



## GOING BEYOND GIVING

Perspectives on the philanthropic practices of high and ultra-high net worth donors



Individual and private philanthropy plays a significant and growing role in funding social causes. According to a recent U.S. Trust® Study of High Net Worth Philanthropy, 91% of high net worth individuals surveyed gave to charity in 2015. According to Giving USA, US\$323B was given by US individuals and foundations in 2015. And a commissioned study by Wealth-X showed that ultra-high net worth individuals—those with a net worth of US\$30 million or more—will on average donate US\$29.6 million over the course of their lifetimes.

While high net worth donors have long been pursued by charities in search of their support, the behaviors and practices of individual donors are still only vaguely understood, and perhaps in ways that do not reflect reality. We know that charitable donations to support social goods matter. We know less about whether individual donors are strategic, how they make choices on structure and strategy, and, importantly, who and what influences their giving practices.

The Philanthropy Workshop, with funding from the Raikes Foundation and the Bill & Melinda Gates Foundation, commissioned research to understand the experiences, practices, and behaviors of high and ultra-high net worth philanthropists. The research included an

electronic survey of over 200 individuals, including 132 TPW members representing 30% of our network. Their responses raised provocative questions about the power of philanthropy to transform an individual's investment decision about giving to tangible social change. We also gained insight into what else individuals are looking for, to practice philanthropy more strategically. We understand strategic philanthropy as a practice of setting goals, charting a course to reach them, and adapting based on information, evidence, and experience.

The pages that follow share highlights from the study. We hope this report will spark more questions, discussions, and research among philanthropists and those who support them, to advance the field of giving.

Tracy Mack Parker  
The Philanthropy Workshop

Katherine Lorenz  
Cynthia and George Mitchell Foundation  
Board Chair, The Philanthropy Workshop



# YOU'VE JUST COME INTO MONEY. YOU THINK YOU SHOULD GIVE BACK. NOW WHAT?



Imagine that you have just come into a substantial amount of money. Your company went public. You've inherited wealth from your parents or grandparents. Or, your spouse has.

You've always wanted to make a difference. You've been involved in charitable efforts before—attended a few fundraising galas, given money to your alma mater or religious organization, volunteered, and written checks to causes you support. You think your money could be put to good use.

Because of the wealth you've come into, you meet with legal, tax, and financial advisors, and lean on friends and family, some of whom may be on the same journey as you.

You learn words like donor-advised fund. Private foundation. Limited liability trust. You are told there are tax implications and time considerations to your choices. You may be asked about your legacy and estate plans; told of philanthropy or family wealth services. You've heard it said that engaging with philanthropy is a journey.

What do you do first? And next? Are you prepared? How do you define success? How will you know your money is making a difference? Who do you turn to for advice?

**WHAT DOES  
IT MEAN TO BE A  
PHILANTHROPIST?**

## THE STUDY: OUR APPROACH



The Philanthropy Workshop (TPW) commissioned research in 2016-17 to learn from philanthropists both within and beyond its membership network about their choices and practices. We started with a series of questions: How do philanthropists learn about new opportunities? How do they choose where to invest, and which approaches to use? How do they manage their philanthropy portfolios and measure impact over time?

To answer these questions, we administered an electronic Knowledge, Attitudes, and Practices survey to 219 respondents, with participation from around the world. Twenty respondents also participated in additional qualitative interviews.

The first section of this report is a summary and analysis of the data. The second presents our interpretations of the findings, which we hope will fuel debate and foster dialogue that advances the field.

### NOTES

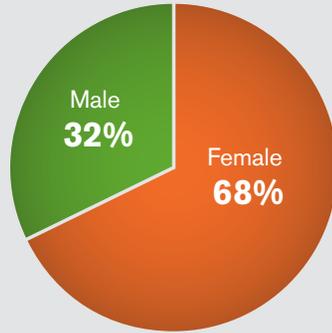
- Our sample is only based on high net and ultra-high net worth individuals. It is also not geographically representative. As such, the results should not be construed as generalizable to all philanthropists.
- Responses were self-reported.
- Respondents did not always answer all questions, so the sample varies by question in the analysis.
- Where numbers do not add up to 100%, the data is reported as the frequency of responses, not by the number of respondents.



