

Key findings

Here we highlight the main messages from our research, summarise the analysis and findings from each chapter, and conclude with a shortlist of the recommendations.

Main messages

Philanthropy matters to donors and society

Philanthropy is of growing importance in donors' lives; they feel an obligation to use their wealth for the good of society, and to do so in an increasingly thoughtful and strategic way. While donors often feel unappreciated and unfairly criticised, overall, they sense that the political and cultural climate for giving has improved over the past decade.

The enrichment factor

Philanthropic acts are motivated by a complex array of factors, including different drivers for the same donor giving to different causes at different times. But the one shared motivation is that it is a means of enriching donors' lives in many ways. These include feelings of satisfaction at using their private wealth to support the causes they care about; the enjoyment of having unusual experiences and developing relationships with interesting people working in charities, as well as fellow donors and beneficiaries; the opportunity to integrate giving into their social life and retirement activities; and the beneficial impact on their family, as a way of sharing values across the generations and leaving a meaningful legacy beyond a simple sum of money.

Philanthropy is not a simple, static activity and philanthropists are open to change

Despite a widespread view of philanthropy as a straightforward, unchanging activity and the tendency to pigeonhole donors into 'types' (such as 'driven by religious belief' or 'focused on local causes'), these simplifications sit uncomfortably with the reality of a complex, ever-changing sphere of activity populated by donors who are open to new ideas about how to best use their private wealth for the public good. This book charts the emergence of new ideas, including a concern to be more strategic, a desire to focus on underlying problems rather than symptoms, and a willingness to be more open about giving. These trends are aligned with new approaches and mechanisms, including social investment, venture philanthropy and taking up professional advice. At the same time, we see renewed interest in old ideas such as tithing, giving anonymously and collaborative giving.

The end of the armchair philanthropist

Almost all those who give substantial amounts of money also give substantial amounts of time. Donors want to be involved with the cause they are supporting, though the level of engagement varies from donor to donor and from cause to cause, and changes over time, depending on their other commitments. The desire for involvement may create new pressures for time-stretched charities, but project visits ('seeing is believing') can lead to more donations.

Fundraising is improving but needs the input of donors as askers

Donors feel that fundraising has become more professional over the past decade, especially in terms of the right research being conducted before approaches are made, and a better understanding of how different donors might want to engage with causes. However, donors want to have relationships with the charity chief executive and the trustees, not just the fundraisers, and believe that sizable donations ought to create access to the charity leadership. Fundraisers also need more support from major donors. While many major donors do get involved in asking, a sizable proportion (especially of newly emerging philanthropists) have never asked others to give. This needs to change, given the importance attached to being asked by someone known and trusted by the potential donor, and the role of peer pressure in securing a positive response.

Feelings of financial security matter more than actual financial resources

Many very wealthy people do not feel financially secure, despite objectively having 'enough to spare'. This is a genuine barrier to both giving and to giving more. The size of donations is largely unrelated to donors' income and net worth, which shows that actual capacity to give on any objective analysis is less important than confidence on the part of donors that they can afford to give money away, as well as factors such as the strength of connection to the cause and receiving an appropriate ask.

Reciprocity matters but should not be misinterpreted

Philanthropists give primarily to the causes they are personally passionate about, but they sometimes also give to charities and projects proposed by family members and respected peers, even in some cases when it is not one of their priority areas. Donations made in these circumstances tend to be one-off and smaller than gifts to a preferred organisation, though a 'nominal' or 'token' gift from a rich person may still be worth £5,000 or more. Many fundraisers misinterpret gifts at this level as indicative of serious interest and potential. Rich people themselves define a gift as major from £10,000 upwards.

Recognition and role models are important

Appropriate and dignified recognition, such as through the honours system, naming opportunities and positive media coverage, are all useful and appreciated by many donors. The desire to be recognised as a good person who uses their wealth well is not an improper motive and can help inspire others to give, and to give more. However, this strategy can backfire if it leads to a re-definition of philanthropy as something that only a tiny number of the super-wealthy can do. It is unhelpful for philanthropy to be viewed as an unattainable option by the mass of the population, or for rich people to have the opt-out of thinking: 'We'll leave saving the world to you'.

