



The 2018 U.S. Trust[®] Study of High Net Worth Philanthropy¹

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

Executive Summary

Insights into the motivations, priorities and strategies of wealthy donors

Key Findings:

- Giving is being shaped by a diverse donor universe of different ages, ethnic backgrounds and gender identities.
- Women are at the forefront of philanthropic engagement and impact.
- An opportunity for nonprofits and advisors is highlighted by the fact that only 49% of donors have a strategy for their giving.

Introduction

The 2018 U.S. Trust[®] Study of High Net Worth Philanthropy (the “Study”) is the seventh in a biennial series of research reports on the giving and volunteering practices of wealthy households in the United States. Based on a nationally representative random sample of wealthy households, the Study is an authoritative source of information on wealthy Americans’ philanthropic attitudes and practices.

The wealth threshold for inclusion in the Study is a widely recognized standard based on the qualifying level for certain types of financial investments: an annual household income greater than \$200,000 and/or net worth greater than \$1,000,000 (excluding the value of the primary residence). For this year’s Study population, the median annual household income was approximately \$350,000 and the median net worth was \$2,000,000 — well above the entry-level threshold.

The total Study population in 2018 comprised 1,646 households. Forty-nine percent of respondents identified themselves as men, while 51% identified themselves as women. Eight percent of Study respondents were born outside the U.S., and 20% report that one or both parents were born outside the U.S. Viewed by race and ethnicity, the Study is composed of 9% Asian-American/Pacific Islanders, 6% Black/African-Americans, 78% Caucasian/Whites, 6% Hispanics/Latinos and 1% Other Race. In addition, 7% of households in the Study identified themselves as LGBTQ.

We also surveyed respondents across four distinct generations. Taken together, the baby boom generation and those older than baby boomers continue to constitute the largest generational grouping in the sample, with 51% and 17% of respondents, respectively for a total of two-thirds of the respondent population. Together, the millennial generation and Generation X, taken together, now constitute one-third of Study respondents, representing 19% and 14%, respectively.² In this Study, we define the generations according to their ages in 2017 as follows:

Generation	Age	Year of birth
Millennials	21 – 36	1981 – 1996
Generation X	37 – 52	1965 – 1980
Baby boomers	53 – 71	1946 – 1964
Pre-baby boomer generation	72 and older	Before 1946

Generosity is the norm among high net worth Americans

As in past years’ Studies, the overwhelming majority of American high net worth households reported making charitable donations. Last year, 90% of this group gave to charity, compared to 56% of the general U.S. population.³ On average, high net worth donors gave \$29,269 to charity in 2017, up by 15% from \$25,509 in 2015.⁴ By comparison, households in the general U.S. population gave an average of \$2,514, comparable to the \$2,520 reported in 2016.⁵ In the High Net Worth Study, charitable giving was practiced somewhat more frequently by women, at 93%, and in African-American households, at 92%.

Giving by wealthy donors supports a range of causes

Wealthy donors gave to an average of seven different nonprofit organizations in 2017. These donations supported a wide range of charitable causes with basic needs organizations receiving support from the largest percentage (54%) of high net worth households. Additional causes supported by wealthy donors included religion (49%), health care or medical research (36%), combined charities⁶ (31%) and youth or family services (29%). Thirty-six percent of high net worth households gave to educational causes, including 22% giving to higher education while 24% gave to K-12 education.

Women were more likely to support health care and medical research, at a rate of 40%. African-American high net worth households supported basic needs charities at a rate of 72%, significantly higher than the overall Study population, and African-American households were more likely to support religious charities, at a rate of 64%, than the high net worth population as a whole.

