

# The 2008 Study of High Net Worth Philanthropy

Issues Driving Charitable Activities among Affluent  
Households

March 2009

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Researched and Written by



We especially thank the Indiana University Center for Survey Research in Bloomington, IN for their work in fielding the survey along with data processing and data cleaning.

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# Introduction

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*The 2008 Bank of America Study of High Net Worth Philanthropy* offers new insights into the philanthropy of wealthy donors. Conducted by the Center on Philanthropy at Indiana University for Bank of America, the 2008 research follows an initial landmark study published through this partnership in 2006.

The original 2006 study—which has become a leading resource for the philanthropic sector for understanding the philanthropic behaviors of wealthy donors—was the largest survey of wealthy Americans ever conducted on this topic. The new 2008 study is the result of randomly surveying over 20,000 households in high net worth neighborhoods across the country about their giving in 2007. This study reflects the opinions of nearly 700 respondents throughout the United States with household income greater than \$200,000 and/or net worth (excluding the value of their residence) of at least \$1,000,000. The average wealth of respondents was \$12.6 million. Half of those who responded had a net worth of between \$3 million and \$20 million.

## New in 2008

The new study offers an analysis of how high net worth giving has changed over time, from giving in 2005 to 2007. For the first time the study separates high net worth households' giving into those donations made from their own personal income or assets, referred to as “direct giving,” from those donations made from their private foundations, donor-advised funds, or charitable trusts, referred to as “foundation giving” in this report. The study combines direct and foundation giving, referred to as “aggregate giving,” in order to understand the comprehensive nature of all high net worth giving. Like the initial study, the 2008 study identifies key trends and provides even deeper insights into the motivations and attitudes of America's wealthiest donors.

The information about these motivations and attitudes provides insight about the perceived impact high net worth donors are having with their philanthropy, the role of values in modeling philanthropy to their children, and a look at the kinds of volunteer services that expand their philanthropic reach beyond dollars donated.

Nonprofit professionals, volunteers and charitable advisors will be particularly interested to read new information about what high net worth donors expect for nonprofit operations, hope to achieve through major gifts, and list as reasons to stop giving to particular organizations. The 2008 report also reveals new information on the role charitable or financial advisors play in high net worth philanthropy, including the initiation of charitable advice, the utilization of charitable giving vehicles, and the motivation behind the creation of such vehicles.

## The Effects of the Economy

Crucial to understanding high net worth giving is having a contextual awareness of the economic environment that surrounds giving. Research at the Center on Philanthropy at Indiana University shows the direct relationship between giving and changes in the overall economy.<sup>[1]</sup> During good economic times, giving tends to grow robustly. On the other hand, when the economy grows at a moderate or slow rate, philanthropy continues at a slower rate of growth, and giving generally tends to decline during recessions, after adjusting for inflation.

Charitable giving was shaped by the economic climate in 2007, the time period covered by this report. Based on several indicators, the National Bureau of Economic Research, which monitors the economic cycle, announced in November 2008 that a recession began in December 2007. During the calendar year of 2007 the economy grew, but at a slower rate than in 2006, particularly slowing in the last two quarters of 2007. Gross Domestic Product increased 2.2 percent in 2007, down from 2.9 percent in growth from 2006.<sup>[ii]</sup> The unemployment rate increased 0.6 percentage points from 2006 and the Consumer Price Index for all urban consumers increased 4.1 percent, with energy prices alone increasing 17.4 percent in 2007.<sup>[iii]</sup> Further, according to Harvard University's Joint Center for Housing Studies, "Housing markets contracted for a second straight year in 2007. ...Lenders responded by tightening underwriting standards and demanding a higher risk premium, accelerating the ongoing slide in sales and starts."<sup>[iv]</sup>

The changing economy affected giving. According to *Giving USA 2008* estimation models, all giving decreased 1.8 percent between 2005 and 2007, after adjusting for inflation. Individual giving decreased 2.6 percent from 2005 to 2007, after adjusting for inflation.<sup>[v]</sup> High net worth households influence this giving. They give between 65 and 70 percent of all individual giving, and between 49 and 53 percent of giving from all sources, which includes giving from corporations, foundations, and living and deceased individuals.<sup>[vi]</sup> Analysis of IRS charitable tax deduction records for those who itemized their charitable giving shows that the average amount deducted for charity by high income households decreased 9.7 percent from 2005 to 2006 (latest year available), after adjusting for inflation.<sup>[vii]</sup> These numbers corroborate what we found in the 2008 Bank of America study, that giving by high net worth households decreased 9.7 percent between 2005 and 2007. Further, all indications, including economic markers and estimating models, suggest that giving in 2008 may have decreased even more than it did in 2007.

The economic climate makes the *2008 Bank of America Study of High Net Worth Philanthropy* all the more important. High net worth households are working to balance their charitable giving and volunteering with their own financial portfolios. The nonprofit sector is working to reach out to its most loyal donors, and charitable and financial advisors are working with high net worth households to maximize philanthropic objectives.

### Reading the 2008 Report

The report is divided into four sections: donors, volunteers, nonprofits, and charitable vehicles and advisors. The donors section explores high net worth households as charitable givers. It includes analysis on their motivations and attitudes towards giving along with the mechanics of what and how high net worth households give. The volunteers section reports on high net worth households as volunteers and includes analysis of the hours volunteered along with the type of volunteering and the interaction between giving and volunteering. In the nonprofit section, we report on high net worth households' expectations of nonprofits and why they stop giving to organizations. In the last section on charitable vehicles and advisors, we present the ways high net worth households make philanthropic gifts along with the advice they seek in doing so.

## Key Findings

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*The 2008 Bank of America Study of High Net Worth Philanthropy* tracks significant shifts as well as certain consistencies among the giving behaviors of the wealthiest donors. The findings highlight the philanthropic legacy of high net worth households and offer valuable information to nonprofit organizations hoping to attract, sustain, and deepen relationships with these donors. The study also offers insights to people who advise the wealthy on their charitable giving strategies.

- **A Change in Giving.** Average charitable giving increased for all high net worth households between 2005 and 2007, except those with \$5 million or more in income. When the wealthiest families are included in the analysis, average charitable giving dropped 9.7 percent from \$88,845 in 2005 to \$80,249 in 2007, after adjusting for inflation. This drop in giving had the most impact on arts organizations. Average giving to the arts decreased from \$16,465 in 2005 to \$4,792 in 2007. Arts giving as a share of all high net worth giving dropped from 13.2 percent to only 4.2 percent across the two studies.
- **The Wealthy as Volunteers.** Volunteering and giving remain part of the philanthropic efforts of wealthy individuals. High net worth individuals volunteered an average of 241 hours in 2007 (a median of 130 hours in 2007). It is notable, however, that fewer high net worth individuals reported volunteering in 2007 (75 percent) than in 2005 (90 percent). Still, giving and volunteering complement each other. The more high net worth individuals volunteered, the more they gave. Non-volunteers gave \$35,127, on average, in 2007 while those who volunteered between 101 and 200 hours donated on average \$124,267 in 2007, and those who volunteered more than 200 hours donated on average \$132,315 to charity in 2007.
- **Board Service.** Nearly half of high net worth individuals reported service to their community by serving on at least one board of directors of a nonprofit organization in 2007. When the wealthy served on at least one board of directors of a nonprofit, they volunteered, on average, 147 hours for all of their board service and donated, on average, \$137,449 to all nonprofits in 2007.
- **In Support of Education.** High net worth households are supporters of education. Three-fourths of high net worth households donated to educational organizations from their personal assets in 2007, while 21.5 percent donated to education through their foundations, funds, or trusts. Educational organizations also received the highest average donation in 2007, \$27,379, of any type of organization besides giving to a private foundation, fund, or trust. Finally, educational organizations received the largest share of all high net worth giving, 27.1 percent in 2007.

- **Locally and Personally Motivated, with Little Need for Public Recognition.** Over 80 percent of high net worth households reported they usually give in order to give back to the community (81.2 percent) and are motivated to give to make an immediate difference (66.9 percent) in the world around them, according to the survey. Other leading motivations include these individuals' social (70.4 percent) and political (58.5 percent) beliefs, as well as their loyalty to certain causes and organizations (70.7 percent). Many donors (57.5 percent) give to support charities whose missions seek to remedy an issue that may have affected the donor personally or someone close to them. In a continuing trend from the previous study, only 5 percent of wealthy donors said they are motivated to give based on public recognition; in fact, when asked what they expected from nonprofits when they make a donation, only 10.2 percent expected public recognition.
- **Trying to Make an Impact.** Wealthy donors believe that their charitable contributions have a greater impact on their own personal fulfillment (46.0 percent) than on those who receive their gifts. Just less than 20 percent of donors believe that their donations make a major impact on the organizations they support, and only 6.1 percent believe they are making significant contributions to the improvement of society in general. However, wealthy individuals said the leading objective for their largest gifts to charitable organizations last year was "general operating support" (56.7 percent). Start-up funding (10.1 percent) and venture philanthropy funding (2.5 percent) were among the least common recipients of the largest donations last year.
- **Raising Philanthropic Children.** According to the survey, "setting an example for children or other young people" is also an important motivator for donors (45.6 percent), with more and more parents actually involving their young and adult-age children in decisions about grant-making (40.8 percent) and the charitable organizations they choose to support (53.2 percent). In fact, the vast majority (95.9 percent) of high net worth households instruct their children about philanthropy and the value of giving. More than 60 percent of wealthy donors actively involve their children in philanthropy. Demonstrating the effectiveness of their parents' teaching, adult-age children of nearly 40 percent of wealthy families surveyed now give through their own private foundation or donor-advised fund.
- **Religion's Role in Philanthropy.** About half (51.0 percent) of those surveyed cited "religious beliefs" among their top motivations for giving. Nearly 70 percent of wealthy households receive information about charitable organizations from religious institutions, and approximately 80 percent indicated that their children learned about giving, in part, through programs offered by these institutions. When high net worth households attended religious services regularly they gave more, on average, to charity in 2007. Those who attended religious services once a week gave \$111,137, on average, and those who attended more than once per week gave \$124,510, on average, while those who did not attend religious services gave \$76,112, on average, in 2007.

- **Great Expectations.** In a continuing trend from the previous study, this new study finds that wealthy donors have high expectations of charitable organizations, ranking the following factors among those most important when determining which to support:
  - Sound business and operational practices (93.0 percent)
  - Spend appropriate amount on overhead (88.3 percent)
  - Acknowledgement of contributions (including receipts) (83.7 percent)
  - Protection of personal information (82.7 percent)
  - Full financial disclosure (77.7 percent)
- **Why Did My Wealthy Donors Stop Donating?** In 2007, 38.0 percent of donors stopped supporting a charitable organization, with more than one-quarter of those surveyed (26 percent) discontinuing support for at least two organizations. The top three reasons why donors reported they stopped giving to a particular charity included “no longer feeling connected to the organization” (57.7 percent), “deciding to support other causes” (51.3 percent), and “feeling they were being solicited too often” (42.3 percent). Very few donors, however, said that they stopped giving to an organization because of “mismanagement of donations” (12.7 percent), “mismanagement of assets” (6.7 percent), or “inaccurate record-keeping of donations” (5.3 percent). This indicates that wealthy donors believe that the organizations they support demonstrate sound business practices, which may be one reason why more than 70 percent of donors give to the same organization year after year.
- **Strategic Use of Charitable Vehicles.** Among the many reasons for establishing one or more charitable vehicles are personal financial benefits such as maximizing income tax deductions, avoiding capital gains and estate taxes, and a desire for control over how dollars are used. As a result, donor-advised funds, while still a relatively new vehicle when considering all that are available, have become one of the preferred giving vehicles utilized by donors, with more than 20 percent of survey respondents currently using them and another 20 percent saying they would consider using them in the next three years. In addition, approximately 56 percent of wealthy donors today have a charitable provision in their will – a total that could climb to a staggering 93 percent in 2010, because an additional 37 percent of donors would consider establishing a charitable provision in their wills in the next three years.
- **Major Shift in the Source of Charitable Advice.** One of the most striking differences between findings from the 2006 and 2008 studies is the dramatic increase in donors’ use of legal and financial professionals to help them make charitable giving decisions. The 2006 study found that donors relied on non-profit personnel (40.2 percent) and their own peers (35.6 percent) more than any other source for advice in this area. The 2008 data finds accountants (44.3 percent), attorneys (42.9 percent) and financial/wealth advisors (27.8 percent) to be among the leading sources of charitable advice.



# Donors

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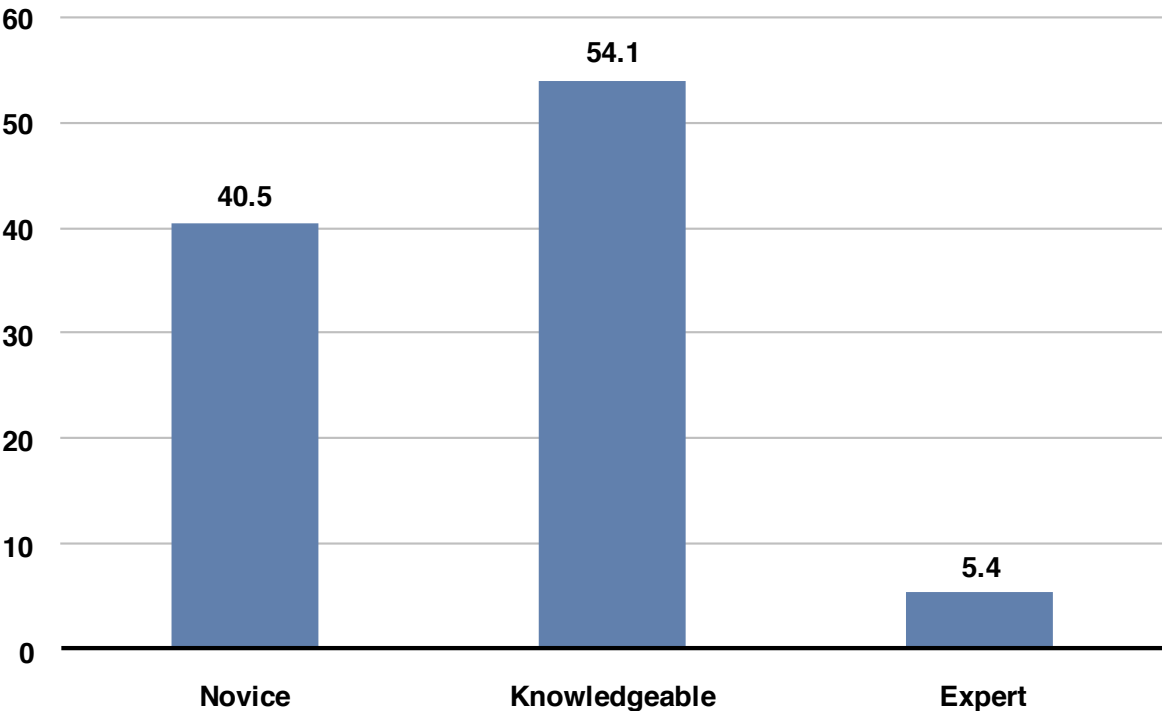
Most high net worth households are charitable donors. In the *2008 Bank of America Study of High Net Worth Philanthropy* we explore the attitudinal and motivational differences in giving, the transmission of philanthropic values to children, and the mechanics of high net worth households' giving. We examine how their giving has changed over the past two years, and how various demographic and social factors influence their giving.

## Level of Charitable Giving Knowledge

Only 5.4 percent of high net worth households consider themselves experts in charitable giving strategies. The majority of wealthy households, 54.1 percent, consider themselves knowledgeable, while 40.5 percent reported that they are novices in terms of their level of charitable giving knowledge (see Figure 1).

**FIGURE 1: HIGH NET WORTH HOUSEHOLDS REPORTING LEVEL OF CHARITABLE GIVING KNOWLEDGE (%)**

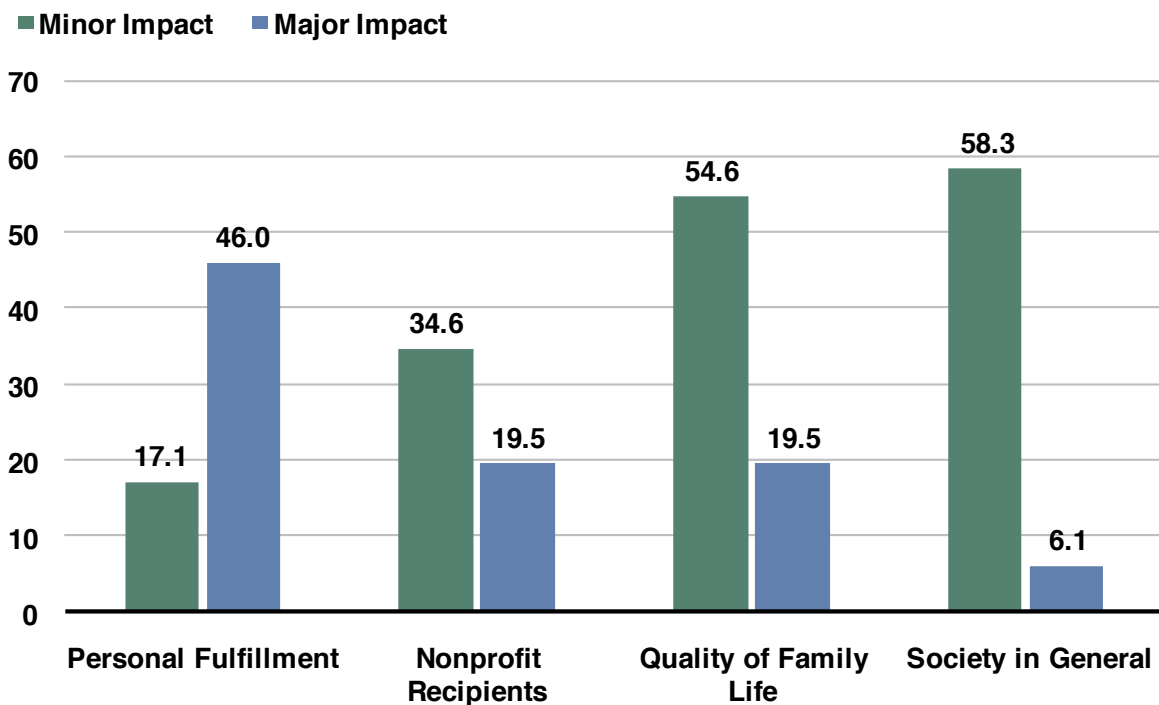
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## Impact of Giving in 2007

As shown in Figure 2, nearly half of all high net worth households (46 percent) indicated that their giving has a major impact on their personal fulfillment. In addition, high net worth households felt their giving was having an impact on the quality of their family life (major impact: 19.5 percent; minor impact: 54.6 percent) and at least a minor impact on society in general (58.3 percent). Only 19.5 percent felt their giving has a major impact on the nonprofits receiving their donations. Furthermore, only one-third believe their giving is having a minor impact on nonprofit recipients. Combining those who said their gift has a major or minor impact on nonprofit recipients suggests that the remaining households, 45.9 percent, believe their giving is having very little or no impact on the nonprofits receiving their donations.

