

KEY FINDINGS

# The 2016 U.S. Trust® Study of High Net Worth Philanthropy

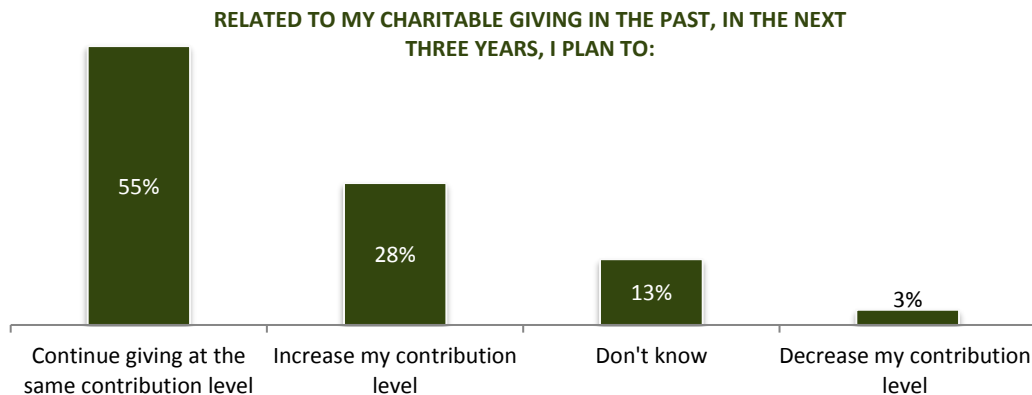
Conducted in partnership with the Indiana University Lilly Family School of Philanthropy

The 2016 U.S. Trust® Study of High Net Worth Philanthropy examines the giving and volunteering trends, behaviors, attitudes, and priorities of wealthy American households. Since 2006, this study has been written and researched in partnership with the Indiana University Lilly Family School of Philanthropy. This research series is the most comprehensive and longest running of its kind, and an important barometer for wealthy donors’ charitable engagement and perspectives. The latest study once again offers valuable insights that help inform the strategies of nonprofit professionals, wealthy donors and charitable advisors alike.

The sixth in this series of biennial studies is 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 enables further exploration of the philanthropic trends, strategies, and behaviors among the high net worth population. The following is a summary of key findings from the full 100+ page report. Results are based on a survey of 1,435 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.

## GIVING LEVELS REMAIN HIGH AND THE FUTURE LOOKS BRIGHT

- Last year, the vast majority (91 percent) of high net worth (HNW) households donated to charity. This high rate of giving among the wealthy compares with 59 percent of the general population of U.S. households who donate to charity.<sup>1</sup>
- On average, wealthy donors gave to eight different nonprofit organizations last year. However, this number varied based on a donor’s age – for instance, donors over the age of 70 gave to an average of 11 organizations, baby boomers gave to seven, whereas younger donors (age 50 and under) gave to five.
- On average, high net worth donors gave \$25,509 to charity in 2015.<sup>2</sup> By comparison, general population households gave \$2,520 on average.<sup>3</sup>
- This study offers an optimistic view of future giving levels, with 83 percent of wealthy donors planning to give as much (55 percent) or more (28 percent) in the next three years (through 2018) than they have in the past. Women, African Americans, and younger individuals (age 50 and under) are even more likely to increase their giving in the next three years. Also encouraging, just 3 percent of wealthy donors plan to give less in the next three years (compared to 6 percent who intended to give less when asked in 2014, and 9 percent in 2012).



Investment products:

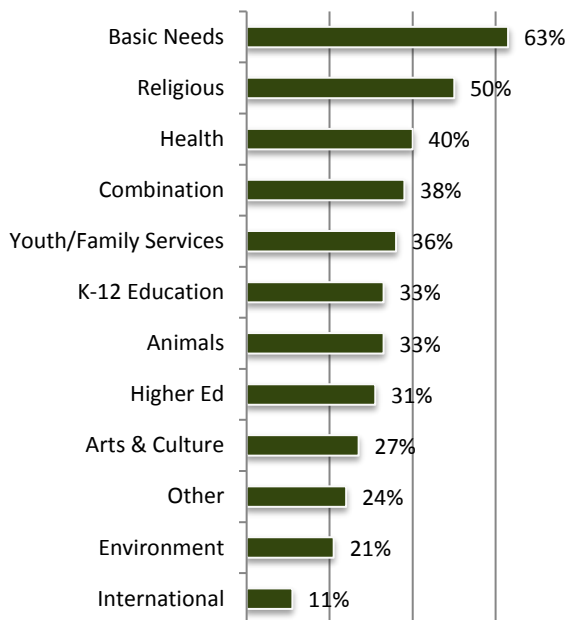
Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
----------------------	-------------------------	----------------

Please see back for important disclosure information.

