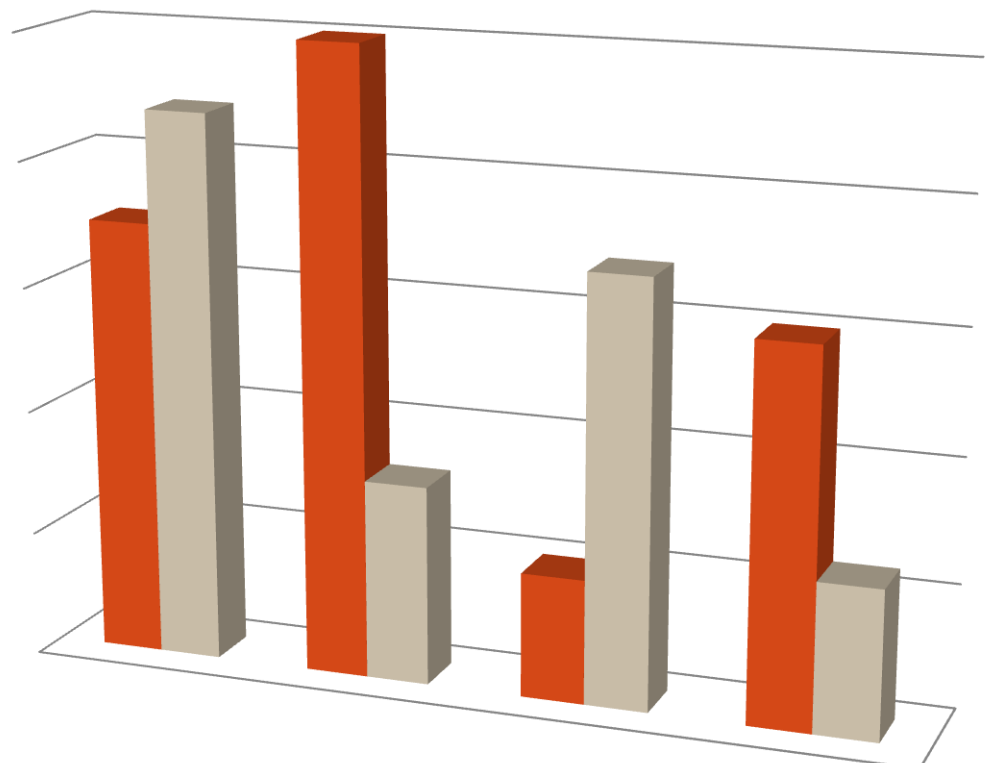


The 2010 Study of High Net Worth Philanthropy



Issues Driving Charitable Activities among Affluent Households

November 2010



Sponsored by

**Bank of America
Merrill Lynch**



Researched and Written by



**We especially thank Indiana University's Center for Survey Research in
Bloomington, IN for their work in fielding the survey along with data processing
and data cleaning.**

Bank of America Merrill Lynch

Bank of America Merrill Lynch* puts the strength of the organization to work for the more than 22,000 nonprofit organizations, individuals, and families, who have a trusted relationship with us. We work on behalf of our clients' best interests, with proactive and objective advice, specialized expertise and robust investment solutions, and by delivering it through a close working relationship with a trusted advisor, we enable clients to achieve and sustain their mission.

The Center on Philanthropy at Indiana University

Every culture depends on philanthropy and nonprofit organizations to provide essential elements of a civil society. Effective philanthropy and nonprofit management are instrumental in creating and maintaining public confidence in the philanthropic traditions – voluntary association, voluntary giving, and voluntary action. The Center on Philanthropy at Indiana University increases the understanding of philanthropy and improves its practice through programs in research, teaching, public service, and public affairs. The Center on Philanthropy at Indiana University is a part of the School of Liberal Arts at Indiana University-Purdue University Indianapolis. The Center has academic and research programs at IUPUI and IU-Bloomington campuses.

Center on Philanthropy Project Team

Una Osili, Ph.D., Director of Research

Reema Bhakta, Research Development Specialist and Project Manager

Melissa Brown, Associate Director of Research

Deborah Hirt, Project Coordinator

Cynthia Hyatte, Project Assistant

Sindhu Raghavan, Xiaonan Kou, Jeffrey Small, Shannon Neumeier, Research Assistants

Bank of America Editorial Review Board

Christopher Dupuy, Managing Director, Head of Institutional Investments & Philanthropic Solutions

Gillian R. Howell, Managing Director, Private Philanthropy Executive

Claire M. Costello, Senior Vice President, National Foundation Executive

Ramsay Slugg, Senior Vice President, Wealth Strategies Advisor, U S Trust, Bank of America Private Wealth Management

Donald J. Greene, National Philanthropic Strategy & Product Executive, Philanthropic Management

Bonnie Benhayon, Strategic Marketing Executive, Institutional Retirement & Philanthropy Marketing

Linda Chin, Senior Vice President, Institutional Retirement and Philanthropy Marketing

Matthew Card, Vice President, Media Relations, Global Wealth & Investment Management

The Center on Philanthropy at
Indiana University
550 W. North St., Suite 301
Indianapolis, IN 46202-3272
317-274-4200
www.philanthropy.iupui.edu

Bank of America Philanthropic Management
100 Federal St.
Boston, MA 02110
617-434-1388
<https://www.bankofamerica.com/philanthropic>

*Bank of America Merrill Lynch is a marketing name for the Retirement & Philanthropic Services businesses of Bank of America Corporation (“BAC”). Banking and fiduciary activities are performed globally by banking affiliates of BAC, including Bank of America, N.A., Member FDIC.

Table of Contents

| | |
|-------------------------------------------------------------------------------|----|
| INTRODUCTION | 5 |
| KEY FINDINGS | 7 |
| DONORS..... | 11 |
| Level of Charitable Giving Experience | 11 |
| Confidence in Societal Institutions | 12 |
| Motivations behind Charitable Behavior | 13 |
| Children and the Transmission of Philanthropic Values | 16 |
| Household Decision-Making | 21 |
| High Net Worth Philanthropic Giving in 2009..... | 23 |
| Response to Disaster Relief | 27 |
| Tax Considerations | 47 |
| VOLUNTEERS..... | 49 |
| Percent of Volunteers..... | 49 |
| Volunteering Hours | 50 |
| Volunteering by Type of Organization | 52 |
| Giving and Volunteering | 54 |
| NONPROFITS | 56 |
| Largest Gift..... | 56 |
| Approaches to Giving in 2009 | 58 |
| Influences on Donor Charitable Decision-Making | 60 |
| Donor Expectations of Nonprofits | 61 |
| Why Donors Stop Giving | 63 |
| CHARITABLE GIVING VEHICLES AND ADVISORS | 67 |
| Risk Tolerance with Personal and Philanthropic Assets..... | 67 |
| Awareness of Philanthropic Tools to Advance Social and Charitable Goals | 68 |
| Utilization of Giving Vehicles..... | 69 |
| Trends in Charitable Advice Sought by Wealthy Donors..... | 70 |
| Given by Type of Advisor | 71 |
| How Advice Was Initiated..... | 72 |
| Satisfaction of Advice..... | 72 |
| CONCLUSION | 73 |
| METHODOLOGY | 74 |

INTRODUCTION

The 2010 Study of High Net Worth Philanthropy, sponsored by Bank of America Merrill Lynch, offers new insights into the philanthropy of wealthy donors. Conducted by the Center on Philanthropy at Indiana University for Bank of America Merrill Lynch, this year's research follows an initial landmark study published through this partnership in 2006, and another study done in 2008.

The 2006 and 2008 studies – which have become leading resources for the philanthropic sector for understanding the philanthropic behaviors of wealthy donors – are the largest surveys of wealthy Americans ever conducted on this topic. The new 2010 study is the result of random mailing to 20,000 households in high net worth neighborhoods across the country about their giving in 2009. This study reflects the attitudes and behaviors of more than 800 respondents throughout the United States with household income greater than \$200,000 and/or net worth (excluding the value of their residence) of at least \$1,000,000. The average wealth of respondents was \$10.7 million. Half of those who responded had a net worth between \$3 million and \$20 million.

New in 2010

The latest study follows much of the same methodology as the initial 2006 and 2008 studies in order to identify key trends and to provide deeper insights into the motivations and attitudes of wealthy donors. For nonprofit professionals, donors, and charitable advisors, this study offers new information about how high net worth donors: involve others in their giving and make decisions about charitable giving within their household, encourage family traditions around charitable giving, and approach investment risk with their personal and philanthropic assets. The 2010 report also reveals new information about the level of confidence high net worth individuals have in societal institutions to solve domestic or global problems, and their awareness of philanthropic tools to advance social or charitable goals.

Similar to the 2006 and 2008 studies, the 2010 report provides insight about the motivations and attitudes of high net worth donors, the role of values in transmitting philanthropic values to their children/younger relatives, and a look at the kinds of volunteer services that expand their philanthropic reach beyond dollars donated. Nonprofit organizations will be particularly interested to read information about what high net worth donors expect from their organizations, hope to achieve through major gifts, and list as reasons why they stop giving to particular organizations. The 2010 report also reveals information on the role charitable or financial advisors play in high net worth philanthropy, including the initiation of charitable advice and the utilization of charitable giving vehicles.

The Effects of the Economy

Research at the Center on Philanthropy at Indiana University suggests a direct link between changes in giving and changes in the overall economy. Charitable giving tends to grow in general as the economy rises, even when the economy grows at a moderate or slow rate. But giving tends to decline during recessions, after adjusting for inflation.

The *2010 Study of High Net Worth Philanthropy* asks high net worth households about their charitable giving in 2009. The economic recovery was still uncertain in 2009, with a high unemployment rate, but a slow increase in Gross Domestic Product for the latter part of 2009. The National Bureau of Economic Research, which monitors the economic cycle, announced in September 2010 that the recession that began in December 2007 ended in June 2009. This recession lasted 18 months, the longest since World War II. The Gross Domestic Product decreased 2.4 percent in 2009, in contrast to a growth of 0.4 percent in 2008.ⁱ The unemployment rate rose to 9.3 percent in 2009, representing an increase of 3.5 percentage points from 2008.ⁱⁱ

Giving USA, researched and written by the Center on Philanthropy on behalf of the Giving USA Foundation, is an annual publication which examines the sources (individuals, corporations, and foundation) and uses (religion, education, etc.) of charitable giving for the United States. *Giving USA*'s annual estimates of charitable giving in the United States are widely used by practitioners, policy-makers, academics, and the media. In addition, each edition's estimate of giving for the previous year is the first indication of generosity in that year, and, as such, generates much publicity.

The 2007-2009 recession affected charitable giving. According to *Giving USA 2010* estimation models, total estimated giving decreased 2.4 percent from 2007 to 2008, and decreased only 3.2 percent in 2009, after adjusting for inflation.ⁱⁱⁱ High net worth households give between 65 and 70 percent of all individual giving in the United States, and between 49 and 53 percent of giving from all sources, which includes giving from corporations, foundations, and living and deceased individuals.^{iv} Further, analysis of IRS charitable tax deduction records for those who itemized their charitable giving shows that the average amount deducted for charity by high income households decreased 9.9 percent from 2007 to 2008 (latest year available), after adjusting for inflation.^v

Giving USA 2010 shows that the two year change, since 2007, for giving to religion, education, human services, health, and public-society benefit organizations such as United Ways or Jewish federations declined after adjusting for inflation. *Giving USA 2010* also shows that the two year change, since 2007, for giving to international causes increased after adjusting for inflation. These trends in giving support the findings of the *2010 Study of High Net Worth Philanthropy*.

Reading the 2010 Report

The report is divided into four sections: Donors, Volunteers, Nonprofits, and Charitable Vehicles and Advisors. The Donors section explores high net worth households as charitable givers. It includes analysis on their confidence in groups to solve societal or global problems, motivations and attitudes towards giving, household decision-making, along with the mechanics of what and how high net worth households give. The Volunteers section reports on high net worth households as volunteers and includes analysis of the number of hours volunteered by type of organization and the relationship between giving and volunteering. In the Nonprofits section, we report on high net worth households' preferences and expectations of nonprofits and why they stopped giving to organizations. In the last section on Charitable Vehicles and Advisors, we present the various methods by which high net worth households make philanthropic gifts along with the advice they seek when doing so.

KEY FINDINGS

The 2010 Bank of America Merrill Lynch Study of High Net Worth Philanthropy tracks significant shifts as well as consistent trends in the giving behaviors of the wealthiest donors in the United States. The findings highlight the philanthropic legacy of high net worth households and offer valuable information to nonprofit organizations who seek to engage, sustain, and deepen relationships with these donors. It also helps foster peer learning among donors themselves. The study also offers insights for people who advise the wealthy on their charitable giving strategies.

- **Strong Commitment to Nonprofits.** High net worth households continued to support charitable organizations at levels seen in 2005 and 2007 (98.2 percent of high net worth households donated to charity in 2009). The same is true for giving towards religious organizations (70.5 percent) and secular organizations (98.2 percent). This indicates that despite the economic downturn, high net worth households remain committed to supporting nonprofits. When compared to the general population, a higher percentage of wealthy households gave to different charitable subsectors. Nearly 66 percent of wealthy families still supported the same organizations or causes year after year and 94.5 percent have some or a great deal of confidence in nonprofit organizations to solve societal or global problems.
- **A Change in Giving.** Despite a strong commitment to nonprofits in 2009, average charitable giving by high net worth households decreased between 2007 and 2009. Average charitable giving dropped 34.9 percent from \$83,034 in 2007 to \$54,016 in 2009, after adjusting for inflation. This drop in giving had the largest impact on health organizations. Average giving to health decreased from \$12,430 in 2007 to \$4,511 in 2009, a 63.7 percent difference. Health giving as a share of all high net worth giving dropped from 10.4 percent to 6 percent across the two studies.
- **Strategic Philanthropy.** Uncertainty in the economy affects many financial decisions including those related to philanthropy. Wealthy households reported that they give when they believe their gift will make a difference (72.4 percent), when they feel financially secure (71.2 percent), and when they know the organization is efficient in its use of donations (71 percent). Another major factor for high net worth households when making charitable giving decisions was the organization's communications about the percentage of funding going to programming versus administration (54.1 percent). In addition, about one-third of households cited an organization's own communications about its impact (34.1 percent) as important when giving to charity.
- **Expect Effective and Transparent Nonprofits.** In a continuing trend from the previous study, this new study finds that wealthy donors have high expectations of charitable organizations, ranking the following factors among those most important when determining which to support:
 - Sound business and operational practices (86.9 percent)
 - Acknowledgement of contributions (including receipts) (84.9 percent)
 - Spend appropriate amount on overhead (80.1 percent)
 - Protection of personal information (80.1 percent)
 - Full financial disclosure (61.7 percent)

- **Giving Strategies in 2009.** In response to meeting community needs, nearly 64 percent of high net worth households gave more in 2009 than in 2008 to support people's basic needs and/or to fund the general operations of an organization.
- **Use of Charitable Vehicles.** Average charitable giving to a giving vehicle such as a private foundation, fund, or trust increased 21 percent, from \$62,680 in 2007 to \$75,867 in 2009. Over one-fifth, 20.9 percent, of all high net worth households currently have an endowment fund with a particular organization and 17.5 percent of wealthy households gave through donor-advised funds at a community foundation, financial institution, or in another organization. More than 46 percent of wealthy households today have a will with a specific charitable provision and another 12 percent would consider establishing a charitable provision in their will in the next three years.
- **Trends by Subsector.** A few subsectors saw increases, between 4 and 21 percent, in the average amount given by wealthy households including arts, environment/animal care, international causes, and to giving vehicles. Other subsectors saw more significant declines from 2007, with giving to health experiencing a 63.7 percent decline, education a 55 percent decline, and combined purpose organizations (such as United Way, United Jewish Appeal, or Catholic Charities) experiencing a 44 percent decline.
- **Role of Religion in Philanthropy.** When high net worth households attended religious services regularly they gave more, on average, to religious causes in 2009. Those who attended religious services once a week gave \$14,408 on average, and those who attended more than once per week gave \$18,673, on average, while those who did not attend religious services gave \$2,521, on average, in 2009. Nearly 39 percent of high net worth individuals gave their time to religious organizations, volunteering on average 125 hours a year. About 39 percent of those surveyed cited "religious beliefs" among their top motivations for giving. Forty five percent of wealthy households reported that their children or younger relatives learned about giving through a religious institution.
- **The Wealthy as Volunteers.** Volunteering remains a significant part of the philanthropic efforts of wealthy individuals. More than three-quarters of high net worth individuals volunteered in 2009 representing an increase of 3.8 percent from 2007. They volunteered an average of 307 hours in 2009 (a median of 200 hours in 2009). The more high net worth individuals volunteered, the more they gave. Non-volunteers gave \$46,414, on average, in 2009 while those who volunteered between 101 and 200 hours donated on average \$48,860 in 2009, and those who volunteered more than 200 hours donated on average \$75,662 to charity in 2009.
- **Largest Gift for General Operating Support.** Over half of high net worth households gave their largest gift in 2009 to fund the general operations at nonprofit organizations. Approximately, 36 percent of high net worth households gave their largest gift to fund a particular program, and 23.5 percent gave to support the growth of the organization. Households were less likely to give their largest gift to support capital gifts (e.g., construction of a building or to purchase equipment) in 2009 (14.2 percent) than in 2007 (23.6 percent). In 2009, only 11.0 percent of households gave their largest gift to support the

long-term investment of an organization (e.g., endowment giving), while 37.2 percent of households gave for that purpose in 2007.

- **Low Risk Tolerance with Philanthropic Assets.** When it comes to investing their philanthropic dollars, high net-worth donors are less willing to take risks than they are with their personal investment portfolio. Over a third (35.2 percent) of high net-worth households were willing to tolerate above-average risk in their personal portfolio, only 22.9 percent were willing to assume that risk for their philanthropic investments. More than a quarter, 25.7 percent, said they were completely risk averse in their philanthropic investing, compared to 10.4 percent who avoided any risk with personal investments.
- **Donors Consult Legal and Financial Professionals.** Consistent with a trend we observed in the 2006 and 2008 studies, the 2010 study witnessed an increase in donors' use of legal and financial professionals to help them make charitable giving decisions. The 2010 data finds accountants (67.5 percent), attorneys (40.8 percent) and financial/wealth advisors (38.8 percent) to be among the leading sources of charitable advice.
- **Household Decision-Makers.** This study suggests that among high net worth couples who make charitable donations, both giving partners are involved in decision-making. About 41 percent confer with their partner or spouse and then make joint decisions about charitable giving; 26 percent confer with their spouse or partner but then usually one person ultimately makes the charitable giving decisions for the household; 16 percent reported that giving decisions were made by a single decision maker without conferring with anyone else; and 15 percent of couples report that each partner typically makes independent decisions about how to allocate their giving.
- **Raising Philanthropic Children.** The vast majority of wealthy households, 85.4 percent, instruct their children/younger relatives about philanthropy through the parents' personal efforts and family's network of friends/peers. Households reported that children/younger relatives learn about giving through religious institutions (45 percent), through nonprofit organizations (21.4 percent), and through the children's/young relatives' own personal efforts (19.4 percent). Households involve their children/younger relatives in the charitable organizations they choose to support (13.5 percent) and involve their children/younger relatives in philanthropy (11 percent). More than 70 percent of wealthy families have family traditions of involving children/younger relatives in charitable giving such as making gifts to organizations where they belong or receive direct benefits (33.7 percent), having family discussions about giving throughout the year (27 percent), volunteering as a family (18 percent), discussing religious traditions around giving (16 percent), and making family-level decisions about charitable giving during the holidays (10.1 percent).

- **Why Did Wealthy Donors Stop Donating To an Organization?** In 2009, high net worth households demonstrated a strong commitment to the nonprofit organizations they supported. For households who stopped giving to at least one organization in 2009, 35.4 percent of donors stopped supporting a charitable organization, with more than one-quarter of those surveyed (26.6 percent) discontinuing support for at least two organizations. The top three reasons why donors reported they stopped giving to a particular charity is because they were too frequently solicited or asked an inappropriate amount (58.9 percent), they decided to support other causes (34.2 percent), and because their household circumstances changed (29.4 percent). Very few donors, however, said that they stopped giving to an organization because they were no longer involved with organization (11.7 percent), the program/purpose was completed (10.4 percent), or because the organization kept inaccurate records of information (10.4 percent). This implies that wealthy donors believe that the organizations they support demonstrate sound business practices.
- **Attitudes Towards Tax Policy.** According to the 2010 study, a combined 67 percent of wealthy households would somewhat or dramatically decrease their charitable contributions if they received zero income tax deductions for their donations. Our earlier 2008 study found a lower percentage of wealthy households (47 percent) responded in this way. Wealthy households also reported a shift in the amount they would leave to charity in their estate plan if the estate tax were repealed. A combined 43 percent of wealthy households would somewhat or dramatically increase the amount they leave to charity in an estate plan if the estate tax were repealed; compared to 36.1 percent in 2008.

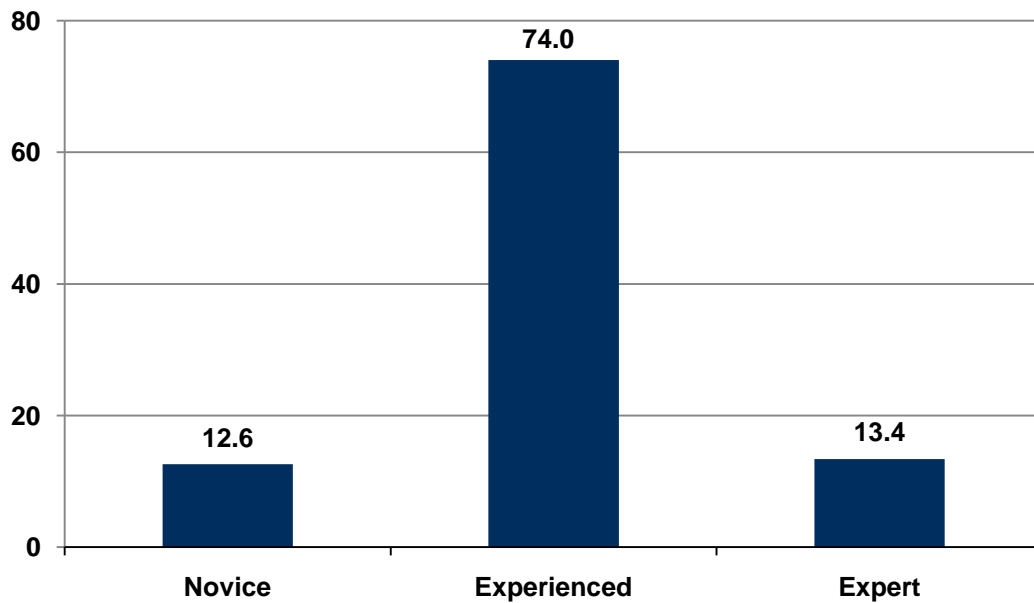
DONORS

Most high net worth households give to charity. In the *2010 Study of High Net Worth Philanthropy* we examine high net worth households' level of charitable giving experience, their confidence in groups to solve societal and global problems, their approaches to giving, and charitable decision-making patterns within high net worth households. This report also provides information on the giving behaviors and motivations of America's wealthiest donors, the transmission of philanthropic values to children, and the mechanics of high net worth households' giving. We examine how their giving changed since the study was first established in 2005, and how various demographic and social factors influence giving.

Level of Charitable Giving Experience

Only 13.4 percent of high net worth households consider themselves to be experts in charitable giving experience. The majority of wealthy households, 74 percent, consider themselves experienced, while 12.6 percent reported that they are novices in terms of their level of charitable giving experience (see Figure 1).

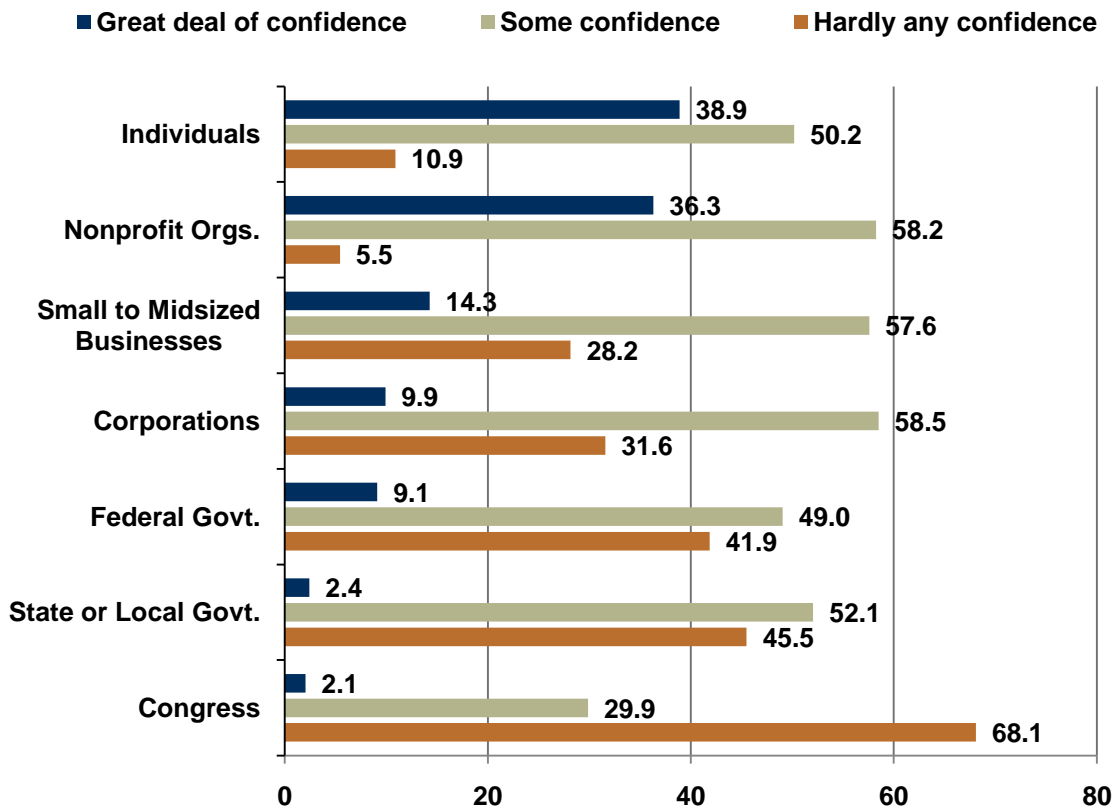
FIGURE 1: HIGH NET WORTH HOUSEHOLDS REPORTING LEVEL OF CHARITABLE GIVING EXPERIENCE (%)



Confidence in Societal Institutions

High net worth households were asked to report the level of confidence they had in various societal institutions to solve domestic or global problems. In Figure 2, high net worth households had a great deal of confidence in individuals (38.9 percent) and in nonprofit organizations (36.3 percent) to solve problems, while the remainder of high net worth households had some or hardly any confidence in these groups. In addition, high net worth households reported a great deal of confidence (14.3 percent) in small to mid-sized businesses. Nearly 10 percent of wealthy households had a great deal of confidence in corporations (9.9 percent) and federal government (9.1 percent) to solve domestic or global problems. About 2 percent of households had a great deal of confidence in state or local government and in Congress to solve domestic or global problems.