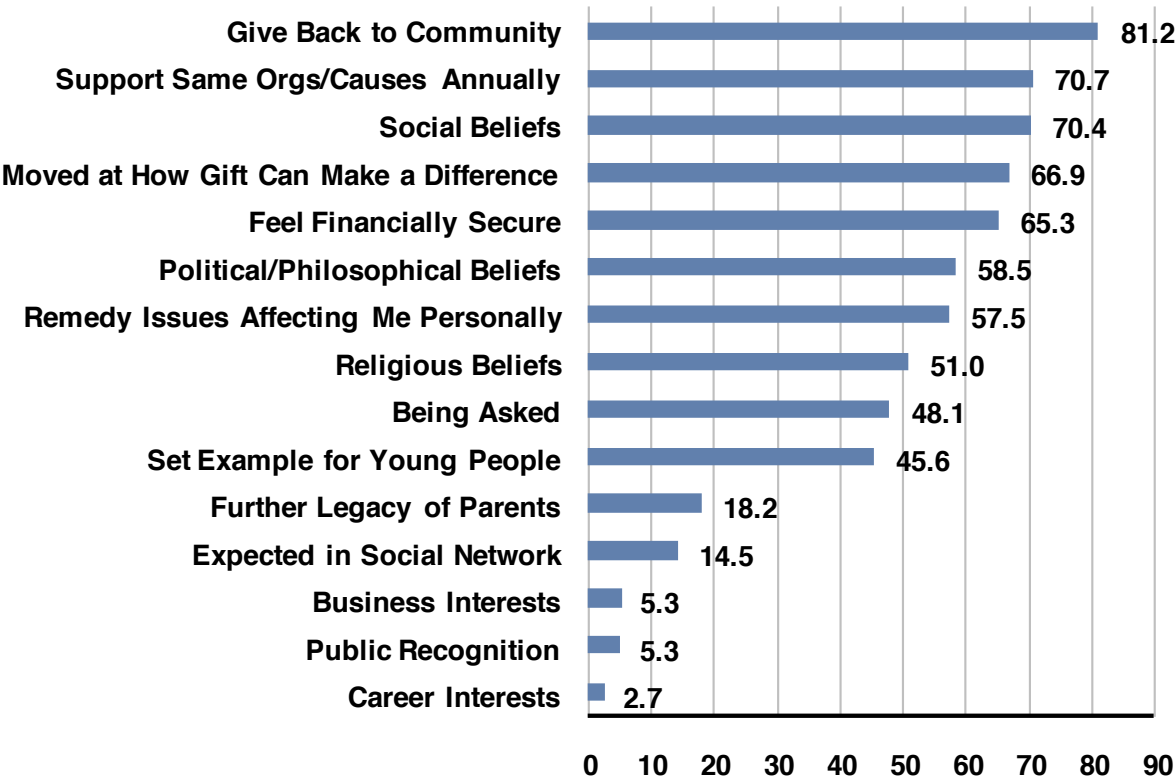
**FIGURE 2: HOW DONORS BELIEVE THEIR GIVING IMPACTS SOCIETY, CHARITIES, AND THE QUALITY OF THEIR OWN LIVES IN 2007 (%)**



# Motivations behind Charitable Behavior

The top motivation for giving to charity reported by high net worth households was giving back to the community (81.2 percent). Wealthy households also reported that they usually give to the same organizations or causes year after year (70.7 percent) and that they give because of their social beliefs (70.4 percent). Few high net worth households reported giving to further their career (2.7 percent), for public recognition (5.3 percent), or to further their business interests (5.3 percent) (see Figure 3).

**FIGURE 3: WHAT MOTIVATES HIGH NET WORTH HOUSEHOLDS TO GIVE (%)**



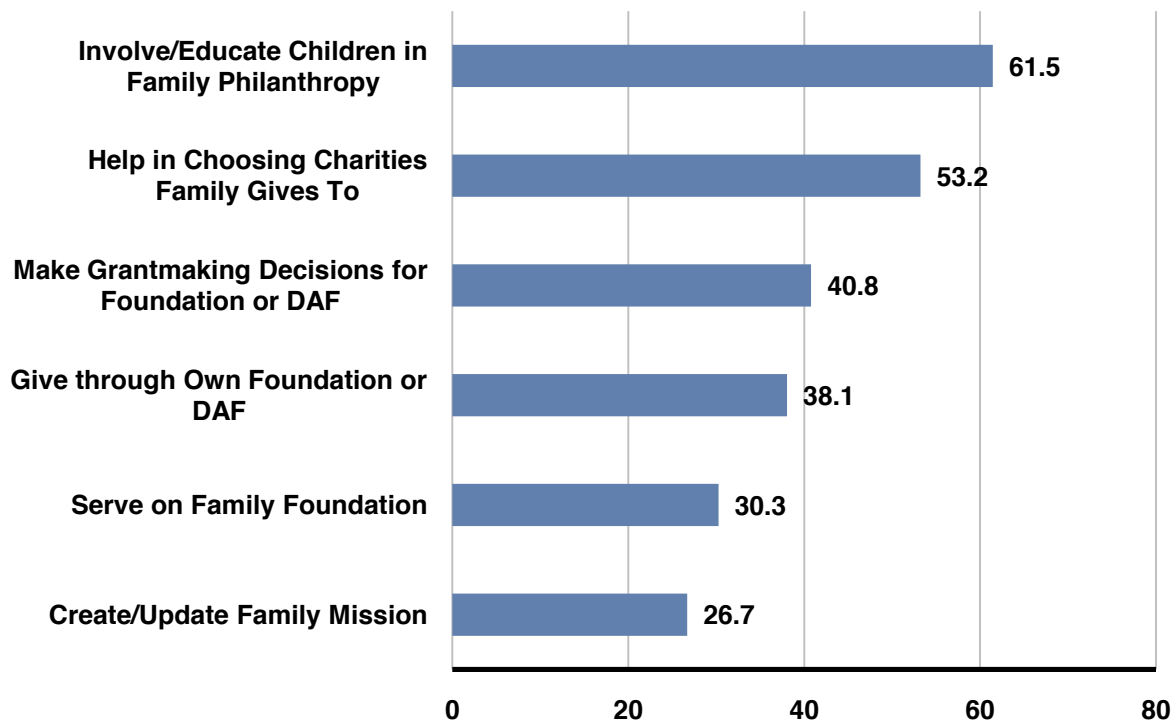
# Children and the Transmission of Philanthropic Values

Building on a theme from two years ago, the *2008 Bank of America Study of High Net Worth Philanthropy* explored the transmission of philanthropic values to children in depth. This includes the role of children in their family’s philanthropy and how children learn about philanthropy. The children of high net worth households in this study are generally adults. The average age of the children in the study is 34.

## Role of Children in Family Philanthropy

Nearly 62 percent of high net worth households involved and educated their own children in their family philanthropy. Over half, 53.2 percent, allowed their children to participate in determining charities and issues the family gave to each year or long-term. Over 40 percent allowed children to make grantmaking decisions for their foundation or donor-advised fund, while 30.3 percent allowed children to serve as directors, managers, other decision-makers for their family foundations (see Figure 4).

**FIGURE 4: TRANSMITTING PHILANTHROPIC VALUES: ROLE CHILDREN PLAY IN CHARITABLE GIVING (%)**

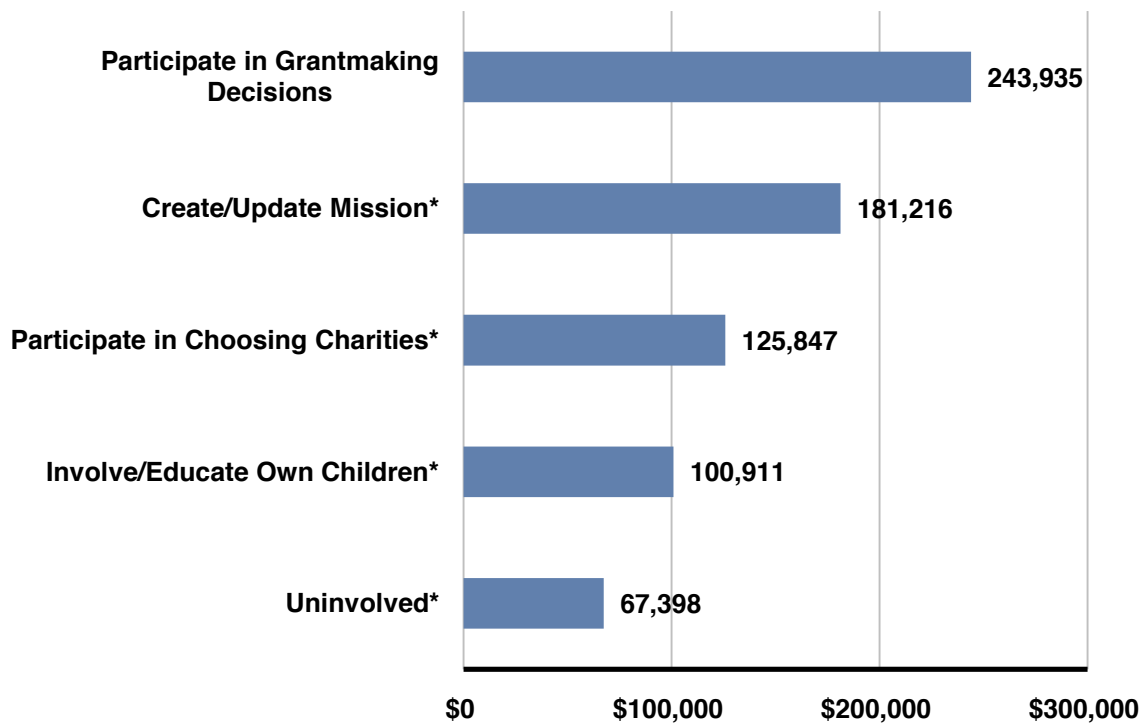


Note: DAF is Donor-Advised Funds. Average age of children is 34.

## Giving Amounts by Role of Children in Family Philanthropy

Figure 5 shows that those donors whose children were not involved in their charitable giving gave less, on average, than those donors whose children were involved. In addition, donors whose children were actively involved in the family foundations' or donor-advised funds' grantmaking decisions gave, on average, more than triple the amount than those whose children were uninvolved (\$243,935 vs. \$67,398). Those survey respondents who reported that they involved or educated their own children in supporting their family's philanthropic objectives gave \$100,911, on average, which is about one and a half times more than the average amount given by donors whose children were uninvolved (\$100,911 vs. \$67,398). Other than when children were uninvolved in their philanthropic activities, this was the lowest average giving reported by donors, based on the role of their children.

**FIGURE 5: TRANSMITTING PHILANTHROPIC VALUES: AVERAGE AGGREGATE GIVING BY ROLE CHILDREN PLAY IN FAMILY PHILANTHROPY, 2007 (\$)**



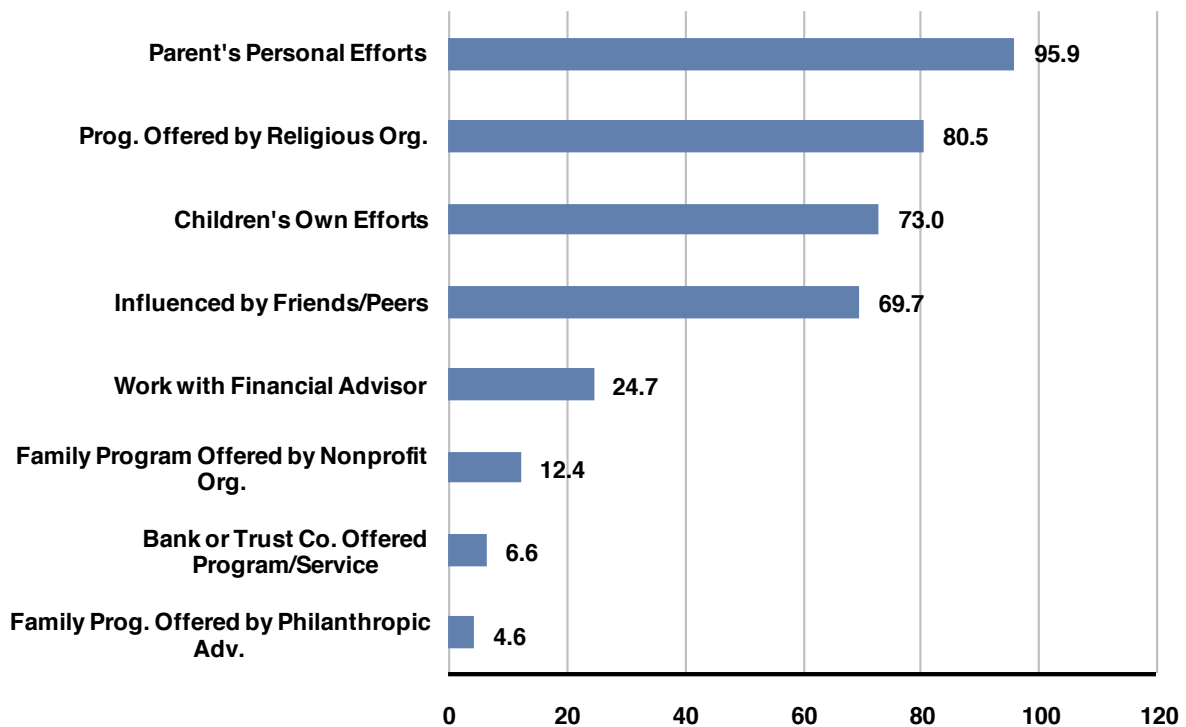
\* May not be statistically meaningful because the sample contains fewer than 50 respondents.

Note: Average age of children is 34. Aggregate giving includes direct giving through personal assets and giving from foundations, funds, or trusts.

## How Children Learn about Giving

Figure 6 shows that 95.9 percent of high net worth households educate their children about charitable giving, while 80.5 percent reported that their children learn about charitable giving through programs offered by a religious institution. Seventy-three percent reported that their children learned through their own personal efforts. Only 4.6 percent reported that their children learn about charitable giving through a family philanthropy program offered by an independent philanthropic advisor.

**FIGURE 6: TRANSMITTING PHILANTHROPIC VALUES: HOW CHILDREN LEARN ABOUT GIVING (%)**



# The Mechanics of Giving: Direct & Foundation Giving

Similar to the 2006 study, which asked about giving in 2005, the *2008 Bank of America Study of High Net Worth Philanthropy* examines what was given in 2007 along with where those donations went, how wealthy households made those donations, and tax considerations in giving.

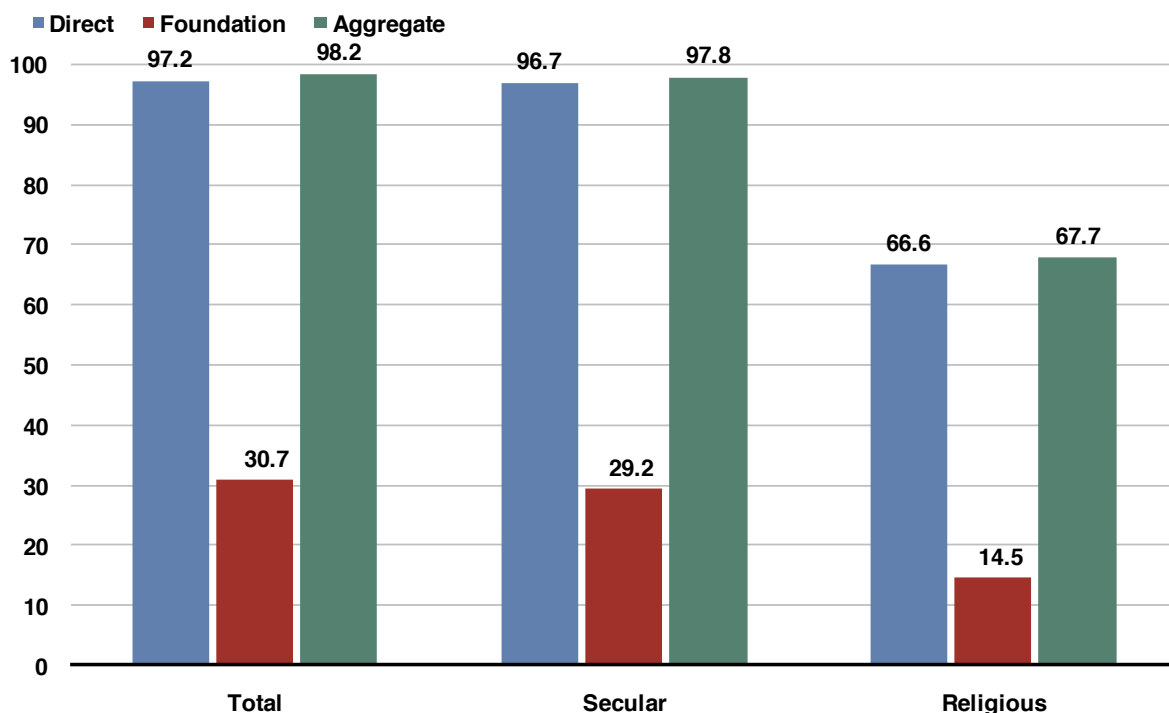
## What was Given in 2007

High net worth households give to charity not only through their own personal assets, but also through charitable vehicles such as private foundations, donor-advised funds, and charitable trusts. The previous study asked about all donations made by high net worth households, and we consider those figures to be comprised of both direct and vehicle-based giving—which we define as “aggregate giving.” In order to understand wealthy giving in more detail, the 2008 study asks about 2007 charitable giving separated into those donations given directly from personal assets and those given from foundations, funds, and trusts. Unless separated, we have combined both direct and foundation giving as aggregate giving, and comparisons of giving between 2005 and 2007 utilize aggregate giving figures. Figure 15 only uses direct giving.

