

KEY FINDINGS

The 2014 U.S. Trust® Study of High Net Worth Philanthropy

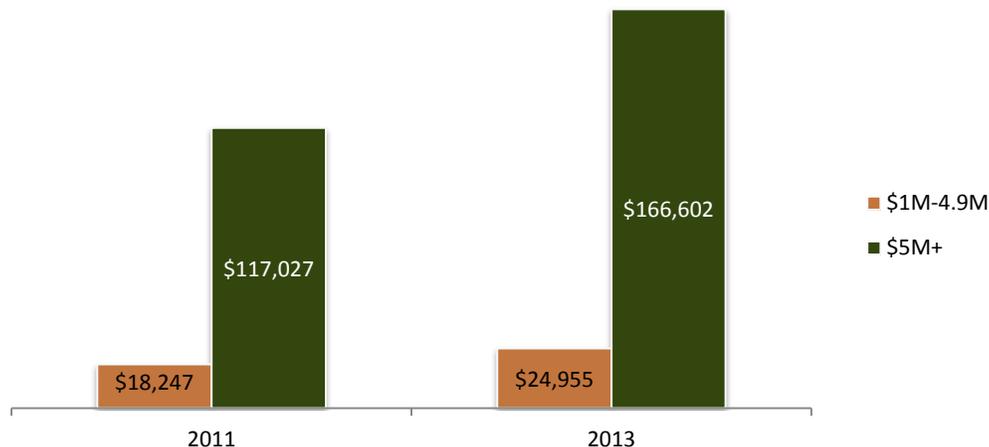
Conducted in partnership with the Indiana University Lilly Family School of Philanthropy

The 2014 U.S. Trust® Study of High Net Worth Philanthropy examines giving patterns, priorities and attitudes of America’s wealthiest households. Since 2006, this biennial study has been written and researched in partnership with the Indiana University Lilly Family School of Philanthropy. The largest, longest running series of its kind, the study is an important barometer for wealthy donors’ charitable engagement and viewpoints, offering valuable insights that inform the strategies of their peers, nonprofit professionals, charitable advisors, and others. The following is a summary of key findings from the full 89-page report. Results are based on a nationwide sample of 632 U.S. households with a net worth of \$1 million or more (excluding the value of their primary home) and/or an annual household income of \$200,000 or more.

GIVING LEVELS UP AND THE FUTURE LOOKS BRIGHT

- Last year, virtually all (98.4 percent) high net worth (HNW) households donated to charity, compared to 95.4 percent in 2011. This marks the highest rate of participation in charitable giving since the study began. This high rate of giving among the wealthy compares with 65 percent of the general population of U.S. households who donate to charity.
- The average dollar amount given to charity by wealthy donors increased 28 percent, from \$53,519 in 2011 to \$68,580 in 2013. This increase reflects findings from our 2012 study, in which donors projected that they would increase their giving in the coming years.
- Average giving as a percentage of high net worth household income decreased roughly 1 percentage point during this period, from 9 percent in 2011 to 8 percent in 2013. This may be due in part to improvements in the economy/markets between 2011 and 2013 through which – despite notable increases in charitable giving – increases in income levels outpaced increases in giving levels, causing this number to decline slightly.
- Average giving by HNW households rises with wealth levels. In 2013, households with wealth between \$1 – 5 million in assets gave an average of roughly \$25,000, up from roughly \$18,000 in 2011. Those households with greater than \$5 million in assets gave an average of more than \$166,000, up from \$117,000 in 2011.

