr>
<td>Between Groups</td>
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<td>.072</td>
<td>.096</td>
<td>.759</td>
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<td>Within Groups</td>
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<td>32</td>
<td>.753</td>
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<tr>
<td>Internal – Encouraging Values &amp; Beliefs</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>.116</td>
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<td>.116</td>
<td>.312</td>
<td>.580</td>
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<tr>
<td>Within Groups</td>
<td>12.252</td>
<td>33</td>
<td>.371</td>
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</table>

*(Table Continues)*
<table>
<thead>
<tr>
<th>Variables</th>
<th>Sum of Squares</th>
<th>$df$</th>
<th>$M^2$</th>
<th>$f$</th>
<th>$p$</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of clients served</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal – Personal Practices</td>
<td>Between Groups</td>
<td>.414</td>
<td>3</td>
<td>.138</td>
<td>.463</td>
</tr>
<tr>
<td></td>
<td>Within Groups</td>
<td>9.229</td>
<td>31</td>
<td>.298</td>
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</tr>
<tr>
<td>Internal – Discouraging Values &amp; Beliefs</td>
<td>Between Groups</td>
<td>.631</td>
<td>3</td>
<td>.210</td>
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<tr>
<td></td>
<td>Within Groups</td>
<td>23.542</td>
<td>30</td>
<td>.785</td>
<td></td>
</tr>
<tr>
<td>Internal – Encouraging Values &amp; Beliefs</td>
<td>Between Groups</td>
<td>1.921</td>
<td>3</td>
<td>.640</td>
<td>1.900</td>
</tr>
<tr>
<td></td>
<td>Within Groups</td>
<td>10.447</td>
<td>31</td>
<td>.337</td>
<td></td>
</tr>
<tr>
<td><strong>Percentage of clients with net worth over $1 million</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal – Personal Practices</td>
<td>Between Groups</td>
<td>2.939</td>
<td>5</td>
<td>.588</td>
<td>2.543</td>
</tr>
<tr>
<td></td>
<td>Within Groups</td>
<td>6.704</td>
<td>29</td>
<td>.231</td>
<td></td>
</tr>
<tr>
<td>Internal – Discouraging Values &amp; Beliefs</td>
<td>Between Groups</td>
<td>1.199</td>
<td>5</td>
<td>.240</td>
<td>.292</td>
</tr>
<tr>
<td></td>
<td>Within Groups</td>
<td>22.974</td>
<td>28</td>
<td>.821</td>
<td></td>
</tr>
<tr>
<td>Internal – Encouraging Values &amp; Beliefs</td>
<td>Between Groups</td>
<td>.405</td>
<td>5</td>
<td>.081</td>
<td>.196</td>
</tr>
<tr>
<td></td>
<td>Within Groups</td>
<td>11.963</td>
<td>29</td>
<td>.413</td>
<td></td>
</tr>
<tr>
<td><strong>Percentage of clients intending to make bequest</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal – Personal Practices</td>
<td>Within Groups</td>
<td>2.919</td>
<td>4</td>
<td>.730</td>
<td>3.170</td>
</tr>
<tr>
<td></td>
<td>Between Groups</td>
<td>6.677</td>
<td>29</td>
<td>.230</td>
<td></td>
</tr>
<tr>
<td>Internal – Discouraging Values &amp; Beliefs</td>
<td>Between Groups</td>
<td>1.196</td>
<td>4</td>
<td>.299</td>
<td>.438</td>
</tr>
<tr>
<td></td>
<td>Within Groups</td>
<td>19.134</td>
<td>28</td>
<td>.683</td>
<td></td>
</tr>
<tr>
<td>Internal – Encouraging Values &amp; Beliefs</td>
<td>Within Groups</td>
<td>.971</td>
<td>4</td>
<td>.243</td>
<td>.638</td>
</tr>
<tr>
<td></td>
<td>Between Groups</td>
<td>11.043</td>
<td>29</td>
<td>.381</td>
<td></td>
</tr>
</tbody>
</table>

*Note: Alpha (a) = .05 and “*” served as an indicator for values < .05*
The null hypothesis that there is no statistically significant difference between internal factors and advisors’ demographic characteristics, including gender, age, race/ethnicity, number of clients, client net worth, and percentage of clients with plans to make a charitable bequest, was broken down into 18 sub-hypotheses. The null hypothesis was retained for all categories, with the exception of two variables where the null hypothesis was rejected. A significant difference was found between age and one of the internal factors, advisors’ personal practices and involvement with nonprofit organizations. There was also a significant difference between the percentage of clients intending to make charitable bequest and the internal factor related to advisors’ personal practices and involvement with nonprofit organizations. Therefore, the null hypothesis for these variables was rejected, as shown in Table 12.

Table 12

Summary of the Findings Related to Hypothesis 2

<table>
<thead>
<tr>
<th>Hypothesis 2</th>
<th>Sig.</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>H2Aa. There will be no significant difference in the internal factor of personal practices based on the financial advisors’ gender.</td>
<td>$p = .612$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2Ab. There will be no significant difference in the internal factor of personal practices based on the financial advisors’ age.</td>
<td>$p = .011$</td>
<td>Rejected</td>
</tr>
<tr>
<td>H2Ac. There will be no significant difference in the internal factor of personal practices based on the financial advisors’ race/ethnicity.</td>
<td>$p = .137$</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

(Table Continues)
<table>
<thead>
<tr>
<th>Hypothesis 2</th>
<th>Sig.</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>H2Ad. There will be no significant difference in the internal factor of personal practices based on the number of clients a financial advisor serves.</td>
<td>$p = .710$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2Ae. There will be no significant difference in the internal factor of personal practices based on the percentage of clients an advisor serves who have a net worth over $1$ million.</td>
<td>$p = .050$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2Af. There will be no significant difference in the internal factor of personal practices based on the percentage of clients an advisor serves who intend to make a charitable bequest.</td>
<td>$p = .028$</td>
<td>Rejected</td>
</tr>
<tr>
<td>H2Ba. There will be no significant difference in the internal factor of discouraging values and beliefs based on the financial advisors’ gender.</td>
<td>$p = .850$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2Bb. There will be no significant difference in the internal factor of discouraging values and beliefs based on the financial advisors’ age.</td>
<td>$p = .409$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2Bc. There will be no significant difference in the internal factor of discouraging values and beliefs based on the financial advisors’ race/ethnicity.</td>
<td>$p = .759$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2Bd. There will be no significant difference in the internal factor of discouraging values and beliefs based on the number of clients a financial advisor serves.</td>
<td>$p = .848$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2Be. There will be no significant difference in the internal factor of discouraging values and beliefs based on the percentage of clients an advisor serves who have a net worth over $2$ million.</td>
<td>$p = .913$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2Bf. There will be no significant difference in the internal factor of discouraging values and beliefs based on the percentage of clients an advisor serves who intend to make a charitable bequest.</td>
<td>$p = .780$</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

(Table Continues)
<table>
<thead>
<tr>
<th>Hypothesis 2</th>
<th>Sig.</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>H2Ca. There will be no significant difference in the internal factor of encouraging values and beliefs based on the financial advisors’ gender.</td>
<td>$p = .050$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2Cb. There will be no significant difference in the internal factor of encouraging values and beliefs based on the financial advisors’ age.</td>
<td>$p = .543$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2Cc. There will be no significant difference in the internal factor of encouraging values and beliefs based on the financial advisors’ race/ethnicity.</td>
<td>$p = .580$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2Cd. There will be no significant difference in the internal factor of encouraging values and beliefs based on the number of clients a financial advisor serves.</td>
<td>$p = .150$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2Ce. There will be no significant difference in the internal factor of encouraging values and beliefs based on the percentage of clients an advisor serves who have a net worth over $1$ million.</td>
<td>$p = .961$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2Cf. There will be no significant difference in the internal factor of encouraging values and beliefs based on the percentage of clients an advisor serves who intend to make a charitable bequest.</td>
<td>$p = .640$</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

**Research Question 3**

Is there a significant difference in how advisors view philanthropic giving as part of their work based on their demographic characteristics, including gender, age, race, number of clients, client net worth, and percentage of clients intending to make a charitable bequest? One-way ANOVA was calculated to examine the difference between how financial advisors guide clients in the area of charitable giving and their
demographic characteristics, including gender, age, race/ethnicity, number of clients served, percentage of client net worth exceeding $1 million, and percentage of clients intending to make a charitable bequest.

Table 13 shows there is no significant difference between the following internal factors and advisors’ gender: percentage of clients with whom advisor has discussed charitable giving (F (1, 33) = .1250, p > .05); advisors’ practice of bringing up charitable giving (F (1, 33) = .337, p > .05); frequency of talking to clients about charitable giving (F (1, 33) = .727, p > .05). The difference between age and internal factors is as follows: percentage of clients with whom advisor has discussed charitable giving (F (2, 32) = .479, p > .05); advisors’ practice of bringing up charitable giving (F (2, 32) = .332, p > .05); frequency of talking to clients about charitable giving (F (1, 32) = .754, p > .05). For race/ethnicity, the difference is: percentage of clients with whom advisor has discussed charitable giving (F (1, 33) = .392, p > .05); advisors’ practice of bringing up charitable giving (F (1, 33) = .059, p > .05); frequency of talking to clients about charitable giving (F (1, 33) = .302, p > .05).

