Major Donor Giving Research Report

An updated synthesis of research into major donors and philanthropic giving

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Introduction

In 2012, the Institute of Fundraising commissioned nfpSynergy to compile a synthesis of research into major donor giving. Five years later, much has changed in the UK, not least the unfolding ramifications of the vote to leave the European Union in 2016. Despite fears that the Brexit vote would plunge the economy into a fresh turmoil, Britain's super-rich at least appeared to have reaped the benefits of a "Brexit boom", with record wealth and more billionaires than ever before.[1]

Whilst data on major donor giving since the Brexit vote is not yet available, major donor fundraising continues to be a fast growing element of UK charity fundraising activity, and a small proportion of 'major' donors disproportionately shape giving in the UK. There is now credible year-on-year data to substantiate claims of it being (at least pre-Brexit) a 'boom time' for UK philanthropy.[2]

[1] The Sunday Times (2017). The Sunday Times Rich List 2017. Published April 2017
[2] Breeze, B. (2016) The Coutts Million Pound Donors Report 2016. Coutts: London.

Researching major donor giving

'Major donors' are generally defined as individuals who make large personal donations to charitable organisations. Research studies on major donor giving may define the sample in various ways, including individuals' wealth, income and giving history. Whether an organisation sees a donation as sufficiently large for an individual to qualify as a major donor may be defined by what is appropriate to the organisation in terms of budget size, total income from individuals or the size of the majority of donations received. For some organisations it may mean a gift of $10,000, for others a gift of $10 million.

Breeze and Lloyd argue that there is an industry standard of £5,000 constituting a major gift,[3] however a survey of 88 charities published in 2013 suggests that there is no consistent sector-wide definition. 69% of the fundraisers surveyed were most likely to define a Major Gift as being one of £5,000 or more, and 89% would consider a gift of £10,000 major. However, most would investigate individuals making annual donations of £500 - £1,000 as potential major donors.[4] Breeze and Lloyd found that 90% of their major donor respondents cited £10,000 or above as a major gift indicating serious interest from the donor, with 65% believing the bar should be set at £50,000 or more. A third of respondents do not expect access to the charity leadership until they have given a donation worth £50,000 or more.[5]

Aside from issues over definitions, research into the extent and nature of major donors' giving faces the challenge caused by its essentially voluntary nature. Researchers are limited to donations that appear in official records, such as tax returns and legacies, or to self-reported accounts that are susceptible to false recall and exaggeration.[6] However defined, major donors are hard for researchers to reach, making a high response rate and achieving a representative sample difficult. Questions around personal income, wealth and the proportion they give to charity are also potentially sensitive, leading to the potential for bias in both responses given and those electing to participate in research. All of the studies, whether qualitative or quantitative, have various limitations.

Nevertheless, the existing research can help fundraisers to better understand the motivations of major donors, to more consistently adopt best practice and ultimately to increase their income from major donor giving. It is generally accepted that there is considerable potential in major donor giving, with something of 'a culture of undergiving'.[7] New Philanthropy Capital have argued that a step change in how generosity and giving are seen by the very wealthiest (though not a significant change in lifestyle) could see giving from this

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[3] Breeze, B. and Lloyd, T. (2013) Richer Lives: why rich people give. DSC: London.
[4] Institute of Fundraising and Good Values (2013) Major Gift Fundraising: A snapshot of current practice in the UK non-profit sector
[5] Breeze, B. and Lloyd, T. (2013) Richer Lives: why rich people give. DSC: London.
[6] Breeze, B. (2011) 'Philanthropy' in D. Southerton (ed.) Encyclopaedia of Consumer Culture. Routledge: London.
[7] Breeze, B. and Lloyd, T. (2013) Richer Lives: why rich people give. DSC: London.

group increase in the UK from its current level of £1.3bn to £5.2bn per year, if donors were to adopt best practice levels of giving.[8]

Reflecting the higher level of philanthropy in the US than elsewhere (in terms of participation levels, overall amount given and giving as a proportion of GDP),[9] the most research on major donor giving has been conducted in the US, followed by the UK. When considering learnings from US research and their transferability to the UK it is important to bear in mind key differences between US and UK philanthropy (as discussed briefly below). Nevertheless, the scale of practice and body of evidence in the US is so significant it would be remiss not to include it in any current synthesis of major donor giving. It is also important to be aware of the different bodies that have commissioned and/or conducted the research, and their various aims, priorities and resources in doing so. This includes:

- academic research centres (e.g. the Centre for Philanthropy at Kent University, Indiana University Lilly Family School of Philanthropy)
- research think tanks and companies (e.g. IPPR, Ipsos MORI)
- government departments (e.g. HM Revenue and Customs)
- the media (e.g. The Sunday Times, Forbes)
- philanthropic advisors and consultants (e.g. Theresa Lloyd)
- banks, financial advisors and wealth management consultancies (e.g. Coutts, Bank of America, Scorpio Partnership, Merrill Lynch)

The many and varied differences in research method, sampling, geographic coverage and timing of studies (see the tables below) complicates direct comparisons of results. Nevertheless, some broader findings have emerged that are supported by various studies and enable recommendations to be drawn from the research. After considering key findings from recent studies of major giving, this synthesis looks at giving in the UK today, before considering research on different forms of giving by major donors, motivations to give, and the influence of tax incentives, before concluding with a number of recommendations.

[8] This calculation is based on estimates by Scorpio Partnership using previously unpublished data on the current levels of giving by people with more than £1m of wealth. This increase in philanthropy would be achieved if every HNW and UHNW individual moved to the best practice level of giving, set as being at the 95th percentile of the current distribution of giving. NPC and Hazelhurst Trust (2016) *Giving More and Better: How can the philanthropy sector improve?*
[9] CAF (2017) *CAF World Giving Index 2017: A global view of giving trends*

Key findings from recent studies of major donor giving

Sunday Times (2017) *Giving List 2017*	
Year	Covers giving over last year; sixteenth in annual series
Method	Using information from donors and public sources (e.g. annual accounts), ranks 260 UK philanthropists according to proportion of residual wealth donated over previous year
Financial Background	The Rich List is now dominated by self-made rather than those who inherited their wealth as it was two decades ago
Giving	• Britain's wealthiest people gave approx. £3.2bn to charitable causes in 2016, up 20% from 2015 • List was topped by Jamie Cooper who donated £204.9m, or 61% of her personal fortune, to 'health, climate change and nutrition' causes

Breeze (2016) *The Coutts Million Pound Donors Report 2016*	
Year	Covers 2015; ninth in annual series
Method	Collates data on UK charitable donations worth £1 million or more
Giving	• Significant increase to overall total of £1.83bn, highest since 08/09 financial crisis, up 17% from 2014 • £431m, or 24% of total value, was given by individuals (55% by foundations, 20% by corporations) • 355 separate donations (up from 298 in 2014) worth £1m or more given to 267 organisations
Who they gave to	• Data is not available specifically for gifts from individuals • 35% of total value of gifts went to higher education, which resumed its long held position as the primary destination for million-pound gifts • Foundations received 27% of the total value; overseas 13%; arts, culture and humanities 7%

