



Charity Views

VOL. 19

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Donors Are Ready, With Good Reason

For many people, the financial crisis of 2008 had a chilling effect on their charitable donations. That is, people weren't exactly lining up to give to a charity when things were becoming awfully tight at home. But as we've seen over the last few years, the general mood surrounding giving to charity has increasingly shifted in a positive direction.

In this issue of Charity Views, we take a look at the growing positive sentiment among donors and potential donors and examine some of the particular benefits to donating vehicles. From tax deductions to simply being able to unload an unwanted automobile, donors are warming up to vehicle donation.



Likewise, a number of economic factors influence a person's choice to donate a vehicle, not the least of which is a strengthening U.S. dollar.

Timing can be everything, and there are signs that many of the influencers that drive increased donations are seemingly coming together all at once. It could be a banner year for charitable giving—vehicle or otherwise—and this is an opportunity none of us want to miss.

Regards,

Corey Kusaba
National Sales Director



Vehicle Donations Come **DOWN** to - Practicality -

- ▶ People donate to charitable organizations for a number of reasons. Perhaps a particular cause has personal meaning to them. However, sometimes it's for more practical reasons, especially when it comes to vehicle donations. Those practical reasons are often tied to economic factors that drive increased donations, or at the very least, positive donor sentiment.

IAA conducts research and tracks the climate for charitable giving with a monthly survey of the general U.S. population. Two of the main questions asked of respondents are:

- How has the economic environment affected your charitable contributions this year relative to last year?
- How do you expect the economic climate to affect your charitable contributions over the next year?

Since 2013, the percentage of positive responses from those surveyed has been on a steady climb. In fact, 25.4% responded positively to the first question in 2013, and that number jumped to 40.3% in 2016.

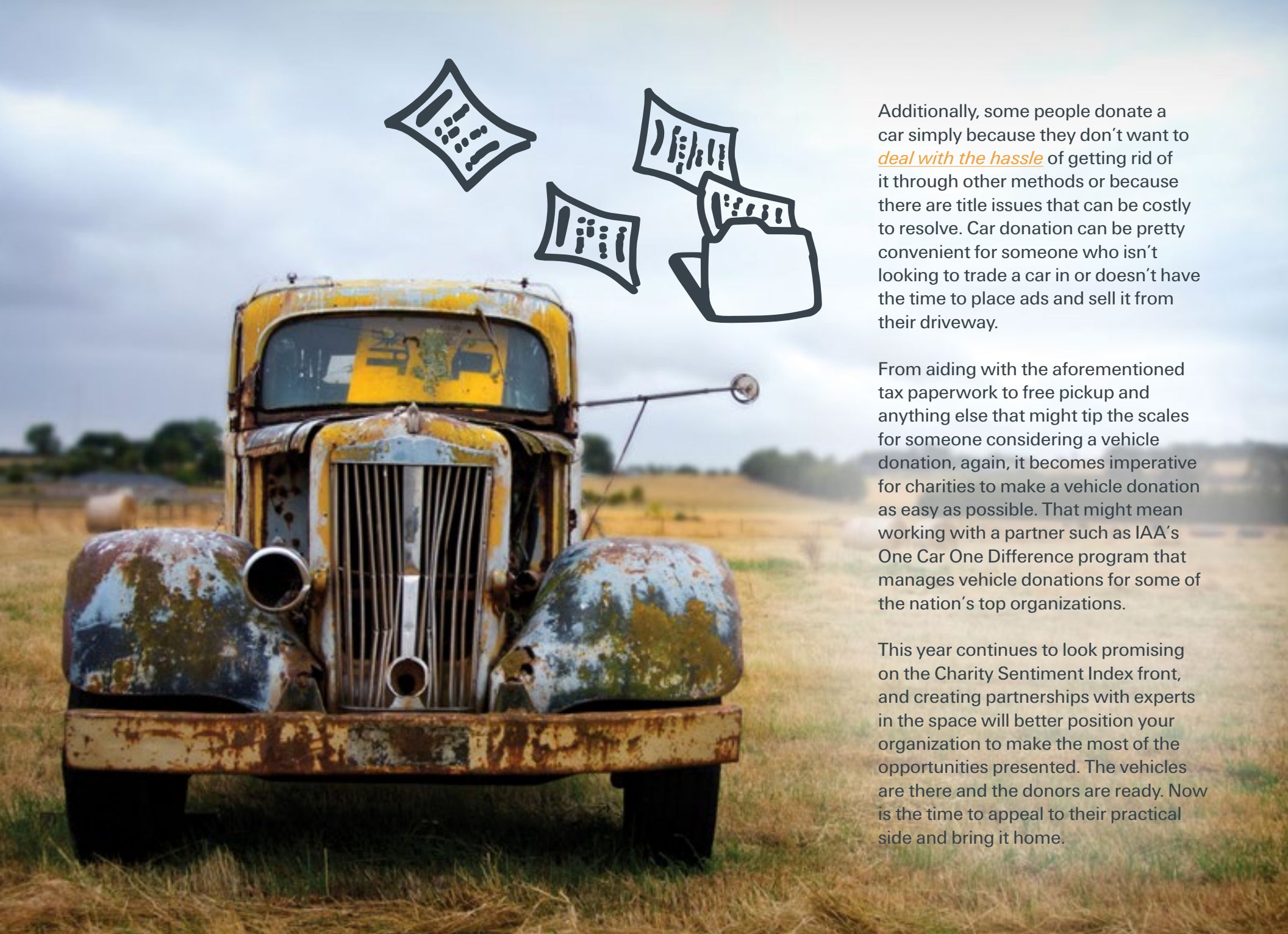
For the second question, the positive response rate in 2013 was 34.6%. That increased to 46.5% in 2016.