Further, the findings indicate that there is no significant difference between the following external factors and number of clients an advisor serves, including: percentage of clients with whom advisor has discussed charitable giving (F (3, 31) = 2.320, p > .05); advisors’ practice of bringing up charitable giving (F (3, 31) = 2.657, p > .05); frequency of talking to clients about charitable giving (F (3, 31) = 2.204, p > .05).

There is a significant difference between the percentage of clients with net worth over $1 million and the percentage of clients with whom advisor has discussed charitable
giving (F (5, 29) = 3.104, p < .05). There was not a significant difference between the percentage of clients with net worth over $1 million between advisors’ practice of bringing up charitable giving (F (5, 29) = .730, p > .05) and frequency of talking to clients about charitable giving (F (5, 29) = 1.396, p > .05).

The frequency an advisor brings up charitable giving to clients (F (4, 29) = 3.963, p < .05) was found to have a significant difference with the percentage of clients intending to make bequest. There is not significant difference between the percentage of clients intending to make bequest and the percentage of clients with whom advisor has discussed charitable giving (F (4, 29) = .2633, p > .05) and advisors’ practice of bringing up charitable giving (F (4, 29) = 2.303, p > .05).

Table 13

*Analysis of the Difference between How Advisors Guide Clients Based on Demographic Characteristics*

<table>
<thead>
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<th>df</th>
<th>M2</th>
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<td><strong>Gender</strong></td>
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<tr>
<td>Percentage of clients with whom advisor has discussed giving</td>
<td>Between Groups</td>
<td>1.905</td>
<td>1</td>
<td>1.905</td>
<td>1.250</td>
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<tr>
<td></td>
<td>Within Groups</td>
<td>50.267</td>
<td>33</td>
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<tr>
<td>Practice of asking clients about giving</td>
<td>Between Groups</td>
<td>.019</td>
<td>1</td>
<td>.019</td>
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<td></td>
<td>Within Groups</td>
<td>1.867</td>
<td>33</td>
<td>.057</td>
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<td>Between Groups</td>
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<td>Within Groups</td>
<td>26.167</td>
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(Table Continues)
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<td><strong>Age</strong></td>
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<tr>
<td>Percentage of clients with whom advisor has discussed giving</td>
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<td>Within Groups</td>
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<td>Within Groups</td>
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<td>Frequency of asking clients about giving</td>
<td>Between Groups</td>
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<td>2</td>
<td>.602</td>
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<td></td>
<td>Within Groups</td>
<td>25.539</td>
<td>32</td>
<td>.798</td>
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<td><strong>Race/Ethnicity</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Percentage of clients with whom advisor has discussed giving</td>
<td>Between Groups</td>
<td>.613</td>
<td>1</td>
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<td></td>
<td>Within Groups</td>
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<tr>
<td>Practice of asking clients about giving</td>
<td>Between Groups</td>
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<td>.003</td>
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<td></td>
<td>Within Groups</td>
<td>1.882</td>
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<td>Percentage of clients with whom advisor has discussed giving</td>
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<td>3</td>
<td>3.188</td>
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<td></td>
<td>Within Groups</td>
<td>42.607</td>
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<td>1.374</td>
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<td>Practice of asking clients about giving</td>
<td>Between Groups</td>
<td>.386</td>
<td>3</td>
<td>.129</td>
<td>2.657</td>
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<td></td>
<td>Within Groups</td>
<td>1.500</td>
<td>31</td>
<td>.048</td>
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<tr>
<td>Frequency of asking clients about giving</td>
<td>Between Groups</td>
<td>4.701</td>
<td>3</td>
<td>1.567</td>
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<td>Within Groups</td>
<td>22.042</td>
<td>31</td>
<td>.711</td>
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<tr>
<td><strong>Percentage of clients with net worth over $1$ million</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Percentage of clients with whom advisor has discussed giving</td>
<td>Between Groups</td>
<td>18.188</td>
<td>5</td>
<td>3.638</td>
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<td></td>
<td>Within Groups</td>
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<td>1.172</td>
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<td>Practice of asking clients about giving</td>
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<td>Within Groups</td>
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<td>.058</td>
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<tr>
<td>Frequency of asking clients about giving</td>
<td>Between Groups</td>
<td>5.189</td>
<td>5</td>
<td>1.038</td>
<td>1.396</td>
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<td></td>
<td>Within Groups</td>
<td>21.554</td>
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<td>.743</td>
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(Table Continues)
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<th>Variables</th>
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<th>( M^2 )</th>
<th>( f )</th>
<th>( p )</th>
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<tr>
<td><strong>Percentage of clients intending to make bequest</strong></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Percentage of clients with whom advisor has discussed giving</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>13.484</td>
<td>4</td>
<td>3.371</td>
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<td>Within Groups</td>
<td>37.134</td>
<td>29</td>
<td>1.280</td>
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<td></td>
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<tr>
<td>Practice of asking clients about giving</td>
<td>.454</td>
<td>4</td>
<td>.113</td>
<td>2.303</td>
<td>.082</td>
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<tr>
<td>Between Groups</td>
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<td>.049</td>
<td></td>
<td></td>
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<tr>
<td>Frequency of asking clients about giving</td>
<td>9.366</td>
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<td>2.341</td>
<td>3.963</td>
<td>.011*</td>
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<td>Between Groups</td>
<td>17.134</td>
<td>29</td>
<td>.591</td>
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</table>

*Note: Alpha (a) = .05 and "*" served as an indicator for values < .05*

The null hypothesis that there is no statistically significant difference between internal factors and advisors’ demographic characteristics, including gender, age, race/ethnicity, number of clients, client net worth, and percentage of clients with plans to make a charitable bequest, was broken down into 18 sub-hypotheses. The null hypothesis was retained for all categories, with the exception of two, as indicated in Table 14. Regarding the difference between the percentage of clients who have a net worth over $1 million and how an advisor guides clients related to the percentage of total clientele an advisor has talked with about charitable giving and the frequency of which the advisor has brought up charitable giving, the null hypothesis was rejected.
### Summary of the Findings Related to Hypothesis 3

<table>
<thead>
<tr>
<th>Hypothesis 3</th>
<th>Sig.</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>H3Aa. There will be no significant difference in the percentage of clients</td>
<td>$p = 0.272$</td>
<td>Accepted</td>
</tr>
<tr>
<td>with whom an advisor has discussed charitable giving based on the financial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>advisors’ gender.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H3Ab. There will be no significant difference in the percentage of clients</td>
<td>$p = 0.624$</td>
<td>Accepted</td>
</tr>
<tr>
<td>with whom an advisor has discussed charitable giving based on the financial</td>
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<td></td>
</tr>
<tr>
<td>advisors’ age.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H3Ac. There will be no significant difference in the percentage of clients</td>
<td>$p = 0.536$</td>
<td>Accepted</td>
</tr>
<tr>
<td>with whom an advisor has discussed charitable giving based on the financial</td>
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<td></td>
</tr>
<tr>
<td>advisors’ race/ethnicity.</td>
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<td></td>
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<tr>
<td>H3Ad. There will be no significant difference in the percentage of clients</td>
<td>$p = 0.095$</td>
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</tr>
<tr>
<td>with whom an advisor has discussed charitable giving based on the number of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>clients a financial advisor serves.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H3Ae. There will be no significant difference in the percentage of clients</td>
<td>$p = 0.023$</td>
<td>Rejected</td>
</tr>
<tr>
<td>with whom an advisor has discussed charitable giving based on the percentage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>of clients an advisor serves who have a net worth over $1 million.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H3Af. There will be no significant difference in the percentage of clients</td>
<td>$p = 0.054$</td>
<td>Accepted</td>
</tr>
<tr>
<td>with whom an advisor has discussed charitable giving based on the percentage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>of clients an advisor serves who intend to make a charitable bequest.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H1Ba. There will be no significant difference in an advisor’s practice of</td>
<td>$p = 0.566$</td>
<td>Accepted</td>
</tr>
<tr>
<td>asking clients about charitable giving based on the financial advisors’</td>
<td></td>
<td></td>
</tr>
<tr>
<td>gender.</td>
<td></td>
<td></td>
</tr>
</tbody>
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(Table Continues)
Hypothesis 3

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<tr>
<th>Hypothesis</th>
<th>Description</th>
<th>Sig.</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1Bb.</td>
<td>There will be no significant difference in an advisor’s practice of asking clients about charitable giving based on the financial advisors’ age.</td>
<td>$p = .720$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H1Bc.</td>
<td>There will be no significant difference in an advisor’s practice of asking clients about charitable giving based on the financial advisors’ race/ethnicity.</td>
<td>$p = .810$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H1Bd.</td>
<td>There will be no significant difference in an advisor’s practice of asking clients about charitable giving based on the number of clients a financial advisor serves.</td>
<td>$p = .066$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H1Be.</td>
<td>There will be no significant difference in an advisor’s practice of asking clients about charitable giving based on the percentage of clients an advisor serves who have a net worth over $1 million.</td>
<td>$p = .607$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H1Bf.</td>
<td>There will be no significant difference in an advisor’s practice of asking clients about charitable giving based on the percentage of clients an advisor serves who intend to make a charitable bequest.</td>
<td>$p = .082$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H3Ca.</td>
<td>There will be no significant difference in how frequently an advisor asks clients about charitable giving based on the financial advisors’ gender.</td>
<td>$p = .400$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H3Cb.</td>
<td>There will be no significant difference in how frequently an advisor asks clients about charitable giving based on the financial advisors’ age.</td>
<td>$p = .478$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H3Cc.</td>
<td>There will be no significant difference in how frequently an advisor asks clients about charitable giving based on the financial advisors’ race/ethnicity.</td>
<td>$p = .586$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H3Cd.</td>
<td>There will be no significant difference in how frequently an advisor asks clients about charitable giving based on the number of clients a financial advisor serves.</td>
<td>$p = .107$</td>
<td>Accepted</td>
</tr>
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</table>

(Table Continues)
Hypothesis 3  

<table>
<thead>
<tr>
<th>Hypothesis 3</th>
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<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>H3Ce. There will be no significant difference in how frequently an advisor</td>
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<td></td>
</tr>
<tr>
<td>asks clients about charitable giving based on the percentage of clients an</td>
<td></td>
<td></td>
</tr>
<tr>
<td>advisor serves who have a net worth over $1 million.</td>
<td>$p = .255$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H3Cf. There will be no significant difference in how frequently an advisor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>asks clients about charitable giving based on the percentage of clients an</td>
<td></td>
<td></td>
</tr>
<tr>
<td>advisor serves who intend to make a charitable bequest.</td>
<td>$p = .011$</td>
<td>Rejected</td>
</tr>
</tbody>
</table>

Research Question 4

Is there a significant relationship between external factors and internal factors?