US Trust and Lilly Family School of Philanthropy (2016) *The 2016 U.S. Trust® Study of High Net Worth Philanthropy*	
Year	Sixth biennial study covers giving in 2015; began in 2006
Method	Nationally representative survey of 1,435 US households with net worth

	$1m+ or income £200k+
Financial Background	Average wealth of respondents $16.8m
Giving	91% gave in 2015; on average giving $25.5k between 8 charities
How they gave	• 48% have a strategy and 46% have a budget to guide their giving • 24% consulted an advisor regarding charitable giving • 24% used a giving vehicle
Who they gave to	• 63% of households gave to basic needs organizations, 50% to religion, 45% to education, 42% to the environment and 40% to health • 36% of total given by all to religion, 28% to basic needs, 8% to HE, 7% to health, 5% to arts and culture

Breeze and Lloyd (2013) *Richer Lives: Why Rich People Give*	
Year	Fieldwork conducted in 2012; repeats 2002 fieldwork for Lloyd (2004) *Why Rich People Give*
Method	Cohort analysis; surveyed 40 'established donors' (comprising half sample from previous research); 42 'emerging donors'. Plus 20 interviews.
Financial Background	Typically self-made, annual income at least £250k, and a net worth of £10m or more
Giving	They give away on average (median) £300k a year. For those with a net worth below £100m, the donation size is not generally related to the size of their wealth.
How they gave	Donors are becoming more strategic in their giving; rise in giving through a personal foundation (enabling planned, long-term, tax-efficient giving) from around 50% in 2002 to nearly 75% in 2012.
Who they gave to	3 most popular causes: Arts and culture (supported by 59% of sample, average gift £225k); Human services and welfare (50% of sample, average gift £195k); Higher education (40% of sample, average gift £260k). Environmental and religious organisations received the least support.

Ipsos MORI and New Philanthropy Capital (2013) *Money for Good – donor segmentation research*	
Year	Fieldwork conducted in 2012
Method	Two focus groups and 6 interviews with affluent donors; online survey of 3000, including 860 high income donors to enable donor segmentation
Financial Background	Focus group participants all earned £50k-£150k pa; high income donors as defined for online survey earned £150k+ pa
Giving	• 36% of high income donors donated £500+ in previous year; 92% gave

	on ad hoc basis and 59% were 'committed' donors • Mean value given by high income donors was £3,699, but skewed by top six amounts; excluding those it would be £1,282
How they gave	75% of high income donors say they have sponsored someone in the past 12 months, the most cited method of donation among this audience.
Who they gave to	In the previous year, high income donors were most likely to have donated to medical research (59%), children or young people (46%), hospitals and hospices (44%) or overseas aid and disaster relief (39%).

SEI and Scorpio (2013) ***Understanding The Anatomy of Giving***	
Year	Survey conducted in November 2012
Method	202 multi-millionaires residing in US completed online survey
Financial Background	• 53% self-classified entrepreneurs • Average total financial assets $10.9m • Average annual income $421,000 pa ($1.1m if worth over $10m)
Giving	Key motivator: the need to give purpose to their wealth. Respondents willing to give more (up to twice as much) regardless of the tax environment.
Who they gave to	Top five areas where respondents plan to give over next year: 1. Homelessness 2. Education 3. Society 4. Health 5. Human Rights.

Merrill Lynch/ Capgemini (2012) ***World Wealth Report 2012***	
Year	Annual report (doesn't always include giving; latest version 2016 does not)
Method	Covers 71 countries, using a range of statistics to estimate size and growth of wealth and the value of HNWI financial wealth at a macro level
Financial Background	2007 report found many new HNW philanthropists have built their wealth through income, business ownership and other proactive activities as opposed to inheriting wealth.
Giving	• 2010 report found HNWI allocations to philanthropic activities increased in all regions except N America in 2009; but the increase followed a sharp drop in 2008 due to financial crisis • 2007 report estimated that in 2006 top 17% of ultra-rich globally (assets $30m+) annually gave 10%+ of their wealth
Who they gave to	Since the financial crisis, donors have had fewer funds available for giving, so they are focusing on assessing the mission and effectiveness of charitable organizations to make sure their donations are really making a difference.

Scorpio Partnership (2011) *The Future Wealth Report*	
Year	Field work 2010, repeating 2009 survey
Method	Online survey of 1,700 individuals around the world with an average wealth of $2 million
Financial Background	Surveyed 'upwardly affluent', termed the 'future-wealthy' because they share an aspiration to attain a high level of financial success.
Giving	• 42% gave more than $2,000 per year • 27% involve their family in giving • 56% regarded giving to good causes as a measure of their personal success
Who they gave to	Most gave to causes where they have a personal connection: in particular children's causes and those connected with disease and caring for the sick.

Shaw, Gordon, Harvey and Henderson (2010) *Entrepreneurial philanthropy: theoretical antecedents and empirical analysis of economic, social, cultural and symbolic capital*	
Year	Analysis of data from 2007-2010
Method	Analysis of data from 7 sources on 100 UK-based HNW entrepreneurs with £10m+ who have donated £1m+ over their lifetime so far
Financial Background	• Selection criteria included being entrepreneurs; 88% were male, average age 60 • Largely self-made: 48% middle class background, 32% working class
Giving	Selection criteria included having donated at least £1m over their lifetime by 2007
How they gave	59% have a formal vehicle for their philanthropy in the form of a foundation; 16% were established prior to 2000 with the longest running foundation being established in 1972.
Who they gave to	51% gave to education, 37% to young people; 36% to overseas aid and development; 22% to community and the environment; 21% to science, health and medicine; 19% to social welfare; 16% to culture and sports; 10% to religious beneficiaries despite 28% having a recognised religious affiliation.

Taylor, Webb, Cameron, (2007) ***Charitable Giving by Wealthy People***	
Year	Fieldwork conducted in 2006
Method	Qualitative interviews with 44 people in the UK with an annual income of £200,000+
Financial Background	Included landowners with inherited wealth, self-made businessmen, city workers, listed company chairmen. Most aged 35+ and male.
Giving	Identified five groups: large committed donors, large ad hoc donors, small committed donors, infrequent donors and non-donors
How they gave	• More likely to use cheques or direct debit / standing orders than general population (favour cash payments) • Some used CAF or personal charitable trusts
Who they gave to	Type of cause favoured covered the spectrum, from children's and medical charities, to overseas aid, plus environmental, homeless, educational and cultural causes

Major donor giving in the UK today

Claims have been made since the turn of the twenty-first century about the 're-emergence and re-invention' of philanthropy, and even a 'new golden age in philanthropy' in the UK. The lack of robust evidence to substantiate such anecdotal or wishful claims was one of the key motivations for the establishment of the annual *Coutts Million Pound Donor Report* in 2008.[10] With nine years of data available, Breeze argues that there is now sufficient evidence to confidently speak of a 'boom time' for UK philanthropy driven by new and repeat million-pound donors.[11] In 2016, the research identified 35 first-time million pound donors, and 33 in 2015. In addition, 7 first timers from 2014 gave again at this level in 2015, suggesting that the making of the biggest donations is not as irregular as often assumed. As well as the generosity of philanthropists and foundations, this rise in repeated large donations demonstrates that recipient charities have earned the trust of donors.

