

# Charity begins at home...

NEW SURVEY QUESTIONS WILL BE AVAILABLE IN OCTOBER 2012. WHAT WOULD YOU LIKE TO KNOW? IF YOU HAVE A QUESTION YOU WOULD LIKE TO PUT TO THE MEMBERSHIP, EMAIL IT TO [EDITOR@ACTUARIES.ASN.AU](mailto:EDITOR@ACTUARIES.ASN.AU)

**RESULTS: REPORT GENERATED ON 15 AUGUST 2012.  
281 RESPONSES.**

**T**his survey was about donations; but before we progress any further, a word of warning. We have attempted to avoid value judgments and assumptions but may not have been successful...

There were several catalysts for this survey:

1. Last year Dick Smith claimed that wealthy Australians were selfish and did not contribute enough to philanthropic interests. This sparked some conversations with various colleagues.
2. The Australian Institute of Company Directors ran an argument, partly in response to Dick Smith and partly in response to the debate about executive remuneration, that many directors donated precious time, even if they did not donate precious money.
3. Our own involvement with community groups has led to recent speculation about what motivates people to donate or even whether people make conscious decisions at all.

A sample of experiences and opinions from the actuarial profession would provide some valuable insights and perhaps simulate further debate around this topic. The results that were submitted didn't disappoint – in fact, we found the results to be fascinating and hope readers share our curiosity about the aspects that are highlighted in this Pulse.

There were 281 respondents and their composition by age and gender are shown below. These results are similar to most other Pulse surveys and are used to analyse our results.

Age band	Female	Male	%
<25	1%	6%	7%
25 – 34	12%	27%	38%
35 – 44	7%	14%	21%
45 – 54	5%	18%	22%
55>	1%	11%	12%
Total	25%	75%	100%

## QUESTION 1: DURING THE FINANCIAL YEAR TO 30 JUNE 2012 DID YOU DONATE ANY OF YOUR MONEY TO ONE OR MORE CHARITABLE ORGANISATIONS?

Response	%	Count
No	4%	11
Yes - Less than \$100	19%	53
Yes - \$100 to \$1,000	36%	100
Yes - \$1,001 to \$5,000	23%	63
Yes - \$5,001 to \$10,000	6%	18
Yes - More than \$10,000	12%	33

If you think that donating is a good thing, you may be surprised that, for a large sample from a relatively well paid occupation, the majority (59%) donated less than \$1000 in the last financial year. I don't know what the median income for this sample is but I suspect that \$1,000 would represent no more than 1% of average income. There is also a possibility that many people who have little interest in donating to charity may not have completed the survey.

Taking this potential bias into account, it is a disturbing thought for these people that the actual percentage of the membership not donating material sums is higher than 60%. Although, on the other hand, 12% of people donated in excess of \$10,000. That can truly make a difference.



## QUESTION 2: HOW WILL THE AMOUNT OF DONATIONS YOU PLAN TO SPEND IN THE NEXT 12 MONTHS COMPARE WITH THE PREVIOUS?

Response	%	Count
I plan to donate less than last year	8%	22
I plan to donate about the same amount	70%	195
I plan to donate more than the past year	22%	61

## QUESTION 3: HOW DO YOU THINK YOUR DONATIONS IN THE PAST YEAR COMPARE WITH THE NATIONAL AVERAGE FOR PEOPLE ON A SIMILAR INCOME TO YOU?

Response	%	Count
I believe I donate less than similar people	27%	75
I believe I donate about the same amount	36%	101
I believe I donate more than similar people	36%	101

On their own, the responses to these questions are not that interesting but the correlation with the earlier questions was insightful.

Let's begin with the 11 people who did not make any charitable donations last year. All but one was male and, of those, all but one was aged less than 35. Only one intended to donate more next year. These results may be news to the person in this subset who thought that he gave about the same as other people. And we checked the premise that they may be contributing time instead of money – only one person donated more than 10 hours to volunteering for a charity last year (albeit over 100 hours for that person).

We also have news for 24 of the 53 people who donated less than \$100 last year. It is very unlikely that you donated either more or the same amount than the average for people on a similar income.

There were 33 people donating more than \$10,000 last year (and 3 of them thought that was about the same as people on a similar income. Of the 18 people who donated between \$5k and \$10k, 11 thought they would donate more next year and 6 about the same. That's right, only one person in this group expected to reduce their donations in the coming year.