Pearson’s correlation was calculated to examine the relationship between external factors and internal factors. According to Cohen’s (1988) conventions, the correlation coefficients from .00 to .20 is considered a weak relationship; a correlation coefficients from .30 to .50 is considered a moderate relationship; and a correlation coefficient of .60 or greater represents a strong or large relationship.

A significant relationship was found between service perspectives and discouraging values and beliefs. A moderate correlation was found ($r = .383$, $p < .05$, $n = 34$). In addition, a significant relationship was also found between service perspectives and encouraging values and beliefs. A moderate correlation was found ($r = .445$, $p < .01$, $n = 34$).

Finally, in analyzing the relationship between external factors and internal factors, a significant relationship was found between advisor knowledge and discouraging values and beliefs. A strong correlation was found ($r = .667$, $p < .01$, $n = 34$). Table 15 presents
the findings regarding the analysis of the relationship between external and internal factors.

Table 15

*Analysis of the Relationship between External Factors and Internal Factors*

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Internal - Personal Practices</th>
<th>Internal - Discouraging Values/Beliefs</th>
<th>Internal - Encouraging Values/Beliefs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>External - Financial Incentives</strong></td>
<td>Pearson Correlation .073</td>
<td>.241</td>
<td>.013</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.680</td>
<td>.170</td>
<td>.943</td>
</tr>
<tr>
<td>N</td>
<td>34</td>
<td>34</td>
<td>34</td>
</tr>
<tr>
<td><strong>External - Service Perspectives</strong></td>
<td>Pearson Correlation .095</td>
<td>.383*</td>
<td>.445**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.586</td>
<td>.025</td>
<td>.007</td>
</tr>
<tr>
<td>N</td>
<td>35</td>
<td>34</td>
<td>35</td>
</tr>
<tr>
<td><strong>External - Advisor Knowledge</strong></td>
<td>Pearson Correlation .013</td>
<td>.667**</td>
<td>.061</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.943</td>
<td>.000</td>
<td>.734</td>
</tr>
<tr>
<td>N</td>
<td>34</td>
<td>34</td>
<td>34</td>
</tr>
</tbody>
</table>

* Correlation is significant at the 0.05 level (2-tailed).
** Correlation is significant at the 0.01 level (2-tailed).

Based on the findings, the null hypothesis that there is no significant relationship between internal factors and external factors was segmented into nine sub-hypotheses statements. As presented in Table 16, the null hypothesis was retained for six of the sub-hypotheses, with three sub-hypotheses being rejected.
### Table 16

**Summary of the Findings Related to Hypothesis 4**

<table>
<thead>
<tr>
<th>Hypothesis 4</th>
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<th>Outcome</th>
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</thead>
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<tr>
<td>H4Aa. There will be no significant relationship between financial incentives and personal practices.</td>
<td>$p = .680$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H4Ab. There will be no significant relationship between financial incentives and discouraging values and beliefs.</td>
<td>$p = .170$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H4Ac. There will be no significant relationship between financial incentives and encouraging values and beliefs.</td>
<td>$p = .943$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H4Ba. There will be no significant relationship between service perspectives and personal practices.</td>
<td>$p = .586$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H4Bb. There will be no significant relationship between service perspectives and discouraging values and beliefs.</td>
<td>$p = .025$</td>
<td>Rejected</td>
</tr>
<tr>
<td>H4Bc. There will be no significant relationship between service perspectives and encouraging values and beliefs.</td>
<td>$p = .007$</td>
<td>Rejected</td>
</tr>
<tr>
<td>H4Ca. There will be no significant relationship between advisor knowledge and personal practices.</td>
<td>$p = .943$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H4Cb. There will be no significant relationship between advisor knowledge and discouraging values and beliefs.</td>
<td>$p = .000$</td>
<td>Rejected</td>
</tr>
<tr>
<td>H4Cc. There will be no significant relationship between advisor knowledge and encouraging values and beliefs.</td>
<td>$p = .734$</td>
<td>Accepted</td>
</tr>
</tbody>
</table>
Research Question 5

Is there a significant relationship between external factors and how they guide clients in the area of charitable giving? Pearson’s correlation was calculated to examine the relationship between external factors and how financial advisors guide their clients in the area of charitable giving. A significant relationship was found between financial incentives and percentage of clients with whom advisor has discussed giving; service perspectives and percentage of clients with whom advisor has discussed giving; service perspectives and advisors’ practice of asking clients about giving, as well as service perspectives and frequency of asking clients about giving.

A moderate correlation was found between the following (a) financial incentives and percentage of clients with whom advisor has discussed giving (r = .432, p < .05, n = 34); (b) service perspectives and percentage of clients with whom advisor has discussed giving (r = .339, p < .05, n = 35); (c) service perspectives and advisors’ practice of asking clients about giving (r = .391, p < .05, n = 35); and (d) service perspectives and frequency of asking clients about giving (r = .348, p < .05, n = 35). The results related to the examination of external factors and how financial advisors guide their clients related to charitable giving can be found in Table 17.
Table 17

**Analysis of the Relationship between External Factors and How They Guide Clients in the Area of Charitable Giving**

<table>
<thead>
<tr>
<th></th>
<th>Correlations</th>
<th>External – Financial Incentives</th>
<th>External – Service Perspectives</th>
<th>External - Advisor Knowledge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of clients</td>
<td>Pearson Correlation</td>
<td>.432*</td>
<td>.339*</td>
<td>.155</td>
</tr>
<tr>
<td>with whom advisor has discussed giving</td>
<td>Sig. (2-tailed)</td>
<td>.011</td>
<td>.046</td>
<td>.231</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>34</td>
<td>35</td>
<td>34</td>
</tr>
<tr>
<td>Practice of asking clients about giving</td>
<td>Pearson Correlation</td>
<td>.199</td>
<td>.391*</td>
<td>.155</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.260</td>
<td>.020</td>
<td>.382</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>34</td>
<td>35</td>
<td>34</td>
</tr>
<tr>
<td>Frequency of asking clients about giving</td>
<td>Pearson Correlation</td>
<td>.014</td>
<td>.348*</td>
<td>.060</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.936</td>
<td>.040</td>
<td>.738</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>34</td>
<td>35</td>
<td>34</td>
</tr>
</tbody>
</table>

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

The null hypothesis that there is no significant relationship between financial advisors’ external factors and how they guide clients in the area of charitable giving was broken down into nine sub-hypotheses. The null hypothesis was retained for all categories, with the exception of four, as indicated in Table 18.
### Summary of the Findings Related to Hypothesis 5

<table>
<thead>
<tr>
<th>Hypothesis 5</th>
<th>Sig.</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>H5Aa. There will be no significant relationship between the percentage of clients with whom an advisor has discussed charitable giving and financial incentives.</td>
<td>$p = .011$</td>
<td>Rejected</td>
</tr>
<tr>
<td>H5Ab. There will be no significant relationship between the percentage of clients with whom an advisor has discussed charitable giving and service perspectives.</td>
<td>$p = .046$</td>
<td>Rejected</td>
</tr>
<tr>
<td>H5Ac. There will be no significant relationship between the percentage of clients with whom an advisor has discussed charitable giving and advisor knowledge.</td>
<td>$p = .231$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H5Ba. There will be no significant relationship between an advisor’s practice of asking clients about giving and financial incentives.</td>
<td>$p = .260$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H5Bb. There will be no significant relationship between an advisor’s practice of asking clients about giving and service perspectives.</td>
<td>$p = .020$</td>
<td>Rejected</td>
</tr>
<tr>
<td>H5Bc. There will be no significant relationship between an advisor’s practice of asking clients about giving and advisor knowledge.</td>
<td>$p = .382$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H5Ca. There will be no significant relationship between the frequency an advisor asks clients about charitable giving and financial incentives.</td>
<td>$p = .936$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H5Cb. There will be no significant relationship between the frequency an advisor asks clients about charitable giving and service perspectives.</td>
<td>$p = .040$</td>
<td>Rejected</td>
</tr>
<tr>
<td>H5Cc. There will be no significant relationship between the frequency an advisor asks clients about charitable giving and advisor knowledge.</td>
<td>$p = .738$</td>
<td>Accepted</td>
</tr>
</tbody>
</table>
Research Question 6

