

EPISODE 912

“AP: When people give, it’s not only about making the world a better place but we find that it makes us happier too. When we’re happier, our mental health is better and hopefully our financial health is better and our physical health is better. It’s a good thing for all of us.”

[INTRODUCTION]

[0:00:52.0]

FT: You heard it here, giving can lead to happiness. Welcome to So Money everybody, I’m your host Farnoosh Torabi. We’re dedicating today’s show to the topic of philanthropy and in particular, the gender differences when it comes to giving. Our guest is Andrea Pactor who is the managing director of the Women’s Philanthropy Institute at Indiana University. The institute was created to provide research in giving to help create powerful female philanthropists.

A lot of questions on the show today about why are there gender differences when it comes to giving, what are those differences? Some really fascinating data, Andrea and her team found around how people give and the results of giving, you know? They say money doesn’t buy happiness but the research says that when we give, it can feel very rewarding and it can give us all the happy feels.

Andrea has also advice for us around how to actually construct a giving plan. Do you have a giving plan, what’s involved? How do you even start it? How can it actually be helpful to us as we decide how to give and how not to give as it may be.

Very excited to bring on the show, Andrea Pactor.

[INTERVIEW]

[0:02:03.8]

FT: Andrea Pactor, welcome to So Money.

[0:02:05.9]

AP: Very excited to be talking with you today, Farnoosh, thank you for including the conversation about philanthropy in this podcast.

[0:02:13.9]

FT: I am really excited to cover this topic and so grateful to have you on the show to help steer this conversation as someone who works passionately and deeply in this space and the managing director of the Women's Philanthropy Institute and just to give listeners an understanding of what that is, you know, this is an organization that, as it states, exists for the purpose to conduct, curate and disseminate research that grows women's philanthropy.

Let's start there with this concept of women's philanthropy and tell us what we need to know about women in philanthropy in particular. What's going on, what are the trends?

[0:02:57.1]

AP: Before I talk about the trends today, it's really important for people to understand that this is not a new phenomenon. In this country alone, women have been philanthropic since before we were a republic. A lot of their stories are lesser known because they're not in the history books, the people who generally write history books over time have been men and they see the story in a different perspective.

I would encourage all of the listeners to think about the communities in which they live and the women who have helped make those communities stronger over time. I mean, here in Indiana for example, we have an awful lot of libraries that were created at the end of the 19th, early 20th century through a challenge grant, yes, they had challenge grants back then. From Andrew Carnegie who believed that every community should have a free library.

It was the women who raised the challenge match for those libraries. I mean, in those days, seven to \$10,000 was a lot of money and they did it in the tried and true ways that we women know about between trash to treasure sales, bake sales, silent auctions and all the stuff that we're used to in the special events that we go to today.

[0:04:19.6]

FT: Thank you for giving us that background and so important you're right. To think about how history has often interpreted, it's really important to keep now, to be insistent upon really proactively trying to find these stories and there are many of them. Maybe another pre-question to the bigger question is, gender in philanthropy.

Why look at it differently in those perspectives, maybe this can tee up what you're finding with women in philanthropy and how it is singular and some of these findings compared to how men behave when it comes to philanthropy in giving.

[0:05:02.1]

AP: Right, that's a great question Farnoosh and it really has occupied a lot of our time over the past 10 years here at the Women's Philanthropy Institute. It's hard to know exactly where to start because I think women have always known that we look at philanthropy through a different lens. Really, as fundraising became professionalized, starting in the 1950s, the dominant donor in those days was a straight white man.

A lot of the fundraising practices grew up around that. For any of the listeners who have been part of any kind of a campaign, whether in higher ed or at a nonprofit, there's that competitive spirit and that's hurry, hurry. Let's get these gifts in by the end of June, there are the recognition levels, there's the campaign leadership and a lot of that was developed in response to who the donor was in those days.

Well, things changed for women a lot after World War Two and particularly with the women's movement in the late 60s and 70s. As women in this country have had more access to education and income, they have been able to use their resources for philanthropy.

Here at the Lily Family School of Philanthropy where WPI is located, we often say that education and cover key predictors of giving. Just below that would be religion but that's another conversation that we can have later if we have time.

As women have had greater access to that and more and more women either through entrepreneurship or through hard work have more income and then more wealth. They are more predisposed to use it for philanthropy.

[0:06:52.9]

FT: Also would you say that – Sorry to interrupt but I think technology has really helped to advance the ability for everybody to be more charitable. Whether that's you know, looking at the internet but also platforms where you can give and then really democratizing the donation process and I think that's not just something that has helped women but probably everybody and the overall totality of giving has risen thanks to that.

[0:07:24.7]

AP: You're absolutely right. I'm really glad that you brought that up because I've spent about – over the last five or six weeks, thinking hard about the intersection of technology, gender and giving as we prepare for a symposium on that topic in the next spring.