AVERAGE GIVING BY WEALTH LEVEL IN 2013

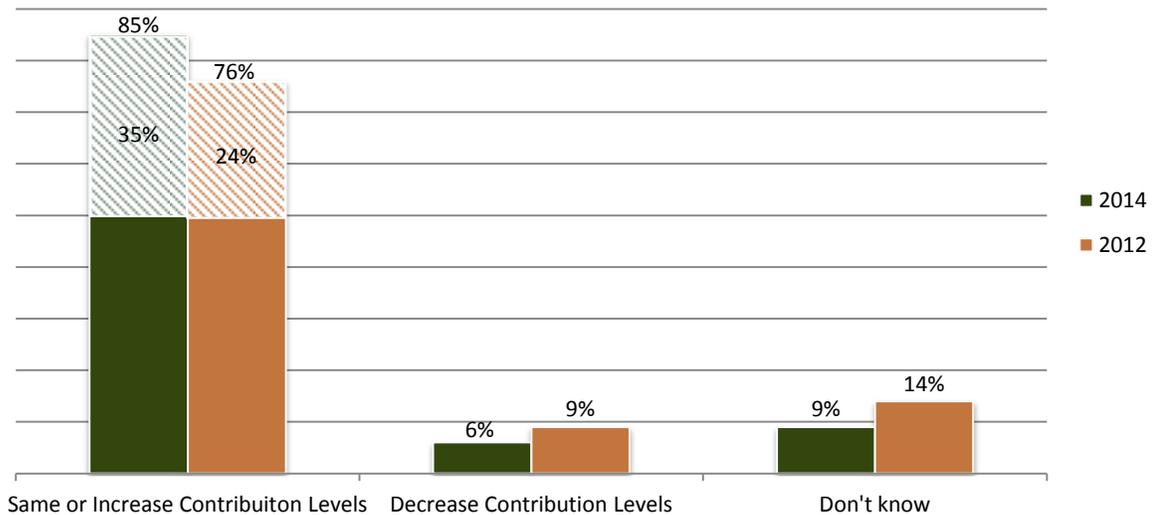


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- Most wealthy donors' largest gift in 2013 was less than \$10,000 (63 percent). Twenty-seven percent gave a largest gift of between \$10,000 – 50,000, while just 10 percent of wealthy donors gave a largest gift of \$50,000 or greater.
- Responses to this study offered an optimistic view of the future of giving, with 85 percent of wealthy donors planning to give as much (50 percent) or more (35 percent) in the next three to five years (through 2018) than they have in the past – up from 76 percent who said they planned to give as much (52 percent) or more (24 percent) when asked in 2012. Also encouraging, fewer plan to give less (9 percent in 2012 compared to just 6 percent in 2014). The top reasons cited by those who plan to increase their giving are “increased financial capacity” (85 percent) and the “perceived need of the nonprofits or causes” they support (48 percent).

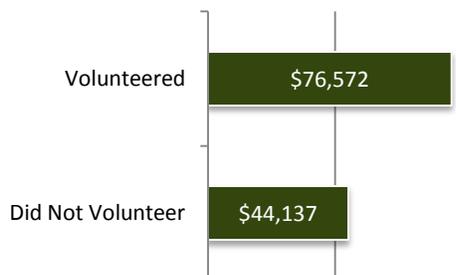
CHARITABLE GIVING FORECAST FOR THE NEXT 3 TO 5 YEARS



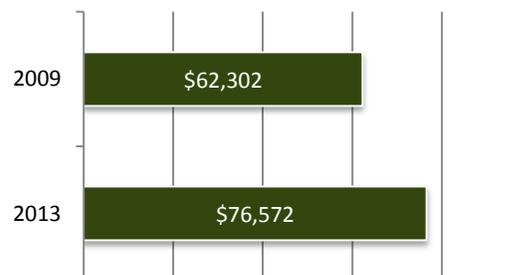
VOLUNTEERS GIVING MORE

- Volunteerism among high net worth individuals remained strong in 2013, with 75 percent of respondents volunteering with at least one nonprofit organization, compared to 74 percent in 2012.
- Among those who volunteered in 2013, 59 percent of wealthy donors volunteered more than 100 hours; 34 percent volunteered more than 200 hours. Forty-two percent volunteered with three or more organizations, 32 percent with two organizations, and 26 percent with one organization.
- Volunteerism has a strong influence on giving levels, and increasingly so. Wealthy donors who volunteered in 2013 gave 73 percent more on average than those who did not volunteer (\$76,572 compared to \$44,137). The report also found that giving among wealthy donors who volunteer increased 23 percent from 2009 (\$62,302) to 2013 (\$76,572), on average.

