

**Good Intentions**  
Consumer Preferences for Charities in Ireland

## The Half Billion Euro Gift

The Irish are a generous lot - or so we like to think. We are now one of the wealthiest nations in the world, so there might be some expectation that our wealth has made us more generous. This briefing paper looks at the current state of charitable giving in Ireland, and provides some guidelines to charities seeking to raise revenues from private donations.

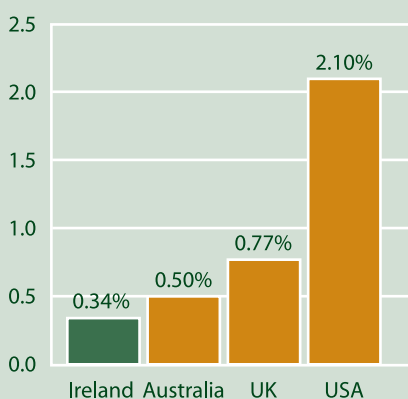
Amárach surveyed 1,000 adults aged 15-74 about charities and charitable giving in June 2005. From the findings we know that:

- The vast majority of people donate to one or more charities through the year.
- The average amount donated each month is almost €15.
- Irish citizens will donate approximately €450 million in 2005 to charity.

That's nearly €0.5 billion - a lot of money by any charity's reckoning. But does this mark us out as exceptionally generous? The short answer is no - in fact, by comparison with some other wealthy nations we appear to be quite stingy. The chart below shows the total value of gifts and donations as a proportion of GNP in a selected number of countries:

### Dig Deeper

Charitable giving as % of GNP (2004/2005)



Source: APCPSI/Amárach Consulting estimates, 2005

However, such comparisons are notoriously difficult - and even unfair. There are immense tax, cultural and other differences between the countries in the chart - and these in turn have an important bearing on the level (and nature) of charitable giving by individual citizens in those countries. Indeed, our estimate for Ireland may very well understate the total level of giving as it excludes giving by businesses as part of their corporate social responsibility initiatives. Nevertheless, we should be wary of becoming too complacent about our apparently generous nature - as an affluent nation it appears we may have some way to go before the gap between our new found wealth and our generosity comes more into line with that of other rich nations.

## Charity Remains at Home

Irish consumers have very strong preferences about the charities and causes they are willing to support. Amárach's research shows that most donors prefer to support charities engaged in work in Ireland - though they do also support the work of those involved in the third world for example.

As the chart below shows, health-related and children-related charities are the big winners in terms of those areas people are most inclined to donate to:

Donor preferences are by no means uniform across demographic groups. For example:

- Support for health-related charities rises steeply with age.
- Conversely, support for children's charities falls steeply.
- Women are also more likely than men to donate to children's charities.
- Support for third world relief charities is quite uniformly distributed by age, but is skewed towards those in higher income groups.
- Finally, support for charities working with disabled people is strongly skewed towards middle-aged groups.

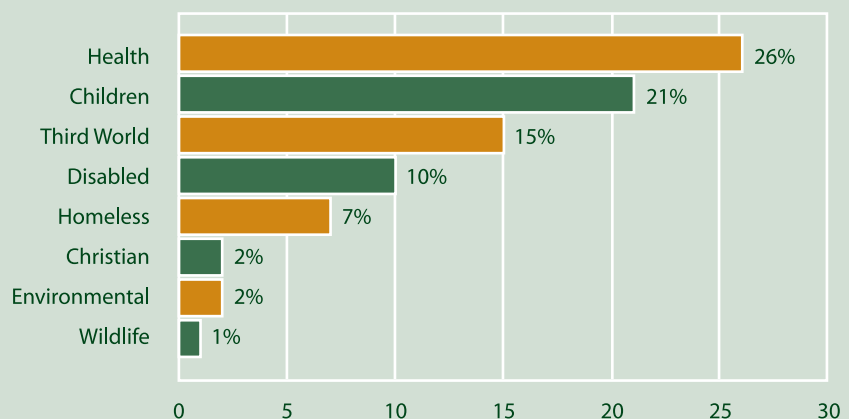
These and similar findings tell us that there are important implications for charities in terms of targeting their fund raising activities and also in terms of the future impact of an ageing society on the overall pattern of charitable giving.

