

# THE 2016 U.S. TRUST® STUDY OF HIGH NET WORTH PHILANTHROPY<sup>1</sup>

CONDUCTED IN PARTNERSHIP WITH THE INDIANA UNIVERSITY LILLY FAMILY SCHOOL OF PHILANTHROPY

## Executive Summary

Insights into the motivations, priorities and strategies of wealthy donors

### GIVING LEVELS REMAIN HIGH AND THE FUTURE LOOKS BRIGHT

Wealthy donors continue to be generous with their philanthropic giving. Last year, the vast majority (91%) of American high net worth households donated to charity, compared to only 59% of the general population.<sup>2</sup> On average, high net worth donors gave \$25,509 to charity in 2015.<sup>3</sup> By comparison, general population households gave \$2,520 on average.<sup>4</sup>

- **Giving forecasts are positive.** More than four out of five (83%) wealthy donors plan to give as much (55%) or more (28%) in the next three years than they did in 2015. Women, African-Americans and those under 50 are even more likely to increase their giving. Just 3% of wealthy donors plan to give less in the next three years.

### GIVING BY WEALTHY DONORS SUPPORTS A RANGE OF CAUSES

- **Wealthy donors largely provide unrestricted support.** High net worth donors generally gave in two ways: with the majority, 74%, making unrestricted gifts (granted to fund the overall operations of the organization) while only 24% made restricted gifts (made to support a specific project or program).

### ABOUT THE STUDY

The 2016 U.S. Trust® Study of High Net Worth Philanthropy, the sixth in a series of biennial studies, is based on a nationally representative random sample of wealthy donors. This year, for the first time, we performed a deeper analysis based on age, gender, sexual orientation and race. This expanded methodology enables further exploration of the philanthropic trends, strategies, and behaviors among the high net worth population.

Gifts to capital campaigns and/or endowments, both examples of restricted giving, were not found to be prevalent among high net worth donors, with 77% reporting contributing to neither.

- **Wealthy donors support a range of causes.** On average, wealthy donors gave to eight different nonprofit organizations last year, but this number varied based on a donor's age. Donors over the age of 70 gave to an average of 11 organizations, baby boomers gave to seven, whereas donors under 50 gave to five.

Wealthy donors gave to a wide range of charitable causes in 2015, with basic needs organizations receiving support from the largest percentage (63%) of high net worth households. Additional causes supported by wealthy donors included religion (50%), education (45%), health (40%) and the environment (21%). Among polled donors who gave to educational causes, 31% of respondents gave to higher education and 33% gave to K-12 education.