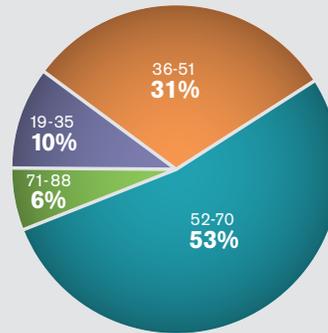
OUR  
FINDINGS

# UNDERSTANDING OUR PHILANTHROPISTS

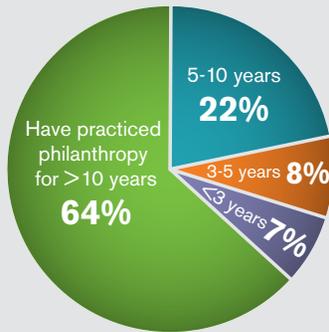
GENDER



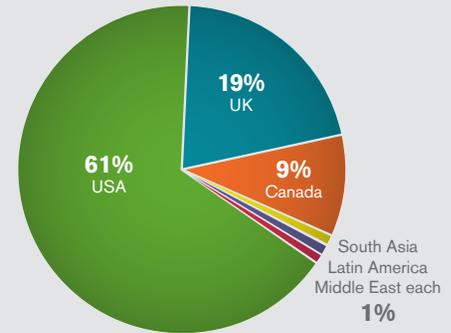
AGE



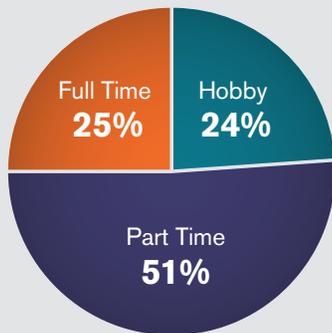
EXPERIENCE



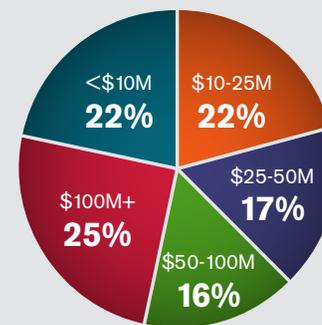
LOCATION



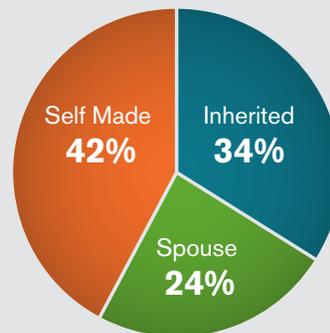
SCOPE OF ROLE



NET WORTH



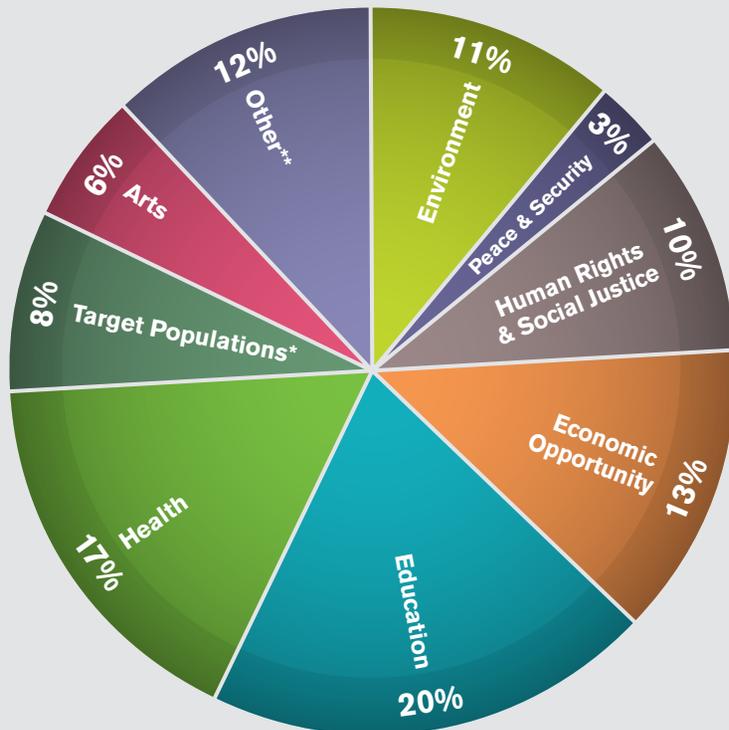
SOURCE OF WEALTH



# WHAT AND WHERE DO HIGH WEALTH DONORS GIVE TO?



What issues do you fund?



