UNDERSTANDING DONOR DYNAMICS
THE ORGANIZATIONAL SIDE OF CHARITABLE GIVING

Eugene R. Tempel
The Center on Philanthropy at Indiana University
EDITOR

NUMBER 32, SUMMER 2001
Fundraisers can help high-net-worth clients translate their financial wherewithal into an expression of their values and respond to society's needs.

5

The Mind of the Millionaire: Findings from a National Survey on Wealth with Responsibility

Paul G. Schervish, John J. Havens

"Few subjects arouse more widespread discussion than the motives, mental processes, and behavior of the rich. The actions of the millionaire and the reasons for them—these are topics on which all men feel free to express an opinion. Nevertheless, a veil of mystery appears to surround the subject. It is a characteristic American custom to write, read, and talk about millionaires—and yet the man himself remains a riddle after all. He is approached with intense curiosity and perhaps with a touch of awe" (Atwood, 1926, p. 1).

With these prescient words, written decades ago, Albert W. Atwood began The Mind of the Millionaire, his now-forgotten book about the popular perceptions, distinctive attributes, investments, philanthropy, and charitable motivations of the super-rich of his day.

Note: We are grateful to Bankers Trust Private Banking and Deutsche Bank Group for their sponsorship of this research; to the anonymous respondents for their important role in portraying the mind of the millionaire; to the T. B. Murphy Foundation Charitable Trust and the Lilly Endowment for support of our research on wealth and philanthropy; and to our colleague Mary A. O’Herlihy for her extensive editorial contribution to this paper.
Fascination with and opinion about the millionaire has never gone out of style. There are, of course, periods of heightened attention—sometimes spurred by media fads—to how millionaires think, feel, and act. But there is constant scrutiny of the rich to see whether their moral wherewithal is commensurate with their financial wherewithal, for in the absence of an aristocracy and an ethic of noblesse oblige, the steadfast American criterion of whether those with advantage deserve praise or scorn, incarnate virtue or vice, is whether in accumulation, consumption, and allocation they live a life of wealth with responsibility. Over the past two decades, as the growth in wealth has accelerated, the question of "whether great fortunes in this country are acquired and used in such a way as to be more of a benefit or a menace to the people" (Atwood, 1926, p. 1)—and in what ways—has been the leading question of much research, including our own. In addition to historical and interview research (see, for example, Schervish and Herman, 1988; Ostrander, 1986; Ostrower, 1995; Schervish, Coutsoakis, and Lewis, 1994; Burlingame, 1992; Schervish, O’Herlihy, and Havens, 2001; Schervish and Havens, 2001b; Schervish, 1994; Merrill Lynch and Cap Gemini Ernst and Young, 2001; and Prince and File, 1994), several national surveys have been conducted with wealth holders to assess their attitudes, activities, and aspirations (Bankers Trust Private Banking, 1996; U.S. Trust, 1992–1994, 1995–2000; HNW Digital, 2000, 2001; Spectrem Group, 2001a, 2001b, 2001c, 2001d, 2001e; Prince and Grove, 2001; Stanley and Danko, 1996; Stanley, 2000; Lincoln Financial Group, 2000, 2001; and Fidelity Investments and Ernst and Young, 2001).

In this chapter, we present some new findings on the intersection of wealth and beneficence, empowerment, and moral direction, derived from the Wealth with Responsibility Study/2000 carried out over two years from March 1998 to March 2000 for Bankers Trust Private Banking and now for Deutsche Bank Private Banking. This 2000 study followed upon the Bankers Trust report Wealth with Responsibility Study/1996, which was based on a survey designed to explore the meaning and practice of wealth among those in the uppermost financial tiers in the United States. The
purpose of the 2000 study was similar—namely, to discover how wealth holders think about and act on the capacity of their wealth to fashion their own lives, to shape the character of their heirs, and to improve the lives of others.

The findings offer a contemporary account of how the mind of the millionaire approaches the perennial interplay between the two sides of what Atwood calls the emblematic “shield” of wealth—“the accumulation or acquirement of ‘money,’ of wealth, and its use or spending” (1926, p. 2). Some findings from this survey have been previously published in abbreviated form by Bankers Trust Private Banking, Deutsche Bank Group in the report Wealth with Responsibility Study/2000 (Bankers Trust, 2000; www.dbprivatebanking.com). Although a growing number of studies present findings on the attitudes and practices of the affluent (those worth $1 million or more), the Wealth with Responsibility Study/2000 is distinctive in focusing solely on individuals from the uppermost tiers of wealth. Approximately 5 million—and perhaps as many as 7 million—of the 105 million households in the United States in 2000 possessed a net worth at or above $1 million, but only about 600,000 of those households enjoyed a net worth at or above $5 million, according to calculations by the Social Welfare Research Institute (SWRI). To our knowledge, the Wealth with Responsibility Study/2000 was the first survey whose sample was composed almost entirely of respondents from households with wealth at or above $5 million, including thirty households with net worth of at least $50 million (for further information, see www.bc.edu/swri).

**Demographic characteristics**

Table 5.1 presents the demographic characteristics of the respondents. The most significant characteristic of the sample is that all the respondents have exceptionally high net worth. The average level of wealth of the respondents is $38 million, and the median level of wealth is $35 million. Only 12 percent of the sample had net worth under $5 million, 60 percent were between $5 million
Table 5.1. Demographic characteristics of respondents