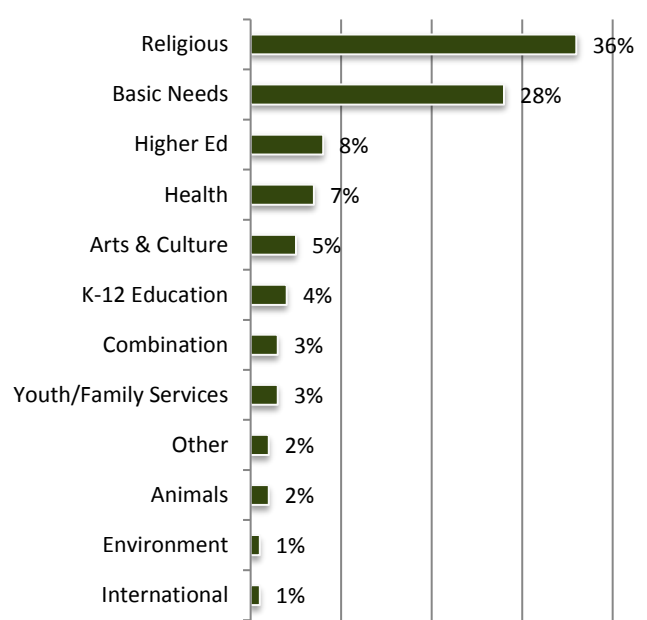
## AND THE RECIPIENTS ARE...

- 63 percent of wealthy donors gave to basic needs organizations last year – making it the charitable subsector supported by the largest percentage of high net worth households. Additional causes supported by the greatest percentages of wealthy donors included religion (50 percent), education (45 percent), the environment (42 percent) and health (40 percent). With respect to giving to education, 31 percent of respondents gave to higher education and 33 percent gave to K-12 education.
- Religion received the largest share of dollars (36 percent) among all charitable subsectors – more than giving to basic needs (28 percent), higher education (8 percent), health (7 percent), and arts and culture (5 percent).

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



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

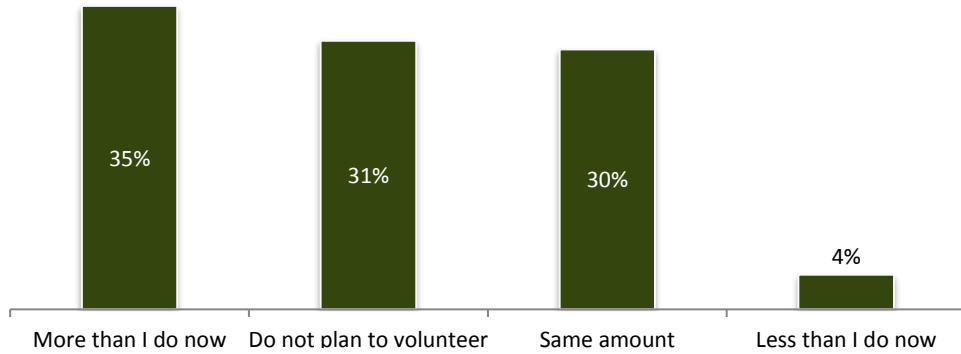


- Donors' gifts are usually characterized as unrestricted gifts (granted to fund the overall operations of the organization that can be used at the organization's discretion) or restricted gifts (made to support a specific project, program or funding campaign). Last year, the majority of HNW donors' largest gifts were unrestricted (74 percent) versus restricted (24 percent).
  - Thirty-nine percent of wealthy donors believe that restricted giving is more effective than unrestricted giving because it is more targeted. However, nearly as many (31 percent) feel that restricted gifts limit the ability of organizations to make appropriate budget allocations.
  - Giving to capital campaigns and/or endowments, both examples of restricted giving, were not found to be prevalent among HNW donors, with 77% reporting contributing to neither.