GIVING LEVELS BY VOLUNTEERISM



AVERAGE GIVING AMONG VOLUNTEERS

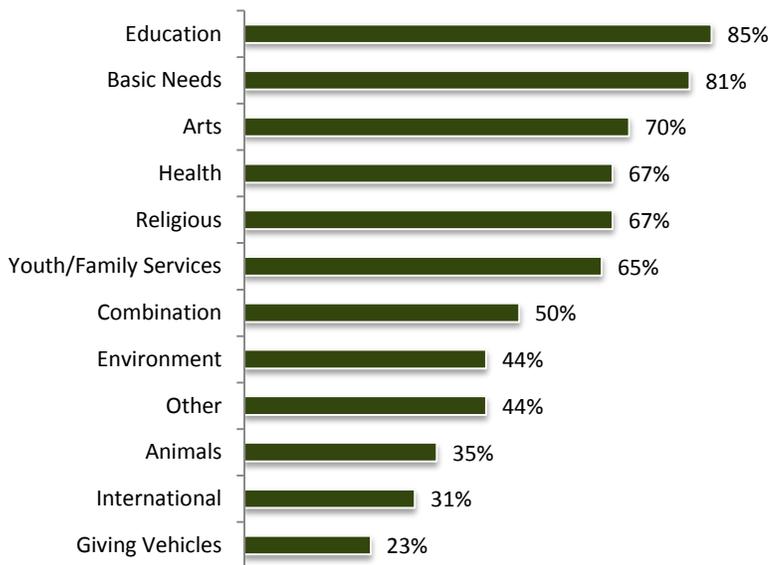


- In 2013, a direct request from a nonprofit organization inspired the highest proportion of wealthy individuals to volunteer (50 percent), while just 18 percent approached nonprofits about volunteering their services. This is a reversal of 2011 trends, in which more wealthy individuals reported becoming a volunteer through their own initiative (43 percent) rather than by being asked (31 percent).
- Those who volunteered were far more likely to volunteer on their own (92 percent) or with family (68 percent) or friends (68 percent) than they were to do so through a workplace campaign (25 percent) or as part of an organized group (49 percent).

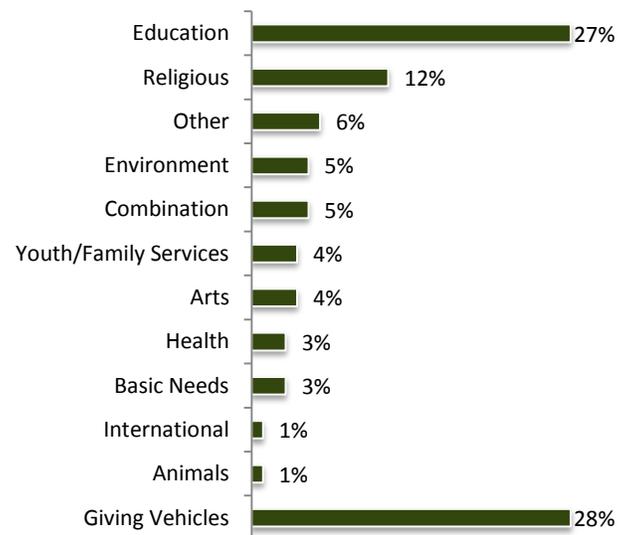
EDUCATION SECTOR CAPTURES HEARTS AND WALLETS

- Eighty-five percent of wealthy donors gave to education in 2013 – making it the charitable subsector supported by the largest percentage of high net worth households. A closer look reveals that 73 percent gave to higher education and 60 percent gave to K-12 education.
- Education received the largest share of dollars (27 percent) among all charitable subsectors – more than giving to religious, environmental, arts, basic needs and international causes combined. Charitable contributions given directly to giving vehicles, such as private foundations, donor-advised funds and charitable trusts, also received a large share of dollars (28 percent).
- The highest percentage of wealthy households directed their largest gifts to religious organizations (34 percent) and educational causes (27 percent) – including higher education (19 percent) and K-12 (8 percent).
- Average growth in gift amounts to education (21 percent) and religious (25 percent) causes experienced substantial increases between 2011 and 2013, while international (-39 percent), health (-29 percent) and basic needs (-21 percent) causes experienced substantial declines during this period.
- More than half (56 percent) of wealthy donors also prioritize education among policy issues most important to them, followed by poverty (35 percent), health care (34 percent), and the environment (28 percent).