In the aggregate, our respondents contribute to a wide variety of causes. Individually, donors tend to focus on just a few causes. And, the breadth of answers within a category was notable. For example, giving in health ranged from support for specific diseases to broader health systems strengthening. Contributions to education ranged from early childhood to post-secondary.

Our respondents primarily fund locally (45%) and / or internationally (48%), with 20% of the dataset reporting no geographic orientation. Of those with no geographic orientation, 68% give away less than \$1M per year.

\* "Target Populations" include women and girls, youth, or gender-related funding.

\*\* "Other" responses included religious giving, leadership, public policy, cultural exchange, and a few issues that did not fall into common groupings.

## HOW MUCH MONEY DO THEY GIVE?



There aren't many clear guidelines on how much a philanthropist should give. We wanted to understand how much our respondents gave to social purposes in a year. Answering what percentage of net worth is allocated to charitable giving is surprisingly complex: assets can be owned by a family and not demarcated to individuals; invested assets can fluctuate with the market; and / or, philanthropists may have intentions for charitable donations that are not yet feasible.

Our respondents are generous: 80% gave >\$100,000 last year. Several respondents with lower net worth reported making larger donations. And, at higher levels of net worth, there are some who gave less than \$500,000. Our analysis indicates that how much one gives in a year is also complex.

### How much did you give last year?

Net Worth	<\$100k	\$100-500k	\$500-1M	\$1M-5M	\$5M+
< \$10M	62%	21%	8%	5%	6%
\$10-25M	22%	34%	16%	7%	6%
\$25-50M	11%	24%	26%	7%	0%
\$50-100M	3%	13%	24%	27%	6%
\$100M+	3%	8%	24%	55%	81%
<b>Total % of sample</b>	<b>18%</b>	<b>36%</b>	<b>18%</b>	<b>21%</b>	<b>8%</b>



## WHAT ELSE DO HIGH WEALTH DONORS CONTRIBUTE?

In line with the adage that philanthropy is about giving wealth, work, and wisdom, we asked what respondents give in addition to money. High wealth donors can offer diverse skills and perspectives in addition to their money. Because of their resources and networks, they are often invited to serve on boards. It was unsurprising, then, that 88% of our respondents volunteer, including board service. The high level of engagement was consistent across gender, net worth, source of wealth, and age.

Our respondents also attend a variety of conferences relating to philanthropy (69%), with a smaller set attending issue or geography-related conferences (56%), and those which focus on impact investing (38%). 15% do not attend conferences.

Our philanthropists are also active networking and engaging in philanthropy education. In fact, when asked which specific networks they belong to, 101 discreet ones were listed.

**69%**  
ATTEND PHILANTHROPY  
CONFERENCES

**72%**  
BELONG TO  
PHILANTHROPY  
NETWORKS

**84%**  
ENGAGE IN  
PHILANTHROPY  
EDUCATION

# WHAT PHILANTHROPY STRUCTURES AND TOOLS ARE USED?

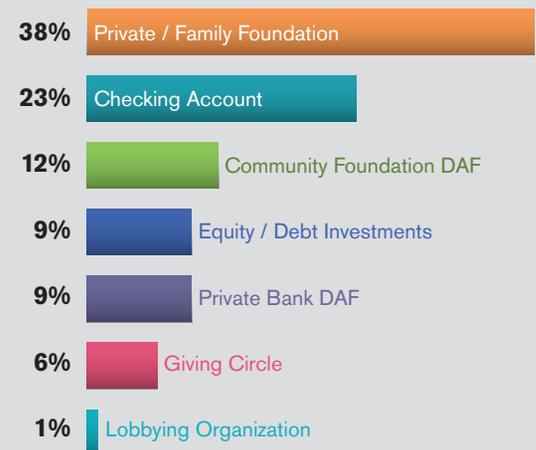


For decades, philanthropy was associated with a private or family foundation structure. More recently, the term has been applied to a wide range of legal structures that channel money for societal benefit. Our survey sought to understand how respondents made use of the structures and tools available to them.