<table>
<thead>
<tr>
<th>Net Worth*</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mean:</strong> $37.9 million</td>
<td><strong>Median:</strong> $35.0 million</td>
</tr>
<tr>
<td>$&lt; 1 million</td>
<td>0.9</td>
</tr>
<tr>
<td>$1 million $&lt; 5 million</td>
<td>11.2</td>
</tr>
<tr>
<td>$5 million $&lt; 10 million</td>
<td>16.8</td>
</tr>
<tr>
<td>$10 million $&lt; 20 million</td>
<td>18.7</td>
</tr>
<tr>
<td>$20 million $&lt; 50 million</td>
<td>24.3</td>
</tr>
<tr>
<td>$50 million $&lt; 100 million</td>
<td>12.1</td>
</tr>
<tr>
<td>$100 million or more</td>
<td>15.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Income*</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mean:</strong> $4.4 million</td>
<td><strong>Median:</strong> $3.0 million</td>
</tr>
<tr>
<td>$&lt; 100,000</td>
<td>1.9</td>
</tr>
<tr>
<td>$100,000 $&lt; 250,000</td>
<td>4.6</td>
</tr>
<tr>
<td>$250,000 $&lt; 500,000</td>
<td>13.0</td>
</tr>
<tr>
<td>$500,000 $&lt; 1 million</td>
<td>17.6</td>
</tr>
<tr>
<td>$1 million $&lt; 5 million</td>
<td>40.7</td>
</tr>
<tr>
<td>$5 million $&lt; 10 million</td>
<td>13.0</td>
</tr>
<tr>
<td>$10 million $&lt; 25 million</td>
<td>3.7</td>
</tr>
<tr>
<td>$25 million or more</td>
<td>5.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mean:</strong> 59.4 years</td>
<td><strong>Median:</strong> 58.5 years</td>
</tr>
<tr>
<td>30 $&lt; 40 years</td>
<td>4.5</td>
</tr>
<tr>
<td>40 $&lt; 50 years</td>
<td>17.0</td>
</tr>
<tr>
<td>50 $&lt; 60 years</td>
<td>31.3</td>
</tr>
<tr>
<td>60 $&lt; 70 years</td>
<td>25.9</td>
</tr>
<tr>
<td>70 $&lt; 80 years</td>
<td>16.1</td>
</tr>
<tr>
<td>80 years or older</td>
<td>5.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Education**</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mean:</strong> 17.1 years</td>
<td><strong>Median:</strong> 16.0 years</td>
</tr>
<tr>
<td>High school or less</td>
<td>4.5</td>
</tr>
<tr>
<td>Two-year degree or equivalent</td>
<td>2.7</td>
</tr>
<tr>
<td>Four-year college degree</td>
<td>47.3</td>
</tr>
<tr>
<td>Graduate or professional degree</td>
<td>45.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of Children and Stepchildren</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mean:</strong> 2.7 children</td>
<td><strong>Median:</strong> 2 children</td>
</tr>
<tr>
<td>0</td>
<td>8.9</td>
</tr>
<tr>
<td>1</td>
<td>9.8</td>
</tr>
<tr>
<td>2</td>
<td>36.6</td>
</tr>
<tr>
<td>3</td>
<td>18.8</td>
</tr>
<tr>
<td>4</td>
<td>14.3</td>
</tr>
<tr>
<td>5 or more</td>
<td>11.6</td>
</tr>
</tbody>
</table>

* Coded at category midpoint of range
** High school or less coded as twelve years; two-year degree or equivalent coded as fourteen years; four-year college degree coded as sixteen years; graduate or professional degree coded as nineteen years
and $49 million, and 28 percent, the extremely wealthy, had a net
worth at or above $50 million. As with wealth, the respondents’
family income is at the very upper end of the distribution. An
annual income of $1 million currently places a family in the top 0.1
percent of the U.S. income distribution (as calculated by SWRI on
the basis of the Survey of Consumer Finances, from the National
Opinion Research Center, 1998), a category in which 63 percent
of the respondents reside. For the respondents as a group, the
median annual income is $3 million and the average is $4.4 million.

Respondents range in age from thirty to eighty-four. Both the
average and median age of respondents are fifty-nine, which makes
them older on average than most adults in the United States. The
great majority of the respondents are men (91 percent) and are liv-
ing with a spouse (88 percent). This prominence of males and of
married respondents precludes the possibility of any analysis bro-
ken down by gender or marital status.

In addition to being exceptionally wealthy, the respondents are
well educated. Almost all graduated from a four-year college, and
almost half hold a graduate or professional degree. Although 47
percent of the respondents are over sixty, only 23 percent are
retired and no longer working. Of the 67 percent of the respon-
dents who are not retired, 46 percent are self-employed, 23 per-
cent are employed by others, and 8 percent are in an intermediate
position where they are neither working for pay nor retired—for
example, continuing to work in an unpaid executive job. Ninety
percent of the respondents have children or stepchildren. A large

group (44 percent) of respondents have grandchildren or step-
grandchildren.

---

Source of wealth

Respondents were asked to estimate the percentage of their cur-
rent family wealth that is derived from inheritance or gifts; from
professional efforts such as running a business, earning a salary, or
entrepreneurship; from investment; or from other unspecified
sources (for the questionnaire, see www.bc.edu/swri).
What did the respondents report about the origins of their wealth? The short answer is that for the most part they worked for it. The main source of wealth is the effort of the respondent as a business owner or employed professional. Moreover, the higher the value of current wealth, the greater the proportion of wealth is due to work. The respondents, like those included annually on the Forbes 400 list of the wealthiest Americans, are overwhelmingly self-made. On average, respondents derived 60 percent of their wealth from professional efforts, a little over 20 percent from investment, and a little under 20 percent from inheritance. More respondents derived some or all of their wealth from professional efforts than those who did not, and more respondents derived wealth solely from personal efforts than solely from inheritance or investment (Schervish and Havens, 2001a; available from the authors by e-mail at swri508@bc.edu).

**Financial security**

Feeling financially secure is a function of psychological comfort as well as of the level of material wherewithal. Since all but one respondent reported wealth in excess of $1 million, it is not surprising that nearly all the respondents felt more financially secure than not, with 98 percent placing themselves above the midpoint on a scale from 0 to 10 (from not at all secure to extremely secure). However, given their affluence, only a relatively low 36 percent felt completely financially secure. The ratings ranged from 4 to 10 and averaged 8.5. The median amount of wealth needed for financial security is $20 million, or 67 percent more than current wealth, while the average amount needed is $44 million, or 76 percent more than current wealth.

Regardless of how financially secure they feel personally, only 26 percent of the respondents feel very confident that the next generation will be as financially secure as they are now. Perhaps because of their own or their parents’ depression-era uncertainties, there appears to be caution about the fortunes of the next generation. A
striking 22 percent do not feel confident about their heirs' financial security; a majority of respondents are only moderately confident about what the future may hold. Despite their fortune and the long bull market (at the time of the survey), the very wealthy remain wed to a financial prudence that contributes in part to efforts they devote to teaching their children the values and virtues of work and frugality.

---

**The freedoms of wealth**

The most universally recognized attribute of wealth is the range of choices it bestows and the freedom it provides wealth holders to decide among those choices. To learn about the realms of engagement that upper-strata wealth holders see wealth as providing in their lives, respondents were asked about four categories of activity: business, politics, foundations, and personal development. A majority of respondents indicated that they or members of their family are engaged in each of these realms: 65 percent in starting up or running a business; 59 percent in financial support of political parties, candidates, or causes; 51 percent in managing a family philanthropic or charitable foundation; and 60 percent in practices to deepen their own spiritual, religious, or personal development.

