FreeWill

September 26, 2025

Three trends that will power philanthropy for the next twenty years

(And what steps to take right now)

Agenda

1. How mid-century foreign affairs define modern giving
2. How tax policy and donor psychology are leading to a sea change in major giving
3. What everyone is missing about AI and philanthropy
4. What to actually do about all this

Intros

FreeWill Co-CEOs: Jenny Xia Spradling &Patrick Schmitt

FreeWill is the **number one estate planning + planned giving solution** in the US, trusted by 2,300+ leading nonprofits.

AS SEEN IN

[redacted]

TOWN&COUNTRY

GOOD HOUSEKEEPING

THE WALL STREET JOURNAL

Forbes

AARP

American Diabetes Association. Connected for Life.

American Red Cross

AMNESTY INTERNATIONAL

GREENPEACE

National Urban League

SPLC Southern Poverty Law Center

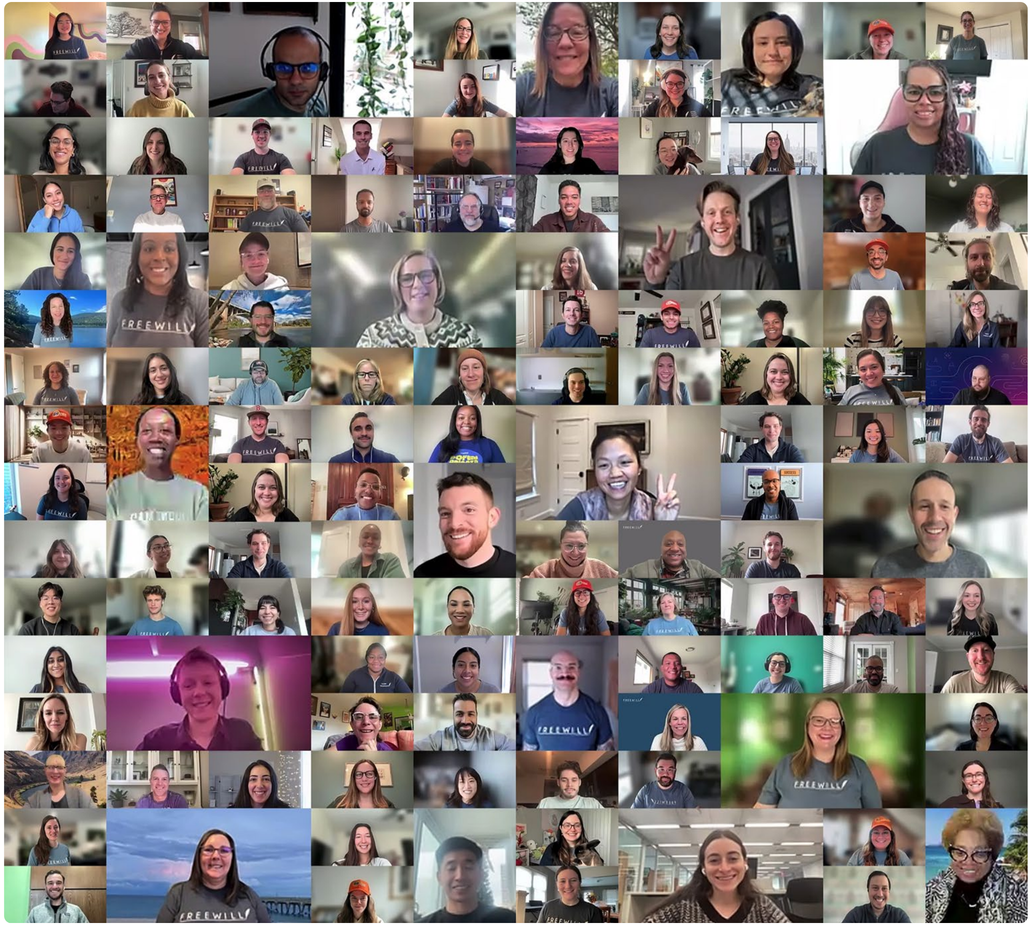
susan G. komen.

