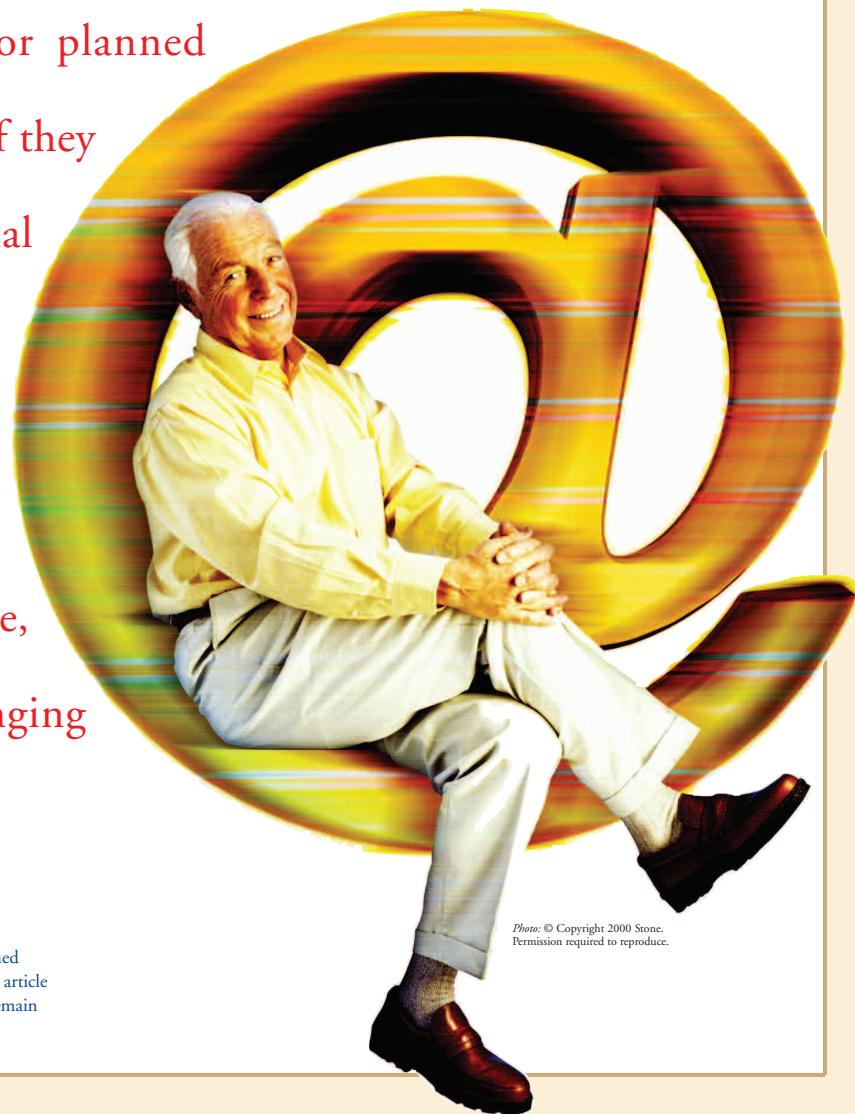


The Future of Planned Giving: Seniors and the Online Revolution

Almost 80% of the wealth in the U.S. is in the hands of older Americans. The Depression/World War II generation controls over \$43 trillion, which it will transfer to families, the government and those charities who can get their messages through. The median net worth of older households in 1993, the latest year for which figures are available, was \$86,300, well above the U.S. average of \$37,600.

This enormous pot of gold is the mainstay of planned giving.

But what's the best way for planned giving officials to get to it? If they remain tied to the traditional direct-mail and phone-solicitation approach, they will find themselves falling dangerously far behind the curve, because the Internet is changing all the rules.



by DEREK DAVIS

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Seniors who own computers spend more time logging in to the Internet than any other segment of American society.

Adults 55+ are the fastest growing sector of the PC purchasing public.

The Internet has created a revolution at least as pervasive and significant as the Industrial Revolution of the 19th Century. In just the past decade it has altered the face of both communication and business transactions – and it is still in its technological infancy. Though the specifics of its future may be impossible to read, one thing can be said for sure: the Internet, in whatever form, will become the linchpin in the development of a global, interconnected society. And members of that society, especially its older citizens, are searching for ways to invest and transfer their holdings.

Yet there is a common misconception among planned giving officials that seniors resist the use of computers and the Internet. **The truth is exactly the opposite.** On the average, seniors who own computers spend more time logging in to the Internet than any other segment of American society.

Seniors have more free time at their disposal than the younger sectors of society, and they use this time online to expand their social interests, do research and conduct financial business. And 50+ Internet users tend to be the best educated, most literate and most affluent members of their age group.

