



In Turbulent Times, Lessons from the Past Can Help Chart a Course Forward

PG Calc Featured Article, May 2025 eRate
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“May you live in interesting times” is often attributed as an apocryphal Chinese curse intended to be an ironic commentary during times of trouble. Whether or not you’d call it interesting, there’s no doubt we’re living through disruptive times and grappling with significant uncertainty.

In times of uncertainty, donors may be inclined to reconsider, postpone, or even suspend their charitable giving. From the donor’s perspective, this is a rational and reasonable reaction because charitable giving is optional and voluntary. However, charitable giving also becomes even more crucial during these times as the demands on charitable organizations increase.

Successful charitable organizations will chart a course to maintain donor relationships through this period of uncertainty, even when donors delay or suspend their giving. We believe planned giving, especially revocable testamentary gifts, can provide an avenue to maintain and even expand donor engagement during these difficult times.

Lessons from the Past

Over the last four decades, giving by individuals has increased an average of 2.5% per year after inflation, according to The Annual Report on Philanthropy published by the Giving USA Foundation. However, individual giving from year-to-year has been quite volatile.

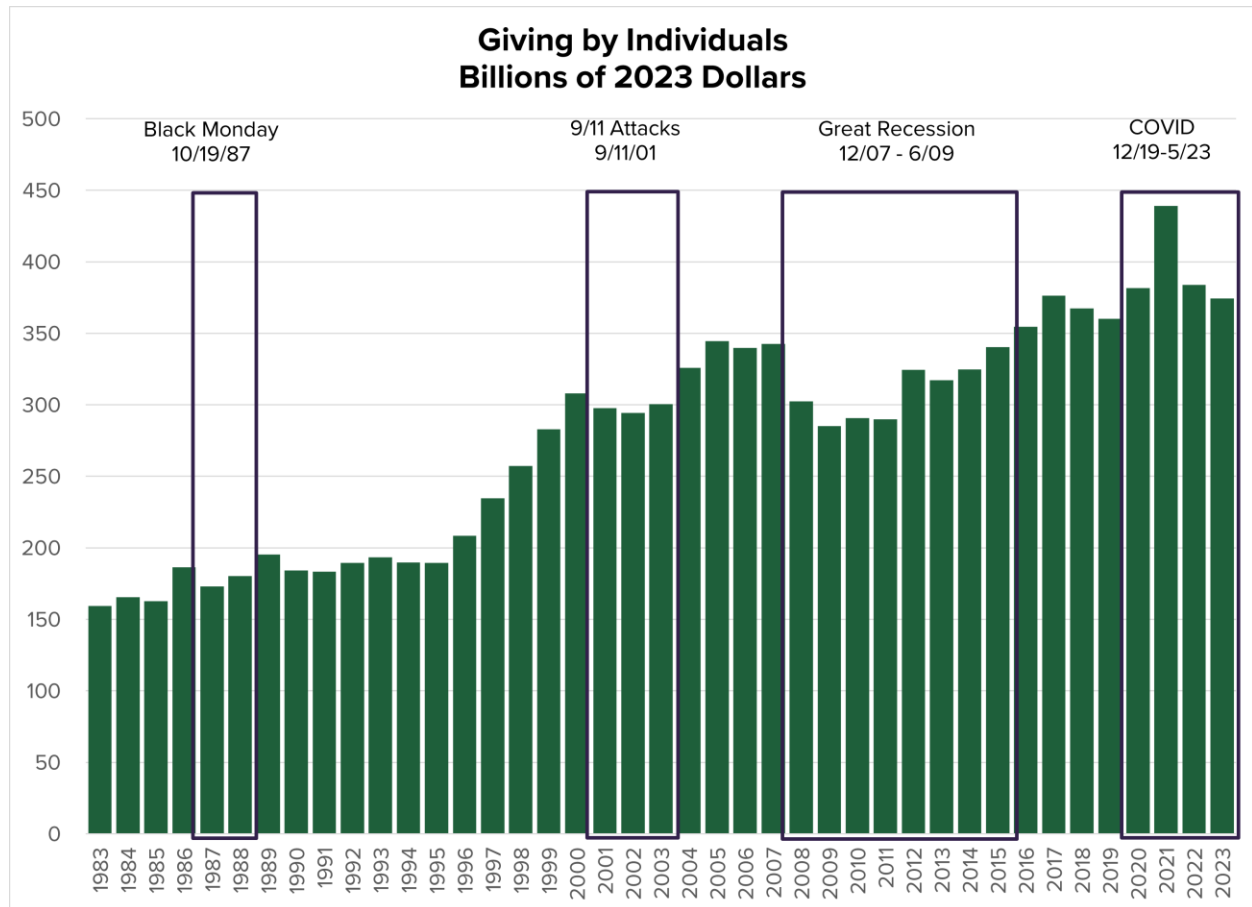
The three largest annual increases were:

- +15.0% in 2021, during the pandemic
- +14.7% in 1986, the year before the Black Monday stock market crash
- +12.6% in 1997 during the tech bubble in the stock market

The three largest annual declines were:

- -12.6% in 2022, the third year of the pandemic
- -11.7% in 2008, the first year of the Great Recession
- -7.2% in 1987, the year during which the Black Monday market crash occurred

More interesting are the insights the Giving USA data provide about how individual giving responded in the years following disruptions and times of uncertainty in the past, as shown in the following graph.



Black Monday (October 19, 1987) – The stock market lost more than 20% in one day and did not fully recover until September 1989. That year, 1987, individual giving declined 7.2% from the previous year and did not regain its previous dollar level until two years later.

9/11 Attacks (September 11, 2001) – Individual giving dropped 3.3% in 2001 and another 1.1% the next year. Individual giving did not achieve its previous dollar level until three years later in 2004.