UNITED WAY

The FreeWill team

- $13B+ raised for nonprofits to date

- Over six centuries of combined fundraising experience and expertise



Trend 1: How mid-century foreign affairs define modern giving

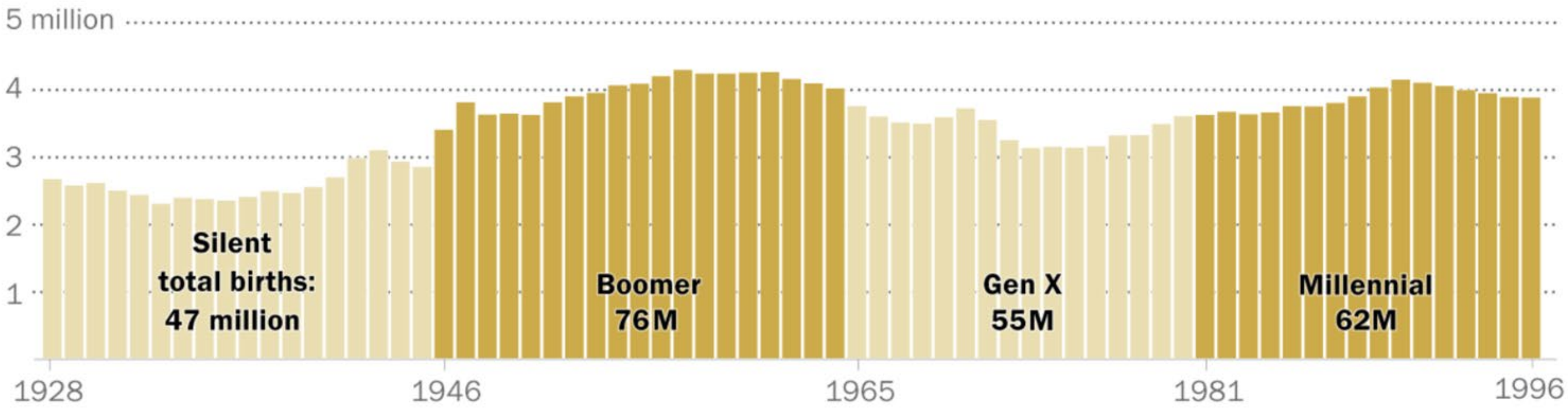
September 2nd, 1945

Tokyo Bay

Trend 1: How mid-century foreign affairs define modern giving…

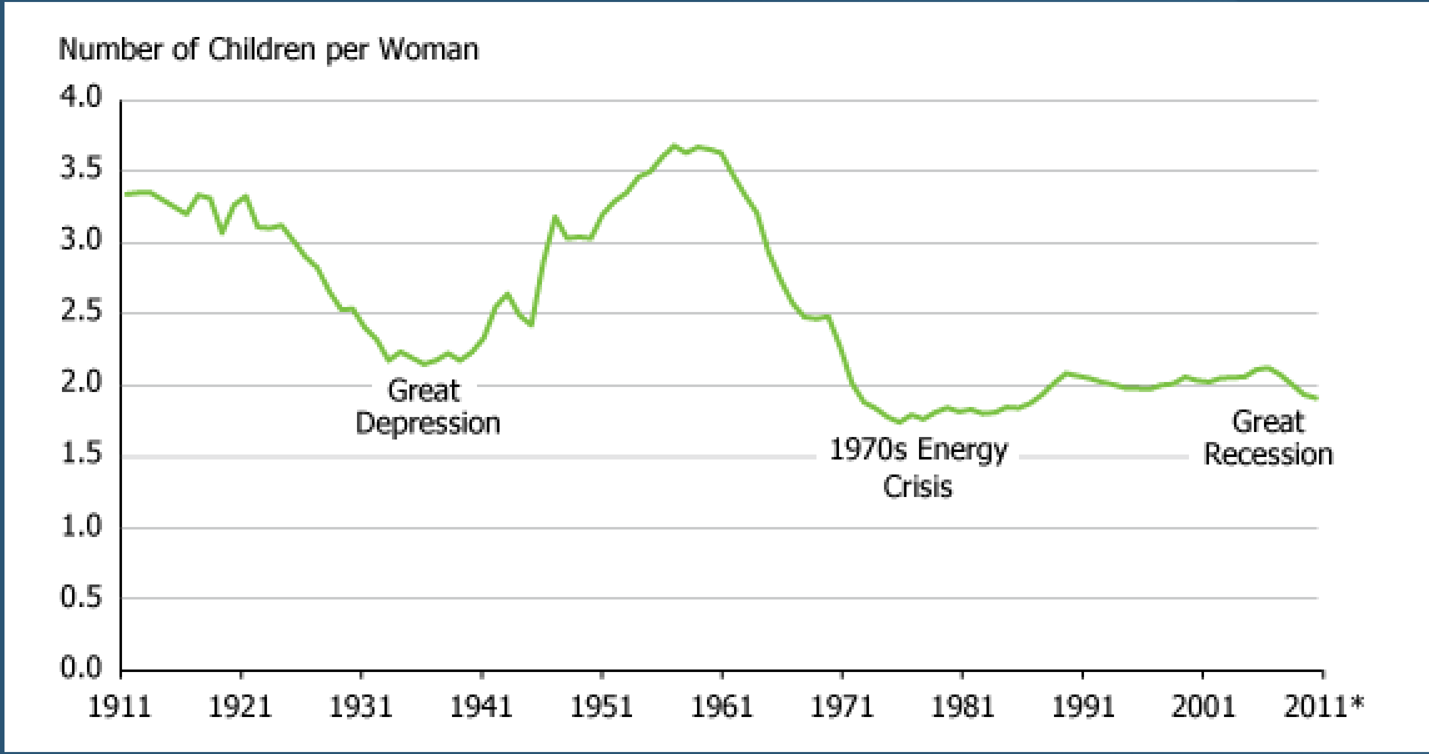
…leading to the "Great Wealth Transfer" in 2025, projected at $124 Trillion over 20 years

Number of US births by year and generation



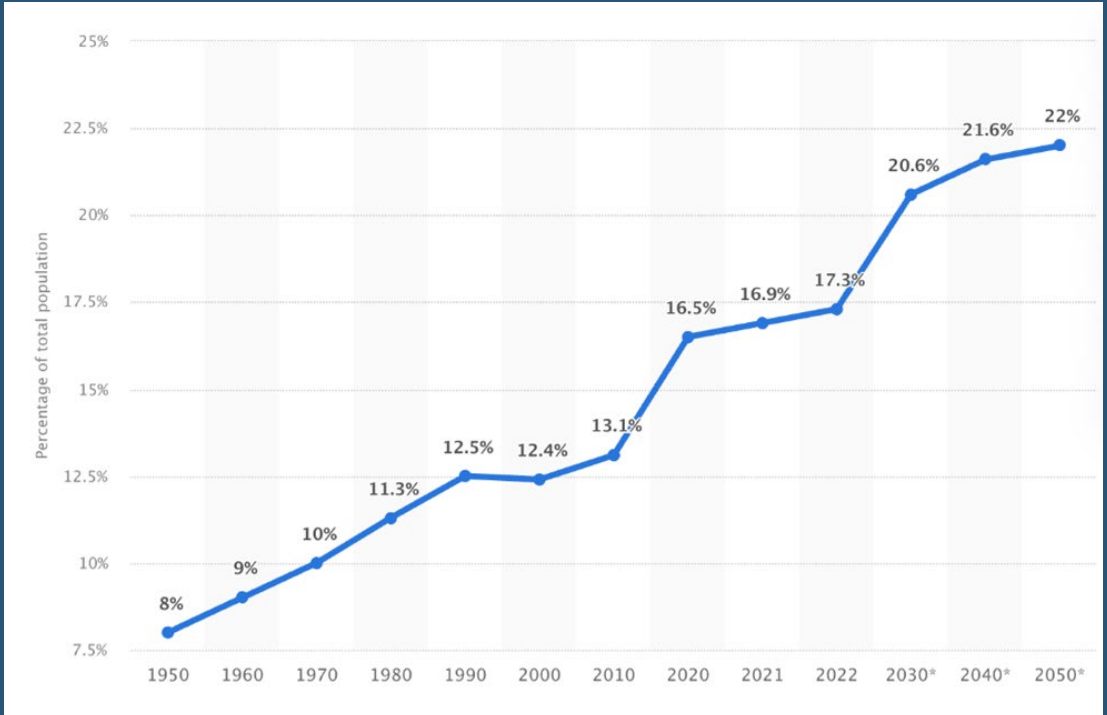
Source: U.S. Department of Health and Human Services National Center for Health Statistics.

PEW RESEARCH CENTER



Source: Population Reference Bureau

Share of adults 65+ in the total U.S. population (1950 - 2050)

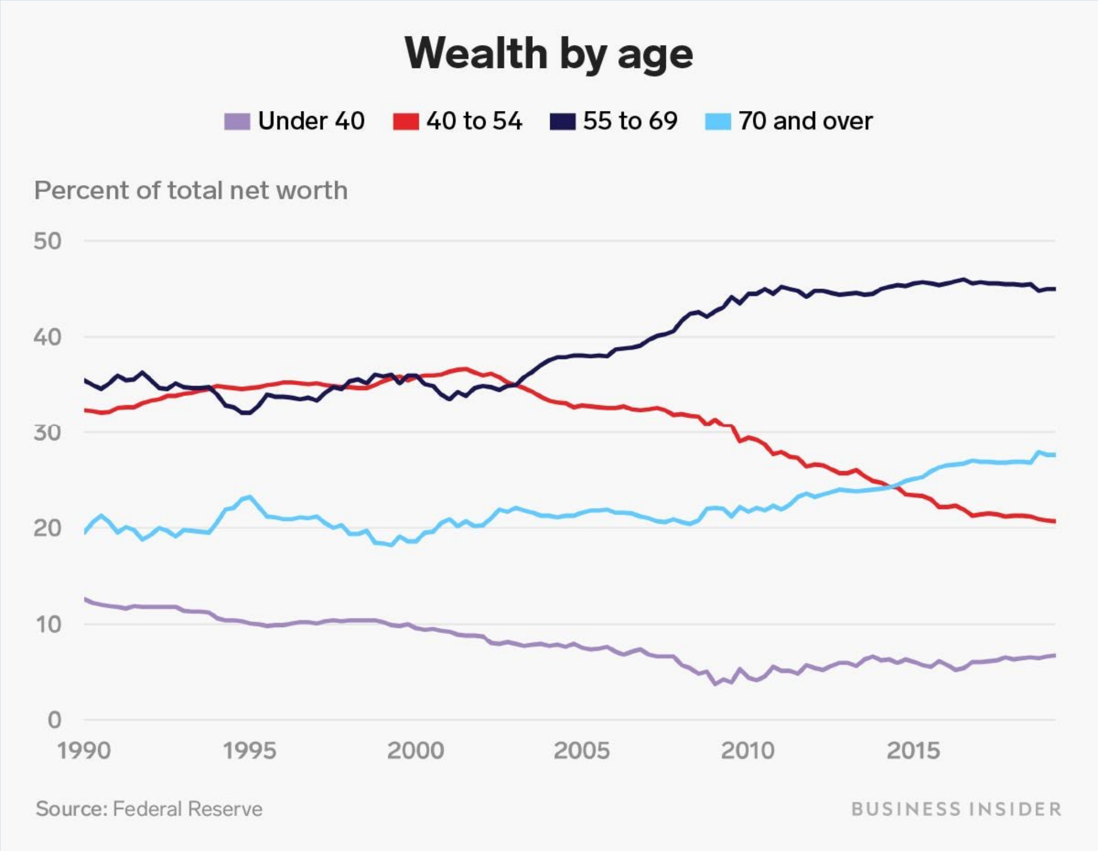


Source: Statista

But first, a framework

- “Age” vs. “generation”
- “Playing bridge” and “having knee problems”
- “Playing bridge” is a function of birth year, while “knee problems” are a function of age

Boomers are the wealthiest generation ever



What’s driving the increase in wealth?