Respondents were next asked to report how significant their wealth is for carrying out each of these activities and then to list any additional areas where wealth offers special opportunities for them and their families. More than 70 percent of the respondents who participate in business, politics, foundations, and personal development recognize wealth to be at least moderately important in providing an opportunity for those engagements. Going further, 79 respondents took the effort to indicate one or more additional realms where wealth makes a difference in their lives. These responses are concentrated in five areas where respondents see wealth endowing them and their family with temporal and material wherewithal: to (1) pursue their aspirations, (2) obtain what they
wish to purchase, (3) provide for their family’s needs, (4) gain access to contacts and to leadership roles, and (5) contribute time and money to help others.

What is important is not the relative prominence of one area of freedom over another, nor necessarily the specific areas of choice that wealth opens up. The most important point is that wealth holders recognize and can articulate the fundamental attribute of fortune. This is the twofold capacity of wealth: it first expands the array of potential choices that come daily onto the horizon of wealth holders, and then it serves as the instrument for actualizing their aspirations about the range of choices they enjoy. One such locus where material capacity and moral aspiration intersect is policy issues that wealth holders hope to influence.

---

Policy issues wealth holders would like to influence

As Adam Smith pointed out two centuries ago, wealth is often viewed as an end in itself, but in fact it is an instrument placed into the service of values and purpose (Smith, 2000). To learn what wealth holders discern as the complementary, nonbusiness objectives of using their time and money, we asked respondents to choose from a list (or write in) the three policy issues they would most like to influence through their contribution of time or money. Asking respondents which issues they would like to influence, rather than simply which they think are important, encourages them to give answers that better reflect what they are actually doing or are likely to pursue.

Comparing the public policy priorities of the respondents depends, of course, on how issues are grouped together. The most commonly cited areas were, first, the single issue of improvement of education, mentioned by 60 percent of respondents; and the category combining the mitigation of poverty, reduction of inequality, and provision of basic needs, mentioned by 49 percent. These were followed by concern for arts and culture; family stability; eco-
nomic growth; the environment; and the combined category of health, nursing home, and mental health provision. Other issues, such as reducing taxes, discrimination, drug abuse, and crime, were each identified by less than a tenth of the respondents.

As can be seen, wealth holders tend to be materially disinterested in the concerns they hope to influence. Taken together, their focus on improving education and on addressing the conditions of poverty suggests a dual strategy of human-capital development, in which the goal of alleviating poverty can be attended to by improving education for those of lesser means. The next section of this article looks at the philanthropic contributions of time and money that wealth holders devote to the people and causes for which they care.

---

**Voluntary assistance**

Like the American people in general, wealth holders are actively engaged in providing voluntary assistance on behalf of a range of people and causes for which they care. There is, of course a potential for what social scientists call selection bias, in that the people who responded to the survey may be more inclined than the full population of wealth holders to donate their time to assist people and causes. At the same time, there is evidence that when people are asked carefully about their volunteering, the number of respondents who report some volunteering is above 90 percent (Schervish and Havens, forthcoming). (This article reports on findings from the yearlong Boston Area Diary Study [Schervish and Havens, forthcoming], in which forty-three randomly selected respondents were queried once a week about their philanthropic giving and volunteering. In that study, 100 percent of respondents participated in the survey year in some form of formal or informal volunteering to assist people outside their home other than relatives.)

In the *Wealth with Responsibility Study/2000*, respondents were asked whether they had provided voluntary assistance at some time in the past three years. Although the three-year time period results
in a participation rate higher than what might be found for a single year, the three-year period was used to find longer-term patterns of participation rather than a statistical count for a single year. Overall, it is reasonable to conclude that the level of participation, the average number of hours per month, and the areas of engagement in providing voluntary assistance accurately portray the range and intensity of wealth holders’ voluntary activity.

**Patterns of volunteering**

Almost all the respondents (92 percent) have volunteered their time to charitable or political causes during the past three years (see Table 5.2). Most of the respondents (86 percent) currently volunteer at least one hour in an average month in these activities. The amount of time respondents spend on these activities in an average month ranges from 1 to 100 hours, with a median of 10 hours and an average of 15 hours per month or 180 hours per year.

Respondents were asked to indicate whether they volunteered their time to assist causes or people in need, whether they contributed time to assist political candidates, parties, or causes; and then to specify some of the particular activities they carried out in a voluntary role. Roles were in a given range of activities, from providing ordinary assistance (to a person in need or as a volunteer to a charitable cause) to a specific leadership role or service on a board. Although there are no comparable data from other studies charting the leadership activities of the population as a whole, it is clear that such leadership roles are prominent in the repertoire of volunteer venues through which wealth holders participate in philanthropy. Table 5.2 indicates that 71 percent serve on a board of directors for a charitable or philanthropic organization, 75 percent volunteer time for fundraising activities, and 52 percent volunteer to help plan an event for a charitable or philanthropic cause.

**Perceived helpfulness and satisfaction as a volunteer**

All research on philanthropy indicates that charitable involvements are generated, sustained, and expanded when donors perceive that
Table 5.2. Volunteer activity

<table>
<thead>
<tr>
<th>Patterns of Volunteering</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volunteered in past three years</td>
<td>92.0%</td>
</tr>
<tr>
<td>Currently volunteers</td>
<td>86.3%</td>
</tr>
<tr>
<td>Median hours per month</td>
<td>10.0</td>
</tr>
<tr>
<td>Average hours per month</td>
<td>15.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Volunteer Activities in Past Three Years</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall participation</td>
<td>92.0</td>
</tr>
<tr>
<td>Charitable causes and people in need</td>
<td>77.7</td>
</tr>
<tr>
<td>Political candidates, parties, causes</td>
<td>27.7</td>
</tr>
<tr>
<td>Specific activities:</td>
<td></td>
</tr>
<tr>
<td>Board of directors</td>
<td>70.5</td>
</tr>
<tr>
<td>Fundraising</td>
<td>75.2</td>
</tr>
<tr>
<td>Event planning</td>
<td>51.8</td>
</tr>
</tbody>
</table>

Perceived Helpfulness and Satisfaction

<table>
<thead>
<tr>
<th>Perceived Helpfulness</th>
<th>Perceived Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>10-point scale</td>
<td></td>
</tr>
<tr>
<td>Low (&lt;5)</td>
<td>10.5%</td>
</tr>
<tr>
<td>Medium (5–7)</td>
<td>27.9%</td>
</tr>
<tr>
<td>High (8–10)</td>
<td>61.6%</td>
</tr>
<tr>
<td>Average</td>
<td>7.8</td>
</tr>
</tbody>
</table>

their contribution of time or money helps the people and causes for which they care, and when donors experience positive personal satisfaction from having made a difference. To gauge the effect of these motivating factors, respondents were asked to assess how helpful and satisfying their ordinary volunteer efforts were. It appears that wealth holders appreciate the contribution their volunteering makes and feel rewarded for their efforts (see Table 5.2). Few give a low rating to the helpfulness of their efforts and the satisfaction they derive. Around 60 percent of those who volunteer recognize their volunteering as very helpful and consider their work to be very satisfying. On a 10-point scale (from 0 = not at all satisfying to 10 = extremely satisfying), respondents perceive a 7.3 average level of helpfulness and experience a 7.8 average level of satisfaction.
Perceived helpfulness and satisfaction as political volunteer

In contrast to the 78 percent of respondents who contribute their time as ordinary volunteers, only 28 percent volunteered time to a political candidate, party, or cause in the prior three years even though there was a presidential election during this period (in 1996). Of this relatively small fraction of respondents, only around 40 percent consider their volunteering in the political realm to be either very helpful or very satisfying. On a 10-point scale (from 0 = not at all helpful to 10 = extremely helpful), the average level of perceived helpfulness to political candidates, parties, or causes is 6.5, while the average level of satisfaction is 6.2.