In June 2016, the UK public voted by 52% to 48% to leave the EU. Data on major donor giving in the UK since this date is not yet available, meaning that the initial impact of this divisive referendum is unclear. Amidst the resulting political and economic uncertainty, many charities are concerned about potential negative impacts on their work. This is particularly acute for those facing the loss of a portion of the £200m in EU funding that UK charities receive annually, and/or those seeing rising demand for their services (for instance those whose work is related to refugees, asylum seekers, hate crime or race relations).[12] In addition to the direct effects of funding losses and/or extra strain on services, donors may be deterred from giving by concerns that such challenges are affecting a charity's capacity to tackle the often complex and deeply entrenched issue that it is set up to deal with.[13] A call to help 'plug gaps' and replace lost funding can be deeply unmotivating for major donors who aspire to be a catalyst for change and are driven by a desire to make good things happen that would not otherwise have happened.[14] In addition, incentives for flows of philanthropy back to the UK are likely to be less favourable than they are now. The ability of donors to UK charities, who hold property and investments in the EU, to benefit from tax incentives when giving to UK charities is likely to change.[15]

Contrary to the fears of economic calamity that would be caused by a vote for Brexit, the UK economy continued to grow after the referendum, and there appears to have been something of a 'Brexit boom' among the very wealthiest. However if, as some predict, there is a gradual slide towards recession, it has to be hoped that some donors at least will step in to make up shortfalls and so compensate for cuts in public

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[10] Breeze, B. (2016) The Coutts Million Pound Donors Report 2016. Coutts: London.
[11] This is not to imply there is a wholly consistent upward trend over the last nine years – outliers are inevitable in this sort of data, with peaks resulting for instance from one or two unusually large donations, and troughs from the absence of a handful of similar sized donations in the subsequent year.
[12] Breeze, B. (2016) The Coutts Million Pound Donors Report 2016. Coutts: London.
[13] Breeze, B. (2016) The Brexit Effect: What the Leave Vote means for UK philanthropy. City Philanthropy.
[14] Breeze, B. and Lloyd, T. (2013) Richer Lives: why rich people give. DSC: London.
[15] Cockram, Juliet (2016) Brexit, philanthropy and major giving – Should UK charities be concerned? City Philanthropy.

spending.[16] Whilst acknowledging the difficulties in encouraging major donors to take a 'needs must' approach in such a situation, this may still be worth attempting. Record wealth and numbers of billionaires were reported by the first edition of the *Sunday Times Rich List* since the vote. 134 UK-based billionaires were identified, 14 more than in 2016, the previous highest total. Fifteen years ago, there were 21. The richest 1,000 individuals and families have a record total wealth of £658bn, up by 14% from £575bn last year. Particularly strikingly, the 500 richest individuals and families are now wealthier than the entire top 1,000 were in 2016. Those who saw their fortunes soar were mainly those working in financial services, manufacturing or holding property portfolios.

[16] Signs pointing towards this include declines in business confidence and in new car sales, a downward trend in The Purchasing Managers' Index (a measure of intended business activity), and an increase in wealth stored overseas by businesses. Edwards, J. Brexit is easing the UK into recession like an old man lowering himself into a hot bath. Business Insider UK 2017; Edwards, J. UBS: Brexit negotiations will be hugely damaging to the UK economy. Business Insider UK 2017

Comparing UK and US philanthropy

The majority of the research on major donor giving is from the US or UK, making it important to be aware of differences in philanthropic giving. The US remains significantly ahead of any other country in terms of giving. In the US $258.5bn was given to charity in 2015, compared to $17.4bn in the UK, which had the second-highest figure of the countries researched. In terms of philanthropic giving as a percentage of GDP, giving in the US is 1.44% per annum, followed by New Zealand (0.79%), Canada (0.77%) and the UK (0.54%).[17]

Lloyd describes US philanthropy as 'not just an option which wealth provides but ... a defining characteristic of the elite'.[18] Philanthropy in the US is a social institution that takes on meaning in a culture of individualism and private initiative and in the absence of a comprehensive welfare state, especially in health provision. As Lloyd points out, in contrast to the UK, it also operates in an environment which is resistant to the idea that the state has a prominent role to play in the provision of welfare and higher education services, cultural facilities and community assets. The tax regimes in the US and UK also differ fundamentally. In the US a donor may allocate capital to be given to a charity at some future date, continue to enjoy the income from the capital and get tax relief at the time of the commitment. Such "planned giving" accounts for a significant proportion of major gifts received, particularly for endowments for cultural and education institutions.

There is a greater tendency for giving in the US to be a more public affair than in the UK, although there is evidence of some lessening of a culture of privacy and reticence about giving in the UK suggested by Lloyd's (2004) *Why Rich People Give*. The most recent research conducted by Breeze and Lloyd (2014), found that 78% of respondents felt that the profile of philanthropy in the UK has improved over the past decade.[19] 72% felt that people were more willing to talk openly about their giving, 68% felt more philanthropists were appearing in the media and 64% that there was greater awareness of the role of philanthropists. Two thirds of respondents felt that public opinion in 2012 was more positive than in 2002, although almost half of the experts surveyed felt that it had stayed about the same.

Whilst 72% of donors had made an anonymous gift at some point in their lives, only 14% frequently do so and most were occasional (35%), and for varying reasons. Where giving is made public, philanthropists in the UK may be given state honours, but also specific awards such as the Carnegie Medal of Philanthropy and the Beacon Awards. Respondents did not generally view recognition as a key driver of their giving, but 37% believed that better recognition of donors has helped to improve the profile of philanthropy in the UK.[20] Some respondents appreciated that recognition in this way is not just of individuals but giving more generally, and so helps to support a culture where philanthropy is appreciated and celebrated.

[17] CAF (2016) *Gross Domestic Philanthropy: An International Analysis of GDP, Tax and Giving*
[18] Lloyd, T. (2004), Why Rich People Give. London, Association of Charitable Foundations
[19] Breeze, B. and Lloyd, T. (2013) Richer Lives: why rich people give. DSC: London.
[20] Breeze, B. and Lloyd, T. (2013) Richer Lives: why rich people give. DSC: London.

Further evidence that philanthropists themselves are aware of the potential benefits of openness in their giving comes from movements such as 'The Giving Pledge'.[21] Created by Bill and Melinda Gates and Warren Buffett in 2010, the Giving Pledge involves a public commitment (moral rather than legally enforceable) from billionaires who pledge to give away at least half their wealth either during their lifetime or in their will. One of the motivations behind this pledge is to talk about giving in an open way, and in doing so create an atmosphere that can draw more people into philanthropy and collectively set a new standard of generosity among the ultra-wealthy. The Pledge began in 2010 with 40 American philanthropists, and despite reservations from some that this kind of philanthropy would spread outside of the US, it now includes 170 households from 21 countries. Around three quarters of pledgers are in the US (combined net worth $680b), but the highest concentration of pledgers outside the US (around 6% of the total) is in the UK (with a combined net worth of over $19b).[22]

[21] The Giving Pledge. https://givingpledge.org/
[22] Smith, B. 2013. Version 2.0: The Giving Pledge Globalises. Glass Pockets website.