PERCENTAGE OF HNW HOUSEHOLDS WHO GIVE TO...



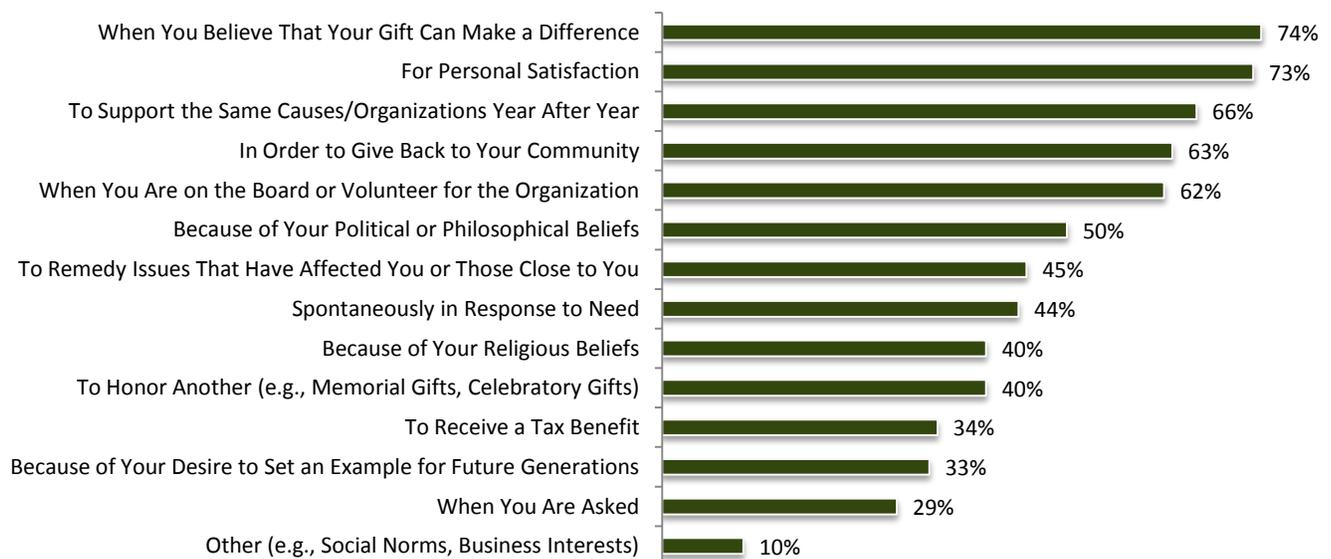
CATEGORIES AS A PERCENTAGE OF GIVING BY HNW HOUSEHOLDS



MOTIVATIONS, EXPECTATIONS AND PERCEPTIONS

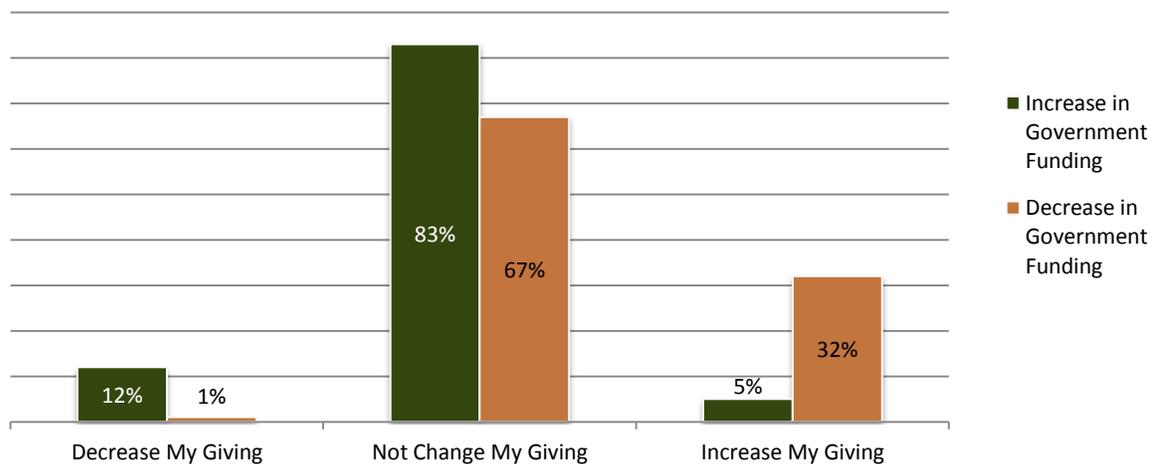
- A variety of motivations drive high net worth philanthropy. In 2013, wealthy households cited the following as their top motivators for giving: believing that their gift can make a difference (74 percent), personal satisfaction (73 percent), supporting the same causes annually (66 percent), giving back to the community (63 percent), and serving on a nonprofit organization's board (62 percent).

PERCENTAGE WHO ARE MOTIVATED TO GIVE...



- Wealthy donors have strong feelings about how the nonprofits they support should use their contributions and conduct themselves. For instance, these donors expect the nonprofits they support to spend an appropriate amount of their donation on general administration and fundraising (81 percent), and to demonstrate sound business and operational practices (80 percent). They also expect nonprofits to honor their request for privacy and anonymity (78 percent) and, similarly, to not distribute their name to others (74 percent).
- When donors stopped giving to a particular charity they previously supported, the top reasons cited were because they received too frequent solicitation or the nonprofit organization asked for an inappropriate amount (42 percent), the donor personally changed philanthropic focus or decided to support other causes (35 percent), the organization was not effective (18 percent) and the nonprofit organization they supported changed leadership or activities (16 percent).
- When it comes to resolving domestic and global issues, wealthy donors express the most confidence in nonprofit organizations (92 percent) and individuals (91 percent). Fewer – and in many cases far fewer – have faith in the federal government (54 percent), state or local government (61 percent), Congress (25 percent), large corporations (58 percent) and religious institutions' (73 percent) ability to do so.
- Regardless of government funding of nonprofits, most wealthy donors would remain loyal to the organizations that have already won their support. In fact, in the event government decreased funding for an organization that a wealthy household currently supports, nearly one-third (32 percent) of respondents would increase their charitable contributions. Meanwhile, in response to an increase in government support, only 12 percent would decrease their support, while 5 percent would increase their donation to that organization.