Our respondents channel their philanthropic giving through multiple structures: 61% have two or more types and 39% one. This suggests that philanthropists use different vehicles to meet their varying needs. Likewise, they use a variety of financial tools to support causes they care about. Some respondents who selected “other” utilize direct tuition payment, loans and guarantees, and program related investments as tools they use.

This diverse approach was consistent across net worth, years of experience, and levels of investment. Deeper exploration in the study’s qualitative interviews affirmed this finding.

## What structures do you use in your philanthropy practice?



## What tools do you use in your philanthropy practice?



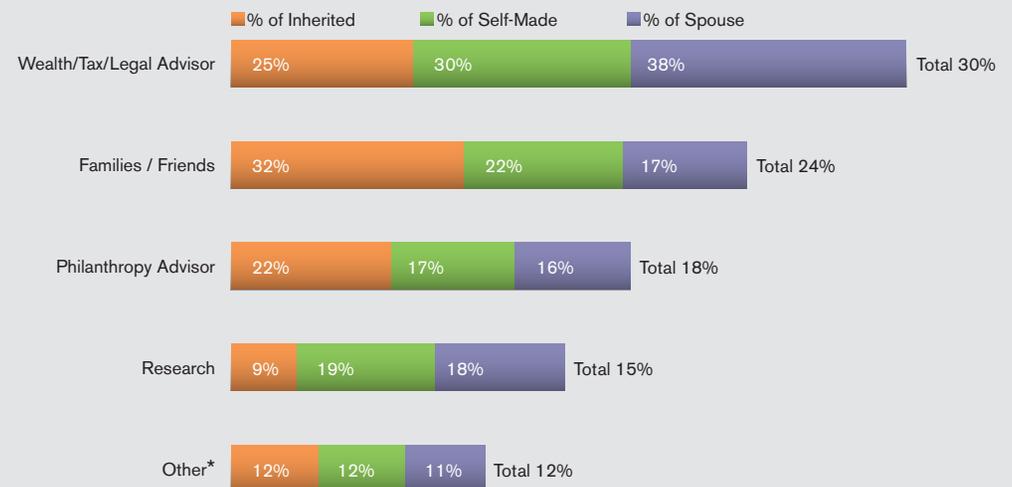
# WHO INFLUENCES PHILANTHROPY STRUCTURE?



For many of our respondents, the philanthropy journey began with legal decisions around corporate structures to benefit from tax advantages associated with charitable giving. For some who inherited money, it started by assuming a role in an existing family foundation. For others, the journey included a longer due diligence process to determine what structures were most preferable to achieve financial, as well as personal, goals.

Among the many groups with an opportunity to influence philanthropists at the start of their journey, it is clear that wealth/tax/legal advisors and personal networks play a significant role.

## Who most influenced the way you initially structured your philanthropy?



\* Of respondents who selected "Other", 44% related to their own experiences; for 15% a structure already existed; and others, gained insights from philanthropy networks, grantees, advisors, or other resources.

# HOW DO HIGH WEALTH DONORS FIND OPPORTUNITIES TO INVEST IN?



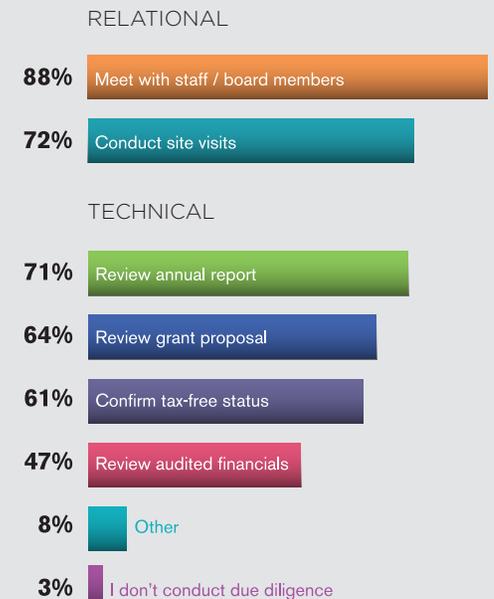
When asked how they identified opportunities for giving, our respondents said they depend heavily on their social and professional networks: 61% of total responses reflected relationship-based approaches. This is consistent with how they fund: nearly 60% report collaborating with other funders.