## Percentage of High Net Worth Households That Gave in 2007

Nearly all high net worth households made a donation to charity in 2007, 98.2 percent (see Figure 7). Approximately 30 percent made a donation through their foundation, and 97.2 percent through their own personal assets. Nearly all wealthy households gave to secular causes, 97.8 percent, in 2007. In contrast, only 67.7 percent gave to religious organizations: 66.6 percent through their personal assets, and 14.5 percent through their foundations, funds, and trusts.

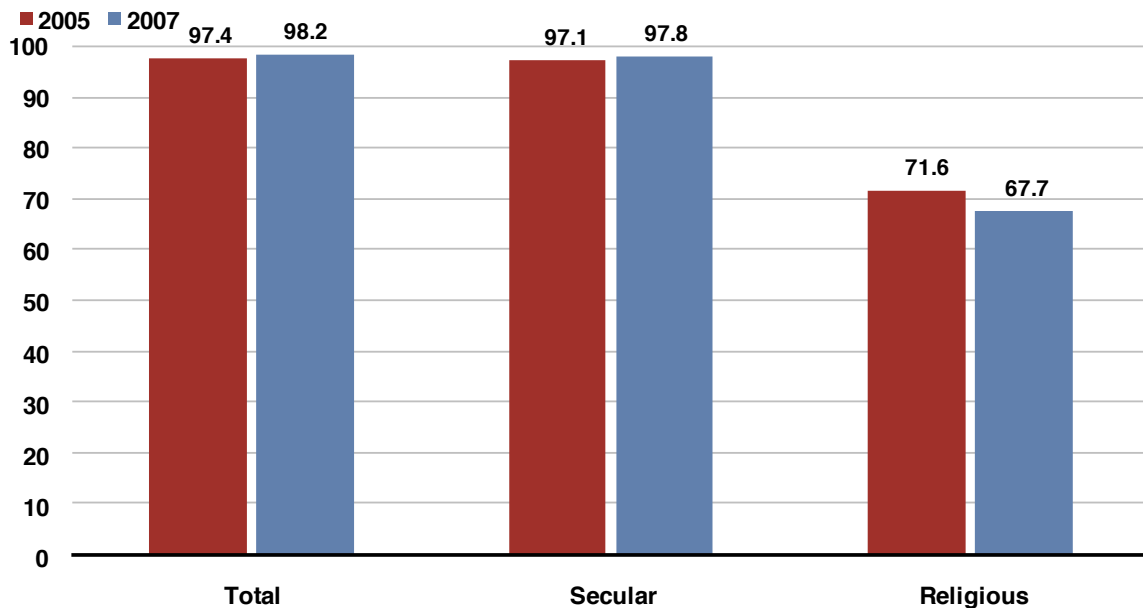
**FIGURE 7: PERCENTAGE OF HIGH NET WORTH HOUSEHOLDS THAT GAVE IN 2007, DIRECT, FOUNDATION, AND AGGREGATE GIVING (%)**



Note: Aggregate giving includes direct giving through personal assets and giving from foundations, funds or trusts.

The percentage of high net worth households that gave to charity in 2007 stayed almost the same (97.4 and 98.2 percent, respectively). The percentage that gave to secular causes also stayed almost the same, increasing by just 0.7 percentage points. The percentage of high net worth households that directed their giving toward religious organizations, however, decreased by almost 4 percentage points between 2005 and 2007 (see Figure 8).

**FIGURE 8: PERCENTAGE OF HIGH NET WORTH HOUSEHOLDS THAT GAVE TO ANY CHARITY, 2005 AND 2007 (%)**

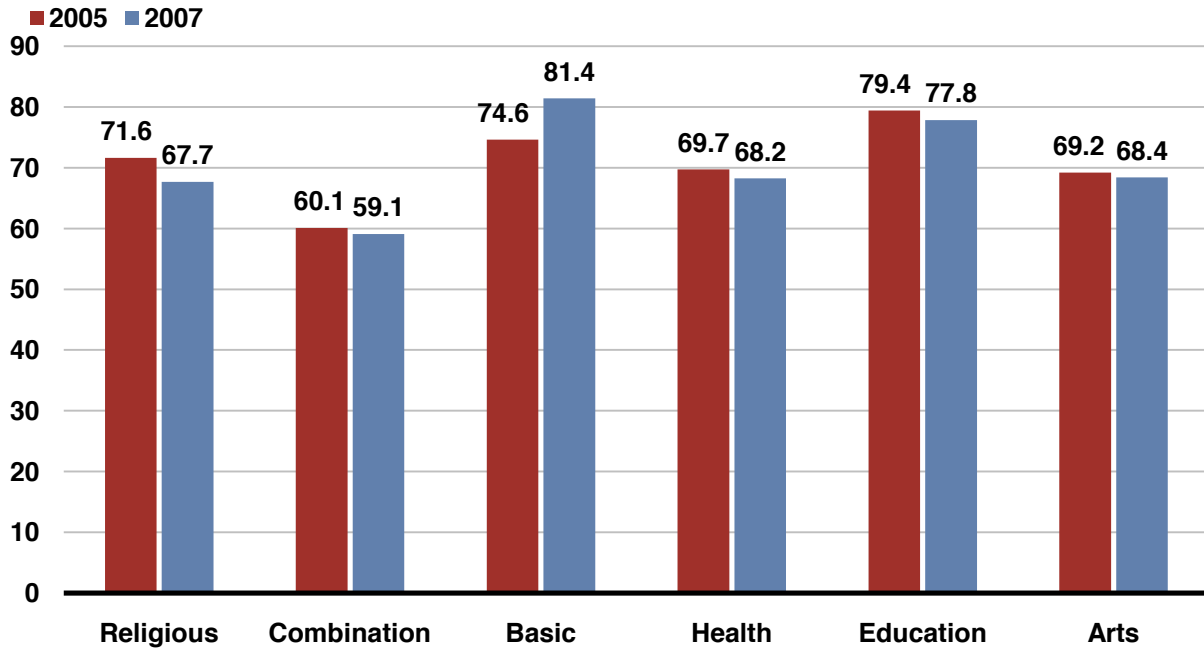


### *Basic Needs Giving*

In 2007, high net worth households were most likely to give to basic needs organizations (81.4 percent). When comparing 2005 to 2007, it is notable that the only increase in the percentage of high net worth households that gave, by subsector, is for basic needs. Most other subsectors (excluding “other”) witnessed a slight drop in the percentage of high net worth households that gave. However, similar to many other types of organizations, average giving to basic needs decreased 14.4 percent from \$4,180 in 2005 to \$3,578 in 2007, after adjusting for inflation.

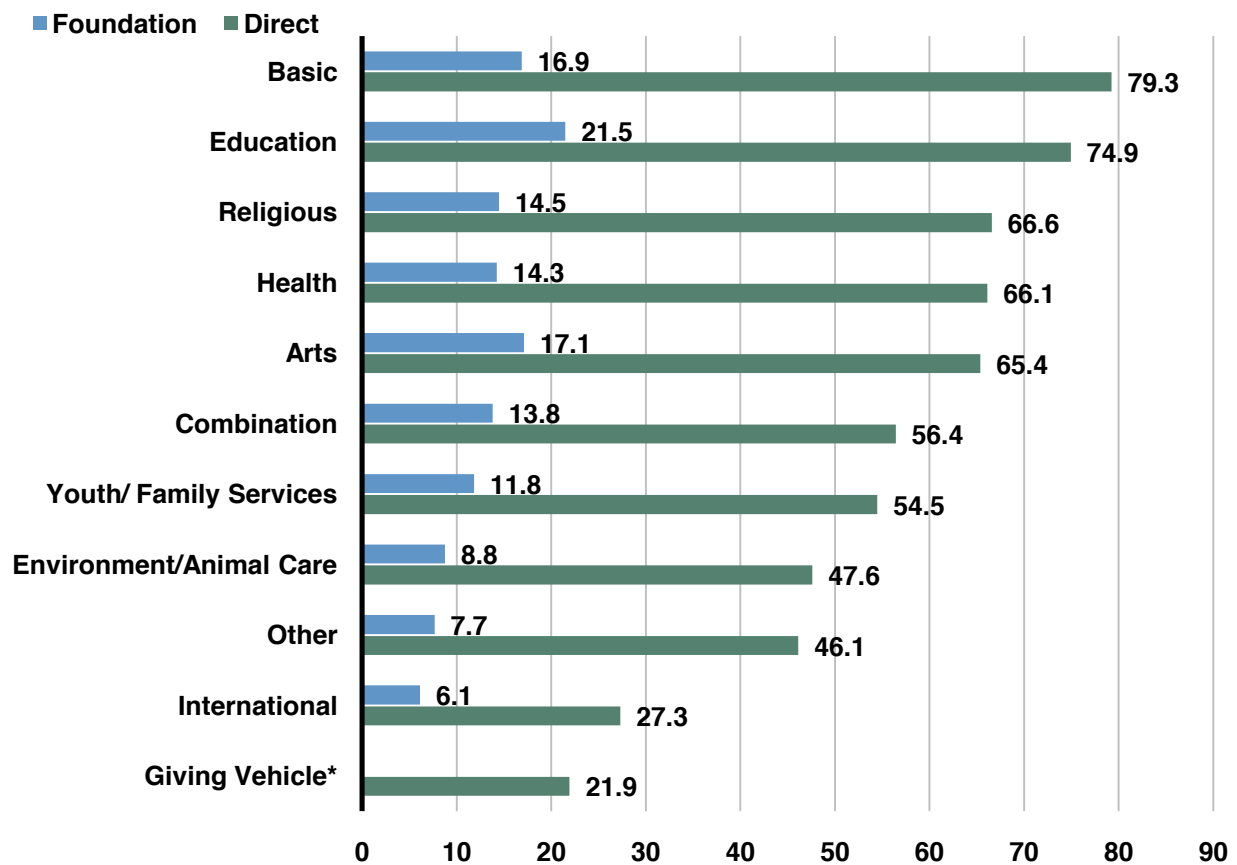
In 2007, fewer high net worth households made a donation to nearly every type of organization except basic needs than in 2005. In 2005, 74.6 percent of wealthy households gave to organizations that provided for basic human needs such as food and shelter, whereas 81.4 percent made a donation for basic needs in 2007 (see Figure 9).

**FIGURE 9: PERCENTAGE OF HIGH NET WORTH HOUSEHOLDS THAT GAVE TO DIFFERENT CHARITABLE SUBSECTORS, 2005 AND 2007 (%)**



When separating high net worth households into those that made a donation directly from their personal assets (direct giving) and those that gave from their foundation, fund, or trust (foundation giving), slightly different patterns emerge. The highest percentage of high net worth households gave directly to basic needs organizations through their own assets (79.3 percent) whereas the highest percentage of high net worth households support education through their charitable giving vehicles (21.5 percent) followed by the arts (17.1 percent). The lowest percentage of high net worth households gave to international causes either directly through their personal assets (27.3 percent) or through their foundation, fund, or trust (6.1 percent). Finally, 21.9 percent of high net worth households made a donation in 2007 to a private foundation, to a community foundation, a donor-advised fund, or a charitable trust (see Figure 10).

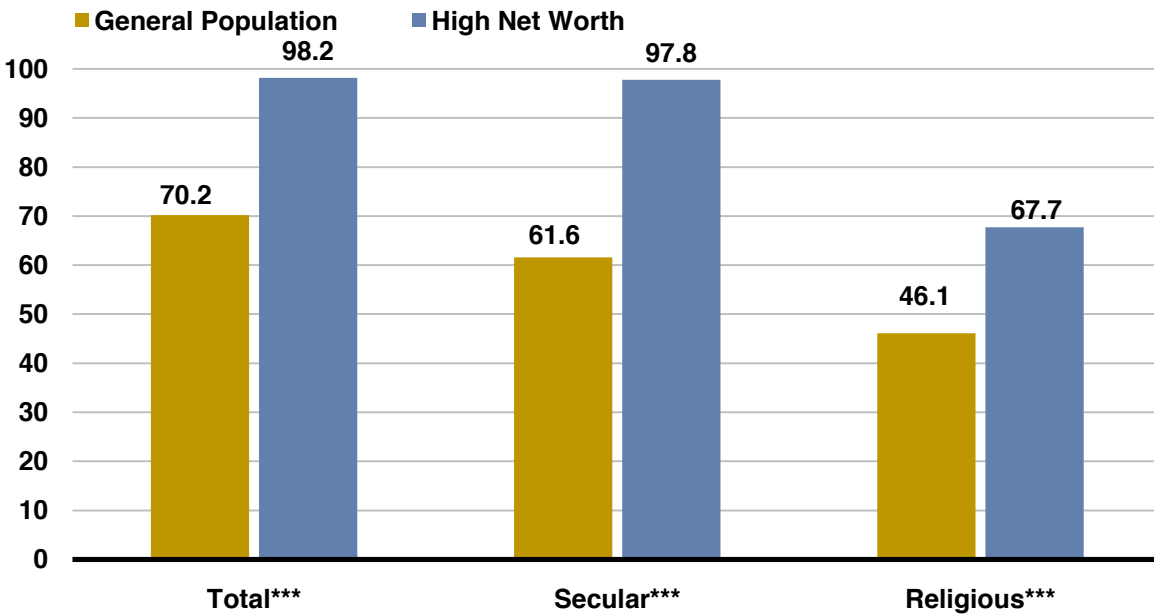
**FIGURE 10: PERCENTAGE OF HIGH NET WORTH HOUSEHOLDS THAT GAVE TO DIFFERENT CHARITABLE SUBSECTORS DIRECTLY OR THROUGH A FAMILY FOUNDATION, FUND, OR TRUST IN 2007, (%)**



\* Note: 'Giving Vehicle' represents gifts to private foundations, charitable trusts and donor advised funds and was not included as a category when asking how much households gave from their giving vehicles.

More than 98 percent of high net worth households contributed to charity in 2007, compared to 70 percent for the U.S. population as a whole, a statistically significant difference. A statistically significantly higher percentage of high net worth households also gave to secular and religious causes. Under half of Americans gave to religion, whereas two-thirds of high net worth households gave to religion (see Figure 11).

**FIGURE 11: PERCENTAGE OF HIGH NET WORTH HOUSEHOLDS THAT GAVE TO CHARITY IN 2007, COMPARED TO THE U.S. GENERAL POPULATION (%)**

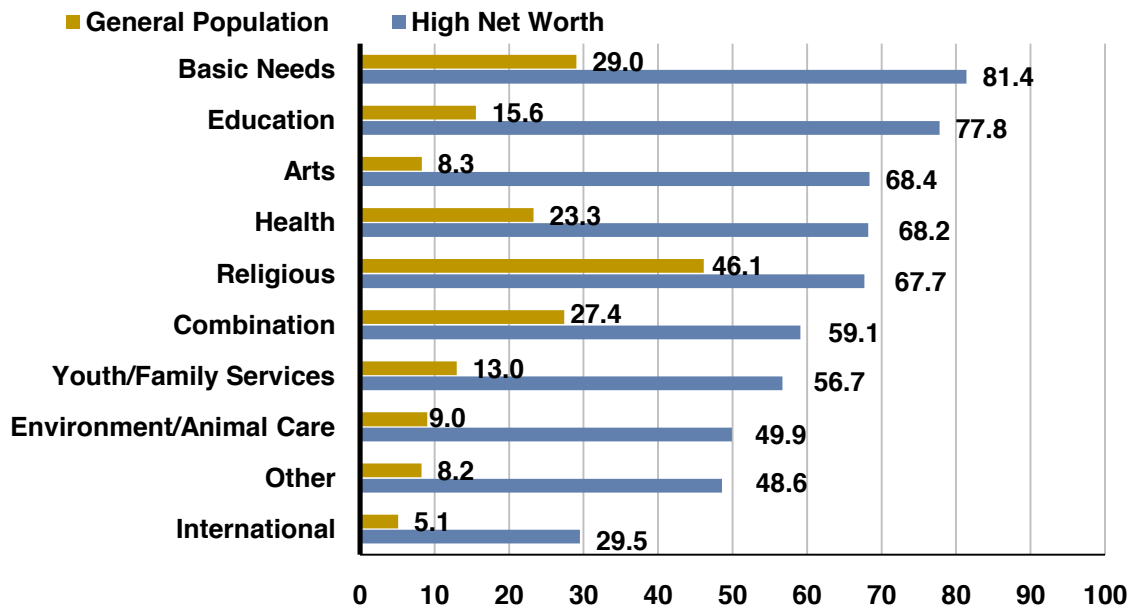


Note: Source for the U.S. general population is the Center on Philanthropy Panel Study 2005 wave, the latest year available. High net worth figures are for 2007 aggregate giving (direct plus foundation giving).

\*\*\*Statistically different at the  $p < .001$  level.

Compared to the general population, a higher percentage of wealthy households gave to each type of nonprofit organization. The largest difference is between the percentage of wealthy households and all U.S. households that gave to education (62.2 percentage point difference) and to arts and culture (60.1 percentage point difference) (see Figure 12).

**FIGURE 12: PERCENTAGE OF HIGH NET WORTH HOUSEHOLDS THAT GAVE TO DIFFERENT CHARITABLE SUBSECTORS IN 2007, COMPARED TO THE U.S. GENERAL POPULATION (%)**



Note: Source for the U.S. general population, the Center on Philanthropy Panel Study 2005 wave, the latest data available. High net worth figures are for 2007 aggregate giving (which includes direct and foundation giving).

## Average and Median Amount Given by Type of Charity

High net worth households gave \$80,249 on average in 2007. This is a 9.7 percent decrease from 2005 (\$88,845), after adjusting for inflation. Average total giving to secular causes was also down in 2007 to \$68,812 from \$74,312, a decrease of 7.4 percent (see Table 1).