Social change

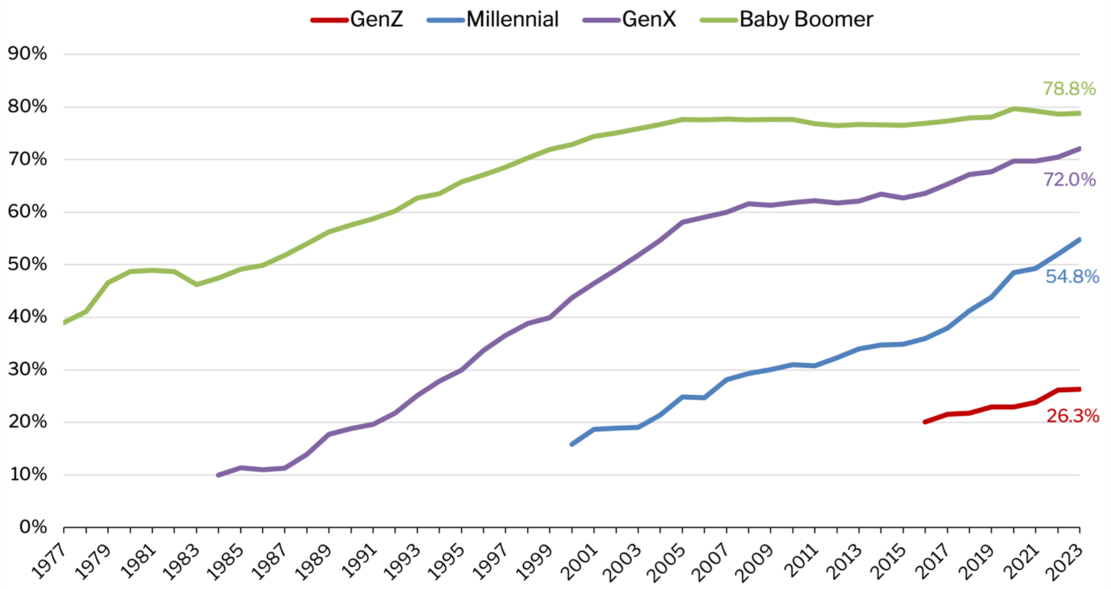
- Female Baby Boomers joined the workforce at dramatically higher rates than their parents did
- This means more wage earners, relative in the total population, and dramatically more aggregate income

What's driving the increase in wealth?

Education

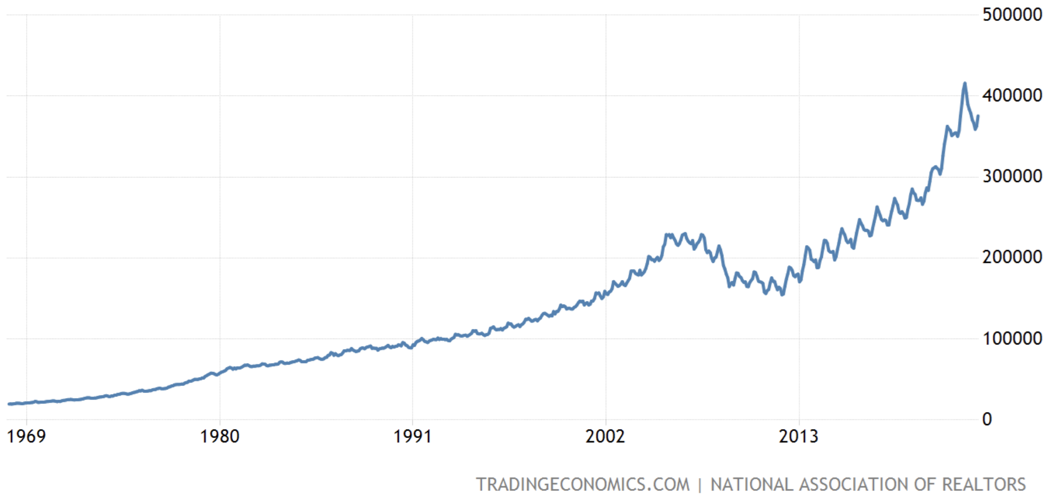
- Around 25% of Boomers have Bachelor's degrees or higher, compared to 15% of the Silent Generation

Generational homeownership rates, 1977 - 2023



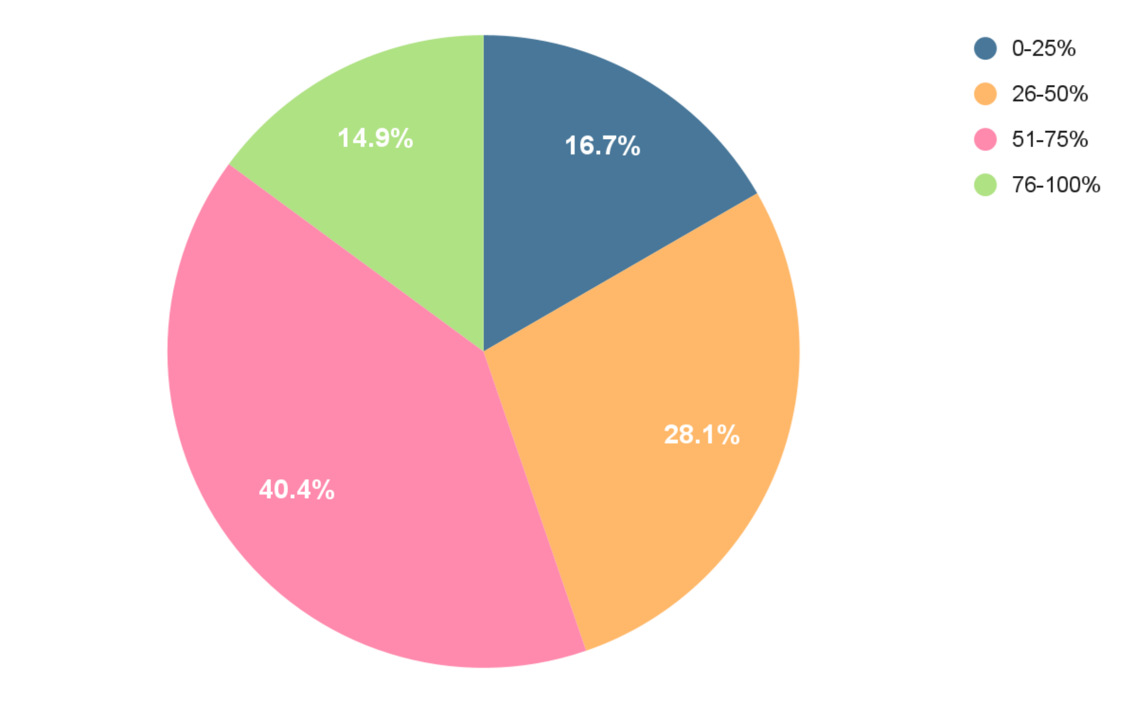
Source: Redfin analysis of Current Population Surveys (ASEC) 1976-2023; data retrieved through IPUMS-CPS
Note: Gen Z category only includes adult Gen Zers (19-26)