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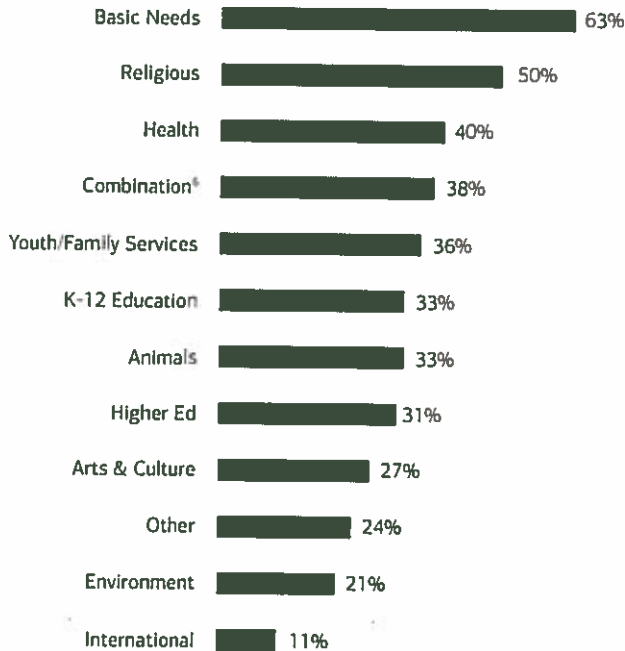
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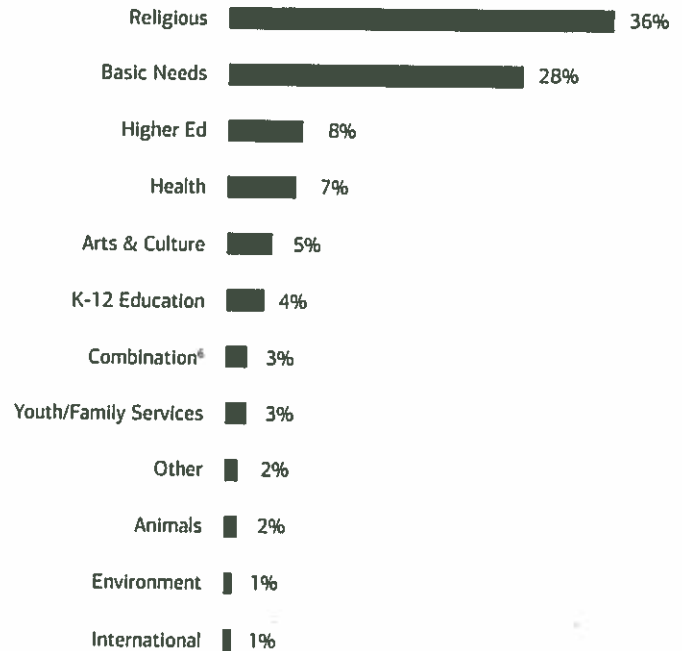
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**BREAKDOWN OF HOUSEHOLD SUPPORT BY CHARITABLE CAUSE<sup>5</sup>**

**PERCENTAGE OF WEALTHY HOUSEHOLDS WHO GIVE TO...**



**PERCENT OF TOTAL WEALTHY GIVING REPRESENTED BY EACH SECTOR**



**WEALTHY HOUSEHOLDS ARE GENEROUS WITH THEIR TIME, TOO**

Last year, half (50%) of wealthy individuals volunteered their time and talents to charitable organizations they care about, a rate twice that of the general population (25%).<sup>7</sup>

- **Giving and volunteering go hand-in-hand.** Among wealthy donors, volunteering with a nonprofit organization has a strong correlation with giving to that organization. A large majority of wealthy individuals (84%) give financially to at least some of the organizations with which they volunteer, while nearly half (49%) give to most, if not all.
- **Volunteers tend to give more.** Volunteerism also has an influence on giving levels. Wealthy individuals who volunteered in 2015 gave 56% more on average than those who did not volunteer.<sup>8</sup>
- **Volunteering is more fulfilling than giving.** Many wealthy individuals experience a high degree of personal fulfillment from their charitable giving (42%), but an even higher level of fulfillment from volunteering (63%). Women reported deriving greater levels of fulfillment from volunteering than men, as did younger individuals when compared to those over 50.

- **Volunteers plan to give more time in the future.**

Among those who currently volunteer, 90% say they plan to do so as much (60%) or more (30%) over the next three years. Individuals under 50 (97%) and baby boomers (92%) are most inclined to maintain or increase their level of volunteerism. And 39% of those who do not currently volunteer intend to do so.

The factors that would most influence their future volunteerism are having the time to do so (38%), the needs of the organization where they volunteer (20%), whether or not they feel their volunteer efforts are making a difference (15%) and whether or not they enjoy their volunteer experience (12%).

**WEALTHY DONOR MOTIVATIONS, EXPECTATIONS AND CHALLENGES**

Wealthy donors give for personal and altruistic reasons. In 2015, wealthy households cited believing in the mission of the organization (54%), believing that their gift can make a difference (44%) and experiencing personal satisfaction, enjoyment or fulfillment (39%) as the top three reasons they give.