What's really interesting, you're right that we think that technology democratizes philanthropy and certainly provides access for more people to be engaged. But there's so many questions that we don't know about the quality of that giving, the connection between the donor and the nonprofit that might receive those dollars. One thing we do know though is that more women than men use social media. I mean, I think that's pretty given.

That some research that we did and released a year or so ago finds that for Giving Tuesday which is after Cyber Monday, which is after Black Friday, after Thanksgiving. Giving Tuesday, when we analyze some of the data from that, we found that men and women were both likely to give on Giving Tuesday and they gave about the same amount but more women gave and

therefore, they gave – the percentage ranges from between 63 and 65% of the total dollars raised on Giving Tuesday.

[0:08:49.4]

FT: Wow. Well, I had read a statistic that across all income levels, women, as a percentage of income give more than men and I always love to reference this data because to me, it just supports my thesis that when women make more money, the world becomes a better place because we're inherently really great at giving and you put money in our hands, there's a higher likelihood that it will be used as an instrument to help to change, to improve and so that's just my bias.

I think the data also concludes this in some way.

[0:09:29.6]

AP: Well, Farnoosh, you pretty much just summarized the raise on debt for the Women's Philanthropy Institute.

[0:09:35.7]

FT: Great.

[0:09:37.7]

AP: Thank you for articulating it so cleanly. The research that you sided is ours and it is that women are more likely to give and give more than men across income levels and also, across generations, that's been the foundational study on which so much of the rest of the research is based.

Then you have to say, well why is that the case? We spend a lot of time thinking about people's motivations for giving. What we found over time is that men and women have different motivations for giving. Women tend to be more motivated by empathy and we don't know

exactly why but I think that we can see that throughout history, the cultural differences and the social norms, women are more likely to be caring and caring about others and sympathetic and empathetic.

It's not that men aren't, some men may not be, I don't – I can't speak to that. But women are more likely. Some men, and of course you know, we're generalizing here –

[0:10:44.3]

FT: Right, we're going to offend everybody right now but we apologize in advance, yeah.

[0:10:48.5]

AP: Well, it's not apologizing, it's just the research uses really strong samples and so we're very confident here of the findings, this is not a typical call 500 households to find out like a Neilson rating about what TV shows you're watching.

This is rigorous empirical, academic focused data on that uses nationally representative sample sets and it matters because we can be more confident in the findings that when we say women are more empathetic, men tend to give more out of self-interest. Yes, it's a generalization but more men and women fall within those patterns than don't.

You're always going to find outliers and anomalies. Look, we need more men in this world to be empathetic and caring about others. We would solve a lot of problems that way.

[0:11:43.5]

FT: I agree. Another interesting data point that you found Andrea that I think is awesome is that giving makes us happy. Happier. Tell us what's behind that research.

[0:11:54.0]

AP: We found that giving makes people happy as you said, Farnoosh. Married couples are happier even with their giving, where the gender differences, I find it so interesting is that single men are happy when they begin to make a gift, when they make a gift, that first gift kind of a thing. But single women and married women are happier when they increased the amount of their giving.

These gender differences that are part of the research that we do here at the Women's Philanthropy Institute that even relate to happiness. I just get a kick out of that but when people give, it should make them feel good, it's not only about making the world a better place but we find that it makes us happier too.

One of the reasons why we encourage more people to get involved in philanthropy. Because it makes us happier when we're happier, our mental health is better and hopefully our financial health is better and our physical health is better. It's a good thing for all of us.

[0:13:01.4]

FT: They say money can't buy happiness but giving certainly can.

[0:13:05.3]

AP: Well, that's what the research shows.

[0:13:06.5]

FT: It's a win/win, you know? You're helping someone and then you're also feeling good about it at the same time. One of the trends that you found that women's giving. I love this. Collaborative giving. Giving circles, can you describe this for me and maybe describe where we can engage in this and are there like, you know, are there formal platforms for this where we can do that?

[0:13:31.8]

AP: Well, giving circles is certainly one of the hot new trends going back to the point that you mentioned earlier and we've seen exponential growth in giving circles and what they are fundamentally is when a group of people come together, pull their resources and decide together how to allocate those dollars.

One of the reasons that this appeals to women a lot is that women can maximize the impact of their giving. One of the models and there are many different models of giving circles, I'm going to share only one here. The idea is that each woman in the giving circle will contribute a thousand dollars, the goal always is to get a hundred women involved so that they can make a gift with big impact of \$100,000.

If I were doing this, my thousand dollars is you know, multiplied a tremendous amount and theoretically then is going to have a bigger impact on the community that we serve. The other piece is that generally, it's one person, one vote for giving circles so you are – it's not only writing the check or making the contribution via credit card, it's about being engaged in the process.