FIGURE 2: HIGH NET WORTH HOUSEHOLDS REPORTING CONFIDENCE IN THE ABILITY OF GROUPS TO SOLVE DOMESTIC OR GLOBAL PROBLEMS (%)



Motivations behind Charitable Behavior

As shown in Figure 3, wealthy households reported that they give when they believe their gift will make a difference (72.4 percent), when they feel financially secure (71.2 percent), and when they know the organization is efficient in its use of donations (71 percent). Nearly two-thirds of wealthy households give to the same organizations or causes year after year (65.9 percent) and in order to give back to the community (64.7 percent). More than half of wealthy households give to charity because of their political/philosophical beliefs (52.1 percent) or because they volunteer at the organization (51.9 percent). About one-third of high net worth households gave because of their religious beliefs (38.8 percent) or because they were asked (31.1 percent). Just over a quarter (27.1 percent) of high net worth households gave to set an example for young people.

FIGURE 3: WHAT MOTIVATES HIGH NET WORTH HOUSEHOLDS TO GIVE (%)



Three of the top four major motivations from 2007 remained in the top four in 2009: believing their gift will make a difference, giving to the same organizations or causes year after year, and feeling financially secure. One of the largest changes in motivations was a decrease in the importance of giving back to the community. It fell from being a major motivation for 81.2 percent in 2007 to 64.7 percent in 2009 (statistically significant) and was no longer in the top four motivations. “Giving because you were asked” fell as a motivator for giving from 48.1 percent in 2007 to 31.1 percent in 2009. Just over a quarter (27.1 percent) of high net worth households gave to set an example for young people in 2009, a drop of 18.5 percentage points from 2007 (see Table 1 and Figure 4 below).

TABLE 1: RANKING OF MOTIVATIONS FOR GIVING TO CHARITY, 2007 AND 2009 (%)

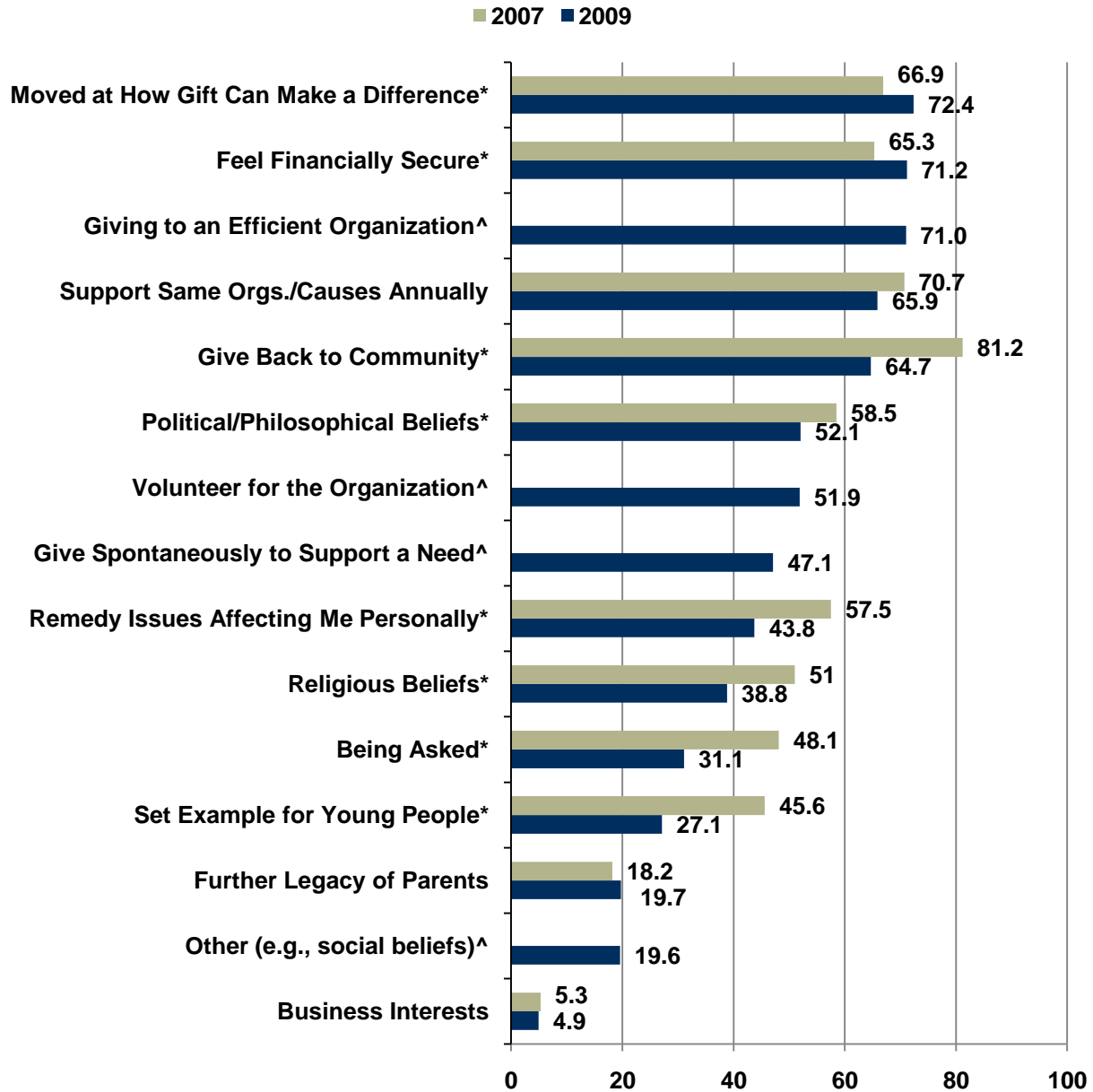
| | 2007 | | 2009 | |
|-------------------------------------------------|------|------|------|------|
| | % | Rank | % | Rank |
| Moved at How Gift Can Make a Difference* | 66.9 | 3 | 72.4 | 1 |
| Feel Financially Secure* | 65.3 | 4 | 71.2 | 2 |
| Giving to an Efficient Organization^ | N/A | N/A | 71.0 | 3 |
| Support Same Orgs./Causes Annually | 70.7 | 2 | 65.9 | 4 |
| Give Back to Community* | 81.2 | 1 | 64.7 | 5 |
| Political/Philosophical Beliefs* | 58.5 | 5 | 52.1 | 6 |
| Volunteer for the Organization^ | N/A | N/A | 51.9 | 7 |
| Give Spontaneously to Support a Need^ | N/A | N/A | 47.1 | 8 |
| Remedy Issues Affecting Me Personally* | 57.5 | 6 | 43.8 | 9 |
| Religious Beliefs* | 51 | 7 | 38.8 | 10 |
| Being Asked* | 48.1 | 8 | 31.1 | 11 |
| Set Example for Young People* | 45.6 | 9 | 27.1 | 12 |
| Further Legacy of Parents | 18.2 | 10 | 19.7 | 13 |
| Other (e.g., social beliefs)^ | N/A | N/A | 19.6 | 14 |
| Business Interests | 5.3 | 11 | 4.9 | 15 |

^This question was not asked in 2007.

*The difference between 2007 and 2009 results was found to be statistically significant.

In 2009, wealthy households reported that they give when they believe their gift will make a difference (72.4 percent), when they feel financially secure (71.2 percent), and when they know the organization is efficient in its use of donations (71 percent). The percentage of households that reported giving back to community as an important motivator for giving decreased from 81.2 percent in 2007 to 64.7 percent in 2009 (see Figure 4).

FIGURE 4: MOTIVATIONS FOR GIVING TO CHARITY, 2007 AND 2009 (%)



^This question was not asked in 2007

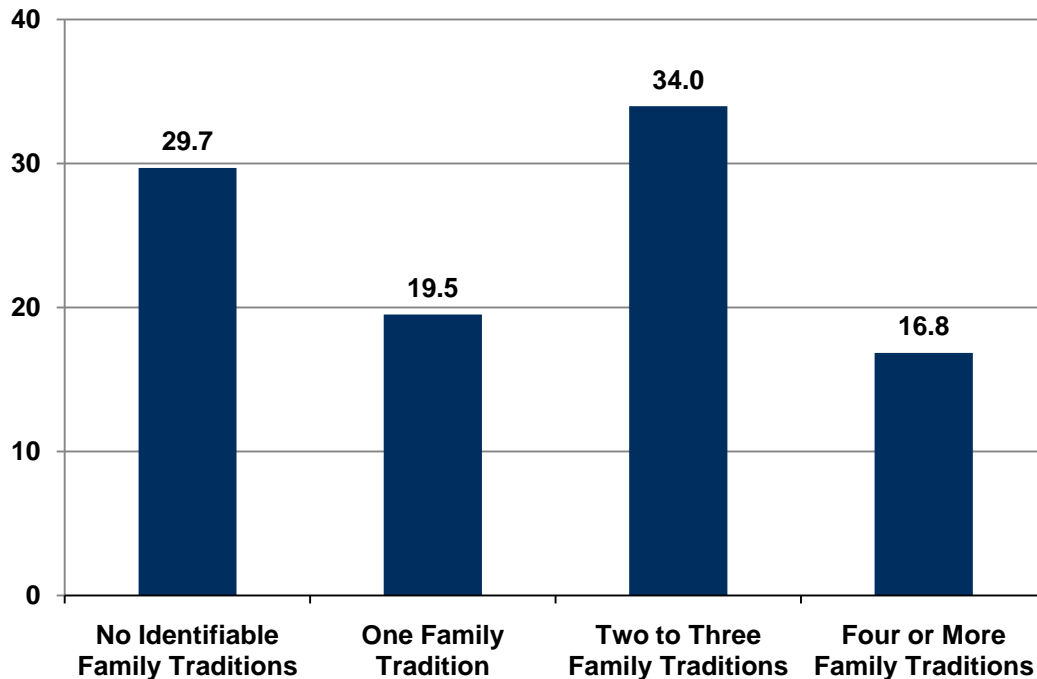
* The difference between 2007 and 2009 results was found to be statistically significant

Children and the Transmission of Philanthropic Values

Philanthropy as a Family Tradition

Wealthy households reported a variety of family traditions as a part of their annual charitable giving. In this study, respondents were asked to identify what family traditions they have around giving. Figure 5 shows that 34 percent of high net worth households had between 2 and 3 family traditions of involving children or other younger relatives in charitable giving. Nearly 17 percent of high net worth households had 4 or more family traditions. The remainder had only one family tradition (19.5 percent) or did not identify with the family traditions provided on the survey (29.7 percent).

FIGURE 5: FAMILY TRADITIONS AROUND GIVING (%)



According to the survey, some of the family traditions that resonated with high net worth households included making gifts to honor the memory of an individual (35.1 percent), giving to organizations where they belong or receive direct benefits (33.7 percent), and contributing to a family foundation or fund (31.6 percent). Nearly 27 percent reported that they have family discussions about giving throughout the year. Approximately 18 percent of wealthy households reported that they volunteer as a family, 16 percent discuss religious traditions around giving, and 10.1 percent reported that they make family-level decisions about charitable giving at holiday times.

Role of Children or Other Younger Relatives in Family Philanthropy

The transmission of philanthropic values to children or other younger relatives was surveyed once again in this year’s study. The children of high net worth households in the study are generally adults. The average age of the children of respondents in the study is 31.

More than 13 percent of high net worth households allowed their children or younger relatives to participate in determining charities and issues the family gave to each year or long-term. Eleven percent involved and educated their own children or younger relatives in their family philanthropy. Over 6 percent allowed children or younger relatives to make decisions for their foundation or donor-advised fund, while 5.8 percent allowed children or younger relatives to serve as directors, managers, other decision-makers for their family foundation (see Figure 6). Approximately 72 percent of high net worth households did not involve their children or younger relatives in charitable decisions.

FIGURE 6: TRANSMITTING PHILANTHROPIC VALUES: ROLE CHILDREN OR YOUNGER RELATIVES PLAY IN CHARITABLE GIVING, 2009 (%)

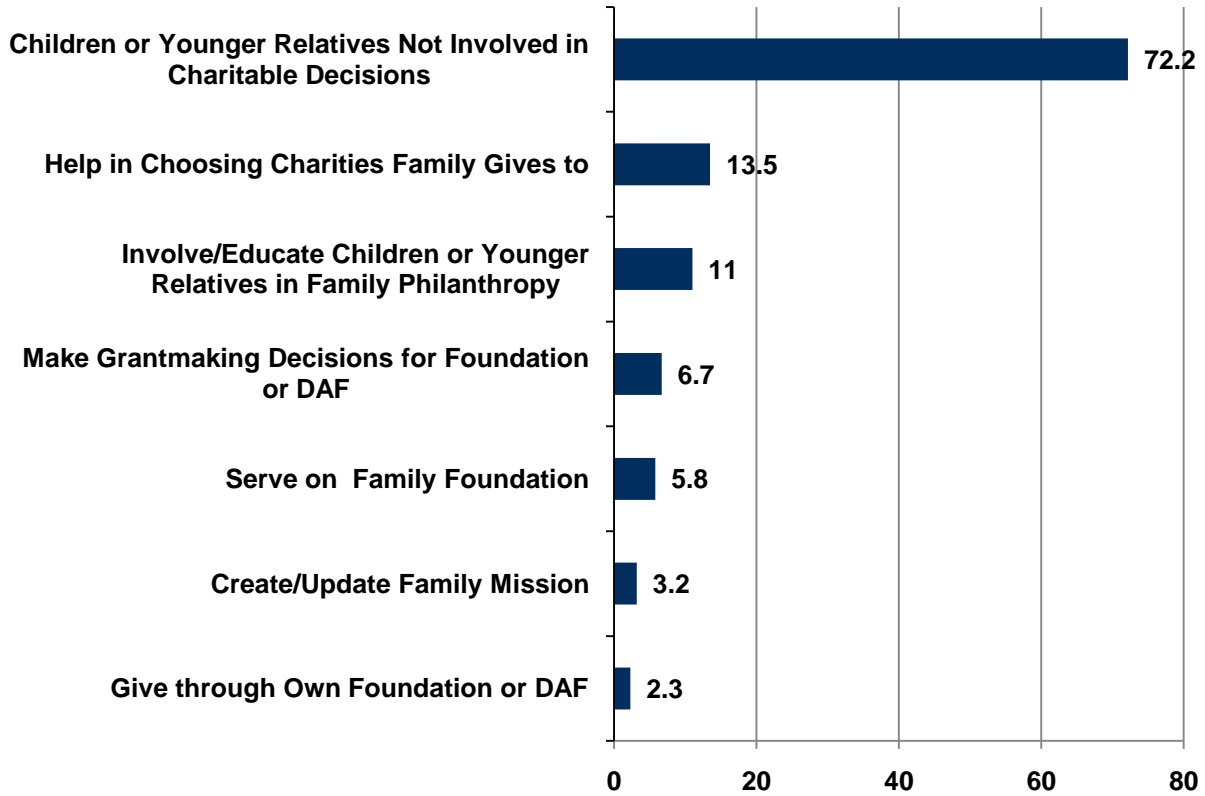
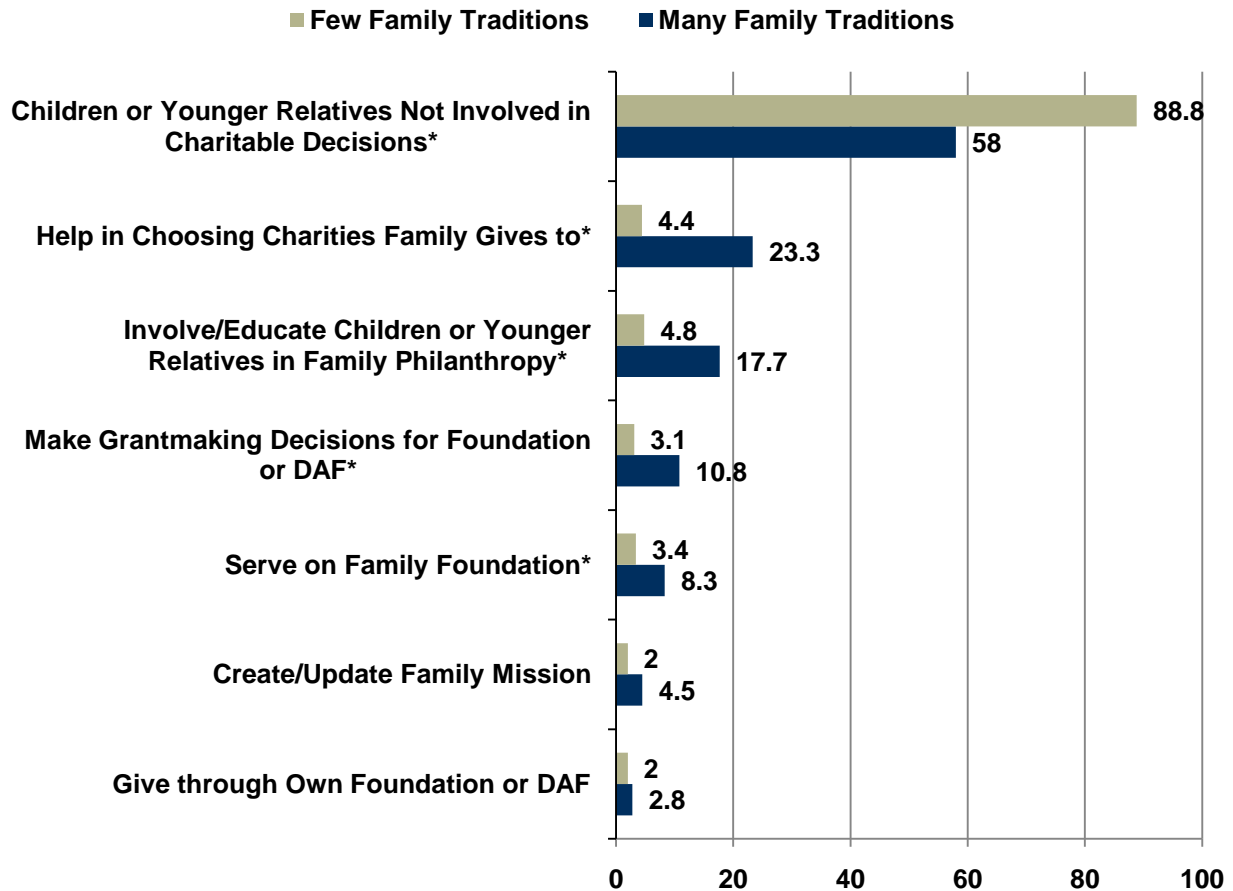


Figure 7 reveals the role of children or younger relatives in high net worth households' philanthropy. Households with many family traditions (reported 2 or more family traditions) were more likely to involve their children or younger relatives in charitable decisions (58 percent) than those households with few family traditions (reported no identifiable or one family tradition). A quarter of households (23.3 percent) asked their children or younger relatives to help determine charities and issues to which the family gave, and 18 percent involved and educated their children or younger relatives in family philanthropy.

FIGURE 7: TRANSMITTING PHILANTHROPIC VALUES: ROLE CHILDREN OR YOUNGER RELATIVES PLAY IN CHARITABLE GIVING, 2009 (%)



*The difference between few family traditions (reported no identifiable or one family tradition) and many family traditions (reported 2 or more family traditions) was found to be statistically significant.
 Note: DAF is Donor-Advised Funds.

How Children or Other Younger Relatives Learn about Giving

Figure 8 shows how 85.4 percent of high net worth households educate their children or younger relatives about charitable giving through their own personal efforts and family's network of friends/peers. Forty-five percent reported that their children or younger relatives learn about charitable giving through a religious organization, while 21.4 percent reported that their children or younger relatives learned through nonprofit organization(s). Approximately 19 percent reported that their children or younger relatives learned through their own personal efforts.

FIGURE 8: TRANSMITTING PHILANTHROPIC VALUES: HOW CHILDREN OR YOUNGER RELATIVES LEARN ABOUT GIVING (%)

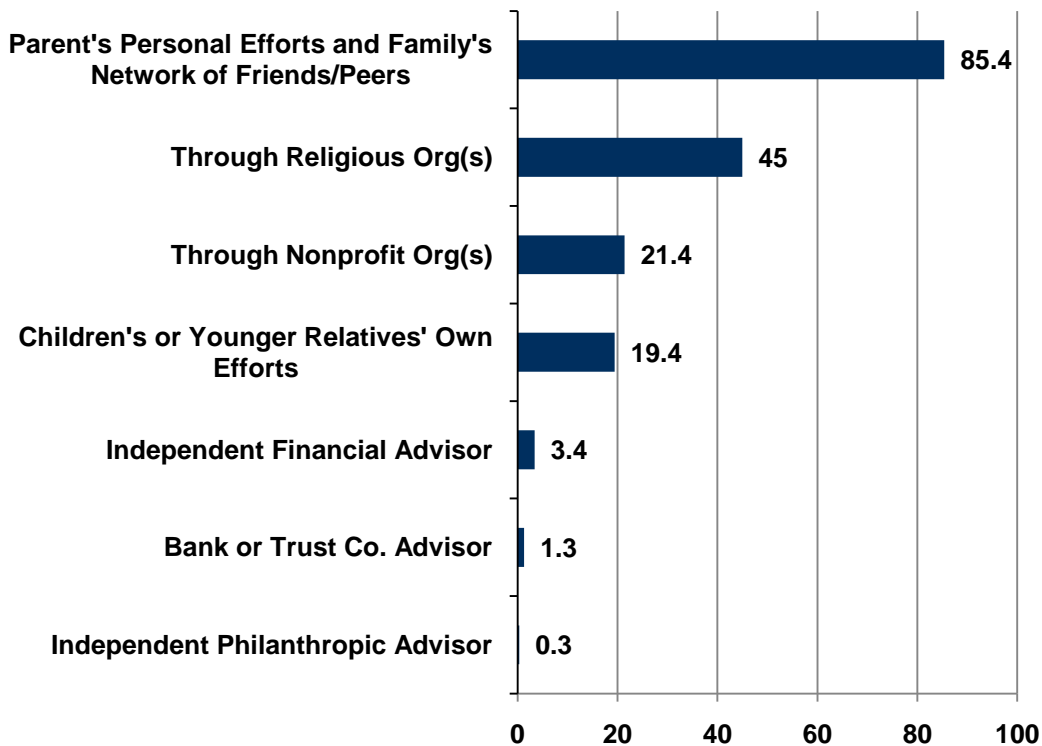
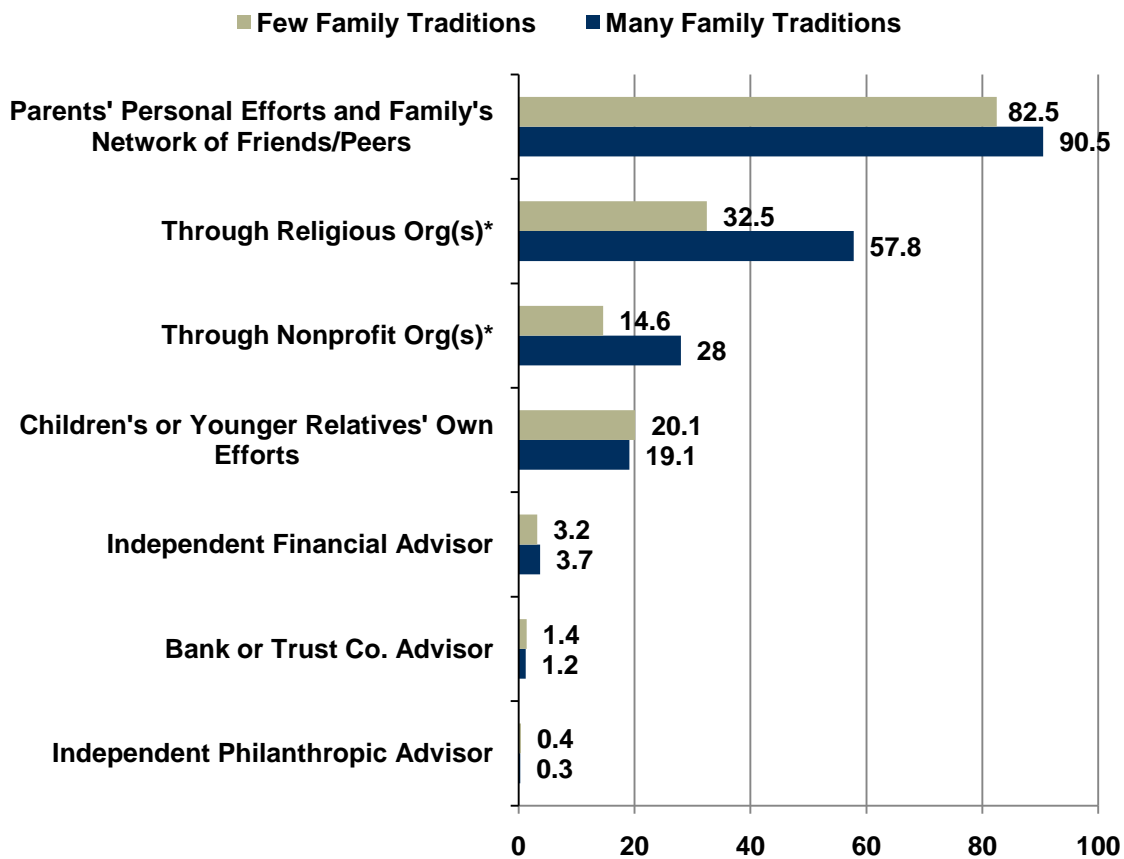


Figure 9 explains how children or other younger relatives in high net worth households learned about philanthropy in 2009. Households with many family traditions (reported 2 or more family traditions) were more likely to report that their children/younger relatives learned about philanthropy from parents and their family’s network of friends/peers in 2009 (90.5 percent) than those with few family traditions (reported no identifiable or one family tradition). Approximately 58 percent of high net worth households with many family traditions reported that their children/younger relatives learned about giving through a religious institution, whereas 28 percent learned through nonprofit organization(s).

