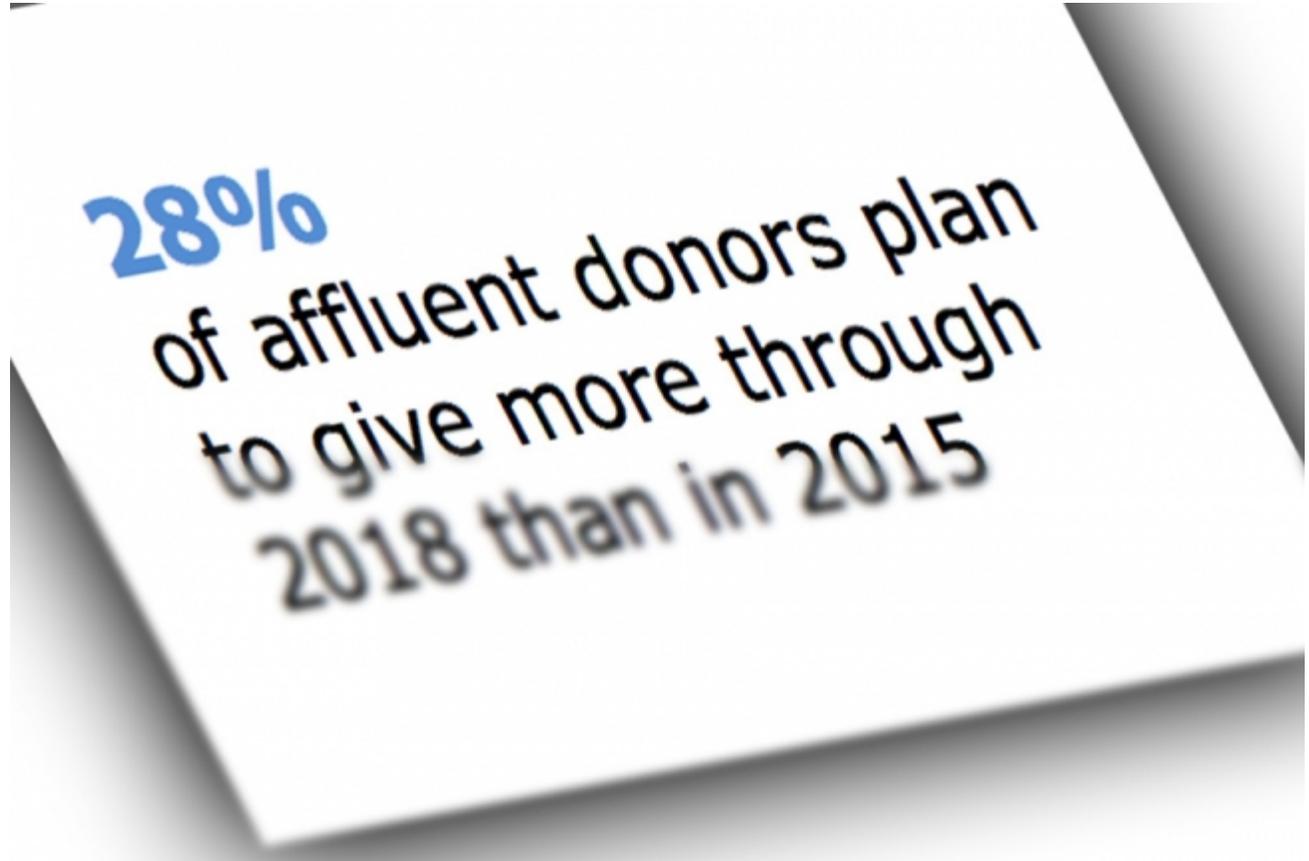


## Many Wealthy Donors Plan to Increase Giving, Report Says

By Timothy Sandoval, The Chronicle of Philanthropy, November 2016



More than eight in 10 wealthy households say they plan to maintain or increase their giving through 2018, according to a [new study](#).

That could mean a big boost for nonprofits: On average, rich households gave 10 times as much as households over all in 2015 — \$25,509 versus \$2,520.