Donors are offended by slurs but willing to engage in thoughtful debates

Many philanthropists were shocked by the unexpected proposal in the 2012 Budget to cap charity tax relief and offended by the language used during that period, and need reassurance that government does not view them as 'tax dodgers', nor their causes as 'dodgy'. Despite

this, donors largely agree there is an important debate to be had about the trade-off between paying tax and making donations, they understand concerns about the redirection of tax revenues to favoured causes, and they are willing to engage with the argument about how private giving fits into a modern democratic society.

There is a culture gap between donors and charity staff

Many donors perceive people working in charities as good-hearted but often inefficient. Rich people need more proof that charities can and will make best use of donations, otherwise they will bypass the traditional charity sector and set up their own delivery mechanisms. Well-run charities should be efficient and collect evidence on impact for their own management purposes, not just to please donors. However, donors should be aware of the inherent inconsistency in complaining about high administration costs while simultaneously demanding super-efficiency and outstanding management.

The paradox of philanthropy is that you don't 'get it' until you do it

Philanthropy is an experience that can only be understood as a result of actually having that experience. One reason that many rich people don't give, and don't believe it when others tell them that giving will be enriching, is because these arguments only make sense to those who have actually done it. Ensuring that young people get involved in giving from an early age, and helping potential donors to 'dip their toe in' with smaller gifts before making bigger commitments, can help them to 'get it'.

Summary of analysis, findings and recommendations

Who participated in the study? (Chapter 3)

We surveyed and interviewed 110 people:

- 40 established philanthropists, comprising half of the original sample of ~~over 80~~ wealthy donors who participated in the 2002 research.
- 42 emerging philanthropists, who were not part of the original study, although in some cases they were actively giving in 2002.
- 16 people who work in the philanthropy sector, with responsibilities ranging from roles in infrastructure and support bodies to major donor fundraisers, as well as policy-makers and media commentators.
- 12 people who work as providers of philanthropy advice to wealthy clients.

The typical profile of the philanthropists we spoke to is that of a self-made man, aged 65 or older, with two or more children. They have had a religious upbringing, are well educated and now enjoy an annual income of at least £250,000 and a net worth of £10m or more. They give away on average £300,000 per year.¹ For those with a net worth below £100m, the size of donation is not, on the whole, related to the size of their wealth.

However, there was much variety within our sample (not least variety between the ‘established’ and ‘emerging’ groups of donors).

Why do rich people give? (Chapter 4)

Every donor in our study rates philanthropy as important in their life today. On a scale of 1-10, over a quarter (27%) rate it 10/10. Furthermore, philanthropy has grown in importance over the past decade for the vast majority (80%) of the people we spoke to – this rises to 90% for the ‘emerging’ donors. This is related to a belief that wealth-holding brings extremely strong responsibilities and obligations to society.

An overwhelming majority feel that the profile of philanthropy in the UK has improved over the past 10 years. Two-thirds (67%) of all donors feel that public opinion in 2012 was more positive than in 2002, with emerging donors slightly more concerned about hostile public opinion. And over half (55%) feel the political climate for philanthropy in the UK has improved; this perception is also shared by most of the experts we surveyed.

Only a third (32%) of all the donors we spoke to cite tax reliefs on charitable donations as an incentive behind their giving decisions, with matched funding schemes seen as a better incentive for individual donations.

Two-thirds (67%) of the rich donors we surveyed are concerned about leaving an over-large inheritance to their children, and of these half see philanthropy as a solution to that problem. Philanthropy also plays a role in parenting by enabling the demonstration of values in action, by bringing the family unit together to discuss good works, and by creating a family legacy that is about more than money.