Forms of giving

Following the tendency to define major donors in terms of their wealth or the size of donations they have made, it is easy to conceptualise major giving in financial terms. However, this is to underestimate the breadth of engagement that major donors may offer the charity sector, whether this is time, advice, expertise and contacts.

CAF's international comparison of giving as a proportion of GDP found a correlation between charitable giving and volunteering time, suggesting that encouraging greater levels of volunteering could yield results in terms of money donated to philanthropic causes.[23] The US Study of High Net Worth Philanthropy has consistently found that volunteering is a significant part of the philanthropic efforts of wealthy individuals and that those who volunteered more also donated more; over three-quarters of those surveyed volunteered in 2009,[24] a figure which rose to 89% in 2011, and remained constant at 75% in 2013. However the most recent version of this survey found that just 50% of respondents surveyed in 2015 reporting that they had volunteered in the previous year.[25] Reasons for this decline in reported volunteering are not clear. Methodologically the same definition of high net worth household was used, although the sample size had significantly increased from 800 to 1,400 between 2010 and 2016. Nevertheless, the volunteering rate was still significantly higher than the general population, and as previously those who volunteered gave more that those who did not (in 2015 respondents who volunteered gave 56% more on average than those who did not).

Around the turn of the 21st-century, claims were made about the emergence of a 'new philanthropy', involving an actively hands-on and highly engaged approach to philanthropy. This may involve donating talent, experience, skills and access to networks, as well as money. Such a level of engagement is often part of strategic results-oriented "investment-like" giving, where donors demand evidence of impact through measurable outcomes and seek to maximize societal return on investment. Regardless of how new such an approach is,[26] or wrong it is to imply that philanthropy has not continually evolved[27], such an entrepreneurial disposition towards philanthropy has become increasingly widespread.[28]

The term 'philanthrocapitalism' has been used to describe a businesslike approach to giving by transferring skills and attitudes from the for-profit to the non-profit sector. This is exemplified by individuals such as Bill Gates and Warren Buffet, founders of the Giving Pledge. The desire to maximise the impact their money can achieve fits with this trend towards involvement and 'giving while living', rather than endowing foundations in

[23] CAF (2016) *Gross Domestic Philanthropy: An International Analysis of GDP, Tax and Giving*
[24] Center on Philanthropy (2010) The 2010 Study of High Net Worth Philanthropy: Issues Driving charitable Activities Amongst Affluent Households, Center on Philanthropy, Indianapolis, Indiana.
[25] US Trust and Lilly Family School of Philanthropy (2016). The 2016 U.S. Trust® Study of High Net Worth Philanthropy.
[26] Disputed for instance by Schervish P.G., O'Herlihy M.A. and Havens J.J. (2001) Agent Animated Wealth and Philanthropy: The Dynamics of Accumulation and Allocation Among High-Tech Donors, Chesnut Hill MA: Center on Wealth and Philanthropy, Boston College.
[27] Breeze, B. (2011) 'Philanthropy' in D. Southerton (ed.) Encyclopaedia of Consumer Culture. Routledge: London.
[28] Schervish P.G (2005) Today's Wealth Holder and Tomorrow's Giving: The New Dynamics of Wealth and Philanthropy, The Journal of Gift Planning, 9(3), 15-37.

perpetuity. Philanthropists are increasingly starting at a younger age, considering how best to allocate their wealth from near the beginning of their accumulation of wealth.[29] For instance there are growing numbers of tech entrepreneurs involved in giving, who are seeking to apply what they have learned in business about how to be effective and so embrace an impact-oriented or outcome-focused philanthropy.

According to CAF, both technology and tech entrepreneurs will continue to 'rise as a force for good', whether through the ability to convene many onto platforms for action, or through democratising impact.[30] The role of the internet, global connectivity and social media are inevitably influencing ways of giving among major donors, and helping to facilitate a better understanding of the impact that donations are having. Platforms such as the Epic Foundation increase the ease with which donors can take action, by connecting donors with high-impact organizations supporting children and youth globally (largely smaller, grass roots education organisations) and providing monitoring and evaluation on the beneficiaries. Its vision is 'to disrupt the philanthropic industry by combining passion and expertise with game-changing technology and partnerships.'

'Venture philanthropy' is used to describe an approach using the principles of venture capital, with the investee organisation receiving management support, specialist expertise and financial resources, to aim for a social, rather than financial, return. Schervish et al have documented venture philanthropy as early as the mid-80s and describe it as a long-standing approach of many philanthropists, including inheritors of old money and entrepreneurs from the old economy.[31] This active approach to philanthropy involves giving skills as well as money, such as sustained management support and pro bono specialist expertise from investment managers and external experts. Various organisations focus on encouraging and supporting venture philanthropy, such as Impetus Private Equity Foundation in the UK. Impetus-PEF works to transform the lives of disadvantaged young people by using the venture philanthropy model to accelerate the growth of carefully selected, ambitious charities and social enterprises so they can become highly effectively and dramatically increase the number of people they help.

The trend towards more 'giving while living' and ensuring that their giving actually makes a difference has led to a rise in wealth managers and advisers being involved in individuals' philanthropic decisions.[32] As well as individual accountants, financial advisers or lawyers, various advisory firms are available to offer advice on philanthropic investments that maximize social return on investment. Institute for Philanthropy in the US focuses on international donor education and network-building. In the UK, New Philanthropy Capital helps wealthy individuals decide how best to maximise the impact of their donations by analysing charities and monitoring outcomes.

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[29] Schervish P.G., O'Herlihy M.A. and Havens J.J. (2001) Agent Animated Wealth and Philanthropy: The Dynamics of Accumulation and Allocation Among High-Tech Donors,
Chesnut Hill MA: Center on Wealth and Philanthropy, Boston College.
[30] CAF (2016) The Future of Philanthropy in the UK: Revolution, Innovation and the Rise of London CAF Online.
[31] Schervish P.G., O'Herlihy M.A. and Havens J.J. (2001) Agent Animated Wealth and Philanthropy: The Dynamics of Accumulation and Allocation Among High-Tech Donors, Chesnut Hill MA: Center on Wealth and Philanthropy, Boston College.
[32] Merrill Lynch/ Capgemini (2010) *World Wealth Report 2010*

Motivations for major donor giving

Donor motivation has received more attention than other aspects of giving, yet the struggle that donors have in accounting for their actions is reflected in the incomplete understanding of philanthropic motivations that we still have.[33] The wide variation in giving levels among the wealthy demonstrate that there is no simple relationship between the possession of economic resources and giving. The capacity to give must be matched by the desire to give, described by Edwards as 'an emotional and moral response'.[34]

Various theories of philanthropy have been suggested, summarised briefly here:[35]

Consumption philanthropy: neo-classical economic model emphasising the 'purchase' of donor benefits, e.g. donate to a church one attends or support medical research into a disease one might contract. The definition of consumption may also be stretched to include intrinsic benefits, such as the satisfaction and pleasure gained by making a gift, in order to incorporate philanthropy involving neither tangible nor potential benefits, such as support for overseas development.