FIGURE 9: TRANSMITTING PHILANTHROPIC VALUES: HOW CHILDREN OR YOUNGER RELATIVES LEARN ABOUT GIVING (%)



*The difference between few family traditions (reported no identifiable or one family tradition) and many family traditions (reported 2 or more family traditions) was found to be statistically significant.

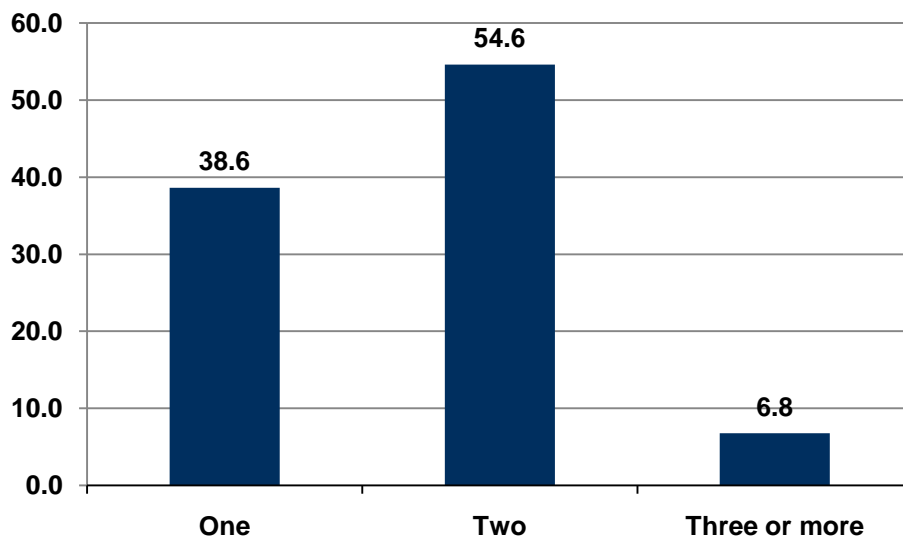
Household Decision-Making

Research on household decision-making about philanthropy has received substantial (and growing) attention, but the field is still in its early stages and far less is known about decision-making in high net worth households. In this section of the report, we look at the number of decision-makers who are involved in decisions about charitable giving, how decisions about charitable giving are made, and then how households allocate their giving. Only respondents who are married or those living with a partner were examined for this section.

Number of Decision-Makers Involved

Figure 10 below shows the number of decision-makers who are involved when high net worth couples decide to give money to charities. More than half of high net worth couples, 54.6 percent, reported that two decision-makers were involved when making decisions about their charitable giving, while 38.6 percent of high net worth couples reported that only one decision-maker was involved in making decisions about charitable giving. Nearly 7 percent reported that three or more decision-makers were involved.

FIGURE 10: NUMBER OF PEOPLE INVOLVED IN MAKING CHARITABLE GIVING DECISIONS, 2009 (%)

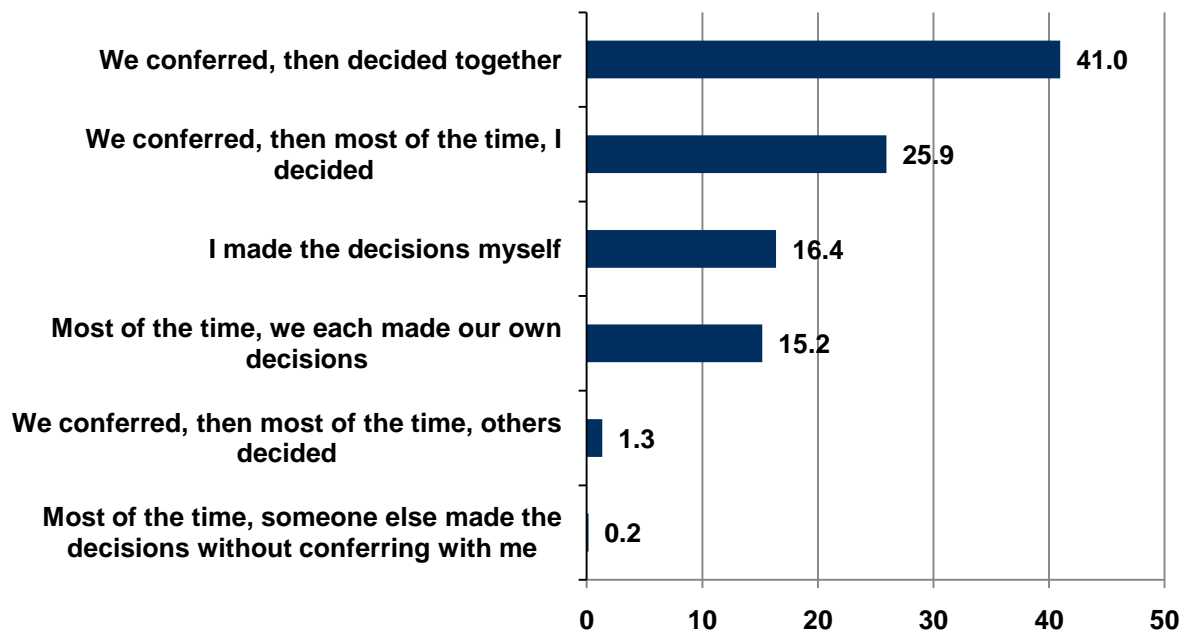


Note: This analysis only includes respondents who are married or living with a partner

How Decisions Are Made

Figure 11 below shows how decisions about charitable giving are made by respondents who are married or living with a partner. Over two-fifths (41 percent) of couples conferred with members of their household and then made joint decisions. Furthermore, 25.9 percent of couples reported that they conferred with members of their household and then most of the time one person made the charitable giving decisions. An additional 16.4 percent reported that charitable giving decisions were made by a single decision-maker without conferring with anyone else. Another 15.2 percent of couples reported that most of the time they made independent decisions about how to allocate their charitable giving.

FIGURE 11: HOW DECISIONS ABOUT CHARITABLE GIVING ARE MADE (%)



Note: This analysis only includes respondents who are married or living with a partner

Allocation of Giving

Table 2 shows how married high net worth households or those living with a partner allocated their charitable giving in 2009. About half of these couples, 51.5 percent, made contributions to causes they both considered important; about one-third (35.6 percent) supported causes that a single decision-maker considered important; whereas about 12 percent donated to causes that were important to their giving partner only.

TABLE 2: ALLOCATION OF GIVING, 2009 (%)

| | 2009 (%) |
|-------------------------------------------------------------------------------------------------------------------|----------|
| Causes my giving partner(s) and I considered important | 51.5 |
| Causes I considered important | 35.6 |
| Causes my giving partner(s) considered important | 11.8 |
| Causes that others considered important and my giving partner(s) and I, if applicable, did not value as important | 1.1 |

High Net Worth Philanthropic Giving in 2009

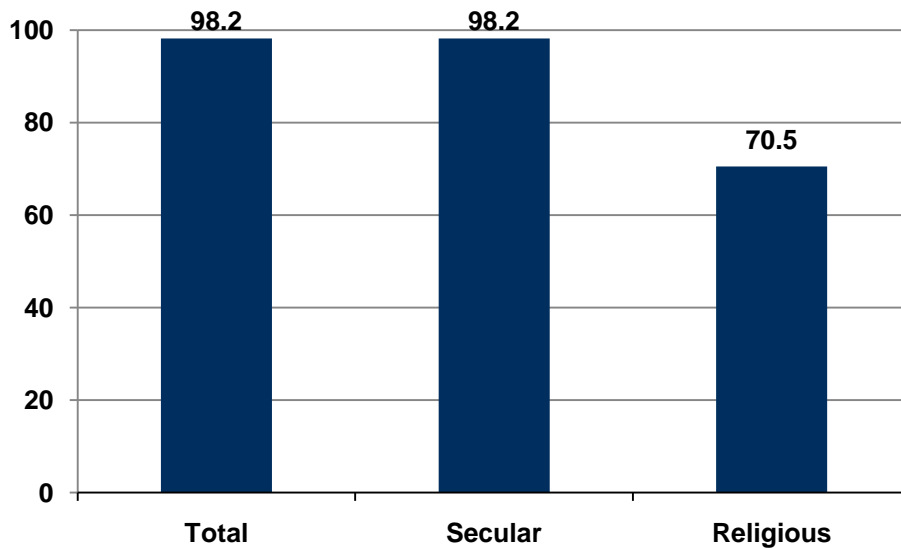
What Was Given in 2009

High net worth households give to charity not only through their own personal assets, but also through charitable vehicles such as private foundations, donor-advised funds, and charitable trusts. In this study we asked about all donations made by high net worth households, which is comprised of both direct and vehicle-based giving.

Distribution of Giving

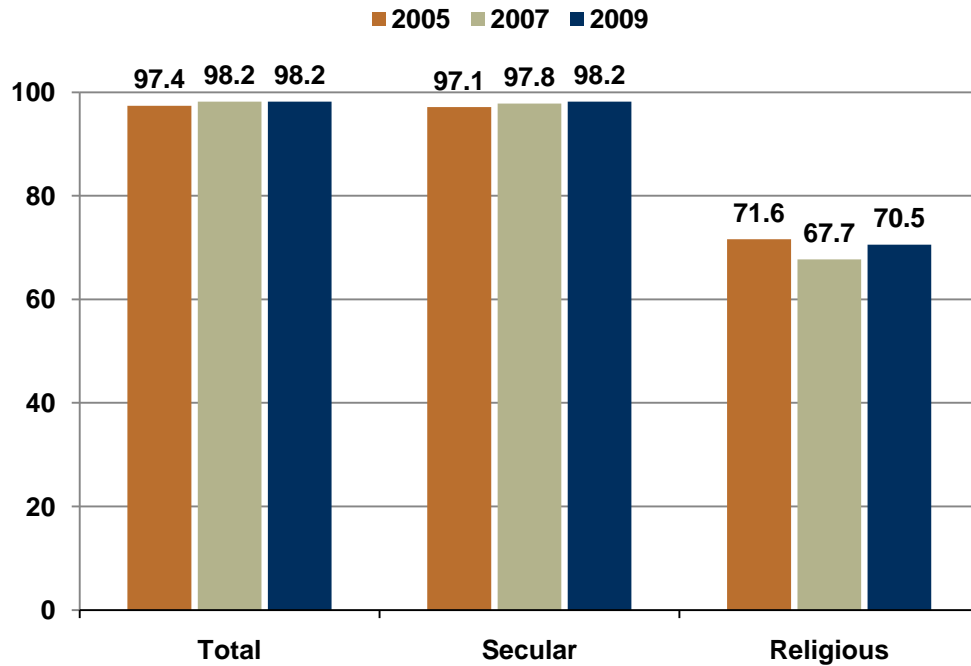
Nearly all high net worth households made a donation to charity in 2009, 98.2 percent (see Figure 12). Similarly, nearly all high net worth households gave to secular causes, 98.2 percent in 2009. In addition, 70.5 percent of high net worth households gave to religious organizations in 2009.

FIGURE 12: PERCENTAGE OF HIGH NET WORTH HOUSEHOLDS WHO GAVE IN 2009 (%)



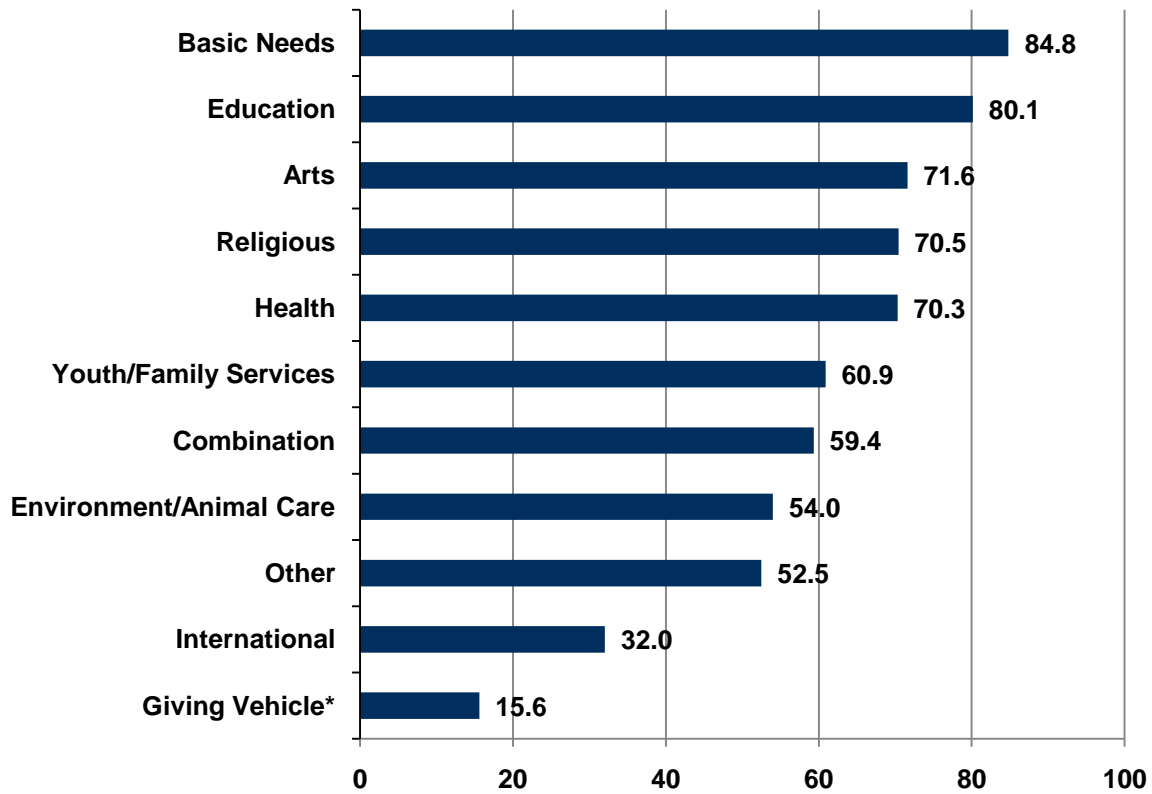
The percentage of high net worth households that gave to charity in 2009 stayed the same compared to 2005 and 2007. The percentage that gave to secular causes also remained similar from 2005 to 2009. The percentage of high net worth households who directed their giving toward religious organizations increased by 2.8 percentage points between 2007 and 2009 (see Figure 13).

FIGURE 13: PERCENTAGE OF HIGH NET WORTH HOUSEHOLDS WHO GAVE TO ANY CHARITY, 2005, 2007 AND 2009 (%)



Wealthy households made a donation from their personal and vehicle-based assets to each type of nonprofit organization listed below in 2009. The highest percentage of high net worth households gave directly to basic needs organizations from their personal assets and giving vehicles (84.8 percent), and to education (80.1 percent) followed by the arts (71.6 percent). Approximately 70 percent of high net worth households gave to religious organizations (70.5 percent) and to health organizations (70.3 percent). Fewer high net worth households gave to international causes (32 percent) than to other types of organizations. Finally, 15.6 percent of high net worth households made a donation in 2009 to a private foundation, a donor-advised fund, or a charitable trust (see Figure 14).

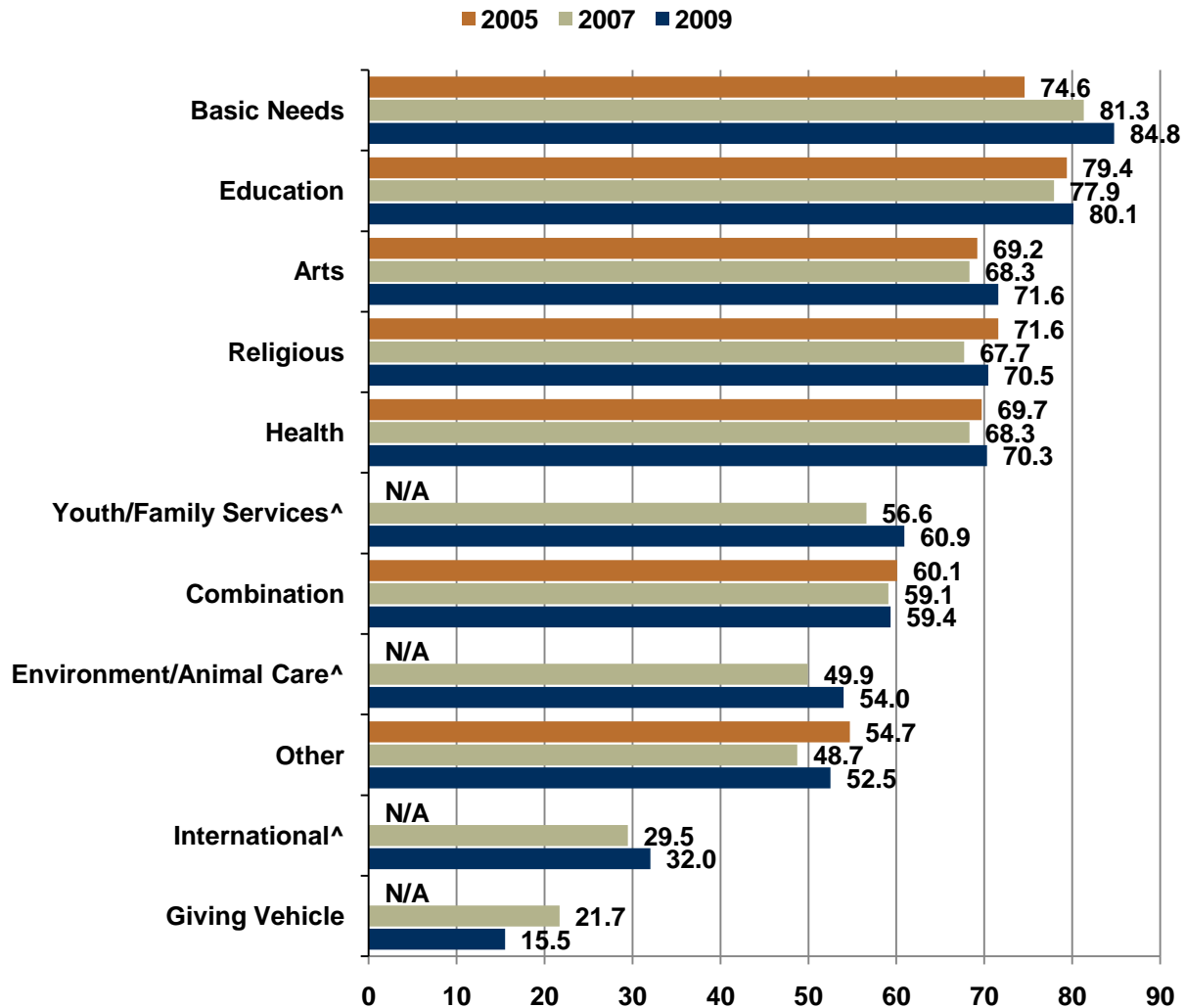
FIGURE 14: PERCENTAGE OF HIGH NET WORTH HOUSEHOLDS WHO GAVE TO DIFFERENT CHARITABLE SUBSECTORS IN 2009 (%)



*'Giving Vehicle' represents gifts to private foundations, charitable trusts, and donor-advised funds.

In 2009, a higher percentage of high net worth households made a donation to all of the subsectors listed below than in 2007. The percentage of households that gave to giving vehicles, such as foundations, donor-advised funds, or charitable trusts, decreased from 21.7 percent in 2007 to 15.5 percent in 2009. In 2007, 81.3 percent of wealthy households gave to organizations that provided for basic human needs such as food and shelter, whereas 84.8 percent made a donation to basic needs in 2009 (see Figure 15).

FIGURE 15: PERCENTAGE OF HIGH NET WORTH HOUSEHOLDS WHO GAVE TO DIFFERENT CHARITABLE SUBSECTORS, 2005, 2007 AND 2009 (%)



^Giving to youth or family services, environment/animal care, and international causes are included as "other" giving in 2005.

Note: Combined organizations include United Way, United Jewish Appeal, or Catholic Charities

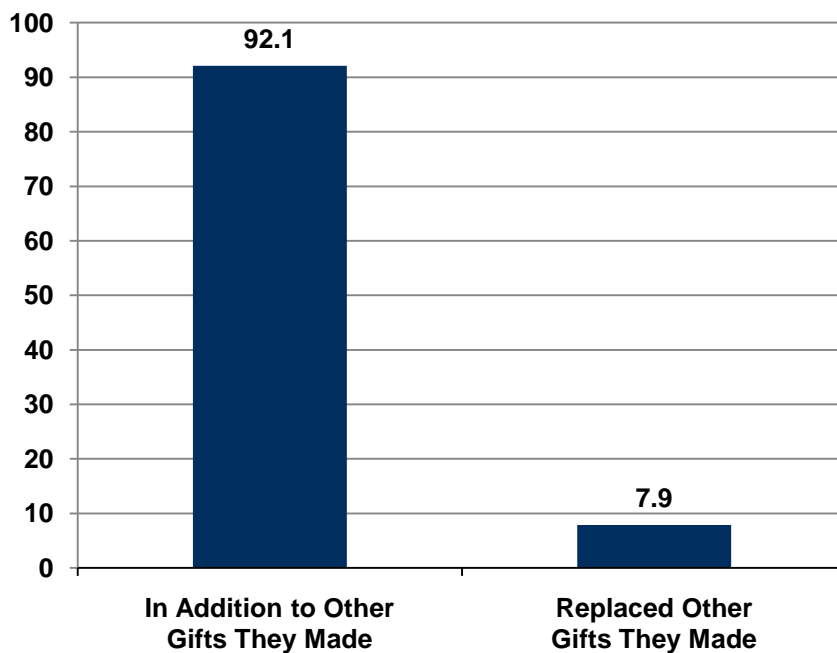
'Giving Vehicle' represents gifts to private foundations, charitable trusts, and donor-advised funds.

Response to Disaster Relief

The majority of high net worth households indicated that they sometimes or usually make a donation in response to disaster relief such as the earthquakes in Haiti and Chile, Hurricane Katrina, tsunamis, or other events. Nearly half of all high net worth households (49.2 percent) sometimes make a donation in response to disaster relief, and 33.5 percent usually make a donation in response to disaster relief. The remaining households, 17.3 percent, never make a donation in response to disaster relief.

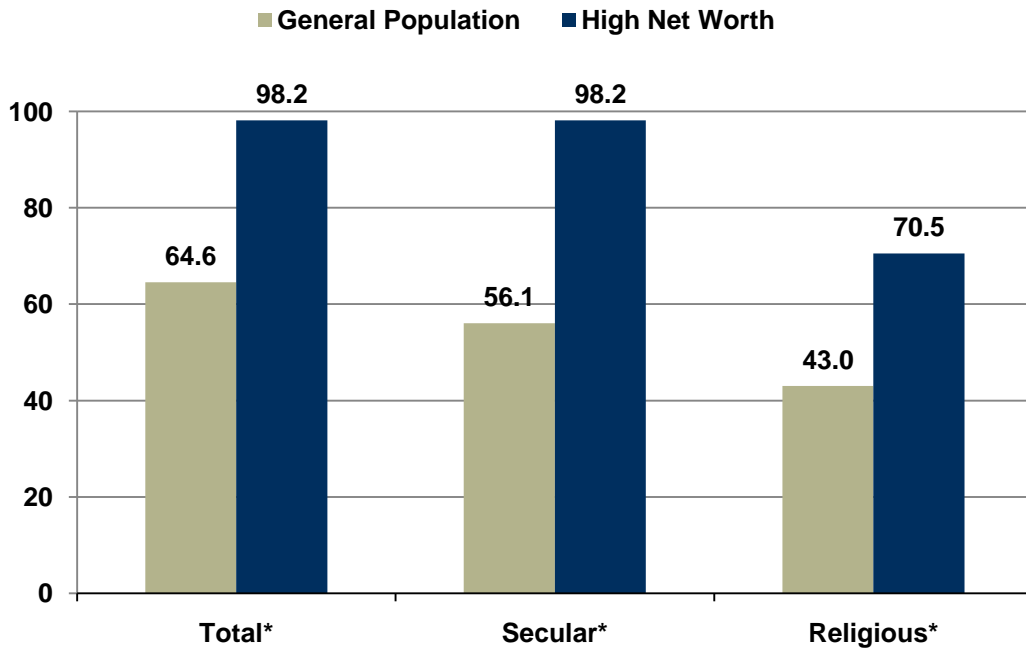
When households made a donation in response to disaster relief, most (92.1 percent) indicated that the donation was in addition to their regular giving, and 7.9 percent reported that the donation replaced other gift(s) they make (see Figure 16).

FIGURE 16: HOUSEHOLDS MAKING GIFTS FOR DISASTER RELIEF (%)



More than 98 percent of high net worth households contributed to charity in 2009, compared to 64.6 percent for the U.S. population as a whole, a statistically significant difference. A statistically significantly higher percentage of high net worth households also gave to secular and religious causes. Forty-three percent of Americans gave to religion, whereas 70.5 percent of high net worth households gave to religion (see Figure 17).