- **Receiving tax benefits are a declining motivation for giving.** Just 18% of wealthy donors said they were motivated to give by tax benefits in 2015, compared with 34% of those who cited this as a motivation in 2013.
- **Gifts come with clear expectations.** Wealthy donors indicated that it is important that the organizations they support demonstrate sound business and operational practices (89%), acknowledge donations by providing a receipt for tax purposes (88%), not distribute their names to others (84%), honor their requests for anonymity and for how their gift is to be used (both at 83%). And 61% would appreciate a thank you note.
- **Why wealthy donors stop giving.** Nearly one out of five wealthy donors (17%) stopped giving to at least one organization last year, citing reasons that included receiving too frequent solicitation from the nonprofit organization (41%), believing that the organization was not effective or did not sufficiently communicate its effectiveness (18%) and the nonprofit organization asking for an amount the donor felt was inappropriate (14%).
- **Challenges faced by wealthy donors.** Wealthy donors reported that their greatest challenge when it comes to charitable giving is identifying what causes they care about and deciding where to donate (67%). Other charitable giving challenges include understanding how much they can afford to give (50%), allocating time to volunteer with the organizations they care about (45%) and monitoring giving to ensure it has its intended impact (37%).

- **Wealthy donors seek knowledge and advice about giving.** Nearly all wealthy donors (94%) would like to be more knowledgeable about at least one aspect of charitable giving. Interests range from learning how to identify the right volunteer opportunities (42%), to becoming more familiar with nonprofits and how they serve their constituents' needs (29%), to exploring how to engage the next generation in philanthropic giving (20%).

Furthermore, 24% of high net worth individuals consulted with at least one advisor regarding their charitable giving. Among those who reported receiving advice related to their charitable giving, the advice most often came from an accountant (11%) or a financial/wealth advisor (9%).

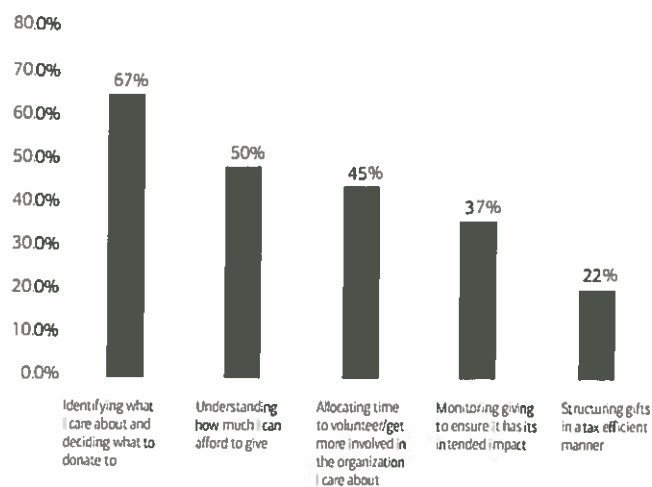
### MORE ENGAGED DONORS ARE MORE PERSONALLY FULFILLED AND MORE GENEROUS

There is a strong correlation between wealthy donors' level of knowledge about charitable giving and certain giving behaviors, including whether they monitor the impact of their giving, consult with advisors about their giving and utilize a giving vehicle (such as a donor-advised fund, charitable trust or private foundation). When wealthy donors reported being more knowledgeable, they also tended to be more personally fulfilled from their charitable activity, as well as more likely to give more.

### COMPARISON OF KNOWLEDGE, GIVING BEHAVIORS, PERSONAL FULFILLMENT AND GIVING LEVELS

	Novice (14%)	Knowledgeable (72%)	Expert (14%)	Total (100%)
Monitor giving	10%	30%	62%	22%
Believe giving is having intended impact	31%	53%	80%	44%
Consult with an advisor	17%	30%	37%	24%
Have or plan to use a giving vehicle	13%	35%	66%	24%
Achieving personal fulfillment through their charitable giving	82%	96%	100%	89%
Average annual giving amount <sup>8</sup>	\$3,303	\$8,285	\$14,322	

### TOP CHALLENGES OF HIGH NET WORTH DONORS IN THEIR CHARITABLE GIVING<sup>9</sup>



### TAKING A MORE STRATEGIC APPROACH TO GIVING

Nearly half of wealthy donors have a strategy and nearly half have a budget in place to guide their charitable giving (48% and 46%, respectively). Those over the age of 50 are significantly more likely to have a strategy for their giving than younger donors.

