

High Net Worth Philanthropy

The *2010 Study of High Net Worth Philanthropy*, sponsored by Bank of America Merrill Lynch and conducted by the Center on Philanthropy at Indiana University, offers new insights into the philanthropy of wealthy donors.

The Study involved over 800 respondents throughout the United States with household income greater than \$200,000 and/or net worth (excluding the value of residence) of at least \$1,000,000. The average wealth of respondents was \$10.7 million. Here are some highlights:

Strong Commitment to Philanthropy. 98.2 % of high net worth households donated to charity in 2009.

A Change in Giving. Despite a strong commitment to nonprofits, average charitable giving by high net worth households dropped 34.9 percent from \$83,034 in 2007 to \$54,016 in 2009.

Strategic Philanthropy. Wealthy households reported that they give when they:

- believe their gift will make a difference (72.4 percent)
- feel financially secure (71.2 percent)
- know the organization is efficient in its use of donations (71 percent)

Expect Effective and Transparent Nonprofits. 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 their contributions (84.9 percent)
- Spend appropriate amount on overhead (80.1 percent)
- Protection of personal information (80.1 percent)
- Full financial disclosure (61.7 percent)

The Wealthy as Volunteers. More than three-quarters of high net worth individuals volunteered in 2009 representing an increase of 3.8 percent from 2007. And, the more high net worth individuals volunteered, the more they gave.

Gifts for General Operating Support. Over half of high net worth households gave their largest gift in 2009 to fund general operations at nonprofit organizations.

Household Decision-Makers. The Study suggests that among high net worth couples who make charitable donations, both giving partners are involved in decision-making.

Why Did Wealthy Donors Stop Donating To an Organization? While high net worth households demonstrated a strong commitment to the nonprofit organizations they supported, the top three reasons they stopped giving to a particular charity were:

- too frequently solicited or asked an inappropriate amount (58.9 percent)
- decided to support other causes (34.2 percent)
- their household financial circumstances changed (29.4 percent)

Attitudes Towards Tax Policy. 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.

Will these Study findings alter your organization's approach to high net worth individuals?