## VOLUNTEERS: TIME MIGHT BE MONEY

- Last year, half (50 percent) of wealthy individuals volunteered their time and talents to charitable organizations they care about – twice the rate of the general population (25 percent).<sup>4</sup>
- Among the wealthy, volunteering with a nonprofit organization has a strong correlation with giving to that organization. A large majority of HNW individuals (84 percent) give financially to at least some of the organizations with which they volunteer, while half (49 percent) give to most, if not all, of the organizations where they volunteer. Caucasians and individuals over the age of 50 are more likely to give to most or all of the organizations where they volunteer compared to individuals of other races surveyed and younger individuals.
- Volunteerism also has an influence on giving levels. Wealthy individuals who volunteered in 2015 gave 56 percent more on average than those who did not volunteer.<sup>5</sup>
- Future levels of volunteering are promising. Among wealthy individuals who currently volunteer, 90 percent say they plan to do so as much (60 percent) or more (30 percent) over the next three years – with younger individuals age 50 and under (97 percent) and baby boomers (92 percent) being the most inclined to maintain or increase their level of volunteerism. Also promising, among those who did not volunteer last year, 39 percent plan to do so during the coming years.

**HOW MUCH DO YOU PLAN TO VOLUNTEER OVER THE NEXT THREE YEARS, IF AT ALL?**

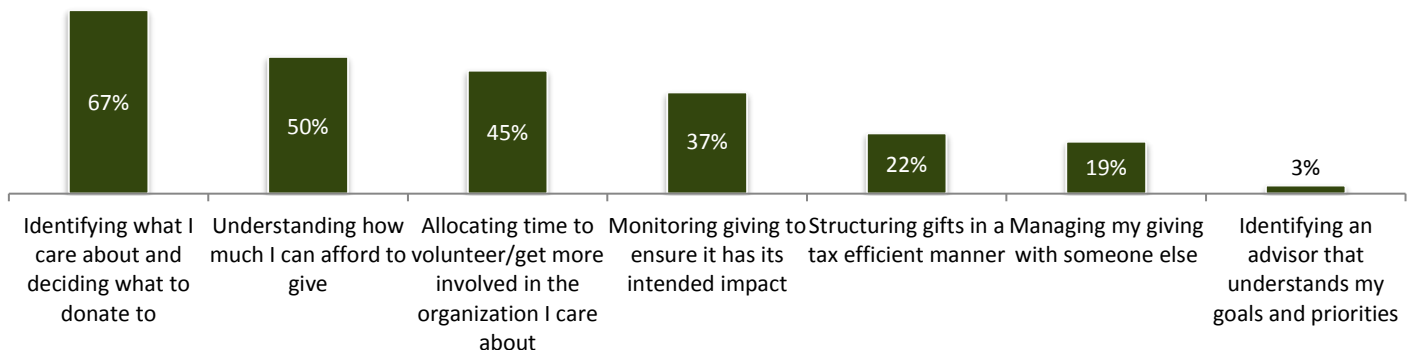


- When asked what factor would most influence their plans to volunteer, wealthy individuals cited: Having the time to do so (38 percent); the needs of the organization(s) where they volunteer (20 percent); whether or not they feel their volunteer efforts are making a difference (15 percent); and whether or not they enjoy their volunteer experience (12 percent).
- Those who volunteered were far more likely to volunteer on their own (71 percent) than with family (29 percent), as part of an organized group (24 percent), with friends (18 percent), or through a workplace campaign (5 percent).
- Many wealthy individuals experience a high degree of personal fulfillment from their charitable giving (42 percent) – while even more experience this through volunteerism (63 percent). Women reported deriving greater levels of fulfillment from volunteering than men, as did younger individuals when compared to those over the age of 50.

**MOTIVATIONS, EXPECTATIONS AND CHALLENGES**

- A variety of motivations drive high net worth philanthropy. In 2015, wealthy households cited the following among the primary reasons they give: believing in the mission of the organization (54 percent), believing that their gift can make a difference (44 percent), experiencing personal satisfaction, enjoyment or fulfillment (39 percent), supporting the same causes annually (36 percent), giving back to the community (27 percent), and adhering to religious beliefs (23 percent). Just 18 percent of wealthy donors said they gave largely because of tax benefits in 2015, compared with 34 percent of those who cited this as a motivation in 2013.
- Wealthy donors have strong feelings about how the nonprofits they support should use their contributions and conduct themselves. After making a charitable gift, 89 percent of wealthy donors said it is important that the organization spend only a reasonable amount of their donation on general administrative and fundraising expenses. Wealthy donors also indicated that it is important that the organization demonstrate sound business and operational practices (89 percent), acknowledge donations by providing a receipt for tax purposes (88 percent), not distribute their names to others (84 percent), honor their requests for anonymity (83 percent) and for how their gift is to be used (83 percent). And 61 percent would appreciate a thank you note.
- Nearly one out of five wealthy donors (17 percent) stopped giving to at least one organization last year. When donors stopped giving to a particular charity they previously supported, among the reasons cited were because they received too frequent solicitation from the nonprofit organization (41 percent), circumstances in their household changed (40 percent), the nonprofit organization was not effective or did not sufficiently communicate its effectiveness (18 percent), or organization asked for an amount the donor felt was inappropriate (14 percent).
- Wealthy donors reported their greatest challenge when it comes to charitable giving is identifying what causes they care about and deciding where to donate (67 percent). Other charitable giving challenges include understanding how much they can afford to give (50 percent), allocating time to volunteer with the organizations they care about (45 percent), and monitoring giving to ensure it has its intended impact (37 percent).