Is there a significant relationship between internal factors and how they guide clients in the area of charitable giving? Pearson’s correlation was calculated to examine the relationship between financial advisors’ internal factors and how they guide clients in the area of charitable giving. A significant relationship was found between discouraging values and beliefs and the percentage of clients with whom an advisor has discussed charitable giving. A moderate correlation was found (r = .401, p < .05, n = 34). The results of the analysis of internal factors and how advisors guide their clients in charitable giving is presented in Table 19.
Table 19

*Analysis of the Relationship between Internal Factors and How They Guide Clients in the Area of Charitable Giving*

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Internal - Personal Practices</th>
<th>Internal - Discouraging Values/Beliefs</th>
<th>Internal - Encouraging Values/Beliefs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of clients with whom advisor has discussed giving</td>
<td>Pearson Correlation: .166</td>
<td>.401*</td>
<td>.047</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.342</td>
<td>.019</td>
<td>.790</td>
</tr>
<tr>
<td>N</td>
<td>35</td>
<td>34</td>
<td>35</td>
</tr>
<tr>
<td>Practice of asking clients about giving</td>
<td>Pearson Correlation: .017</td>
<td>.152</td>
<td>.068</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.924</td>
<td>.391</td>
<td>.698</td>
</tr>
<tr>
<td>N</td>
<td>35</td>
<td>34</td>
<td>35</td>
</tr>
<tr>
<td>Frequency of asking clients about giving</td>
<td>Pearson Correlation: .196</td>
<td>.073</td>
<td>.112</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.260</td>
<td>.683</td>
<td>.521</td>
</tr>
<tr>
<td>N</td>
<td>35</td>
<td>34</td>
<td>35</td>
</tr>
</tbody>
</table>

*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).

The null hypothesis that there is no significant relationship between internal factors and how financial advisors guide clients in the area of charitable giving was broken down into nine sub-hypotheses. The null hypothesis was retained for all categories but one, as indicated in Table 20.
Table 20

*Summary of the Findings Related to Hypothesis 6*

<table>
<thead>
<tr>
<th>Hypothesis 6</th>
<th>Sig.</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>H6Aa. There will be no significant relationship between the percentage of clients with whom an advisor has discussed charitable giving and personal practices.</td>
<td>$p = .342$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H6Ab. There will be no significant relationship between the percentage of clients with whom an advisor has discussed charitable giving and discouraging values and beliefs.</td>
<td>$p = .019$</td>
<td>Rejected</td>
</tr>
<tr>
<td>H6Ac. There will be no significant relationship between the percentage of clients with whom an advisor has discussed charitable giving and encouraging values and beliefs.</td>
<td>$p = .790$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H6Ba. There will be no significant relationship between an advisor’s practice of asking clients about giving and personal practices.</td>
<td>$p = .924$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H6Bb. There will be no significant relationship between an advisor’s practice of asking clients about giving and discouraging values and beliefs.</td>
<td>$p = .391$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H6Bc. There will be no significant relationship between an advisor’s practice of asking clients about giving and encouraging values and beliefs.</td>
<td>$p = .698$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H6Ca. There will be no significant relationship between the frequency an advisor asks clients about charitable giving and personal practices.</td>
<td>$p = .260$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H6Cb. There will be no significant relationship between the frequency an advisor asks clients about charitable giving and discouraging values and beliefs.</td>
<td>$p = .683$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H6Cc. There will be no significant relationship between the frequency an advisor asks clients about charitable giving and encouraging values and beliefs.</td>
<td>$p = .521$</td>
<td>Accepted</td>
</tr>
</tbody>
</table>
Research Question 7

To what degree do external factors predict how advisors provide guidance to clients in the area of charitable giving? A multiple linear regression was calculated to predict how external factors impact the percentage of clients that advisors engage in charitable giving guidance. A significant regression equation was found (F (3,30) = 4.121, p < .05) for financial incentives and service perspectives. Both financial incentives (p = .013) and service perspectives (p = .046) were significant predictors of the percentage of clients advisors engaged in charitable giving guidance.

Further, a multiple linear regression was calculated to predict how external factors impact advisors’ practice of asking clients about their interest in charitable giving. A significant regression equation was found (F (3,30) = 2.299, p < .05) for service perspectives. Service perspectives (p = .03) was a significant predictor of advisors’ practice in asking clients about their interest in charitable giving.

Also, a multiple linear regression was calculated to predict how external factors impact the frequency of advisors inquiry about clients’ interest in charitable giving. A regression equation was calculated (F (3,30) = 1.124, p > .05). There were no significant predictors of the frequency of advisors inquiring about their clients’ interest in charitable giving. Table 21 presents the results of the statistical analysis related to the multiple linear regressions regarding if internal factors predict how a financial advisor guides clients in the area of charitable giving.
Table 21

*External Factors as a Predictor for How Advisors Guide on Charitable Giving*

<table>
<thead>
<tr>
<th>Variables</th>
<th>$n$</th>
<th>$t$</th>
<th>$\beta$</th>
<th>$p$</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Percentage of clients engaged in charitable giving guidance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External - Financial Incentives</td>
<td>34</td>
<td>2.644</td>
<td>.440</td>
<td>.013*</td>
</tr>
<tr>
<td>External- Service Perspectives</td>
<td>34</td>
<td>2.087</td>
<td>.331</td>
<td>.046*</td>
</tr>
<tr>
<td>External - Advisor Knowledge</td>
<td>34</td>
<td>.182</td>
<td>.031</td>
<td>.148</td>
</tr>
<tr>
<td><strong>Practice of asking clients about interest in charitable giving</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External - Financial Incentives</td>
<td>34</td>
<td>1.111</td>
<td>.198</td>
<td>.275</td>
</tr>
<tr>
<td>External- Service Perspectives</td>
<td>34</td>
<td>2.273</td>
<td>.386</td>
<td>.030*</td>
</tr>
<tr>
<td>External - Advisor Knowledge</td>
<td>34</td>
<td>.047</td>
<td>.009</td>
<td>.963</td>
</tr>
<tr>
<td><strong>Frequency of advisors’ inquiry about clients’ interest in charitable giving</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External - Financial Incentives</td>
<td>34</td>
<td>.103</td>
<td>.019</td>
<td>.919</td>
</tr>
<tr>
<td>External- Service Perspectives</td>
<td>34</td>
<td>1.803</td>
<td>.322</td>
<td>.081</td>
</tr>
<tr>
<td>External - Advisor Knowledge</td>
<td>34</td>
<td>.113</td>
<td>.022</td>
<td>.911</td>
</tr>
</tbody>
</table>

*Note: Alpha (a) = .05 and “*” served as an indicator for values < .05*

The null hypothesis that external factors do not serve as a successful predictive model for how advisors provide guidance in the area of charitable giving was split into seven sub-hypotheses. The null hypothesis was retained for four and rejected for three of the sub-hypotheses, as displayed in Table 22.
Table 22

Summary of the Findings Related to Hypothesis 7

<table>
<thead>
<tr>
<th>Hypothesis 7</th>
<th>Sig.</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>H7Aa. Financial incentives do not serve as a successful predictive model for the percentage of clients an advisor engages in charitable giving guidance.</td>
<td>$p = .013$</td>
<td>Rejected</td>
</tr>
<tr>
<td>H7Ab. Service perspectives do not serve as a successful predictive model for the percentage of clients an advisor engages in charitable giving guidance.</td>
<td>$p = .046$</td>
<td>Rejected</td>
</tr>
<tr>
<td>H7Ac. Advisor knowledge does not serve as a successful predictive model for the percentage of clients an advisor engages in charitable giving guidance.</td>
<td>$p = .148$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H7Ba. Financial incentives do not serve as a successful predictive model for an advisor’s practice of asking clients about charitable giving.</td>
<td>$p = .275$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H7Bb. Service perspectives do not serve as a successful predictive model for an advisor’s practice of asking clients about charitable giving.</td>
<td>$p = .030$</td>
<td>Rejected</td>
</tr>
<tr>
<td>H7Bc. Advisor knowledge does not serve as a successful predictive model for an advisor’s practice of asking clients about charitable giving.</td>
<td>$p = .963$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H7Ca. Financial incentives do not serve as a successful predictive model for the frequency of advisors’ inquiry about clients’ interest in charitable giving.</td>
<td>$p = .919$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H7Cb. Service perspectives do not serve as a successful predictive model for the frequency of advisors’ inquiry about clients’ interest in charitable giving.</td>
<td>$p = .081$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H7Cc. Advisor knowledge does not serve as a successful predictive model for the frequency of advisors’ inquiry about clients’ interest in charitable giving.</td>
<td>$p = .911$</td>
<td>Accepted</td>
</tr>
</tbody>
</table>
Research Question 8

To what degree do internal factors predict how advisors provide guidance to clients in the area of charitable giving? A multiple linear regression was calculated to predict how internal factors impact the percentage of clients that advisors engage in charitable giving guidance. A significant regression equation was found (F (3,30) = 2.611, p < .05) for belief. Advisors’ discouraging values and beliefs about giving (p = .016) were significant predictors of the percentage of clients advisors engaged in charitable giving guidance.

In addition, a multiple linear regression was also calculated to predict how internal factors impact advisors’ practice of asking clients about interest charitable giving. A regression equation was calculated (F (3,30) = .372, p > .05). There were no significant predictors related to advisors’ practice of asking clients about interest charitable giving.