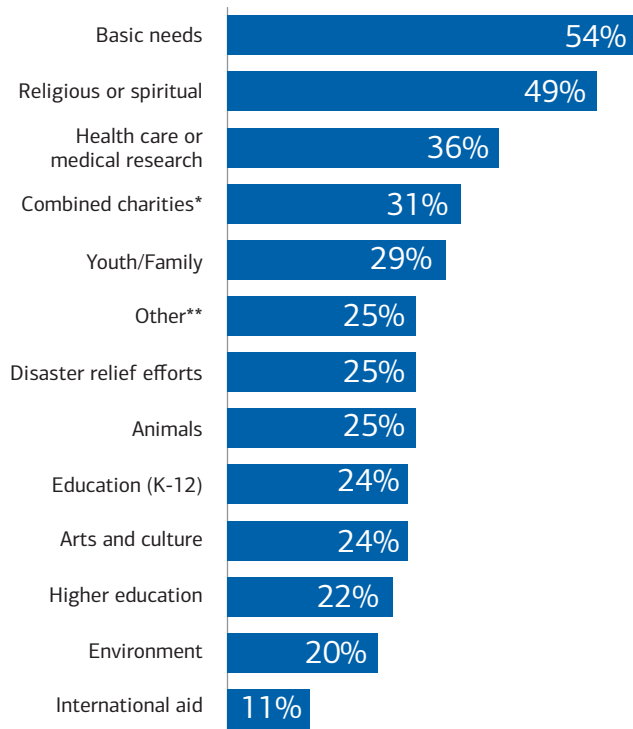
Wealthy households are also generous with their time

In 2017, 48% of wealthy individuals volunteered their time and talents to charitable organizations they care about, a rate nearly twice as high as that of the general U.S. population (25%).⁸ Women were more likely to volunteer than men, at 56% versus 41%, and 60% of Hispanic-Americans volunteered, well above the Study average.

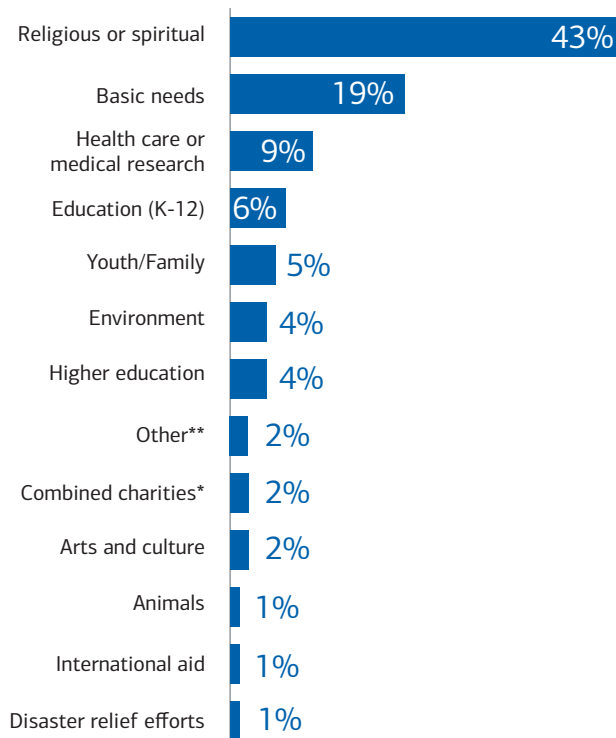
The main factors that motivated volunteering were responding to an organizational need (65%), believing that the individual can make a difference (56%), the alignment of the organization with the individual’s personal values or beliefs (52%), and being concerned about those less fortunate or about a particular cause or group being served (43% each).

Breakdown of household giving by charitable cause⁷

Percent of households that gave



Share of total giving amount



*Combined charities organizations include United Way, United Jewish Appeal, Catholic Charities, and community foundations, among others

** Other organizations include LGBTQ, veterans affairs, among others

Service on a nonprofit organization’s board was cited as being among their volunteer activities by 24% of respondents. For this group, the main reasons for accepting the invitation to serve were belief in the organization’s mission (72%) and the opportunity to use their skills and experience (71%). In addition to donating their time, 38% of respondents who serve on a board said that they give more in financial support to that organization than to those organizations where they do not serve. As with the decision to serve, the main reason for this increased level of giving was belief in the mission of the organization (81%).

Wealthy donors’ motivations, expectations and challenges

Wealthy donors give for personal and altruistic reasons. In citing the top four reasons for their donations in 2017, 54% of wealthy households said they always gave because of their belief in the mission of the organization, 42% always gave because of their belief that their gift can make a difference, 34% always gave to support the same cause or organizations year after year and 32% always gave to experience personal satisfaction, enjoyment or fulfillment.

• **Receiving tax benefits is generally not a prime motivation for giving.** Just 17% of wealthy donors said they were always motivated to give by tax benefits, consistent with the 18% of those who cited this as a motivation in 2015. An additional 51% said that tax benefits sometimes motivate their giving.