FIGURE 17: PERCENTAGE OF HIGH NET WORTH HOUSEHOLDS WHO GAVE TO CHARITY IN 2009, COMPARED TO THE U.S. GENERAL POPULATION (%)

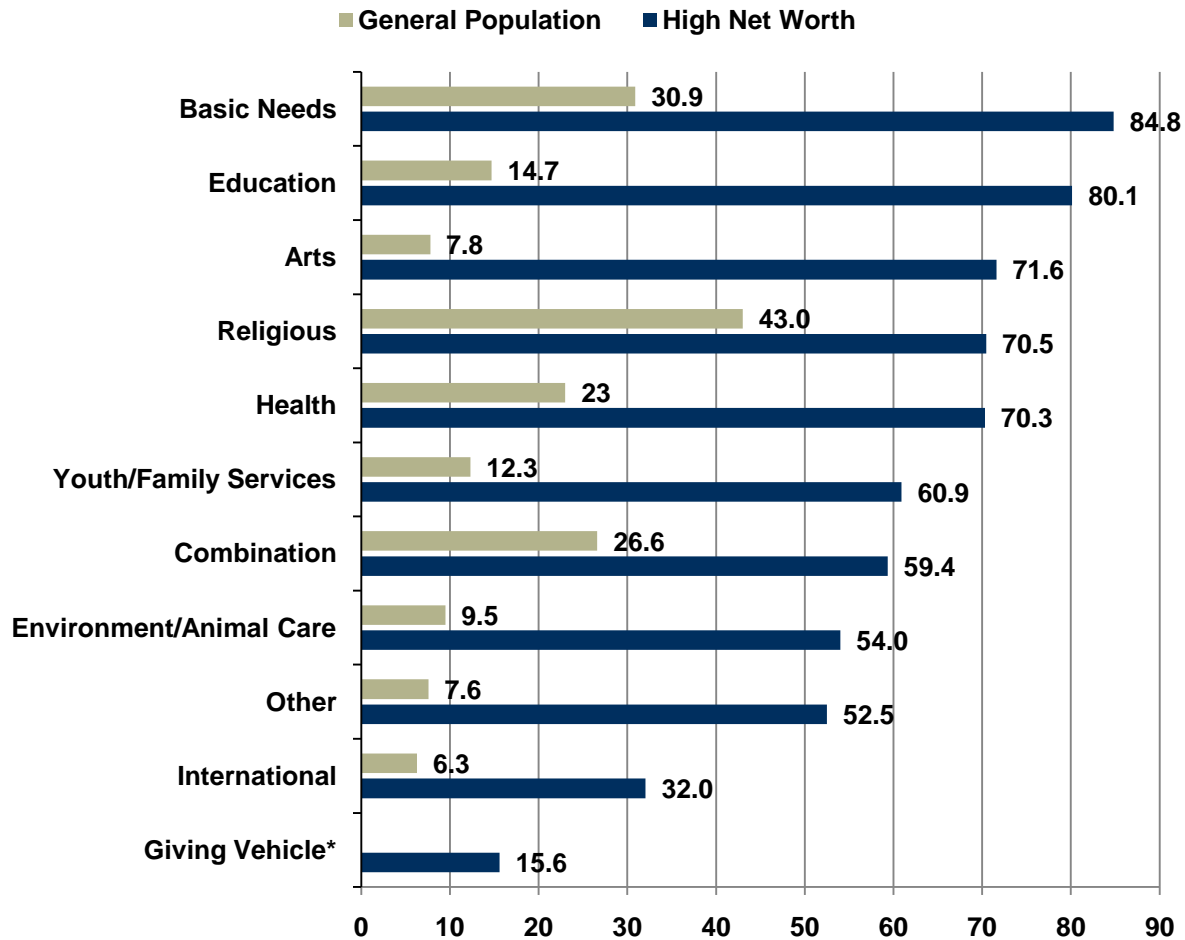


Note: Source for the U.S. general population is the Center on Philanthropy Panel Study 2007 wave, the latest year available. High net worth figures are for 2009 giving.

*The difference between general population and high net worth results was found to be statistically significant.

Compared to the general population, a higher percentage of wealthy households gave to all types of subsectors listed below (see Figure 18). The largest difference is between the percentage of wealthy households and all U.S. households who gave to education (a 65.4 percentage point difference) and to arts and culture (a 63.8 percentage point difference). The percentage of U.S. households who gave to religion is 43 percent, and 70.5 percent of all high net worth households donated to religious organizations.

FIGURE 18: PERCENTAGE OF HIGH NET WORTH HOUSEHOLDS WHO GAVE TO DIFFERENT CHARITABLE SUBSECTORS IN 2009, COMPARED TO THE U.S. GENERAL POPULATION (%)



Note: Source for the U.S. general population is the Center on Philanthropy Panel Study 2007 wave, the latest data available. High net worth figures are for 2009 giving.

Note: Combined organizations include United Way, United Jewish Appeal, or Catholic Charities

*'Giving Vehicle' represents gifts to private foundations, charitable trusts, and donor-advised funds.

Average Amount Given by Type of Charity

High net worth households gave \$54,016 on average to charity in 2009 (see Table 3). This is a 34.9 percent decrease from 2007 (\$83,034), after adjusting for inflation. Average total giving to religious causes dropped in 2009 to \$9,985 from \$17,635 in 2007, a decrease of 43.4 percent. Average total giving to secular causes was also down in 2009 to \$46,852 from \$71,200 in 2007, a decrease of 34.2 percent. High net worth households gave the highest average amount to foundations, funds, and trusts in 2009 (\$75,867), an increase of 21 percent from 2007. Wealthy households also gave a substantial amount, on average, to education (\$12,759 in 2009).

TABLE 3: AVERAGE AMOUNT GIVEN BY HIGH NET WORTH DONOR HOUSEHOLDS, 2007 AND 2009

| | 2007 [#] | 2009 | |
|--------------------------|-------------------|----------------|--------------------|
| | Average Giving | Average Giving | Percent Difference |
| Total | \$83,034 | \$54,016 | -34.9% |
| Religious | \$17,635 | \$9,985 | -43.4% |
| Secular | \$71,200 | \$46,852 | -34.2% |
| Giving Vehicle | \$62,680 | \$75,867 | 21.0% |
| Combination | \$9,352 | \$5,240 | -44.0% |
| Basic Needs | \$3,702 | \$2,959 | -20.1% |
| Youth/Family Services | \$9,103 | \$7,641 | -16.1% |
| Health | \$12,430 | \$4,511 | -63.7% |
| Education | \$28,329 | \$12,759 | -55.0% |
| Arts | \$4,958 | \$5,531 | 11.6% |
| Environment/ Animal Care | \$3,281 | \$3,410 | 3.9% |
| International | \$4,203 | \$4,587 | 9.1% |
| Other | \$11,557 | \$6,328 | -45.2% |

Charitable giving for 2007 was adjusted for inflation to 2009 dollars

Note: Average giving includes no outliers. Please see Methodology section for more information.

Combined organizations include United Way, United Jewish Appeal, or Catholic Charities

'Giving Vehicle' represents gifts to a private foundation, charitable trust, and donor-advised funds.

Because this is the third study of high net worth philanthropy, we are able to track significant shifts in giving over time. High net worth households donated less on average to combination funds, basic needs, youth/family services, health, education, and other types of organizations in 2009 compared to 2007. The drop in giving in 2009 had the most impact on health organizations where the average amount fell from \$12,430 in 2007 to \$4,511 in 2009. However, average gift amounts to arts, environment/animal care, and international-related organizations increased in 2009 compared to 2007 (see Table 4).

TABLE 4: AVERAGE AMOUNT GIVEN BY HIGH NET WORTH DONOR HOUSEHOLDS, 2005, 2007 AND 2009

| | 2005 [#] | | 2007 [#] | | 2009 | |
|--------------------------------------|------------------------------|--------------------------------|------------------------------|--------------------------------|------------------------------|--------------------------------|
| | Average Giving (no outliers) | Average Giving (with outliers) | Average Giving (no outliers) | Average Giving (with outliers) | Average Giving (no outliers) | Average Giving (with outliers) |
| Total | \$91,928 | \$101,306 | \$83,034 | \$249,762 | \$54,016 | \$69,693 |
| Religious | \$20,708 | \$20,708 | \$17,635 | \$17,601 | \$9,985 | \$9,985 |
| Secular | \$76,891 | \$86,306 | \$71,200 | \$238,717 | \$46,852 | \$62,539 |
| Giving Vehicle | \$67,745 | \$67,745 | \$62,680 | \$434,882 | \$75,867 | \$157,885 |
| Combination | \$7,196 | \$7,190 | \$9,352 | \$9,338 | \$5,240 | \$5,240 |
| Basic Needs | \$4,325 | \$4,480 | \$3,702 | \$14,962 | \$2,959 | \$2,959 |
| Youth/Family Services [^] | N/A | N/A | \$9,103 | \$97,977 | \$7,641 | \$7,641 |
| Health | \$8,222 | \$20,553 | \$12,430 | \$12,408 | \$4,511 | \$8,166 |
| Education | \$29,065 | \$29,215 | \$28,329 | \$32,988 | \$12,759 | \$12,759 |
| Arts | \$17,036 | \$17,498 | \$4,958 | \$28,189 | \$5,531 | \$5,531 |
| Environment/Animal Care [^] | N/A | N/A | \$3,281 | \$6,333 | \$3,410 | \$3,410 |
| International [^] | N/A | N/A | \$4,203 | \$11,943 | \$4,587 | \$4,587 |
| Other [^] | \$8,421 | \$8,425 | \$11,557 | \$11,557 | \$6,328 | \$6,328 |

#Adjusted for inflation to 2009 dollars

[^]Giving to youth or family services, environment/animal care, and international causes are included as "other" giving in 2005.

Note: Average giving is shown here with and without outliers. Please see Methodology section for more information.

Combined organizations include United Way, United Jewish Appeal, or Catholic Charities

'Giving Vehicle' represents gifts to a private foundation, charitable trust, and donor-advised funds.

Median Amount Given by Type of Charity

As shown in Table 5, median giving decreased from \$13,451 in 2007 to \$12,000 in 2009, a 7.6 percent drop (adjusted for inflation). The highest median amount was giving to a foundation, fund, or trust (\$15,000 in 2009) followed by giving to religious organizations (\$3,550 in 2009). The lowest median amount for high net worth giving was to environment/animal care (\$300 in 2009).

TABLE 5: MEDIAN AMOUNT GIVEN BY DONOR HOUSEHOLDS, 2005, 2007 AND 2009

| | 2005 [#] | | 2007 [#] | | 2009 | |
|--------------------------------------|-----------------------------|-------------------------------|-----------------------------|-------------------------------|-----------------------------|-------------------------------|
| | Median Giving (no outliers) | Median Giving (with outliers) | Median Giving (no outliers) | Median Giving (with outliers) | Median Giving (no outliers) | Median Giving (with outliers) |
| Total | \$15,682 | \$15,709 | \$13,451 | \$13,451 | \$12,000 | \$12,050 |
| Religious | \$4,394 | \$4,394 | \$4,139 | \$4,139 | \$3,550 | \$3,550 |
| Secular | \$9,941 | \$10,052 | \$8,318 | \$8,395 | \$8,250 | \$8,268 |
| Giving Vehicle | \$4,669 | \$4,669 | \$9,312 | \$9,830 | \$15,000 | \$15,000 |
| Combination | \$1,099 | \$1,099 | \$1,035 | \$1,035 | \$1,000 | \$1,000 |
| Basic Needs | \$1,099 | \$1,099 | \$724 | \$750 | \$1,000 | \$1,000 |
| Youth/Family Services [^] | N/A | N/A | \$517 | \$517 | \$500 | \$500 |
| Health | \$1,099 | \$1,099 | \$828 | \$828 | \$500 | \$500 |
| Education | \$2,197 | \$2,197 | \$2,069 | \$2,069 | \$2,000 | \$2,000 |
| Arts | \$1,099 | \$1,099 | \$724 | \$724 | \$500 | \$500 |
| Environment/Animal Care [^] | N/A | N/A | \$414 | \$466 | \$300 | \$300 |
| International [^] | N/A | N/A | \$517 | \$517 | \$500 | \$500 |
| Other [^] | \$1,099 | \$1,099 | \$517 | \$517 | \$500 | \$500 |

Adjusted for inflation to 2009 dollars

[^]Giving to youth or family services, environment/animal care, and international causes are included as "other" giving in 2005.

Note: Median giving with no outliers. Please see Methodology section for more information.

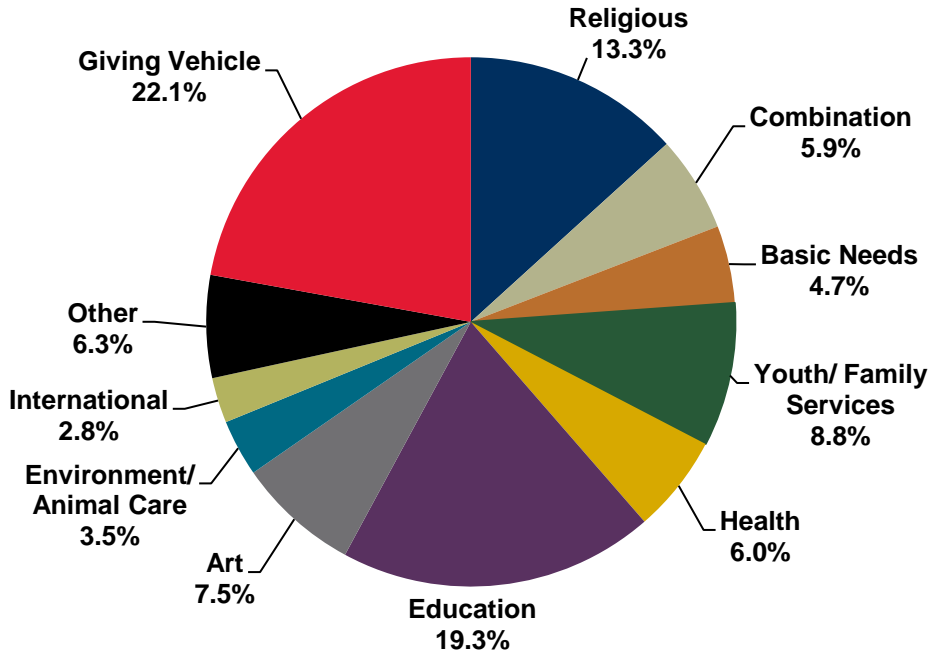
Combined organizations include United Way, United Jewish Appeal, or Catholic Charities

'Giving Vehicle' represents gifts to a private foundation, charitable trust, and donor-advised funds.

Distribution of Giving

High net worth households reported that the largest share of their giving went to foundations, trusts, and funds (22.1 percent). The second largest share went to educational organizations (19.3 percent) followed by religious organizations (13.3 percent) and youth or family services (8.8 percent). In Figure 19, the smallest share of giving as reported by high net worth households went to international aid or the promotion of world peace (2.8 percent), for environment/animal care (3.5 percent), and for basic needs such as organizations that provide food and shelter (4.7 percent).

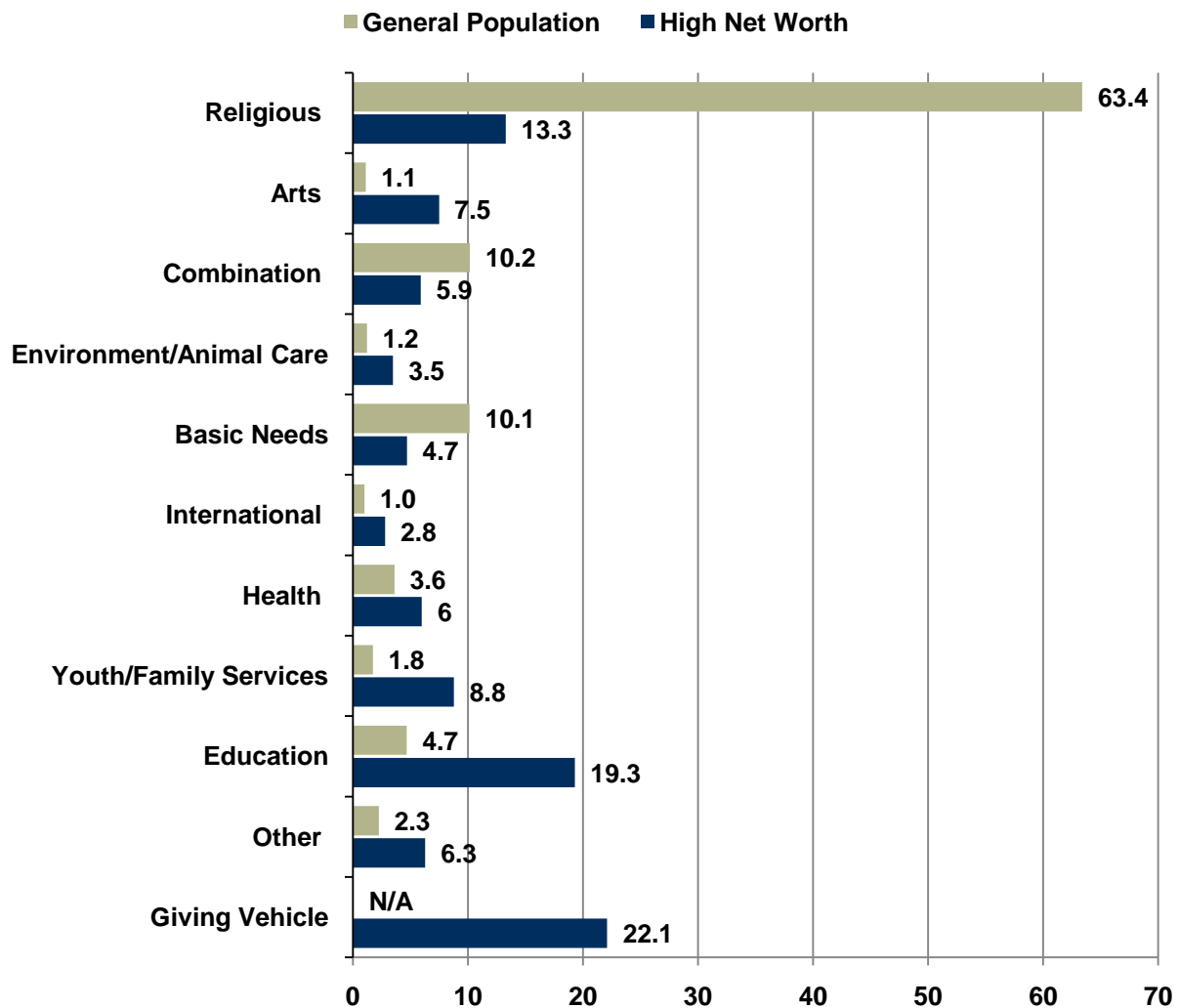
FIGURE 19: DISTRIBUTION OF HIGH NET WORTH GIVING BY SUBSECTOR, 2009 (%)



Note: Combined organizations include United Way, United Jewish Appeal, or Catholic Charities
'Giving Vehicle' represents gifts to a private foundation, charitable trust, and donor-advised funds.

The distribution of giving differs considerably between the U.S. general population and high net worth households. Just over 63 percent of giving from all Americans goes to religion whereas only 13 percent of all high net worth giving is donated to religious organizations. Instead, the largest share of high net worth giving goes to foundations, funds, or trusts (22.1 percent) and to education (19.3 percent). The U.S. general population gave a larger share than high net worth households to basic needs groups and organizations that serve a combination of purposes such as United Way, Catholic Charities, and the United Jewish Federation (see Figure 20).

FIGURE 20: PERCENT OF TOTAL GIFT DOLLARS TO CHARITABLE SUBSECTORS, U.S. GENERAL POPULATION VS. HIGH NET WORTH DONORS, 2009 (%)



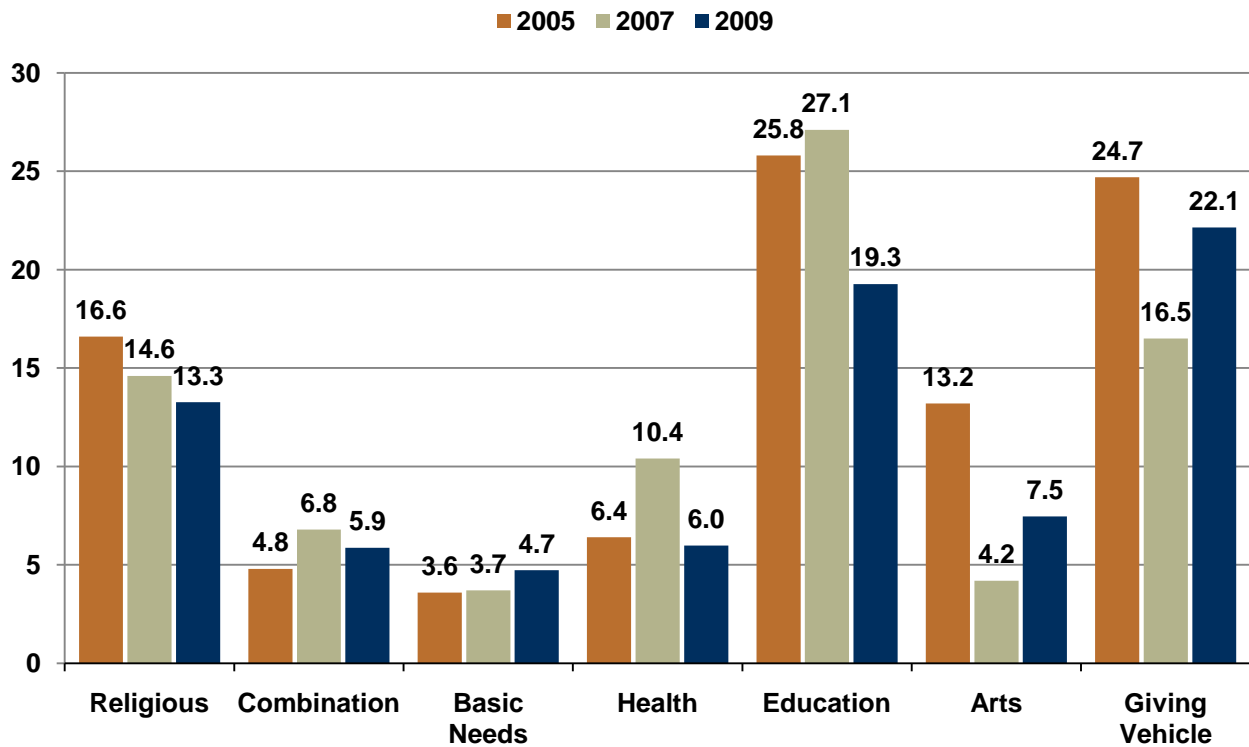
Note: Source for the U.S. general population is the Center on Philanthropy Panel Study 2007 wave, the latest year available.

Combined organizations include United Way, United Jewish Appeal, or Catholic Charities

‘Giving Vehicle’ represents gifts to a private foundation, charitable trust, and donor-advised funds.

The share of all high net worth household giving donated to a giving vehicle, basic needs, and arts organizations increased in 2009 compared to 2007 (see Figure 21). The share of giving to religion, combination funds (such as United Way or Catholic Charities), health, and educational organizations decreased from 2007 to 2009. The share of contributions to basic needs organizations by high net worth households increased only 1 percentage point from 2007 to 2009.

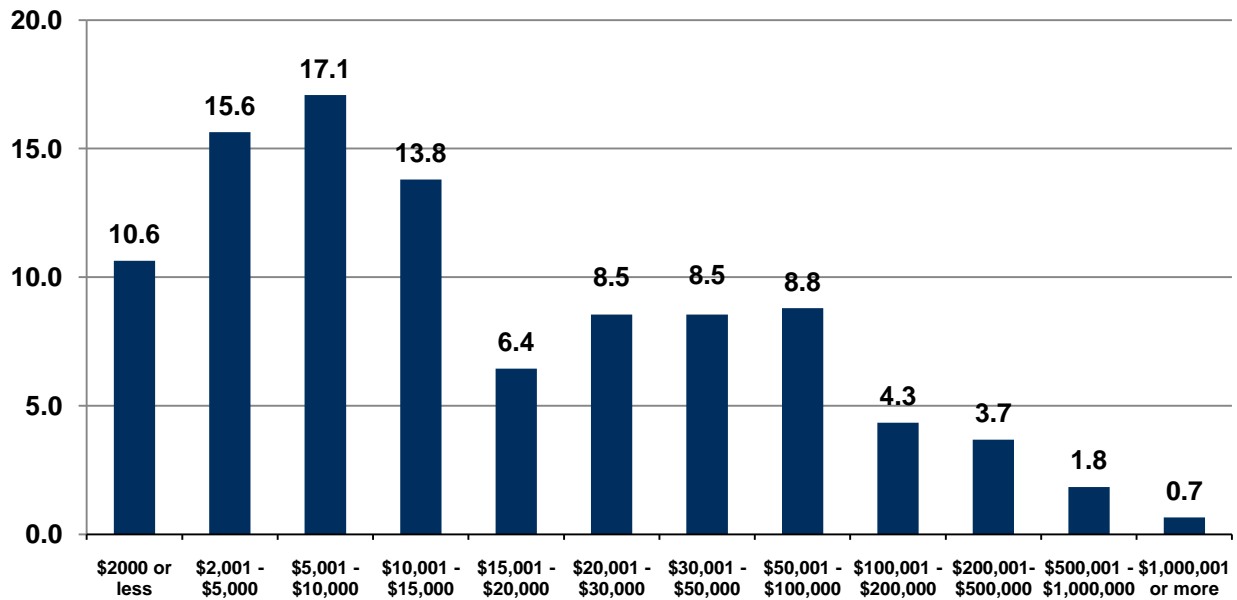
FIGURE 21: PERCENT OF TOTAL GIFT DOLLARS TO CHARITABLE SUBSECTORS, 2005, 2007, AND 2009 (%)



Note: Combined organizations include United Way, United Jewish Appeal, or Catholic Charities
 ‘Giving Vehicle’ represents gifts to a private foundation, charitable trust, and donor-advised funds.

While overall high net worth households overall give more than typical American households, in some areas there are some similarities. For example, in both groups, there are a large number of relatively low gift amounts with just a few donors who give at high levels. As Figure 22 shows, even among the wealthy, charitable giving tends to be skewed toward lower levels of giving. Just over 43 percent of all high net worth donors gave less than \$10,000 in 2009 to charity. Only 2.5 percent of the wealthy donor households made donations of more than \$500,000 in 2009.

FIGURE 22: PERCENTAGE OF HIGH NET WORTH GIVING BY SIZE OF GIFTS, 2009 (%)



High Net Worth Giving by Demographics

Giving by Income

When we examine total giving within specific income categories, we observe that total giving increases by income; this is similar to what was observed in 2005 and 2007.

- At the lower end, those households earning between \$200,000 and \$500,000 a year gave, on average, \$29,077 in 2005, \$33,541 in 2007, and \$30,716 in 2009 (note: these figures have been adjusted for inflation to be comparable to 2009 dollars).
- In the middle, those households earning between \$500,000 and \$2 million a year gave, on average, \$94,884 in 2005, \$127,930 in 2007, and \$100,011 in 2009.
- At the higher end, those households earning \$2 million or more a year gave, on average, \$569,746 in 2005, \$498,543 in 2007, and \$259,692 in 2009.[¶]

[¶] May not be statistically meaningful because households at this high income group contain fewer than 50 respondents

Giving as a Percentage of Income

High net worth households gave, on average, between 8 and 16.5 percent of their income to charity in 2009.