Identity-forming: some sociological studies link philanthropy to the rise of individualism and the role that being philanthropic plays in creating and communicating a certain identity.

Transformative: philanthropic acts can be seen as an effort to shape the world around the donor, whilst also transforming the donor's self-image and how they hope to be perceived by others.

Social act: rather than being a simple financial transaction, philanthropy entails a social act, involving relationships between donors, charities, recipients and other donors.

Pursuit of self-actualisation: theories linking philanthropy to the pursuit of a moral and purposeful life, particularly in richer societies where basic needs are met and people have come to realise that money is a means, not an end, to finding happiness and fulfilment in life.

The most comprehensive research into the motivations of UK-based major donors is *Why Rich People Give*, a cohort survey that has now been conducted twice, a decade apart. This found that philanthropy is motivated by a complex array of factors, including different drivers for the same donor giving to different causes at different times. Above all however, it was found that almost all their interviewees referred to how giving enriches their life, leading the authors to allude to this in the title of the most recent study: *Richer Lives: Why Rich People Give*.[36]

Breeze and Lloyd found that the five inter-locking influences that drive giving among the wealthy identified by Lloyd ten years earlier are still valid, namely:

1. **Belief in the cause**: often influenced by a wish to change or enhance society's systems or structures in line with a particular interest or belief. This was "the key impetus" behind donations; as well as influencing the size of gift and likelihood of ongoing commitment.

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[33] Breeze, B. and Lloyd, T. (2013) Richer Lives: why rich people give. DSC: London.
[34] Edwards, L. (2002). A Bit Rich? What the wealthy think about giving. London, Institute for Public Policy Research.
[35] Breeze, B. (2011) 'Philanthropy' in D. Southerton (ed.) Encyclopaedia of Consumer Culture. Routledge: London.
[36] Breeze, B. and Lloyd, T. (2013) Richer Lives: why rich people give. DSC: London.

2. **Being a catalyst for change**: desire to make a difference (to society, institutions or individuals) and for their gift to result in "something that otherwise wouldn't have happened". 72% of respondents to a US study reported the importance of believing that their gift will make a difference and 71% that the organization is efficient in its use of donations.[37]
3. **Self-actualisation**: defined as "the realisation of an individual's personality and development of some or all of its aspects", or the satisfaction of personal development. This was found to be a more significant driver of recurring commitment than the original stimulus to give.
4. **Duty and responsibility**: the satisfaction of conscience, the obligations of the privileged to those less fortunate and the desire to "put something back" into society.
5. **Relationships**: "the fun, enjoyment and personal fulfilment" that comes from relationships with a range of people such as charity staff, beneficiaries and fellow donors.[38]

In addition, Breeze and Lloyd found five new explanations of why rich people give in the second decade of the 21st century:

6. Because they believe philanthropy is the **right use of surplus money**: respondents referred to philanthropy as 'better' than buying material goods and services, or more pleasurable.
7. Because they are clear about the **complementary roles of government and philanthropy**: many respondents accepted that 'society or the government can't provide for everything'; however there was also fear that donations may be used as an excuse for greater public spending cuts (rather than being used for 'something that would not otherwise have happened' see number 2 above).
8. Because they believe philanthropy is a **good parenting tool**: nearly a third were concerned about the amount that should be inherited by children; others see philanthropy as a teaching tool to help pass on values and/or hope to involve their children in philanthropy. In the earlier survey there was also mention of upbringing and background as influencing their own giving.[39]
9. Because they appreciate the **recognition** that comes with being philanthropic: recognition is not viewed as a prime motivator, but a pleasant by-product, plus over a third believe better recognition is improving the profile of philanthropy in the UK.
10. Because they get joy out of giving and believe that philanthropy **enriches their life**: without exception, respondents said they give because it enriches their life to do so; feelings of satisfaction, enjoyment or renewed sense of meaning in life. A recent US study found 89% of respondents indicated that their charitable giving was at least somewhat fulfilling, whilst 39% said they give for personal satisfaction, enjoyment or fulfilment.[40]

Related to the notion of philanthropy being the right use of surplus money, Breeze and Lloyd suggest that the shift from the rich being predominantly inherited wealth to predominantly self-made over the last generation (as established by several sources, such as *The Sunday Times Rich List*) has also affected attitudes – the self-made claim to be freer to **dispose of their wealth as they wish**.[41] Meanwhile Ottinger's 2008 study of

[37] Center on Philanthropy (2010) The 2010 Study of High Net Worth Philanthropy: Issues Driving charitable Activities Amongst Affluent Households, Center on Philanthropy, Indianapolis, Indiana.
[38] Lloyd, Theresa (2004), Why Rich People Give. London, Association of Charitable Foundations
[39] Lloyd, Theresa (2004), Why Rich People Give. London, Association of Charitable Foundations
[40] US Trust and Lilly Family School of Philanthropy (2016). The 2016 U.S. Trust® Study of High Net Worth Philanthropy.
[41] Breeze, B. and Lloyd, T. (2013) Richer Lives: why rich people give. DSC: London.

people with no further financial goals to meet concludes that, "With financial freedom, individuals no longer need to focus on wealth-building. Rather they move to a higher level of personal introspection, which relates to their life's purpose and calling".[42] In the earlier *Why Rich People Give* survey, many respondents who felt that giving should be seen as an obligation also emphasised that it was a personal choice.[43] Similarly Edwards found that fundraising tactics that make them feel guilty or convey an expectation of how much they should give can be a turn off. Percentage based campaigns (i.e. everyone can afford to give 1% of their income) may be used as a new rationalisation for not giving. Donors want to give with good heart and out of choice rather than compulsion.[44]

As well as often being seen as a good parenting tool, giving may also at least in part reflect a desire to **limit the amount of wealth that will be given to heirs**. The notion of providing a sufficient level of advantage for children and grandchildren, but not so much as to spoil them or eliminate the ability to still give to charity has become increasingly popular amongst the wealthy, particularly in the US.[45] Data analysis suggests that the wealthiest in the US are increasingly moving the allocation of their wealth away from heirs and towards philanthropy, particularly lifetime philanthropy.[46] In the UK approximately a third of Lloyd and Breeze's interviewees said they were concerned about how much money to transfer to their children and this had affected their philanthropy, whilst a further third were concerned but this had not affected their giving.[47]

Whilst the desire to make a difference is commonly cited by donors at all levels, major donors may exercise the capacity to bring into being particular charitable projects, rather than just support, so 'producing' rather than just 'supporting' philanthropy. Schervish defines **hyperagency** as the combination of psychological and material capacity to relatively single-handedly produce new philanthropic organisations or new directions in existing ones. Similarly, Taylor et al suggested that a concern to retain greater control over the timing and destination of their donations was more common among wealthier donors than others, reflecting the larger amounts involved. Consequently wealthier donors may be more likely to be involved with charities than other donors, whether on committees or boards, and be concerned about assessing the organisation's impact.[48] Elsewhere, Schervish et al note that hyperagency offers a great potential for creating substantial benefit but also has the potential for heavy-handed intrusion. Nevertheless, in their interviews with 28 high-tech donors they found interviewees were overwhelmingly concerned to educate themselves about the needs they might address, and how best to work with others to meet those needs.[49]