Most important activities of political volunteering

Even though only one-quarter of the respondents participate in political volunteering and their average levels of perceived helpfulness and satisfaction are lower than for charitable volunteering, it would be a mistake to underestimate the meaning and effectiveness of political volunteering among wealth holders. As with any involvement, the number of participants and the amount of time they devote is not the full story. Also important, especially in the realm of politics, is the type of activity the wealth holder undertakes. In the realm of politics, as in volunteering, participants indicate engagements that are highly leveraged. For instance, 29 percent of those volunteering in the political arena participate in a relatively high-profile role as a direct advisor, elected official, or delegate; 25 percent are directly active in some aspect of raising funds. Finally, it is indicative of a sense of effectiveness that when asked to state their most important area of political engagement, 18 percent indicate a close affinity to a political candidate or party, by simply writing in “the Bushes,” or “the Democrats.”

Charitable contributions

Research based on the Federal Reserve’s Survey of Consumer Finances, a survey with a substantial sample of very wealthy respondents, indicates that 90 percent of households with net worth at or
above $5 million contribute to charity, and in a substantial amount (for estimates by income and wealth, see Schervish and Havens, 2001b). The major drawback of that survey is the absence of any exploration of the areas to which wealth holders contribute and the conditions that animate giving. In addition to offering further evidence of a high rate of participation in charitable giving and a high level of giving, the Wealth with Responsibility Study/2000 offers for the first time a portrait of the meaning and motivation that accompany the charitable giving of the very wealthy.

**Participation in charitable giving**

All the respondents report that they or their family made monetary contributions to charitable or political causes in 1997: 97 percent contributed to charitable organizations and 65 percent to political causes. Almost all respondents contributed to nonreligious organizations or to combined charities, and approximately 70 percent gave to churches, synagogues, or mosques, and to trusts, gift funds, or foundations. Although wealth holders support their place of worship at a rate higher than the general population, they are even more likely to contribute to charities in general. This is consistent with a well-known general tendency: that the wealthier the donors, the more likely they are to contribute to a number of organizations other than their place of worship and to contribute a greater proportion of their total donations to these nonchurch organizations. One significant finding about the very wealthy—shown with survey data for the first time—is how many respondents contributed to a foundation or trust over a single one-year period.

**Amount of charitable contributions**

The average annual amount of contributions to charitable and political causes was $1.2 million per family in 1997, or an average of 22 percent of their family income (see Table 5.3). Only 72 of the 112 respondents specified the amount that they contributed to charitable and political causes; another 7 individuals gave partial information. If we assume that the missing amounts are zero for the latter 7 respondents, average contributions are reduced from $1.2 million to $1.1 million per family. To establish a floor for the
Table 5.3. Financial wherewithal and charitable giving

Wealth and Charitable Contributions

<table>
<thead>
<tr>
<th>Family Net Worth</th>
<th>Average Contribution</th>
<th>Percentage of Income Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; $1 million</td>
<td>$2,475</td>
<td>2.5</td>
</tr>
<tr>
<td>$1 million - $5 million</td>
<td>$13,113</td>
<td>3.5</td>
</tr>
<tr>
<td>$5 million - $10 million</td>
<td>$65,780</td>
<td>10.6</td>
</tr>
<tr>
<td>$10 million - $20 million</td>
<td>$211,700</td>
<td>11.6</td>
</tr>
<tr>
<td>$20 million - $50 million</td>
<td>$488,247</td>
<td>16.5</td>
</tr>
<tr>
<td>$50 million - $100 million</td>
<td>$1,544,889</td>
<td>34.5</td>
</tr>
<tr>
<td>$100 million or more</td>
<td>$5,498,091</td>
<td>56.7</td>
</tr>
<tr>
<td>All*</td>
<td>$1,108,707</td>
<td>20.4</td>
</tr>
</tbody>
</table>

Income and Charitable Contributions

<table>
<thead>
<tr>
<th>Annual Pretax Family Income</th>
<th>Average Contributed</th>
<th>Percentage of Income Contributed</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; $100,000</td>
<td>$2,088</td>
<td>2.1</td>
</tr>
<tr>
<td>$100,000 - $250,000</td>
<td>$12,233</td>
<td>7.0</td>
</tr>
<tr>
<td>$250,000 - $500,000</td>
<td>$29,370</td>
<td>7.8</td>
</tr>
<tr>
<td>$500,000 - $1 million</td>
<td>$204,607</td>
<td>27.3</td>
</tr>
<tr>
<td>$1 million - $5 million</td>
<td>$375,479</td>
<td>12.5</td>
</tr>
<tr>
<td>$5 million - $10 million</td>
<td>$3,881,409</td>
<td>51.8</td>
</tr>
<tr>
<td>$10 million - $25 million</td>
<td>$2,661,750</td>
<td>15.2</td>
</tr>
<tr>
<td>$25 million or more</td>
<td>$18,280,000</td>
<td>73.1</td>
</tr>
<tr>
<td>&lt; $1 million</td>
<td>$110,312</td>
<td>16.7</td>
</tr>
<tr>
<td>$1 million - $10 million</td>
<td>$1,232,484</td>
<td>22.1</td>
</tr>
<tr>
<td>$10 million or more</td>
<td>$2,661,750</td>
<td>26.8</td>
</tr>
<tr>
<td>All*</td>
<td>$1,108,707</td>
<td>20.4</td>
</tr>
</tbody>
</table>

Venues of Charitable Giving

<table>
<thead>
<tr>
<th>Average Amount Contributed**</th>
<th>Percentage of Total**</th>
</tr>
</thead>
<tbody>
<tr>
<td>All types of organization</td>
<td>$1,196,000</td>
</tr>
<tr>
<td>Charitable organizations</td>
<td>$1,184,000</td>
</tr>
<tr>
<td>Specific nonreligious</td>
<td>$167,000</td>
</tr>
<tr>
<td>Combined charities</td>
<td>$38,000</td>
</tr>
<tr>
<td>Religious organizations</td>
<td>$16,000</td>
</tr>
<tr>
<td>Trusts, gift funds, foundations</td>
<td>$753,000</td>
</tr>
<tr>
<td>Other organizations</td>
<td>$264,000</td>
</tr>
<tr>
<td>Political organizations or causes</td>
<td>$12,000</td>
</tr>
</tbody>
</table>

* The figures add to $1,250,000 (and 105 percent), which is more than the reported average of $1,196,000. The reported average is based on cases in which all components were reported. Several cases reported values for only some components. The component averages thus do not add up to the overall average.