How large is the senior population? According to the U.S. Census Bureau and independent sources, the 65+ population in 1998 represented 12.7% of the U.S. population – about one in every eight Americans. Their number had increased by 3.2 million – a 10.1% rise since 1990, compared to an increase of 8.1% for the under-65 population.

- ❑ Those in the U.S. over age 50 represent 25% of the adult population.
- ❑ The 65+ age group increased from 25 million in 1980 to 34.4 million in 1998.
- ❑ By 2030, when the bulk of the "baby boom" generation reaches age 65, those 65 and older are expected to reach 70 million – more than twice their number in 1998.

As for the wealth of those over 50:

- ❑ Their per capita income is 26% higher than that of the general population.
- ❑ They own 77% of all the financial assets in America and 80% of all the money in U.S. savings-and-loan institutions.
- ❑ They account for 40% of consumer demand, and they purchase 43% of all new and 48% of all luxury automobiles.

A recent survey concluded that 50% of the U.S. population – equally divided among men and women – now own a home computer.

Have seniors fallen behind in this picture?

By no means.

- ❑ Adults 55+ are the fastest growing sector of the PC purchasing public.
- ❑ 40% of all U.S. adults over the age of 50 – including 24% of those over 65 – use a computer at home.
- ❑ 70% of seniors who own a computer – 14 million North Americans age 50+ – use the Internet on a regular basis.
- ❑ 65% of the Americans age 55+ who are online use the Internet for investing.

Responses from 1001 SeniorNet volunteers 50 years and older surveyed this year indicate that:

- ❑ Two-thirds of the SeniorNet community spend over 10 hours a week online.
- ❑ Over one-third have been online for two years or less.
- ❑ The majority make online purchases, especially of computer products and books.

Other, more far-ranging surveys have shown that seniors spend more time on their computers than any other group – around 12 hours per week. Furthermore, Internet users over age 50 are highly educated, affluent when compared to the general population, and purchase more in dollar amount online than younger surfers:

- ❑ 75% have a college-level education.
- ❑ 45% earn over \$75,000 a year.
- ❑ 50% have investment portfolios worth over \$100,000.
- ❑ They are 27% more inclined to invest online than their younger counterparts.

Planned giving requires personal contact, legal and financial advisers and a fair amount of paper. So where does the Internet fit into the planned giving picture?

At the simplest level, e-mail extends the ability to communicate with constituents as well as colleagues. It also increases efficiency, saves a great deal of money and time compared to direct mail, and appeals to a different type of personality than does the telephone.

Even more crucial from a marketing standpoint, the World Wide Web, which has blossomed at a speed unparalleled in the history of invention, provides a wealth of information, contacts and access to financial transactions undreamed of as little as five years ago. It also allows a do-it-yourself approach to planned giving: Would-be givers can visit Web sites that employ the same software that professionals use to calculate deductions and amounts to be paid out. And the Web makes comparison shopping easier for tax-advantaged gifts: An interested party can use search engines to visit Web sites and find out who offers the best charitable deal.

Both the U.S. government and the business community are committed to extending the use of the Internet to every citizen. The eventual (and inevitable) merger of digital television with Internet service – along with the ballooning of Web access via cell phones – seems destined to make the Internet even more pervasive than television itself: Datamonitor has estimated that a total of 67 million homes in the U.S. and Europe will have embraced interactive TV by 2003. Cell phones now threaten the traditional phone handset as the primary mode of communication.

One day soon, givers will be as comfortable clicking an e-donation as they are writing a check. In 1999, for example, the Red Cross received \$2,760,000 online. The Salvation Army, which began accepting gifts only in October 1999, has experienced a steady

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\$50,000 per month from nothing more than a "donate" button on its Web site.

But raising money through the Internet goes much further than merely accepting online credit card donations. The Internet provides a new worldview with almost unlimited potential. When thinking what it could mean in the area of planned giving, consider a telephone analogy: How much money did you raise last year which involved a telephone as part of the process? Or, conversely, how much money would you expect to lose next year if you junked your telephone system?

As a concrete example of where the Internet can take planned giving, in September 1999 Fidelity Charitable Gift Fund announced the creation of the CyberDonor Center, "a one-stop Web site that helps donors manage all their charitable giving needs via the Internet, from the establishment and management of accounts to extensive educational resources and online grant-making."

This sort of open-ended approach to the possibilities of online giving is the wave of the future – and for anyone involved in planned giving, *that future is now*. To meet the competition, every planned giving organization needs an inviting, informative, full-featured, interactive Web site that will insure repeated visits from older Americans interested in making a planned donation.

The most affluent, educated members of the senior generation have already jumped feet-first into the Internet to overcome their traditional feeling of isolation and to bring themselves closer to the global community. Through the Web and through e-mail they communicate, conduct research, purchase goods and plan how to distribute their holdings. With their wealth, their interest and their computer literacy, they constitute a social force never before encountered.

And they are out there looking for you, right now.



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