We find 10 key answers to our core question 'why do rich people give?':

- Because they believe in the cause.
- Because they want to be a catalyst for change.
- Because philanthropy helps them achieve self-actualisation.
- Because they feel a duty and responsibility to share their wealth.
- Because they enjoy the relationships that develop with the charity leadership, with fellow donors and with the beneficiaries.
- Because they believe philanthropy is the right use of surplus money.
- Because they are clear about the complementary roles of government and philanthropy.
- Because they believe philanthropy is a good parenting tool.
- Because they appreciate the recognition that comes with being philanthropic.
- Because philanthropy enriches their life.

What do rich people give to? (Chapter 5)

All types of cause receive some degree of support from rich UK donors. The three most popular cause areas are:

- Arts and culture (supported by 59% of the sample with average annual gift size of £225,000).
- Human services and welfare (supported by 55% of the sample, with average gift size of £195,000).
- Higher education (supported by 40% of the sample, with average gift size of £260,000).

There are many similarities in the causes supported by both established and emerging donors, with two key exceptions. Firstly, 'religious organisations and causes' is the fifth most popular cause (by incidence) for established donors, but by far the least popular area for

emerging donors. Secondly, 'higher education' attracts almost double the incidence of donations among established donors. 'Charitable foundations' are slightly more popular for emerging donors, but we believe this is because the more established donors had already settled their foundations.

The four factors that prompt rich people to consider a request for support are:

- The nature of the cause – such that the donor has some prior interest or experience.
- A personalised approach, ideally being asked by someone known and respected.
- A 'fit' with pre-determined giving objectives, indicating a rise in strategic approaches to giving.
- A belief that their donation will 'really make a difference'.

While there is some inertia in giving, such that people stick with the same causes over a long period of time, many donors do switch to support new causes, and this is more likely to happen when:

- They have personal experience of the cause (47%).
- They are inspired by the work of a charitable organisation (31%).
- They are approached by a fundraiser (17%).

How do rich people give? (Chapter 6)

Donors are becoming more strategic in their giving. This is evidenced through a rise in giving through a personal foundation (which enables planned, long-term, tax-efficient giving), from around half of the sample in 2002 to nearly three-quarters in 2012.

Foundations are often established as permanent grant-making bodies that distribute the interest and retain the principal to exist in perpetuity. However, an alternative 'spend out' model, which involves distributing both the capital and interest within a set period, is becoming increasingly popular. Over a quarter (28%) of the donors we spoke to who have a foundation have decided to spend out, and a further quarter (25%) are actively considering this option.

Despite giving often being viewed as a solo activity, almost half (44%) the people we surveyed are part of a regular or occasional group of donors and less than a third (30%) have no intention of giving this way. Giving collaboratively may be one of the 'best kept secrets' of the rich donor community.

Attitudes towards allocating a proportion of income for donations vary. Just over a quarter (27%) are already allocating a set proportion (reported as being between 5-50%) of income; 29% do not intend to go down this path; and many others (41%) feel that having a charitable foundation makes this question redundant. Only 3% feel this question remains open.

Giving while living, as opposed to in a charitable legacy, is the dominant plan. 75% are primarily giving their money away, only 6% are giving mostly through their Will and the rest are undecided.

Only 14% give anonymously on a regular basis but almost three-quarters (72%) have made an anonymous gift at some point in their lives. The most frequent position (35%) is to do so on a case-by-case basis.

The vast majority of our respondents (82%) volunteer as well as make donations, and tend to concentrate their gifts of time on charitable organisations that they also support with financial gifts. The amount of time committed by rich donors is substantial. Almost three-quarters commit 20 hours per month or more to volunteering, which is more than the general population.

Rich people's experience of being asked and asking (Chapter 7)

The **vast** majority (83%) of the experts we consulted believe that a more professional approach by those seeking funding has been one of the significant developments in UK philanthropy over the past decade. This improvement will be pleasing to a fundraising sector that has invested heavily in professionalisation, for example, by writing new codes of practice, renewing policies, and enhancing the suite of accredited qualifications.

A third (31%) of donors cite liking the approach of the fundraiser as a factor in their decision to consider a request, compared with the importance of being asked by somebody they know, which mattered to two-thirds (69%) of donors. The combination of the right asker and excellent research is very powerful.