**TABLE 1: AVERAGE AGGREGATE AMOUNT GIVEN BY DONOR HIGH NET WORTH HOUSEHOLDS, 2005 AND 2007**

	2005*	2007	Percent Difference
	Average Giving	Average Giving	
Total	\$88,845	\$80,249	-9.7%
Secular	\$74,312	\$68,812	-7.4%
Religious	\$20,014	\$17,044	-14.8%
Giving Vehicle	\$65,473	\$60,578	-7.5%
Combination	\$6,955	\$9,038	29.9%
Basic Needs	\$4,180	\$3,578	-14.4%
Youth or Family Services	N/A	\$8,798	N/A
Health	\$7,946	\$12,013	51.2%
Education	\$28,090	\$27,379	-2.5%
Arts	\$16,465	\$4,792	-70.9%
Environment/Animal Care	N/A	\$3,171	N/A
International	N/A	\$4,062	N/A
Other**	\$8,139	\$11,169	37.2%

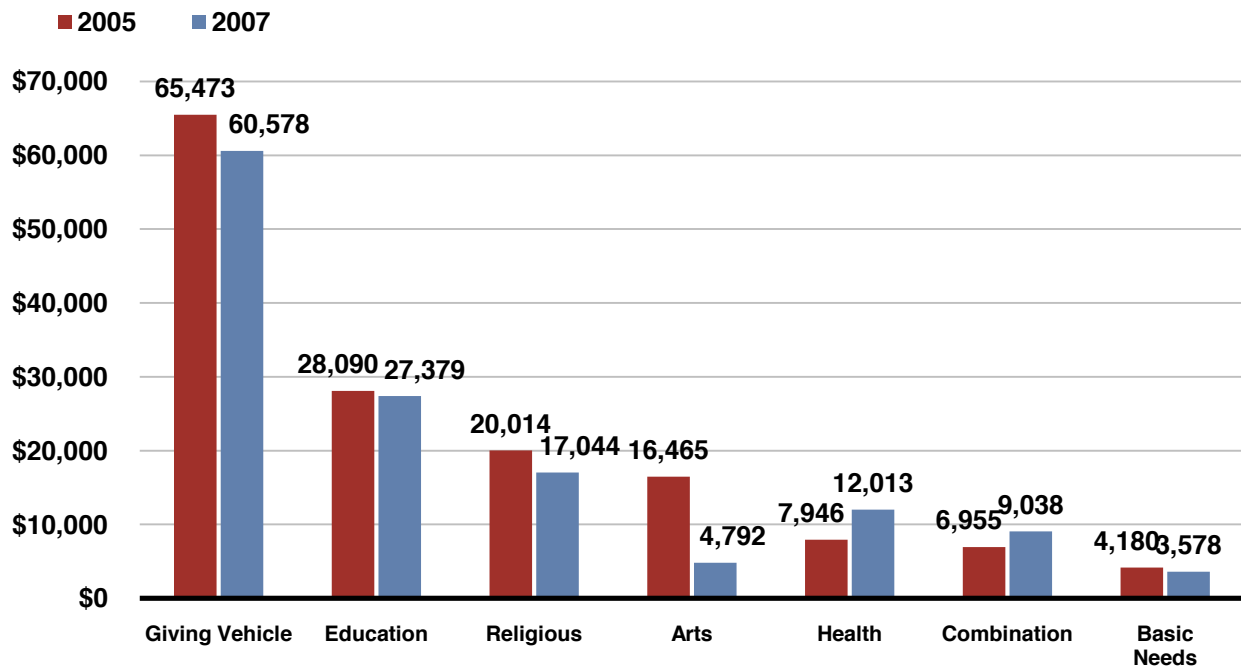
\*Charitable giving for 2005 was adjusted for inflation to 2007 dollars.

\*\* Giving to youth or family services, environment/animal care, and international causes are included as “other” giving in 2005.

Note: Average giving includes no outliers. Aggregate giving includes direct giving from personal assets and giving from foundations, funds, and trusts. ‘Giving Vehicle’ represents gifts to private foundations, charitable trusts and donor advised funds. Please see Methodology section for more information

Wealthy households gave the highest average amount to foundations, funds, and trusts in both 2005 and 2007. After adjusting for inflation, average giving to foundations, funds, and trusts decreased by 7.5 percent from 2005 to 2007. Wealthy households also gave a substantial amount, on average, to education (\$27,379 in 2007) compared to other subsectors. Giving to education decreased from 2005 to 2007 by 2.5 percent, after adjusting for inflation. Average giving to the arts decreased the most significantly from \$16,465 in 2005 to \$4,792 in 2007, a 70.9 percent drop. On the other hand, average giving to combination organizations such as the United Way and to health increased from two years ago (see Figure 13).

**FIGURE 13: AVERAGE DONATION AMOUNTS TO CHARITABLE SUBSECTORS BY DONOR HIGH NET WORTH HOUSEHOLDS, 2005 AND 2007 (\$)**



Note: Charitable giving for 2005 was adjusted for inflation to 2007 dollars. ‘Giving Vehicle’ represents gifts to private foundations, charitable trusts and donor advised funds. Please see the Methodology section for more information.

When high net worth households gave to charity through their foundations, funds, or trusts in 2007, they gave a higher average amount to each type of nonprofit organization than when they gave from their own personal income or assets (see Table 2). In total, the average amount donated to charity by wealthy households was twice as much through their charitable giving vehicle as it was from their personal assets (direct giving = \$56,602 and foundation giving = \$119,351).

**TABLE 2: AVERAGE AMOUNT GIVEN BY DONOR HIGH NET WORTH HOUSEHOLDS, 2005 AND 2007**

	2005*		2007					
			Direct		Foundation		Aggregate	
	Average Giving (no outliers)	Average Giving (with outliers)	Average Giving (no outliers)	Average Giving (with outliers)	Average Giving (no outliers)	Average Giving (with outliers)	Average Giving (no outliers)	Average Giving (with outliers)
Total	<b>\$88,845</b>	\$97,909	\$56,602	\$189,397	\$119,351	\$265,885	<b>\$80,249</b>	\$241,386
Secular	<b>\$74,312</b>	\$83,412	\$48,541	\$181,973	\$107,319	\$261,746	<b>\$68,812</b>	\$230,711
Religious	<b>\$20,014</b>	\$20,014	\$12,085	\$12,061	\$36,541	\$36,541	<b>\$17,044</b>	\$17,011
Giving Vehicle	<b>\$65,473</b>	\$65,473	\$60,578	\$420,298	N/A	N/A	<b>\$60,578</b>	\$420,298
Combination	<b>\$6,955</b>	\$6,949	\$3,491	\$3,487	\$36,937	\$36,383	<b>\$9,038</b>	\$9,025
Basic	<b>\$4,180</b>	\$4,330	\$2,215	\$7,861	\$10,565	\$49,265	<b>\$3,578</b>	\$14,460
Youth or Family Services**	<b>N/A</b>	N/A	\$1,719	\$83,906	\$52,601	\$106,218	<b>\$8,798</b>	\$94,691
Health	<b>\$7,946</b>	\$19,864	\$8,970	\$8,954	\$24,206	\$24,206	<b>\$12,013</b>	\$11,992
Education	<b>\$28,090</b>	\$28,235	\$20,022	\$20,779	\$45,057	\$65,005	<b>\$27,379</b>	\$31,882
Arts	<b>\$16,465</b>	\$16,911	\$3,147	\$3,487	\$11,013	\$142,141	<b>\$4,792</b>	\$27,244
Environment/Animal Care**	<b>N/A</b>	N/A	\$2,724	\$2,724	\$5,124	\$29,996	<b>\$3,171</b>	\$6,121
International Giving**	<b>N/A</b>	N/A	\$2,436	\$2,436	\$13,429	\$66,521	<b>\$4,062</b>	\$11,542
Other Giving**	<b>\$8,139</b>	\$8,142	\$8,987	\$8,987	\$25,647	\$25,647	<b>\$11,169</b>	\$11,169

\* Charitable giving for 2005 was adjusted for inflation to 2007 dollars.

\*\*Giving to youth or family services, environment/animal care, and international causes are included as “other” giving in 2005. Please see the Methodology section for more information.

Note: Aggregate giving means direct giving through personal assets plus giving from foundations, funds or trusts. ‘Giving Vehicle’ represents gifts to private foundations, charitable trusts and donor advised funds.

As shown in Table 3, median giving decreased from \$15,156 in 2005 to \$13,000 in 2007, an 8.9 percent drop (adjusted for inflation). The median for high net worth household giving through foundations, funds, and trusts is more than double the median for giving from personal assets (\$25,550 compared to \$11,700). This gives further evidence that when high net worth households make donations from charitable vehicles they tend to give much more on average. The highest median amount was giving to a private foundation, community foundation, donor-advised fund, or charitable trust (\$9,000 in 2007) followed by giving to religion (\$4,000 in 2007).

**TABLE 3: MEDIAN AMOUNT GIVEN BY DONOR HOUSEHOLDS, 2005 AND 2007**

	2005*		2007					
	Median Giving (no outliers)	Median Giving (with outliers)	Direct		Foundation		Aggregate	
			Median Giving (no outliers)	Median Giving (with outliers)	Median Giving (no outliers)	Median Giving (with outliers)	Median Giving (no outliers)	Median Giving (with outliers)
Total	<b>\$15,156</b>	\$15,182	\$11,700	\$11,750	\$25,550	\$27,050	<b>\$13,000</b>	\$13,000
Secular	<b>\$9,608</b>	\$9,715	\$7,292	\$7,325	\$21,500	\$24,000	<b>\$8,039</b>	\$8,113
Religious	<b>\$4,247</b>	\$4,247	\$3,500	\$3,420	\$7,350	\$7,350	<b>\$4,000</b>	\$4,000
Giving Vehicle	<b>\$4,512</b>	\$4,512	\$9,000	\$9,500	N/A	N/A	<b>\$9,000</b>	\$9,500
Combination	<b>\$1,062</b>	\$1,062	\$1,000	\$1,000	\$5,000	\$5,000	<b>\$1,000</b>	\$1,000
Basic Needs	<b>\$1,062</b>	\$1,062	\$500	\$500	\$2,000	\$2,000	<b>\$700</b>	\$725
Youth or Family Services**	<b>N/A</b>	N/A	\$500	\$500	\$5,000	\$5,000	<b>\$500</b>	\$500
Health	<b>\$1,062</b>	\$1,062	\$500	\$500	\$5,000	\$5,000	<b>\$800</b>	\$800
Education	<b>\$2,123</b>	\$2,123	\$1,600	\$1,624	\$7,000	\$7,500	<b>\$2,000</b>	\$2,000
Arts	<b>\$1,062</b>	\$1,062	\$500	\$500	\$3,500	\$4,000	<b>\$700</b>	\$700
Environment/Animal Care **	<b>N/A</b>	N/A	\$300	\$300	\$1,000	\$1,500	<b>\$400</b>	\$450
International Giving**	<b>N/A</b>	N/A	\$500	\$500	\$1,000	\$1,500	<b>\$500</b>	\$500
Other Giving**	<b>\$1,062</b>	\$1,062	\$500	\$500	\$2,000	\$2,000	<b>\$500</b>	\$500

\* Charitable giving for 2005 was adjusted for inflation to 2007 dollars.

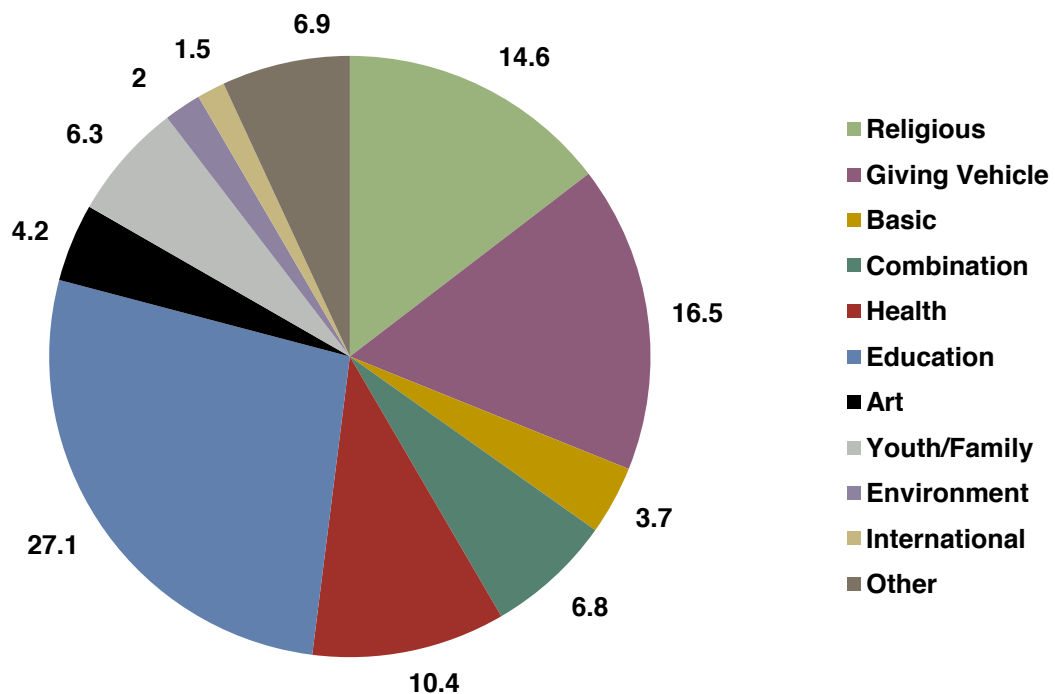
\*\*Giving to youth or family services, environment/animal care, and international causes are included as “other” giving in 2005. Please see the Methodology section for more information.

Note: Aggregate giving means direct giving through personal assets plus giving from foundations, funds or trusts. ‘Giving Vehicle’ represents gifts to private foundations, charitable trusts and donor advised funds.

## Distribution of Giving

High net worth households reported that the largest share of their giving went to educational organizations (27.1 percent). The second largest share went to foundations (16.5 percent) followed by religious organizations (14.6 percent) and “other” organizations such as for veterans or neighborhood development organizations (10.4 percent). The smallest share of giving as reported by high net worth households went to international aid or the promotion of world peace (1.5 percent), for the environment/animal care (2 percent), and for basic needs such as organizations that provide food and shelter (3.7 percent) (see Figure 14).

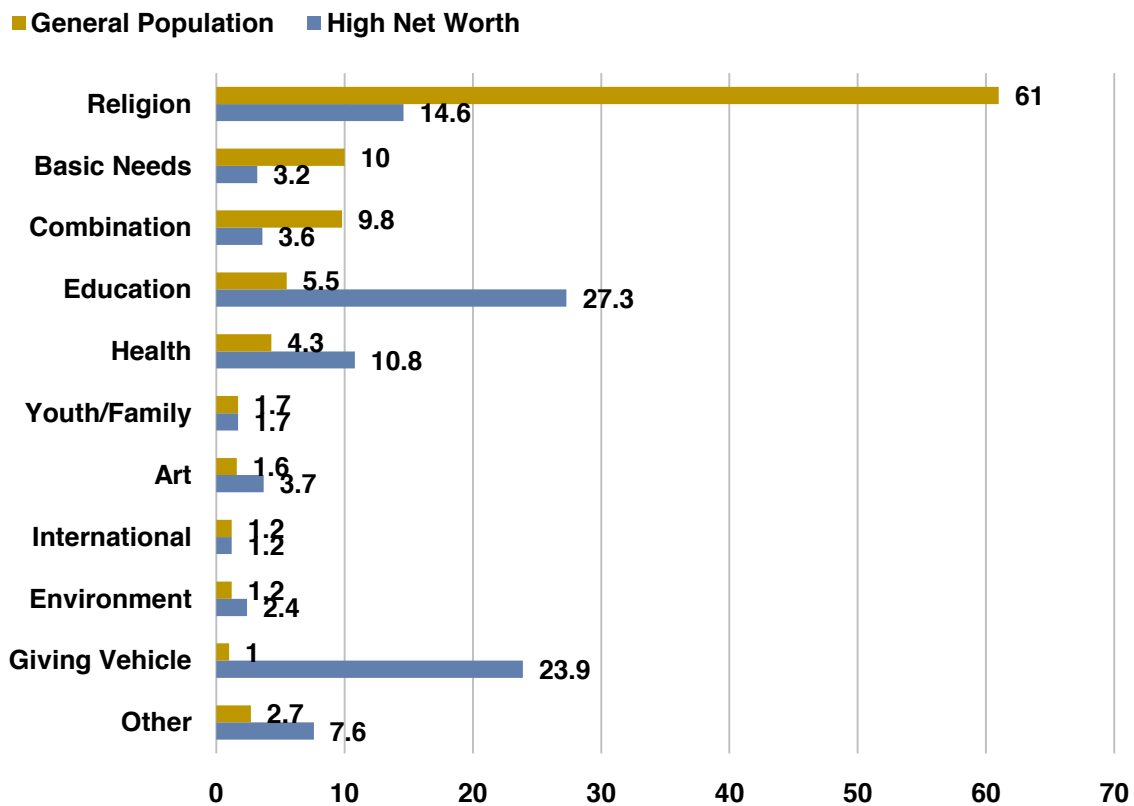
**FIGURE 14: DISTRIBUTION OF HIGH NET WORTH AGGREGATE GIVING BY SUBSECTOR, 2007 (%)**



Note: Aggregate giving means direct giving through personal assets including giving from foundations, funds, and trusts. ‘Giving Vehicle’ represents gifts to private foundations, charitable trusts and donor advised funds.

The distribution of all giving differs considerably between the U.S. general population and high net worth households. Just over 60 percent of giving from all Americans goes to religion whereas only 14.6 percent of all high net worth direct giving (giving personal assets only) is donated to religious organizations. Instead, the bulk of all high net worth direct giving (giving from personal income or assets) goes to educational organizations (27.3 percent) and to foundations, funds, or trusts (23.9 percent). The U.S. general population gave a larger share than high net worth households to basic needs groups and organizations that serve a combination of purposes such as United Ways, Catholic Charities, and the United Jewish Federation (see Figure 15).