** See Schervish and Havens (2001b) for estimates of charitable giving by income and wealth.
average amount of contribution, we may calculate the average using a zero value for missing amounts. In this case, the average contribution for respondents is $46,000 per family. Thus the respondents contributed at least $746,000 per family in 1997. Assuming that the amount contributed is unrelated to the willingness of the respondent to disclose this amount, $1.2 million per family is the best estimate of the average contribution per family for this group of respondents.

Of this $1.2 million per family, only $12,000 on average was given to political causes, parties, or candidates. The amounts contributed range from $1,700 (0.1 percent of income) to $36.1 million (481 percent of income). Because wealth holders tend to make substantial gifts in some years and give less in others, and simply because wealth holders differ in how charitably engaged and inclined they may be, any one-year snapshot of giving captures wide variation in how much is given. For instance, approximately 20 percent of the respondents contributed $20,000 or less to charitable or political causes in 1997, averaging 1.9 percent of their family income. At the same time, 25 percent of the respondents contributed $500,000 or more to charitable or political causes in 1997, averaging 69 percent of their family income.

Charitable contributions by wealth and income

Table 5.3 shows that the relationships between charitable giving and wealth and charitable giving and income are direct and unmistakable. As the level of wealth increases, so do both the amount and the percentage of income contributed to charity. The amounts contributed range from a modest $2,500 to $5.5 million for households with net worth at or above $100 million. The relation between charitable giving and income is also positive.

Although the amount and percentage of income contributed to charity generally rise as income goes up, there is not an even pattern. The choppy pattern of the findings is due to the small size of some cells and the fact that income was obtained in such broad categories. Other research based on larger cell sizes has documented a clear and consistent pattern by which charitable giving, in the
amount of dollars and in percentage of income, increases as income rises (Schervish and Havens, 1998). In addition, when we chart charitable giving by fewer income categories, the positive relation appears more even. The problem of cell size does not affect findings on wealth and charitable giving because there is a fairly even distribution of cases to each cell of net worth. This is because the sample was carefully selected to cover each category of net worth reported here.

Taken together, the findings on charitable giving by wealth and income indicate the trend, and contribute to the emerging realization, that at the high end of the financial hierarchy there is a substantial engagement in charitable giving.

*Venues of charitable giving*

Not only do more wealth holders contribute to nonreligious organizations and to combined appeals than to religious organizations, they also contribute more dollars to nonreligious venues than to their place of worship (see Table 5.3). The largest amounts are to trusts, gift funds, or foundations, which were given an average $750,000. Gifts to specific, nonreligious charities, such as educational, community, welfare, medical, and cultural organizations, averaged almost $170,000. Combined charities received an average of under $40,000, while churches, synagogues, and mosques received $16,000. The average contribution to political causes, candidates, and parties was $12,000. Another $264,000 was donated to unspecified charitable organizations other than those listed here.

These findings do not mean that wealth holders are less dedicated to their congregational life than the rest of the population; nor does it mean that they are less committed to religious causes or less motivated by religious impulses. It only means that the religious organization category was narrowly defined to mean churches, synagogues, or mosques. Unless there is a major capital campaign, wealth holders are not generally called upon to make large gifts to their places of worship; nor for that matter is there usually much need to do so, given the relatively small operational budget of a congregation and the fact that most congregations
attended by wealth holders would also be attended by others bearing their share of congregational finances. At the same time, giving to Catholic Charities or the United Jewish appeal, while religiously connected, is included under the rubric of united appeals.

Similarly, contributions to religious schools and colleges, a major category of charitable giving by wealth holders, are conventionally categorized as gifts to education. Another factor, of course, is the large amount of unspecified giving that the respondents report and the fact that the trusts, gift funds, and foundations to which they give do themselves then distribute funds to various causes. Even more important for understanding the areas wealth holders wish to emphasize in their giving are the findings we have reported indicating the desire of wealth holders to focus their gifts of time and money on improving education, mitigating poverty, advancing the arts, and fortifying family stability.

The motivational matrix of charitable giving

Although the bulk of wealth holders' charitable giving is by way of trusts, gift funds, and foundations (63 percent), rather than directly to charitable organizations in cash or appreciated assets, donors give to the causes to which they are physically or emotionally attached. In addition to dividing charitable contributions according to venue, we gave respondents the opportunity to state the proportion of their family's contributions that were self-initiated, about which they felt passionate, and that were given to organizations to which they or their family were connected.

The identification model of charitable giving (for elaboration, see Schervish and Havens, 1997) suggests that it is engagement rather than absence of self that generates greater charitable giving. The more closely donors are associated with charitable causes and the more intensely donors feel the beneficiaries of their giving share a fate with them, the greater is the amount of charitable giving. Respondents were asked two questions in the study, the answers to which support the identification theory of charitable motivation: First, what proportion of their charitable dollars is
given to groups with which they or their family are associated? Second, what proportion is given to causes about which they feel passionate? For the very wealthy, as for the population at large, both association and intensity of care induce greater charitable giving.

In regard to association, on average, respondent families give 57 percent of their donations to charitable groups with which they or members of their family are involved as members, participants, volunteers, board members, or committee members. Moreover, those who give over half of their contributions to organizations in which they or members of their families are involved contribute larger average amounts ($1.2 million) and a higher percentage of income (24 percent) than respondent families that give half or less of their contributions to organizations in which they or their families are involved ($995,000, or 14 percent of income).

A sense of dedication to a cause produces an even greater effect. Respondents indicate that their families give 72 percent of their contributions to causes about which they ardently care. Respondent families giving more than half of their contributions to causes about which they feel passionate make average contributions of $1.3 million, or 23 percent of income, while those who give half or less of their donations to causes about which they feel passionate make average contributions of $317,000, or 12 percent of income.