US single family home prices, 1968 - 2022



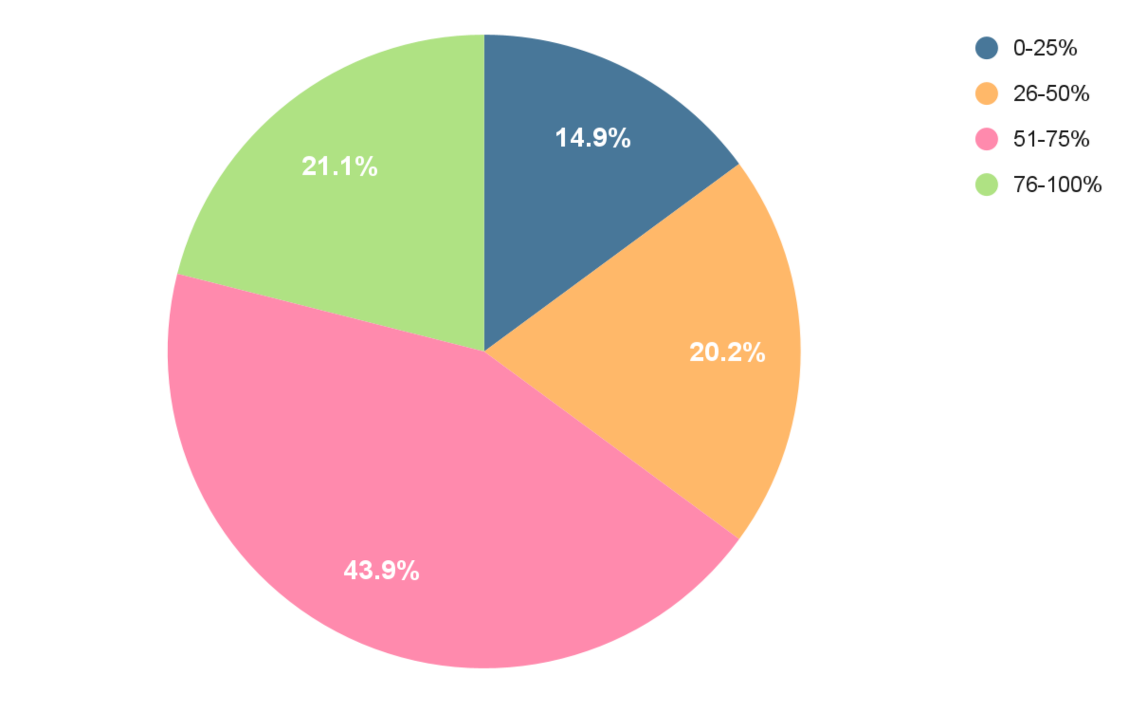
- The Dow Jones Industrial Average is up nearly 3,000% (30X) since 1985

We asked you: What % of your donor base is 65+?



Source: FreeWill webinar survey data

We asked you: What % of your fundraising revenue comes from donors 65+?



Source: FreeWill webinar survey data

The most important statistic in modern fundraising:

- **40% to 50% of all wealth in the United States is held by people over 70**

- *Source: Haver Analytics*

The next 20 years will be defined by *planned giving*

- Baby Boomers are entering prime estate planning years:
  - Oldest Boomers (born 1946) are approaching 80
  - Youngest Boomers (born 1964) have reached retirement age
- Planned giving could be the largest source of giving among "small -dollar" donors over the next 10 years
- Bonus: When someone includes a nonprofit in their estate plan, their annual giving to that nonprofit increases by about 75%

Trend 2: How tax policy and donor psychology are leading to a sea change in major giving

How tax policy impacts cash giving

- Earlier this year, the “One Big Beautiful Bill” permanently extended the 2017 Tax Cuts and Jobs Act (TCJA)
- Cash donations once offered tax advantages, but today 90% of taxpayers no longer receive them
- For donors who don’t itemize, giving cash is “more expensive” than pre-2017

Source: [Tax Foundation]

How tax policy impacts cash giving

- Most households now receive a larger tax break from the standard deduction than from itemizing charitable contributions
- As a result, **only 10% of Americans itemize deductions today, compared to 30% before TCJA**
- A study by Indiana University and Notre Dame found charitable giving dropped by **$16 billion annually** in TCJA's first year

Source: [Tax Foundation]

The shift toward non-cash giving

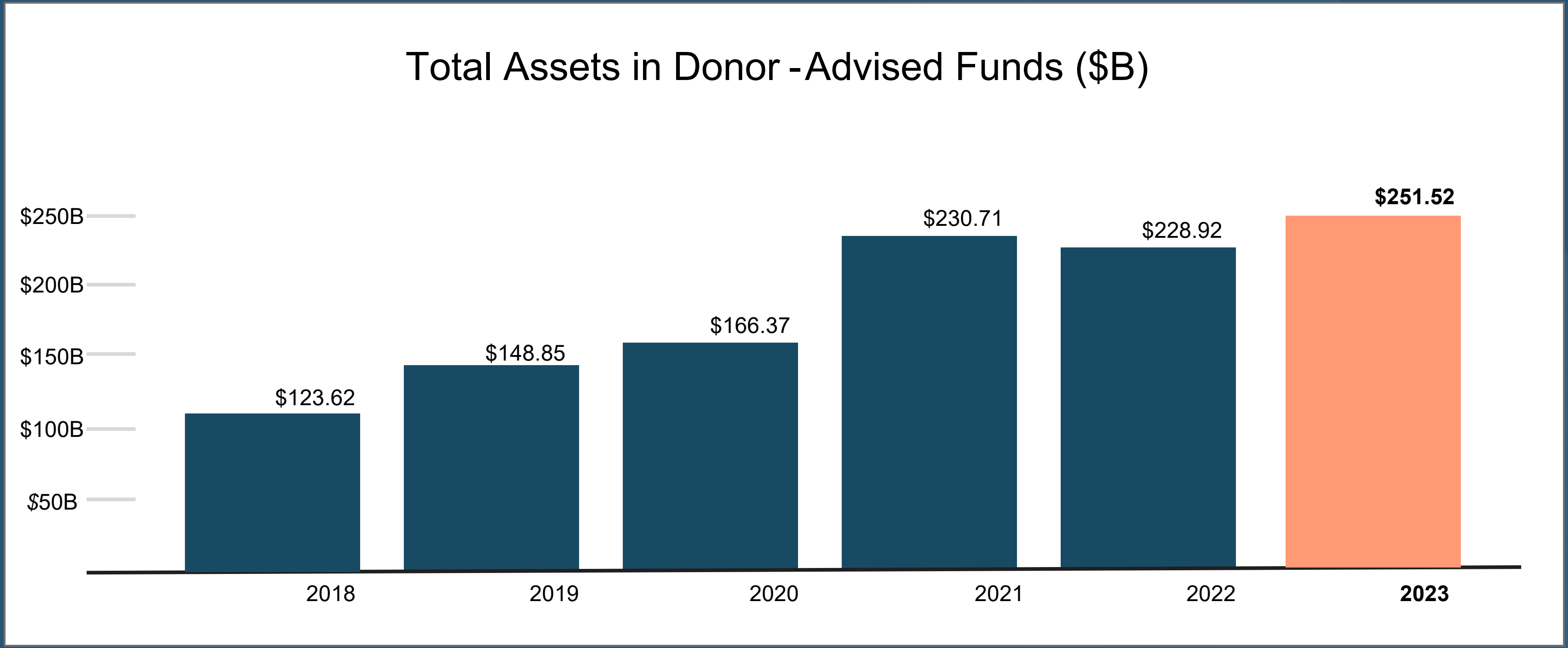
- As cash giving becomes more costly for donors and nonprofits, non-cash giving becomes an attractive solution