Finally, to predict how internal factors impact frequency of advisors inquiring about their clients’ interest in charitable giving, a multiple linear regression was calculated. A regression equation was calculated (F (3,30) = .509, p > .05). There were no significant predictors of the frequency of advisors inquiring about their clients’ interest in charitable giving. Table 23 presents the statistical analysis related to the multiple linear regressions regarding if internal factors predict how a financial advisor guides clients in the area of charitable giving.
Table 23

**Internal Factors as a Predictor for How Advisors Guide on Charitable Giving**

<table>
<thead>
<tr>
<th>Variables</th>
<th>n</th>
<th>t</th>
<th>β</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Percentage of clients engaged in charitable giving guidance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal – Personal Practices</td>
<td>34</td>
<td>1.146</td>
<td>.187</td>
<td>.261</td>
</tr>
<tr>
<td>Internal – Discouraging Values &amp; Beliefs</td>
<td>34</td>
<td>2.552</td>
<td>.420</td>
<td>.016*</td>
</tr>
<tr>
<td>Internal – Encouraging Values &amp; Beliefs</td>
<td>34</td>
<td>.757</td>
<td>.125</td>
<td>.455</td>
</tr>
<tr>
<td><strong>Practice of asking clients about interest in charitable giving</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal – Personal Practices</td>
<td>34</td>
<td>.334</td>
<td>.060</td>
<td>.741</td>
</tr>
<tr>
<td>Internal – Discouraging Values &amp; Beliefs</td>
<td>34</td>
<td>.756</td>
<td>.137</td>
<td>.456</td>
</tr>
<tr>
<td>Internal – Encouraging Values &amp; Beliefs</td>
<td>34</td>
<td>.509</td>
<td>.093</td>
<td>.615</td>
</tr>
<tr>
<td><strong>Frequency of advisors’ inquiry about clients’ interest in charitable giving</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal – Personal Practices</td>
<td>34</td>
<td>.941</td>
<td>.168</td>
<td>.354</td>
</tr>
<tr>
<td>Internal – Discouraging Values &amp; Beliefs</td>
<td>34</td>
<td>.500</td>
<td>.090</td>
<td>.621</td>
</tr>
<tr>
<td>Internal – Encouraging Values &amp; Beliefs</td>
<td>34</td>
<td>.611</td>
<td>.111</td>
<td>.546</td>
</tr>
</tbody>
</table>

*Note: Alpha (α) = .05 and “*” served as an indicator for values < .05*

The null hypothesis that internal factors do not serve as a successful predictive model for how advisors provide guidance in the area of charitable giving was split into seven sub-hypotheses. The null hypothesis was retained for all but one of the sub-hypotheses. See Table 24 for the results.
### Table 24

**Summary of the Findings Related to Hypothesis 8**

<table>
<thead>
<tr>
<th>Hypothesis 8</th>
<th>Sig.</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>H8Aa. Personal practices do not serve as a successful predictive model for the percentage of clients an advisor engages in charitable giving guidance.</td>
<td>$p = .261$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H8Ab. Discouraging values and beliefs do not serve as a successful predictive model for the percentage of clients an advisor engages in charitable giving.</td>
<td>$p = .016$</td>
<td>Rejected</td>
</tr>
<tr>
<td>H8Ac. Encouraging values and beliefs do not serve as a successful predictive model for the percentage of clients an advisor engages in charitable giving.</td>
<td>$p = .455$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H8Ba. Personal practices do not serve as a successful predictive model for an advisor’s practice of asking clients about charitable giving.</td>
<td>$p = .741$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H8Bb. Discouraging values and beliefs do not serve as a successful predictive model for an advisor’s practice of asking clients about charitable giving.</td>
<td>$p = .456$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H8Bc. Encouraging values and beliefs do not serve as a successful predictive model for an advisor’s practice of asking clients about charitable giving.</td>
<td>$p = .615$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H8Ca. Personal practices do not serve as a successful predictive model for the frequency of advisors’ inquiry about clients’ interest in charitable giving.</td>
<td>$p = .354$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H8Cb. Discouraging values and beliefs do not serve as a successful predictive model for the frequency of advisors’ inquiry about clients’ interest in charitable giving.</td>
<td>$p = .621$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H8Cc. Encouraging values and beliefs do not serve as a successful predictive model for the frequency of advisors’ inquiry about clients’ interest in charitable giving.</td>
<td>$p = .546$</td>
<td>Accepted</td>
</tr>
</tbody>
</table>
Summary

This chapter presented the findings in this study as they related to the research questions and null hypotheses presented. Descriptive statistics, including frequencies and percentages, were calculated to understand demographic indicators, including (1) gender (2) race/ethnicity; (3) age; (4) number of clients; (5) percentage of clients with net worth exceeding $1 million; and (6) percentage of clients who have an intention to make a charitable bequest. In this study, the majority of the respondents were male and white/Caucasian.

To answer research questions 1, 2, and 3, one-way analysis of variance (ANOVA) was used to determine the difference between external factors, internal factors, and how advisors guide their clients in their area of charitable giving related to demographic indicators. With hypothesis 1, the results showed no significant difference between external factors and all demographic characteristics. For hypothesis 2, a significant difference was found between age and advisors’ personal practices and involvement with nonprofit organizations, including volunteering and giving. Likewise, there was a significant difference in the percentage of clients that advisors have who intend to make a charitable bequest and the advisors’ own personal involvement with nonprofits. Finally, for hypothesis 3, a significant difference was between the percentage of clients that advisors have with a net worth over $1 million and two variables related to guiding clients on charitable giving, including percentage total of clients with whom an advisor has talked with about charitable giving and how often an advisor brings up the topic of charitable giving.
Research questions 4, 5, and 6 examined the relationship between the various variables. Pearson’s correlation was utilized to reveal relationships between several variables. For hypothesis 4, a significant relationship was found between service perspectives and discouraging values and beliefs with a moderate correlation. A significant relationship was also found between service perspectives and encouraging values and beliefs which also had a moderate correlation. Lastly, a significant relationship was found between advisor knowledge and discouraging values and beliefs which demonstrated a strong correlation.

Regarding hypothesis 5, a significant relationship was found between financial incentives and percentage of clients with whom advisor has discussed giving; service perspectives and percentage of clients with whom advisor has discussed giving; service perspectives and advisors’ practice of asking clients about giving, as well as service perspectives and frequency of asking clients about giving with a moderate correlation.

For hypothesis, 6, a significant relationship was found between discouraging values and beliefs and the percentage of clients with whom an advisor has discussed charitable giving, with moderate correlation.

Finally, questions 7 and 8 sought to determine the predictive power of external and internal factors on how advisors provide guidance to clients in the area of charitable giving. A multiple regression analysis was conducted. For hypothesis 7, financial incentives and service perspectives were both significant predictors of the percentage of clients advisors engaged in charitable giving guidance. In addition, service perspectives was a significant predictor of advisors’ practice in asking clients about their interest in
charitable giving. In utilizing multiple regression analysis to test hypothesis 8, it was determined advisors’ discouraging values and beliefs about giving were significant predictors of the percentage of clients that advisors engaged in charitable giving guidance.

This chapter provided the findings for this research study. Discussions, implications for professional practice, and recommendations will be further explored in the subsequent chapter.
CHAPTER V

DISCUSSION, IMPLICATIONS, AND RECOMMENDATIONS

The purpose of this study was to explore how financial advisors work with clients in the area of charitable giving. This study sought to explore how external factors, including such aspects of financial incentives, advisors’ knowledge, and service perspective impact how financial advisors guide clients in charitable giving decisions. Also, internal factors, including advisors’ values, attitudes, and behaviors related to charitable giving and their personal involvement in nonprofit organizations, were explored to understand how that impacts the way they work with clients regarding charitable giving.

This chapter dealing with the discussion, implications, and recommendations of the study is organized into several sections. The first section presents information regarding the conceptual and theoretical frameworks used to guide the investigation. The next session summarizes and presents a discussion of the research findings tied to the literature from Chapter II. This is followed with a section that highlights implications of the research findings for professional practice. Finally, recommendations for future research studies are included.

Discussion of Conceptual and Theoretical Frameworks

As highlighted in Figure 1, which can be found in Chapter I, a theoretical framework for understanding previous research on financial advisors and their work in charitable giving guidance combines the work of Madden (2009) and Johnson and Gregory (2000). As one can see in viewing this framework, there are two major
approaches identified by Madden (2009) that categorizes financial advisors based on their approach to charitable giving. One approach is that of the warm financial advisor, who demonstrates the following qualities: (1) interest in philanthropy; (2) informed about philanthropic giving; (3) proactive in discussing giving with clients; (4) motivated to assist clients in giving; (5) belief that they can personally afford to be philanthropic; and (6) personally give larger donations. Another approach is that of the cool financial advisors, who demonstrate the following characteristics: (1) ambivalence about philanthropy; (2) limited belief that philanthropy adds to one’s quality of life; (3) belief that clients are uninterested in giving; (4) recalcitrant to develop giving strategies for clients; and (5) make smaller personal donations.

Another feature of the theoretical framework is offered by Johnson and Gregory (2000). Their research breaks down types of financial advisors into three categories, including initiators, facilitators, and followers. Initiators engage in the following: (1) they raise the topic of philanthropy regularly with clients; (2) they are advocates for philanthropy; (3) they view philanthropy as a key aspect of one’s financial life; and (4) they use their own philanthropic giving as a reference when providing guidance to clients in this area. Facilitators are described as: (1) viewing philanthropy as an important component of advising services; (2) sometimes discussing clients’ values and giving goals; (3) rarely using their own giving as a guidepost when working with clients regarding their giving; and (4) showing a desire to be more proactive in the area of philanthropic giving. Finally, followers demonstrate the following characteristics: (1) they are unlikely to broach the topic of giving; (2) they see giving as a tool for tax
planning primarily; (3) they view conversations about values and legacy to be too personal; and (4) they understand and/or use few planned giving strategies.

