



# Wealth & Giving by the Numbers

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HOW DO INDIVIDUALS OF MEANS make decisions about how to allocate their wealth? What are their priorities in philanthropy? What obstacles do they face, and where could they use help? These are among the questions that the Wealth & Giving Forum has sought to answer in a series of interactive surveys conducted at our gatherings. The findings below are based on a survey of participants at the Forum's inaugural gathering in October 2004.

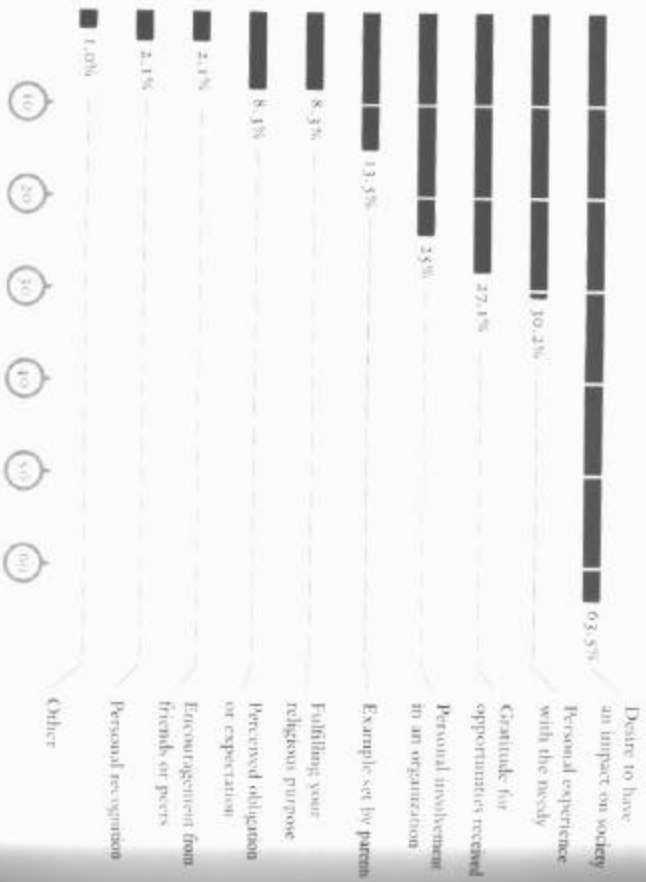
You will periodically hear about studies that purport to present findings on the attitudes and behavior of wealth holders. With few exceptions, however, these surveys define "the wealthy" as households with incomes at or above \$200,000 or with \$1 million to \$3 million in liquid assets. This survey provides a rare look at the opinions of people with assets in the tens of millions of dollars, and sometimes more.

The patterns, aspirations, and apprehensions surrounding wealth and philanthropy uncovered in this survey are in line with other studies about high-net-worth individuals (and other surveys conducted at our gatherings). Among the principal conclusions of this survey is that many wealth holders feel the need to gain more clarity about how to use their resources for deeper purposes when acquiring more money is no longer of the highest importance.

THIS ARTICLE EXCERPTS FINDINGS PRESENTED IN A MORE COMPREHENSIVE REPORT BY PAUL G. SCHERVISH, TITLED "ASPIRATIONS AND APPREHENSIONS: COMMENTARY ON THE WEALTH & GIVING FORUM SURVEY," WHICH CAN BE FOUND AT WEALTHANDGIVING.ORG. PAUL G. SCHERVISH IS A PROFESSOR OF SOCIOLOGY AND THE DIRECTOR OF THE CENTER ON WEALTH AND PHILANTHROPY, BOSTON COLLEGE. HE AND ANDRÁS SZÁNTÓ ARE SENIOR ADVISORS TO THE WEALTH & GIVING FORUM.

**Q:** What influences have most shaped the focus of your charitable giving?

WEALTH & GIVING FORUM (N=96)



**A:** Why do people give? The desire to “make an impact on society” is what drives most philanthropists. About two-thirds (64%) of the respondents claimed it as one of the two most important reasons behind their giving. Other causes are rooted in a sense of identification and empathy: “personal involvement in an organization” (25%) and “personal experience with the needy” (30%). Gratitude is an important factor for many wealth holders (27%). Generous people often say that they want to “give back” to society because they feel they have been blessed or have been otherwise lucky in life. If one’s good fortune is not entirely seen as the result of one’s own actions, then the misfortune of others cannot be due entirely to their lack of effort.

