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THE WEALTH REPORT
By ROBERT FRANK



Mr. Gates Queries His Peers To Boost Giving, Foundation Backs Survey of Wealthiest

As the economist John Kenneth Galbraith once wrote, "of all the classes, the wealthy are the most noticed and the least studied."

Now, the richest man in America aims to change that. The Bill and Melinda Gates Foundation is co-funding a study that is believed to be the largest and broadest survey of the American rich ever conducted. The questions will target American households worth \$25 million or more, and the study aims to have at least 1,000 respondents -- a massive sample size for people of such a high net-worth level.



The study, called *The Joys and Dilemmas of Wealth* and scheduled for release next fall, will attempt to probe deeply into the private lives of the rich, from their family and values to their philanthropy and belief in God. It also will use the latest tools in "happiness research" to try to determine whether the rich are truly happy.

"We'll be looking at the moral compass and journey of wealth holders, including their aspirations, prospects and dilemmas," says Paul Schervish, director of Boston College's Center on Wealth and Philanthropy, which is conducting the study. "It will explore the hearts and the minds of the wealthy, not just their financial plans."



Jason Greenberg

A Cottage Industry

Researching the rich has become a booming cottage industry as the population of wealthy people has exploded and companies are strategizing about ways to attract them as clients. Wealth-management firms, luxury-product companies, magazines and car makers, as well as specialized research firms like Connecticut-based Prince & Associates and Chicago-based Spectrem Group, are all increasing their research to better understand the richest Americans.

Yet the Gates study will have little commercial bias and won't be focused on spending, like most other such surveys. The Gates Foundation's goal is to boost charitable giving by the rich. Michael Deich, deputy director of public policy at the foundation, says having a better understanding of what motivates today's wealthy will help nonprofit groups target them. "We believe the survey will make an extraordinary contribution toward helping us understand what drives donors to give and what they need in order to give effectively," he says.

BUT ARE THEY HAPPIER?

A survey backed by Gates Foundation seeks to find out what makes the rich tick. Sample questions:

- Describe the best thing you have done with your wealth so far.
- Describe the biggest mistake you have made with your wealth so far.
- Please indicate the level of change in the world you see yourself accomplishing over the course of your life: 0 minor to 10 major.
- What is the minimum level of net worth you would need to feel extremely secure?
- How would you describe your ultimate goal or deepest aspiration for your children or primary heirs? How does your wealth help accomplish this? How does your wealth get in the way?

- Taken all together, how would you say things are these days? Would you say that you are very happy, pretty happy, or not too happy?

But there is a risk that the study could also highlight the less-charitable motivations behind philanthropy. One question asks whether the respondents give to nonprofit groups to "change the world" or because "it makes good business sense." The survey also asks if people give to charity because of tax deductions and whether a repeal of the estate tax would change their giving. (Many argue that a repeal could hurt philanthropy, because parents could leave more to their kids without paying taxes.)

Most research on the rich uses relatively small sample sizes and targets those worth \$1 million or more. Never before has anyone tried to get so many respondents worth at least \$25 million, and the Gates study aims to capture many respondents worth \$100 million or more. According to the Federal Reserve, there were about 110,000 households in the U.S. worth \$25 million or more in 2004 -- more than double the 50,000 in 1995.

"The rich aren't easy to study," says Russ Alan Prince, president of Prince & Associates. "They're busy. They're distrustful of marketers and surveys. And most of all, they're private."

Seeking Respondents

The Gates Foundation is contributing an estimated \$400,000 to the study, according to people working on the research. Calibre, a wealth-management firm owned by bank giant Wachovia Corp., will kick in an additional \$100,000 or more. (Calibre helped to shape a few of the questions about finances.) Yet Boston College will be leading the effort, and the school's Mr. Schervish says, "We will let the respondents guide the outcomes. We may have some surprises."

To find enough respondents, the group has reached out to several groups that have rich members or clients, such as CCC Alliance, a Boston-based collective of families worth \$100 million or more. It has also linked up with several philanthropy groups, such as the Wealth and Giving Forum. These groups are participating (responses will be voluntary and anonymous) in part because some of them will get back individualized reports on their members -- information that the rich often don't have about each other. The super-wealthy, who often feel isolated, may be inclined to answer the questions out of curiosity about their peers, because all participants will receive a copy of the national study.

The most revealing part of the study could result from the questions about the hearts and minds -- and happiness -- of today's rich.

A recent wave of research into happiness has shown that happiness levels plateau at a certain wealth level. Yet researchers haven't been able to measure people at the very top of the wealth ladder. While some say the very rich may be happier than the merely affluent, because they have more freedoms, others argue that happiness levels may decline at the top because of the complexities and troubles that wealth can bring, such as family feuds and lawsuits.

To measure happiness, the study will use a scale of 0-10 and ask the rich: "Taken all together, how would you say things are these days? Would you say that you are very happy, pretty happy, or not too happy?"

It will also ask respondents how they made their wealth: through investing, starting companies, corporate jobs or through inheritance, among others. While some studies have shown that inherited wealth is declining as a share of today's millionaires, who are mainly entrepreneurs, the Gates study could offer evidence to the contrary.

The study will also query respondents on how they define "rich." It will ask, for instance, how financially secure they feel and how much money they would require to "provide the desired standard of living for yourself and your family now and indefinitely into the future."

As for the richest American? A Gates Foundation spokesman didn't return a call asking whether Mr. Gates would respond to the survey.

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