'Major donor fundraising' is the fastest growing element of UK charity fundraising activity, but rich people and fundraisers differ in their definition of what constitutes a 'major donation'. The industry standard definition of £5,000 is inconsistent with 90% of our respondents who cite a higher figure as indicative of their serious interest. Almost all (90%) define a major donation as £10,000 or above, and 65% believe the bar should be set at £50,000 or more.

A third of our respondents do not expect access to the charity leadership until they have given a donation worth £50,000 or more. However, a quarter expect access with smaller gifts, a third feel that such access should not be dependent on the size of gift; the remainder did not have a view on this matter.

Most (85%) of the donors we surveyed have also been involved in asking for money for the charities that they support. This question generated one of the sharpest distinctions between the established and emerging donors. Almost every established donor (97%) has at some point asked others to make a donation to a cause, but a quarter (26%) of the emerging group have never done so.

We identify 10 guidelines for donors when asking:

- Credibility in asking comes from giving.
- Donors who become askers must be passionate and knowledgeable champions of the cause.
- Just as with professional fundraisers, donors who ask must invest time in developing a relationship with those they wish sk.
- Askers must be prepared for rejection and not take it,  make it, personal.
- Askers can take advantage of norms of reciprocity.
- Askers must take a long view about the eventual value of their efforts to the charity.
- Some people prefer to ask one-to-one, others prefer asking in small groups, and others prefer to facilitate situations in which the charity can make the ask. There will be an approach that is right for the prospect, and right for the asker.
- Some people find asking much easier than others.
- Asking gets easier with practice and success.
- Donors who ask can emphasise the life-enriching aspects of giving, because they have first-hand experience of it.

Why rich people don't give (Chapter 8)

We find there is no simple answer to the question 'why don't rich people give, or give more?' but we identify one dominant reason and five further factors that contribute to non-giving and under-giving.

The main reason is that, despite their objective levels of wealth, some rich people still feel financially insecure and that they have 'nothing to spare' to give away. Despite most (67%) of our sample having a net worth of over £10m, many of them express feelings of some degree of financial insecurity. We propose using the system

devised by the founder of the New Tithing Group, Claude Rosenberg, (reproduced in Appendix 4) that helps people to clarify how much they can afford to donate.

Further reasons why rich people do not give are:

- Because they lack empathy for potential beneficiaries.
- Because they don't feel it is their responsibility to help.
- Because they were not brought up or socialised with philanthropic values.
- Because they have fears about the consequences of starting to give.
- Because they lack faith in the capacity of philanthropically-funded organisations (i.e. charities) to spend their money wisely.

This chapter also explores how to encourage those who do give, but who could give more. The idea of a benchmark (e.g. donating a percentage of income, or a proportion of wealth) is one solution to help giving become more proportionate to capacity to give, but many respondents are resistant to this idea, either because it feels too prescriptive – and therefore against the spirit of voluntary giving – or because such figures tend to be set too low. The Giving Pledge, initiated by Bill Gates and Warren Buffet in 2010, has a benchmark of giving away 50% of wealth either during lifetime or in a Will. A number of British donors have now signed this pledge, indicating that a higher bar may be more attractive.

The precise role that tax breaks could play in encouraging non-donors and under-givers is not clear, and more research is needed in this area. But we advocate the introduction of a new tax relief, commonly known as 'lifetime legacies'.

We note the important role of early education and socialisation in giving, and advocate greater investment by both government and existing philanthropists in teaching children about philanthropy, and providing them with role models so that they have an understanding of how giving helps to improve society and how it can be personally enriching.

Who do the rich ask for advice about giving? (Chapter 9)

We note that the past decade has seen a rapid expansion in the provision of philanthropy advice, and we explore the ways in which this activity has become more professionalised over the same period.

A third (30%) of the people we surveyed have sought philanthropy advice, and in most cases this has influenced their giving plans. The newer or ‘emerging’ donors are more than twice as likely to seek such advice.