### ORGANIZATION MISSION MATTERS

Wealthy donors' giving decisions are driven to a far greater extent by the type or profile of an organization (60%) rather than by the issues (28%) or the geographic areas (2%) the donor seeks to address. Respondents over the age of 50 were more likely to say that organizations drove their giving strategies, whereas younger respondents were more likely to say that issues drive where they direct their philanthropic dollars.

- **Wealthy donors are guided by their personal values.** When determining which nonprofit organizations to support, the majority of high net worth individuals draw upon their personal values (78%), interest in the issue area addressed by the organization (64%) and having firsthand experience with the organization (55%). Other factors include the reputation of the organization (51%) and perceived need of the organization (50%).

### GIVING AS A FAMILY AFFAIR

Among the 79% of respondents who reported having children, grandchildren or other younger relatives, 21% have family traditions around giving, such as volunteering as a family or giving together to charity during the holidays. African-Americans, Asian-Americans, Hispanics/Latinos and women were significantly more likely to indicate that their household has family traditions around giving. Younger individuals were twice as likely to have family traditions around giving as those over the age of 50.

- **Family engagement can be more fulfilling.** Of the 29% who engage younger family members in their giving decisions, the majority (77%) found the experience to be personally rewarding. Nearly half (43%) of these donors also felt that their younger relatives were interested in participating in giving decisions. Once again, African-Americans, Hispanics, women and younger individuals were significantly more likely to indicate that they have involved younger relatives in their giving.

Sixty-two percent of the 72% of donors who did not involve their younger family members in their giving, said they did not try to do so. Of the 72% who don't involve their younger

relatives, one out of five said it was inconvenient to involve younger relatives in their giving decisions, while others are unsure how to involve them (15%) or don't believe they would be interested in participating in such decisions (14%).

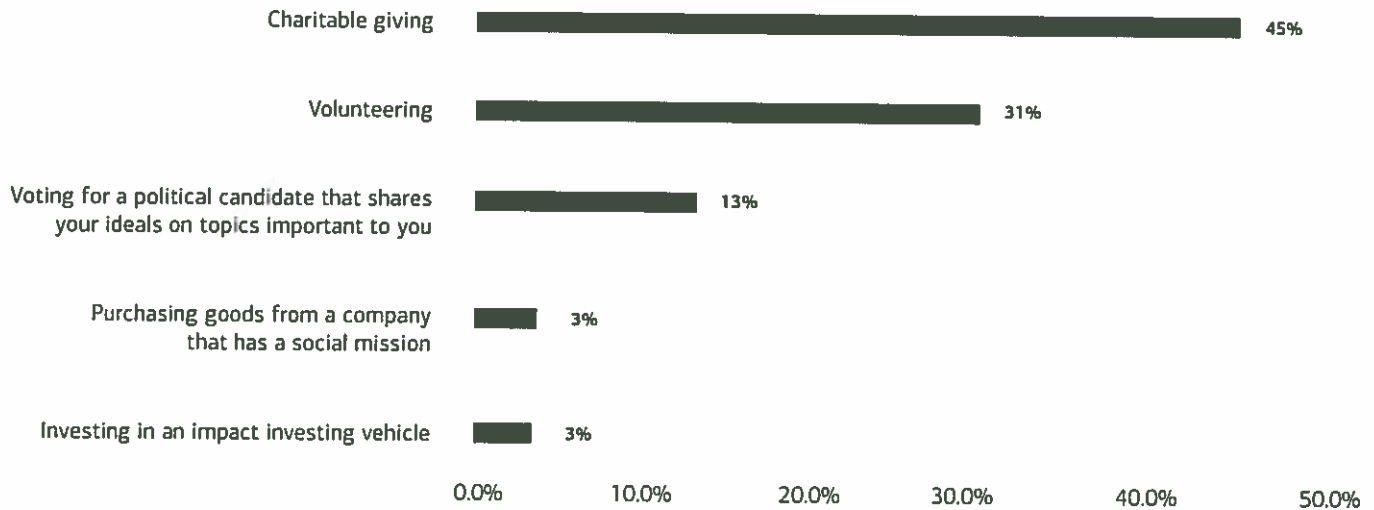
- **Decision making is shared in wealthy households.** More than half (51%) of respondents who are married or partnered reported that they make decisions about their giving jointly with their spouse or partner. Only 19% of respondents reported being the sole decision maker, while 12% of respondents reported making decisions separately but conferring with each other before giving. Women participate in 89% of wealthy household philanthropic decisions — either together with their spouse or partner, or as the sole decision maker.
- **Family comes first when leaving a legacy.** When asked how they would like to ultimately distribute their wealth, high net worth individuals reported that they intend to leave the majority to their children and grandchildren (75%), with other heirs receiving the second-highest percentage (14%). High net worth individuals intend to leave only 12% of their wealth to charities.