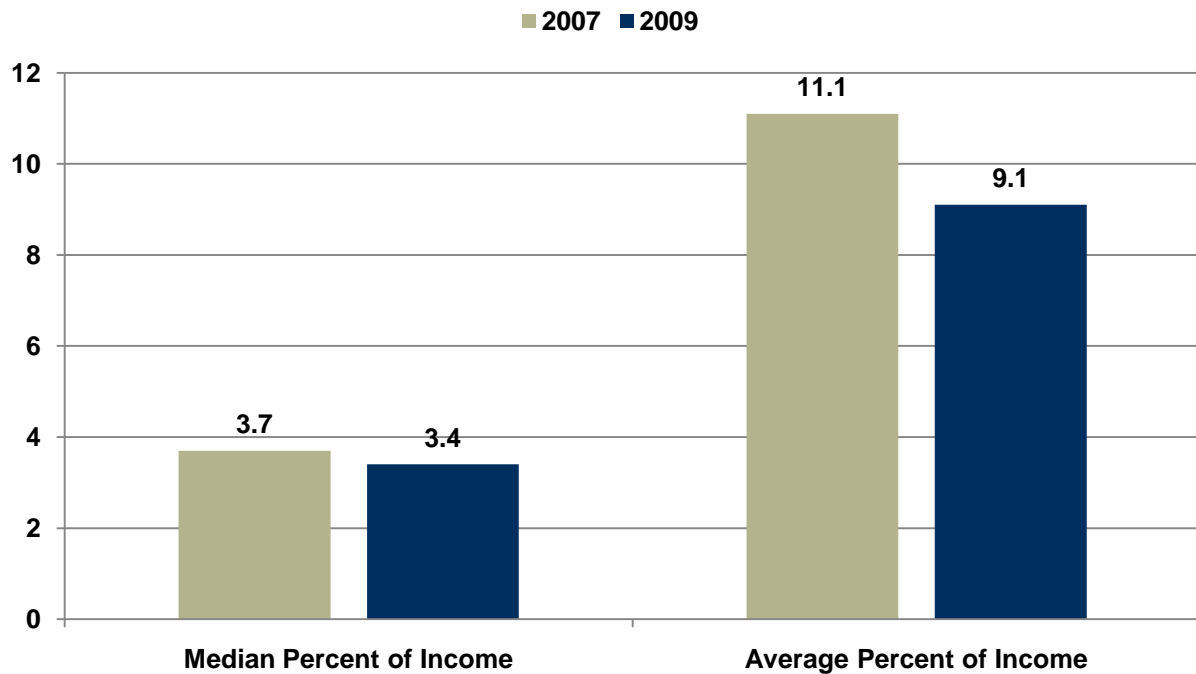
- Households that earned less than \$200,000 but had assets of \$1 million or more (excluding the value of the primary residence) gave, on average, 6.5 percent of their income to charity in 2005, 6 percent in 2007, and 16.5 percent in 2009.
- Households that earned between \$200,000 and \$500,000 a year gave, on average, 7.6 percent of their income to charity in 2005, 9.3 percent in 2007, and 8.8 percent in 2009.
- Households that earned between \$500,000 and \$2 million a year gave, on average, 6.9 percent of their income to charity in 2005, 9.9 percent in 2007, and 8.0 percent in 2009.
- Households that earned \$2 million or more a year gave, on average, 17.3 percent in 2005, 16.1 percent in 2007, and 8.7 percent in 2009.[¶]

[¶] May not be statistically meaningful because households at this high income group contain fewer than 50 respondents

In total, high net worth households gave, on average, 9.1 percent of their income to charity in 2009, which is lower than the 11.1 percent of income high net worth households donated on average to charity in 2007. This is the average giving amount divided by the average income of households. This average giving as a percentage of income is higher than the average 2.6 percent of income the U.S. general population donated to charity in 2005, the latest year for which giving information is available.

Median amounts tend to be less sensitive to extreme values. High net worth households gave, a median (midpoint value) of 3.4 percent of their income to charity in 2009, which is lower than the median 3.7 percent of income high net worth households donated to charity in 2007 (see Figure 23).

FIGURE 23: MEDIAN AND AVERAGE TOTAL GIVING AS A PERCENTAGE OF INCOME, 2007 AND 2009 (%)



Giving by Wealth

When total giving across various wealth categories is examined, average total giving increases as wealth increases.

- At the lower end, those households with a net worth between \$1 and \$5 million a year gave, on average, \$20,959 in 2007, and \$23,896 in 2009 (note: these figures have been adjusted for inflation to be comparable to 2009 dollars).
- In the middle, those households with a net worth between \$5 and \$20 million a year gave, on average, \$91,595 in 2007, and \$63,520 in 2009.
- At the higher end, those households with a net worth of \$20 million or more a year gave, on average, \$550,489 in 2007, and \$312,960 in 2009.[¶]

[¶] May not be statistically meaningful because households with high net worth contain fewer than 50 respondents

Giving as a Percentage of Wealth

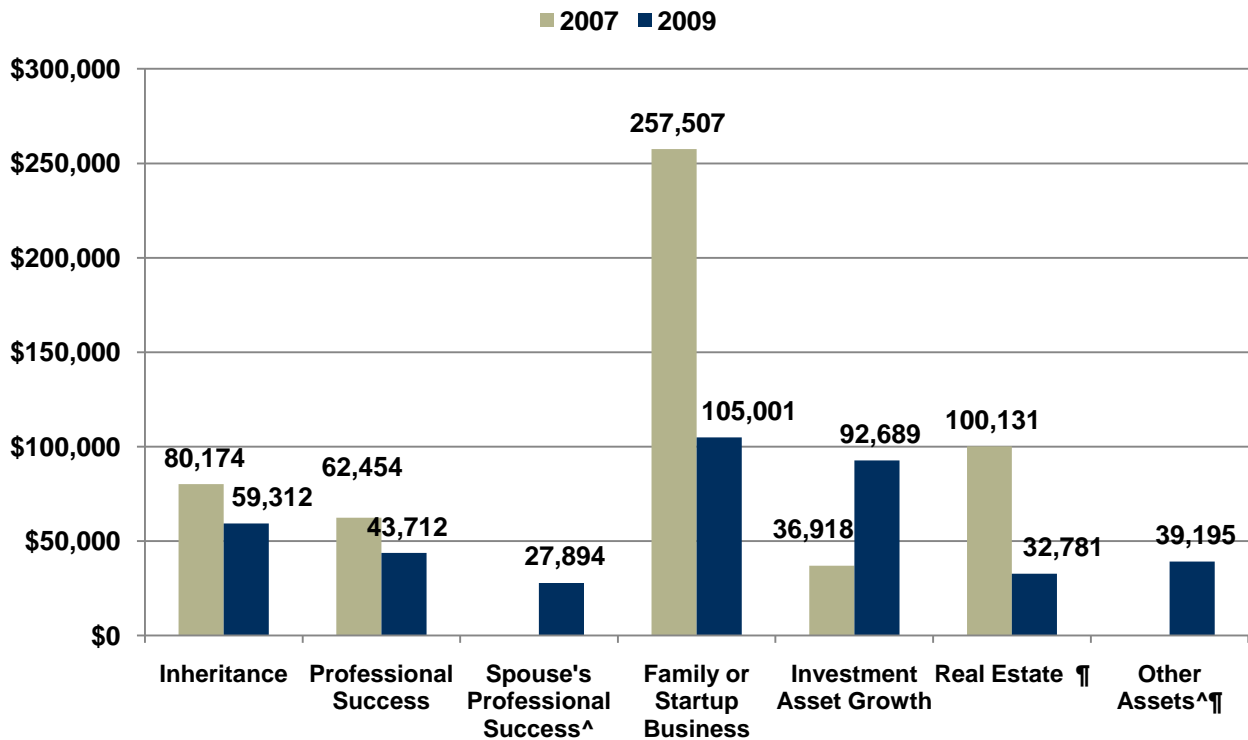
Wealthy households gave, on average, between 0.4 percent and 1.3 percent of their net worth to charity in 2009.

- Households that earned have a net worth of less than \$1 million (excluding the value of the primary residence) but had incomes greater than \$200,000 gave, on average, 2.9 percent of their net worth to charity in 2007 and 0.8 percent in 2009.
- Those with a net worth between \$1 and \$5 million gave 0.7 percent of their net worth to charity in 2007 and 0.8 percent of their net worth to charity in 2009,
- Those with a net worth between \$5 and \$20 million gave 0.7 percent of their net worth to charity in 2007 and 0.4 percent of their net worth to charity in 2009.
- Very wealthy households, those with a net worth of \$20 million or more, gave 1.3 percent of their net worth to charity in 2009, whereas, similar households gave 2.2 percent of their net worth to charity in 2007.[¶]

[¶] May not be statistically meaningful because households with high net worth contain fewer than 50 respondents

In 2009, entrepreneurs (households where 50 percent or more of their net worth comes from a family-owned business or a startup company) gave the most to charity on average (\$105,001) compared to high net worth households who have other primary sources of net worth. In 2009, entrepreneurs gave three times as much on average as those whose net worth came from equity in real estate holdings (\$32,781). Households where 50 percent or more of their net worth came from the growth of investment assets gave the second most on average, \$92,689 in 2009, compared to \$36,918 in 2007. The differences in average giving by primary source of wealth between 2007 and 2009 were not found to be statistically significant (see Figure 24).

FIGURE 24: AVERAGE TOTAL GIVING BY PRIMARY SOURCE OF WEALTH, 2007 AND 2009 (\$)

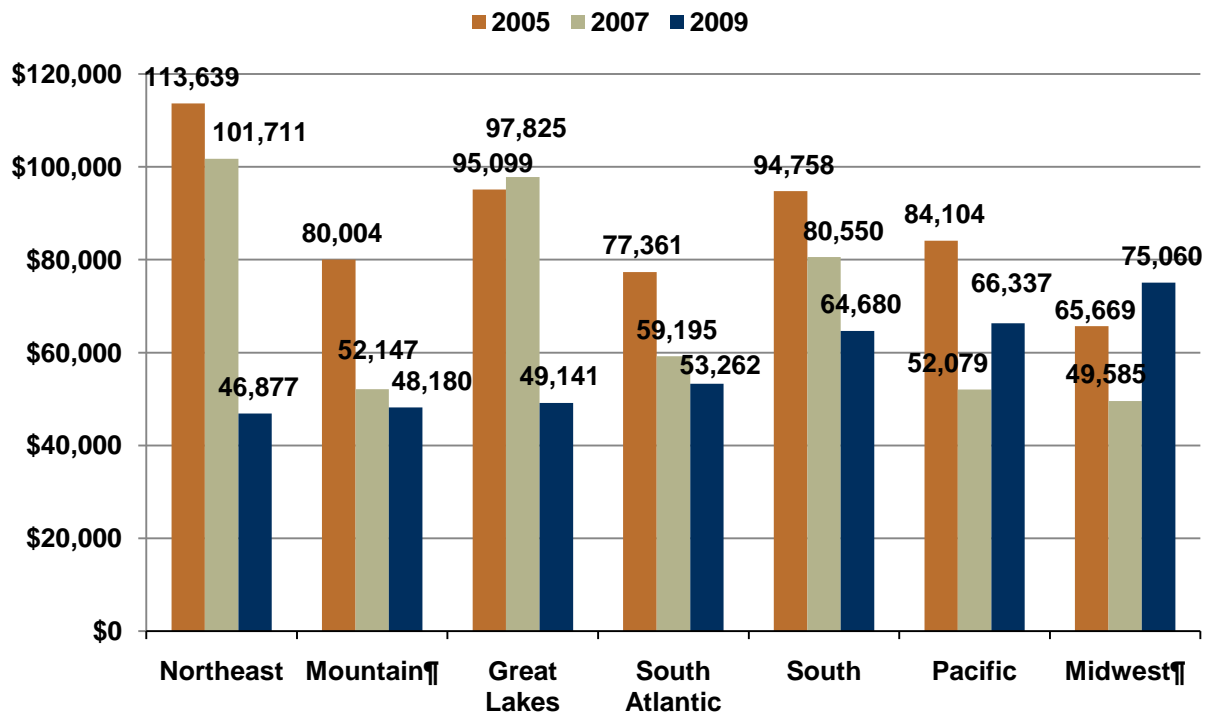


¶ May not be statistically meaningful because the sample contains fewer than 50 respondents

[^]This question was not asked in 2007

When average total charitable giving is examined by the high net worth household's region of primary residence, those households who primarily live in the Midwest gave, on average, \$75,060 to charity in 2009, more than households residing in other parts of the country (see Figure 25). Households from the Pacific region had the next highest average giving amount (\$66,337), followed by households from the South who gave \$64,680 on average to charity. Those giving the lowest average amount were households from the Northeast, who gave \$46,877 on average to nonprofit organizations. In much of the country, the average amount contributed decreased in 2009 from 2007, with the exception of households from the Pacific and the Midwest, which increased.

FIGURE 25: AVERAGE TOTAL GIVING BY REGION OF PRIMARY RESIDENCE, 2005, 2007 AND 2009 (\$)

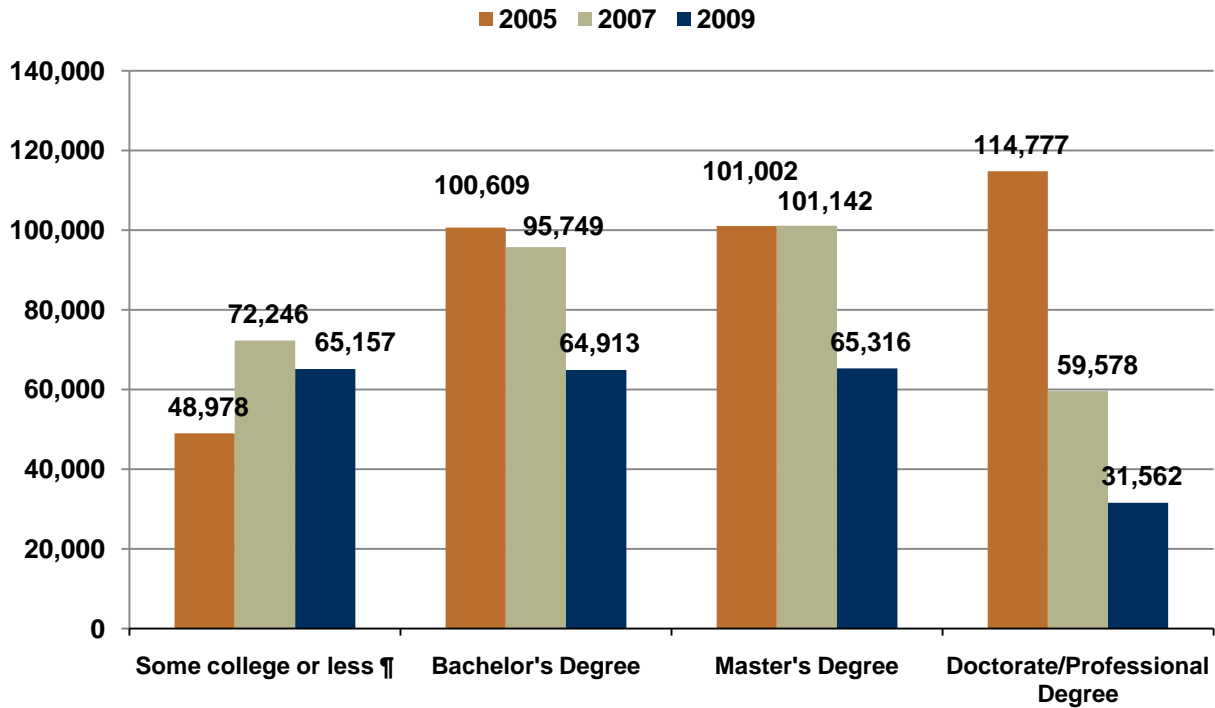


¶ May not be statistically meaningful because the sample contains fewer than 50 respondents.

- Northeast** Connecticut, Maine, Massachusetts, New Hampshire, New York, New Jersey, Pennsylvania, Rhode Island, Vermont
- South Atlantic** Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia
- South Great Lakes** Alabama, Arkansas, Kentucky, Louisiana, Mississippi, Oklahoma, Tennessee, Texas Illinois, Indiana, Michigan, Ohio, Wisconsin
- Midwest** Iowa, Kansas, Nebraska, Minnesota, Missouri, North Dakota, South Dakota
- Mountain** Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming
- Pacific** Alaska, California, Hawaii, Oregon, Washington

Average giving by high net worth households in 2009 differed somewhat by education level (see Figure 26). In 2009, high net worth individuals with a master’s degree gave more, on average, than other educational levels (\$65,316). Those with a doctorate or professional degree gave the least amount on average, giving \$31,562 in 2009 to nonprofit organizations. This represents a statistically significant drop from 2007. At each educational level, high net worth individuals gave less on average in 2009 to nonprofit organizations than they did in 2007, but such differences are statistically significant only for those with a doctorate/professional degree.

FIGURE 26: AVERAGE TOTAL GIVING BY EDUCATION LEVEL, 2005, 2007 AND 2009 (\$)



¶ May not be statistically meaningful because the sample contains fewer than 50 respondents

When average total giving is examined by the employment status of the high net worth donors, retired donors gave the most on average (\$67,302) to charity in 2009, while those who were five years or less away from retirement gave \$54,386 on average to charity (see Figure 27). Those managing or selling a business gave on average \$59,771 to charity in 2009.

FIGURE 27: AVERAGE TOTAL GIVING BY EMPLOYMENT STATUS, 2007 AND 2009 (\$)

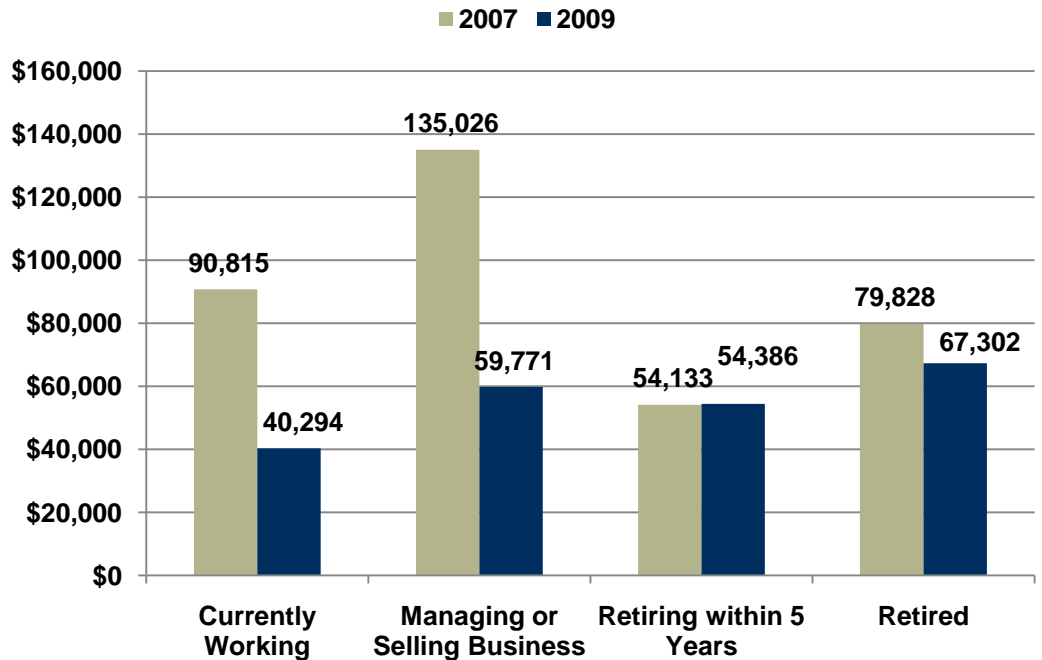
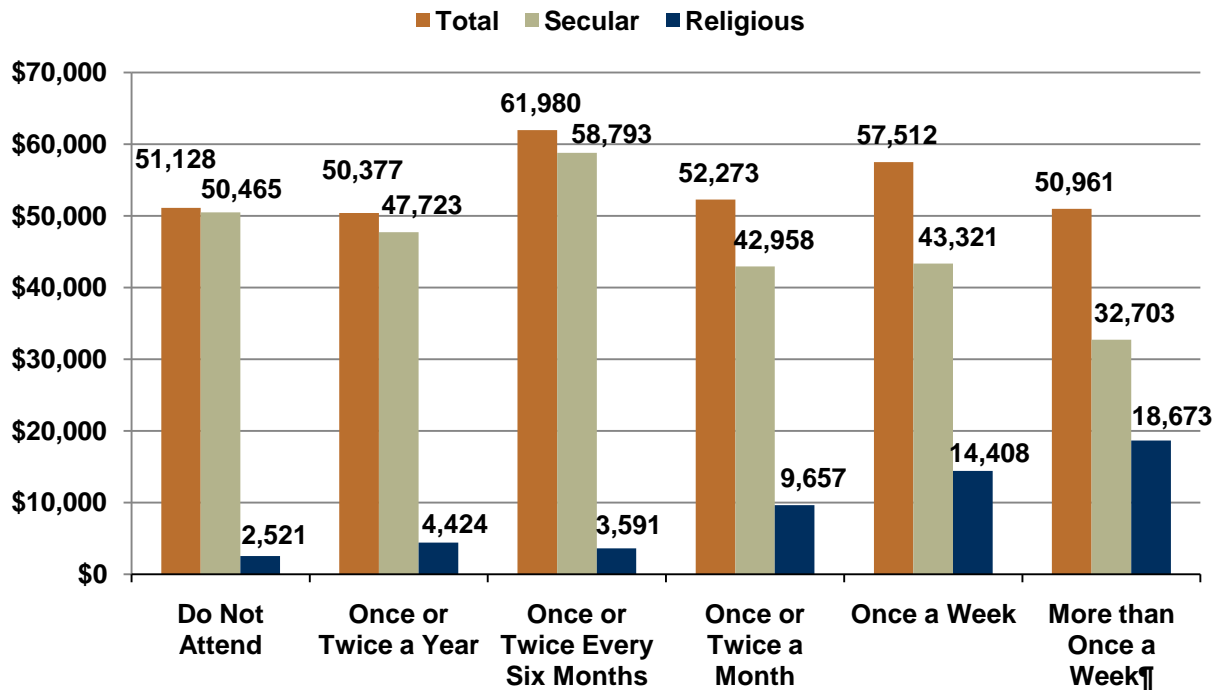


Figure 28 shows the average giving by high net worth households overall, to secular causes and to religious organizations in 2009, respectively. In contrast to total giving and secular giving, religious giving by these households increased with frequency of religious attendance. Households who attended religious services most frequently gave the most on average to religious organizations in 2009 (\$18,673 from those who attended more than once a week, and \$14,408 from those who attended once a week). Those who did not attend services donated the least, \$2,521 on average, to religious causes. When looking at secular giving, less frequent attendees, households who attended once or twice every six months, gave the most on average (\$58,793).

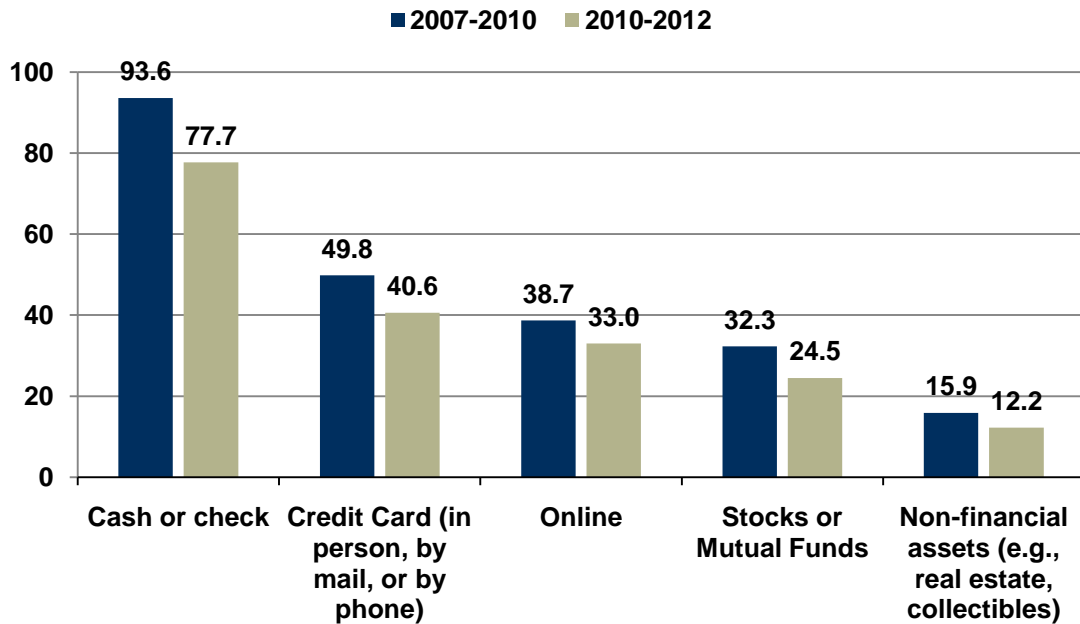
FIGURE 28: AVERAGE TOTAL, SECULAR, AND RELIGIOUS GIVING BY FREQUENCY OF RELIGIOUS ATTENDANCE, 2009 (\$)



¶ May not be statistically meaningful because the sample contains fewer than 50 respondents

More than 93 percent of high net worth households made donations by cash or check and 77.7 percent expect to make donations using cash or check in the near future (see Figure 29). While cash and checks continue to be popular means to make donations, nearly half of high net worth households made donations using credit cards, and over 38 percent made a donation online. Tangible assets such as real estate and collectibles were less popular means for making donations than donations online, or of stocks, or using credit cards, or cash.

FIGURE 29: HOW DONORS GAVE... AND HOW THEY PLAN TO GIVE (%)



Geographic Distribution of Giving

Figure 30 shows the distribution of giving for those high net worth households who have a primary residence and Figure 31 shows the distribution of giving for those high net worth households who have a secondary residence. Whether high net worth households have a secondary residence or not, they gave the highest percentage, on average, to local organizations in the state of their primary residence (64.5 percent and 67.5 percent, respectively). However, those with a secondary residence also gave 4.7 percent to local charities in the state of their secondary residence.

Regardless of the number of residences, high net worth households gave, on average, approximately 21 percent to national organizations. They gave nearly 11 percent to international organizations (8.1 percent to U.S.-based international organizations and 2.8 percent to international organizations that are not based in the U.S.).