**Q:**  
Where are you personally focusing your philanthropic giving today?

WEALTH & GIVING FORUM (N=92)

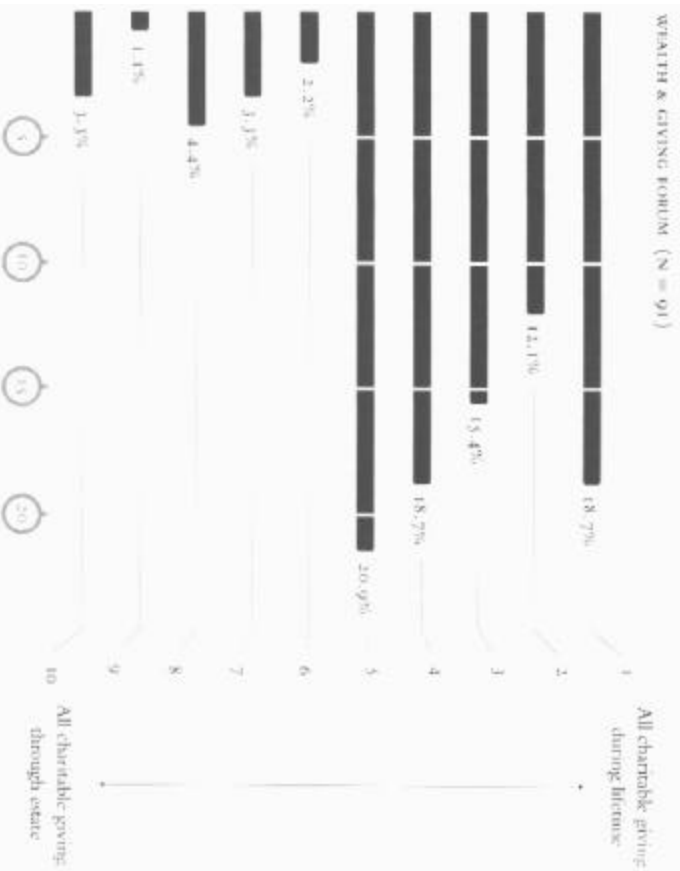


**A:**

Over the past decade, the share of total charitable giving by the top 5 percent of the population has escalated from 40 to 45 percent. (The top 0.4 percent of wealth holders, those with a net worth of \$10 million or more, have contributed one out of five charitable dollars.) Where do these people choose to give? The answer varies from philanthropist to philanthropist, but two areas clearly stand out. Education was mentioned by two out of five respondents (42% marked it as one of their top two areas) and “human services and youth programs” are an almost equivalent priority (at 39%, the difference is within the margin of error). Investments in these domains are popular because they are seen as a catalyst for improving the economic prospects and community environment of underprivileged groups. Signaling an emerging trend, the survey found a marked interest in international projects (14%), ranking them just behind health initiatives and on par with combined or federated charities.

Q:

On a scale of 1 to 10, with 1 being the goal of doing all your charitable giving during your lifetime and 10 being the goal of doing all your charitable giving through your estate, what is your goal in terms of the timing of your charitable giving?



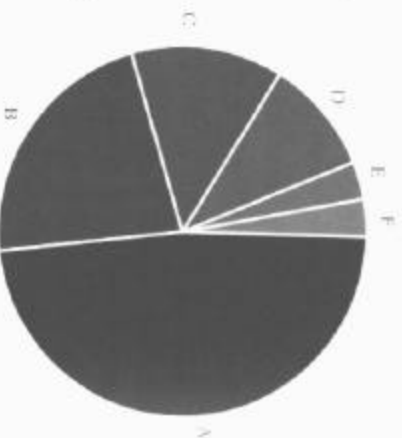
A:

The vast majority of surveyed wealth holders plan to do all or most of their charitable giving during their lifetimes. This represents a break with tradition. In the past, the wealthy have tended to bequeath their assets to charitable trusts or delay their philanthropic activities until late in life. With money being made faster, and people living longer, philanthropists are becoming engaged in charitable endeavors at an earlier point in their careers. Correspondingly, they are more interested in having a say in how their assets are deployed. In effect, they are treating philanthropy as a second or third career. In our poll, donors who wish to give their wealth away during their lifetimes significantly outnumber those who plan to do their giving through estates—by a factor of five to one. In addition, we found that many wealth holders are working simultaneously on the accumulation as well as the allocation of their wealth. They are not putting off philanthropy until retirement. This bodes well for the future. When more time and effort is devoted to charity, more charity will result.

Q:

How do you envisage charitable-giving efforts evolving over time?