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[42] Quoted in Breeze, B. and Morgan, G. (2009). Philanthropy in a recession: an analysis of UK media representations and implications for charitable giving.
43 Lloyd, Theresa (2004), Why Rich People Give. London, Association of Charitable Foundations
[44] Edwards, L. (2002). A Bit Rich? What the wealthy think about giving. London, Institute for Public Policy Research.
[45] Schervish, P G. (2008). "Why The Wealthy Give: Factors Which Mobilize Philanthropy Among High Net-Worth Individuals." In The Routledge Companion to Nonprofit Marketing. Eds Sargeant, A and Wymer, W. Routledge: Abingdon; Schervish P.G. and Havens J.J. (2007) "Recent Trends in the Timing and Allocation of Charitable Giving." Philanthropy Magazine; Schervish P.G (2005) Today's Wealth Holder and Tomorrow's Giving: The New Dynamics of Wealth and Philanthropy, The Journal of Gift Planning, 9(3), 15-37.
[46] Schervish P.G. and Havens J.J. (2007) "Recent Trends in the Timing and Allocation of Charitable Giving." Philanthropy Magazine.
[47] Breeze, B. and Lloyd, T. (2013) Richer Lives: why rich people give. DSC: London.
[48] Taylor, J., Webb, C. and Cameron, D. (2007). Charitable Giving by Wealthy People. London, Ipsos MORI/HM Revenue and Customs.
[49] Schervish P.G., O'Herlihy M.A. and Havens J.J. (2001) Agent Animated Wealth and Philanthropy: The Dynamics of Accumulation and Allocation Among High-Tech Donors, Chesnut Hill MA: Center on Wealth and Philanthropy, Boston College.

How do major donors decide which charities to support?

As of June 2017, over 183,000 charities in the UK were registered on the Charity Commission's register of charities.[50] Although this includes grant-making organisations, even if only half are seeking support from the general public, it is still an overwhelming number of organisations to even begin to consider. The summary of recent research into major donor giving above suggests that major donors most often report giving to a considerable range of causes. This section will focus on how major donors decide which charities to give to.

Inevitably potential donors have often unconscious criteria to even consider supporting a particular charity. These were identified in the original version of *Why Rich People Give* as:

- 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.

Additional 'door opening' factors identified include: the competence of the asking organisations; the quality of the charity leadership; whether the charity represents value for money and the kind of involvement the donor can expect. These findings were echoed in a 2010 study *How donors choose charities*, based on interviews with 60 committed donors across all wealth levels. This found that donors support causes that mean something to them rather than necessarily the most urgent needs, leading to the conclusion that fundraisers may be prone to overestimating the extent to which people act as rational agents and give in relation to evidence of neediness.[51]

The latest iteration of *Why Rich People Give* presented respondents with eight reasons that are relevant when they decide which requests to consider. Of these four were considered relevant by a majority of respondents:

- feeling that my money will make a difference (74%)
- being already interested in the cause (74%)
- if it fits with my pre-determined giving objectives (73%)
- being asked by someone I know and respect (69%)

Being already interested in the cause and being asked by someone I know and respect were the main criteria identified in the earlier research. The two new factors are a 'fit' with pre-determined giving objectives, indicating that donors are increasingly thinking strategically and planning ahead in anticipation of being asked, and the desire for their donation to 'make a difference', suggesting they only consider requests that will lead to tangible and significant benefits. Breeze and Lloyd suggest that whilst the desire for impact is not new, to demand evidence of impact at such an early stage, essentially before the request has received any serious consideration, may be a new departure.

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[50] Charity Commission. Register of Charities (online).
[51] Breeze, B. (2010) How donors choose charities: Findings of a study of donor perceptions of the nature and distribution of charitable benefit. Centre for Charitable Giving and Philanthropy, Occasional paper 1

Although three quarters of respondents claimed to filter out requests that did not chime with a previous interest or pre-determined giving objectives, when asked if they support the same causes in 2012 as they did a decade earlier, the results varied. 78% of the established donor sample (this sample comprised half of the original sample who participated in the 2002 research) have retained the same focus within their giving, whereas only 38% of the emerging donor sample have broadly stuck to their previous giving path. 43% of newer donors had made 'a significant shift' in the destination of their donations, compared to just 15% of established donors (22% of who say they are open to supporting new causes).

For those who had made a significant shift in their giving, the top three answers about what had prompted them to start supporting a new cause were:

- Personal experience of the cause (47%)
- Being inspired by the work of a charitable organisation (31%)
- Being approached by a fundraiser (fundraiser may be taken by some to include a peer as well as a paid professional) (17%)

Other research has indicated that wealthy donors have particularly high expectations of charities when determining which to support. For instance, a US survey from 2010 found the following factors were ranked among those most important when determining which to support:

- Sound business and operational practices (87%)
- Acknowledgement of contributions, including receipts (85%)
- Spend appropriate amount on overhead (80%)
- Protection of personal information (80%)
- Full financial disclosure (62%)[52]

The 1,700 individuals from around the world with an average wealth of $2 million who responded to a 2011 online survey conducted by the Scorpio Partnership were most likely to rank having the greatest need, followed by the charity's vision and strategy, and its measurement of results as the key criteria they used when evaluating which charities they wish to donate to.[53] Yet although they showed greater concern for big social issues (such as the gap between rich and poor, education and climate change) compared to other issues, they typically gave to causes where they have strong empathy or personal connection, in particular children's causes and those connected with disease and caring for the sick. Interestingly, the survey suggested that those with the highest wealth goals, and so arguably greatest personal ambition, were the most likely to want to tackle the world's biggest problems, whilst those with more modest goals would deploy more of their philanthropic capital to causes with which they empathise.

[52] Center on Philanthropy (2010) The 2010 Study of High Net Worth Philanthropy: Issues Driving charitable Activities Amongst Affluent Households, Center on Philanthropy, Indianapolis, Indiana.
[53] Scorpio Partnership (2011) The Future Wealth Report: The essence of success

Why do major donors continue to give?

98% of donors surveyed by Lloyd and Breeze responded positively to the question 'are you particularly pleased with any donations that you have made in the past decade?' The top three reasons for their pleasure in donating, and so indications of reasons they most likely continue to give, were:

- Because I know my money was well spent (74%): emphasising the importance of impact measurement
- Because of the nature of the cause (67%)
- Because I got sufficient feedback to know it was a good decision (64%)

Newer donors were more likely to say that 'pleasing recognition' was a reason for their pleasure in donating (23% compared to 2% of established donors), and to say that lack of it was a reason for regretting a donation (13% compared to 0%). This may be due to established donors having lower expectations of personalised and prompt expressions of appreciation because of their experiences over the years.