## The Gives and Give Nots

Although about one in ten adults gives nothing to charity, there are remarkable differences in the proportion of non-donors by population segments, as illustrated in the chart opposite:

### Domestic Matters

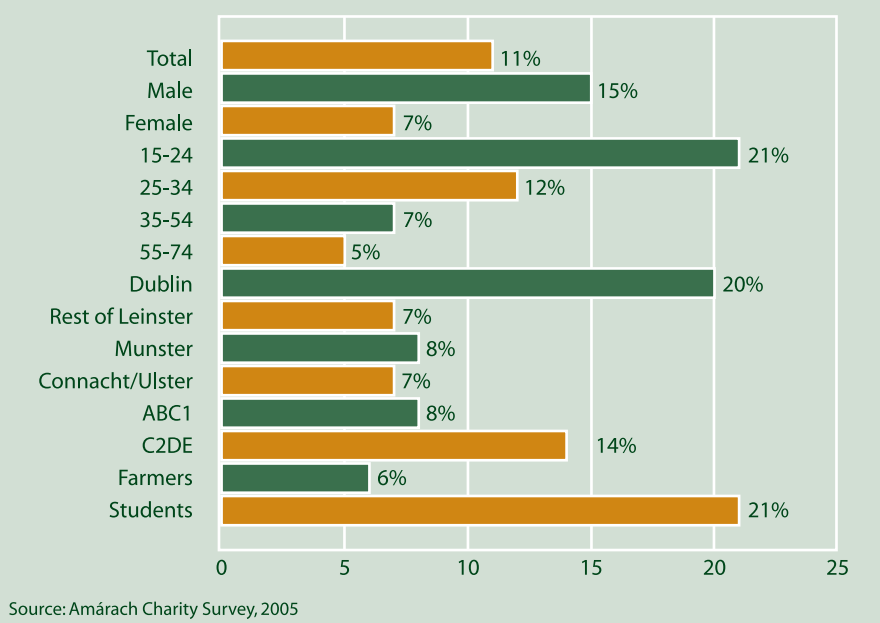
Types of charity inclined to donate to



Source: Amárach Charity Survey, 2005



### No Spare Change % Not giving to Charity



Gender, age and location appear to be the strongest influences on the propensity to donate to charity. They are also important influences on the amounts donated - sometimes 'counteracting' the impact of the variation in giving propensity, as discussed later.

### Buckets of Money

We are all familiar with the sight of collectors waving their buckets on the street and at the traffic, hoping to prompt us to donate, and donate often. In fact, this is undoubtedly the most effective way for charities to raise money in Ireland in terms of the most common means by which consumer donate, see chart opposite.

A remarkably low proportion of adults contribute to charities on a regular monthly donation basis - just 12% or under 350,000 adults. Older adults (aged 55-64) are more likely to be regular donors, as are those in higher income groups. Instead, it tends to be those activities that require a great deal of volunteer input that generate the greatest response, a situation that is likely to prevail despite the generous tax benefits to charities from regular donations by tax payers.