- **Grants from Donor-Advised Funds make up 8% of all charitable giving in the US**

- Over $250 billion is currently sitting in DAFs, and money invested in a DAF has been earmarked for charitable purposes

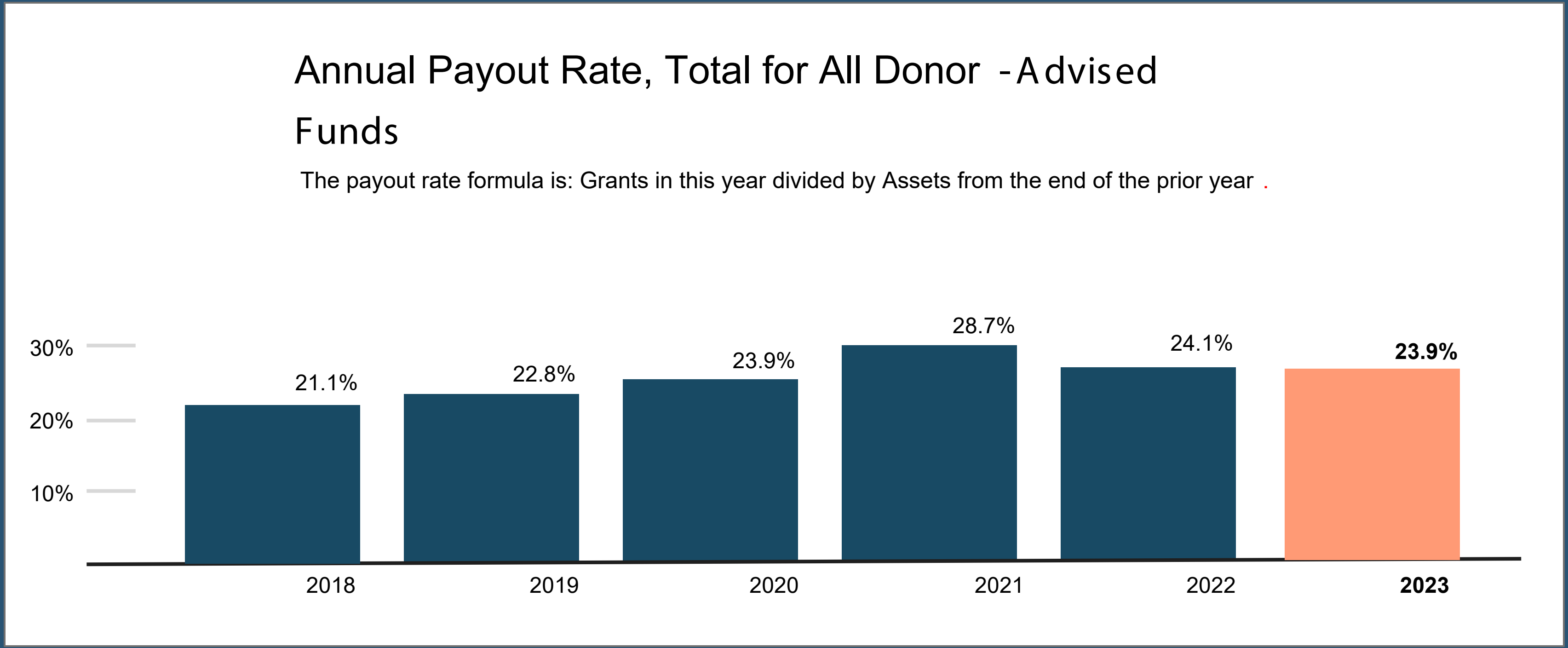
Source: NPT's 2024 Donor-Advised Fund Report

Total charitable assets up by 10%



Source: NPT's 2024 Donor-Advised Fund Report

Payout rate continues to exceed 20%



Source: NPT's 2024 Donor-Advised Fund Report

But why are DAFs growing so fast?

Nonprofits are increasingly soliciting DAFs

- Every year in FreeWill's DAF Report, we've included the question, "does your organization actively solicit or promote DAF gifts currently?"

- The number of fundraisers answering "yes" has steadily increased:
    - 2023: 46%
    - 2024: 58%
    - **2025: 64%**

Source: FreeWill's 2025 Donor -Advised Fund Report

How stock gifts benefit nonprofits

- Nonprofits accepting appreciated securities **grew 66% over a 5 -year period**
- Donors who understand the tax savings and impact of stock donations are likely to give again
- And they're likely to make larger gifts through stock compared to a cash or check
- Average cash donation: $100
- Average stock gift: $11,500

Source: FreeWill partner data

How stock gifts benefit nonprofits

- Nonprofits accepting appreciated securities **grew 66% over a 5 -year period**
- Donors who understand the tax savings and impact of stock donations are likely to give again
- And they're likely to make larger gifts through stock compared to a cash or check
- Average cash donation: $100
- Average stock gift: $11,500
- DAF custodians are *the best* at soliciting stock gifts

Source: FreeWill partner data

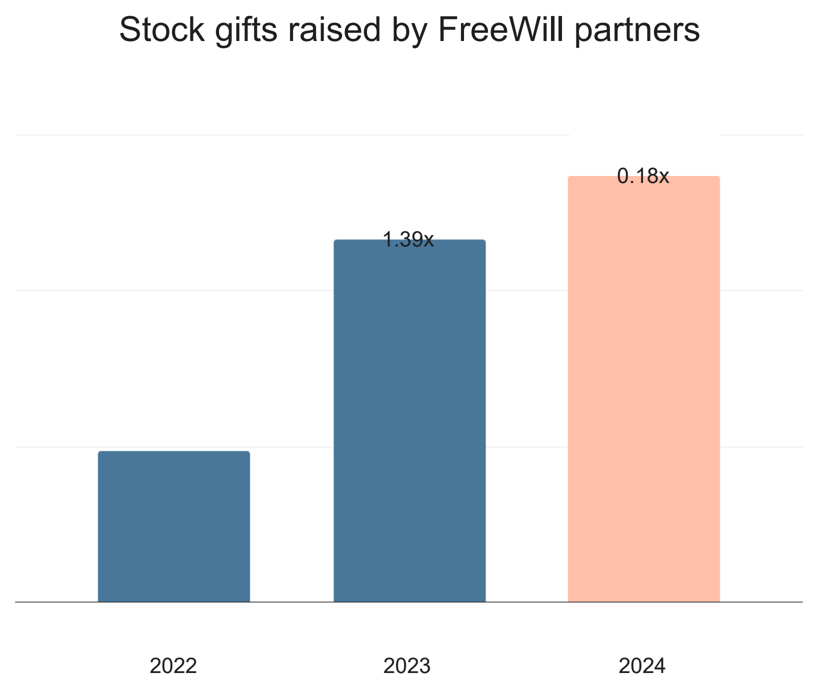
Why donating stock benefits donors

- Donors who give stock save on two types of taxes
- When stock is given directly to charity, the donor:
  - **Avoids all capital gains taxes** and state income tax on capital gains
  - **Receives a federal income tax deduction** for the full present value of the stock (and sometimes, a state deduction too)