Together, these models provide an understanding of the typical profiles of advisors in regards to internal factors and external factors related to how they guide clients in the area of charitable giving. Aspects of these models were uncovered in this research study, including the impact of advisors’ personal practices, values, and beliefs related to charitable giving and how those influence the type of guidance advisors offer clients in this area. Additionally, aspects of external factors, including advisor knowledge and service perspective are reflected in these models, as they were in the current research at hand.

Summary and Discussion of Findings

As this was the first and only study focused on the topic of charitable giving involving Iowa financial advisors, a number of significant and interesting findings were revealed. An electronic survey was distributed to 156 members of the Financial Planning Association of Iowa. Of this number (N=156), 41 were returned, yielding an overall response rate 26 percent. Several surveys were incomplete and as a result, 35 of the responses were useful, representing 22 percent of the total surveys distributed.

The survey sought information regarding the respondents’ demographic characteristics, including: (1) gender (2) race/ethnicity; (3) age; (4) number of clients; (5) percentage of clients with net worth exceeding $1 million; and (6) percentage of clients who have an intention to make a charitable bequest.
Impact of Advisor Age and Experience

Findings from this research indicate that there is a significant difference between age and advisors’ personal practices and involvement with nonprofit organizations, as well as between the percentage of clients intending to make charitable bequest and the internal factor related to advisors’ personal practices and involvement with nonprofit organizations. This indicates that as advisors are more involved with nonprofits themselves, which is also more likely as they get older, they may be more equipped to help clients form plans around charitable bequests, or legacy giving. This could indicate that a career-span that includes various experiences in giving and volunteering with nonprofits, possibly even sitting on nonprofit boards, builds advisors’ acumen for more advanced giving strategies, resulting in them having more clients with intentions around charitable gifts through their estate plans.

Previous research has been contradictory when it comes to the impact of advisors’ involvement with nonprofit on their work regarding charitable giving. Schwab Charitable (2007) found that a majority of advisors engage in discussions on charitable giving with clients, as well as a majority are engaged as donors and volunteers with nonprofit organizations as well. Contradictory to that, Madden (2009) found that while most advisors responded positively when asked about their personal involvement in charitable giving, only about one third said they make it a practice to talk with clients about their interest in charitable giving.

This research indicates that the percentage of clients an advisor has who have a net worth exceeding $1 million plays a significant role in how many clients an advisor
talks with about charitable giving. Similarly, this research demonstrates that advisors bring up charitable giving more frequently when they have more clients with $1 million or more in net worth. These findings demonstrate that as an advisor has more clients with a high net worth, they engage more of their clients in guidance on charitable giving and broach the topic of charitable giving more frequently. As U.S. Trust (2013) found, most advisors wait until clients have a particular financial threshold before they begin to encourage charitable giving. About half of advisors surveyed by Schwab Charitable (2007) indicated client wealth being a key factor in whether to include charitable giving in the planning conversations and process.

These findings bring to mind an important question: Are only people with high net worth more inclined to be charitable? The results of this research, as well as previous studies, indicate that advisors believe so, or at least their practices around charitable giving guidance reflect this mindset. An expanded point of view on charitable giving and the potential for giving across all levels of net worth is needed.

As nonprofit organizations know, it’s more important to engage as many people as possible in giving to your organization, not only focusing on major gifts. Those are no doubt important, and while 97 percent of millionaires engage in giving, most charitable contributions are made by middle- and lower-income individuals, with the majority of contributions being made by households with annual incomes under $90,000. In total, seven out of ten adults give to nonprofit organizations and two-thirds of all households in the United States engage in charitable giving (Klein, 2011; Hodgkinson et al., 1996). Advisors may be underestimating the charitable potential of their clients with lower net
worth. Less net worth does not equate to less of an interest in supporting causes people believe in.

Regardless of net worth, giving provides personal benefits to the donor, such as the desire to be giving, the promotion of one’s reputation and social status, the psychological benefits of giving, and the alignment of giving with personal values (Bekkers & Wiepking, 2010; Blumkin & Sadka, 2007; Glazer & Konrad, 1996; Rose-Ackerman, 1982). If the role of financial advisors is ultimately to help clients steward their financial resources in support of a stable, meaningful life, charitable giving is likely a key aspect that needs to be included, for all income and wealth levels.

Impact of Service Perspective

In terms of service perspective, which includes an advisor’s personal philosophy about charitable giving as part of the total work of advising, as well as the perspective and philosophy of an advisor’s company regarding charitable giving, this research found that service perspective does significantly relate to advisors’ practice of asking clients about giving, with a moderate correlation. Additionally, this study found service perspectives to be significant predictors of two things: (1) an advisor’s practice in asking clients about their interest in charitable giving, and (2) the percentage of clients an advisor engages in charitable giving guidance.

These findings relates to previous literature on the topic. Madden and Newton (2006) found that about half of advisors believed their ability to provide guidance around charitable giving was an important part of their overall service to clients. In additional research by Madden (2009), it was shown that some advisors believe offering guidance
around charitable giving enhances their overall service to clients and increases client satisfaction.

Further, this study revealed that service perspective was significantly related to advisors’ values and beliefs, including both encouraging and also discouraging values and beliefs regarding charitable giving. In both areas of values and beliefs, the correlation with service perspective was moderate.

Impact of Financial Incentives

This study indicates that financial incentives related to charitable giving impacts the percentage of clients with whom an advisor had discussed charitable giving, with a moderate correlation. In addition, this research also found that financial incentives were a strong predictor of the percentage of clients an advisor engaged in charitable giving conversations.

Within this research, financial incentives were assessed in two ways, tax incentives for clients and commission outcomes for advisors. First, tax incentives play a role in that charitable giving can lower individuals’ tax liability. The work of advisors often involves looking at clients’ overall financial picture and developing strategy to help them effectively manage their assets. Multiple studies, including two in the United States by U.S. Trust and Schwab Charitable found that tax implications were at the forefront of advisors’ minds as they worked with clients (U.S. Trust, 2013; Wymer et al., 2012; Madden, 2009; Schwab Charitable, 2007).

The research on advisors by U.S. Trust (2013) indicated a discrepancy between how advisors view the importance of tax considerations compared to clients. In
identifying the top six motivators for charitable giving, nearly half of advisors believed taxes were an important motivator while clients did not include taxes in their top six motivators at all. Additional research by Madden (2004) found that 63 percent of advisors believed tax benefits were an important reason for clients to engage in charitable giving.

The second factor evaluated within the variable of financial incentives involved how charitable giving may impact the financial outcomes of the advisors, as they are generally paid for the assets they manage. If a person makes a charitable distribution, that amount is no longer included as assets under management for the advisor. Schwab Charitable (2007) had found that advisors with more assets under management were also more likely to discuss charitable giving than advisors with less assets under management. Research by U.S. Trust (2013) found that advisors wait to discuss charitable giving until clients have reached certain net worth thresholds. Johnson and Gregory found that nine out of ten advisors are more likely to encourage giving for clients with highly appreciated assets (2000).

An additional link may be possible between that net worth threshold and the charitable giving vehicles that become feasible for clients, including the ability to establish a trust or private foundation. In that case, financial advisors may retain those assets and manage the money put into the trust or foundation, thus retaining those as assets under management for the advisor. Connors et al. (2004) found that advisors preferred those options because it was financially beneficial for them, as they earned commission on those assets under management. It has been found that advisors
sometimes weigh their own financial opportunities when providing clients with advice on how to manage their assets (Bandera, 2003).

Impact of Advisor Values and Beliefs

An additional barrier that may be impacting advisors are the discouraging values and beliefs they hold regarding their role in providing guidance on charitable giving, which was shown to have a significant relationship with advisor knowledge. This research found that the correlation between the two was strong. In other words, when advisors feel uncomfortable raising the topic of giving, believe it’s too personal of a matter, and believe it’s up to the clients to broach the topic, they are likely to feel ill-equipped to guide clients in this area.

This research found a significant relationship between discouraging values and beliefs and the percentage of clients with whom an advisor has discussed charitable giving, with discouraging values and beliefs found to be a significant predictor of the percentage of clients engaged in planning around giving. This issue was uncovered in the literature by Johnson and Gregory (2000) who found that over half of the advisors they interviewed did not discuss charitable giving because of a belief that it is too personal. Likewise, the Giving Campaign (2001) and Schwab Charitable (2007) found that about half of advisors wait for the client to indicate an interest before they proceed with any counsel in the area of giving.

This relates to the literature related to clients’ perspectives on the quality of advice they receive from their advisors in the area of charitable giving. Johnson and Gregory (2000) found that an overwhelming 90 percent of high net worth clients reported
they had to initiate the conversation around charitable giving. Further, several previous studies have found overall dissatisfaction with clients related to their advisors’ approach to giving, the quality of the guidance provided, and emphasis placed on financial benefits as opposed to the personal benefits and motivations related to giving (U.S. Trust, 2013; Connors et al., 2004; Madden, 2004; Stone & McElwee, 2004; Johnson & Gregory, 2000; H. Hall, 1997).