We've learned an awful lot about giving circles over time. When you talk about how people could connect with it, there are lots of ways, first of all, research has found that there are giving circles in every state. Again, they have different names but if one lived in Utah or Wyoming or New York City, one could go into a search engine and put giving circle in and something might likely pop up in that community.

In terms of giving circles online, there have been a number of experiments about that. But in general, what I think we find is that people like the eyeball to eyeball contact. The opportunity to network, to build relationships, to learn together, to go on site visits together, to really have serious conversations about the grant making aspect of it.

Also, we want to keep this in mind too. Is to work closely with the recipient organizations or the applicant organizations. The research has found that when – in this case, when donors do it, they are – they learn more about their community, they're knowledgeable about their community, they tend to give more strategically and they give more. So we're rather fond of giving circles here.

[0:16:05.2]

FT: I love that. Well, I would love to give listeners some advice around how to create an actual giving plan. I don't think we often talk about financial planning a lot on this show. Trying to get out of debt, investing, saving, budgeting but giving, sometimes although we want it to be a priority, we feel like we addressed so much more first and so, really being conscious and proactive about and giving plan is important if this is important to you.

And one of the – you have some wonderful bullets here and I want to touch on as many as we can but one of the important things is obviously knowing what your value system is, right? That helps to determine where to even begin. You also mentioned and I think that this is important is that you know, already figure out how you might already be giving. We sometimes don't realize sometimes when we're giving because especially with Facebook.

And all of these social platforms that are requesting money from us like for birthdays, "Please donate to Races to Texas on my behalf" you know we do these things kind of one offs but can add up and maybe we've already been doing the things that we want to be doing with our money and don't need to do a lot more from there.

[0:17:21.8]

AP: Absolutely, one person told me a number of years ago that people tend to think more and longer about planning their vacations than they do about their philanthropy and we think vacations are wonderful and we're all in favor of them, but we also think that philanthropy is a very important part of our civic engagement and the social fabric of this country and if it weren't for philanthropy, so many things that we use on a regular basis wouldn't exist.

So it's important to step back and writing things down is a valuable part of the process. So that when you write down the causes that you are passionate about and then you actually, if people still have checkbooks or they look at their bank statements and actually make a list of the causes that they've supported, then they can actually think about well who asked them to do that and what is the connection for that?

And how closely do those causes that our friends ask us to support align with our own values? And if they don't align with our values, I am a big advocate for the 80-20 rule, which basically says 80% of the resources that I have for philanthropy will go to the top three causes I care about most passionately and that allows me the flexibility to support your Facebook fundraiser or somebody else's Facebook fundraiser because I have strategically allocated 20% to do that.

And then, when that 20% is gone, I can say no with a little bit more confidence because I can say, "Farnoosh you know, this is a great cause and I am so glad you are passionate about it. I have allocated that discretionary amount and right now, I am concentrated on supporting the education in the arts and the environment and I really hope that you respect that." So it gives us the opportunity to say no because we have a reason for saying no.

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FT: That's important. I think that it is really easy to feel the pressure to contribute to causes. We want to contribute, if we could we'd contribute to so many causes, all of them and it can feel like a personal rejection if your relative or colleague is asking you to contribute to something that they are passionate about or they feel is important and you can't or don't want to or as you said, you have already allocated your budget to charity.

I think that that's a really great way to keep the peace is to rather than say – like there are so many things you can say that could go wrong but if you say, "I'm so sorry, I love what you are trying to accomplish. I really believe in the mission but I have already contributed to my charities this year" But maybe what could be a great follow up to that too is like, "How else can I help?" And one of the things that you mentioned is you don't have to just always give money.

You know there is your time, there are your resources that can very much go a long way and help causes move forward.

[0:20:28.6]

AP: It used to be that we would talk about the three T's, time, talent and treasure. They were in a way the bible of the work that happens in philanthropy. We have now added two more T's recently. One is testimony, so in other words being an advocate for causes not only that you care about to be an advocate for your friends causes as well and the last one is ties and think about network, how can you leverage and this is why the Facebook fundraisers are so strong.

So powerful in the first year of the Facebook birthday fundraisers, they raised more than \$300 million for charity. So we're talking about a lot of dollars here and the way it works is through the ties. So the bigger your network, the more likely you might be to help support the causes that you care about and maybe find people within your network to support the causes that your friends care about.

[0:21:25.3]

FT: It's amazing sometimes to hear how much for example, political candidates raise within 24 hours. You know like, "I hear like so and so raised \$3 million or \$1 million in 24 hours" and I think that's thanks to text.

[0:21:45.5]

AP: Well that is definitely the hot new thing and political fundraising and philanthropic fundraising and political giving and philanthropic giving are definitely two different animals and in some ways, I think the non-profit world could learn a little bit from the political, but what I see because time barraged by this stuff, what I see is that sense of urgency perhaps causes – I don't know this for sure but I think it causes burnout particularly among women.