Example

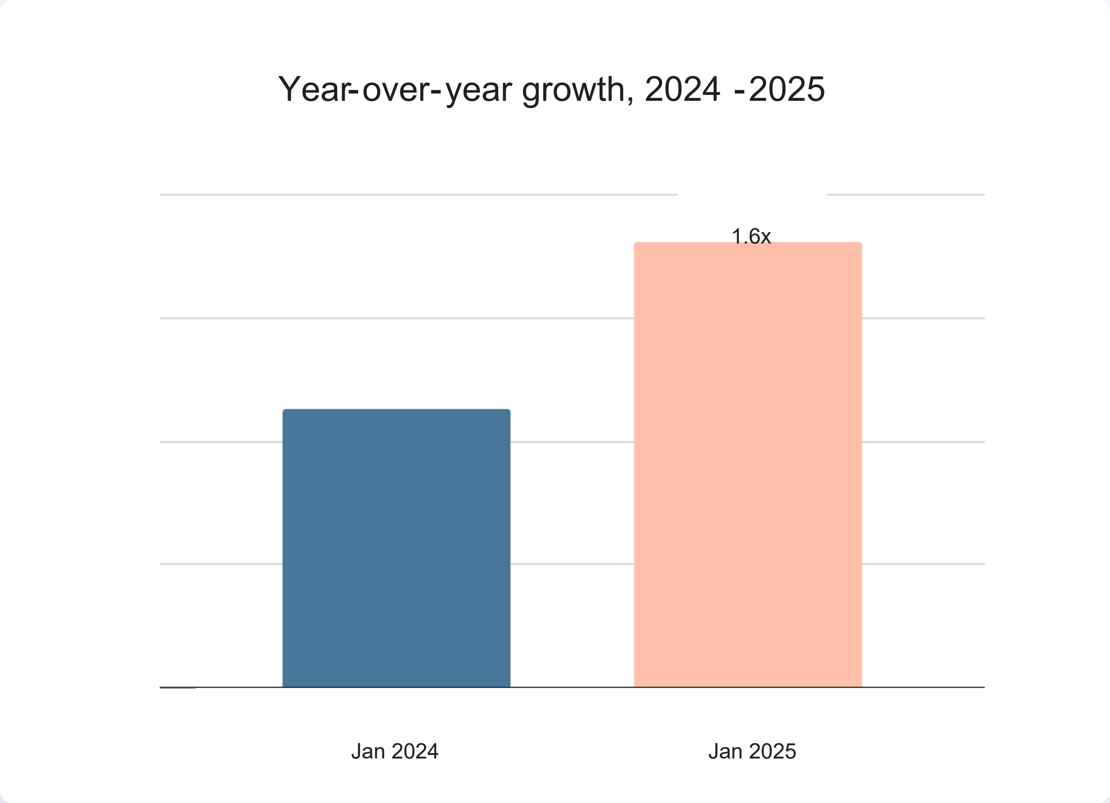
- A wealthy donor bought Microsoft stock for $20,000 -- it's now worth $100,000.
- Buy donating this stock directly to your charity, they avoid federal and Washington State capital gains, avoiding $27,000 in taxes.
- AND they get a federal tax deduction for the full value of the stock. At a 35% rate, this saves $35,000.
- The total tax avoided is $62,000. Meaning this $100k gift only **costs** $38k.

Year-over-year stock giving growth for FreeWill partners



Source: FreeWill partner data

Stock gifts raised in January by FreeWill partners



Source: FreeWill partner data

Qualified Charitable Distributions

- QCDs = Gifts from an IRA
- Commonly referred to as “IRA Charitable Rollover Gifts”
- Money is transferred directly from an IRA account to a 501(c)(3) charity
- **Donors must be 70.5 to give a QCD,** and can give up to $108k annually, tax-free (up from $105k in 2024)
- This is now indexed to inflation, and the cap will likely go up every year

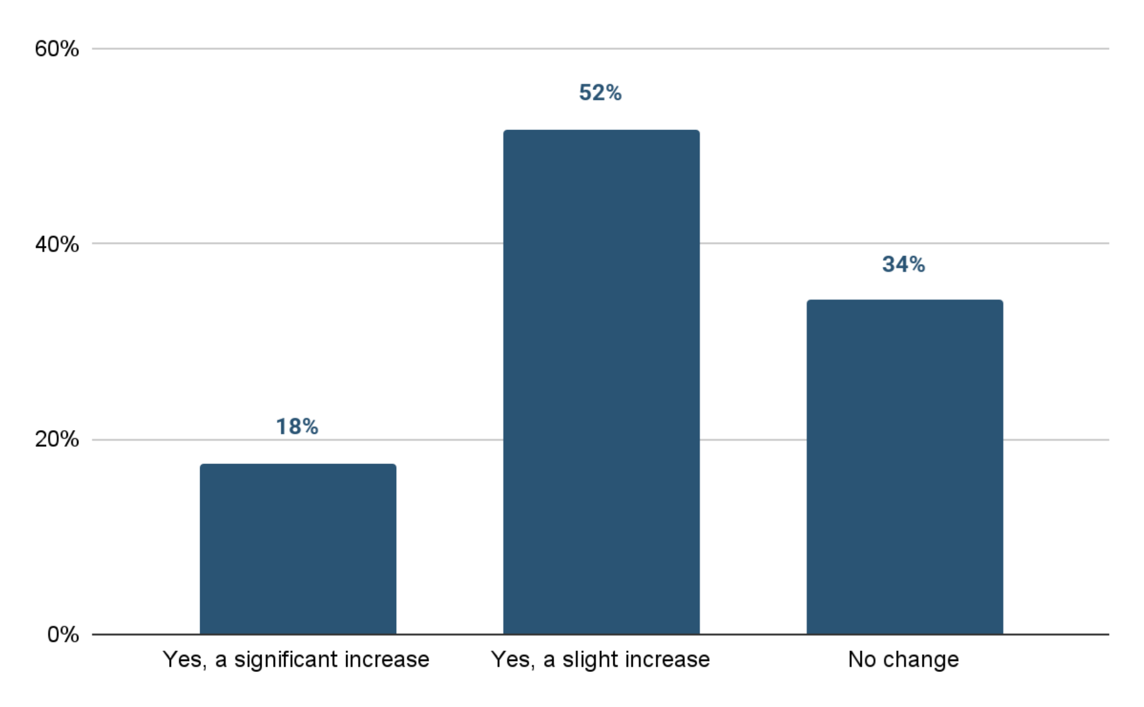
Qualified Charitable Distributions

- A big driver behind QCDs are Required Minimum Distributions (RMDs)
- RMD = money a retiree is required to withdraw from their retirement accounts after age 73 (as of 2023)

Qualified Charitable Distributions

- **Why are QCDs great for older donors?**
  - Money in an IRA is **pre-tax**
  - It will always be taxed, **even if the donor passes away**
  - Post-tax money is much more valuable to the donor, and should be conserved
- **Average QCD gift: $3,800**

We asked you: In the past five years, has your nonprofit seen an increase in QCDs?