Despite the high proportion of donors taking pleasure in particularly donations they had made, 70% had also ceased supporting some causes over the past decade. The main reason given was that they had found new causes they wished to support (72%). However poor practice on the part of the fundraising organisation accounted for the next three most popular reasons selected:

- 48% felt that the charity no longer needed their support: it is conceivable that some did accomplish their mission and closed down, but this is unlikely to be the case for a significant number
- 24% were not satisfied with how the charity used their donation
- 14% felt the organisation did not appreciate their support or communicate appropriately ('there was no opportunity for engagement'; 'they pursued me too frequently')

A third of the sample said that they regretted at least one donation made in the past decade. When asked further for reasons, these all referred to the charity involved:

- Not getting appropriate feedback
- Losing faith in the charity leadership
- Feeling that their money was not spent as expected

Similarly, a US study highlighted various reasons why major donors reported they stopped giving to a particular charity in 2009:

- being too frequently solicited or asked an inappropriate amount (59%)
- they decided to support other causes (34%)
- their household circumstances changed (29%)
- they were no longer involved with organization (12%)
- the program/purpose was completed (10%)

- the organization kept inaccurate records of information (10%)[54]

This issues echoed the findings from Lloyd's earlier research, which identified several ways in which charities could better manage the relationship with their donors in order to ensure a sustained commitment to the charity. These included:

- ensuring that donors know that they are making a difference
- properly thanking donors
- enable donors to meet like-minded people
- effective and personal communications from the charity, with regular, appropriate information
- some kind of appreciation or recognition for their support (including their time and expertise as appropriate, as well as for financial gifts) from the charity; wishes ranged from a private expression of appreciation to public and publicised recognition[55]

Whilst these may apply to donors at all levels, a personal approach is particularly important, recognising the donor's particular interests and areas of expertise, as well as seeking to involve and engage them further in the charity's work.

[54] Center on Philanthropy (2010) The 2010 Study of High Net Worth Philanthropy: Issues Driving charitable Activities Amongst Affluent Households, Center on Philanthropy, Indianapolis, Indiana.
[55] Lloyd, Theresa (2004), Why Rich People Give. London, Association of Charitable Foundations

Why do some wealthy individuals not give at all?

Given the difficulties of encouraging people to speak frankly about their generosity towards charities, let alone their lack of such generosity, it is unsurprising that there is little research that addresses this question directly.

Qualitative in-depth interviews conducted in 2007 with 44 people in the UK with an annual income of at least £200,000 identified a group of non-donors amongst the sample who preferred not to give monetary donations to charity. For some this was due to a principled objection (e.g. they felt they already contribute enough financially to society through their tax payments), whilst others said that they had simply lapsed into non-giving.[56] The barriers to giving identified by the study largely mirrored findings of research with the general public, relating for instance to the perceived level of impact, administrative costs and bureaucracy, and issues surrounding well-publicised financial scandals. Personal financial considerations can be a barrier to donating larger amounts, especially for participants with financial dependants and other commitments. One barrier that appeared to play more of a role in wealthy participants' giving behaviour than for the wider population, was the notion of charitable giving as an unwarranted additional financial burden, when such a large amount of their income was already diverted into public causes through taxation. The research found a considerable lack of awareness of the role of tax incentives as a means of distributing revenue to donors' preferred causes (discussed further below).

Just 9% of high net worth households responding to a US survey in 2016 reported not giving to charity in the previous year. Of those households, the main reason for not giving to charity was to prioritize the family's financial needs (55%), however 25% were not sure why they had not given to charity in 2015, and 23% chose not to give because they lacked a connection to an organization and 22% indicated that they did not want to give to charity.[57]

The *Why Rich People Give* survey produces some insights into the question of why some rich people do *not* give, albeit that the sample (comprising only donors) are inevitably unable to answer it directly.[58] The dominant reason identified was that some rich people don't give because they feel financially insecure. Other reasons identified were:

- A lack of empathy for potential beneficiaries
- Not feeling responsibility to help
- Not being brought up or socialised with philanthropic values
- Having fears about the consequences of starting to give (such as unwelcome requests for donations from charities or adverse media attention)

[56] Taylor, J., Webb, C. and Cameron, D. (2007). Charitable Giving by Wealthy People. London, Ipsos MORI/HM Revenue and Customs.
[57] US Trust and Lilly Family School of Philanthropy (2016). The 2016 U.S. Trust® Study of High Net Worth Philanthropy.
[58] Breeze, B. and Lloyd, T. (2013) Richer Lives: why rich people give. DSC: London.

- Lacking faith in the capacity of charities to spend donations wisely (bear in mind that 53% of respondents, all donors, believe that charities are inefficient in managing donations)

Feeling financially insecure is a major barrier to giving (regardless of actual levels of wealth) because those concerned consider themselves to have no surplus wealth to give away.[59] Philanthropic behaviour is widely accepted to be related to feelings of financial security, with evidence that at every level of wealth, the greater the degree of self-recognized financial security, the greater the level of charitable giving.[60] One's sense of financial security is extremely subjective, and feelings of financially insecurity are no less powerful for being apparently irrational given the individual's actual level of wealth compared to average.

On average the respondents to the *Why Rich People Give* survey answered 8.5 when asked on a scale of 1 to 10 how financially secure they feel, where 1 indicates 'not at all' and 10 means 'extremely secure'.[61] A number of respondents believed that no amount could ever achieve a 10 on the scale, because the world is too uncertain. Others' feelings of financial insecurity are inconsistent with their stated actual wealth holding (for instance feeling '6 out of 10' but saying the amount needed to score '10' was 'possibly £4m-£5m', despite the fact that they later state their own net worth as £5m-£9.9m).

One way to increase feelings of financial security is to encourage individuals to consider seriously what is needed to maintain whatever they regard as an adequate lifestyle, and build in a healthy margin. The rest can then be accurately viewed as surplus that is available for giving away.[62]

Another way to address feelings of financial insecurity and to incentivise giving is the creation of lifetime legacies, a form of split interest trust popular in the US since the late 1960s. Donors can make an irrevocable gift to a charity during their lifetime of shares, property or cash while retaining the benefit of the income or use of the gift for the term of their life. They don't part with it until they die and its value is not counted as part of their estate for the purposes of inheritance tax, but they can make deductions against capital gains tax at the time of the gift. This may encourage a number of people to give a significant commitment to charity who do not currently feel able to do so because of their existing or anticipated commitments.[63]

[59] Breeze, B. and Lloyd, T. (2013) Richer Lives: why rich people give. DSC: London.
[60] Schervish P.G (2005) Today's Wealth Holder and Tomorrow's Giving: The New Dynamics of Wealth and Philanthropy, The Journal of Gift Planning, 9(3), 15-37; Schervish P.G., Havens J.J. and Whitaker, K. (2005) Philanthropy's Indispensable Ally. Philanthropy. Volume XIX, No. 3, pp. 8-9.
[61] Breeze, B. and Lloyd, T. (2013) Richer Lives: why rich people give. DSC: London.
[62] 'Wealthy and Wise' by Claude Rosenberg Jr (1998) is intended to help people to calculate how much they can afford to give and is discussed in Breeze, B. and Lloyd, T. (2013) Richer Lives: why rich people give. DSC: London.
[63] Breeze, B. and Lloyd, T. (2013) Richer Lives: why rich people give. DSC: London.