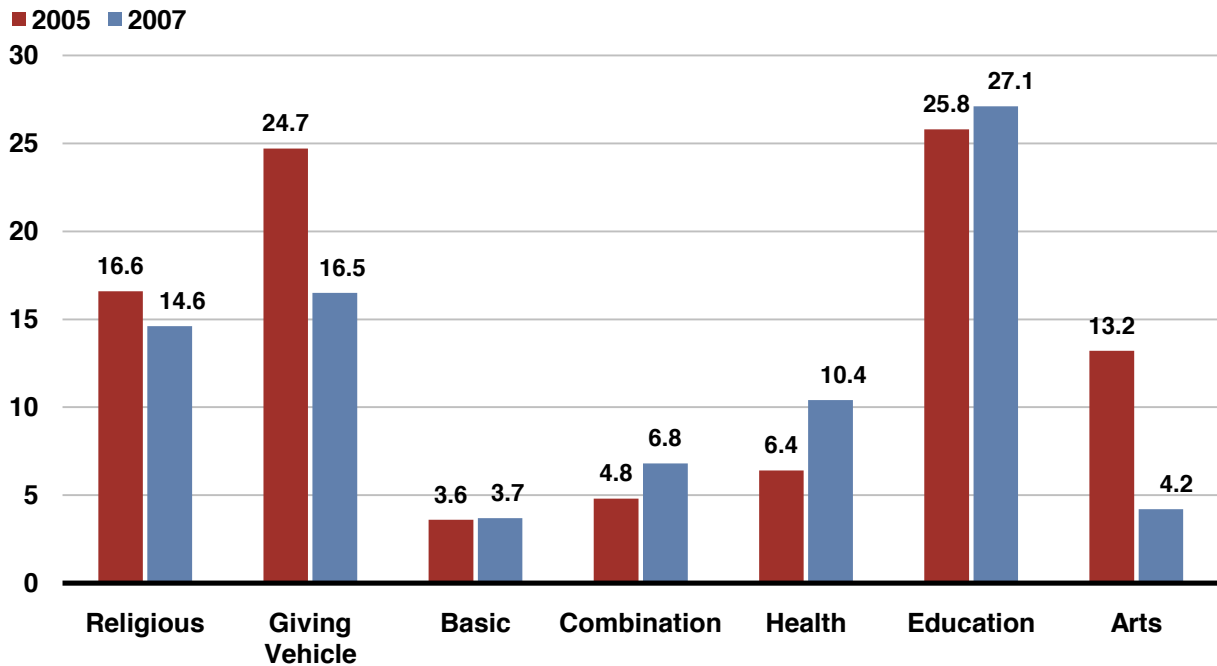
**FIGURE 15: PERCENTAGE OF DIRECT GIVING TO CHARITABLE SUBSECTORS, HIGH NET WORTH DONORS VS. GENERAL POPULATION, 2007 (%)**



Note: High net worth figures are for 2007 direct giving (giving from personal assets only). Source for the U.S. general population is the Center on Philanthropy Panel Study 2005 wave, the latest year available. 'Giving Vehicle' represents gifts to private foundations, charitable trusts, and donor advised funds.

The share of all high net worth household giving donated to combination funds (such as United Ways), health charities, and education organizations increased in 2007 compared to 2005 (Figure 16). The share of giving to religion, foundations/funds/trusts, and arts organizations decreased from 2005 to 2007. The share of contributions to basic needs organizations by high net worth households stayed almost the same, increasing only by 0.1 percentage point from 2005 to 2007.

**FIGURE 16: PERCENTAGE OF DONATIONS TO CHARITABLE SUBSECTORS, 2005 AND 2007 (%)**

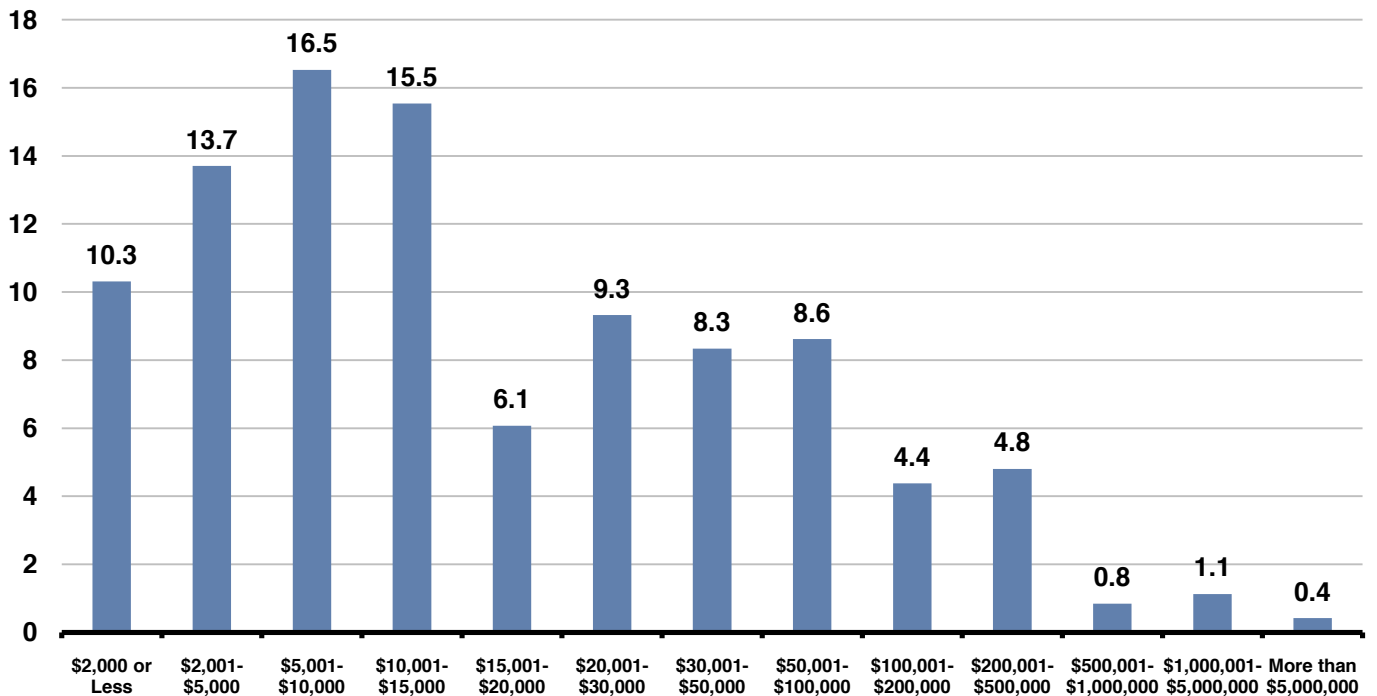


Note: Percentages do not total 100% across subsectors because “other” giving is not shown on graph ‘Giving Vehicle’ represents gifts to private foundations, charitable trusts and donor advised funds.

While overall, high net worth households give more than typical American households, in some areas there are some similarities. For example, in both groups, there are a large number of relatively low gift amounts with just a few donors who give at high levels. As Figure 17 shows, even among the wealthy, charitable giving tends to be skewed toward lower levels of giving. Just over 40 percent of all high net worth donors gave less than \$10,000 in 2007 through personal assets or charitable vehicles. Only 2.3 percent of the wealthy donor households made donations of more than \$500,000 in 2007. Ten percent of high net worth households that made a donation in 2007 gave in total \$2,000 or less to charity.

Average giving by U.S. donor households was \$2,247 in 2007, after adjusting for inflation

**FIGURE 17: PERCENTAGE OF HIGH NET WORTH AGGREGATE GIVING BY SIZE OF GIFTS , 2007 (%)**

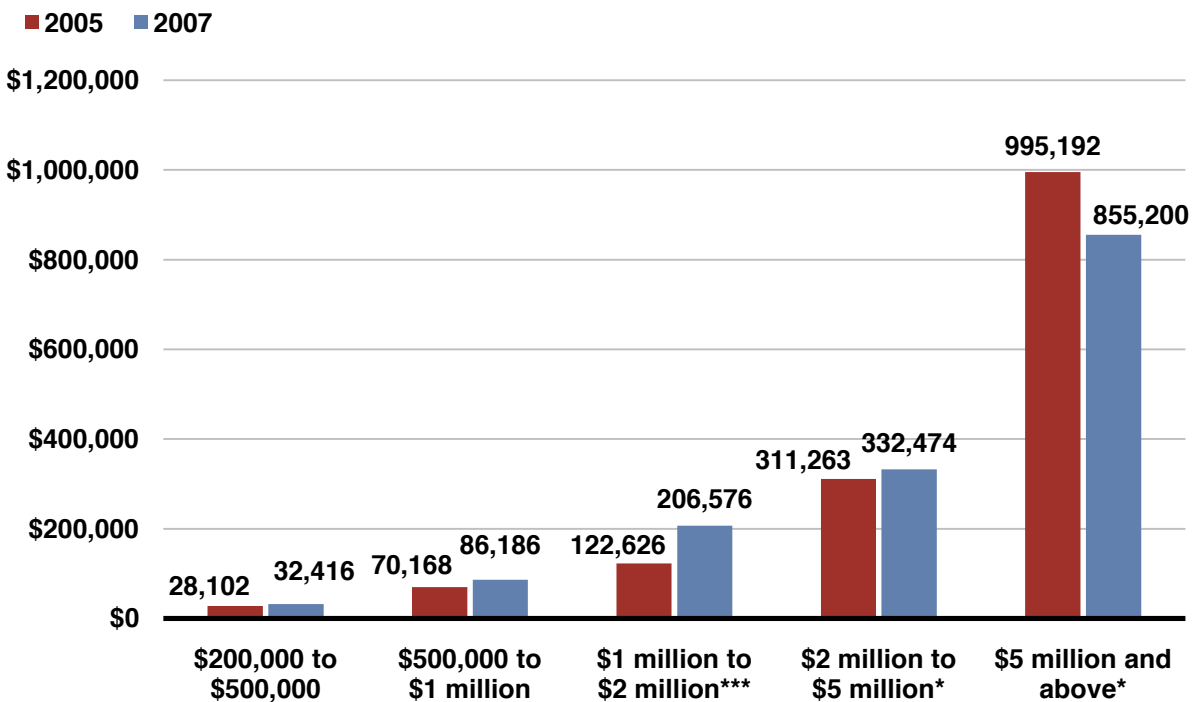


Note: Aggregate giving includes direct giving through personal assets and giving from foundations, funds or trusts.

## High Net Worth Giving by Demographics

Charitable giving increases with increases in income. High net worth households with an income between \$200,000 and \$500,000 gave \$32,416 on average to charity in 2007. Those earning between \$500,000 and \$1 million gave nearly two and a half times more, giving \$86,186 on average. Those earning even greater amounts, \$5 million or more in 2007, gave on average \$855,200 to charity in 2007. At nearly each income level, the wealthy gave more in 2007 than in 2005, including a statistically significant increase from households with an income between \$1 million and \$2 million ( $p < .05$ ). The only exception are those households at the highest income group, \$5 million or more, who gave less in 2007 (\$855,200) than they did in 2005 (\$995,192). This decline in giving by the wealthiest families accounts for the overall drop in total average giving (see Figure 18).

**FIGURE 18: AVERAGE DONATION BY INCOME, 2005 AND 2007 (\$)**



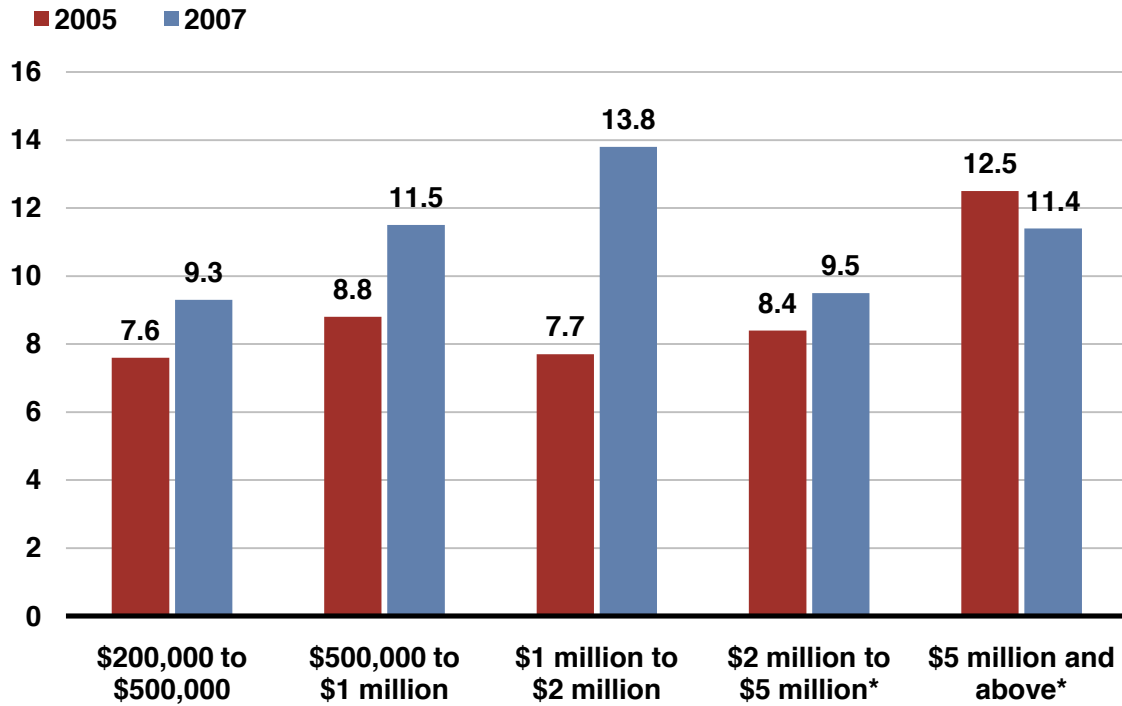
\* May not be statistically meaningful because the sample contains fewer than 50 respondents.

\*\*\*Statistically significant difference ( $p < .05$ ) from 2005 to 2007.

Note: 2005 dollar values adjusted for inflation to 2007 dollars

As shown in Figure 19, high net worth households gave between 9.3 and 13.8 percent of their income to charity in 2007 either from their own personal income or assets, or from their foundations, funds, and trusts.

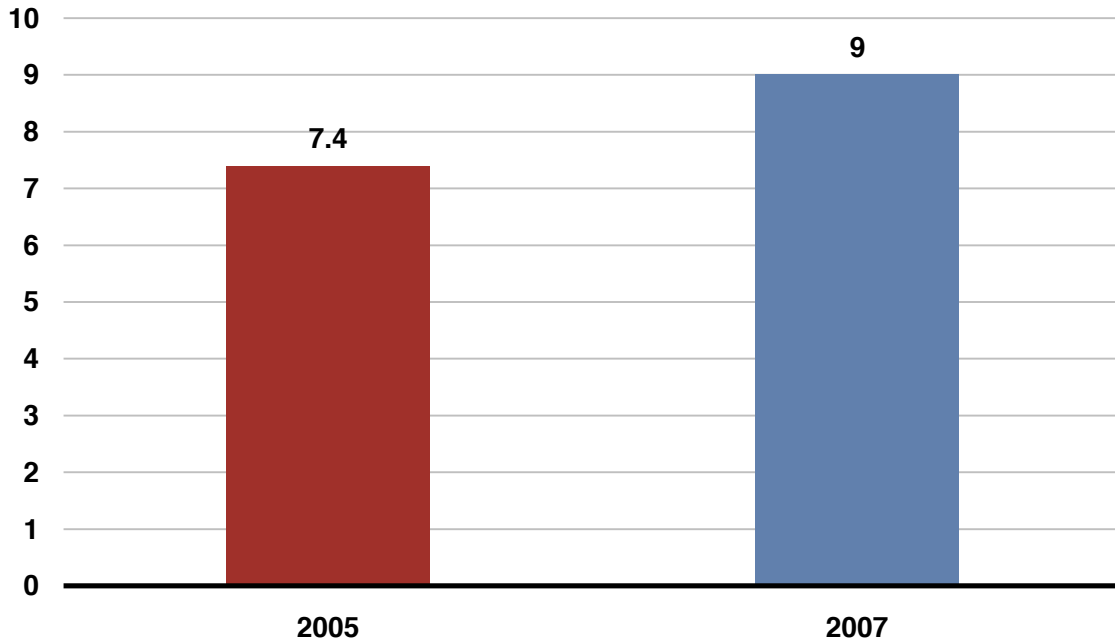
**FIGURE 19: AVERAGE AGGREGATE DONATION AS A PERCENTAGE OF INCOME, 2005 AND 2007 (\$)**



\* May not be statistically meaningful because the sample contains fewer than 50 respondents.

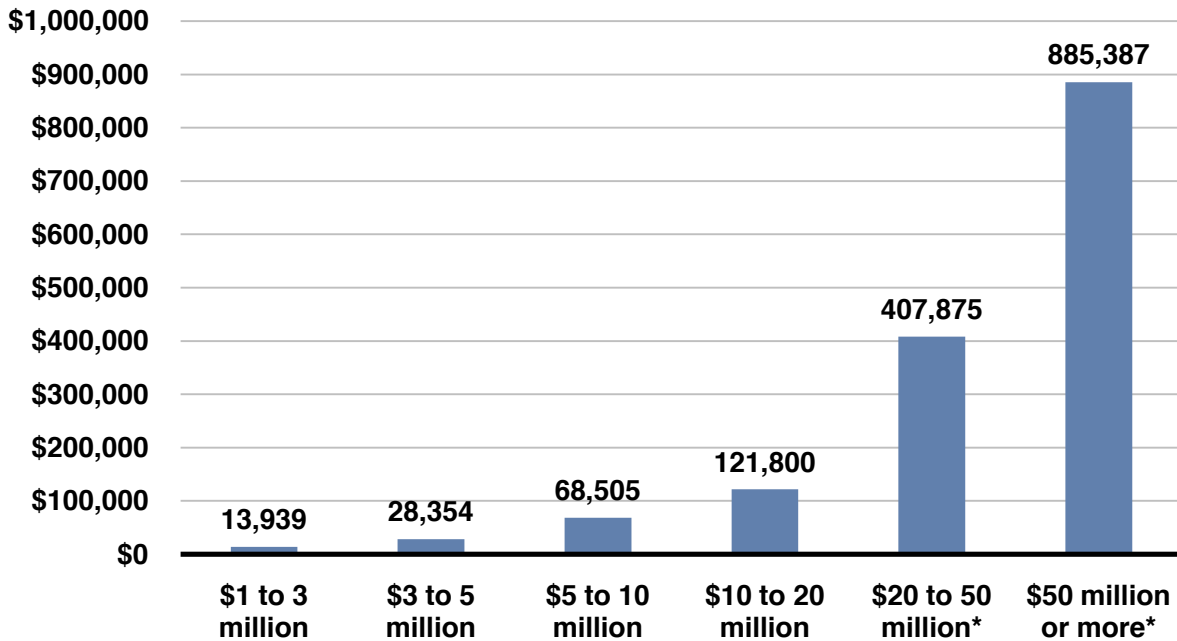
In total, high net worth households gave 9 percent of their income to charity in 2007, which is higher than the 7.4 percent of income high net worth households donated to charity in 2005. This amount is much higher than the 2.6 percent of income the U.S. general population donated to charity in 2005, the latest year for which giving information is available (see Figure 20).

**FIGURE 20: AVERAGE DONATION AS A PERCENTAGE OF INCOME, 2005 AND 2007 (%)**



As wealth increases so does the average amount donated to charity. Wealthy households with a net worth between \$1 and \$3 million gave on average \$13,939 to charity in 2007. Very wealthy households, those with a net worth of \$50 million or more, donated \$885,387 on average, twice as much as those with a net worth between \$20 and \$50 million (see Figure 21).