Importantly, our respondents also tend to prioritize relationship-oriented approaches when conducting due diligence. For those who selected “other” as a response: 38% of related to formal and / or informal reference checks; 25% related to working with the recipient organization; and 19% related to outsourcing due diligence to a third party.

## How do you identify opportunities for investment?



## What type of pre-investment due diligence do you conduct? (choose as many as apply)



## HOW DO THEY THINK ABOUT RISK?



We sought to understand how donors think about risk and return when funding organizations and individual projects. We found no clear patterns in risk appetite based on demographic variables, suggesting that risk preference is personal. Overall, we observed a lack of risk appetite for new organizations, as well as lower interest in

funding proven ideas. Most respondents gravitate to the middle ground: not too risky, and not too mature. 84% of those who provide unrestricted funding invest in growing or mature organizations, suggesting an even lower tolerance for organizational risk. We thought we would see more unrestricted funding going to new organizations.

What kinds of projects do you prefer to fund?



**MORE RISK** ← ————— → **LESS RISK**



What kind of organization do you prefer to fund?



## ARE HIGH WEALTH DONORS MAKING AN IMPACT? HOW DO THEY KNOW?

Our respondents have a very high level of confidence in the impact of their giving: 78% selected between 7 and 10 (with 10 being “very clear”) when asked if they have a clear understanding of how their philanthropy contributes to social change. Respondents with between 10-20 years of experience were our most confident.

It is less clear how they actually know they are making an impact. While 70% of respondents use strategic plans to guide their philanthropy, 36% say they find investments via research, a potentially more objective approach to due diligence. The majority are more influenced by friends and family. And, 44% of respondents do not require grantees to submit any reports, while just 9% use third-party validation of results, which can be seen as a more objective measure.

Compared to other research in philanthropy, which show that donors don't tend to monitor their giving, this finding is not surprising. However, this sample is highly confident about their impact, which begs the question of where that confidence comes from.

**55%**  
REQUIRE GRANTEES  
TO SUBMIT  
REPORTS

**78%**  
HAVE A CLEAR  
UNDERSTANDING OF  
HOW THEIR PHILANTHROPY  
CONTRIBUTES TO  
SOCIAL CHANGE

**9%**  
USE THIRD-PARTY  
VALIDATION OF  
RESULTS



# HOW DO THEY LEARN TO PRACTICE PHILANTHROPY?

Some philanthropists have a clearly defined issue or geography influencing their giving, even before their major wealth event. Others carry their professional skills and experiences into their philanthropy practices. Others are brand new to philanthropy. Regardless of starting point, the vast majority of our respondents showed they want to understand how to practice philanthropy, and pursued relationship-based as well as more technical approaches to learning. 62% of respondents selected three ways of learning.

Our qualitative interviews provided a more nuanced view. Most respondents expressed a clear need to be perceived as offering more than their money, particularly for the causes they care about most. Almost every donor interviewed shared stories of failure as an important part of their learning journey.

## How did you learn about practicing philanthropy?



Note: percentages do not add up to 100%, as respondents were allowed to select multiple responses.

## DO THESE DONORS EVER PAUSE THEIR PRACTICE?



The study provided an opportunity to explore a common question in philanthropy research: do philanthropists ever take a break from giving? Why? What motivates them to start practicing again?

We found that most of our respondents did not pause their practice. Perhaps these donors interpreted our question as only related to pausing after getting started (we heard language in qualitative interviews about pausing before starting), but regardless of interpretation, we were surprised by the result.

82% reported not pausing, while 6% selected N/A. Of the 12% who have paused, some did so for personal reasons (notably including a few who had bad experiences with non-profits), others wanted to reassess their philanthropy. The reasons for starting up again were primarily personal, with only a few respondents noting that philanthropy education or strategic planning jumpstarted their giving.