And I know that when I am barraged by all of these political issues and it is this hard hitting, it's do or die moment, the world is going to collapse, well that may be true but it doesn't make me feel – it makes me feel very anxious and I tend not to support those kinds of things because they're not really appealing to me as a woman. They are appealing to every donor and they don't recognize that for some of us women that the way that message comes across is not a positive message.

I don't see that happening quite as much in the non-profit sector. So I wouldn't want the non-profit sector to emulate that but I do think that somebody is more creative mechanisms like the challenges and the texting that non-profits in today's world have to make it easier for the donor to be able to give to them.

[0:23:07.3]

FT: Let's transition a little bit to your personal finances. Before we started recording, you confessed that your financial – if you had a book that was dedicated to your financial life it would be called *Boring* and so, well let's go there. I mean I don't think anyone's personal financial life is necessarily boring but describe a little bit of your financial upbringing and what makes it so maybe vanilla or run of the mill for you.

[0:23:36.5]

AP: Yeah. Farnoosh, I was the product of parents who were 40 and 41 when I was born. So as a young person, my parents were already sort of at the zenith or a little bit past the zenith of their careers. I mean my mom was a stay at home mom for the most part and my dad was a pediatrician not the highest paid field in the medical community. Money was never a driving force for them but there was always enough.

We didn't have conversations about money and so I didn't really understand the role that it played until I graduated from college and I graduated from college at the age of 20 and in 1974, what's so interesting about that year is it's the year that the equal credit authorization act occurred giving married women – I wasn't married at the time but giving married women the opportunity to get a credit card on their own financial worth.

As against to having to ask their husbands for permission. So in my adult lifetime, I have seen a revolution of change related to women and money and I'm really glad that young women today have these conversations, understand how finances work, can tell the difference between stocks and bonds, mutual funds and are pushed to invest in 401(k) because it is much more important to start saving early and compound that interest.

It is going to make for a much more enjoyable retirement with lots of travel and vacations in it, but I didn't have that education as a young person and I've had to learn on the go. I happened to be married to a physical conservative and so the idea was just simply not to spend and it worked for us but that was my financial education.

[0:25:40.2]

FT: Well this is a question that comes from our podcast sponsor, Chase. We are asking our guests this month, what is one thing that you do Andrea that for you is financial security.

[0:25:53.7]

AP: I think that having that financial plan is really important and I have to push and push and push in my household to have us create one because it was going to give me peace of mind. I am getting close to retirement, my husband is older than I am and I wanted to know how this money that we've worked so hard for was going to be able to take care of us in our retirement and so, we finally were able to sit down with a financial planner.

I pushed and pushed and we ended up with a woman financial planner because that is going to make me more comfortable and I truly, I have so much less angst about all of this now because I know that it is written down. We've done the analysis and we understand how it is all going to play out. Now with that said, that's baring any major health catastrophes because even though we plan for those, we have long term care insurance.

Which was really important, you know bad things happen and so, that's one of the reasons my husband is continuing to work well past retirement because he has that anxiety hasn't gone away for him yet.

[0:27:05.2]

FT: Yeah and I mean there is a whole debate and it is a whole other episode about what does it mean to retire and this construct of retirement traditionally it just really doesn't apply today and I think that if you are still holding onto these retirement ideals of like retiring at 60, I think that it is

better to have an open mind about what your retirement will look like. I mean certainly, it is important to save no matter what.

But it is another thing to be insistent upon this traditional idea of retiring at 60, 65 on the beach with a Pina colada. I think that we are living longer, we're much healthier than previous generations, we can also work in a fashion that isn't as hopefully as rigorous. We don't have to – we can work remotely, we can work from home a lot of days if we need to. So I think that is contributing to a longer lasting work life.

And hopefully for those who haven't shored up enough cash for retirement, it is now an opportunity to continue working and stay active because also we want that connection. We crave keeping our brains working.

[0:28:17.5]

AP: I agree a hundred percent and the other thing I want to add to the conversation is that it is really important that we take care of our health not starting at 60, not starting at 50 but all throughout so that we can protect ourselves against some of the catastrophic things that happen by staying healthy and by exercising more and eating well and that is an important part of financial health these days. I mean a far more important part I think than we have given it credit for.

[0:28:50.3]

FT: Well, I have to say Andrea, this has been a really fantastic conversation. I learned a lot. I've been really encouraged and this is happy news. I think it is great to know that women are so philanthropic that we are so dedicated to giving. I think that for me again, you know just reinforces the need to get out there more and talk about the importance of making more as a woman so that we can have more ability to use our money in these ways if we choose to.

And help people and help make the world a better place and thank you for helping make the world a better place, Andrea. You truly are.

[0:29:25.3]

AP: Well, thank you so much and thank you for being a strong advocate for philanthropy.

[END]