### GIVING IS SEEN AS A MEANS TO CREATE THE GREATEST IMPACT

When asked what they believe has the greatest potential for positive impact on society, wealthy donors cited charitable giving (45%) and volunteering (31%) above all else. The next largest percentage of respondents believe voting for a political candidate who shares their ideals may have the greatest impact (13%).

- **Wealthy donors are unsure about the impact of their gifts.** While they believe giving to be the most effective way to create impact, only 44% of wealthy donors believe their giving is having the impact they intended, while 54% are not sure. This may be largely due to the fact that 78% of wealthy donors do not monitor or evaluate the impact of their charitable giving.
- **More, smaller donations are believed to be more impactful.** Twice as many wealthy donors believe that smaller donations from many individuals have a greater likelihood of changing the world than do larger donations from the wealthiest Americans (35% compared to 18%). However, almost half of respondents are unsure whether their efforts or those of large-scale donors will have a greater impact (47%).
- **Impact investing has some impact on giving levels.** Among the 33% of wealthy donors who participate in impact investing, three out of five (61%) do so in addition to their existing charitable giving, whereas 34% do so in place of at least some of their charitable giving. And just 5% of wealthy donors engage in impact investing in place of all of their charitable giving.

**PERCEIVED SOURCES OF GREATEST IMPACT<sup>10</sup>**



**ELECTING TO GIVE AND GIVING TO ELECT**

Almost one out of four (24%) wealthy donors contributed to a political candidate, campaign or committee last year, or planned to do so during the 2016 election season. Among this group, donors over the age of 70 (40%) and LGBT individuals (38%) were more likely to give to a political candidate or campaign. When looking at such giving both by political party and political ideology, Democrats (36%) were more likely to give than Republicans (22%); and Liberals (43%) were more likely than Conservatives (24%) and Moderates (17%).

• **Hoping to make a difference with political contributions.** Those who contributed to a political candidate or campaign reported doing so to exercise their voice (56%), with the hope of influencing the outcome of elections (49%) and in the belief that their contribution will make a difference (46%).

The main reasons high net worth donors do not make political contributions include feeling such contributions would have little to no impact when compared to corporate contributions (47%) and contributions from Political Action Committees (PACs) (26%), and believing such contributions won't make a difference (31%). More than a quarter (26%) cited not having a particular candidate they would endorse.

- **Certain issues matter more to wealthy households.** When wealthy donors were asked to select three public policy issues that mattered the most to them, health care (29%), education (28%) and terrorism/national security (27%) topped the list. The issue of the economy/federal deficit closely followed at 26%.
- **But, these priority issues of wealthy donors are not necessarily reflected in their giving.** When asked whether their charitable donations reflected their public policy concerns, 57% indicated that the two were closely or somewhat linked together, while 43% of donors said their policy concerns were not really linked with their charitable giving.
- **Wealthy individuals have more confidence in nonprofits than in government.** Evidencing a deep cultural tradition of collective and voluntary action, high net worth households report having the most confidence in individuals (87%) and nonprofit organizations (87%) to solve societal or global problems. Respondents had far less confidence in state or local governments (58%), the president/federal executive branch (54%) and Congress/federal legislative branch (41%).