A third division of charitable giving that respondents were asked to report was how much of their giving results from their own initiative rather than from being asked. Although pretty much all charitable giving is self-initiated in the sense that it is a voluntary act, it is not self-initiated where it occurs in response to an appeal by a charitable cause or person in need. Wealth holders whose gifts are larger and more explicitly directed toward creating new philanthropic ventures or approaches are also more likely to offer a charitable gift without waiting to be asked. On average, about half the contributions (52 percent) are made in response to a request for a contribution, while the other half (48 percent) are initiated by donors without being asked.

Being passionate about a cause and being associated with a charitable group help mobilize charitable giving across the financial spectrum. But among wealth holders, association and passion also
have a way of leading to a high level of self-initiated giving. Even though wealth holders initiate a great proportion of their gifts, as a factor that generates giving the associational linkage represented by being asked remains important. Respondent families giving more than half their contributions in response to a request give an average of $1.3 million, or 28 percent of income, while those who give half or less of their contributions in response to a request donate $1 million, or 14 percent of income. In the end, it is not so much whether wealth holders respond to requests or initiate their giving; what matters is that they do both within an environment of association and care.

The general picture is that wealth holders give more when passionate about the causes to which they give, they tend to be passionate about the causes with which they associate, and they respond generously when asked to give to the causes they feel strongly about or with which they are associated.

*Satisfaction with effectiveness of charitable giving*

Although more satisfied than not with the effectiveness of their donations and social contributions to improving the well-being of others, only 8.3 percent of the respondents rated their satisfaction at 10 on a scale from 0 = not at all satisfied to 10 = extremely satisfied. The scores on this scale range from 2 to 10, with an average value of 7. Despite the fact that respondents evince a higher level of satisfaction with their charitable giving than with their volunteering, the vast majority of respondents indicate that there is room for improvement in their charitable giving. For instance, 40 percent indicate that the risk of mismanagement or corruption in some charities limits the amount they now contribute.

*General factors likely to increase charitable giving*

Given such room for improvement, what general conditions might induce wealth holders to increase their charitable giving, and what specific changes do they contemplate when they look to revise their giving?

To learn which factors are most likely to actuate increased giving, respondents were asked to rate how likely each of six changes
would be to increase their giving. The factor that respondents most consistently claimed would elevate their giving is finding a new cause about which they feel especially passionate; 93 percent of respondents made this claim. Increased personal net worth, increased tax incentives, and knowledge that the contributions are making a real difference are all likely to increase contributions for at least two-thirds of wealth holders. More time to study and think about charitable giving is likely to increase charitable contributions for 46 percent, while better information about the tax benefits of charitable giving is likely to increase giving for only 22 percent.

Although there are always multiple factors in play, and in combinations differing with the wealth holder, the findings indicate a telling pattern: material capacity and emotional engagement are more important than cognitive knowledge. Wealth holders understand and articulate a combination of material realism and emotional idealism. Increased wealth and expanded tax benefits are the foundation for increasing the supply of charitable dollars; intensity of emotional concern mobilizes that material foundation. Respondents are virtually unanimous in saying that deeper charitable commitment derives from finding a cause to feel passionate about. Fuller information and more time to study a cause are, of course, important. But in generating additional generosity, the due diligence process takes a back seat to greater material capacity and to fervent concern.

**What would be done differently**

A series of questions offered respondents an opportunity to specify what they would like to change in their giving and the factors they would consider in doing so. Although only 35 percent of the respondents opted to write in what they personally would like to do differently with respect to their giving, most respondents did talk about the factors they consider when they do make changes in giving. Of those who wrote what they would like to do differently, two-thirds spoke about changes that in one way or another revolve around more closely monitoring and then amending the process by which their charitable dollars translate into charitable effects. They talk about changing the focus of their funding, earmarking greater
priority to fewer causes, being more proactive in initiating gifts, leveraging their gifts to attract support from others, and in general reevaluating the needs they want their gifts to address and the organizations they choose as their emissaries.

**Specific factors considered when adjusting charitable giving**

Respondents were invited to indicate the factors they consider when adjusting their charitable giving from year to year. Their answers demonstrate sensitivity to all the major elements by which financial resources come to attend to human needs. They assess the supply side of their own changing net worth, their estate planning, and the general tax environment. They also assess the demand side, scanning the horizon for changes in the needs they might wish to meet.

Moreover, how much they decide to give and when they decide to give it is not a static or abstract reality. Decisions about the amount and about the cause occur in tandem. How much donors decide to give is affected by the nature and urgency of the needs they perceive, and vice versa. In addition to this interactive matching of a supply of financial resources and a demand of human needs are a set of decisions surrounding which particular organizations to support. The findings are also illuminating about how these decisions are made. Wealth holders highlight three processes for relocating the organizational home of their gifts. The first concerns changes in the range and level of the donor’s personal involvement with particular organizations. A second process occurs in and around how friendship and business networks bring new causes within their purview. A third process that wealth holders accentuate is their evaluation of the relative effectiveness and efficiency by which an organization pursues its mission.

Taken together, the findings portray a scenario in which the very wealthy are dedicated to persistent vigilance about and amendment of their charitable giving. Wealth holders are strategic philanthropists; they are regularly engaged in a self-reflective decision-making process about the amount of financial resources they deem available for charity, the social purposes they consider important, the organizational pathways their gifts traverse, and the efficacy of the outcomes they hope to secure. Our findings confirm that a
desire for effective philanthropy and implementation of a conscious strategy to achieve philanthropic goals (often thought to be the provenance of younger donors or “venture philanthropists”) are found at all levels of wealth and income, regardless of age and economic status, and are not new in history. What is different for high-net-worth individuals is that they have the financial wherewithal to achieve goals, to produce effectiveness, and to transmit their values.

Educating children about the responsibilities of wealth
For wealth holders, the transfer of wealth is simultaneously the transfer of values. One of the most perplexing and satisfying aspirations of parents is finding the proper tone and proper strategies for passing on the responsibilities of wealth to their children. Providing an appropriate inheritance of financial skills, values, and commitments is as crucial as providing a secure financial upbringing and a suitable financial inheritance. For instance, 97 percent of respondents report that they are, or were, consciously active in teaching their family values to their children. To understand how parents educate their children about the meaning and practice of wealth, a series of questions were asked to learn what they teach their children and how they teach it.

Education about family’s relative affluence
In addition to teaching family values, wealth holders also focus on the specific task of educating their children about their relative affluence. Sixty percent of respondents report taking direct steps to educate their children about their relative affluence during their children’s formative years; another 20 percent indicate that they carried out such education after the formative years. The 60 percent who started the education of their children during their formative years began doing so anywhere from birth through age seventeen. Most of the remaining 20 percent indicate that they took up the issue of relative affluence with their children between ages eighteen and twenty-one, with a few beginning a little later.
Most of those parents who began the education process in childhood also offered examples of what they did. Respondents mentioned a variety of activities, which can be grouped into three categories: (1) frugal financial management, such as earning spending money and avoiding materialism; (2) the dispositions of humility and responsibility, such as realizing that wealth entails a measure of good fortune and blessing and entails special responsibility; and (3) philanthropic involvement, such as bringing children into their parents' philanthropy and encouraging or requiring their children to carry out giving and volunteering.