**FIGURE 21: AVERAGE AGGREGATE DONATION BY WEALTH, 2007 (\$)**

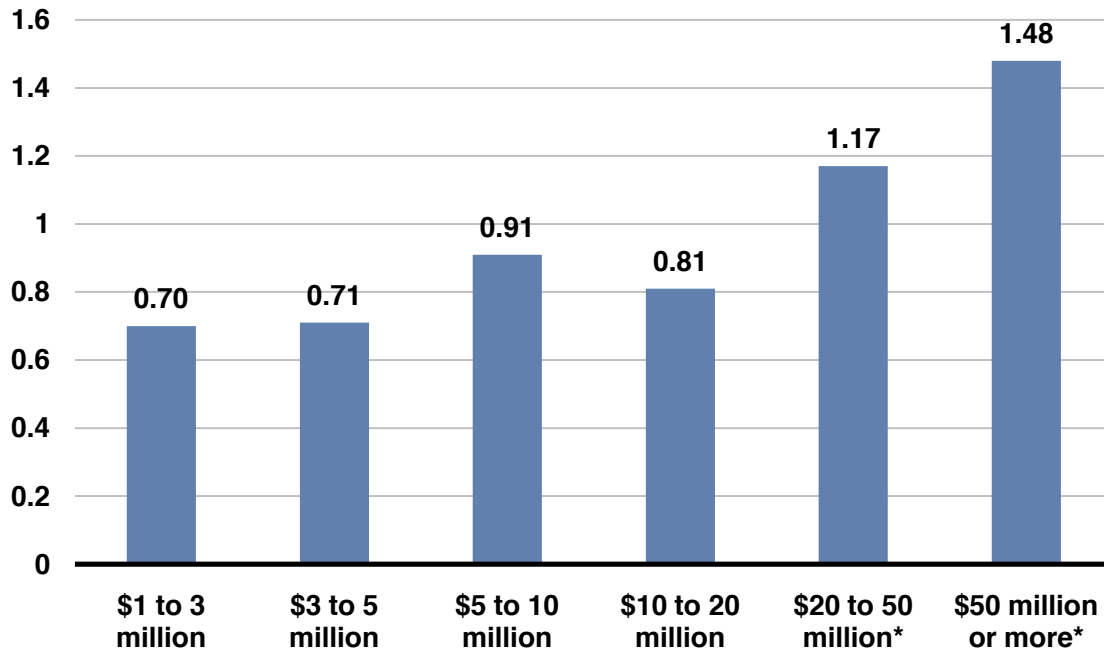


\* May not be statistically meaningful because the sample contains fewer than 50 respondents

Note: Aggregate giving includes direct giving through personal assets and giving from foundations, funds or trusts.

Wealthy households gave between 0.7 percent and 1.5 percent of their net worth to charity in 2007. In general, as wealth increased so did the percentage these households gave to charity (see Figure 22).

**FIGURE 22: AVERAGE AGGREGATE DONATION AS A PERCENTAGE OF WEALTH, 2007 (%)**

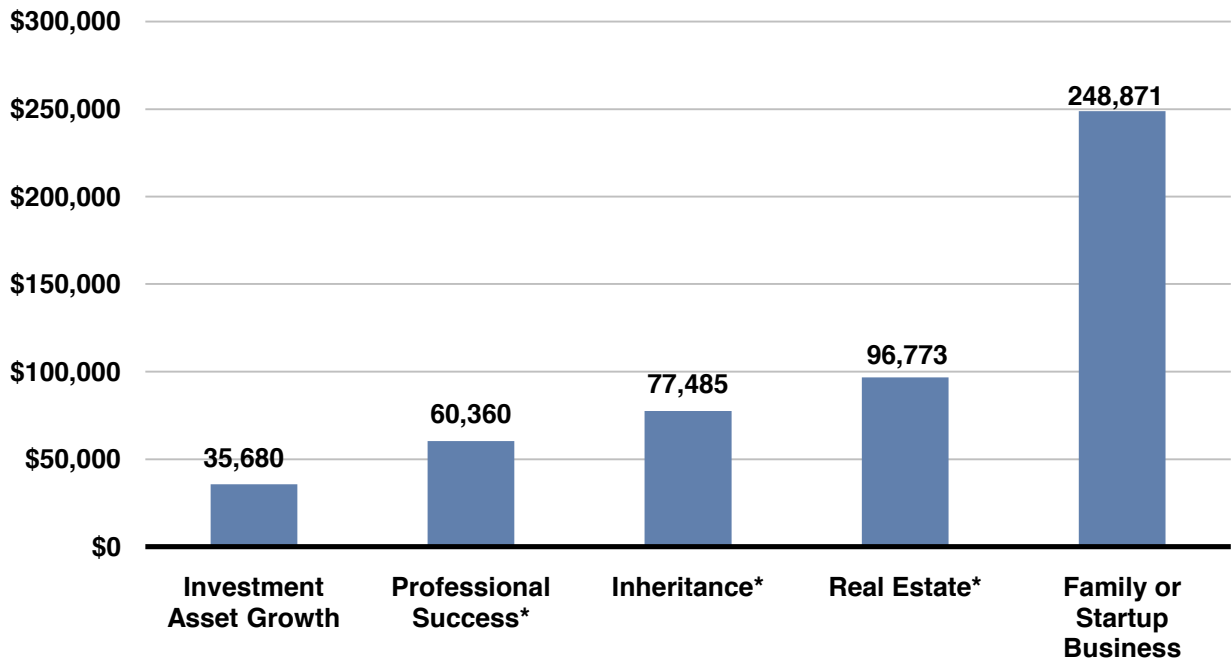


\* May not be statistically meaningful because the sample contains fewer than 50 respondents.

Note: Aggregate giving means direct giving through personal assets plus giving from foundations, funds or trusts.

In 2007, entrepreneurs (households where 50 percent or more of their net worth comes from a family-owned business or a startup company) gave the most to charity on average (\$248,871) compared to high net worth households that have other sources of net worth. In 2007, entrepreneurs gave two and a half times as much on average as those whose net worth comes from equity in real estate holdings (\$96,773). Households where 50 percent or more of their net worth came from the growth of investment assets gave the least amount on average (\$35,680) (see Figure 23).

**FIGURE 23: AVERAGE AGGREGATE GIVING BY PRIMARY SOURCE OF NET WORTH, 2007 (\$)**

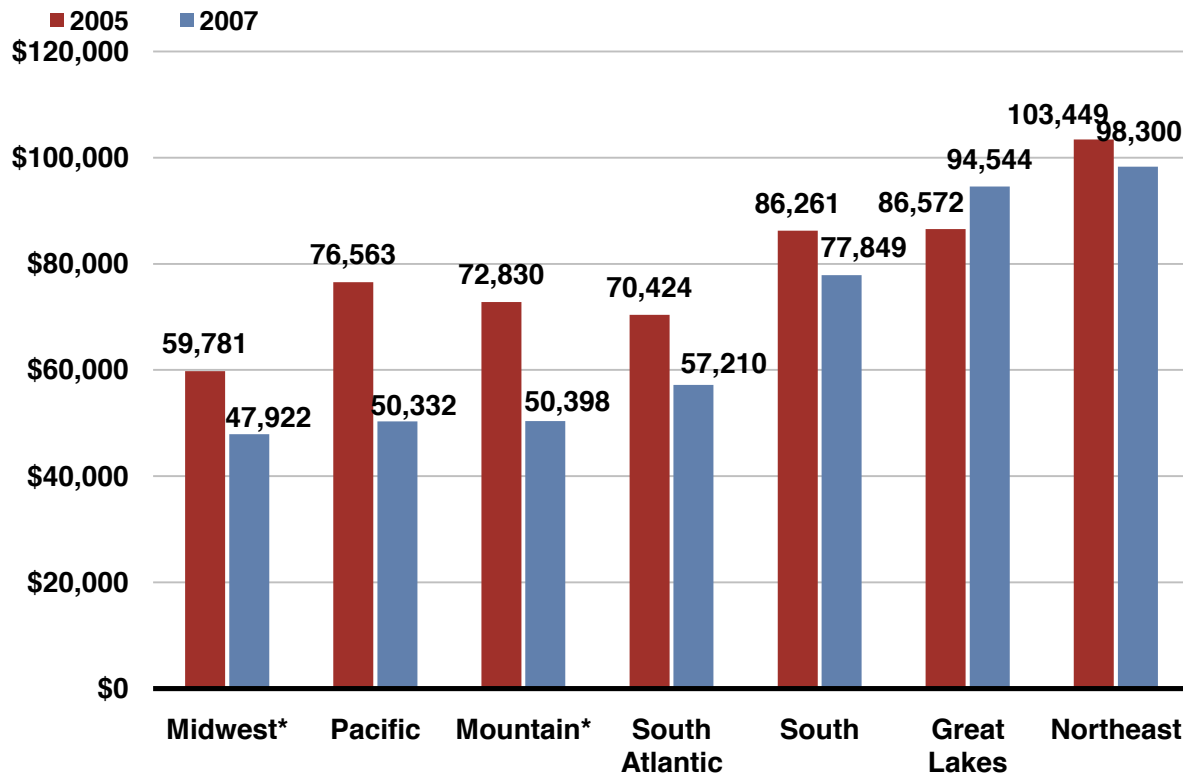


\*May not be statistically meaningful because the sample contains fewer than 50 respondents.

Note: Aggregate giving means direct giving through personal assets plus giving from foundations, funds or trusts.

Charitable giving can also vary by region of the country (see Figure 24). Those households whose primary residence was in the Northeast gave the most, on average, (\$98,300) to charity in 2007, more than those households in other parts of the country. Households from the Great Lakes region also had a high average giving amount, \$94,544. Those giving the lowest average amount were households from the Midwest, who gave \$47,922 on average to nonprofit organizations. In much of the country, the average amount contributed decreased from 2005 to 2007 (after adjusting 2005 amounts for inflation). However, in the Great Lakes region, giving increased from \$86,572 in 2005 to \$94,544 in 2007.

**FIGURE 24: AVERAGE DONATION BY REGION OF THE US, 2005 AND 2007 (\$)**



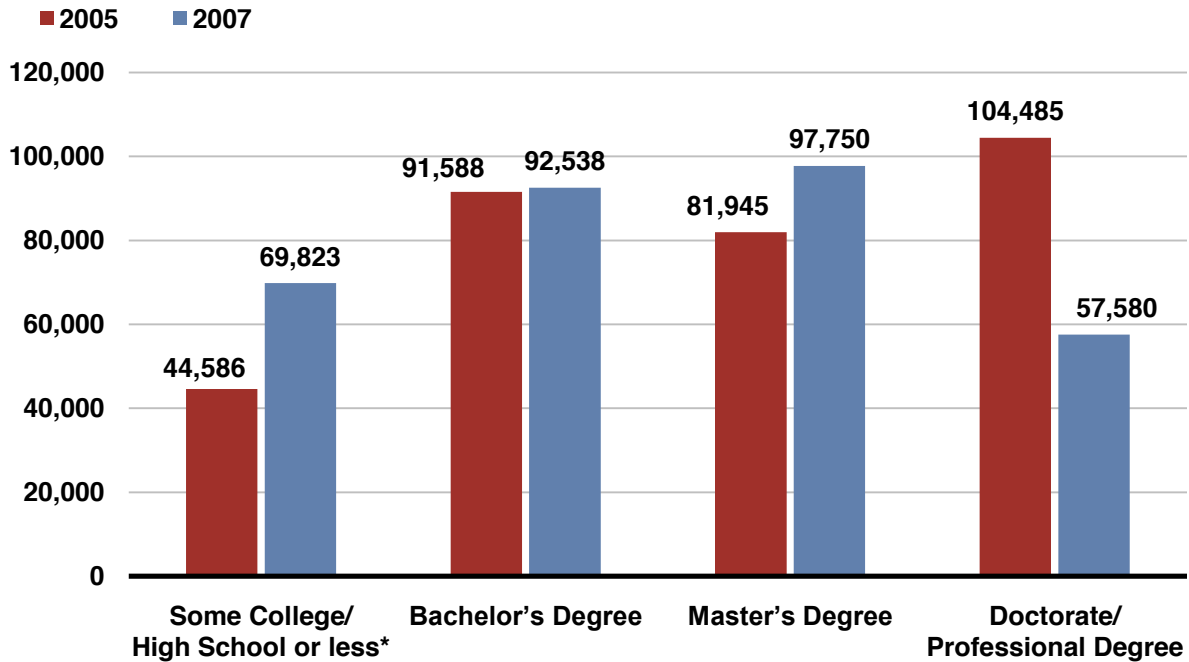
\*May not be statistically meaningful because the sample contains fewer than 50 respondents.

Note: 2005 dollar values adjusted for inflation to 2007 dollars

Northeast	Connecticut, Maine, Massachusetts, New Hampshire, New York, New Jersey, Pennsylvania, Rhode Island, Vermont
South Atlantic	Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia
South	Alabama, Arkansas, Kentucky, Louisiana, Mississippi, Oklahoma, Tennessee, Texas
Great Lakes	Illinois, Indiana, Michigan, Ohio, Wisconsin
Midwest	Iowa, Kansas, Nebraska, Minnesota, Missouri, North Dakota, South Dakota
Mountain	Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming
Pacific	Alaska, California, Hawaii, Oregon, Washington

Average aggregate giving by high net worth households in 2007 differed somewhat by education level (see Figure 25). Those households with a master’s degree gave more, on average, than other education levels (\$97,750). Those with a doctorate or professional degree gave the least amount on average, giving \$57,580 in 2007 to nonprofit organizations. At each education level high net worth households gave more on average in 2007 than they did in 2005, except those with a doctorate or professional degree. These households gave less on average in 2007 (\$57,580) than they did in 2005 (\$104,485).

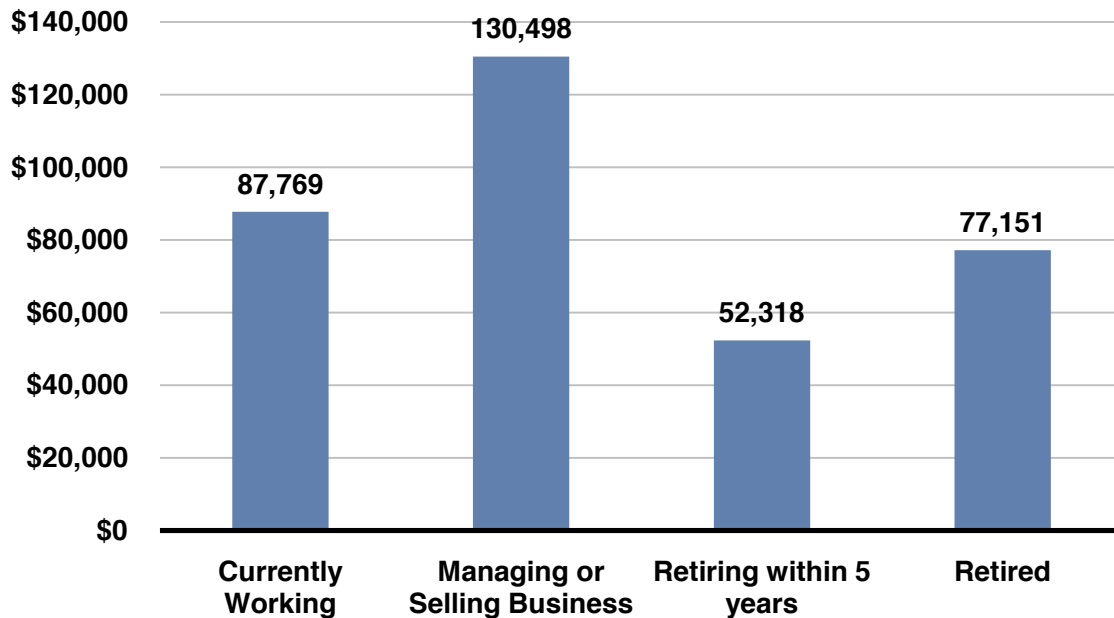
**FIGURE 25: AVERAGE GIVING BY EDUCATION LEVEL, 2005 AND 2007 (\$)**



\*May not be statistically meaningful because the sample contains fewer than 50 respondents.  
 Note: 2005 dollar values adjusted for inflation to 2007 dollars.

Average aggregate giving (the sum of giving from personal assets and from charitable giving vehicles) varied by the stage of donor's career. Those managing or selling a business gave the most on average, \$130,498, to charity in 2007. Households who had at least one retired person donated \$77,151 on average, while those who were five years or less before retirement gave the lowest amount on average, \$52,318 (see Figure 26).

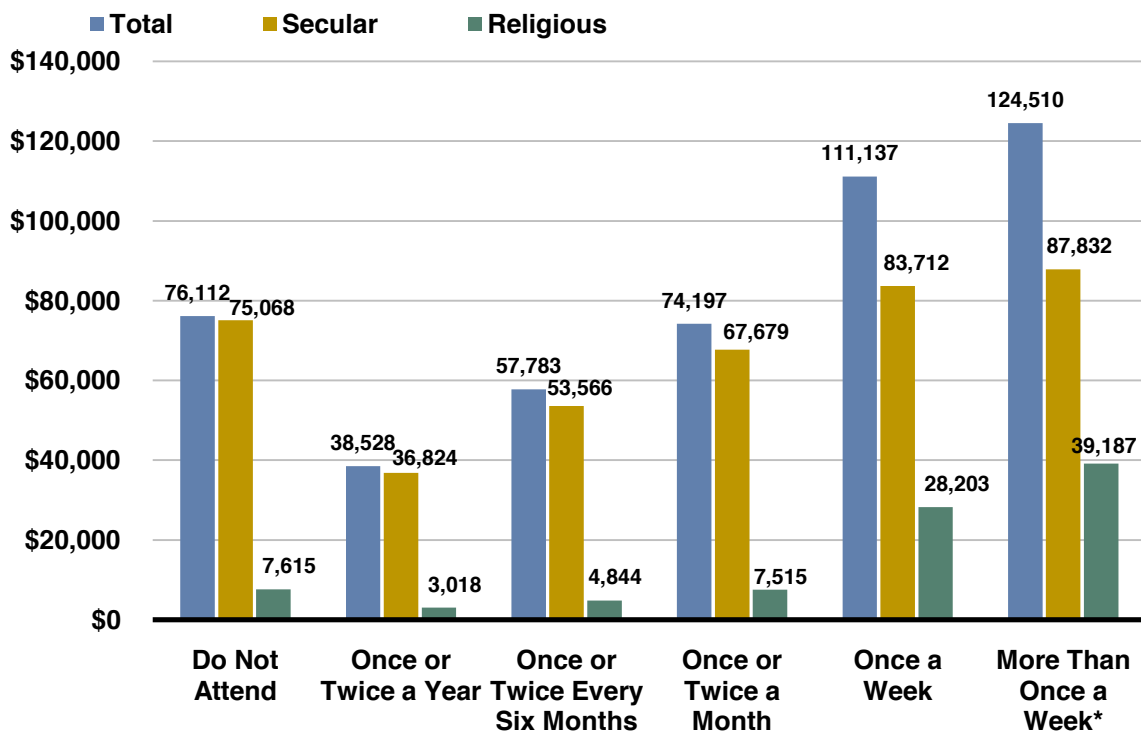
**FIGURE 26: AVERAGE AGGREGATE DONATION BY EMPLOYMENT STATUS, 2007 (\$)**



Note: Aggregate giving means direct giving through personal assets plus giving from foundations, funds or trusts.