Tax incentives and major donor giving

The relationship between the amount of taxes people pay and the amount they give to charity is not as clear-cut as might be assumed. As we have seen, a range of factors motivate whether and how much people give. Although the lack of standardised reporting on charitable giving makes international comparisons difficult, one such attempt has been made by CAF comparing giving as a percentage of GDP.[64] This study suggests that there is no correlation between the percentage donated by individuals to charity and measures of personal taxation, such as income tax, corporation tax rates and government expenditure as a percentage of GDP. The study did identify a negative correlation between employer social security charges and charitable giving.

It is as yet unclear what implications Brexit may have for tax reliefs related to charitable giving, let alone what implications any such changes may have on major donor giving. When the Coalition Government proposed controversial plans to cap tax reliefs on charitable donations in 2012, there was immediate furore and the proposal was later dropped. Surveys of wealthy individuals provide insights into how wealthy donors perceive tax incentives. Breeze and Lloyd found that rich donors value tax relief primarily because of its worth to recipient charities: it increases the value of the gifts which charities receive and pleases the donor to know that their money has increased by a significant sum.[65] Tax reliefs on donations were never suggested by respondents as the driver behind the original desire to give, but rather are seen as attractive because they make the donor's money go further (which in itself could be seen as controversial that this is motivating, because it is good to be able to achieve more with less).

Around a third of respondents to the earlier *Why Rich People Give* survey cited better tax incentives as a factor that would lead an individual to increase his/her overall level of giving, with a further small number suggesting that better information about tax benefits would be beneficial.[66] Clearly some tax reliefs still go unclaimed and there is scope for greater education about the availability of existing fiscal incentives for those who do not give, or give little. These include tax-efficient donations out of income, including payroll giving, but also gifts of shares and other appreciated assets, a much-underused mechanism of giving. It is unclear whether ignorance of tax breaks is used as an excuse or whether people are genuinely unaware of the existing opportunities. There is room for improvement for charities to better explain tax breaks and help donors with planned giving.

Taylor et al's qualitative interviews in 2007 with 44 wealthy people in the UK found that participants generally viewed tax reliefs very positively; and cited simplicity and convenience as key factors in encouraging take-up.[67] Gift Aid was by far the most well-known and most commonly used, and was perceived to be the easiest to understand and most convenient to use. Very few interviewees were however aware of the higher rate tax relief element and others were not sure how it worked, particularly if they didn't have a CAF account. Payroll

[64] CAF (2016) *Gross Domestic Philanthropy: An International Analysis of GDP, Tax and Giving*
[65] Breeze, B. and Lloyd, T. (2013) Richer Lives: why rich people give. DSC: London.
[66] Lloyd, Theresa (2004), Why Rich People Give. London, Association of Charitable Foundations
[67] Taylor, J., Webb, C. and Cameron, D. (2007). Charitable Giving by Wealthy People. London, Ipsos MORI/HM Revenue and Customs.

Giving was the next most well-known and commonly used, although there was some confusion over the process, such as the level of control that individual employees had over the donation amount and the nominated charity. There was little knowledge, or use, of tax incentives available for giving shares, securities, land or buildings to charity. These reliefs were valuable to those who had used them, whilst others with these types of assets suggested that knowing of these incentives might lead them to donate in this way in future as their other financial commitments are reduced. However there were concerns about restrictive rules surrounding eligibility.[68]

A Merrill Lynch/ Capgemini survey of financial advisors in 2010 found that 'advice on financial planning and tax' aspects of philanthropy were the most demanded, compared to setting up a "giving" vehicle, monitoring and impact assessment and project and organization selection.[69] On the other hand, whilst noting the rapid expansion in the provision of philanthropy advice and increased interest from donors, Breeze and Lloyd's survey of 12 advisers in 2012 did not specifically highlight a demand for tax advice.

[68] Taylor, J., Webb, C. and Cameron, D. (2007). Charitable Giving by Wealthy People. London, Ipsos Mori/HM Revenue and Customs.
[69] Merrill Lynch/ Capgemini (2010) World Wealth Report 2010

Recommendations for charities

Many of the research findings outlined above have frequently been translated into recommendations for various different groups. Lloyd and Breeze recognise that since no individual or organisation is 'in charge' of philanthropy in the UK, it is most appropriate to make recommendations aimed at those with influence – or simply a determination to make things better.[70] As such they make recommendations to government, charities, advisers, philanthropists, the media and researchers.

Their recommendations for charities are:

- To become **better at asking**: recognise that philanthropists often wish to engage with organisational leaders (including trustees); invest in prospect research and developing a personalised plan to involve prospective donors; take a long view in their relationships with major donors
- To ensure that experiences of serious giving are **positive and reinforcing**: for instance by personalising all engagement with donors, offering opportunities to visit projects and to meet other donors if desired, providing appropriate thanking and recognition.
- To integrate **legacy promotion** with other forms of relationship development: perhaps consider forming 'clubs' for those promising legacies, as well as personal promotion to individuals in tandem with generic awareness raising of bequests.
- To consider **matched funding** schemes: ideally promoted by an existing major donor, perhaps particularly appropriate for endowment fundraising.
- To address the **lack of confidence in their competence** and efficiency: recognise that even generous donors may have concerns; explain the necessity of their mission, why their approach is best and their rigorous management and evaluation processes, including why and to what extent expenditure on administration, governance, fundraising and overheads is necessary to sustain the mission.

Several of these recommendations build on, and to some extent reiterate, those drawn from Lloyd's earlier research, suggesting the on-going relevance of these recommendations and the long-term efforts needed to fully act on them.[71] For instance the need to develop the culture needed in charities seeking to develop long term support from major donors. Fundraising and the development of relationships with major donors should be seen as integral to the mission of the organisation. Nurturing relationships and fostering of partnerships with major donors should be seen as part of trustees, senior and specialist staff's roles, with corresponding recruitment, training and time allowed for this work. A diverse range of skills and networks on boards is important, including those conducive to the identification and involvement of potential high level supporters. Consideration should be given to the place of major donors on a board, and the idea that, as in the US, board members should be expected to give according to their means. Lloyd found that for donors who are also board members, the essence of their involvement was related to governance. Certain concerns – about the size of a charity, the quality of leadership, control at head office or levels of expenditure on fundraising or

[70] Breeze, B. and Lloyd, T. (2013) Richer Lives: why rich people give. DSC: London.
[71] Lloyd, Theresa (2004), Why Rich People Give. London, Association of Charitable Foundations

administration - had influenced a decision to give in some cases, with careful checks being made before committing to an organisation.

About nfpSynergy

nfpSynergy is a research consultancy that aims to provide the ideas, the insights and the information to help non-profits thrive.

We have over a decade of experience working exclusively with charities, helping them develop evidence-based strategies and get the best for their beneficiaries. The organisations we work with represent all sizes and areas of the sector and we have worked with four in five of the top 50 fundraising charities in the UK.

We run cost effective, syndicated tracking surveys of stakeholder attitudes towards charities and non-profit organisations. The audiences we reach include the general public, young people, journalists, politicians and health professionals. We also work with charities on bespoke projects, providing quantitative, qualitative and desk research services.

In addition, we work to benefit the wider sector by creating and distributing regular free reports, presentations and research on the issues that charities face.

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