**TOP THREE CHALLENGES TO CHARITABLE GIVING**



## GIVE AND GET HAPPY

The study found strong relationships between wealthy donors' level of knowledge about giving and certain giving behaviors and characteristics, including whether they monitor the impact of their giving, consult with advisors, utilize giving vehicles, and achieve personal fulfillment from their philanthropic pursuits.

The following table shows that HNW respondents who rate themselves as "expert" or "knowledgeable" in charitable giving are more likely to monitor their charitable gifts, consult with a professional advisor and have or plan to establish a giving vehicle (i.e. private foundation, donor-advised fund, planned giving mechanism, etc.) compared to those who rate themselves as "novice." Higher levels of charitable giving knowledge also correlate with greater personal fulfillment and higher average giving amounts.

	Total (100 percent)	Expert (14 percent)	Knowledgeable (72 percent)	Novice (14 percent)
Monitor giving	22 percent	62 percent	30 percent	10 percent
Believe giving is having intended impact	44 percent	80 percent	53 percent	31 percent
Consult with an advisor	24 percent	37 percent	30 percent	17 percent
Have or plan to use a giving vehicle	24 percent	66 percent	35 percent	13 percent
Achieving personal fulfillment through their charitable giving	89 percent	100 percent	96 percent	82 percent
Average giving amount <sup>6</sup>		\$14,322	\$8,285	\$3,303

- Nearly all wealthy donors (94 percent) would like to be more knowledgeable about at least one aspect of charitable giving, with the highest percentages of these individuals interested in learning how to identify the right volunteer opportunities (42 percent), becoming more familiar with nonprofits and how they serve their constituents' needs (29 percent), and how to engage the next generation in philanthropic giving (20 percent).
- Last year, 24 percent of HNW 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 percent) or a financial/wealth advisor (9 percent).
- Twenty-four percent of wealthy donors used a giving vehicle in 2015 to achieve their charitable goals or plan to in the future.

## TO GIVE OR NOT TO GIVE: WHO DECIDES AND HOW

- Nearly half of wealthy donors have a strategy (48 percent) and nearly half have a budget (46 percent) in place to guide their charitable giving. Those over the age of 50 are significantly more likely to have a strategy for their giving compared to younger donors.
- Wealthy donors' giving decisions are driven to a far greater extent by the type or profile of an organization (60 percent) rather than by the issues (28 percent) or the geographic areas the donor seeks to address (2 percent). 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.
- When determining which causes or nonprofit organizations to support financially, the majority of HNW individuals draw upon their personal values (78 percent), interest in the issue area addressed by the organization (64 percent), having firsthand experience with the organization (55 percent), along with the reputation of the organization (51 percent) and perceived need of the organization (50 percent).
- When it comes to decision-making, 51 percent of respondents who are married or partnered reported that they make decisions about their giving jointly with their spouse or partner. Nineteen percent of HNW respondents reported being the sole decision-maker with respect to charitable decisions, while 12 percent of respondents reported making decisions separately but conferring with each other.