Frequent attendees of religious services gave more, on average, to charity in 2007 than less frequent attendees or those who do not attend religious services (see Figure 27). Households that attended more than once a week gave the most on average, \$124,510. Those who attended religious services once or twice a month gave nearly the same on average as households that do not attend services (\$74,197 and \$76,112 respectively). Infrequent attendees, households that attend once or twice a year or once or twice every six months, gave the least amount on average to charity in 2007 (\$38,528 and \$57,783 respectively).

**FIGURE 27: TOTAL, SECULAR, AND RELIGIOUS AVERAGE AGGREGATE GIVING BY FREQUENCY OF RELIGIOUS ATTENDANCE, 2007 (\$)**



\*May not be statistically meaningful because the sample contains fewer than 50 respondents.

Note: Aggregate giving means direct giving through personal assets plus giving from foundations, funds or trusts.

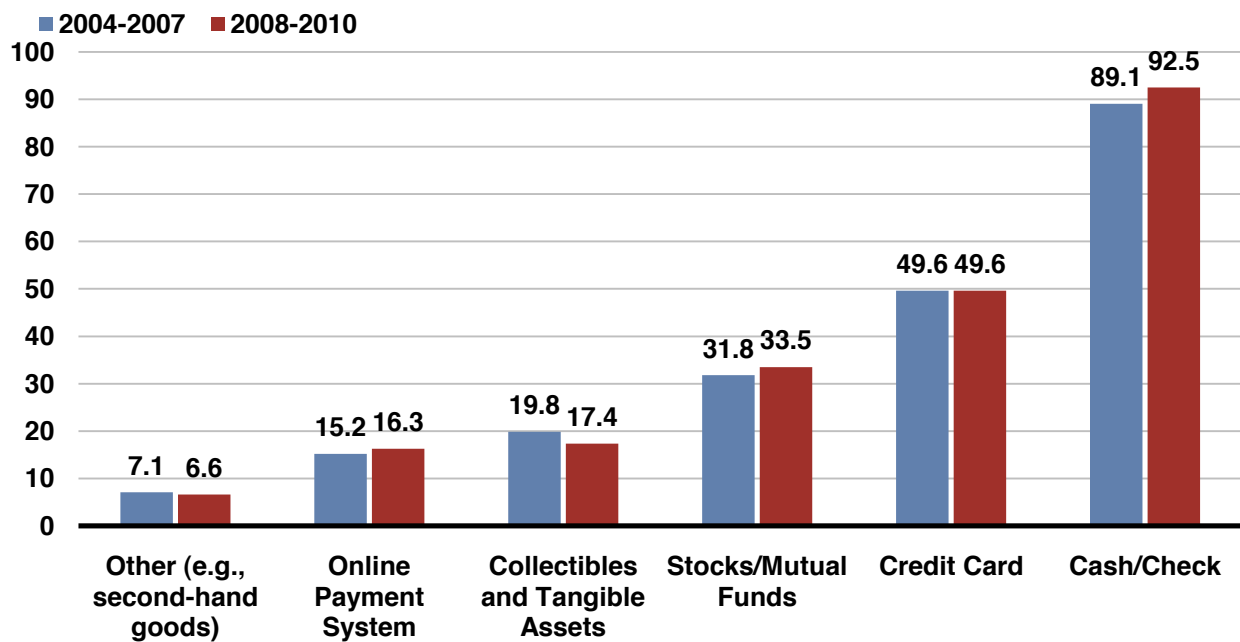
### Religion's Role in Philanthropy

Approximately half (51.0 percent) of wealthy households cited “religious beliefs” among their top motivations for giving. Nearly 70 percent of wealthy households receive information about charitable organizations from religious institutions, and approximately 80 percent indicated that their children learned about giving, in part, through programs offered by these institutions. When high net worth households attended religious services regularly they gave more, on average, to charity in 2007. Wealthy households that attended religious services once a week gave \$111,137, on average, while those that did not attend religious services gave \$76,112, on average, in 2007. However, wealthy households are more likely to give to religion and when they give, give more on average than the U.S. general population (\$17,044 and \$1,982, respectively). The U.S. general population gives the largest share of all their donations to religion, whereas the largest share of high net worth donations went to education and foundations, funds and trusts.

## How Donations Are Made

Nearly 90 percent of high net worth households made donations by cash or check and 92.5 percent expect to make donations using cash and checks in the near future (see Figure 28). While cash and checks continue to be popular means for donations, nearly half of high net worth households made donations using credit cards, and over 15 percent used an online payment system. High net worth households expect to give only slightly more (1.1 percent) through online payment systems in the near future. Donations of tangible assets such as real estate and collectibles were less popular means for making donations than donations of stocks, using credit cards, or cash. High net worth households expect their donations of collectibles to decrease in the coming years.

**FIGURE 28: HOW DONORS GAVE...AND HOW THEY PLAN TO GIVE (%)**



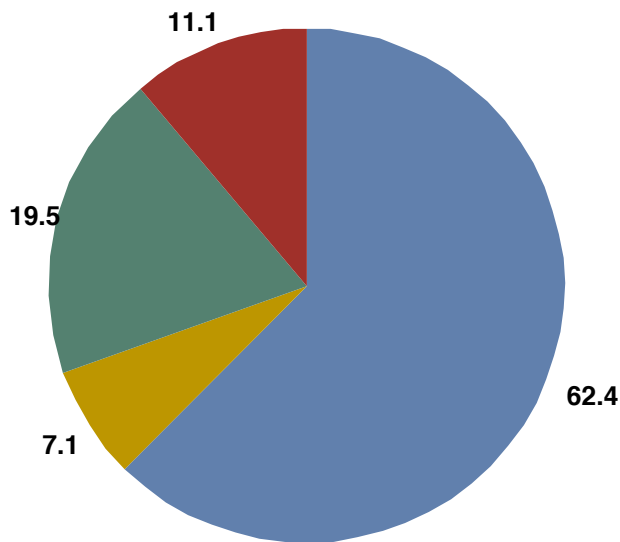
### Online Giving

More high net worth households expect to be making donations online in the coming years, rising from 15.2 percent now to 16.3 percent by 2010. For just the year 2007, more high net worth households reported making donations using online payment systems (14.6 percent) than the percentage of American donors who reported donating online in previous studies (10 percent of donors, 6 percent of all Americans).<sup>[viii]</sup>

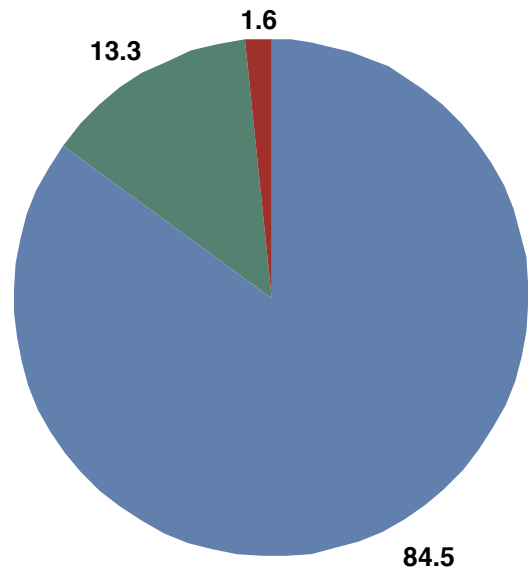
## Geographical Distribution of Giving

Figure 29 shows the distribution of giving for those high net worth households that have a secondary residence and Figure 30 shows the distribution of giving for those high net worth households that do not have a secondary residence. Whether high net worth households have a secondary residence or not, they still gave the highest percentage, on average, to local charities in the state of their primary residence. However, those with a secondary residence also gave 7.1 percent to local charities in the state of their secondary residence.

**FIGURE 29: HIGH NET WORTH HOUSEHOLDS WITH A SECONDARY RESIDENCE, 2007 (%)**



**FIGURE 30: HIGH NET WORTH HOUSEHOLDS WITHOUT SECONDARY RESIDENCES, 2007 (%)**

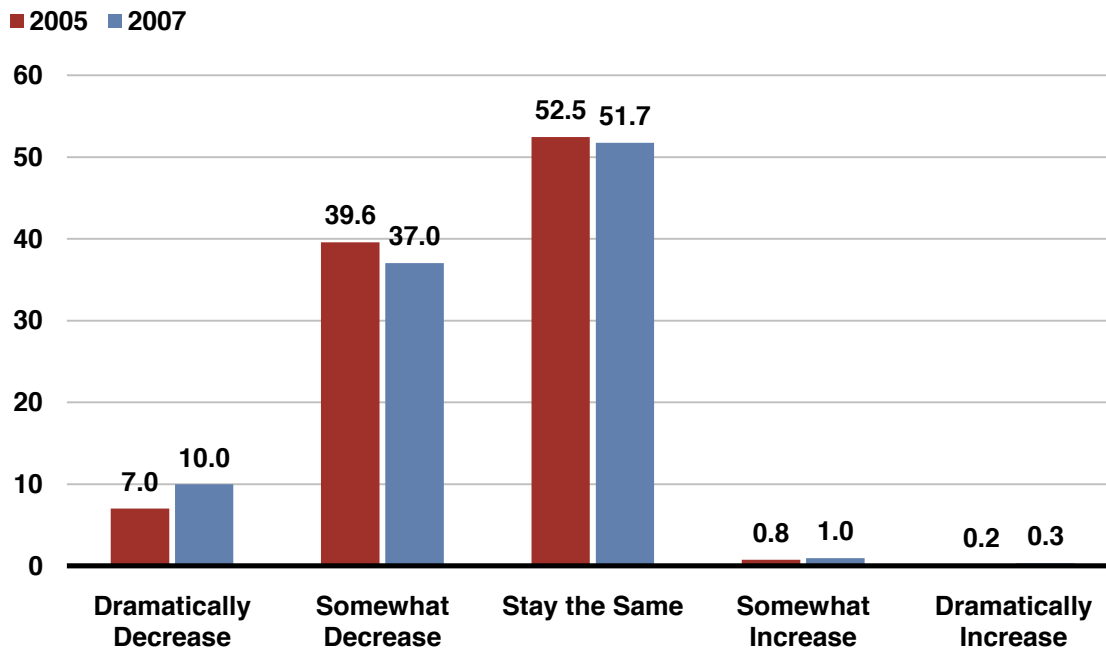


## Tax Considerations

### Effect on Giving If There Were No Deductions

Overall, high net worth households reported they believe there would be very little change in their giving if there were no tax deductions for donations. The percentage of high net worth households that reported their charitable giving would stay the same if they received zero income tax deductions for their donations stayed nearly the same between 2005 and 2007 (52.5 percent compared to 51.7 percent). Nearly the same percentage of wealthy households reported that their giving would decrease somewhat if they did not receive any tax deductions for their donations to nonprofit organizations. In 2007, 37 percent said their giving would decrease somewhat, a drop of 2.6 percentage points from 2005 (see Figure 31).

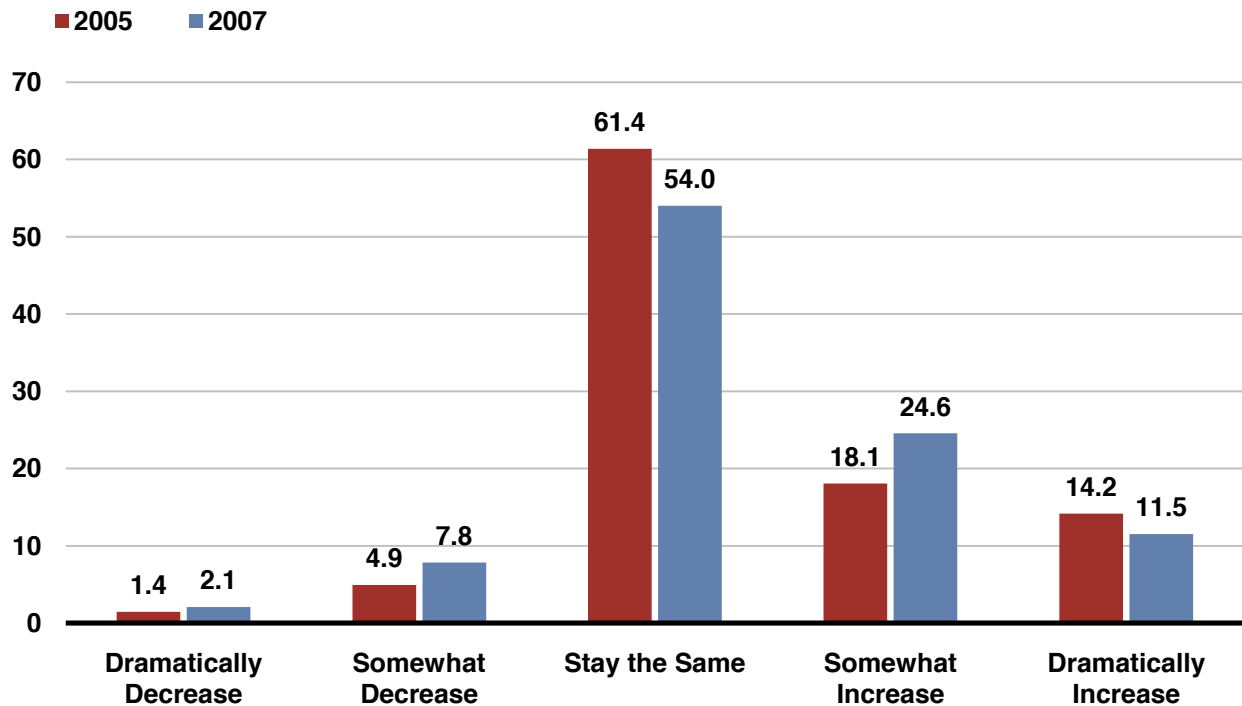
**FIGURE 31: HIGH NET WORTH HOUSEHOLDS REPORTING A CHANGE IN CHARITABLE GIVING IF THEY RECEIVED ZERO INCOME TAX DEDUCTIONS FOR THEIR DONATIONS (%)**



## Effect on Giving If Estate Tax Were Repealed

In 2007, fewer high net worth households reported that the amount they would leave to charity in their estate plan would stay the same if the estate tax were repealed than did those in 2005 (54.0 and 61.4 percent respectively). More high net worth households (approximately 7 percentage points) reported that they would leave more to charity in 2007 if the estate tax were repealed than did in 2005 (see Figure 32).

**FIGURE 32: HIGH NET WORTH HOUSEHOLDS REPORTING A CHANGE IN THE AMOUNT LEFT TO CHARITY IN AN ESTATE PLAN IF THE ESTATE TAX WERE REPEALED (%)**



# Volunteers

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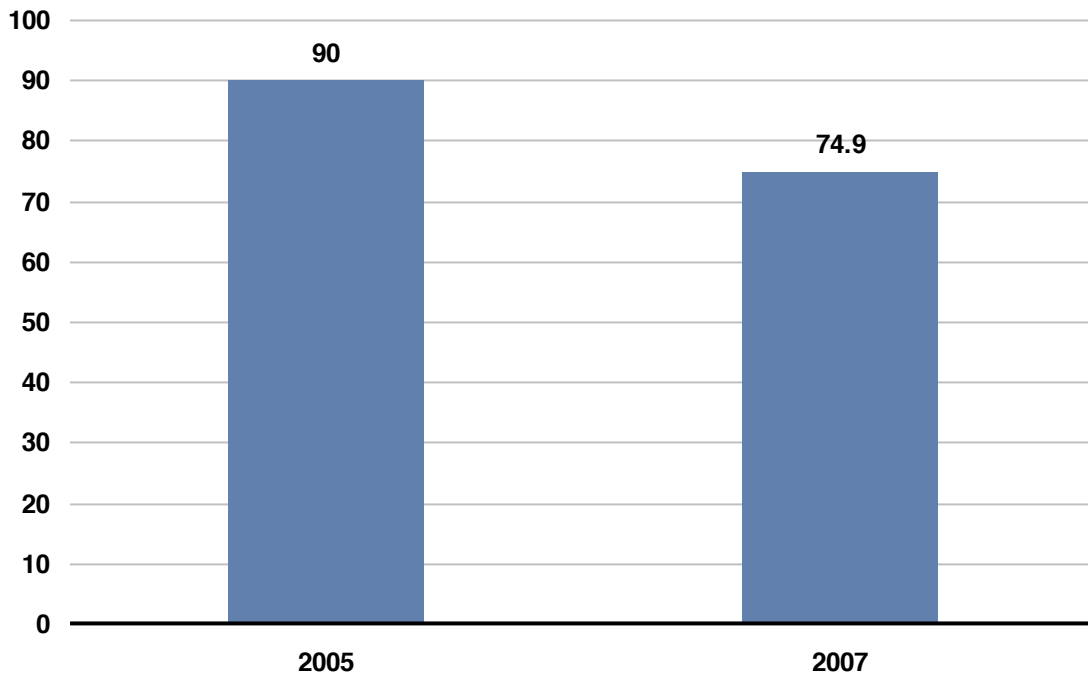
High net worth individuals not only make donations, they also give their time and talent. In this section of the report, we look at the volunteering patterns of high net worth households. First, we examine what percentage volunteer, and then we look at how many hours are volunteered each year. We also examine the type of volunteer activity and the relationship between giving and volunteering.