FIGURE 30: GEOGRAPHIC ALLOCATION OF GIVING AMONG HIGH NET WORTH HOUSEHOLDS WITHOUT A SECONDARY RESIDENCE, 2009 (%)

- Local Charities in the State of Primary Residence
- National Charities
- International Charities

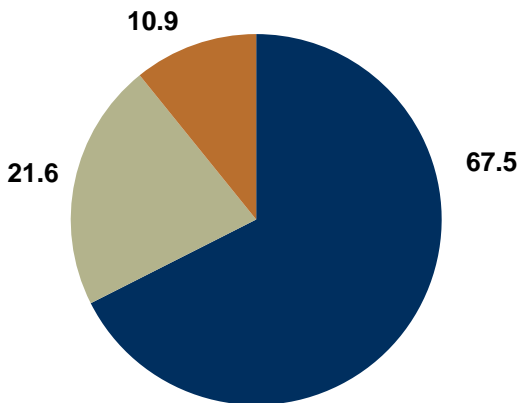
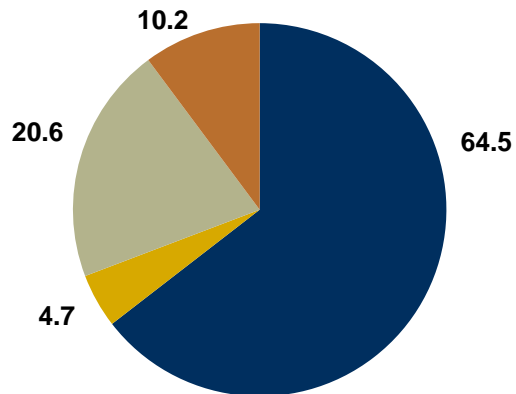


FIGURE 31: GEOGRAPHIC ALLOCATION OF GIVING AMONG HIGH NET WORTH HOUSEHOLDS WITH A SECONDARY RESIDENCE, 2009 (%)

- Local Charities in the State of Primary Residence
- Local Charities in the State of Secondary Residence
- National Charities
- International Charities

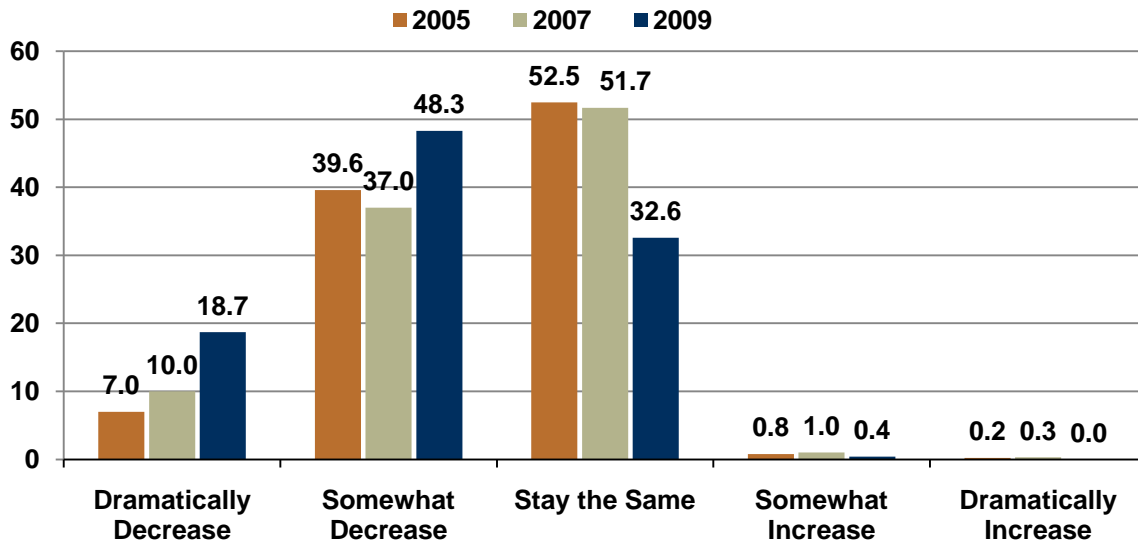


Tax Considerations

Effect on giving if there were no deductions

Overall, high net worth households reported that their giving would somewhat decrease if there were no tax deductions for donations. The percentage of high net worth households who reported their charitable giving would somewhat decrease, increased to 48.3 percent in 2009 from 37 percent in 2007 (see Figure 32). In 2009, 32.6 percent of high net worth households reported that their giving would stay the same if they received zero income tax deductions for their donations, a decrease from the 51.7 percent reported in 2007. Nearly 19 percent of wealthy households reported that their giving would dramatically decrease if they did not receive any tax deductions for their donations to nonprofit organizations.

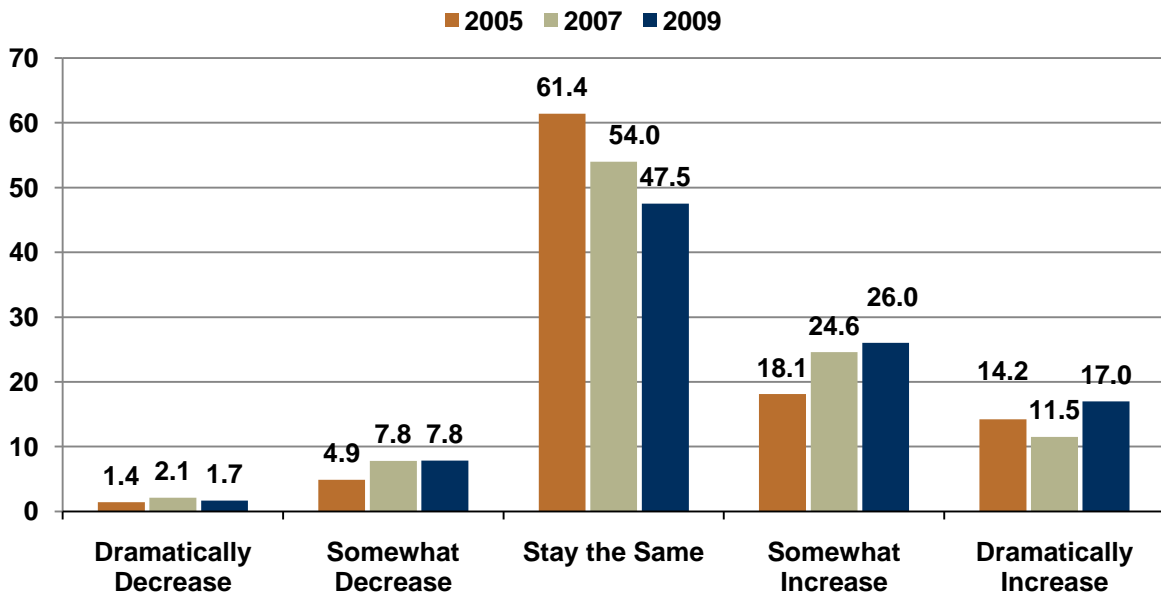
FIGURE 32: CHANGE IN GIVING IF INCOME TAX DEDUCTIONS FOR DONATIONS WERE ELIMINATED, 2005, 2007 AND 2009 (%)



Effect on Giving If Estate Tax Were Repealed

In 2009, wealthy households reported a shift in the amount they would leave to charity in their estate plan if the estate tax were repealed (see Figure 33). Fewer than half of all high net worth households (47.5 percent) reported that the amount they would leave to charity in their estate plan would stay the same if the estate tax were repealed, a decrease of 6.5 percentage points from 2007. Forty-three percent of high net worth households reported that they would leave more to charity if the estate tax were repealed.

FIGURE 33: CHANGE IN ESTATE PLANS IF THE ESTATE TAX WERE PERMANENTLY ELIMINATED, 2005, 2007 AND 2009 (%)



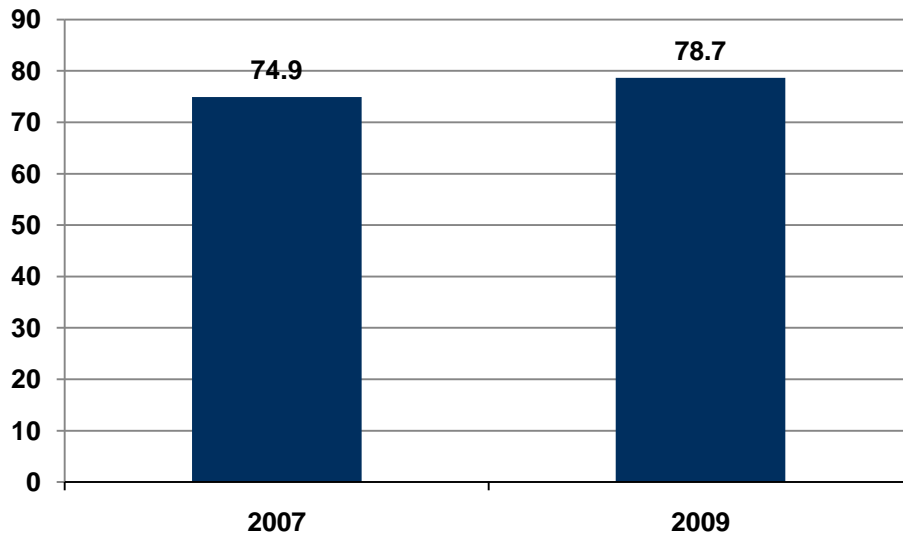
VOLUNTEERS

High net worth individuals not only make donations, they also give their time and talent to support nonprofit organizations. The following figures show what percentage of high net worth households volunteer, how many hours they volunteered each year, the types of organizations where they volunteered, and whether they take their volunteering into account when giving to charity.

Percent of Volunteers

More than three-quarters of high net worth individuals volunteered in 2009 (see Figure 34). This represents an increase of 3.8 percent from 2007. This was not found to be statistically significant. According to the Bureau of Labor Statistics, the percentage of all Americans who volunteered between 2007 and 2009 increased. In 2007, 26.2 percent of Americans volunteered and in 2009, the percentage of Americans who volunteered increased to 26.8 percent. That is, 63.4 million Americans gave 8.1 billion hours of volunteer service. Based on an estimated dollar value of \$20.85 per hour for 2009, Americans gave \$169 billion of donated time in 2009.^{vi}

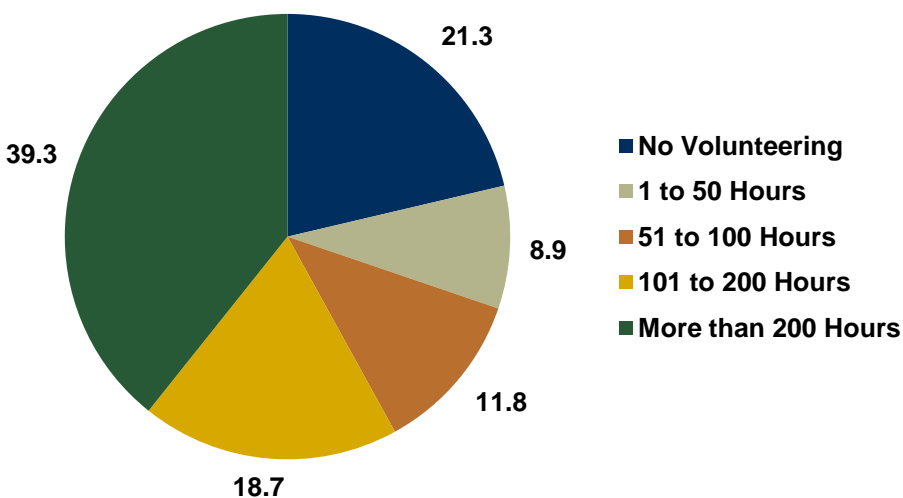
FIGURE 34: PERCENTAGE OF HIGH NET WORTH INDIVIDUALS WHO VOLUNTEERED, 2007 AND 2009 (%)



Volunteering Hours

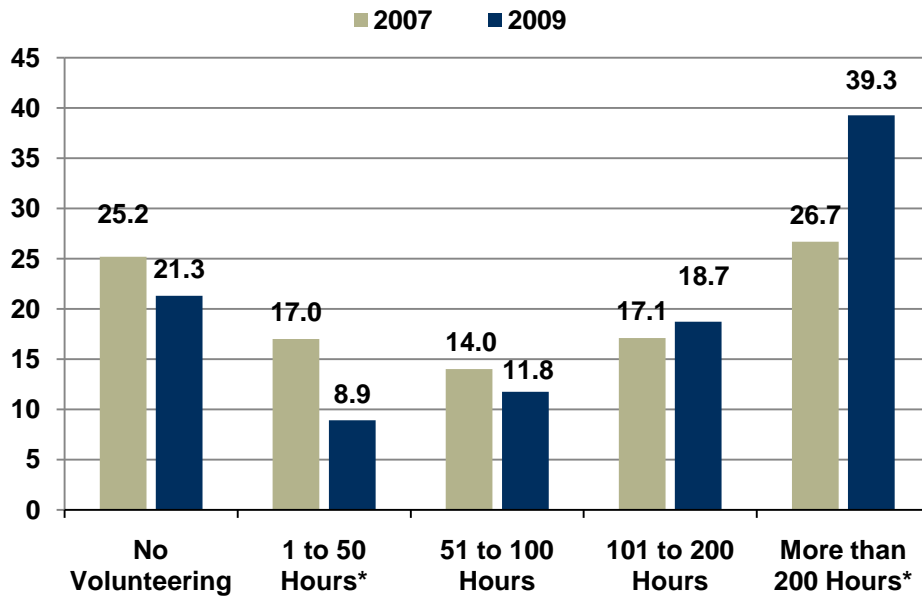
On average, high net worth individuals volunteered 307 hours in 2009. The median number of hours volunteered was 200 hours. Approximately 8.9 percent volunteered between 1 and 50 hours, 11.8 percent of wealthy individuals volunteered between 51 and 100 hours, and 18.7 percent volunteered between 101 and 200 hours. The largest share of high net worth individuals (39.3 percent) volunteered more than 200 hours (see Figure 35).

FIGURE 35: PERCENTAGE OF HOURS HIGH NET WORTH INDIVIDUALS VOLUNTEERED, 2009 (%)



The average number of hours that wealthy individuals volunteered increased from 241 hours in 2007 to 307 hours in 2009. In particular, the percentage of people who volunteered more than 200 hours increased statistically significantly from 26.7 percent in 2007 to 39.3 percent in 2009 (see Figure 36). The percentage of high net worth individuals who did not volunteer decreased from 25.2 percent in 2007 to 21.3 percent in 2009.

FIGURE 36: PERCENTAGE OF HOURS HIGH NET WORTH INDIVIDUALS VOLUNTEERED, 2007 AND 2009 (%)

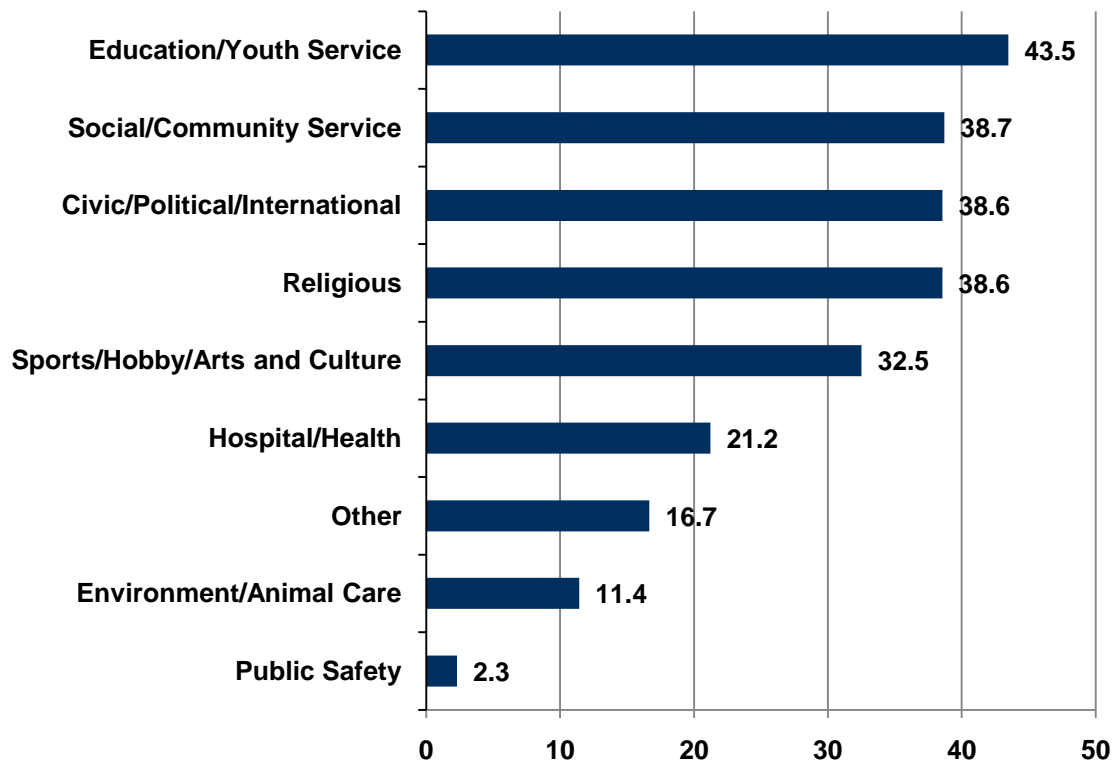


*The difference between 2007 and 2009 results was found to be statistically significant.

Volunteering by Type of Organization

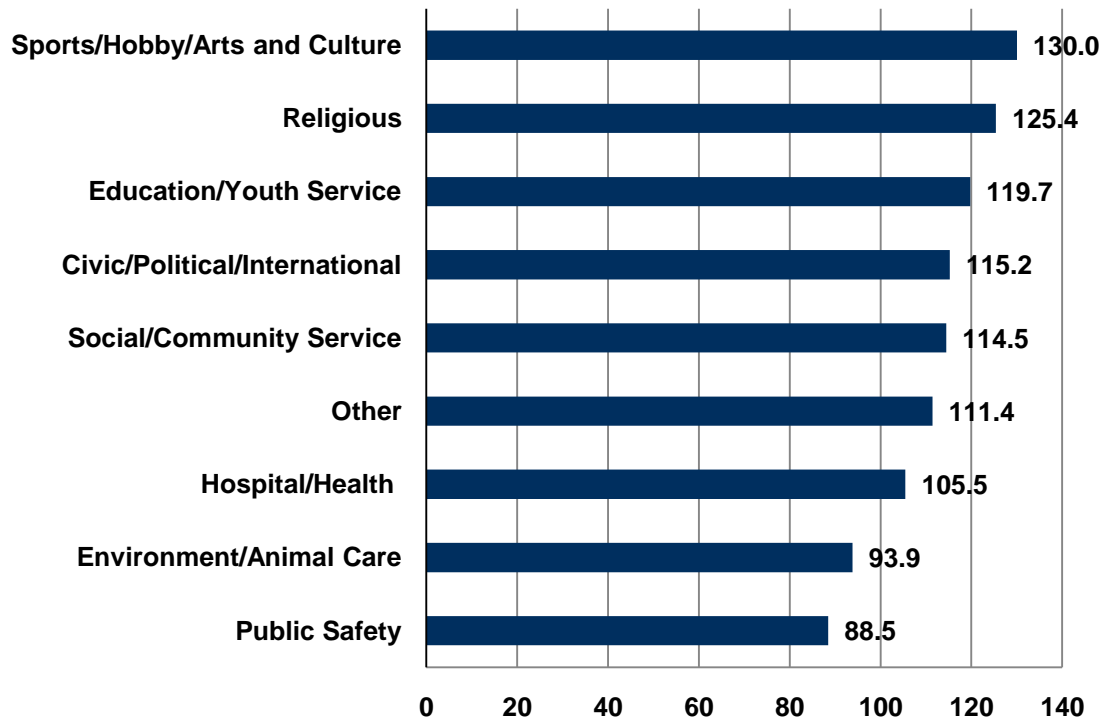
As shown in Figure 37, high net worth individuals were most likely to volunteer for educational or youth service organizations in 2009 (43.5 percent). Nearly 39 percent of high net worth individuals volunteered for social/community service organizations, civic/political/international organizations, and religious organizations in 2009 (38.7 percent, 38.6 percent, and 38.6 percent, respectively). More than 21 percent of high net worth individuals volunteered for health organizations. Environmental and animal care organizations and public safety organizations received the lowest percentage of volunteers (11.4 percent and 2.3 percent, respectively).

FIGURE 37: PERCENTAGE OF HIGH NET WORTH INDIVIDUALS WHO VOLUNTEERED BY TYPE OF ORGANIZATION (%)



Our study found that when high net worth individuals volunteered for sports/hobby/arts and culture organizations, they volunteered an average of 130 hours a year (see Figure 38). They spent an average of 125 hours volunteering for religious organizations. Wealthy volunteers spent, on average, 115 hours volunteering for social/community service organizations and civic/political organizations. High net worth individuals volunteered on average 94 hours for environment and animal care organizations.

FIGURE 38: AVERAGE HOURS VOLUNTEERED BY TYPE OF ORGANIZATION

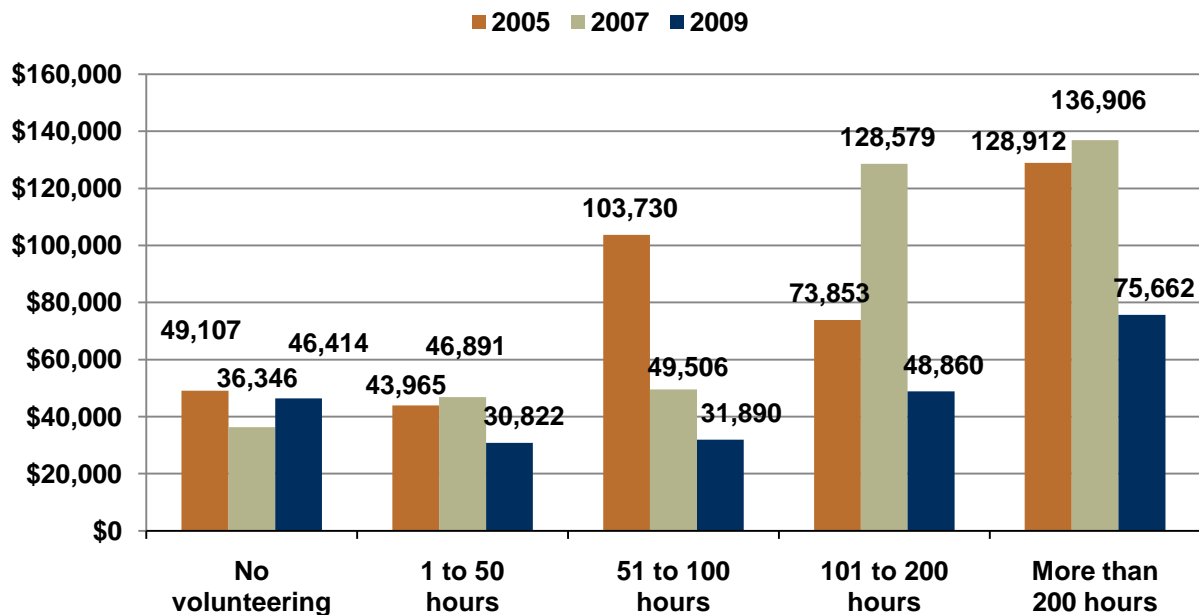


Giving and Volunteering

Higher levels of volunteering by high net-worth households are associated with higher total giving levels. High net worth individuals who volunteered more than 200 hours a year gave the most on average to charity (\$75,662). In 2009, high net worth individuals who volunteered more than 200 hours gave on average \$75,662, whereas in 2007 these high frequency volunteers gave on average \$136,906 (see Figure 39).

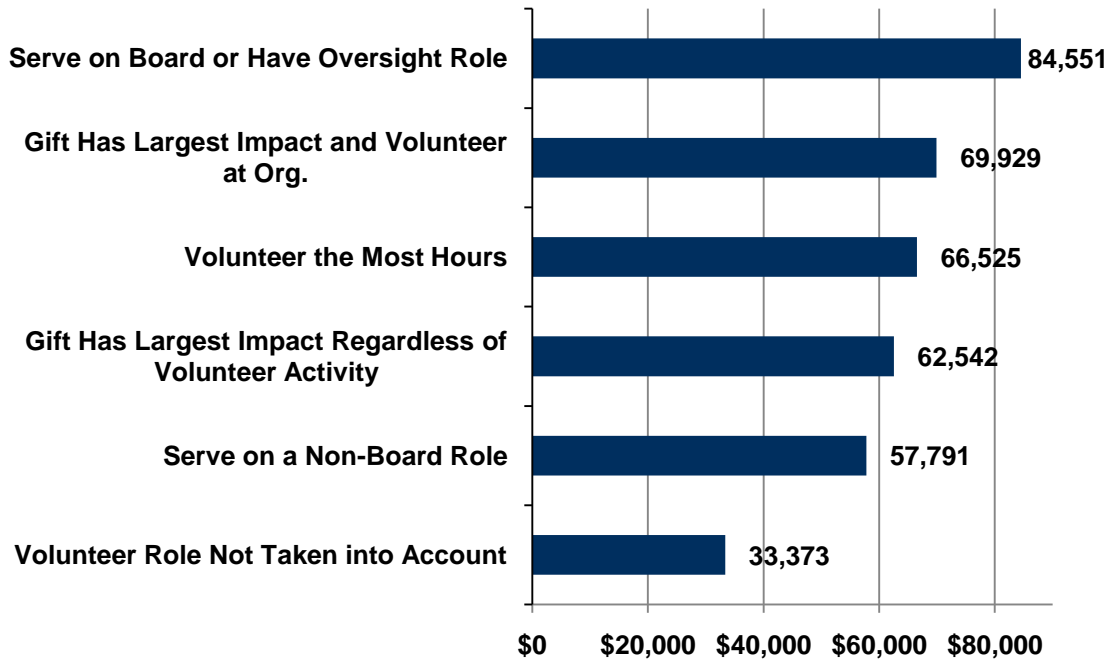
On average, non-volunteers gave more than low-frequency volunteers. High net worth individuals who did not volunteer in 2009 gave more on average (\$46,414) than those who volunteered between 1 to 50 hours (\$30,822) and 51 to 100 hours (\$31,890). However, those who volunteered between 101 to 200 hours gave more on average (\$48,860) than non-volunteers (\$46,414).

FIGURE 39: AVERAGE GIVING AMOUNTS BY TOTAL HOURS VOLUNTEERED, 2005, 2007 AND 2009 (\$)



As Figure 40 shows, high net worth individuals who volunteered in 2009 gave more on average to organizations where they served on the board or had another oversight role (\$84,551). They also gave more on average to organizations where they volunteered and where they believed their gift would have the largest impact (\$69,929), as well as where they volunteered the largest number of hours (\$66,525). High net worth individuals who did not take their volunteer role into account when determining where to give donated less on average (\$33,373).