CHANGE IN CHARITABLE GIVING IN RESPONSE TO CHANGES IN GOVERNMENT FUNDING



DONORS GIVE STRATEGICALLY

- The majority of wealthy donors (73 percent) have a specific strategy in place to guide their charitable giving. This is further evidenced by the fact that 93 percent of donors apply a certain level of focus to their charitable activity, giving to a targeted set of organizations based on geography or a specific cause or issue. This is compared to 7 percent who give with no particular focus.
- More than half (57 percent) of wealthy donors used a giving vehicle in 2013 or plan to establish one to achieve their charitable goals going forward. Giving vehicles include private foundations, donor-advised funds and charitable trusts.
 - Giving vehicles received a large share of charitable dollars (28 percent) in 2013 when compared to giving directly to charitable sectors such as the environment, arts, etc.; up from 23 percent in 2011.
 - The study found that wealthy donors are favoring donor-advised funds, with 16 percent of wealthy donors giving to a donor-advised fund in 2013, 8 percent to a private foundation and just 4 percent to charitable trust.
 - HNW households with a total net worth of less than \$1 million are less likely to have or plan to use a giving vehicle (31 percent) compared to those households with net worth between \$1 – 5 million (51 percent) and \$5 million or greater (69 percent).
- Beyond donations and the use of giving vehicles, 84 percent of wealthy donors are aware of innovative ways to use their assets to advance social or charitable goals, such as socially responsible investing, social impact bonds or mission-related investing. Despite this high level of awareness, only 13 percent currently use such approaches.
 - A higher percentage of women (17 percent) want to learn more about integrating their values and charitable goals, compared to men (10 percent). Similarly, twice as many women (20 percent) than men (10 percent) want to learn more about impact investing.
- During the last decade, the percentage of wealthy donors who gave online has grown dramatically, from 15 percent to now 50 percent (comparison of behaviors from 2004 – 2007 and 2010 – 2013).