### Taxing Kindness

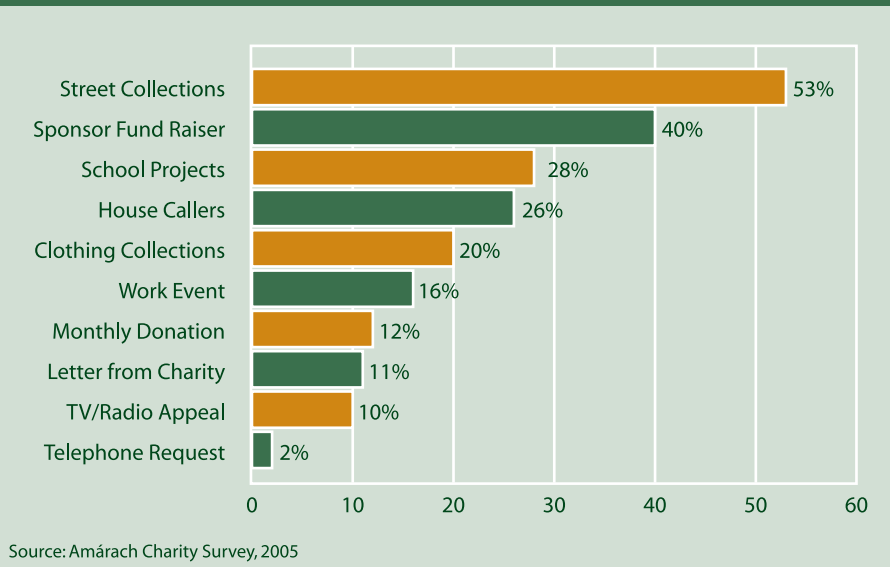
Under Section 848a of the Taxes Consolidation Act 1997, eligible charities can apply for the repayment of the imputed tax paid by those donors who are part of the PAYE system. In effect, because a person

contributes to charity out of their after tax income, Section 848a means that charities can also claim back the proportionate 'tax' on the contribution, which would otherwise go to the Revenue Commissioners as part of the donor's normal income tax.

Many charities do this already, but our research suggests that charities are failing to claim up to €25 million each year in relation to donations from regular monthly donors who also are part of the PAYE system. According to our research, those regular monthly donors to charity contribute an average of €21 each month: or €252 per year - just over the qualifying threshold for Section 848a. All told, regular monthly donors in employment contribute over €62 million to charity each year, according to our survey.

Assuming all these donors are paying the top income tax rate (a not unreasonable assumption as some 7 in 10 are in the ABC1 social class category), then the potential value of repayable taxes under Section 848a using the Revenue's own calculation procedures is equal to some €46 million. But we estimate using the historical trend in the value of repayments from the Revenue Commissioners that charities will only reclaim about €21 million this year, see chart overleaf.

### Giving Ways Methods usually used to give to charity



In effect, they will be leaving €25 million on the table of potential additional repayments because they and their donors have not sought to maximise their potential entitlements to repayments under the 1997 Act:

parts of the country, the generosity of those Dubliners who do donate means that they account for 40% of all charitable donations, despite accounting for only 29% of the population.

### Charitable Relief

Value of tax repayments to eligible charities - €million



Source: Revenue Commissioners data for 2002-2004, Amárach estimates, 2005

€25 million may not sound like a lot in the context of nearly €0.5 billion in charitable donations by private citizens - but it is greater than the Government's total contribution of €20 million to Tsunami Relief in 2005, and we know already the difference made by that initiative. If charities became more effective at maximising the value of tax repayments on qualifying donations it would amount to the equivalent of the Government's contribution to Tsunami Relief every single year for the foreseeable future...

### Ones to Tap

Finally, we conclude this research briefing by looking at the value of donations to charity. As noted earlier, the average monthly donation stands at nearly €15 per donor - €14.72 to be precise. The more generous donors include:

- **Men** - their average donation is over €16 versus over €13 for women, which actually means that men make up 52% of the value of all charity donations, even though they only account for 48% of all donors!
- **Dubliners** - though they are less likely to donate at all to charity compared to other

- **The Middle-Aged** - the average 55-64 year old donor contributes nearly €19 a month, again giving them a disproportionately high share of total donations.

Charities seeking to maximise their return on their fund raising activities will do well to focus on these groups as part of their overall campaigns.

### Further Details

For further details about this study or Amárach's other research and consulting services, contact:

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