Implications for Professional Practice

The findings of this study offered implications that may influence current or future professional practice and help strengthen charitable giving for the nonprofit sector. Additionally, there may be opportunities to strengthen the ability of advisors to effectively guide clients in this particular area of financial advising. Implications have been organized into the following categories: (a) strengthening connections between advisors and nonprofit professionals; (b) building a mentorship system in financial advising firms so advisors at all levels know how to engage clients in this area; (c) educating nonprofit professionals on planned giving strategies; and (d) coordinated effort at the sector level to educate financial planning institutions in the area of charitable giving.

Strengthening Connections between Advisors and Nonprofit Professionals

Greater attention must be paid to the role of financial advisors in guiding clients and their potential for driving charitable giving, even so far as directing giving to specific organizations. The philanthropic activities of a nonprofit organization often have a significant impact on its success or failure in terms of generating needed financial
resources, which in turn most certainly impacts program and service delivery. Nonprofit professionals have to understand the system within which charitable giving, particularly bequests, occurs and get plugged in to those within that system, namely financial advisors.

Additionally, it’s important for nonprofit professionals to understand that financial advisors who are involved with nonprofit organizations, both in terms of giving and volunteering, are more likely to have clients who intend to make a charitable bequest. This suggests that as advisors understand nonprofit organizations and support them, they may be more likely to encourage charitable giving with their clients. There is an opportunity for nonprofit leaders to be more intentional in engaging financial advisors in their organization. Advisors could be engaged in governance functions, serving on organizations’ board of directors, which provides them with an inside view of the impact and needs of nonprofits. Additionally, nonprofit leaders could work in partnership with advisors to disseminate information to their donors about the various options for legacy giving.

Building a Mentorship System in Financial Advising Firms

Because advisors who are involved with nonprofit organizations may be more inclined to provide guidance related to charitable giving, financial planning institutions that place emphasis on charitable giving as part of their philosophy and advising model could encourage junior advisors to become involved in a nonprofit organization as a volunteer, board member, or donor. This first-hand experience may be invaluable for
solidifying values around charitable giving for advisors maybe less familiar with the sector and charitable giving in general.

An advisor’s age may be a factor that influences his or her involvement with nonprofit organizations, both in terms of giving and volunteering. This may be related to one’s length of professional practice and the knowledge that is gained over the duration of one’s career. Either way, a mentorship program in which more seasoned advisors work with younger advisors to pass on knowledge and wisdom may help bring junior advisors up to speed more quickly in the realm of charitable giving and bequest planning.

An additional aspect of a mentoring system within a financial planning institution could include the utilization of charitable giving champions. Advisors could be distinguished as champions based on their experience and expertise in incorporating charitable giving guidance into their work with clients. Their work with clients, as well as their personal involvement with nonprofit organizations, could serve as a case study for other advisors.

**Educating Nonprofit Professionals on Planned Giving Strategies**

Nonprofit professionals should become more knowledgeable regarding the options individuals have for crafting charitable gifts, particularly when it comes to bequests and planned giving. Nonprofit professionals should work to build partnerships with financial advisors who are conversant and knowledgeable about various planned giving strategies, so nonprofit professionals can in turn work from a general understanding as to maximize potential charitable giving, particularly estate gifts, from their current annual donors.
Coordinated Effort at the Sector Level to Educate Financial Planning Institutions

Beyond individual advisors’ values and beliefs, and even technical knowledge of charitable giving, financial advisors are more likely to engage clients in the area of charitable giving if their company has a policy of doing so. This suggests that nonprofit organizations individually, and the sector as a whole, have an opportunity to partner with financial advising firms to institutionalize their practice of making charitable giving part of their advising services. Leaders in the nonprofit sector may be able to bring resources to major financial planning institutions in the way of guided discovery to help clients’ identify their personal giving philosophy and desires. Because charitable giving may be seen as a sidenote by some advisors, the nonprofit sector can drive information and educational materials to ensure advisors are prepared to discuss the values-based aspects of planning for charitable giving, which is financial, yes, but also largely personal and a representation of a client or family’s desired legacy.

Recommendations for Future Research Studies

Based on the findings of this research study, the following recommendations are presented for consideration of future research:

1. A deeper investigation into specific policies financial planning institutions have regarding charitable giving, the nature of those policies, and the company’s philosophy regarding charitable giving would build further understanding of the impact of the overall company approach on the work of financial advisors related to charitable giving.
2. Useful in future research would be a review of company materials, such as intake forms, that may provide an opportunity for advisors to enter exploratory conversations with clients regarding their involvement in nonprofit organizations and/or their interest in charitable giving.

3. Future research could explore what financial planning institutions offer their advisors in regards to training and educational opportunities to prepare them to give guidance in the area of charitable giving for nonprofit organizations.

4. Much of the work of financial advisors revolves around long-term planning, including retirement and estate planning. Further research could reveal whether advisors are positioned to advise in both year-to-year giving, as well as setting up estate or legacy giving vehicles for clients.

5. The sample could be expanded on a regional or national basis to gain a greater perspective of trends and practices in financial advising related to charitable giving. This would enable greater generalizability.

6. Future research could explore the differences between senior and junior level advisors within a financial advising institution regarding internal factors related to charitable giving. This may especially be important as age plays a difference in the perception of one’s role.

7. Since financial advisors are generally paid based on their assets under management, there may be an impact of having clients give money away in the form of charitable gifts. Further research could explore the impact of a client’s charitable giving on an advisor’s financial outcomes. An examination of advisors’
total assets under management and how that relates to their guidance regarding charitable giving would provide further insight into how this issue impacts the inclusion charitable giving within the advising process.

8. An exploration of advisor knowledge of various charitable giving vehicles, such as charitable trusts, annuities, and private foundations, as well as typical guidance for clients regarding those options, would build understanding of advisors’ expertise in the variety of giving vehicles that are available to clients.

9. Research to reveal the extent to which advisors are equipped to provide clients with direction in evaluating the credibility, financial standing, and outcome measures of a nonprofit organization could be undertaken.

10. A review of other significant internal and external factors or variables which may influence an advisor’s work in the area of charitable giving guidance would provide further insight.

11. An examination of the delineation of the roles that the nonprofit organization plays and the financial advising organization plays would be useful to study. This would be helpful in understanding the interface between these two types of organizations.

12. An examination of the knowledge of nonprofit professionals on charitable giving vehicles most often used by financial advisors. This is especially important in a nonprofit professional’s ability to garner large gifts and communicate effectively with financial advisors and donors.
Conclusion

This study set out to examine how financial advisors work with clients in the area of charitable giving. This study represented a focus on financial planners in Iowa, to better understand the internal and external factors that influence how an advisor guides his or her clients in the area of charitable giving. Several significant relationships between internal and external variables, as well as advisors’ practice in providing charitable giving advice, were discovered. Additionally, three variables, including financial incentives, service perspectives, and advisors’ discouraging values and beliefs about giving, were found to have predictive power in how advisors are working with clients regarding charitable giving.

This study underscores the vital role financial advisors play in helping clients understand their opportunities for using their resources to make an investment in organizations they believe in. Advisors play a critical link between a client’s potential for giving and the decision to ultimately make a charitable contribution. The impact of an advisor’s approach is vital for the nonprofit sector to understand, because most nonprofit organizations rely so heavily on charitable giving to produce programs and services that address critical social needs and improve people’s lives.
REFERENCES


APPENDIX A

PERMISSION TO USE AND MODIFY EXISTING RESEARCH SURVEYS

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**Angela Widner** <widner@unl.edu>

**Mr. Coutre,**

Thank you for your phone call this morning. I am very pleased to hear that I will be able to use the survey that was used in "Doing Well by Doing Good" research that was published by the Philanthropic Initiative in 2000 and 2004.

When you send the survey, would you be able to include a line in your email that expresses permission for me to use the survey instrument. I will of course appropriately cite the survey instrument and attribute credit to your organization.

I am also excited to see your new research that you mentioned is coming out tomorrow. Will that be posted on your website?

Thank you again!

Angie

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Angie Gorsuch Widner

Ed.D. Candidate
Hi Angie,

What funny timing.
The exec summary will be published tomorrow on our site - but it might be a few more days before the full report is up. The survey instrument for the new research is proprietary (but you can figure most of it out through the full report). I'm excited you are doing this research – but would love to hear more about the what why and how.
Attached is the survey vehicle from the 1999 study which TPI grants you permission to use with acknowledgement to TPI.
FYI, Philanthropy Impact is about to launch a similar study of advisors in the UK. There must be something in the air.

Jim

Jim Coutre
Partner
The Philanthropic Initiative
420 Boylston Street
Boston, MA 02116
(617) 358-5881 direct
www.tpi.org

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1999 Survey - Final...
On 04/11/14 12:11 PM, Angela Widner wrote:

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Dr. Madden,

Thank you for connecting with me on LinkedIn. I had hunted around for your email address to no avail! I have been reading many of your working papers and studies based on financial advisers and the role they play in guiding clients in the area of philanthropic giving. As a doctoral student at the University of Northern Iowa, the focus of my dissertation research is the same, so I have appreciated the work you have done in that area.

I have been trying to track down a couple of the sources you reference but have been unable to do so. I wondered if you might have copies of that information.

The first is the 2002 Financial Advisers’ Study published by the Centre of Philanthropy and Nonprofit Studies (published in 2003).