FIGURE 40: AVERAGE TOTAL GIVING BY HIGH NET WORTH INDIVIDUALS WHO AGREE WITH THE FOLLOWING STATEMENTS WHEN DETERMINING WHERE TO GIVE MORE TO CHARITY (\$)



NONPROFITS

High net worth households are important donors to all types of nonprofit organizations. In this section of the report, we discuss the intended objectives for these donors' largest gift, what high net worth households prefer and expect from the nonprofits they support, and finally, what caused them to stop giving to an organization.

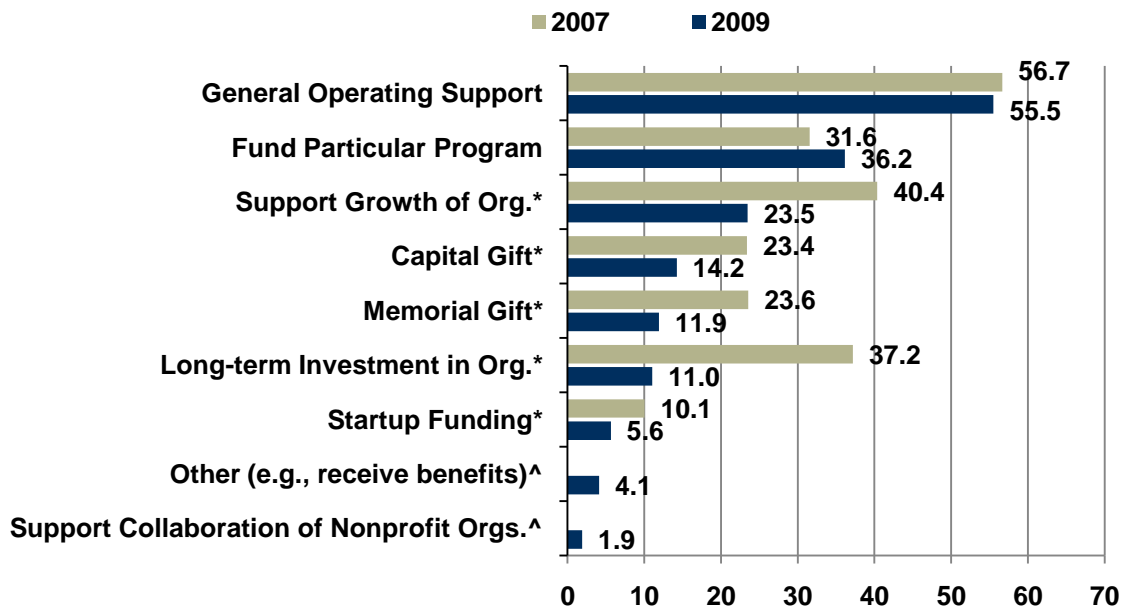
Largest Gift

Gifts of all sizes are important and meet nonprofit organization's mission and operational goals. High net worth households make large gifts to charity every year that can transform a nonprofit's ability to change lives and communities, and they often transform the donor's life. This section reports on the most significant or largest gifts high net worth households made in 2009. First, we examine the objectives of the gift and then look at the terms of the largest gift.

Objectives for the Largest Gifts Made in 2009

More than half of high net worth households, 55.5 percent, did not designate their largest gift for a particular purpose in 2009, which means that they gave to the general operations of nonprofit organizations (see Figure 41). Over one-third of high net worth households (36.2 percent) gave their largest gift to fund a particular program, and 23.5 percent gave to support the growth of the organization. Households were least likely to make their largest gifts in 2009 to startup funding or to support the collaboration of nonprofit organizations (5.6 percent and 1.9 percent, respectively). In 2009, only 11.0 percent of households gave their largest gift to support the long-term investment of an organization, while 37.2 percent of households gave for that purpose in 2007.

FIGURE 41: OBJECTIVES OF LARGEST GIFTS MADE, 2007 AND 2009 (%)



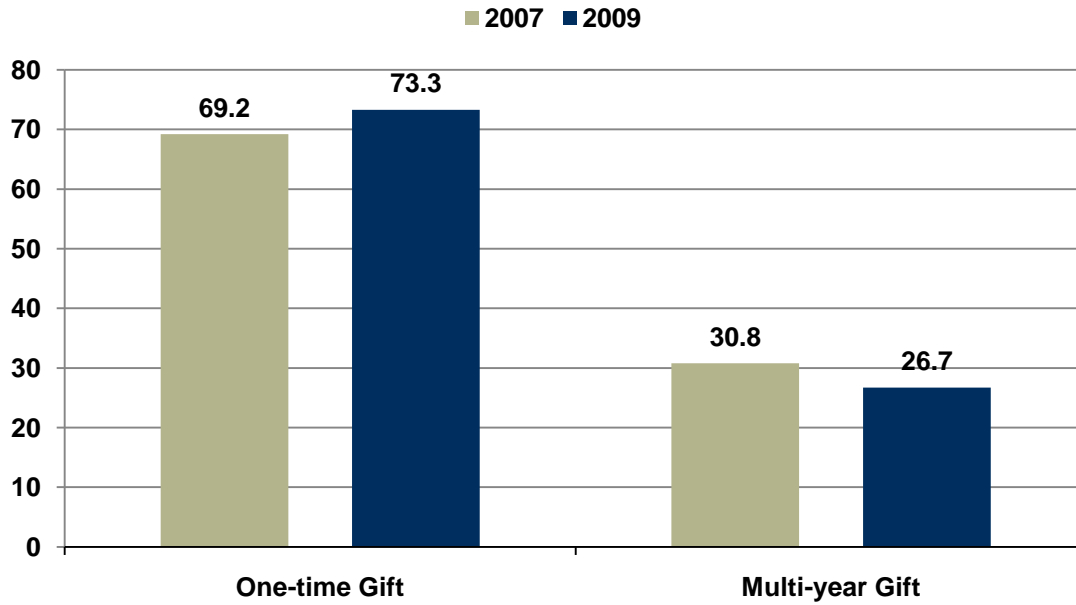
^This question was not asked in 2007

*The difference between 2007 and 2009 results was found to be statistically significant.

One Year vs. Multi-Year

Nearly three-quarters of households (73.3 percent) reported that their largest gift was a one-time gift that was paid out in one year. More than a quarter reported their gift was a multi-year gift (see Figure 42).

FIGURE 42: LENGTH OF TERM FOR LARGEST GIFT, 2007 AND 2009 (%)

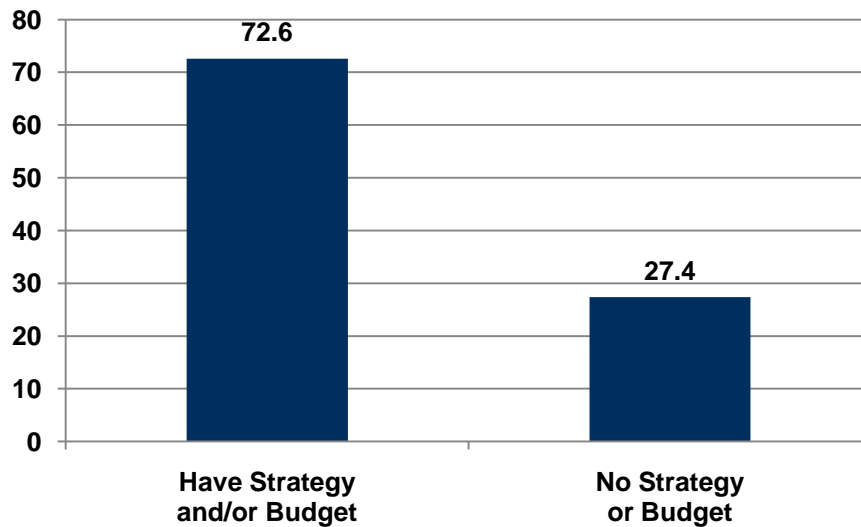


Approaches to Giving in 2009

Planning

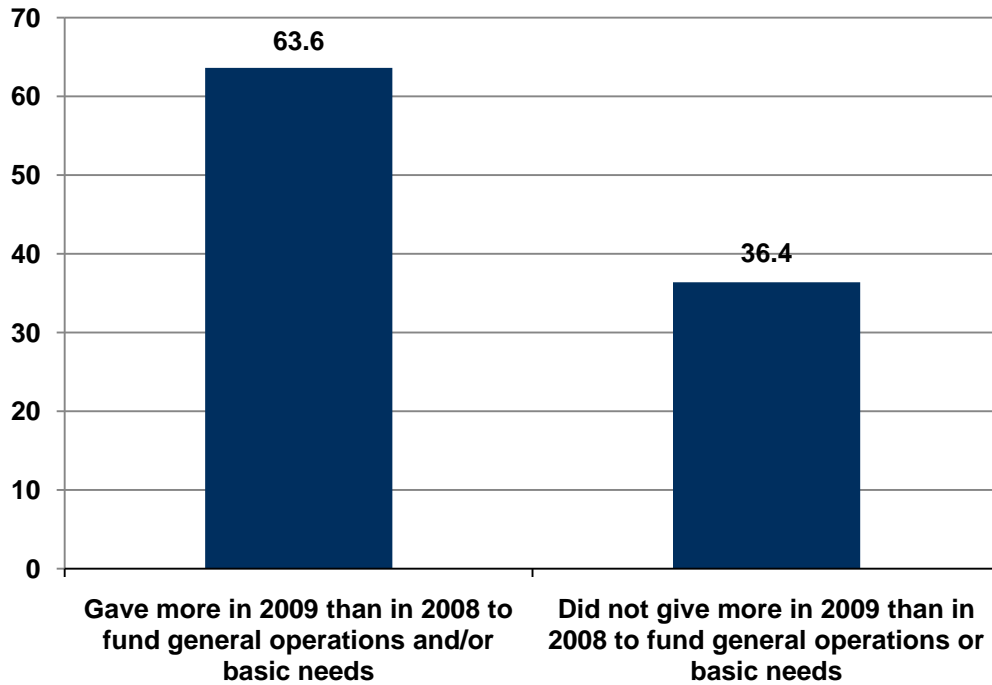
Figure 43 shows high net worth households' approaches to giving in 2009. Nearly 73 percent of households had a strategy for their giving and/or a budget for their giving. Over a quarter of high net worth households had neither a strategy nor a budget for their 2009 giving (27.4 percent).

FIGURE 43: HIGH NET WORTH HOUSEHOLDS REPORTING APPROACHES TO GIVING IN 2009 (%)



As shown in Figure 44, 63.6 percent of all high net worth households gave more in 2009 than in 2008 to support people’s basic needs and/or to fund the general operations of an organization, while 36.4 percent of high net worth households did not give more in 2009 to these purposes. When households were asked about their giving in 2009, nearly two-thirds, 65.2 percent, made some donations in 2009 because it was expected of them.

FIGURE 44: HIGH NET WORTH HOUSEHOLDS REPORTING GIVING DECISIONS IN 2009 (%)



Influences on Donor Charitable Decision-Making

Personal experiences with an organization and firsthand observations or knowledge of the organization's impact were important factors for high net worth households when making charitable giving decisions in 2009 (See Figure 45). Three-quarters of wealthy households cited personal experiences with an organization's work through volunteering or receipt of services (74.9 percent), a personal connection to the organization (74.0 percent), and their own observations or knowledge from public sources about the organization (68.8 percent) as important factors in their charitable giving decisions.

Another major factor for high net worth households (54.1 percent) when making charitable giving decisions was the organization's communications about the percentage of funding going to programming versus administration. About one-third of households cited the opinions of trusted family members, friends and advisors (35.6 percent) and an organization's own communications about its impact (34.1 percent) as important. Wealthy households were less likely to take into account third-party ratings about an organization (18.5 percent) or opinions of religious leaders (9.8 percent) when making their charitable decisions. When households were asked about their giving in 2009, nearly two-thirds, 65.2 percent, made some donations in 2009 because it was expected of them.

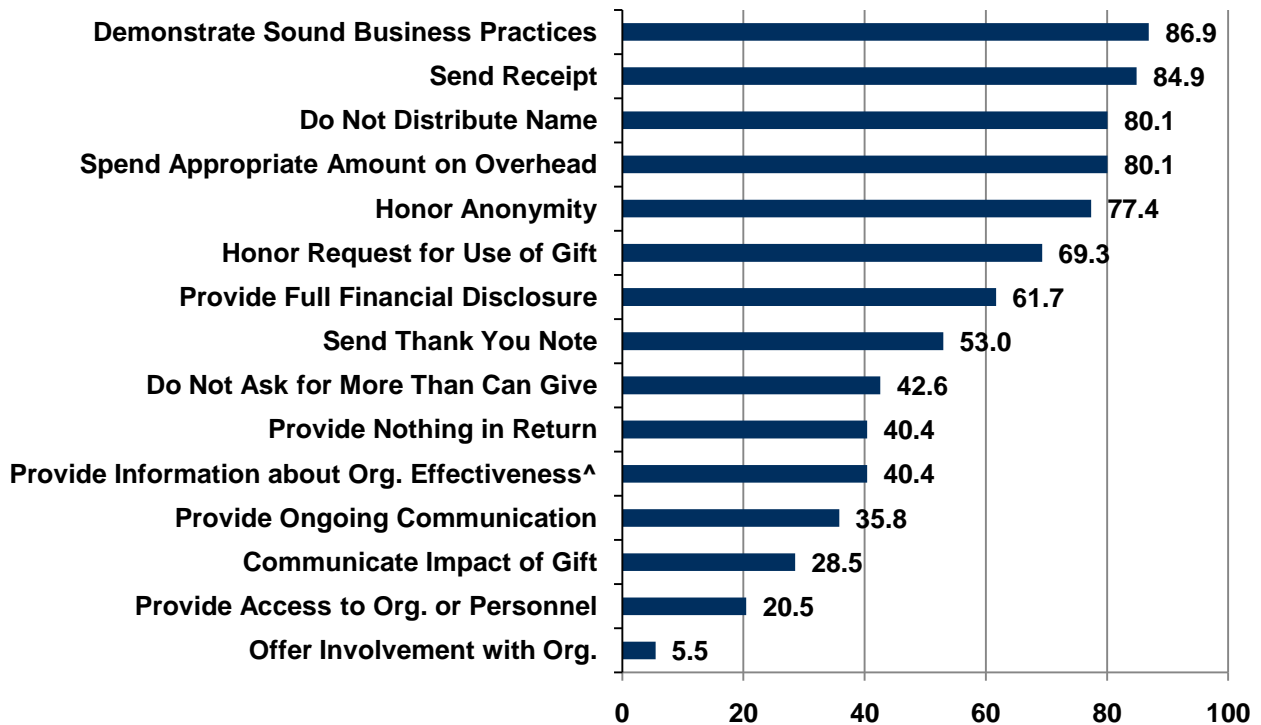
FIGURE 45: IMPORTANT FACTORS THAT INFLUENCE DONOR CHARITABLE DECISION-MAKING (%)



Donor Expectations of Nonprofits

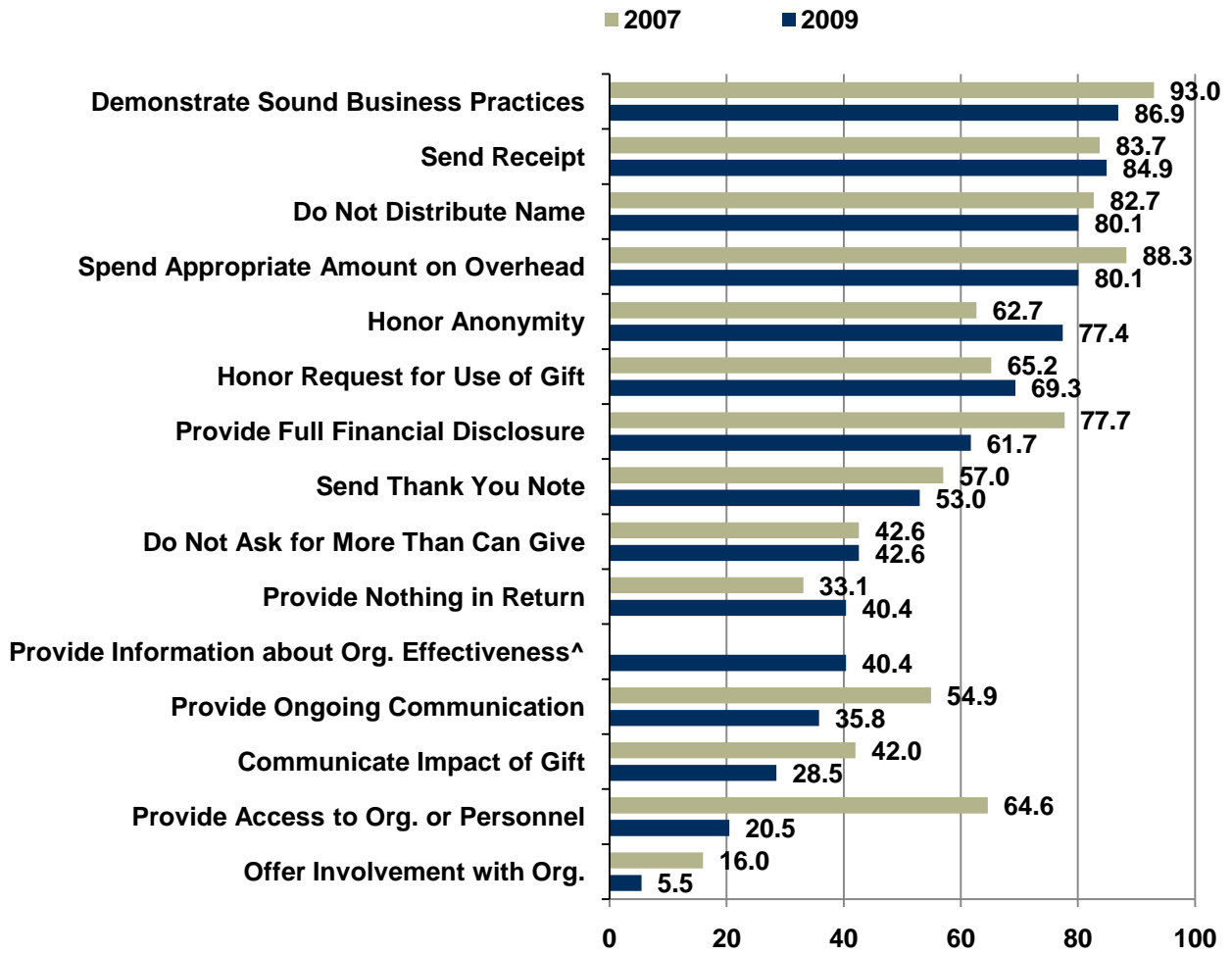
Figure 46 shows that demonstrating sound business practices was listed as the most important expectation wealthy households held for nonprofits to which they contributed. Similarly, sending a receipt, not distributing name to others, and spending an appropriate amount on overhead were also among the top four expectations of nonprofits reported by high net worth donors. Another major factor for high net worth households (61.7 percent) when making a charitable contribution was the full disclosure of financial statements by the charity. Approximately two-fifths of households (40.4 percent) reported they wanted detailed information about the organization’s effectiveness in meeting goals and objectives, and approximately the same percentage (40.4 percent) reported that they wanted nothing in return from organizations when they made a contribution.

FIGURE 46: FACTORS RANKED AS IMPORTANT TO HIGH NET WORTH DONORS WHEN MAKING A CHARITABLE GIFT, 2009 (%)



In 2007 and 2009, high net worth households ranked demonstrating sound business and operational practices and sending a receipt as important expectations of nonprofits when making a contribution (see Figure 47).

FIGURE 47: FACTORS RANKED AS IMPORTANT TO HIGH NET WORTH DONORS WHEN MAKING A CHARITABLE GIFT, 2007 AND 2009 (%)



[^]Question was not asked in 2007.

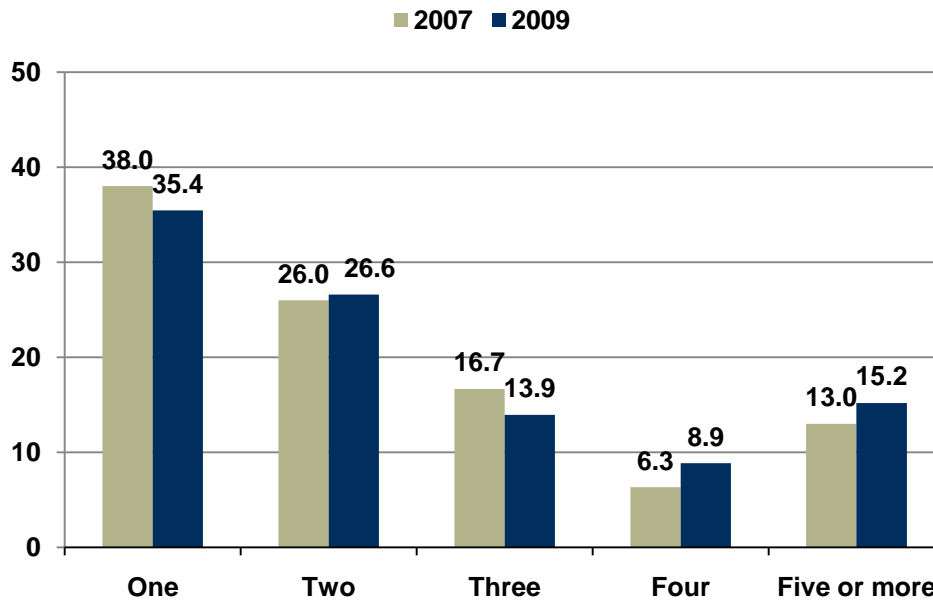
Why Donors Stop Giving

Each year nonprofits work to attract new donors to their organization and at the same time to retain the donors they have. In this section of the report, we look at how many high net worth households stopped giving to organizations in 2009, along with their reasons for doing so.

How Many Stop Giving

Among those households who stopped giving to at least one organization in 2009, about 35 percent of high net worth households stopped supporting one organization they previously supported. Just over 40 percent of high net worth households stopped supporting two or three organizations they previously supported (see Figure 48). About 9 percent of high net worth households stopped giving to four organizations and approximately 15 percent stopped giving to five or more organizations in 2009.

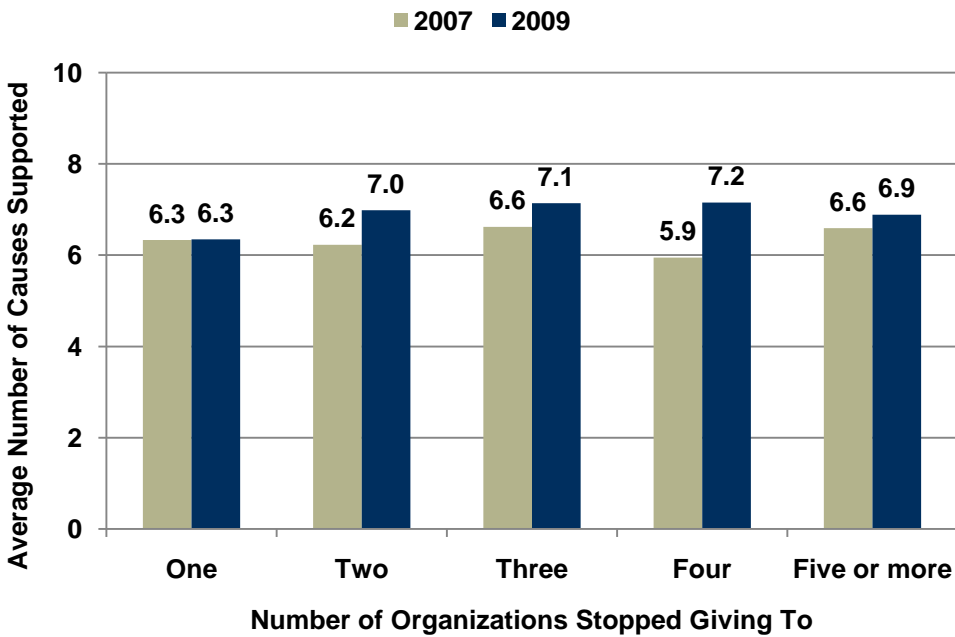
FIGURE 48: NUMBER OF ORGANIZATIONS HIGH NET WORTH HOUSEHOLDS STOPPED SUPPORTING IN 2009 THAT THEY PREVIOUSLY SUPPORTED, 2007 AND 2009 (%)



Note: When comparing 2007 to 2009, the results were not statistically significant across any categories.

While high net worth households discontinued their support of organizations in 2009, they still gave on average to 6 or 7 organizations (see Figure 49). Households that stopped giving to one organization gave on average to 6 organizations. Those households that stopped giving to five or more organizations still supported, on average, 7 organizations in 2009.

FIGURE 49: NUMBER OF ORGANIZATIONS HIGH NET WORTH HOUSEHOLDS STOPPED SUPPORTING IN 2009 THAT THEY PREVIOUSLY SUPPORTED AND AVERAGE NUMBER OF CAUSES SUPPORTED, 2007 AND 2009



Reasons for Ending Support of Nonprofits

The top reasons high net worth households stopped supporting the organization(s) they previously supported were “too frequent solicitation/asked for an inappropriate amount,” “decided to support other causes,” and “household circumstances changed” (58.9 percent, 34.2 percent, and 29.4 percent, respectively). Less than 12 percent of wealthy households reported that they stopped giving because they are “no longer involved with organization,” the “program/purpose was completed,” or because of “inaccurate recordkeeping of information” (see Figure 50).