## MAKE GIVING A FAMILY AFFAIR

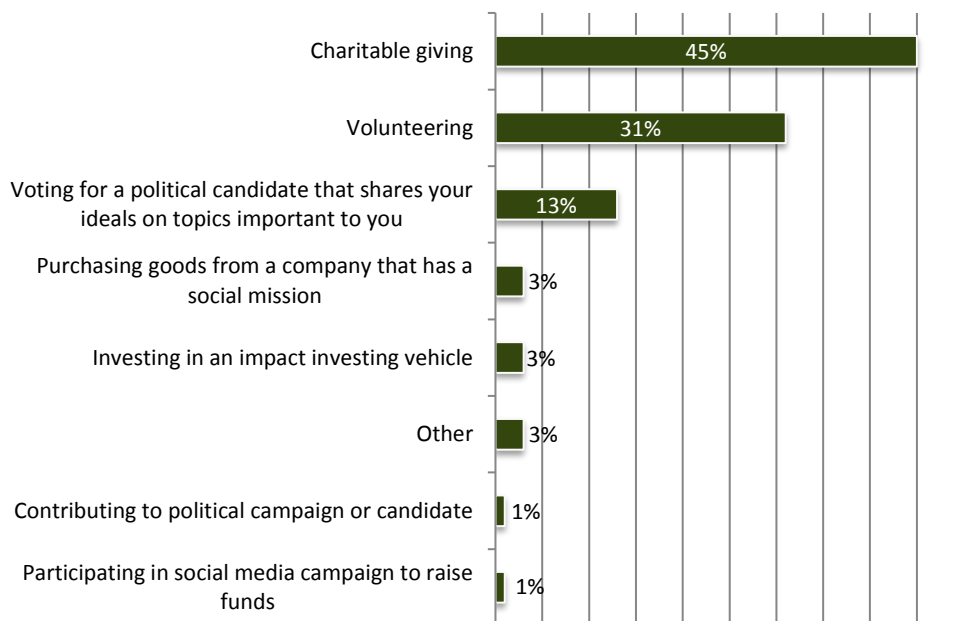
- The majority of high net worth households surveyed indicated having children, grandchildren or other younger relatives (79 percent).
- Among those who have children, grandchildren or other younger relatives, just 21 percent have family traditions around giving, such as volunteering as a family or giving together to charity during the holidays (79 percent do not have such traditions). 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.
- Similarly, far more individuals reported not involving their younger relatives in their giving (72 percent) than those who do (28 percent). Once again, African Americans, Hispanics, women and younger individuals were significantly more likely to indicate that they have involved younger relatives in their giving.
- Among wealthy donors who have children, grandchildren or younger relatives and who have involved these family members in their charitable activity, the majority found the experience personally rewarding (77 percent). Nearly half (43 percent) of these donors also felt that their younger relatives were interested in participating in giving decisions.
- Among those households that have children, grandchildren or younger relatives but do not include them in giving decisions, the majority (62 percent) said they did not try to involve their younger relatives. One out of five (20 percent) high net worth donors said it was inconvenient to involve younger relatives in their giving decisions, while others are unsure how to involve them (15 percent) or don't believe they would be interested in participating in such decisions (14 percent).

- 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 percent), with other heirs receiving the second highest percentage (14 percent). High net worth respondents intend to leave 12 percent of their wealth to charities (8 percent to secular charities, and 4 percent to religious charities).

### BRACING FOR IMPACT

- When asked what they believe has the greatest potential for positive impact on society, wealthy donors cited charitable giving (45 percent) and volunteering (31 percent) above all else. The next largest percentage of respondents believe voting for a political candidate who shares their ideals on topics important to them may have the greatest impact (13 percent) – this was cited by twice as many Democrats (18 percent) as Republicans (9 percent).

**WHICH OF THE FOLLOWING DO YOU THINK HAS THE POTENTIAL TO HAVE THE GREATEST IMPACT?**

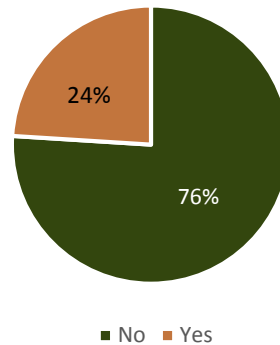


- In an era of massive philanthropic commitments from the likes of Bill and Melinda Gates, Warren Buffet, Priscilla Chan and Mark Zuckerberg and others, twice as many wealthy donors believe that smaller donations from many donors have a greater likelihood of changing the world than do larger donations from the wealthiest Americans (35 percent compared to 18 percent); however most respondents are unsure which scenario will have a greater impact (47 percent).
- Forty-four percent of wealthy donors believe their giving is having the impact they intended, while 54 percent are not sure whether their gifts are achieving the impact they desire. This may be partly due to the fact that 78 percent of wealthy donors do not monitor or evaluate the impact of their charitable giving, while the remaining 22 percent indicate that they (or their advisors/staff) do monitor or evaluate the impact of their giving.
- Impact investing has some impact on giving levels. This study found that, among the 33 percent of wealthy donors who participate in impact investing, three out of five (61 percent) approach it as something they do in addition to their existing charitable giving, whereas 34 percent do so in place of at least some of their charitable giving. And just 5 percent of wealthy donors participate in impact investing in place of all of their charitable giving.