The two overarching concerns of clients seeking philanthropy advice are:

- The maintenance of their wealth and confidence in the maintenance of the future value of their assets.
- The right amount to leave to children.

Philanthropy advisers are more likely to get involved with giving to some cause areas where the donor has less personal knowledge – notably international development, human services and welfare and schools. Donors are less likely to seek input on giving to areas such as higher education or religion.

Despite widespread assumptions by many charities, who see advisers as a source of potential donors, only a quarter of the advisers we surveyed made suggestions as to which charities their clients might support.

Donors who do not seek professional advice are not necessarily making giving decisions without any other input. Most consult a range of others including: their fellow trustees, in the case of those who give through a personal trust or foundation; two-thirds (67%) who consult their partner; and a third (31%) who consult family members, most often their children. We find that emerging donors are not only more likely to consult experts, they are also twice as likely to involve their children in giving decisions.

Conclusions and recommendations

We conclude with a series of recommendations addressed to different audiences, summarised here as follows:

Recommendations to government

- Seek cross-part consensus to clarify a long-term strategy on philanthropy with regards to specific issues, notably tax reliefs, as well as broader issues, such as how philanthropy interacts with public sector provision.
- Implement the charity tax relief known as 'lifetime legacies', as recommended by numerous previous reports.
- Extend the concept of matched funding to cause areas that have not yet benefitted from this successful incentive.
- Invest in schools training to ensure philanthropy is embedded in future generations.
- Fund the Charity Commission adequately so it can fulfil its regulatory role and raise donors' confidence.
- Instruct HMRC to co-operate with those researching philanthropy, to improve both the quality and the quantity of relevant data.
- Ensure that the honours system respects and recognises significant and sustained philanthropic contributions, rather than just those who give the largest amounts.
- Consider the simplification of the tax system surrounding charitable giving, both to make the process easier to understand and to assuage public concerns that donors can benefit financially from giving.

Recommendations to charities

- Invest in fundraising to improve efforts in asking, and the donors' experience of being asked.
- Ensure that experiences of serious donors are positive and reinforcing by improving the after-care and stewardship of those who make substantial gifts.
- Integrate legacy promotion with other forms of relationship development to take advantage of new incentives and expanded opportunities in this area.
- Consider matched funding schemes and challenge grants instigated by current donors to incentive new donors.
- Address donors' lack of confidence in the competence and efficiency of charitable organisations by funding and implementing more rigorous management processes.

Recommendations to philanthropists

- Talk more openly in the media about giving to encourage peers and to assist charities in their promotional activities.
- Be willing to act as role models for the next generation by visiting schools and universities to talk about giving.
- Invest in fundraising training and support for charity trustees and senior management.
- Encourage other donors by being willing to ask for their support, as well as getting involved in donor care.
- Contribute to public debates about philanthropy in local and national media, as well as other forums such as events and online discussions.

Recommendations to advisers

- Develop a standardised code of practice for people offering philanthropy advice.
- Be more confident in raising the issue of how much people can afford to give, in order to address the important barrier of financial insecurity.
- Incorporate philanthropy advice and services in routine dealings with clients.
- Make more efforts to promote social investment products.
- Track and share with colleagues the nature of the advice that donors are seeking, to help improve provision in this field.
- Test and share knowledge of donors' attitudes towards paying for advice, to help improve the structure of this field.

Recommendations to the media

- Normalise' philanthropy by presenting it as a regular part of a rounded life for the rich and not-so rich.
- Be accurate in discussions of charity tax reliefs and other donor benefits.
- Highlight philanthropy in a regular and routine way, in all types of media: broadcast, print and online.
- Be more responsible and proactive in educating and convening opinion on philanthropic matters.

Further research

The final chapter ends with suggestions for research in this field to develop further our collective knowledge and understanding of philanthropy, and notes that we will repeat the 'why rich people give' study in 2022, and every 10 years thereafter. All profits from the sale of this book will be used to fund this longitudinal study of major giving in the UK.

Notes

¹ This is the median figure, considered the best measure of a 'typical' sum. For information, the mean annual donation is £1.4m and the mode is £1m.