**12%**  
PAUSED THEIR  
PHILANTHROPY  
PRACTICE

**11%**

My financial position positively / negatively changed

**36%**

I wanted to reassess or define my approach to philanthropy

**22%**

There were other more important demands on my time

**13%**

I didn't think my philanthropy was making a difference

**7%**

Practicing philanthropy is too complex and I needed to learn more

**11%**

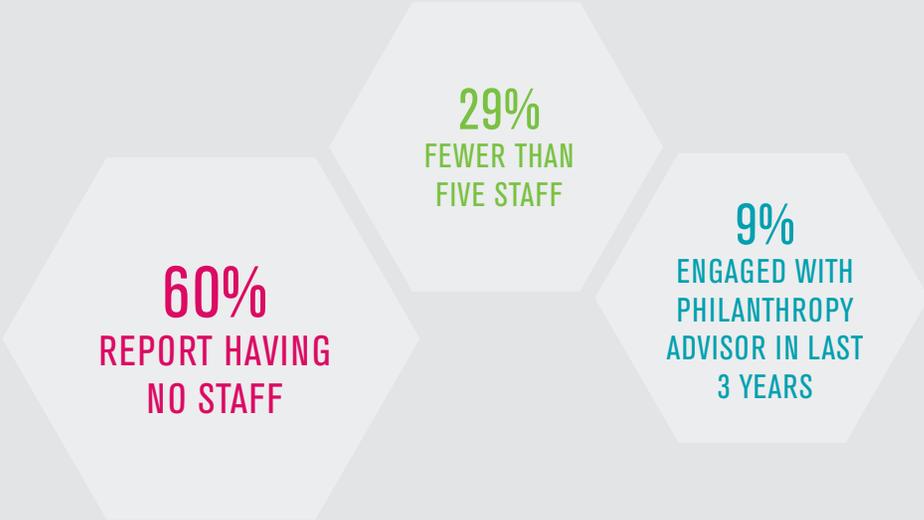
Other (all family issues)

# DO HIGH WEALTH DONORS HIRE SUPPORT?



Strategic grant making takes time to do well, and we thought it would be useful to understand the types and levels of support donors hire. We were especially curious given that only 25% of the dataset reports practicing philanthropy full time. We were surprised that 60% report having no staff. 29% report having fewer than five staff members and of those, almost half have fewer than or equal to one staff member. Interestingly, just 9% of respondents reported they had engaged with a philanthropy advisor in the last three years.

Among the minority of the respondents who do utilize staff support, the propensity to retain staff increases as net worth, years of experience practicing philanthropy, and volume of giving increase.





## WHAT DO DONORS BELIEVE WILL HELP THEM DO BETTER?

We were curious about what our respondents could use to help them get better at philanthropy, and asked an open-ended question: *“What would help you improve your philanthropy practice?”*

Through a pattern analysis of responses, our respondents express a clear interest in more peer learning networks (20%) and education (17%). By comparison, 6% of responses asked for better investment opportunities, while 3% of responses related to more issue knowledge and cultural competency. Interestingly, 13% of respondents said they wanted more time, and 8% wanted more money, to do better work.

These responses are striking: our respondents already depend on their social and professional networks in all aspects of the philanthropic journey, and the extent to which they already engage in educational and learning activities with their limited time.



A scenic mountain landscape with a dense forest in the foreground and a large hexagonal text overlay. The mountains are rugged and rocky, with some snow patches. The sky is blue with light clouds. The text is white and orange.

WHAT DOES THIS  
ALL MEAN?

# THE PHILANTHROPY JOURNEY IS BESPOKE



Our study found that philanthropy practices don't differ dramatically across demographics, years of experience, volumes of giving, source of wealth, net worth, or whether practicing philanthropy is or is not a full-time activity. We expected patterns to emerge. They didn't.

We thought we'd see a difference in how philanthropists approach giving depending on net worth. While the \$50M-100M+ set was more likely to have higher annual giving, more likely to give multi-year funding, and slightly more likely to have staff, they don't do different diligence or go to different types of conferences or use different vehicles.