## ELECTING TO GIVE, AND GIVING TO ELECT

- One out of four (24 percent) wealthy donors contributed to a political candidate, campaign or committee last year or plan to do so during the 2016 election season. Among this group, donors over the age of 70 (40 percent) and LGBT individuals (38 percent) 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 percent) were more likely to give than Republicans (22 percent); and Liberals (43 percent) were more likely than Conservatives (24 percent) and Moderates (17 percent).

DID YOU GIVE FINANCIALLY TO A POLITICAL CANDIDATE, CAMPAIGN, OR COMMITTEE IN 2015 OR DO YOU PLAN TO GIVE DURING THE 2016 ELECTION SEASON?



- Those who contributed to a political candidate or campaign reported doing so because they:
  - View it as an opportunity to exercise their voice (56 percent);
  - Hope to influence the outcome of elections (49 percent) – men more so than women and donors over the age of 50 more so than younger donors; and
  - Believe such contributions make a difference (46 percent) – African Americans more so than individuals of other races.
- The main reasons why 76 percent of wealthy donors have not and do not plan to make political contributions during this election season include:
  - Feeling such contributions would have little to no impact when compared to corporate contributions (47 percent) and contributions from Political Action Committees (PACs) (26 percent);
  - Believing such contributions won't make a difference (31 percent); and
  - Not having a particular candidate they would endorse (26 percent).
- High net worth individuals were asked to select three public policy issues that mattered the most to them, regardless of whether or not they donated to organizations focused on those issues. The top three issues selected were health care (29 percent), education (28 percent), and terrorism/national security (27 percent). The issue of the economy/federal deficit closely followed, with 26 percent of high net worth individuals selecting it as a high-priority issue.
- High net worth households have the most confidence in individuals (87 percent) and nonprofit organizations (87 percent) in terms of their ability to solve societal or global problems. Respondents had far less confidence in state or local governments (58 percent), the President/Federal executive branch (54 percent), and Congress/Federal legislative branch (41 percent).

<sup>1</sup> 2013 Philanthropy Panel Study on giving in 2012, the latest year data is available on average giving by American households.

<sup>2</sup> This average giving amount is comprised of reported giving levels by survey respondents as well as inflation-adjusted giving averages from the Survey of Consumer Finance (SCF) 2012.

<sup>3</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>4</sup> 2013 U.S. Volunteering and Civic Engagement Study.

<sup>5</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>6</sup> See footnote 5.

## ABOUT U.S. TRUST

U.S. Trust is dedicated to philanthropic and nonprofit communities. Through our Institutional Investments & Philanthropic Solutions group, we put our strengths and resources behind every mission – be it a nonprofit organization or a philanthropic individual or family. We provide 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.

## ABOUT THE INDIANA UNIVERSITY LILLY FAMILY SCHOOL OF PHILANTHROPY

The Indiana University Lilly Family School of Philanthropy is dedicated to improving philanthropy to improve the world by training and empowering students and professionals to be innovators and leaders who create positive and lasting change. The school offers a comprehensive approach to philanthropy through its academic, research and international programs and through The Fund Raising School, Lake Institute on Faith & Giving, and the Women's Philanthropy Institute. For more information, visit [www.philanthropy.iupui.edu](http://www.philanthropy.iupui.edu).

To access the full study, please visit <http://www.ustrust.com/philanthropy>.

Institutional Investments & Philanthropic Solutions (II&PS) is part of U.S. Trust, Bank of America Corporation (U.S. Trust). U.S. Trust operates through Bank of America, N.A. and other subsidiaries of Bank of America Corporation (BofA Corp.). Bank of America, N.A., Member FDIC. Trust and fiduciary services and other banking products are provided by wholly owned banking affiliates of BofA Corp., including Bank of America, N.A. Brokerage services may be performed by wholly owned brokerage affiliates of BofA Corp., including Merrill Lynch, Pierce, Fenner & Smith Incorporated (MLPF&S).

Certain U.S. Trust associates are registered representatives with MLPF&S and may assist you with investment products and services provided through MLPF&S and other nonbank investment affiliates. MLPF&S is a registered broker-dealer, Member SIPC and a wholly owned subsidiary of BofA Corp.

Investment products:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
----------------------	-------------------------	----------------