FIGURE 50: REASON(S) WHY A HIGH NET WORTH HOUSEHOLD STOPPED SUPPORTING AN ORGANIZATION THEY PREVIOUSLY SUPPORTED (%)

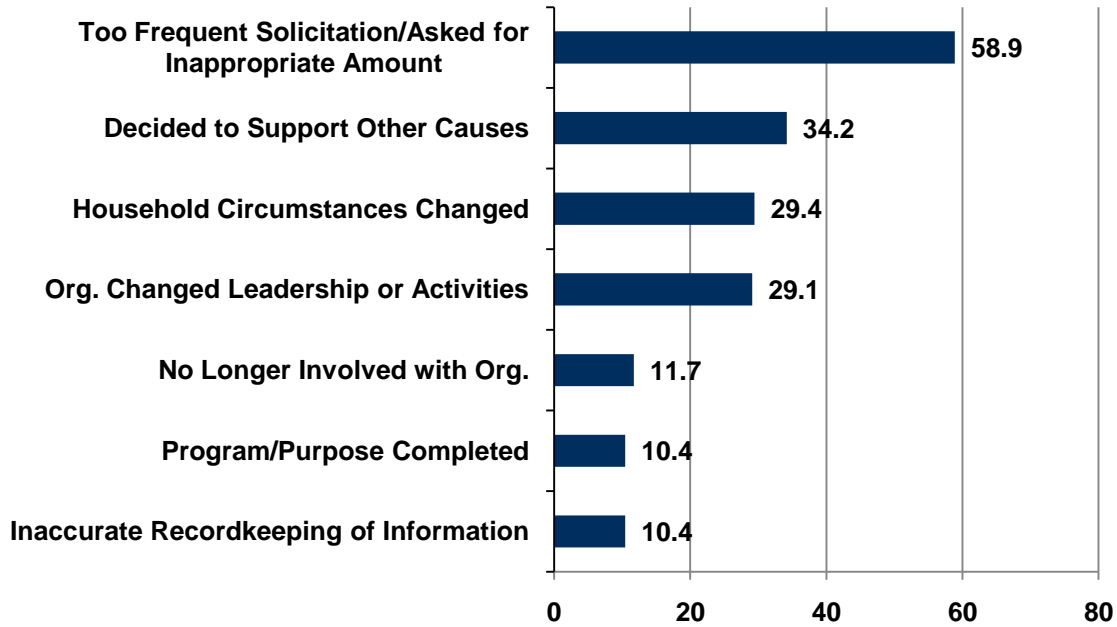
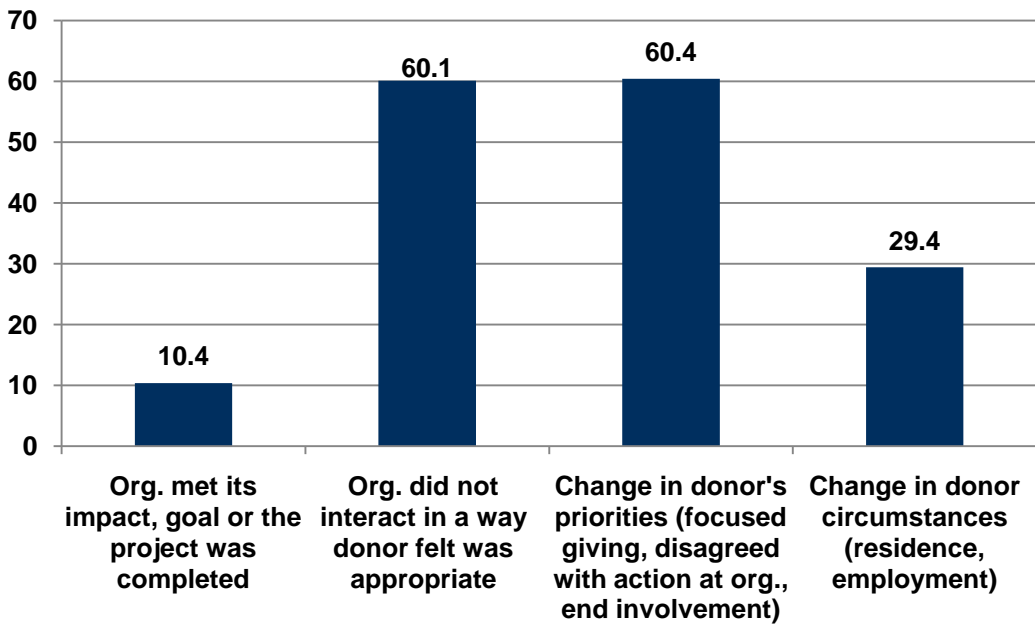


Figure 51 shows the stopped giving responses grouped by general themes. The bullet points below further explain what fits within each group.

- The donor reported that the organization met its impact, goal or the project was completed.
- The donor felt the organization did not interact in a way donor felt was appropriate e.g., sent too many requests, kept inaccurate records, or did not respect privacy
- The donor shifted his or her priorities (e.g., ended involvement with organization, disagreed with specific organization’s actions or activities, or became more focused in giving).
- The donor experienced a change in his or her circumstances (employment, finances).

FIGURE 51: REASON(S) WHY A HIGH NET WORTH HOUSEHOLD STOPPED SUPPORTING AN ORGANIZATION THEY PREVIOUSLY SUPPORTED, GROUPED BY THEMES %)



CHARITABLE GIVING VEHICLES AND ADVISORS

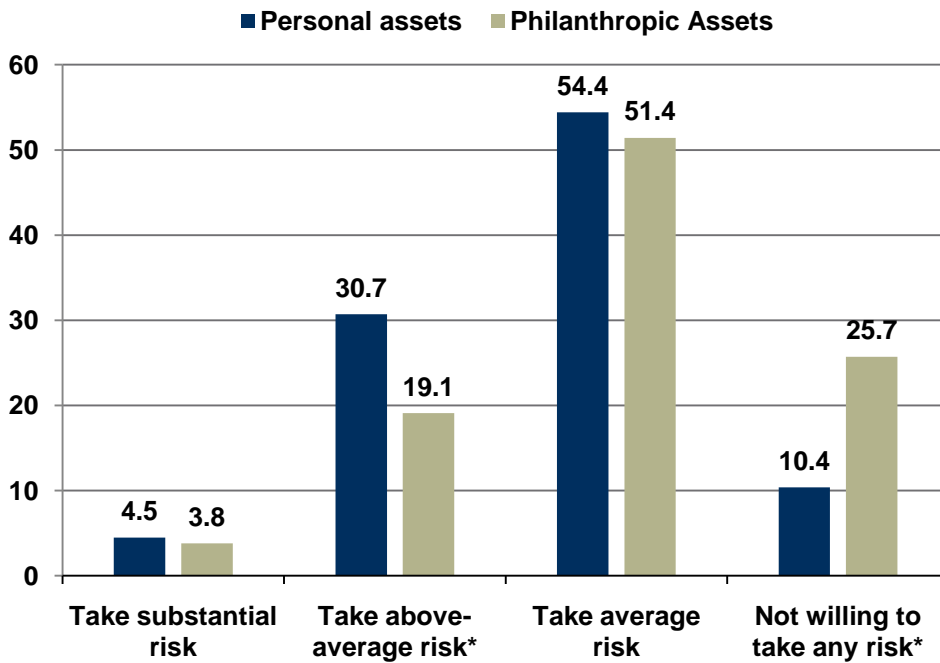
Many high net worth households give through charitable vehicles such as a family foundation, a charitable trust, or a donor-advised fund. In the process, many seek advice from others. In this last section, we examine risk tolerance with personal and philanthropic assets, awareness of philanthropic tools to advance social or charitable goals, and utilization of charitable giving vehicles. We also look at the role of advisors in philanthropic decisions, including the type of advice given, who initiates contact between donors and advisors, and the quality of the philanthropic advice.

Risk Tolerance with Personal and Philanthropic Assets

High net worth households reported various levels of risk tolerance in both their personal investments and their philanthropic investments (e.g., foundation, donor-advised fund(s), or trust). While 35.2 percent of households reported a willingness to tolerate above-average or substantial levels of risk in their personal investing in the hopes of garnering significant returns, less showed willingness to accept that level of risk in their philanthropic investments, with 22.9 percent of households reporting an above-average or substantial risk tolerance in that area.

Figure 52 also shows that only 10.4 percent of high net worth households reported they were not willing to take any risks in their personal investing. In contrast, 25.7 percent of high net worth households claimed to be completely risk averse with respect to their philanthropic investments.

FIGURE 52: RISK TOLERANCE WITH PERSONAL AND PHILANTHROPIC ASSETS (%)

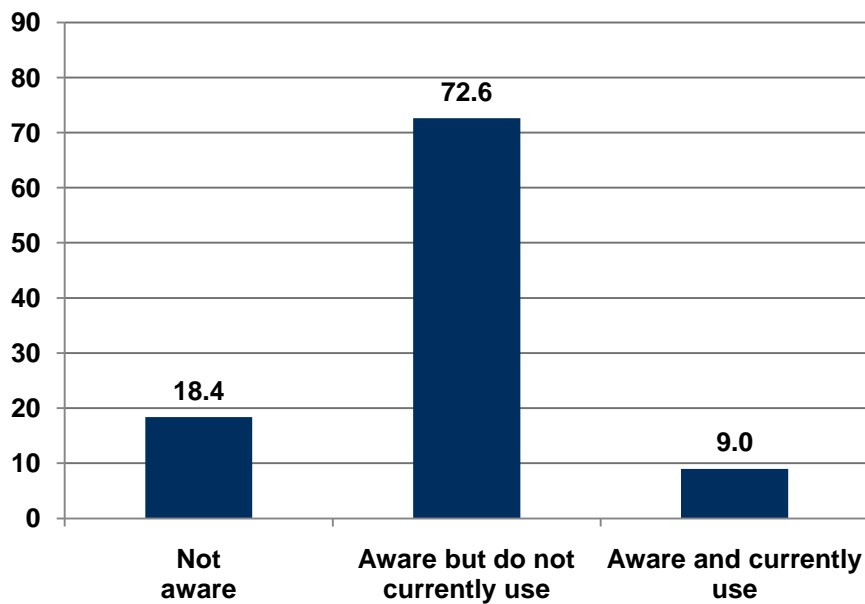


*The difference between personal assets and philanthropic assets was found to be statistically significant.

Awareness of Philanthropic Tools to Advance Social and Charitable Goals

High net worth households reported varying levels of knowledge on alternative ways to use their assets to advance social or charitable goals (e.g., program-related investments, mission-related investing, and socially responsible investing). Nearly three-quarters (72.6 percent) reported they were aware of such tools but did not currently use them, as shown in Figure 53. Only 9 percent used program-related investments, mission-related investments, or socially responsible investing as a means to advance their charitable goals. The remaining 18.4 percent reported no knowledge of these tools.

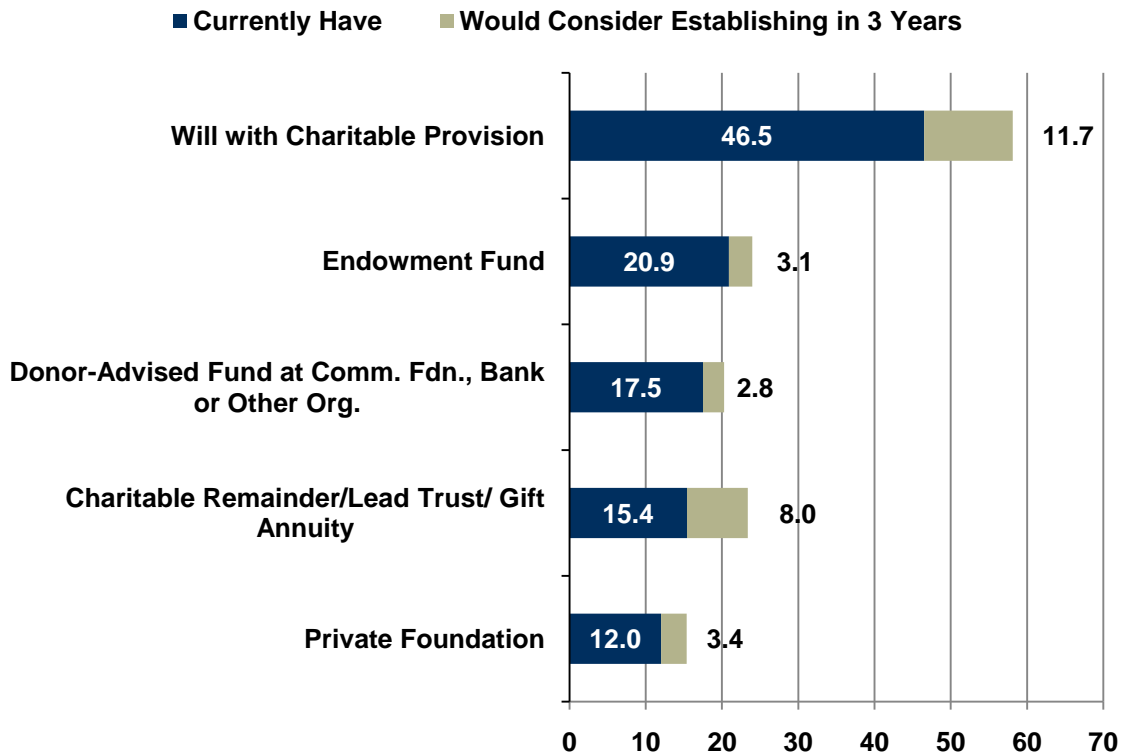
FIGURE 53: AWARENESS OF PHILANTHROPIC TOOLS TO ADVANCE SOCIAL OR CHARITABLE GOALS (%)



Utilization of Giving Vehicles

More than 46 percent of wealthy households reported they currently have a will with a specific charitable provision (see Figure 54). Nearly 12 percent would consider establishing a charitable provision in their will in the next three years. Over one-fifth, 20.9 percent, of all high net worth households currently have an endowment fund with a particular organization. Of those who do not have an endowment fund set up, 3.1 percent would consider establishing one in the next three years. Wealthy households also give through donor-advised funds where 17.5 percent gave through donor-advised funds at a community foundation, financial institution, or in another organization.

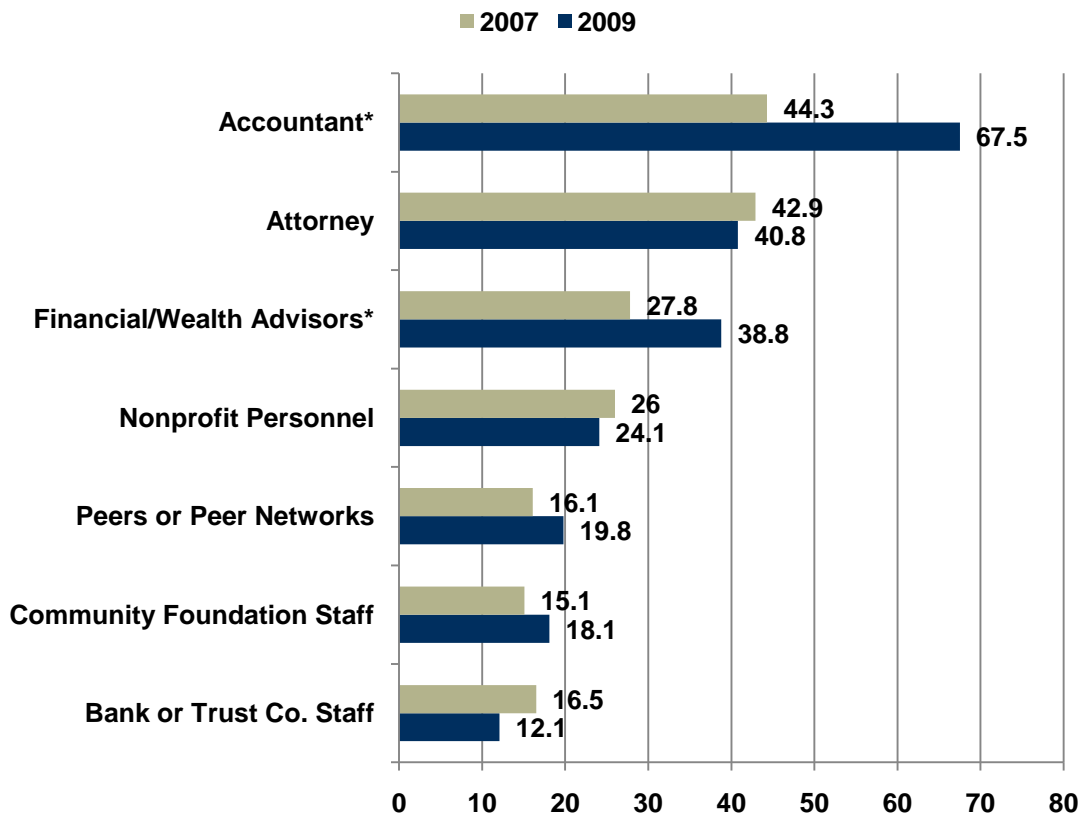
FIGURE 54: HIGH NET WORTH HOUSEHOLDS WHO CURRENTLY HAVE OR WOULD CONSIDER ESTABLISHING IN THREE YEARS BY TYPE OF CHARITABLE VEHICLE (%)



Trends in Charitable Advice Sought by Wealthy Donors

High net worth donors continued to consult with legal and financial advisors in their charitable giving decisions in 2009. High net worth households were statistically significantly more likely to consult accountants in 2009 (67.5 percent) than in 2007 (44.3 percent). Among high net worth households, 40.8 percent consulted attorneys and 38.8 percent consulted financial/wealth advisors when making charitable decisions in 2009 (see Figure 55). High net worth households also consulted with nonprofit personnel (24.1 percent) and community foundation staff (18.1 percent) when making charitable contributions.

FIGURE 55: HIGH NET WORTH HOUSEHOLDS WHO CONSULTED OTHERS WHEN MAKING CHARITABLE GIVING DECISIONS BY TYPE OF PERSON CONSULTED (%)



*The difference between 2007 and 2009 results was found to be statistically significant.

Given by Type of Advisor

Table 6 shows the type of advice or service given to high net worth households by the type of advisor consulted. Nearly 56 percent of high net worth households who consulted attorneys when making charitable decisions received tax or legal advice and 32.8 percent received advice on how to set up a private foundation, charitable trust, or donor-advised fund. High net worth households who received tax or legal advice were most likely to turn to accountants (73.1 percent). Of the 193 wealthy households who consulted independent financial/wealth advisors when making charitable decisions, 33.7 percent received tax/legal assistance and 28.5 percent received advice on the management of invested charitable assets. Peers or peer networks (42 percent) and nonprofit personnel (36.9 percent) were most likely consulted for philanthropic mission definition and creation.

TABLE 6: HIGH NET WORTH HOUSEHOLDS WHO CONSULTED OTHERS WHEN MAKING CHARITABLE GIVING DECISIONS BY TYPE OF ADVICE OR SERVICE (%)

| | Attorney | Nonprofit Personnel | Accountant | Bank or Trust Co. Advisor¶ | Independent Financial/Wealth Advisor | Peers or Peer Networks¶ | Community Fnd. Staff¶ | Other¶ |
|---------------------------------------------------|----------|---------------------|------------|----------------------------|--------------------------------------|-------------------------|-----------------------|--------|
| Tax/Legal Assistance | 55.9 | 3.9 | 73.1 | 26.9 | 33.7 | 11.1 | 1.3 | 9.5 |
| Advice/Setup Foundation, Trust, or DAF | 32.8 | 11.7 | 11.9 | 23.9 | 18.1 | 21.0 | 29.1 | 19.0 |
| Mission Definition/Creation | 2.1 | 36.9 | 1.7 | 3.0 | 7.3 | 42.0 | 20.3 | 23.8 |
| Management of Invested Charitable Assets | 2.1 | 15.5 | 3.5 | 37.3 | 28.5 | 6.2 | 27.8 | 19.0 |
| Other (Back Office Admin., Gift Structure/Timing) | 7.2 | 32.0 | 9.8 | 9.0 | 12.4 | 19.8 | 21.5 | 28.6 |

¶ Results for other types of advisors are not statistically meaningful because they were consulted less than 100 times by high net worth households.

How Advice Was Initiated

Of the high net worth households who consulted an advisor when making charitable giving decisions, 90 percent initiated the discussion, while the advisor initiated the discussion in 10 percent of the consultations.

When we look at the types of advisors they consulted, of the high net worth households who consulted an accountant when making charitable giving decisions, 94.3 percent initiated the discussion, while the accountant initiated the discussion in 5.7 percent of the consultations. Nonprofit personnel were the most likely to initiate the discussions with high net worth households, at 15.7 percent (see Table 7).

TABLE 7: HIGH NET WORTH HOUSEHOLDS WHO CONSULTED OTHERS WHEN MAKING CHARITABLE GIVING DECISIONS BY TYPE OF INITIATION (%)

| | Client Initiated | Advisor Initiated |
|--------------------------------------|------------------|-------------------|
| Accountant | 94.3 | 5.7 |
| Attorney | 93.8 | 6.3 |
| Independent Financial/Wealth Advisor | 92.1 | 7.9 |
| Nonprofit Personnel | 84.3 | 15.7 |

Note: Results for other types of advisors are not statistically meaningful because they were consulted less than 100 times by high net worth households.

Satisfaction of Advice

In most cases, when high net worth households received advice or services from advisors, they were satisfied with the advice given (84.6 percent). Almost 15 percent of high net worth households were neither satisfied nor dissatisfied with that advice or services received from advisors. Less than 1 percent of high net worth households were dissatisfied with advice or services received from advisors.

When we look at the types of advisors they consulted, of the high net worth households who consulted an attorney when making charitable giving decisions, 88.9 percent were satisfied with the advice received. More than 84 percent of high net worth households who received advice from nonprofit personnel were satisfied with the advice received (see Table 8).

TABLE 8: HIGH NET WORTH HOUSEHOLDS WHO CONSULTED OTHERS WHEN MAKING CHARITABLE GIVING DECISIONS BY TYPE OF SATISFACTION OF ADVICE (%)

| | Satisfied | Neither Satisfied nor Dissatisfied | Dissatisfied |
|--------------------------------------|-----------|------------------------------------|--------------|
| Attorney | 88.9 | 11.1 | 0.0 |
| Nonprofit Personnel | 84.6 | 14.1 | 1.3 |
| Accountant | 87.4 | 12.6 | 0.0 |
| Independent Financial/Wealth Advisor | 87.3 | 12.7 | 0.0 |

Note: Results for other types of advisors are not statistically meaningful because they were consulted less than 100 times by high net worth households.

CONCLUSION

Bank of America Merrill Lynch, one of the leading providers to both philanthropic individuals and institutions, partnered with the Center on Philanthropy at Indiana University, one of the nation's leading academic centers for the study and practice of philanthropy, to produce the *2010 Study of High Net Worth Philanthropy*. High net worth households play an important role in the philanthropic landscape. They give between 65 and 70 percent of all individual giving, and between 49 and 53 percent of giving from all sources, which includes giving from corporations, foundations, and both living and deceased individuals.^{vii}

Not only do wealthy families give from their own personal income or assets, many also establish charitable giving vehicles and give through private foundations, donor-advised funds and/or charitable trusts. While the economy slowly improves, we see that wealthy families continue to give generously of their time and money. High net worth households continued to support charitable organizations at levels that were remarkably consistent with those seen in 2005 and 2007 and more than three-quarters volunteered their time and talent to the organizations and causes they value. Nearly three-quarters of high net worth households consider themselves experienced with charitable giving and the majority has high levels of trust in nonprofit organizations to solve domestic or global problems.

In this report, we provided analysis of the philanthropy of high net worth households by looking at the wealthy as donors and as volunteers. We also examined the interaction between high net worth households and nonprofit organizations and between the wealthy and their charitable advisors. As with the 2006 and 2008 studies, the 2010 study highlights how high net worth households continue to be drivers in American philanthropy.

METHODOLOGY

Study Overview

The purpose of the *2010 Bank of America Merrill Lynch Study on High Net Worth Philanthropy* was to assess charitable giving and philanthropic activities of high-income and high net worth households. The study consisted of a 12 page mailed survey randomly distributed to 20,000 households in high net worth areas of the United States (those where the average amount of investable net assets were \$3 million or more). The Indiana University Center for Survey Research (CSR) implemented the survey. Dr. Una Osili, Director of Research at the Center on Philanthropy at Indiana University oversaw analysis procedures.

The Questionnaire

For this report, the CSR mailed and received questionnaires between May and June 2010. Total giving questions were modeled after the philanthropy questions from the Center on Philanthropy Panel Study (COPPS), a module of the Panel Study on Income Dynamics conducted at the University of Michigan. This modeling was intended to provide comparable national averages on giving data. The *2010 Study of High Net Worth Philanthropy* asks about giving in 2009. Charitable giving information is the combination of high net worth households' personal assets and giving from foundations, funds, and trusts, referred to as overall giving. In addition, giving to youth or family services, environment/animal care, and international causes are included separately in the 2008 study but were incorporated into the category for "other" giving in the 2006 study about giving in 2005. Questions on the motivations for giving were modeled after questions asked on regional giving studies conducted by the Center on Philanthropy.

Final Disposition Summary

The response rate was 5.6 percent when undeliverable surveys and those households that were not eligible, physically or mentally unable, or chose not to respond are excluded.

| Disposition | Count |
|----------------------------|---------------|
| Paper Completion | 986 |
| Web Completion | 91 |
| Bad address | 437 |
| Refused | 139 |
| Deceased | 53 |
| Physically/Mentally Unable | 4 |
| No response | 18,290 |
| Total | 20,000 |

Final Dataset

The study's main purpose is to understand the philanthropic patterns of high net worth households. Therefore, any household with an income less than \$200,000 or a net worth of less than \$1,000,000 (excluding the value of the primary residence) was excluded from analysis. In addition, all respondents had to have their primary residence in the United States. After excluding those

households that did not qualify because of their income or wealth, the final sample was 801 responses.

Analysis

Charitable giving data tends to contain extreme values that are apt to highly influence average giving amounts. In addition, if the sample size is relatively small, then including or excluding specific data points that are clearly "outliers" may have a profound influence on averages. Therefore, average giving was presented both with and without outliers. Outliers were identified by natural breaks in the data where one observation had a particularly strong influence. In 2007, two observations were considered outliers and as was the case in 2009, two observations were considered outliers. Median amounts of giving are included because they tend to be less subject to extreme values. Together, these values present a more complete picture of high net worth charitable giving. Further, unless otherwise specified, charitable giving for 2005 and 2007 were adjusted for inflation to 2009 dollars.

ⁱ U.S. Department of Commerce, Bureau of Economic Analysis, News release, "Gross Domestic Product: Fourth Quarter 2009" (March, 2010).

ⁱⁱ Data from U.S. Department of Labor, Bureau of Labor Statistics.

ⁱⁱⁱ *Giving USA 2010*, Giving USA Foundation, researched and written by the Center on Philanthropy at Indiana University.

^{iv} Center on Philanthropy at Indiana University analysis of charitable giving using data from the Survey of Consumer Finances, IRS tax deduction information for households with income of \$200,000 or more. Latest year available.

^v The Center on Philanthropy's analysis of 2007 and 2008 IRS tax deduction information (latest year available) for households with income of \$200,000 or more.

^{vi} Bureau of Labor Statistics, "Volunteering in the United States, 2009." Available at <http://www.bls.gov/news.release/volun.nr0.htm> August 2010.

^{vii} Center on Philanthropy at Indiana University analysis of charitable giving using data from the Survey of Consumer Finances, IRS tax deduction information for households with income of \$200,000 or more. Latest year available.

The views and opinions expressed are those of the author, are subject to change without notice at any time, and may differ from views expressed by Retirement & Philanthropic Services or other divisions of Bank of America. Since economic and market conditions change frequently, there can be no assurance that the trends described here will continue or that the forecasts will come to pass. These materials are provided for informational purposes only.