Source: FreeWill webinar survey data

It’s not just tax savings: The shopping cart experiment

- A Cambridge study featured two groups of shoppers at a grocery store who were asked different questions upon entering
- Group 1 was asked to think about small, everyday items in their wallet (like cash or credit cards)
- Group 2 was asked about bigger financial accounts (e.g., stocks, bonds) before they started shopping

Source: Morewedge, Holtzman, and Epley

It’s not just tax savings: The shopping cart experiment

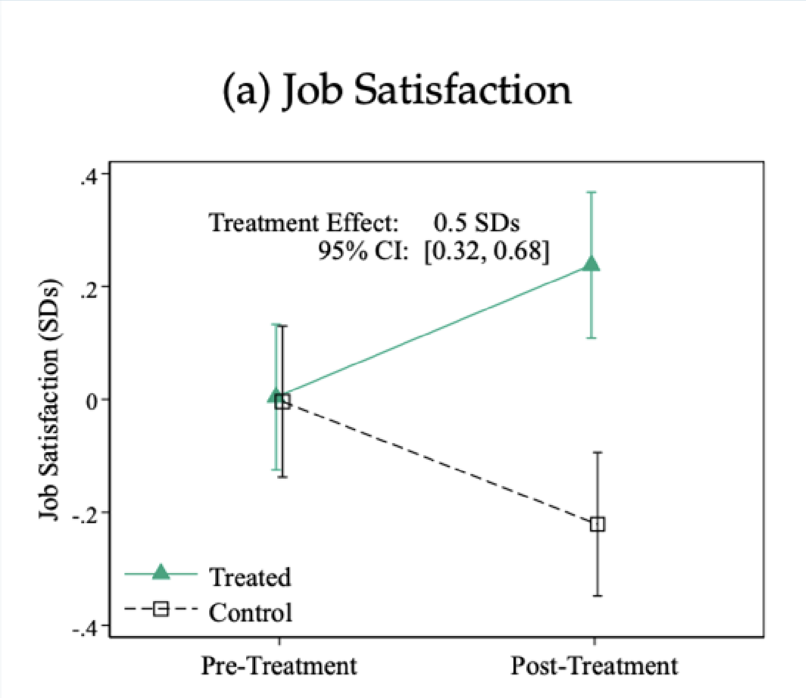
- Customers in group 2 **spent 36% more**
- Thinking about larger assets led to higher spending, independent of their actual wealth
- When donors are reminded of their wealth, they are likely to give more
- Pivoting from cash, checks, and credit cards to non-cash gifts will help shift how your donors view their own giving capacity

Source: [Morewedge, Holtzman, and Epley]()

Trend 3: What everyone is missing about AI and philanthropy

How do we explain AI's popularity?

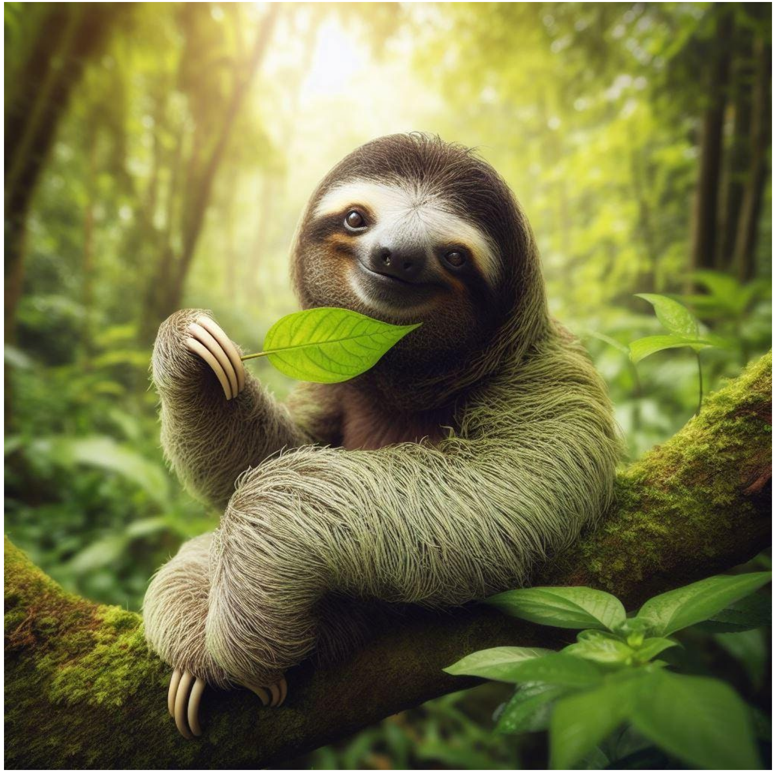
Research from MIT shows AI use increases both productivity *and* happiness on writing-based work



AI increases worker productivity *and* happiness

- According to HP's 2024 Work Relationship Index:
- 73% of workers who use AI feel that it makes their jobs easier
- 6 in 10 said that AI plays a key role in improving their work-life balance
- **Surveys show that workers who use AI are 11-points happier at work than their colleagues who don't**

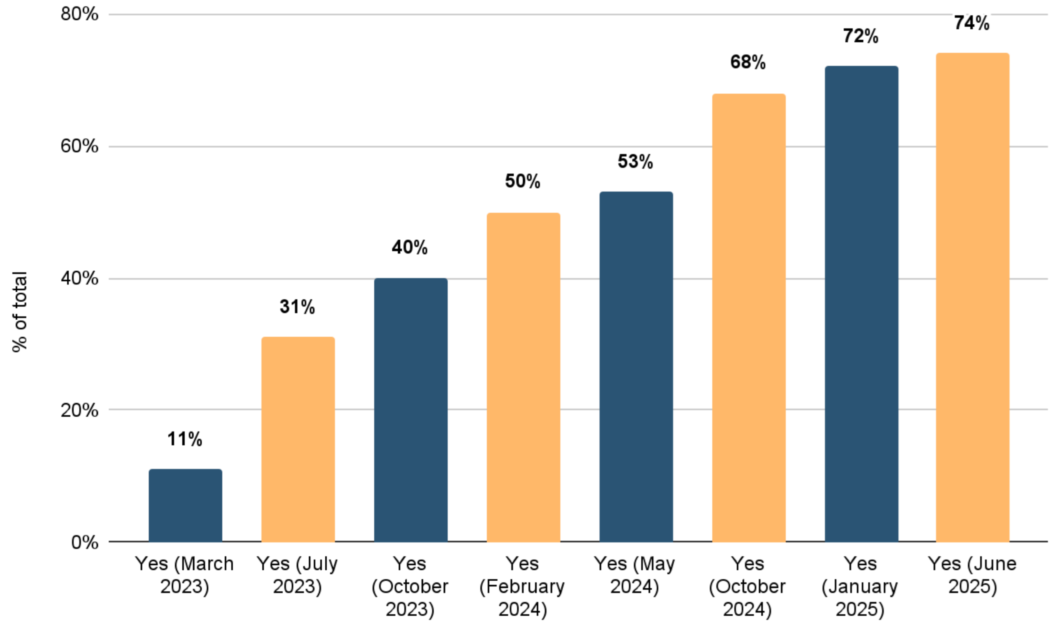
Source: HP



Why is this happening so fast?

- AI is the fastest adapted technology in the **history of the world**
- Time to use in 50% of US households:
    - Landline telephones: 70 years
    - Personal computers: 19 years
    - Cell phones: 17 years
    - Internet: 6 years
    - Smart phones: 5 years
    - Gen AI: 1.5 years

Do you already use some form of AI in your work?