**Specific activities to teach financial virtue**

Several questions were asked to learn how many parents carried out various specific activities to teach their children a life of financial virtue. It is clear that parents pursue a range of activities to communicate in words and in actions what they hope their children will understand about the value and use of wealth. Almost all parents encourage their children to earn their own money, and about half who have family businesses involve their children in one way or another. More than three-fourths work to instill a philanthropic inclination.

When asked for some examples of what they did to embed a philanthropic disposition and other aspects of financial virtue, the respondents emphasize teaching a range of ideas, sentiments, and behaviors all designed to carry out what can be called a process of financial formation. Such formation covers the full range of economic life, including production, accumulation, investment, consumption, and distribution of wealth. Most important, perhaps, in understanding the serious intent of fashioning the character of their children is repeated emphasis on instilling religious and humanistic dispositions of humility and responsibility. From its inception to its consumption, wealth is a relational reality. Wealthy parents with wealthy children may not be any more successful either in living their values or passing them on to their children. But when given a chance to express their aspirations for their children, they want them to be as smart and as caring as possible.
Estate planning

Estate planning is commonly portrayed as a set of financial decisions in the light of death and taxes. In fact, it is a set of decisions about a way of living and giving in regard to oneself, one's heirs, and society (Fitthian, 2000). An estate plan, whether a self-reflectively fashioned legacy or documents passively constructed around default options, reveals how wealth holders view themselves, their heirs, and their world. An estate plan is a life plan as well as a death plan. With 89 percent of the respondents having a written estate plan, what wealth holders report about their estate planning and about the kind of counsel they might desire are relatively stable pieces of the overall picture of wealth with responsibility.

Expected and desired distribution of estates

What wealth holders expect to be the allocation of their estates among taxes, heirs, and charity is different from what they would like it to be. On average, they expect that 37 percent of their estate will go to taxes, 46 percent to heirs, and 16 percent to charitable organizations. If they could modify this distribution, they would prefer that 9 percent go to taxes, 65 percent to heirs, and 26 percent to charitable organizations. In moving to their preferred distribution, wealth holders would divide the tax savings in a ratio of two to one between heirs and charities.

Factors likely to influence creation or revision of estate plan

When asked about factors that would influence them in creating or revising an estate plan, wealth holders respond in a way that reveals an interest in obtaining knowledge about the three-way interaction between family needs, tax requirements, and tax incentives for charitable giving. They tend to know enough about their current financial status and are not worried about the cost of advice. They are willing to pay for good advice that revolves around ensuring that their legacy achieves a favorable allocation among heirs, government, and charity.
Perceived source of best advice for estate planning

When planning their estates, wealth holders would expect to get the best advice from independent practitioners rather than professionals employed by financial institutions or by nonprofit philanthropic organizations. Respondents often indicated more than one source for estate-planning advice. Some respondents wrote that they felt that a team of advisors was necessary and should include a tax attorney, estate planner, or accountant. An important implication of this finding is that wealth holders are accustomed to working with independent professionals and are less concerned with the particular specialty of their advisors than with the direct access and personal attention they expect and receive.

Institutional factors perceived as important for estate planning

Although only 9 percent of respondents reported that they considered financial institutions to be among the best sources of advice for their estate planning, 90 percent still gave a response about what they would most want to find if they were looking to a financial institution for assistance.

Not surprisingly, the institution they would turn to for advice about financial management is one that is itself well managed. Hence an institution's stability, administrative reputation, and management team are important. Given that solid foundation, wealth holders then want a consistent personal point of contact and customized financial strategies. Wealth holders, capable of discerning for themselves the quality of a service and willing to pay for competency, are understandably less concerned about fee schedules, regulatory oversight, the institution's own investment policies, and past experience with other clients. Even though each of these factors is important for some respondents, and some appear very important, the fact remains that wealth holders are reluctant to turn to institutions for their estate planning.

Why this is so is suggested by the foregoing findings. Institutions are perceived as a matter of course to be carrying out a good investment policy and to be subject to market standards in terms
of oversight and fees. So these factors, though important to some, are in themselves not compelling. What may better draw wealth holders doing estate planning to financial institutions is the added value of building personal relationships, offering advisory teams with complementary expertise, having a personally known point of contact, and provision of personally tailored strategies. This suggests that it may be worthwhile for institutions to bring in-house, or to fashion working relationships with, independent boutique estate planners who can serve as personal liaison to wealth holders and who can counsel wealth holders in developing customized strategies.

**Conclusion**

The study reported here was designed to explore the meaning and practice of wealth for individuals in households with net worth at or above $5 million. Its purpose was to elucidate how the very wealthy understand and carry out their biography of wealth with responsibility, in regard to themselves, their families, and the world around them. The quantitative analysis of the survey results begins to sketch out some aspects of the values and behavior of the very wealthy, who exhibit a pattern of care for community and society, demonstrated in part through their contributions of money and expertise to philanthropic causes. All but three of the 112 respondents report making monetary contributions to charitable causes in 1997, with an average annual amount of $1.2 million per family or 22 percent of family income. Ninety-two percent of respondents report volunteering their time to charitable causes during the three prior years. In the survey year, 86 percent of respondents volunteered at least one hour in an average week, nearly double the national average; and the amount of time volunteered, on average, amounted to fifteen hours per month, in line with national surveys (INDEPENDENT SECTOR, 2001).

In all cases donors give to the causes to which they are physically or emotionally attached, and virtually all respondents report that
finding a cause about which they feel very strongly is likely to increase how much they give to charity. The very wealthy lend their expertise to charitable causes through their volunteer efforts, and much of their volunteering is in a leadership role such as fundraising or serving as a board member or trustee. While the survey did not obtain sufficient information to categorize the various organizations to which the very wealthy contribute time and money, it did inquire about the policy areas in which the respondents felt that their wealth could have an effective influence. The most frequently mentioned policy issues generally revolve around developing human capital, such as improvement of education, reduction of poverty and hunger, promotion of arts and culture, and strengthening family stability. As a whole, the findings demonstrate once again that the allocation of wealth simultaneously reflects the incarnation of values. Returning to Atwood, we hear him echo this point: “the essential and unavoidable idea [is] that the use of wealth is not primarily a question of money or economics at all, but . . . of what seem to [the individual] the important values of life” (p. 195). As Atwood and we agree, there are many varieties of what he calls “fortune makers,” as well as motives and magnitudes of charitable giving. Moreover, there is always the question of just what constitutes the most responsible use of wealth: investment, expenditure, taxes, inheritances, or charity. We are all tempted to honor those whose allocations are in accordance with our own values and to discredit those whose are not. In the end, we agree with Atwood that being perplexed is the right stance in the face of any insistence on universally valid practices of wealth allocation (p. 225). What is clear to us, however, is that while eschewing specific mandates about what constitutes a life of wealth with responsibility, the need—well recognized by wealth holders themselves—to discern what constitutes such a life is a proper moral agenda for all individuals of great wealth. It is also clear that just as the economic question has been and will be realistically solved for more and more individuals who are financially secure, it will be relatively solved for an even greater number of affluent people. As this occurs, the issues revolving around the joint allocation of money
and values will become more salient for an ever-expanding portion
of the population.