It makes sense, too. When money is tight, charitable donation is an easy thing to cut out of a household budget. But as the U.S. economy slowly moves away from troubles of the 2008 recession, people are finding themselves more willing to donate or consider donating to charities.

Regarding vehicle donations, there are many other practical reasons one might donate. First, folks can get a tax write-off for a donated vehicle. It can be somewhat complex, but donors are generally allowed to deduct the sale amount of the vehicle if the charity sells the car. The key for charities working with donated vehicles is to help a donor cut through the complexity and enable a smooth donation transaction.



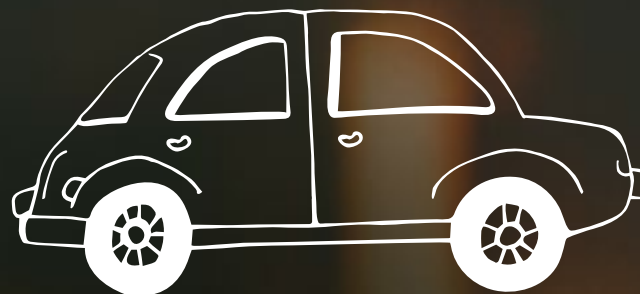


Additionally, some people donate a car simply because they don't want to *deal with the hassle* of getting rid of it through other methods or because there are title issues that can be costly to resolve. Car donation can be pretty convenient for someone who isn't looking to trade a car in or doesn't have the time to place ads and sell it from their driveway.

From aiding with the aforementioned tax paperwork to free pickup and anything else that might tip the scales for someone considering a vehicle donation, again, it becomes imperative for charities to make a vehicle donation as easy as possible. That might mean working with a partner such as IAA's One Car One Difference program that manages vehicle donations for some of the nation's top organizations.

This year continues to look promising on the Charity Sentiment Index front, and creating partnerships with experts in the space will better position your organization to make the most of the opportunities presented. The vehicles are there and the donors are ready. Now is the time to appeal to their practical side and bring it home.

The Facts & Figures of a **VEHICLE DONATION**



▶ The proceeds a vehicle donation generates are anything but arbitrary. For the benefit of our partners, IAA keeps an eye on a multitude of factors that impact the selling price of a donated vehicle that goes through the auction. From the strong U.S. dollar to aging vehicles, explore the economic landscape of a vehicle donation.

Average Age AND MILEAGE

Since the economic downturn in 2008, Americans are driving their vehicles for much longer before purchasing a new one. In 2016, the average age of vehicles on the road reached a *new record of 11.5 years*. While the average vehicle's lifespan is longer, it's also true that these vehicles are being driven more miles as well, *with Americans driving 1.8% more miles in 2016 compared to 2015*. While aging and well-driven vehicles do create downward pressure for the value of donated vehicles, a growing supply of those vehicles could push owners toward charitable donation as a reasonable, feel-good option as those cars reach the end of their lifecycle.



A close-up, high-contrast photograph of a car engine, showing various metal components like pistons, valves, and connecting rods. The lighting is dramatic, with some parts in sharp focus and others blurred in the background. Overlaid on the top left of the image is a white title in a hand-drawn, sketchy font.

WHOLE CRUSHED

AUTO-BODY & METAL

PRICES

Many buyers dismantle the vehicles they buy at auction for scrap metal. It's a dynamic industry, and whole crushed auto-body prices are influenced by demand from all over the world. There are many factors that influence this segment. Are certain countries going through construction booms? Is supply fluctuating? As for precious metals, IAA specifically tracks aluminum, palladium and platinum for their increased use in automobile manufacturing. As with whole crushed auto-body prices, the value of each of these metals is influenced on a global scale, with supply and demand playing huge parts as well as the value of the U.S. dollar, since these materials are denominated in the U.S. currency.

U.S. Dollar



The strength of the U.S. dollar is one that can influence people to donate, especially when a strong dollar is indicative of a healthy economy. As you saw in the previous article in this issue, the recent value of the dollar has a positive effect on many consumers' sentiment toward charitable giving. However, the strength of the U.S. dollar against other global currencies may make vehicles relatively more expensive for international buyers. To see how IAA specially cultivates this global buyer network, check out [this series](#) from IAA Vice President of Global Market Development, Dan Oscarson.

To get an in-depth overview of these segments and their specific performance, IAA offers a free [Charity Quarterly Report](#) to our partners. Updated every three months, these reports track the economic movement of each factor that influences the average cash value of a donated vehicle. To stay up to date with the industry, we encourage you to check them out!



TIPS & TRICKS

Inside the Mind of a Donor

The Pocketbook

"Sure, donating feels good.

But what 's in it for me?"

– the everyday donor.

The first financial benefit is the tax write-off. Make sure your potential donors know they are eligible for a tax deduction.

The Convenience

Next up is appealing to their need for ease. Owners can come to a point where the vehicle becomes more hassle than help. Remind them that donating is one of the fastest ways to get rid of a vehicle.

The Lifestyle

Americans are driving cars longer and longer these days. As the average age of cars on the road goes up, so goes the amount of older, donation-friendly ones. Tap into this trend by seeking older car owners specifically.



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