## QUESTION 4: IF YOU HAVE DONATED MONEY, HAVE YOU CLAIMED OR WILL YOU CLAIM THE DONATION(S) AS A TAX DEDUCTION IN YOUR 2011/12 TAX RETURN?

Response	%	Count
Yes – All of them	53%	147
Yes – Some of them	28%	79
No	14%	39
Not applicable	5%	15

The comments included with this question were very interesting. One person asked "Why wouldn't you?", another was even more blunt, saying "You would be stupid not to claim" and another "I already donate enough to the government!"

The purpose of the question was to test this assumption. I was reminded by a number of people that their church donations, often

in the above \$5k category, were not tax deductible and I was also reminded of other tax systems by some overseas respondents. Many chose "Yes – Some of them" as some donations (including 'raffles') were not legally tax deductible.

Most people in the "No" category were in the <\$100 segment and for them the lack of receipts was a problem or "it wasn't worth the effort". One person felt claiming a tax deduction "was not in the spirit of charitable giving". A number of people noted that their gross donation was increased to reflect the tax deduction.

## QUESTION 5: DURING THE FINANCIAL YEAR TO 30 JUNE 2012 DID YOU DONATE ANY OF YOUR TIME TO ONE OR MORE CHARITABLE ORGANISATIONS?

Response	%	Count
Yes - Less than 10 hours	57%	112
Yes - 10 to 50 hours	23%	45
Yes - 51 to 100 hours	9%	18
Yes - 101 to 200 hours	7%	13
Yes - More than 200 hours	5%	10

The distribution of time donated to charitable organisations showed a predictable outcome, with most respondents providing less than 10 hours of assistance to charitable organisations. Many larger organisations allow 1 day (or 7.5 hours) of time off from work to contribute to the community. We would strongly encourage everyone to take up this opportunity where possible.

Unfortunately, the answer "No" was left off the survey responses and 85 didn't respond to this question. It is likely that most of these respondents would have chosen "No", which is around 30% of all respondents.

Checking some correlations, we found, as expected, that the over 55s were well represented in the upper categories (16 of 41 people donating more than 50 hours). However, there was no bias towards women with only 10 of those 41 being female, almost exactly aligned with the 25% composition of the sample.

## QUESTION 6: FOCUSING ONLY ON FINANCIAL DONATIONS, DO YOU ADOPT CONSCIOUS OR DELIBERATE CRITERIA FOR DETERMINING THE CHARITIES THAT YOU WILL AND WON'T SUPPORT?

Yes (82%)	No (18%)
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**QUESTION 7: FOCUSING ONLY ON FINANCIAL DONATIONS, WHAT ARE THE SELECTION CRITERIA THAT YOU TAKE INTO ACCOUNT? \***

Response	%	Count
Australian-based charities	39%	99
Overseas-based charities	19%	49
Charities that benefit people	76%	192
Charities that benefit animals	21%	52
Charities that benefit children	52%	131
Charities that benefit the poor	52%	130
Charities that benefit the sick	39%	98
Charities that support medical research	42%	105
Charities that support education	28%	71
Charities that support the environment	19%	47

\* We note that respondents could choose multiple selection criteria when answering this question.

**QUESTION 8: FOCUSING ONLY ON FINANCIAL DONATIONS, WHAT OTHER SELECTION CRITERIA DO YOU TAKE INTO ACCOUNT? \***

Response	%	Count
Charities with good governance	63%	141
Charities with admin expenses < a certain %	20%	68
Religious-based charities	20%	68
Non-religious charities	28%	64
Particular collection methods	28%	62
Other (please list)	11%	25

\* We note that respondents could choose multiple selection criteria when answering this question.



We were surprised by how many people appeared to give deliberate thought to their choice of charities.

On the whole, when selecting charities to donate to, respondents gave more thought to the type of charities, rather than their location. Respondents generally considered the immediate benefits to humans more than longer-term benefits through research when selecting.

When it came to these various criteria, we were impressed with the clarity of thinking displayed in the comments and the range of responses to the questions.

The comments revealed an extraordinary range of views. If you would like to start a debate (probably an argument) at your next Institute function just ask someone for the basis for choosing their worthy charities! There were some regular themes:

- As one would expect, people sought alignment with their own interests and values.
- People wanted to make a difference and so governance, low administration and reputation were important if the donation was to be effective.
- Many people wanted to support family or friends, especially if significant effort was involved, and this was often more important than the actual cause. "Sponsorship" was often quoted.
- It was also evident that work-based foundations, nominated charities or matching programs were significant considerations, as the total amounts donated often exceeded the personal donations.
- Of the criteria mentioned but not listed, tax deductibility featured commonly.