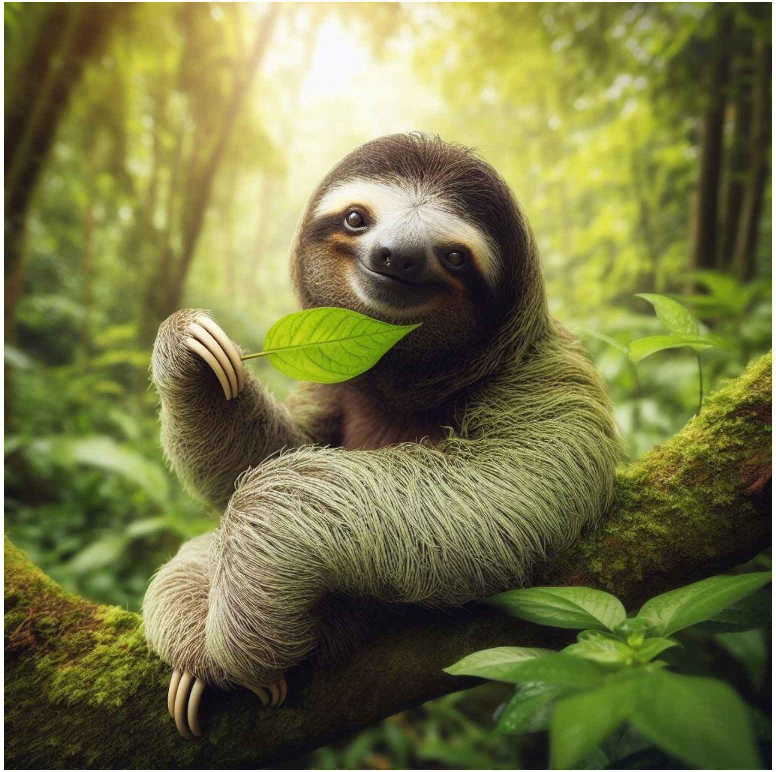
Source: FreeWill webinar survey data

So, what are we missing?

A few predictions

- There will be significant job disruption (and job creation) in the private sector
- BUT, nonprofit jobs will be far safer (and increasing) because of fundamentally different incentive structures
- A world of AI efficiency leads to an enormous rise in asset prices (as business become more profitable), which is the *number one driver of giving*

Source: HP



What to actually do about all this

Tip #1: Do a 30-minute Planned Giving check-in

- Set aside 30 minutes this week to evaluate the state of your planned giving program:
- *Is there clear and accessible planned giving information on our website?*
- *When was the last time we communicated with our planned giving donors?*
- *Are our staff resources up to date to effectively discuss planned giving options with donors?*

Tip #1: Do a 30-minute Planned Giving check-in

- *When was our last review of planned giving policies?*
- *What are our current goals for the planned giving program, and how are we performing against them?*
- *Do we have specific metrics for tracking the success of our planned giving efforts?*
- *How do we currently acknowledge new planned gift intentions?*

Tip #2: Increase your planned gifts by 600% (with no additional work)

- There's one big mistake that even the most advanced planned giving teams make
- Making this mistake can reduce your planned giving dollars by up to 85%
- What is it?

Tip #2: Increase your planned gifts by 600% (with no additional work)

- Gifts that are a **percentage of the total estate are 6x to 8x larger** than gifts that are a specific cash amount
- But many organizations often ask for cash amounts OR treat them as equal options – **don’t do this!**
- On your website, ask for percentage gifts, and treat cash as a fall back option

Sample, non-binding bequest language

I give to the Susan G. Komen Breast Cancer Foundation, located at 13770 Noel Rd, Suite 801889, Dallas, TX 75380, online at komen.org, and federal tax identification number 75-1835298, ___% of my total estate (or $___).

If you have already included a gift to Susan G. Komen in your will or trust, please complete a short form to let us know. We would love to thank you and invite you to join the Lifetime Legacy Society.

Let us Know

Learn more about or Legacy plans here.

Tip #3: Internalize the need to “bridge the gap”

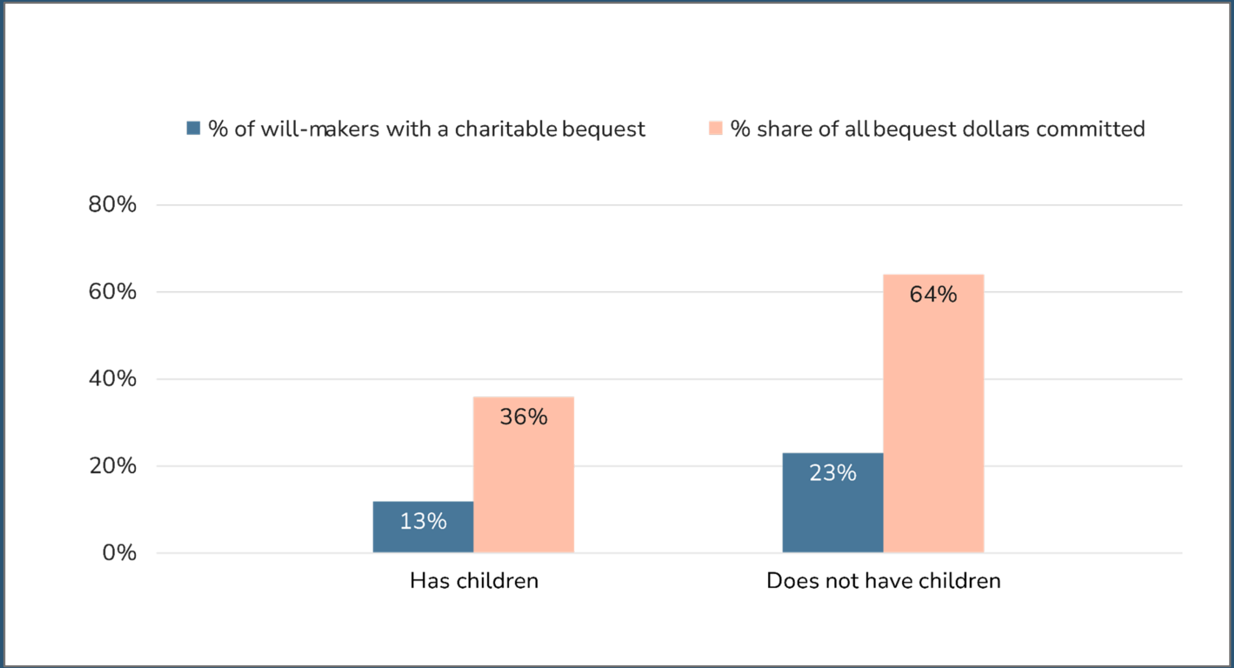
- Gen X is a much smaller generation than Baby Boomers
- As Baby Boomers age, there are simply not enough GenX-ers to make up the lost giving
- **Bridge the gap by investing in planned giving for Baby Boomers now**
- The opportunity in Baby Boomer planned giving will help you maintain your organization between Boomers and Millennials

Bonus tips: Key audiences that might surprise you

- FreeWill research shows that people with pets are **50% more likely to leave a bequest to charity.**

- Bequests from people without children at 2.5X larger than parents (even those with adult children)

Charitable bequests by parental status



Source: 2025 FreeWill Planned Giving Report

Tip #4:

Use this magic sentence in all your year-end emails

- One of our most effective tips for promoting non-cash gifts is to include this "magic sentence" in your emails:

  "Will you chip in today to support [X]?

  (Note: Many people choose to give from their assets – stocks, gifts from their IRA, cryptocurrency, and grants from their Donor-Advised Funds to see even larger tax savings.)"

Tip #5: Write the best fundraising emails with AI

- Generate 5 or 6 different emails within minutes and choose the best version

- Input one of your emails and ask for 15-20 different subject line ideas

- Many organizations are finding that their AI-generated emails actually outperform human-written emails

- We created Willy, an AI-powered nonprofit fundraising writing buddy for you to use for free at willy.freewill.com

Tip #6: Use AI to triple your grant applications

- Many people are using AI to write (and find) grants dramatically faster.
- Low-end: Claude from Anthropic (better at human-like writing than ChatGPT)
- High-end: GrantAssistant.AI

Tip 7: Use AI to arm major gift officers with the best talking points around smart giving

- A common concern we hear is “my team doesn’t feel confident talking about non - cash gifts”

- This means leaving gifts on the table that are 10x larger than average

- AI (willy.freewill.com) can equip your team with the best possible talking points to prepare them for every major donor conversation and ask

What this all means

Thank you!

Patrick Schmitt
Co-CEO, FreeWill

E. patrick@freewill.com