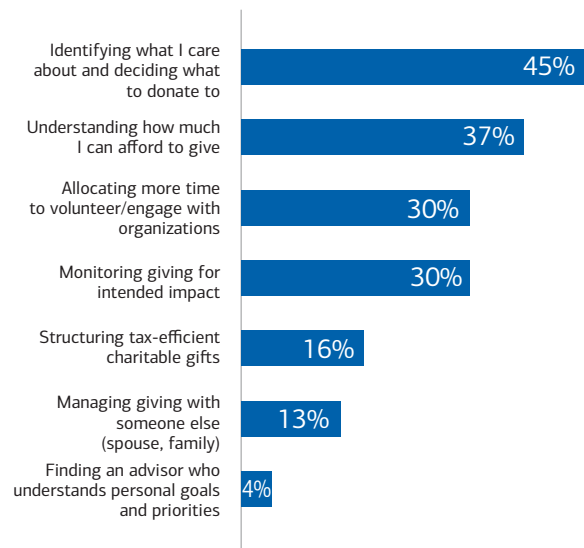
• **Gifts come with clear expectations.** Wealthy donors indicated that it is very important or somewhat important that the organizations they support demonstrate sound business and operational practices (91%), spend only a reasonable amount on general administrative and fundraising expenses (90%), acknowledge donations by providing a receipt for tax purposes (86%), honor their requests for anonymity and for how their gift is to be used (85% and 81%, respectively), and not distribute their names to others (83%). And 57% said that they would like to receive a thank-you note.

• **Why wealthy donors stop giving.** Twenty-eight percent of wealthy donors stopped giving to at least one organization last year, citing reasons that included receiving too frequent solicitations from the nonprofit organization (41%), believing that the organization was not effective or did not sufficiently communicate its effectiveness (16%) and being asked by the nonprofit organization for an amount the donor felt was inappropriate (9%).

• **Challenges faced by wealthy donors.** Wealthy donors reported that their greatest challenge⁹ when it comes to charitable giving is identifying what causes they care about and deciding where to donate (45%). Other charitable giving challenges include understanding how much they can afford to give (37%), allocating time to volunteer with the organizations they care about (30%) and monitoring giving to ensure it has its intended impact (30%).

Challenges to charitable decision-making

Percentage of those identified as challenging

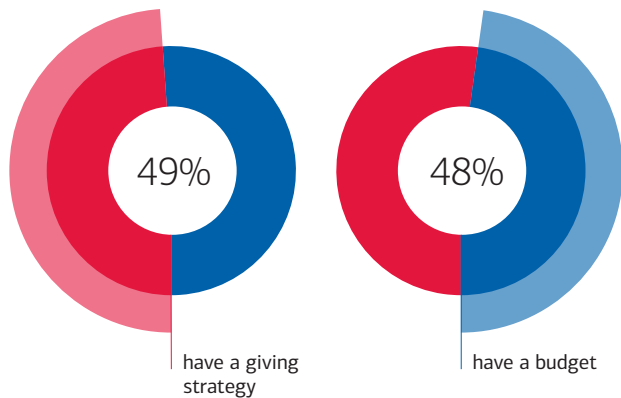


• **Wealthy donors also seek knowledge and advice about giving.** Here, the interests of donors range from learning how to identify the right volunteer opportunities (38%), to becoming more familiar with nonprofits and how they serve their constituents’ needs (28%), to exploring how to engage the next generation in philanthropic giving (19%).

More-engaged donors are more personally fulfilled and more generous

There is a strong correlation between wealthy donors’ level of knowledge about charitable giving and certain giving behaviors, including whether they have a strategy and a budget for their giving, monitor or evaluate the impact of their giving and use a giving vehicle (such as a donor-advised fund, charitable trust or private foundation).

When wealthy donors reported being more knowledgeable, they also tended to be more personally fulfilled from their charitable activity, as well as more likely to give more.



Taking a more strategic approach to giving

Less than half of wealthy donors have a strategy or a budget in place to guide their charitable giving (49% and 48%, respectively). Those who have a giving vehicle are significantly more likely to have a strategy (75%) and a budget (64%) than the overall respondent group. Older, non-millennial donors are also significantly more likely to have a strategy and budget for their giving than younger donors. These findings appear to point to an opportunity for nonprofits and advisors to engage in a more meaningful way with donors regarding their philanthropy.

The mission of the organization matters

Wealthy donors’ giving decisions are driven to a far greater extent by the organization (59%) than by the issues (31%) or the geographic areas (2%) the organization seeks to address.