- The Giving Pledge, introduced by Warren Buffett and Bill and Melinda Gates in 2010, asks the world's wealthiest individuals and families (billionaires) to dedicate at least half of their wealth to philanthropy during their lifetime or in their wills. In a similar vein, wealthy donors (millionaires) in our study were asked whether they'd be willing to pledge 25 percent or more of their wealth to philanthropy during their lifetime. We found that roughly 13 percent (or about one out of eight) of wealthy donors would be willing to make such a commitment. Perhaps not surprisingly, donors who would be willing to pledge gave nearly 5x more to charity in 2013 than those who would not be willing to do so (roughly \$202,000 compared to \$44,000).

KNOWLEDGEABLE AND ENGAGED DONORS GIVE MORE AND ENJOY GREATER FULFILLMENT

The study found strong relationships between wealthy donors' knowledge of giving and the characteristics/behaviors surrounding how they monitor their giving and its impact, consult with advisors, leverage giving vehicles, and achieve personal fulfillment from their philanthropic pursuits.

The following table shows that HNW respondents who rate themselves "expert" or "knowledgeable" in charitable giving are more likely to monitor their charitable gifts, consult with a professional advisor and have or plan to use a giving vehicle. Higher levels of charitable knowledge and engagement also correlate with greater personal fulfillment. Those who rated themselves as "expert" also gave significantly higher amounts to charity in 2013 (\$150,229), compared to those who describe themselves as "knowledgeable" (\$64,599) or "novice" (\$19,013).

	Expert (14 percent)	Knowledgeable (72 percent)	Novice (14 percent)
Monitor giving	78 percent	53 percent	29 percent
Confidence in the impact of their giving	84 percent	60 percent	43 percent
Consult with an advisor	61 percent	46 percent	26 percent
Have or plan to use a giving vehicle	78 percent	57 percent	30 percent
Achieving personal fulfillment through their charitable giving	89 percent	75 percent	47 percent
Average amount of giving in 2013	\$150,229	\$64,599	\$19,013

- Only slightly more than half of HNW donors monitor or evaluate the impact of their charitable giving (53 percent), whereas the remaining 47 percent do not. Among those who monitor the impact of their charitable giving, 29 percent are novice, 53 percent are knowledgeable and 78 percent are expert donors.
 - Those who monitor their giving donate a higher total amount (\$104,265) compared to those who do not monitor (\$28,543).
 - Among those who do monitor, most do so by directly engaging with the nonprofit organization (80 percent). Almost as many utilize information put forth by nonprofit organizations (44 percent), such as annual reports, as do those who utilize third-party nonprofit ratings services (46 percent), such as Charity Navigator and GuideStar.
 - Among those who monitor their giving, 79 percent believe that their giving is producing the desired impact. Meanwhile, only 40 percent of those who do not monitor report achieving their desired impact through their giving. Those who believe that their giving is having the desired impact donate a higher total amount (\$74,015) than those who do not believe so or are unsure (\$60,685).
 - As high net worth households' knowledge level increases, so does their level of confidence in the impact of their giving. Forty-three percent of "novice" households believed that their giving had an impact, compared to 60 percent of "knowledgeable" households and 84 percent of "expert" households.
- Among HNW households who consulted with an advisor about their giving, the highest proportion consulted with nonprofit personnel (49 percent), a financial/wealth advisor (46 percent), or an accountant (45 percent). The likelihood of consulting with an advisor increases with a donor's level of knowledge: 26 percent of "novice" households consulted with an advisor, compared to 46 percent of "knowledgeable" households and 60 percent of "expert" households.
 - Those who consulted with an advisor are also more likely to have or plan to use a giving vehicle (77 percent), compared to those who did not consult with any advisors (39 percent).
 - Those who consulted with an advisor gave a higher total amount (\$96,878) than those who did not consult an advisor (\$47,531).
- High net worth households' likelihood of having or planning to use a giving vehicle also increases with level of knowledge. Those who rate themselves as "expert" are most likely to have or plan to use a giving vehicle (78 percent), compared to 57 percent of those who are "knowledgeable" and 30 percent of those who are "novice."