The second is from The Giving Campaign (2001), entitled “Lack of Information Stopping Financial Advisers Making the Most of Charitable Giving.” That organization is no longer in existence and while I’ve been able to track down one of their studies in this area, I have not been able to locate a copy of this one.

Additionally, I wondered if I might be able to get your permission to adapt the survey you used in your 2008 survey of financial advisors. I also have permission to use The Philanthropic Initiative’s survey so will be utilizing aspects of that in my own survey.

I appreciate any assistance you can provide. Again, I’ve found your work in this area to be interesting and I appreciate the way you have presented your research findings.

Thanks,
Angie Widner
Instructor
University of Northern Iowa
On 04/23/14 4:06 PM, Kym Madden wrote:

Hi Angela, sorry for delay...with all the public holidays here, my normal schedule has been interrupted. Yes to adapting...that would be great to see, please just acknowledge this. Also if you send me your email I will forward you the 2002 paper.

Alternatively, this and others are available on the QUT eprints website...just go to author and type in my surname and they are all publicly available.

Unfortunately, searching my old files has not yielded those papers about financial advisers in the UK. I suspect the bug I had on my computer has swallowed them. However, I do have a UK contact who has undertaken more recent work in this area and she may have them, and possibly other material that has come out of government think tanks in the UK.

Her name is Juliet Valdinger and she is at juliet.valdinger@gmail.com

I’d love to hear of your progress if you would kindly add me to your contacts.

Kind regards,

Kym
APPENDIX B

INFORMED CONSENT

UNIVERSITY OF NORTHERN IOWA
HUMAN PARTICIPANTS REVIEW
INFORMED CONSENT

Project Title: Influence of External Incentives and Internal Views and Behaviors on Financial Advisors’ Guidance of Clients in the Area of Philanthropic/Charitable Giving

Name of Investigator(s): Angela J. Widner

Invitation to Participate: You are invited to participate in a research project conducted by Angela Widner through the University of Northern Iowa. The University requires that you give your agreement to participate in this project. The following information is provided to help you make an informed decision about whether or not to participate.

Nature and Purpose: The purpose of this study is to explore how financial advisors work with clients in the area of philanthropic/charitable giving and the role that charitable deductions play in that guidance. This study seeks to explore how external factors, including charitable deductions and tax policy, affect financial advisors’ guidance of clients in the area of philanthropic/charitable giving. Also, the personal attitudes and practices of financial advisors regarding their own philanthropic/charitable giving will be explored to understand how that impacts the way they work with clients regarding philanthropic/charitable giving.

Explanation of Procedures: Involvement in this study includes a one-time completion of a short questionnaire about your work advising clients in the area of charitable giving, as well as your personal practices and beliefs related to charitable giving. The questionnaire also includes a section which asks for your demographic characteristics, including your age, ethnicity, and gender. The survey includes 43 questions and takes about 10 minutes to complete.

Discomfort and Risks: There are minimal risks to participate in this study that do not go beyond those of everyday life.

Benefits and Compensation: If you participate in this study and provide your email address at the end of the survey, your email will be entered into a drawing for the chance of receiving a $200 Visa Gift Card. Beyond that, while your participation may be of no direct benefit to you, there may be benefit to your field of financial advising services in building understanding of charitable giving as a part of one’s financial picture. Your provided email on the survey will be immediately separated from the rest of your survey responses in order to maintain confidentiality.
Confidentiality: Your confidentiality will be maintained to the degree permitted by the technology used, but no guarantee can be made regarding the interception of data sent electronically. The questionnaire is anonymous; you do not need to put your name on the questionnaire. If you provide your email address for the chance to win free registration to the Annual Symposium, that information will be immediately separated from the rest of the survey results in order to maintain your confidentiality. The summarized findings with no identifying information will be a published dissertation and may be published in an academic journal or presented at a scholarly conference. Data from this survey may be used for future research as well.

Right to Refuse or Withdraw: Your participation is completely voluntary. You are free to withdraw from participation at any time or to choose not to participate at all, and by doing so, you will not be penalized or lose benefits to which you are otherwise entitled. You can skip any question on the survey you do not want to answer.

Questions: If you have questions about the study you may contact or desire information in the future regarding your participation or the study generally, you can contact Angela Widner at 319-273-5600 or the project investigator’s faculty advisor Dr. Christopher Edginton at the School of Kinesiology, Allied Health, and Human Services at the University of Northern Iowa at 319-273-2840. You can also contact the office of the IRB Administrator, University of Northern Iowa, at 319-273-6143, for answers to questions about rights of research participants and the participant review process.

Agreement: I am fully aware of the nature and extent of my participation in this project as stated above and the possible risks arising from it. I hereby agree to participate in this project. I acknowledge that I have received a copy of this consent statement. I am 18 years of age or older.

Do you consent to these terms?

☐ Yes

☐ No
APPENDIX C

RESEARCH SURVEY

Approximately how many clients do you currently serve?

Approximately what percentage of your clients have a net worth exceeding $1 million?

Approximately what percentage of your clients intend to create charitable trusts or private foundation, or make substantial charitable bequests, upon their deaths?

Is it your practice to ask clients about their interest in charitable giving?

- Yes
- No

How often do you ask clients about their interest in charitable giving or philanthropic engagement?

- Never
- Rarely
- Sometimes
- Most of the time
- Always
With what percentage of your entire clientele have you discussed philanthropy or significant charitable giving?
- None
- 1 to 20 percent
- 21 to 40 percent
- 41 to 60 percent
- 61 to 80 percent
- 81 to 100 percent

I expect my clients to be interested in philanthropy.
- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree

I only discuss charitable giving when the client expresses an interest in it first.
- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree

I am much more likely to raise the subject of philanthropy when I have a detailed knowledge of my client's financial picture.
- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree
Is there a particular asset level at which you would encourage your clients to consider charitable giving?

- Yes
- No

Display This Question:
If is there a particular asset level at which you would encourage your clients to consider charitable giving? Yes is Selected

If yes, what is that level?
- At least $250,000
- At least $500,000
- At least $1,000,000
- At least $2,000,000
- At least $5,000,000
- Over $10,000

I often raise the subject when a client is regularly volunteering his/her time in the community.

- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree
How important are the following reasons for you in choosing to raise the topic of charitable giving and philanthropy with your clients?

Provision of this kind of advice should be part of our overall service to clients.
- Extremely important
- Very important
- Moderately important
- Slightly important
- Not at all important

Philanthropic/charitable should be considered part one’s overall financial picture.
- Extremely important
- Very important
- Moderately important
- Slightly important
- Not at all important

It is important for people to make a difference if they can.
- Extremely important
- Very important
- Moderately important
- Slightly important
- Not at all important

The client can find personal or family satisfaction in giving.
- Extremely important
- Very important
- Moderately important
- Slightly important
- Not at all important
The client may have little to no family to which to pass on their wealth.
- Extremely important
- Very important
- Moderately important
- Slightly important
- Not at all important

By planning wisely, charitable giving can reduce taxes.
- Extremely important
- Very important
- Moderately important
- Slightly important
- Not at all important

Charities can use the money more wisely than the government will if it goes to taxes.
- Extremely important
- Very important
- Moderately important
- Slightly important
- Not at all important

My company encourages us to provide philanthropic planning services to our clients.
- Extremely important
- Very important
- Moderately important
- Slightly important
- Not at all important

Are there any other important reasons for you to provide assistance with charitable giving not already mentioned above?
How important are the following reasons to you for **NOT** raising the topic of charitable giving and philanthropy with your clients?

- It’s not my job to raise the topic. I leave it up to my clients to bring it up if it’s of interest to them.
  - Extremely important
  - Very important
  - Moderately important
  - Slightly important
  - Not at all important

- Raising the topic would be uncomfortable for clients.
  - Extremely important
  - Very important
  - Moderately important
  - Slightly important
  - Not at all important

- Clients may react negatively.
  - Extremely important
  - Very important
  - Moderately important
  - Slightly important
  - Not at all important

- The client has not expressed charitable interests in the past.
  - Extremely important
  - Very important
  - Moderately important
  - Slightly important
  - Not at all important
I believe it's too personal of a matter.
- Extremely important
- Very important
- Moderately important
- Slightly important
- Not at all important

Most clients prefer to pass on the money to their children.
- Extremely important
- Very important
- Moderately important
- Slightly important
- Not at all important

I lack familiarity with a client's personal life or values.
- Extremely important
- Very important
- Moderately important
- Slightly important
- Not at all important

I'm unsure how best to guide clients in this area.
- Extremely important
- Very important
- Moderately important
- Slightly important
- Not at all important
There is little financial incentive.

- Extremely important
- Very important
- Moderately important
- Slightly important
- Not at all important

Are there any other important reasons for you may not offer charitable giving other than those already mentioned above?

I have a positive view of philanthropic/charitable giving.
- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree

I can personally afford to be philanthropic/charitable.
- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree

I personally believe that philanthropic/charitable giving adds to one's quality of life.
- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree

Philanthropic/charitable giving provides an important opportunity for individuals to use what would otherwise be taxable income to make their own decisions about where that money goes.
- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree
Approximately how many hours do you volunteer in your community each month?

- I do not volunteer in the community.
- 1-3 hours per month
- 4-6 hours per month
- 7-9 hours per month
- More than 9 hours per month

Approximately how much do you donate annually in philanthropic/charitable gifts?

- I do not make philanthropic or charitable donations.
- Less than $500
- $500-$1,499
- $1,500-$2,999
- $3,000-$4,999
- $5,000-$10,000
- More than $10,000