

## Canadian Opinions:



***Canadians want charitable dollars used quickly and not accumulated in endowments in perpetuity***

July 2022

An initiative of

**GIV3**  
FEEL GREAT GIVING

In partnership with



# Background

*In July 2022, GIV3 and Ipsos teamed up to ask Canadian adults how quickly they felt donated dollars should be used for charitable services (versus holding funds in endowment in perpetuity).*

- This is a relevant question to every Canadian because our tax dollars are at play here. For every dollar donated to a charity or charitable foundation, the donor is given a charity tax credit to help reduce her/his income tax. These tax credits come from the public purse and are funded by all taxpayers.
- However, many Canadians are not aware that once the donation is received by the charitable organization, and the tax credits are issued, there is no requirement for the money to be used in any timely manner. The current rule is that just 3.5% of the money must be used each year for charitable purposes, and the remainder can be held in investments to grow. This 3.5% is referred to as the minimum Disbursement Quota (DQ), which applies to all registered charitable organizations.
- Over the past several years, thought-leaders in the charitable sector have been lobbying the federal government to increase the required minimum DQ. They would like to see more charitable dollars used sooner to address homelessness, food insecurity, environmental damage, health services, and so many other charitable missions. They feel that taxpayers should get to see the use of their tax dollars within their lifetime and not held in perpetuity decades into the future.
- This poll is important since Canadian voters are not often consulted, and they lack a convenient soap box. Without their voice, the political ecosystem is biased to those with agency, power, and interest to lobby for their own agenda. Many grant-making foundations have been doing just that, arguing to keep the DQ at just 3.5%.
- Policymakers need to understand that the silence of Canadians is not due to a lack of interest, but mostly a lack of awareness and expression. GIV3 wanted to help Canadians express their preferences.

# The Voice of Canadians

## Findings from Ipsos' Canada Omnibus – July 2022



- **Two-thirds** of Canadian taxpayers feel their tax dollars, by way of the charity tax credits, should be applied within 10-15 years.
  - Just 30% feel holding money in perpetuity is preferable.
  - More Canadians (36%) prefer to see the fund used within 2.5 years than being allowed to accumulate in perpetuity.
- This support is widely spread across the country, the different age groups, and high income households (which are more likely to be charitable donors)
- This is much sooner than what the current 3.5%-5% Disbursement Quota would affect. - ***The data implies the DQ should be above 10%.***

***This provides support for what is both good policy and good politics.***

- ***These insights imply that a federal policy raising the required Disbursement Quota among grant-making foundations ....***
  - ✓ ***Appeals to the majority of voters by showing extra support for struggling charities.***
  - ✓ ***Taxpayers want a quicker application of their tax dollars than the current 3.5%-5% DQ provides.***
  - ✓ ***The DQ should be in excess of 10% to reflect the timeline which Canadians feel is appropriate.***

## The majority of Canadians (64%) feel donation dollars should be used within 10 years, which is much sooner than the current DQ affects

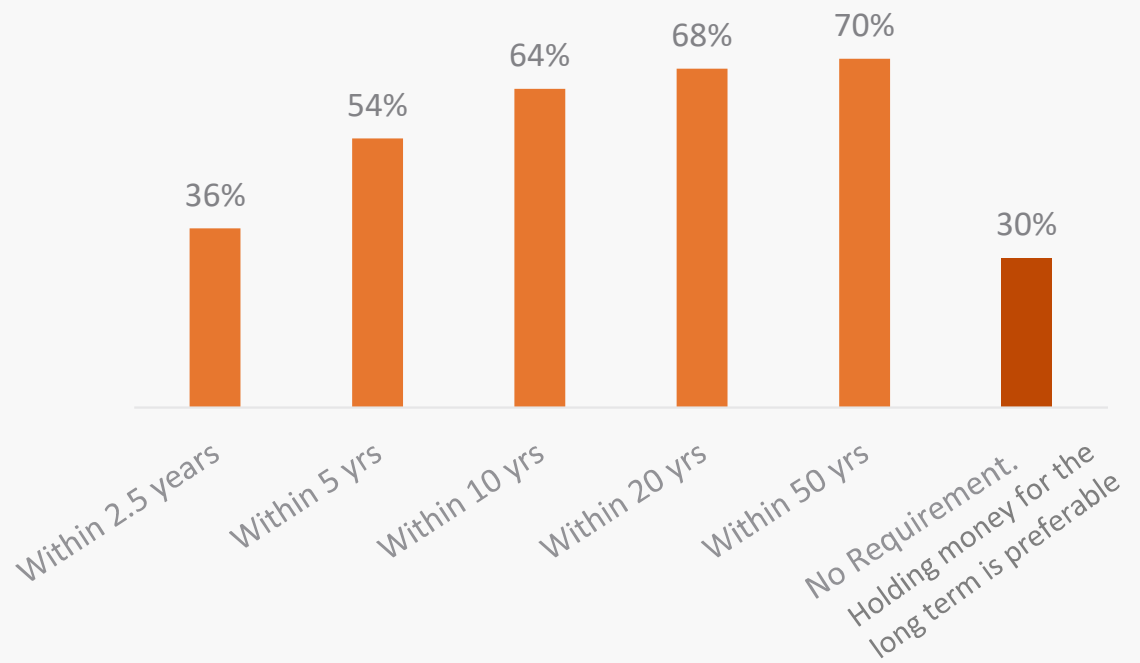
About **two-thirds** of Canadian taxpayers feel their tax dollars, by way of the charity tax credits, should be used within 10 years.

- Just 30% feel holding money in perpetuity is preferable, which is fewer Canadians than those who prefer to see the funds applied within 2.5 years.

The data implies that current 3.5%-5% Disbursement Quota is too low and does not reflect the timing Canadians prefer.

***The DQ should be well above 10% to require the funds to be used in less than 20 years***

### % OF CANADIANS WHO FEEL DONATIONS SHOULD BE APPLIED WITHIN....



# Support for a higher DQ is widely held

The support for quicker use of more charitable dollars to address charitable services is *widely supported across all age cohorts, regions of Canada, and among higher income households.*

	% "Within 10 years"
<b>TOTAL ADULT POPULATION</b>	<b>64%</b>
Those 18 to 34 years	58%
Those 35 to 54 years	62%
Those 55+ years	<b>71%</b>
Atlantic Canada	67%
Quebec	54%
Ontario	67%
Prairies	70%
British Columbia	66%
Household Income is above \$100,000	67%

## About the research



- This was an online quantitative survey, accessible by any internet enabled device.
- 1,000 Canadian adults, 18+ years of age, were interviewed across Canada.
- The sample of respondents was then weighted to align and represent Canadians demographics.
- Fieldwork was conducted: **July 8 to 10, 2022**
- Results would be +/- 3.5% points 95% of the time.

### Question:

*Donors who give money to registered charity foundations in Canada receive a tax credit when filing their next annual income tax return. This is money from the public purse, from all Canadian taxes, given to the donors. The donated money within the foundation can be used for charitable services quite quickly, over several years, or mostly kept in perpetuity for the long-term. As a taxpayer allowing tax credits to be used for charitable donations, how quickly or long-term do you feel such charitable donations should be used for charitable purposes?*

*Donated dollars to foundations should be applied for charitable purposes ...? (pick one)*

*RANDOMIZE ORDER: • FROM TOP TO BOTTOM; • FROM BOTTOM TO TOP*

- Within 2.5 years*
- Within 5 years*
- Within 10 years*
- Within 20 years*
- Within 50 years*
- No requirement. Holding money for the long terms is preferable..*