- A 47.8% Increasing the amount of your charitable giving
- B 22.2% Shifting the focus of your personal philanthropy to one or more new areas
- C 13.3% Shifting more of your giving to your lifestyle
- D 10.0% Not planning to shift your focus
- E 3.3% Not planning on changing your philanthropic giving
- F 3.3% Other
- G 0.0% Shifting more of your giving to your estate



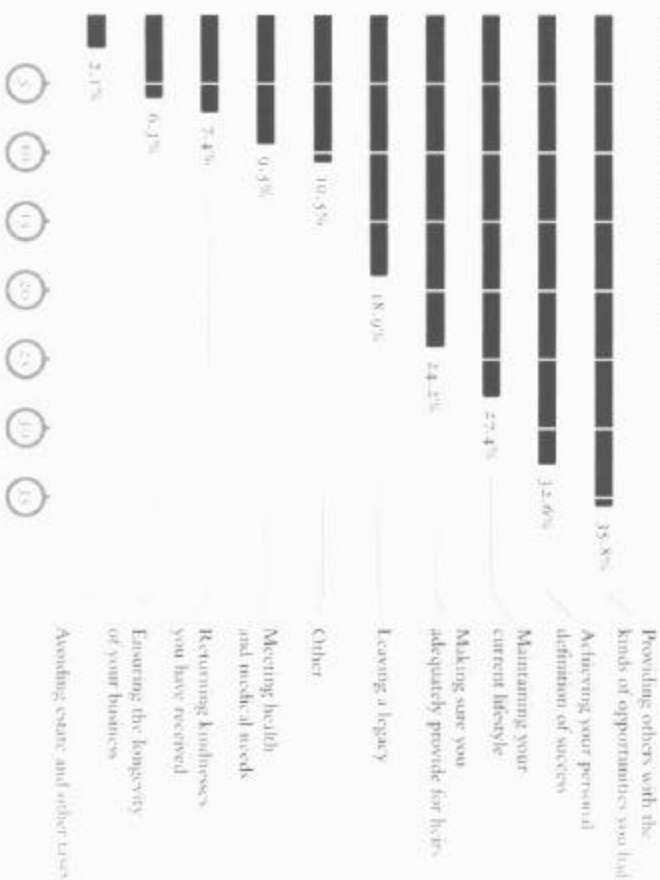
A:

Philanthropy is never static. Wealth holders are constantly thinking about the amount, timing, and focus of their giving. When asked about their outlook on how they will practice philanthropy in the future, only 13 percent answered that there is no shift pending in the amount or focus of their giving. Almost half of the respondents envision increasing the amount of their giving. About one out of five wealth holders in the survey expects to see a shift in charitable focus. These findings suggest that philanthropists are willing to exercise flexibility in the timing and focus of their giving, as long as they can arrive at more clarity about the causes they wish to support.

Q:

What are your greatest needs as a wealth holder?

WEALTH &amp; GIVING FORUM (N = 95)



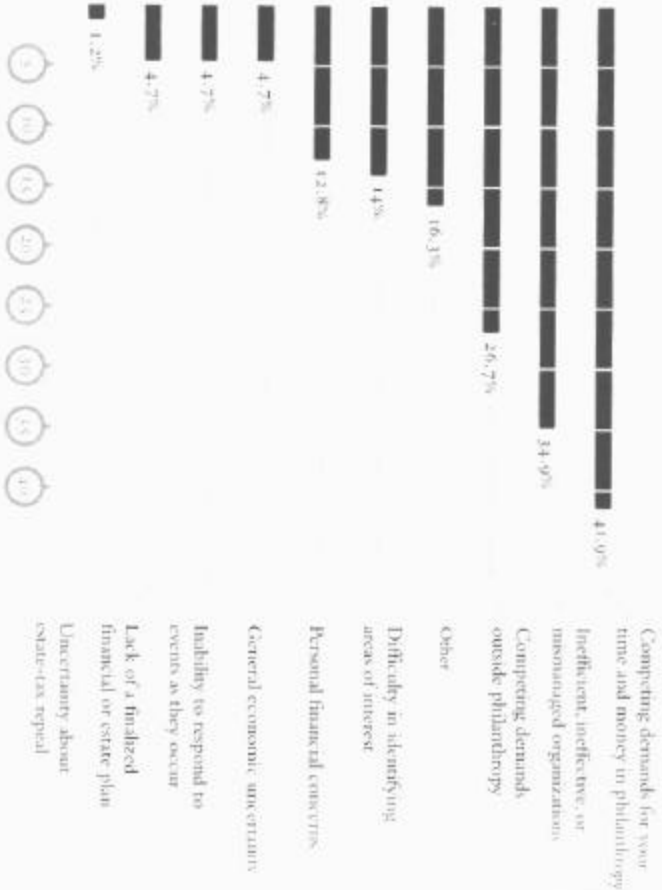
A:

When it comes to charitable intent, about one-third of the surveyed wealth holders (36%) are concerned with providing to others the kinds of opportunities they have enjoyed in life. An additional 7 percent say they desire to return the kindnesses they have received. But people of considerable means clearly intend to balance generosity with other worldly objectives. One out of three picked “achieving your personal definition of success” as one of two key personal “needs.” Almost as many (27%) indicated that maintaining their current lifestyle is a relevant consideration, along with making sure they will receive adequate medical attention (9.5%). Providing for heirs is a priority for about a quarter of the respondents. Another 6 percent indicated concern about ensuring the longevity of their businesses. The picture emerging from these numbers is not one of competition between philanthropic interests and personal needs. Rather, these two dimensions of life are for most wealth holders closely intertwined.