The Great Recession (December 2007 to June 2009) – This period may be the most analogous to the current time. Individual giving dropped 11.7% in the first year of the Great

Recession and another 5.7% in the second year. It did not exceed pre-recession levels until eight years later in 2016.

COVID Pandemic (December 2019 to May 2023) – The impact of the Pandemic on individual giving was different than previous disruptions and highly variable. Although giving was down 2% in 2019 it recovered during the first year of the Pandemic and spiked up 15% in 2021 but then dropped 12.6% in 2022. By 2022, individual giving was still at pre-Pandemic levels, although it declined 2.4% in 2023.

Of course, no single factor can explain donor behavior. However, the data indicate donors are likely to moderate charitable giving following disruptions and resume giving only after the uncertainty is resolved. The decline in giving following Black Monday and the 9/11 attacks lasted only two or three years, but those were isolated events with an end in sight. The causes of the Great Recession were debated, and it was some time before remedies began to take effect. Giving did not begin to improve until donors became confident that the worst was over. The pandemic challenged donors with an extended period of uncertainty coupled with changing expectations and no end in sight, and donor behavior became erratic.

This Time May Be Different

However, this time may be different for several reasons. It is not clear when the turmoil will dissipate. In addition, some long-standing economic foundations of nonprofits are being shaken by disruptive changes in government funding. At the same time as this uncertainty may be hampering donors' inclination to give, political disagreements – both left and right – may be inhibiting charities' communications and opportunities to ask for donor support.

During stressful times people place a higher value on personal relationships while they try to make sense of the chaos. In times like these, donors may be open to new and different ways to be involved, especially if they can be reassured that their own needs are secured. We think planned giving could be especially appealing. Planned giving is about the future, giving donors an opportunity to envision a better tomorrow. And many planned gifts, especially testamentary provisions, allow the donor to provide for their family first and preserve flexibility in case circumstances change.

Consistent communication is essential, but messages need to be adjusted in the context of uncertainty. You only know what you know now ... and what you think you know may change before your carefully crafted communication is delivered to your audience. You must openly acknowledge the context and circumstances. If you don't, your audience may wonder how you can be so oblivious. And – the golden rule of planned giving – there's no substitute for one-to-one contact; marketing and communications alone are not enough.

Planning Communications and Adjusting Your Messages

Now is the time to communicate, not fall silent. "Wait and see" is not a plan. It's important to adopt a strategic communications plan and follow it. You've made investments in building donor

consciousness over many years. You can preserve those investments through continued communication.

In your donors' minds, the rational choice may be to suspend or postpone their charitable giving. Don't attempt to overcome their rationale; instead, remind them of the emotional reasons to stay engaged with your cause and offer creative planned giving alternatives for engagement. Remember that the crisis of the moment is not your message, and donors do not rely on you for updates or analysis. You should acknowledge events and the impact on your mission, but don't dwell on them. Keep your mission and impact at the forefront of your donors' minds and demonstrate the relevance of your organization.

Crafting the message can be tricky, and it's important to avoid miscommunications at a time when donors are already anxious and concerned. Adjust messaging to emphasize your organization's relevance and resilience. Feature the good work that charitable contributions have made possible. Some of the lessons learned from successful communications strategies during the Pandemic apply in these times, too. Here are some examples:

For charities providing direct services:

"We understand this is an uncertain and anxious time right now. All of us at <Our Charity> hope both you and your loved ones are managing through these challenging times. We are working on the front lines of <program highlight>."

For charities with a broader mission:

"If you want to help us continue our work, please consider a planned gift to <Our Charity> that will help us continue <programmatic feature>."

Generic website message copy:

"We understand that, during this unprecedented time, it's important to ensure your family's financial security. We hope you will join those who have included <Our Charity> in their will or trust. A gift in your will protects your family and, at the same, helps ensure that our mission continues in the future."

Newsletters, email, etc.:

"We recognize that with constantly changing current events around the world, this is an unprecedented time for everyone — a time that, for many, is filled with uncertainty. We share those concerns. Yet in times like these, we believe it is still important to provide you with helpful, interesting, and thought-provoking information about how you can help ensure our work continues in the future."

Maintaining and Nurturing Donor Relationships with Planned Giving

It is more important than ever to maintain and even increase personal donor contact while adapting to the challenges of these times. Although new budget constraints may limit your ability to travel, you should invest in "voice-to-voice" contacts with telephone check-ins, sending a personal video, or holding a Zoom call with your donor so you can introduce them to program

experts at your organization. In fact, de-emphasizing physical travel could provide an opportunity to increase the number and frequency of your outreach, which may entail adjustments to your organization's metrics to recognize value of these voice-to-voice contacts.

A key to ensuring voice-to-voice meetings are more than mere casual contacts is to carefully prepare for the encounter as thoroughly as you would for a face-to-face meeting. In the meeting, openly acknowledge the context and current events. If you don't, your donor will wonder why you didn't and may have difficulty hearing the rest of what you have to say. Be willing to listen and be prepared for emotions. Be cautious about introducing end-of-life topics, but be open to the discussion. Without pushing, be prepared with examples illustrating how you and your organization are adapting and how relevant your organization is today.

Your donors have demonstrated their commitment to the mission of your organization and invested with their contributions over many years. If they decide the rational choice now is to halt their giving, they may feel embarrassed or even guilty. But they're still interested in your mission and would embrace an opportunity for continued involvement. Planned giving can offer donors a way to stay engaged and committed even if they feel the need to pause their current giving. The flexibility of charitable bequests and beneficiary designations, contingent provisions that ensure family is provided for first, the opportunity to offset RMDs with a QCD, and even some life income arrangements should be appealing to donors who want to stay involved but, for their own reasons, are reluctant to make current contributions the way they did in previous years.