Nine in 10 wealthy households gave to charity last year, compared with 59 percent of all American households, says the study by Indiana University's Lilly Family School of Philanthropy and U.S. Trust. The researchers surveyed more than 1,400 households with assets of \$1 million or more or an annual income of at least \$200,000.

Almost two-thirds of wealthy donors' money last year went to religious organizations or groups that provide for basic needs, like food and shelter.

However, the wealthy donated to many causes. "I think there's plenty to go around," said Claire Costello, U.S. Trust's national philanthropic practice executive.

This is the first year that the biennial study showed religious organizations receiving the largest share of wealthy donors' money, she said. That's likely due largely to a change in methodology that captured a larger sample of donors near the lower limit in the income range studied, she said. Previous studies concluded that colleges and universities got more money from rich donors than religious groups, she noted.

## Uncertainty About Giving

The study found that 55 percent of the wealthy plan to maintain their giving level over the next three years, and 28 percent plan to give more.

However, 54 percent said they were unsure whether their gifts were having the desired results, and 78 percent reported that they don't keep track of their donations' impact.

That suggests that many nonprofits need to improve how they share data about results with donors, said Una Osili, director of research at the Lilly School, who worked on the report.

Lewis Gregory, a private client adviser for U.S. Trust in Kansas City, Mo., echoed that idea. Most of the charities his clients support, he says, are good about providing updates.

"It's tougher to get the donor the first time," Mr. Gregory said, than it is to continue a relationship with a reliable supporter.

Charities shouldn't worry that political giving will eat into their donations from their biggest supporters this year, the report suggests. Only 24 percent of wealthy households said they had given to a political campaign or committee in 2015 or planned to in 2016. Those who make political gifts often see charitable donations as separate, the study's researchers said.

"Most of the political contributions are in addition to their giving," Ms. Costello said.

## Desire to Learn

To keep affluent donors on board, charities must educate them about philanthropy, Ms. Osili said. The new study revealed that wealthy donors who considered themselves "experts" or "knowledgeable" about charitable giving gave more on average last year and were more likely to believe that their gifts were making a difference than those who described themselves as novices.

Wealthy donors are hungry to learn: More than nine in 10 rich households said they want more information about at least one aspect of giving. Here's what most of them wanted to know:

The top factor wealthy donors cited as a challenge to their giving was deciding where to give, with two-thirds saying it was an obstacle. Experts say that nonprofits can forge powerful bonds with donors by appealing to their values and making them feel a part of the organization.

Mr. Gregory suggested having trustees introduce fundraisers to donors and inviting them to events, galas, or site tours. Getting donors involved through board service and other kinds of volunteering also helps, he said.

The study bears this out: Eighty-four percent of wealthy donors said they give to at least some of the organizations with which they volunteer.

## Overhead Concerns

Wealthy donors have concerns about overhead costs: Eighty-nine percent reported that they only want a "reasonable amount" of their gifts going to administration and fundraising.

That means organizations have to be prepared to show why their overhead spending is appropriate, Ms. Osili said.

Other things that rich donors want from nonprofits include:

**Respect for privacy:** Eighty-four percent said they don't want charities to share their names with others, while a similar percentage want nonprofits to respect their request for anonymity.

**A thank-you:** Sixty-one percent would like a note of appreciation.

**Fewer appeals:** Forty-one percent of those who stopped giving to at least one nonprofit last year said they received too many solicitations from the groups they stopped supporting.

## Unrestricted Giving Is Popular

Nonprofits are becoming more successful at getting large, unrestricted gifts from wealthy donors, Ms. Costello said. Seventy-four percent of rich donors' largest gifts came with no strings attached last year.

More findings from the report:

- Seventy-seven percent of wealthy donors said they did not give to either an endowment or a capital campaign in 2015.

- One in three rich supporters participate in impact investing — and 34 percent who invest in that manner said it replaces some portion of their charitable giving. About 5 percent said it replaces donations to nonprofits entirely.

Still, impact investing ranks low in terms of what wealthy donors think will make the biggest difference.

Researchers say that should be heartening for nonprofits: "The majority of impact investing is alongside their charitable giving, and not necessarily an offset," Ms. Costello said. "Giving and volunteering is still well, well ahead."