Several findings from the survey have particular relevance for
fundraisers, charity professionals, and others who advise wealth
holders about their finances and philanthropy. The first is that like
everyone else, wealth holders exhibit a pattern of care that radiates
from self and family to community and society. Within their own
family, virtually all respondents report that they were active in
Teaching their values to their children; 60 percent report taking
steps to educate their children specifically about their relative afflu-
ence. Such education focused especially on exposing the children
to philanthropy, communicating the responsibilities and steward-
ship of wealth, and teaching about the power and privilege of
wealth. As such, we find the development of a family philanthropic
identity across generations to be an important part of the philan-
thropic strategy of wealth holders. Finding ways to help wealth
holders integrate their own giving with the philanthropic engage-
ment of their children should prove to be a way for fundraisers and
financial advisors to provide greater value to their donors and
clients.

The second implication is that helping individuals personally
discern their true level of financial security has potentially high
payoffs for charitable giving (Murphy, 2001). Even at a relatively
high level of net worth, wealth holders tend not to regard them-
selves as completely financially secure, hence not able or ready to
make sizeable financial contributions to charity. At the same time,
they report that an increase in their net worth would lead to
greater charitable giving. Practitioners can provide a service to
their donors and generate more charitable giving to the extent that
they take the time and apply sufficient technical skill to help
donors realize that they are probably more financially secure—and
at an earlier time in their lives—than they tend to realize. One
well-intentioned, but unpersuasive and even alienating approach,
is to tell wealth holders that feeling financially insecure is either
silly or selfish, and that they ought to part with more of their
wealth for charity. A more productive and respectful approach is
to initiate a discernment process whereby wealth holders are
assisted in learning the actual level of financial resources they have to expend into the future, the amount they desire to expend for themselves and heirs, and the amount remaining that they could give to charity should they desire to do so.

A third implication revolves around the fact that the bulk of wealth holders have derived most of their wealth from business and professional efforts and investments during their lifetime rather than from inheritance. Because of this, shifting the focus of financial efforts to charitable allocation, in addition to or in place of accumulation, requires an explicit process of self-reflection and self-education. Fundraisers can do much to assist donors in turning their attention to charity. But they offer greater personal benefit to donors and garner larger charitable contributions for their causes to the extent they help donors tap, rather than submerge, the self-determination, desire to be effective, and intellectual acumen that have characterized their business and investment activities.

A fourth implication is that the very wealthy funnel 63 percent of their charitable dollars through gift funds, trusts, and foundations. We believe this represents a growing trend among wealth holders to organize their giving in a way that affords donors the opportunity to control the timing, pacing, and level of gifts; to vary the recipients over time; to coordinate family involvement; and to synchronize charitable giving with their changing financial needs. Accordingly, fundraisers need to expand their understanding of planned giving from simply regarding it as a financial transaction to thinking of it as a mechanism for philanthropy that is mutually beneficial to donors and recipients. The use of intermediary charitable vehicles and planned giving is equally a biographical strategy for donors to enhance the effectiveness and significance of their charitable gifts.

A fifth implication for fundraisers is the desire of wealth holders to turn to independent financial advisers, rather than financial institutions or charities, to help with their estate planning. We speculate that wealth holders prefer independent advisors over financial institutions because of the combination of personal attention and technical competence they receive from an independent professional. The advantage of independent advisors over charities is the
trust engendered by the fact that the former are more indifferent about which, if any, charities will be the beneficiaries of the client's wealth. Fundraisers might consider how to fulfill their fundraising goals while at the same time advancing the desire of donors for the kind of free and informed choices they tend to associate with independent advisors.

Finally, a sixth implication for fundraisers and nonprofits alike derives from the wealth holders' demand for sound financial management and forthright leadership of charitable organizations. Even before September 11, 2001, a considerable group of wealth holders (40 percent of the respondents in the study) were already limiting the amount they contributed to certain charities because of worry about the risks of financial mismanagement and corruption. Since September 11, concerns have been raised by the general public about how well nonprofits have performed in soliciting, managing, and disbursing funds. Because these longstanding concerns about ethical fundraising and distribution have risen to a new prominence, fundraisers and charities may well be advised to deal with these concerns explicitly, even if donors do not raise them.

Broadly put, this article reports on the relation between material resources and moral purposes. The findings do not establish that all people of wealth or affluence pursue the most intelligent and caring allocation of their material treasure. The findings do establish, however, that wealth holders, like most other people, are asking and responding to the question of how to deploy financial resources in the service of values other than those associated with accumulation. This is because linking financial capacity and moral purpose is as vital a need to wealth holders in the realm of allocation as it is in the realm of accumulation.

Aristotle maintains that the purpose of life is happiness, and that the path to happiness is wise choices. One consistent finding from our nearly two decades of research on wealth and philanthropy is that a fundamental characteristic of wealth is the latitude it brings to choice. Although being a wealth holder does not intrinsically lead to wise choices in regard to oneself or others, it does broaden the range and effect of the choices that are made. Whether any
individual wealth holder (or wealth holders as a group) is sufficiently conducting a life of wealth with responsibility, we cannot say, but these findings sketch a portrait of how the rich conceive and carry out the moral purposes of their vast material resources. Equipped with this knowledge, the public, financial professionals and institutions, the media, and wealth holders themselves are better positioned to reflect on how wealth is to be allocated in the service of wise decisions.

References
Fidelity Investments and Ernst and Young. The Making of a Millionaire: A National Survey on Wealth. (Conducted by Richard Day Research.) Evanston, Ill.: Fidelity Investments Private Wealth Management Group, Ernst and Young, 2001.


Paul G. Schervish is director of the Social Welfare Research Institute and Professor of Sociology at Boston College (www.bc.edu/swri).

John J. Havens is associate director and senior research associate at the Social Welfare Research Institute, Boston College.