Wealth was also not a factor in how respondents characterized their practice. Considering that many start practicing philanthropy when they have liquidity and time, we wondered whether the higher net worth respondents would be more likely to practice philanthropy full time. But although 26% of ultra-high net worth philanthropists

practice full time, 55% say it is a part time profession and 13% a hobby (6% selected "other"). The converse was also not universally true: 22% of those with <\$10M in net worth report practicing philanthropy full time and 34% part time.

Our qualitative interviews offered a possible explanation that is more personal: one's relationship with wealth seems to have a greater influence on how one structures and practices philanthropy. Philanthropists are often advised to support issues and approaches that resonate with their personal values and passions. In many respects this advice leads to an artisanal philanthropy journey.

**"AS A KID, I WAS TAUGHT EVERYONE IS EQUAL.  
IT'S ABOUT LOVE OF PEOPLE, NOT PUTTING YOUR NAME  
ABOVE SOMETHING. WE ARE RESPONSIBLE FOR ONE ANOTHER.  
THAT'S WHAT IT'S ABOUT FOR ME."**

# PHILANTHROPY IS A CONFUSING AND LOADED TERM



Our dataset is a wealthy one, representing high net and ultra-high net worth individuals donating hundreds of thousands, if not millions, of dollars annually for social benefit. And still, more often than not, our qualitative respondents caveated a discussion around their giving with “I’m not *really* a philanthropist. I’m not Mark Zuckerberg or Bill Gates”.

If high and ultra-high net worth donors are uncomfortable describing themselves as philanthropists, then who should be? Who should define philanthropy, and with what criteria? Is a hobby philanthropist who gives sporadically in response to requests from friends and family the same as a full-time philanthropist who invests according to a strategic plan, has a staff and consistently reviews their impact? Are they both “philanthropists”?

And what about the transaction itself? The term “philanthropy” is used as a catch-all to describe the investment, the journey, the market, and the profession. It strikes us that the big, inclusive tent of the word may be confusing and confounding rather than advancing the practice of strategic philanthropy.

**“PHILANTHROPY IS A GRAND WORD FOR VERY  
MODEST ACTIVITIES.”**

**“PHILANTHROPY IS NOT NECESSARILY ABOUT A LOT OF MONEY,  
IT’S ABOUT A WAY OF BEING.”**

**“I’M NOT SURE I IDENTIFY AS A PHILANTHROPIST.  
ONLY RECENTLY HAVE I FELT OK SAYING THAT I AM ONE.  
I DON’T WANT MY KIDS TO THINK OF ME THAT WAY.”**



## IS BEING ACTIVE IN PHILANTHROPY THE SAME AS BEING STRATEGIC?

Our respondents are *very* active in their giving practices. They say they spend time building relationships with other philanthropists. They conduct many kinds of due diligence for new grant making. They serve on boards, and they volunteer. They go to conferences and events relating to their practice, and they research. Yet, they report doing these things in small amounts and with very limited amounts of time. Only 25% of participants report that philanthropy is their full-time profession, and the majority have no staff. And, they want more time and support to give better, but few seem to engage professional help.

We designed this study using a set of principles and practices developed by the Donor Effectiveness Network (DEN), a group convened by the Hewlett Foundation. It was our best proxy for identifying good practice in the pursuit of strategic philanthropy. Many of our respondents report practices that are consistent

with DEN. Yet, there are inconsistencies: while 70% report having a strategic plan (a strategic practice), 44% report they do not require grantee reports (evaluation also being a strategic practice). If practice makes permanent, and practicing philanthropy offers opportunities to become more strategic, this study provokes questions about whether the skills and tools available are illuminating a clear path for philanthropists to follow, or that there is indeed an evolution to be had.

**“DON’T OVER PROFESSIONALIZE ME. A LOT OF  
WHAT IS BEAUTIFUL IN LIFE ARE NOT THE THINGS  
THAT ARE OVER PROFESSIONALIZED.”**

# LEARNING AND IMPROVING ISN'T SO STRAIGHT FORWARD



Our respondents want to learn. They want to network. This is partly why they are so busy. Building relationships and developing networks is a significant time investment. If the goal is not about building networks, though, but about how to allocate resources to achieve societal impact, is this time well spent? Or best spent?

