OPINION

HOW THE WISDOM OF "AGEING BRAINS" CHANGES DONOR BEHAVIOUR

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"Never ever before have I had any will power. For decades I have been weak willed. I have always enjoyed my food and drink far too much and, in the past, had a few other typical addictions as well. The same applies to my four older brothers. And my late Mum too.

"But just before Christmas I seemed to find a new depth of will power which I never knew existed. I became fascinated in what made me change, in a second, and choose to give up or reduce my intake of so many loves. After researching the world of older people (again) I discovered it was me being in the "Third Act" (of my life).

I became intrigued and wanted to learn more. So, what are the Three Acts of life and how do they apply to charitable donors?

The First Act is our first 30 years and perhaps a time when our donor instincts are ignited in school or by a family experience and taking part in sponsored events. There is empathy and energy but lack of commitment.

The Second Act is when we are aged 30-60 – a time of spontaneous empathetic response, but our lives are busy. So there is little time to research the performance and impact of our charities or even to read communications in any detail. Engagement is low only because of lack of time to engage. We are too busy building careers, starting families and later on possibly looking after older family members.

The Third Act – usually over the age of 60 – is when our minds and attitudes change vastly.

There are three elements which summarise the start and development of the Third Act:

1. To finish [life] well
2. Wisdom (in decision making)
3. Completion (of all the things you have been meaning to do)

These elements are triggered usually at, or before, retirement because there is now so much time to live after we stop work. There is time to complete every task. Our Third Act brains begin to think: "enough of doing things in a rush or lackadaisically or incompletely – let's do everything properly. Stop wasting time dipping toes into water and jump in".

The implications from the Third Act brain for the charity sector are, in my opinion, huge. And I witness this every day I do focus groups. BUT the penny has only just dropped when my own brain kicked in.

Older donors I meet are giving as much as ever, but they are reducing the number of charities they support. After three years of charities experiencing intense media scrutiny and criticism, donors are yearning to do giving WELL; in other words with wisdom and thought.

They question expenditure on salaries, fundraising and administration even though charity annual accounts can provide statistics which are not truly comparable or easily misunderstood. They assess leadership qualities and direction let alone the salary of the CEO. They want to gain a clear picture of the impact of their investment.

Out go the charities who do not meet their expectations. No trust = no support. No confidence in the future = no support. Donations stopped, legacies out. But if a charity meets their expectations then the rewards are reaped as they increase their giving on their own accord.

They are acting like major donors; grant-making trusts and corporations. They are adding logic into the emotional equation. Emotional story telling triggers interest; but it is logic which ramps up their gift value.

In addition to the research donors carry out for themselves, they have a far wider perception of the word "charity". No longer is it a typical medical research or welfare charity. It is the theatre company, museum or gallery they are engaged with weekly. Or it is the education sector which helped make them comfortably well off.

Before this research I thought they were just fed up with charities and therefore turning grumpy. But no. These are wise donors who are changing into investors even if they are giving only £10 per month or even £10 per year. But they will be seriously considering a gift in their Will which might be worth a small (or even a large) fortune. They have lost their joy of giving and but now want it re-kindled. And the re-kindling means having proof of prudence and impact.

These baby boomer donors are some of the best legacy prospects in recent history. Our research, through supporter focus groups, indicates at least 35% of donors aged over 60 are fully intending to leave a gift in their Will – it can be as high as 58%. But they need a Will to do it.

Most baby boomers already have a Will – over 75% of them. They have typically

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He now weighs two stone less.

written it when their children are young and appointed guardians for their children. 30-40 years later they have not had the time, or the inclination, to make a new one – in our research at least 65% of Wills do not reflect their current wishes. Now with the aims of "doing things well, completion and wisdom" this new Will written in their Third Act (which they have plenty of time to think about) is incredibly thorough.

This "good and wise Will" includes serious thoughts about:

- The financial needs of their children and grandchildren in terms of getting on
- the property ladder or paying for university.
- Their own financial needs in terms of future care costs and appointing Lasting Powers of Attorney.
- How to avoid, or minimise, paying inheritance tax by either giving some money away now or leaving the amount below the threshold to children, and the rest to charity

When the parents of these baby boomers die, they will seriously consider doing a deed of variation so that they can distribute the estates of their parents to other family members in need (or charities) or by setting up a Trust.

This is not a simple mirror Will done casually in 15 minutes which has no sense of the future. That first Will was a temporary fix. This Third Act Will uses the power of their Will to very best effect. This is to finish well.

This is completion – job done. And they do not even look at their first Will because it has no relevance to their current circumstances in retirement. This is a crucial issue. Why? Because if they took up the choice of a free "hurried" Will in their 30's – 50's it is forgotten or ignored in later years. Doing something well (at 60+) is the forward looking Will providing for the future – which might yet change, but in a way never done before: through a letter of wishes.

What they have not done is told any charity in any previous Will, that they have changed their mind since their first Will and taken the charity out - especially if there has been some form of disconnect or inconsistent prospect journey. In addition, they do not want to tell any charity they have put it in their Will, because they are wise enough to know they might be hounded or their financial circumstances might change. On this last point they are likely to have a change in personal circumstances at least three times in retirement.

These Third Act donors have an unquenching thirst to become better donors, wiser donors, and more engaged donors as long as they are given the freedom of choice to maintain (or not) relationships with their charity or charities as they wish and NOT as their charity wishes.

Third Act donors are a generation we have never witnessed before. Miss this opportunity at your peril."

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