Interestingly, some people quoted criteria starting with "not" and some adopted the positive selection approach. This led to some common direct conflicts:

- Positive adoption of church-oriented charities v the firm rejection of church-oriented charities. Some respondents were particular about the brand of religion they were (un)willing to support.
- Preference for long term causes vs preference for dealing with short term emergencies, such as flood victims etc.
- Looking for charities with a well known brand v avoiding "media savvy" groups
- Avoiding any cause with political connections (although the type of connection varied greatly)

Universally, people did care "how" they were approached and cold calls and street appeals were most unpopular.

In fact, comments about "being baled up on the street" by the "chuggers in Martin Place" often ended up on the "do not donate for life" lists of our respondents.

People were also sceptical of the levels of commissions that these collectors were paid, with some first-hand experience indicating these rates were quite significant.

However, despite the obvious resentment of many respondents, these particular collection methods still work, based on the answers to the final question.

Before we move to that, one very interesting comment was provided regarding supporting medical charities which we have chosen to share. "I'm not interested in medical charities as their aim is ultimately to increase longevity, which is contra to my belief that the world's number one problem is overpopulation." Yet another example of a response likely to generate debate.





## QUESTION 9: WHAT METHOD(S) DID YOU USE TO MAKE YOUR CHARITABLE DONATION(S) IN THE FINANCIAL YEAR TO 30 JUNE 2012? \*

Response	%	Count
Telephone	15%	38
Internet	57%	147
Mail	18%	46
On the footpath	22%	58
Collection for a particular event	44%	113
Door knock appeals	18%	46
Regular direct debit	41%	107
At an event	20%	52
With school fees	10%	27
Other methods	6%	16

\* We note that respondents could choose multiple selection criteria when answering this question.

The popular use of the internet appears consistent with the idea of people consciously choosing to donate rather than reacting to invitations (or harassment). The strong commitment to certain causes, as expressed in the previous questions, seems to be reflected in the popularity of regular direct debit. On the other hand, it seems a little inconsistent with the high proportion of small donations indicated earlier in the survey.

Many people indicated they donated when approached (telephone, on the street, door knocks, work etc) which, on the surface, contradicts the more deliberate selection criteria many indicated in the previous questions. However, people may well have considered allocating part of their annual donations to supporting these requests.

Under "other methods", the most common response was "workplace giving", which people appeared to have separated from "regular direct debits."

We also add a question at the end of each Pulse inviting readers to suggest questions for future surveys. In this case, we had quite a few respondents posing further questions on this topic. We've listed a few below that we encourage you to think about.

- What is your motivation for giving? And where it come from?
- If you have a structured donation program, is it easier to say no to other calls for donations?
- What proportion of salary do actuaries think actuaries should donate?
- Are you aware of how much money donated to charity is absorbed in fund-raising costs?
- Do you think there are too many charities fighting for your donation?
- What is the probability of you donating some cash out of pocket when being asked by someone ridiculously good looking? How does this probability deviate to someone of average looks?

Thank you to all the respondents who were prepared to share their practices, opinions and beliefs. We hope that it helped to prompt some thought at the time, as well as when reading this summary.

Further thoughts, observations and opinions are most welcome. We would be happy to share the detailed results with anyone who would like to explore the subject further. **A**

## Running with the pack for charity

While many of our members lay curled up in their warm beds on Sunday 12 August, a group of Actuaries Institute HQ staff braved the cold wet weather to run (and we use the term 'run' loosely) in this year's City2Surf.

Our group of dedicated "athletes", who competed under the Institute banner, all successfully completed the gruelling 14km fun run from Hyde Park to Bondi Beach – and they have the medals to prove it!

Top performer was Events Assistant Enas Hemmad (coincidentally also the Institute's youngest staff member) who finished the race in an impressive two hours and six seconds. Overall it was a memorable day and much fun was had by all.

The Institute doesn't only promote healthy professional development, but also encourages and supports good health and well-being. If you're interested in competing under the Institute banner in future events please let us know.

Promoting the profession and testing your fitness while raising much needed money for worthy causes – three perfectly good reasons to get out of bed early on a Sydney winter morning! **A**



Above: Emma Simonson, Shreya Trasy, Enas Hemmad, Philip Robertson, Liz Harding, Richard Zock and James Harding await their start. Below: Shreya making new friends