The 219 respondents noted belonging to 101 philanthropy networks. 84% report engaging in some form of philanthropy education. 60% report collaborating with other funders. Relationships with friends and family and / or wealth advisors are the first or second most-cited influencers of a wide variety of practices. They believe their efforts have impact, and want more networks and education to improve. By contrast, our qualitative interviews found uncertainty around their practices.

It may be that in a field where funding recipients are incentivized to share only good news, and where funders are advised to make giving personal, opportunities for learning are limited. Perhaps our pool of respondents are conflating the input of resources and effort with having an effect. It's hard to square the confidence with the doubt.

**“I WANT TO BE THE ONE DECIDING HOW TO SPEND  
THIS MONEY... BUT I AM SO BUSY.  
I AM WORRIED I MIGHT BE SO OVERWHELMED  
I WON'T GET DOWN AND DO IT.  
BUT I'M ALSO VERY DRIVEN TO DO IT.  
THERE'S SO MUCH TO LEARN.”**



## WHERE DO WE GO FROM HERE?

Like any substantive research project, this study left us wanting to ask more questions and to do a more in-depth analysis.

Having spent much of our careers in philanthropy, the idea that individual donors approach giving in a variety of ways—something our research confirms—seems in line with our expectations. We were surprised, however, by how active these donors are, how much they depend on their networks, and their tendency to operate without professional support. We also were surprised by how dominant relationships and networks were to all aspects of giving, from setting up structures to sourcing investments to learning. We expected our respondents, particularly those whose behavior seemed more strategic, to work with more technical criteria and practices.

The philanthropy field, including The Philanthropy Workshop, is interested in understanding how to motivate and help donors to become more strategic. It might require better market segmenting so the

journey isn't so bespoke. It might need more precise definitions for different types of giving. And it could benefit from greater connectivity between, and understanding the impact of the many donor networks and collaborations that already exist.

We believe there is an opportunity to widen the philanthropy discussion so that the language and practice of strategy reaches more individual donors earlier in their journeys. Donors need effective, professional services they will use. More information is needed on donor demographics and behaviors that are personal, like one's relationship with wealth and its effect on identity.

This research has generated new perspectives, as we all seek clarity on philanthropy's most meaningful questions: Are your efforts transforming your investment decisions into meaningful and tangible social change? Is your money making the difference you want it to make?



## ABOUT THE PHILANTHROPY WORKSHOP

The Philanthropy Workshop is a leader in strategic philanthropy education and networking—inspiring individuals and families to give better. Our members invest their time, talent, treasure, and networks as a means of effecting purpose-driven, sustainable change.

Founded in 1995, TPW leverages the strengths of forward-thinking philanthropists, advisors, and our founding organizations, including the Rockefeller and Hewlett Foundations and the Institute for Philanthropy, to bring educational programming, a diverse network, and a united position as the foremost influencers of strategic and innovative philanthropy in the global community.

With offices in San Francisco, New York, and London, the TPW member network of nearly 450 philanthropists is the largest of its kind and unique to the field of philanthropy. Our members hail from the United States and the United Kingdom with significant numbers from Canada and countries throughout Europe, Latin America, the Middle East, and Asia.

### CAN PHILANTHROPISTS LEARN TO GIVE BETTER?

All TPW members surveyed completed a year-long experiential workshop to learn how to be more strategic in their giving. When asked specifically whether and how the program affected their philanthropy behavior, 58% reported behavior changes towards more strategic giving.

- 75% of member respondents say they frequently or always use the skills they learned from TPW; 22% say they use the skills learned some of the time
- 89% of respondents report that their approach to giving has changed because of TPW
- 63% say they increased their total investments because of TPW



## ABOUT THE AUTHORS

**Kimberly Dasher Tripp** is an author and advisor on philanthropy and social enterprise. She is the founder and principal of Strategy for Scale, advising both doers and donors on strategy, planning and achieving impact. She has spent twelve years in philanthropy, previously having worked as a principal at the Skoll Foundation and a program officer at the Henry J. Kaiser Family Foundation. She lives and works in San Francisco. She holds an MBA from the University of California, Berkeley and graduated magna cum laude from Princeton University.

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[www.redthreadadvisors.com](http://www.redthreadadvisors.com)