Charitable giving and volunteering are enduring American traditions that demonstrate a longstanding culture of generosity. Though trends may shift and priorities change over time, wealthy donors remain steadfast in their philanthropic contributions and commitments. U.S. Trust is proud to be part of the philanthropic conversation by providing insights through our research efforts and philanthropic and nonprofit advisory services that can help enhance the philanthropic pursuits of donors and nonprofit organizations.

#### **BACKGROUND**

The 2016 U.S. Trust® Study of High Net Worth Philanthropy examines giving and volunteering trends, behaviors, attitudes and priorities among wealthy American households. Since 2006, this biennial study has been written and researched in partnership with the Indiana University Lilly Family School of Philanthropy. This research series is one of the most comprehensive and longest-running of its kind, and is an important barometer for wealthy donors' charitable engagement and perspectives.

To access the full 2016 U.S. Trust® Study of High Net Worth Philanthropy, visit [ustrust.com/philanthropy](http://ustrust.com/philanthropy).

#### **METHODOLOGY**

The study represents an analysis of data gathered from a survey of more than 1,500 U.S. households with a net worth of \$1 million or more (excluding the value of their primary home) and/or an annual household income of \$200,000 or more. The sixth in this series of studies was based on a nationally representative random sample of wealthy donors, including, for the first time, deeper analysis based on age, gender, sexual orientation and race. This expanded methodology enabled further exploration of the philanthropic trends, strategies and behaviors among the high net worth population. Conducted between April and September 2016, the survey asked respondents about charitable giving and volunteering behaviors and attitudes for the year 2015.

#### **ABOUT INSTITUTIONAL INVESTMENTS & PHILANTHROPIC SOLUTIONS**

Institutional Investments & Philanthropic Solutions (II&PS) is dedicated to the philanthropic and nonprofit communities. We put our strengths and resources behind every mission — be it a nonprofit organization or a philanthropic individual or family. II&PS provides specialized advisory, administrative and investment solutions to both nonprofit organizations and private philanthropic clients that help transform their charitable goals into meaningful action. We tailor mission-focused solutions and offer ongoing advice and guidance through a close working relationship with a dedicated advisor, helping organizations and individuals turn missions into milestones.

<sup>1</sup> This study is a continuation of the 2006, 2008, 2010, 2012 Bank of America Study of High Net Worth Philanthropy and 2014 U.S. Trust® Study of High Net Worth Philanthropy research series.

<sup>2</sup> 2013 Philanthropy Panel Study on giving in 2012, the latest year data is available on average giving by American households.

<sup>3</sup> This average giving amount comprises reported giving levels by survey respondents as well as inflation-adjusted giving averages from the Survey of Consumer Finance (SCF) 2012.

<sup>4</sup> General population giving amounts are from the Philanthropy Panel Study and are based on information from 2012. The average listed has been adjusted to 2015 dollars.

<sup>5</sup> Question asked as: "In 2015, did you or your household make a donation to any of these causes? Please include personal gifts and gifts from your family foundation, donor-advised fund, trust or other charitable giving vehicle."

<sup>6</sup> Combination includes organizations like United Way, United Jewish Appeal federations, Catholic Charities USA, and community foundations.

<sup>7</sup> 2013 U.S. Volunteering and Civic Engagement Study.

<sup>8</sup> Average giving amounts are calculated excluding ultra high net worth households (those with a wealth level greater than \$20 million) because our data is only able to provide an aggregate value for giving by these households, not individual giving values. We cannot use an aggregate value when looking at individual characteristics.

<sup>9</sup> Question asked as: "Please check the top three challenges to your charitable giving."

<sup>10</sup> Question asked as: "Which of the following do you think has the potential to have the greatest impact?"

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