Wealthy donors are also guided by their personal values. When determining which nonprofit organizations to support, the majority of high net worth individuals draw upon their personal values (74%), interest in the issue area addressed by the organization (57%) and having firsthand experience with the organization (54%). Other factors include the reputation of the organization (50%) and the perceived need of the organization (49%).

Giving for disaster relief

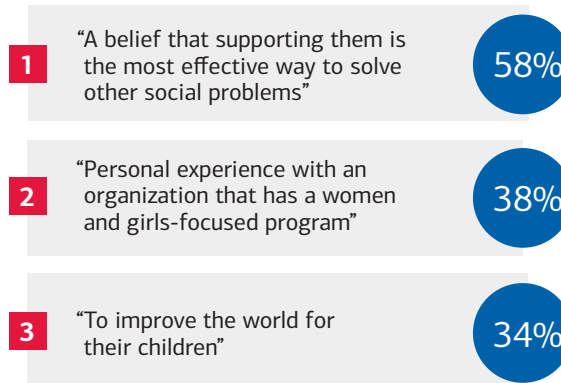
In a year of severe natural disasters — Hurricanes Harvey, Maria and Irma, the earthquakes in Mexico and the wildfires in California, among others — high net worth households were strong donors. Nearly half (46%) donated to relief efforts related to Hurricane Harvey, 24% to relief efforts for Hurricane Maria and 19% to efforts for Hurricane Irma. Importantly, nearly all these donors reported that their donations to disaster relief either did not affect their giving to other causes (89%) or caused them to give more to other causes (4%).

Giving to women’s and girls’ causes and organizations

One in five high net worth households (20%) donated to women’s and girls’ charities in 2017 with an average donation amount of over \$1,800. Within this group, a higher proportion of female respondents (25%) donated to these causes. When asked what motivated their support, by far the most frequent reason cited by donors (58%) was a belief that supporting women and girls is the most effective way to solve other social problems. About half of the donors to these organizations (51%) gave to organizations focused entirely on women’s and girls’ issues, and 43% donated to organizations focused primarily, but not exclusively, on women’s and girls’ issues. The most frequently cited causes supported by these donations were women’s health in the United States (39%), addressing violence against women (37%) and reproductive health/rights (36%).

Reasons for supporting women’s and girls’ causes and organizations

Among those who currently support



Giving as a family affair

Decision making is shared in wealthy households. Half (50%) of respondents who are married or partnered reported that they make decisions about their giving jointly with their spouse or partner. Only 19% of respondents reported being the sole decision-maker, while 12% of respondents reported making decisions separately but conferring with each other before giving. Ninety-four percent of female respondents and 95% of male respondents participate in their household’s philanthropic decisions — either together with their spouse or partner, or as the sole decision-maker.

Family comes first when leaving a legacy. When asked how they would like to ultimately distribute their wealth, 74% of high net worth individuals reported that they intend to leave the majority to their children and grandchildren, while 12% said they intended to leave the majority of their wealth to other heirs. Fourteen percent of high net worth individuals intend to leave the majority of their wealth to charities.

Giving is seen as a means to create the greatest impact¹⁰

In considering what they believe has the greatest potential for positive impact on society, wealthy donors cited charitable giving (39%) and volunteering (32%) above all else. The next largest percentage of respondents believe that voting for a political candidate who shares their ideals may have the greatest impact (16%).

Wealthy donors are unsure about the impact of their gifts.

While they believe giving to be the most effective way to create impact, only 42% of wealthy donors believe their giving is having the impact they intended. Another 4% say it is not having the impact they intend, while 54% do not know. This lack of confidence may be largely because 78% of wealthy donors do not monitor or evaluate the impact of their charitable giving. Among those respondents with a giving vehicle, however, a robust 62% believe that their giving is having the impact they intended. To determine whether their giving is having the impact they intended, a clear majority of 71% of respondents rely on information from the organization to which they donated, indicating that improving communication strategies for donors may serve to increase donor confidence.

Impact investing¹¹ has some impact on giving levels.

Among the 7% of wealthy donors who participate in impact investing, more than two-thirds (68%) do so in addition to their existing charitable giving, while 19% do so in place of at least some of their charitable giving. Just 9% of wealthy donors who engage in impact investing do so in place of all of their charitable giving. Millennials are significantly more likely to participate in impact investing, with 16% of this group reporting activity in this area.