Q:

What are the greatest obstacles in your personal philanthropic giving?

WEALTH &amp; GIVING FORUM (N = 86)



A:

Having the right convictions doesn't mean that people of means will achieve their philanthropic goals. Among the obstacles donors are most likely to complain about are the inefficiency, ineffectiveness, and mismanagement of beneficiary organizations (35%). This concern is connected to the fact that more philanthropists are making entrepreneurial, hands-on activity a key feature of their charitable engagements. Moreover, although personal financial concerns are not a major problem for this group (only 13% indicated that they were an obstacle), competing demands on time and money—both within philanthropy (42%) and outside of it (27%)—can be significant roadblocks. It is worth noting that about one in seven (14%) wealth holders is held back from being more generous because of difficulty in identifying an area of charitable interest. This suggests that there is more capacity available to address societal needs. Reassurances about grantee efficiency and accountability, coupled with enhanced communication among wealth holders and more opportunities to come to terms with one's passions and interests, could significantly expand the scope of philanthropy in future years.

**Q:**  
 What are your greatest concerns about your wealth as it relates to your children or stepchildren?

WEALTH & GIVING FORUM (N = 96)

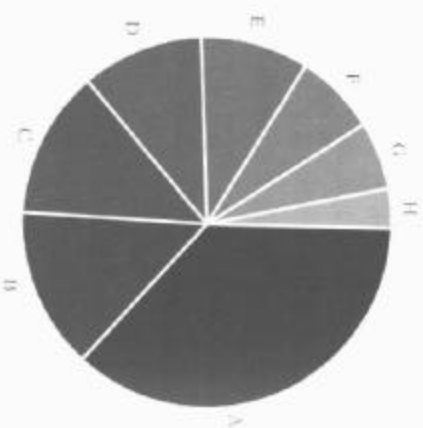


**A:**  
 If practical obstacles don't get in the way, family pressure sometimes does. Our research indicates that when it comes to family, wealth holders have a hierarchy of financial concerns. The most basic level is that of the financial security of the parents; this is followed by provisioning for heirs, and then for philanthropy. However, when it comes to large estates, the share dedicated to charity tends to increase. Parents are generous with their children, but those at the highest rung of wealth usually limit the amount they give to heirs and allocate (or plan to allocate) more to charity. Therein lies the potential for family conflict. Our survey confirms that upper-tier wealth holders limit their children's inheritance. A much larger group is worried about leaving their heirs too much (39%) than leaving enough (9%). Deciding how much to earmark for each child is an issue for about a quarter of the respondents (23%). Two out of five (41%) wealth holders worry about family tensions in the course of making decisions about the allocation of their personal resources.

Q:

What services or information would help you better clarify the amount and timing of your charitable gifts?

- A 36.5% Collaborating with others in my areas of interest
- B 14.1% Information on highly regarded organizations
- C 12.9% Meeting with leaders of a philanthropy
- D 10.6% Other
- E 9.4% Discussing my philanthropy with peers
- F 7.1% Making on-site visits to organizations
- G 5.9% Clarifying how much money I can contribute
- H 3.5% Information on how to start an organization



A:

Families of means have various resources at their disposal to help them manage their charitable undertakings. But in order to be effective, philanthropy requires an almost constant learning process. There is no single way to be charitable, and there is no end to the causes that can merit one's support. No wonder, then, that wealth holders seek assistance to clarify the scope and direction of their giving. They say they would benefit from learning more about the organizations that may be eligible for their support (14%), or from meeting leaders in the world of philanthropy (13%). But when asked about what would help them figure out what and when to give, by far the largest group (36.5%) expressed an interest in "collaborating with others in my areas of interest." Discussing philanthropy with peers is helpful (9%). But actual opportunities to work together with peers on common issues are, for most wealth holders, the best way to clarify the scope of their giving. This is yet another encouraging sign, for it points the way to a future in which philanthropy need not be splintered into a myriad of uncoordinated efforts. Given the means and opportunities for communication and collaboration, wealth holders appear to be open to pooling their resources to advance the common good.