- Knowledgeable and expert givers are also more likely to derive greater personal fulfillment from their charitable giving – and greater fulfillment leads to greater giving.
 - In 2013, nearly three out of four (73 percent) wealthy donors reported achieving personal fulfillment through their charitable giving. A greater percentage of those who rated themselves “knowledgeable” (75 percent) or “expert” (89 percent) reported personal fulfillment through charitable giving, compared to those who rated themselves as “novice” (47 percent).
 - Those who report personal fulfillment donate a higher total amount (\$80,516) than those who reported a neutral opinion (\$31,385) or lack of fulfillment (\$15,093).

FAMILY TRADITIONS AND DECISION-MAKING

- When it comes to decision-making, 61 percent of respondents who are married or are living with a partner reported that they make decisions about their giving jointly with their spouse or partner.
 - Among heterosexual married/partnered households, 20 percent of women and 7 percent of men are the sole decision-makers.
- Many wealthy families have giving traditions (41 percent), such as volunteering as a family and giving to charity during the holidays.
- With regard to the transmittance of philanthropic values, the study found that a family’s personal efforts and those of their friends and peers continue to be the leading sources by which the next generation learn about giving (55 percent), followed by religious organizations (44 percent) and nonprofits (24 percent).

TAX CONSIDERATIONS AND POLICY IMPACT ON GIVING

- Only one-third (34 percent) of donors cited tax advantages among their chief motivators for giving. In fact, half (50 percent) reported that they would maintain or increase their current charitable giving levels even if income tax deductions for donations were eliminated, and 96 percent would maintain or increase their giving even if the estate tax were permanently eliminated.
 - By a larger percentage than in any year since the beginning of the survey series, half (49 percent) of HNW households reported that they would increase the amount they would leave to charity in their estate plan if the estate tax were permanently eliminated, including 18 percent who would dramatically increase their giving.
- Three-quarters (74 percent) of wealthy donors oppose placing a cap on charitable tax deductions in order to reduce the federal deficit (only 10 percent favor a cap).
- When asked to rank the importance of tax deductions to themselves and to society, high net worth donors were somewhat evenly split between mortgage interest (31 percent and 30 percent, respectively), charitable deductions (both 28 percent) and health care expenses (23 percent and 20 percent, respectively).

METHODOLOGY

The purpose of the 2014 U.S. Trust Study of High Net Worth Philanthropy is to provide comprehensive information on the charitable giving and volunteering activities of high net worth households. The study consisted of mail and web surveys randomly distributed to 20,000 households in high net worth areas of the United States. The fifth in this series of studies builds on those completed in 2006, 2008, 2010 and 2012 and was once again written and researched in partnership with the Indiana University Lilly Family School of Philanthropy. Results are based on a nationwide sample of 632 U.S. households with a net worth of \$1 million or more (excluding the value of their home) and/or an annual household income of \$200,000 or more.

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The Indiana University Lilly Family School of Philanthropy is dedicated to improving philanthropy to improve the world by training and empowering students and professionals to be innovators and leaders who create positive and lasting change. The school offers a comprehensive approach to philanthropy through its academic, research and international programs and through The Fund Raising School, Lake Institute on Faith & Giving, and the Women's Philanthropy Institute. Follow us on Twitter @IUPhilanthropy or "Like" us on Facebook. For more information, visit www.philanthropy.iupui.edu.

To access the full 2014 U.S. Trust Study of High Net Worth Philanthropy, visit:
www.ustrust.com/philanthropy

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