Seven ways to make a positive impact on society

- 1 Charitable giving
- 2 Volunteering
- 3 Voting for a political candidate who shares your ideals on topics important to you
- 4 Impact investing
- 5 Political contributions
- 6 Purchasing goods from a company that has a social mission
- 7 Participating in a social-media campaign to raise funds or awareness for a cause

Confidence in the institutions of civil society

Wealthy individuals have more confidence in nonprofits than in government. Evidencing a deep cultural tradition of collective and voluntary action, high net worth households report having some or a great deal of confidence in nonprofit organizations (86%) and individuals (81%) to solve societal or global problems. Respondents had far less confidence in state or local governments (65%), the president/federal executive branch (46%) and Congress/federal legislative branch (40%).

Conclusion

As American society continues to change, the patterns of philanthropic behavior by high net worth households will doubtless evolve as well. We believe that the data in this year's report illuminate not only the current robust status of philanthropic activity in this country, but also provide insights into what the future may bring. At U.S. Trust, we are proud to be part of America's philanthropic fabric, providing services that help to enhance the philanthropic pursuits of donors and nonprofit organizations.

Background

The 2018 U.S. Trust® Study of High Net Worth Philanthropy examines giving and volunteering trends, behaviors, attitudes and priorities among wealthy American households. Since 2006, this biennial study has been written and researched in partnership with the Indiana University Lilly Family School of Philanthropy. This research series is one of the most comprehensive and longest-running of its kind, and is an important barometer for wealthy donors' charitable engagement and perspectives.

To access the full 2018 U.S. Trust® Study of High Net Worth Philanthropy, visit ustrust.com/nonprofits.

Methodology

The Study represents an analysis of data gathered from a survey of more than 1,600 U.S. households with a net worth of \$1 million or more (excluding the value of their primary home) and/or an annual household income of \$200,000 or more. The seventh in this series of studies was based on a nationally representative sample of wealthy donors, including deeper analysis based on age, gender, sexual orientation and race. This expanded methodology enabled further exploration of the philanthropic trends, strategies and behaviors among the high net worth population. Conducted between April and June 2018, the survey asked respondents about charitable giving and volunteering behaviors and attitudes for the year 2017.

About U.S. Trust

U.S. Trust has been a leading advisor to the philanthropic and nonprofit communities for over 160 years. With professionals located in offices throughout the United States, we help families and nonprofits to fulfill their philanthropic missions with a comprehensive suite of fiduciary services including investment management, consulting and advisory services and administrative support.

Please visit ustrust.com to learn more about how we can help you.

About the Lilly family school of philanthropy

The Indiana University Lilly Family School of Philanthropy at IUPUI 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, the Mays Family Institute on Diverse Philanthropy and the Women's Philanthropy Institute.

Please visit philanthropy.iupui.edu to learn more about how we can help you.

¹ This study is a continuation of the 2006, 2008, 2010, 2012 Bank of America Study of High Net Worth Philanthropy and 2014 and 2016 U.S. Trust® Study of High Net Worth Philanthropy research series conducted in partnership with the Indiana University Lilly Family School of Philanthropy.

² These amounts add to 101% due to rounding.

³ 2015 Indiana University Lilly Family School of Philanthropy, 2015 Philanthropy Panel Study on giving in 2014, the latest year data is available on average giving by American households.

⁴ This average giving amount comprises reported giving levels by survey respondents as well as inflation-adjusted giving averages from the Survey of Consumer Finance (SCF) 2016.

⁵ Indiana University Lilly Family School of Philanthropy, 2015 Philanthropy Panel Study on giving in 2014, the latest year data is available on average giving by American households. Values adjusted to 2017 dollars.

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

⁷ Question asked as: "In 2017, did you or your household make a donation to any of these causes? Please include personal gifts and gifts from your family foundation, donor-advised fund, trust or other charitable giving vehicle."

⁸ 2015 Corporation for National and Community Service's U.S. Volunteering and Civic Engagement Study.

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

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

¹¹ **Impact investing and/or Environmental, Social and Governance (ESG) managers may take into consideration factors beyond traditional financial information to select securities, which could result in relative investment performance deviating from other strategies or broad market benchmarks, depending on whether such sectors or investments are in or out of favor in the market. Further, ESG strategies may rely on certain values based criteria to eliminate exposures found in similar strategies or broad market benchmarks, which could also result in relative investment performance deviating.**

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