## Percentage of Volunteers

Three-fourths of high net worth individuals volunteered in 2007. This represents a statistically significant drop of 15 percentage points from 2005 (see Figure 33). According to the Bureau of Labor Statistics, the percentage of all Americans who volunteered between 2005 and 2007 also decreased. In 2005, 28.8 percent of American volunteered but in 2007, the percentage of Americans that volunteered decreased to 26.2 percent.<sup>[iix]</sup>

**FIGURE 33: PERCENTAGE OF HIGH NET WORTH INDIVIDUALS WHO VOLUNTEERED, 2005 AND 2007 (%)**

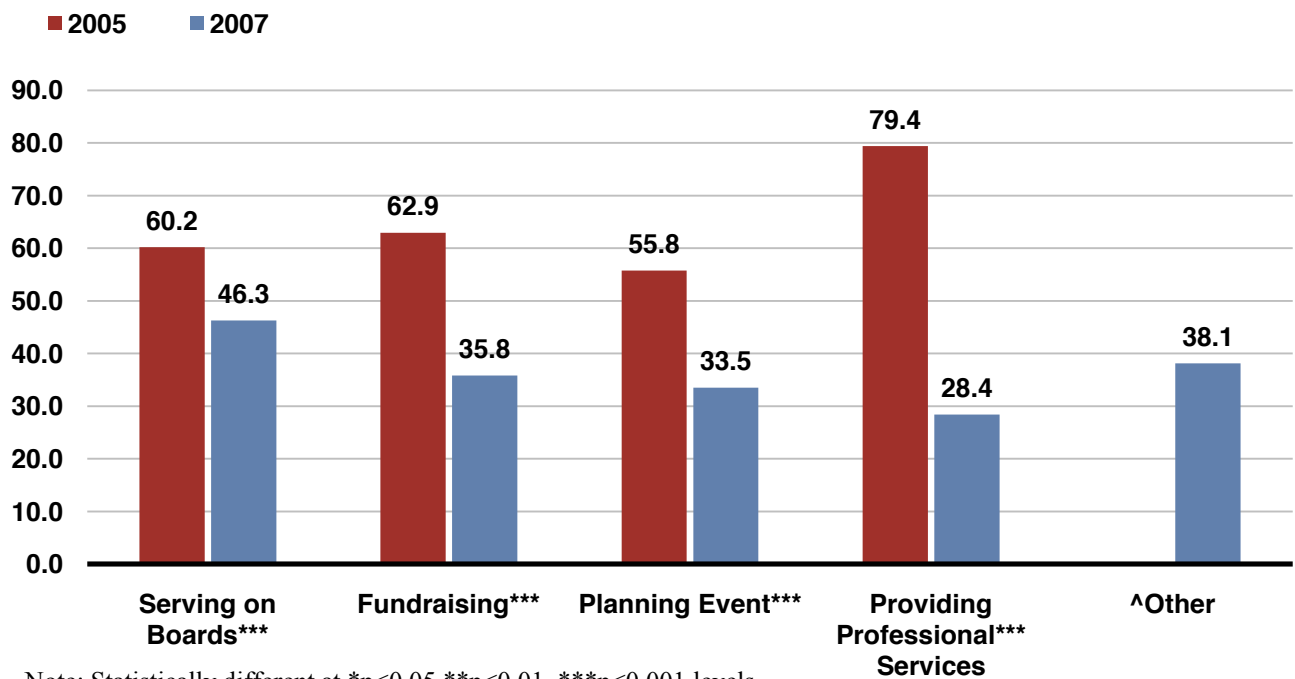
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## Volunteering by Type

Nearly half of high net worth individuals, 46.3 percent, reported they served on the board of directors of a nonprofit organization. Just over one third, 35.8 percent, fundraised for a nonprofit organization in 2007. One third, 33.5 percent, said they volunteered to help plan an event. In addition, nearly 30 percent of high net worth individuals provided pro bono professional or consulting services in 2007. The percentage of high net worth households that volunteered statistically significantly decreased between 2005 and 2007 by each type of volunteering experience. In particular, the percentage reporting volunteering pro bono professional services statistically significantly decreased from 79.4 percent in 2005 to 28.4 percent in 2007 (see Figure 34).

**FIGURE 34: PERCENTAGE OF HIGH NET WORTH INDIVIDUALS' VOLUNTEERING BY TYPE OF VOLUNTEER ACTIVITY, 2005 AND 2007 (%)**



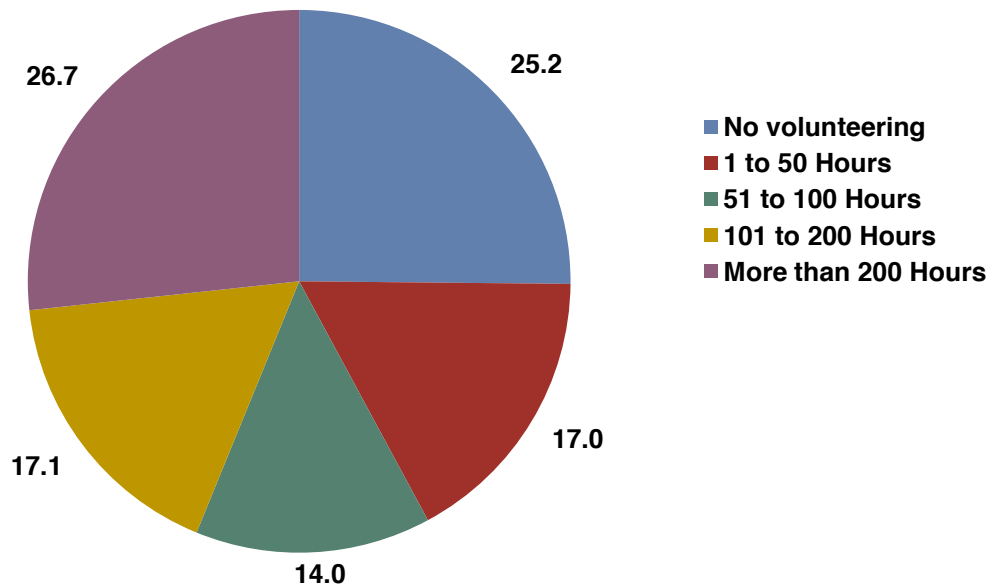
Note: Statistically different at \*p<0.05 \*\*p<0.01 \*\*\*p<0.001 levels

## Volunteering Hours

On average, high net worth individuals volunteered 241 hours in 2007. The typical wealthy individual volunteered 130 hours (median number) in 2007. Approximately 17 percent volunteered between 1 and 50 hours, 14 percent of wealthy individuals volunteered between 51 and 100 hours, and about 17 percent volunteered between 101 and 200 hours (see Figure 35).

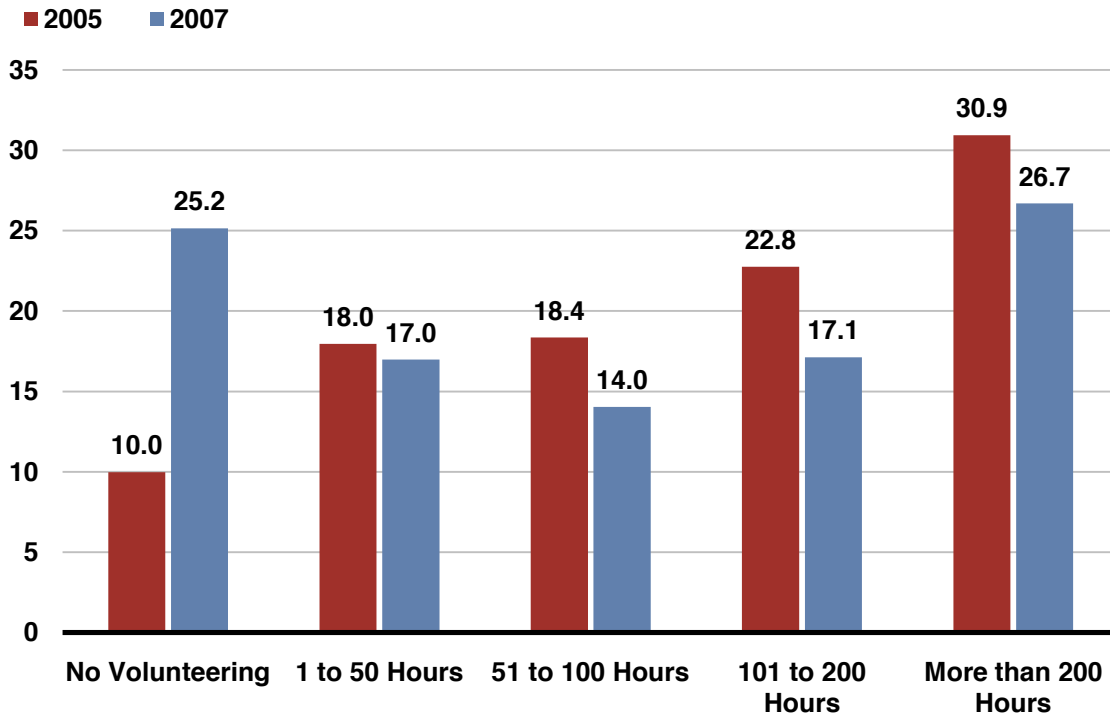
**FIGURE 35: PERCENTAGE OF HOURS HIGH NET WORTH INDIVIDUALS VOLUNTEERED, 2007 (%)**

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The percentage of wealthy individuals that volunteered between 2005 and 2007 statistically significantly decreased. In particular, the percentage of people not volunteering increased statistically significantly from 10 percent in 2005 to 25.2 percent in 2007 (see Figure 36).

**FIGURE 36: PERCENTAGE OF HOURS HIGH NET WORTH INDIVIDUALS VOLUNTEERED, 2005 AND 2007 (%)**



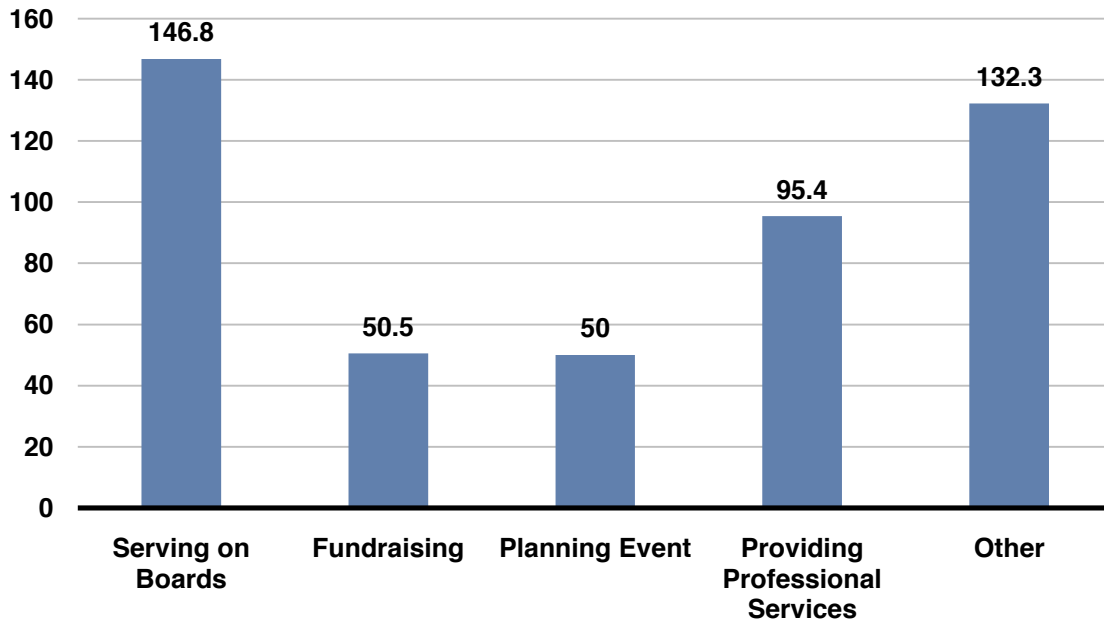
Note: Statistically different at \*p<0.05 \*\*p<0.01 \*\*\*p<0.001 levels

### Retirees

While retirees may have given less on average (\$77,151) than those who are managing or selling a business (\$130,498) or currently working (\$87,769), retirees volunteered more hours on average (277 hours). Those managing or selling a business donated 237 hours on average while those currently working donated an average of 191 hours in 2007.

Our study found that when high net worth households volunteered on boards of directors, they donated an average of 147 hours a year serving on those boards. They spent an average of 50 hours fundraising and 50 hours helping to plan an event in 2007. Wealthy volunteers spent, on average, 95 hours providing pro bono professional or consulting services (see Figure 37).

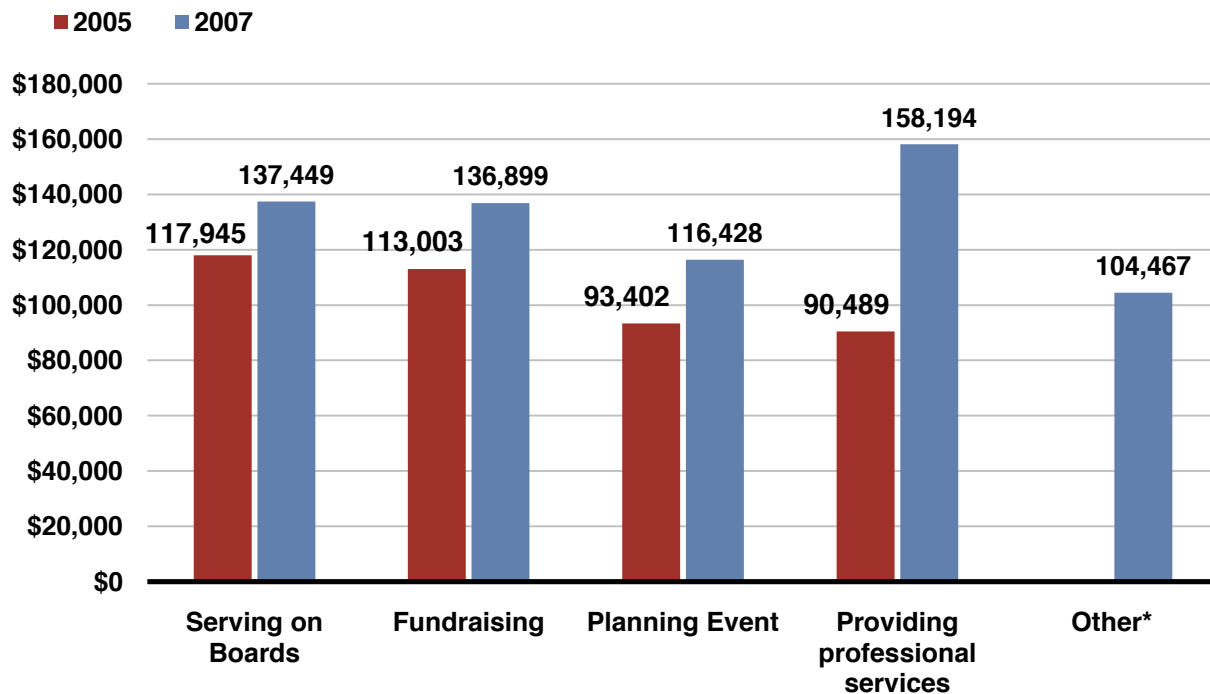
**FIGURE 37: AVERAGE HOURS VOLUNTEERED BY TYPE, 2007**



## Giving and Volunteering

Average aggregate giving was higher when high net worth households volunteered for a specific activity such as planning an event, fundraising, or serving on a board of directors as opposed to doing more general types of volunteer service by, for example, working in a soup kitchen or as deacon of a church. When high net worth households volunteered by providing professional services, they gave, on average, \$158,194 to charity in 2007. Wealthy households that volunteered in a more general manner donated less, on average (\$104,467), than individuals doing other specific types of volunteer activities. The average amount donated to charity increased between 2005 and 2007 for each type of volunteer activity. For example, average giving by those who volunteered professional pro bono services increased by 75 percent from \$90,489 in 2005 to \$158,194 in 2007 (see Figure 38).

**FIGURE 38: AVERAGE GIVING BY VOLUNTEER ACTIVITY, 2005 AND 2007 (\$)**

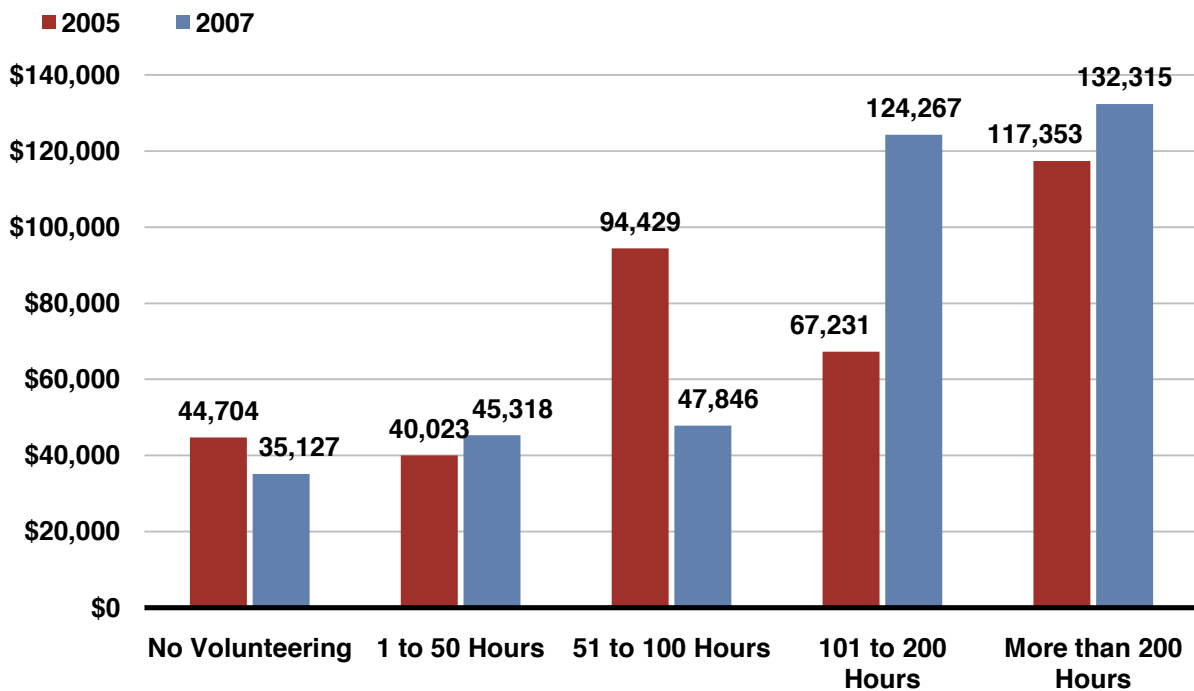


\* May not be statistically meaningful because the sample contains fewer than 50 respondents.

Note: 2005 dollar values adjusted for inflation to 2007 dollars. Aggregate giving means direct giving through personal assets plus giving from foundations, funds or trusts.

Prior research has shown that giving and volunteering are correlated. We found that as high net worth individuals volunteered more hours, they also tended to give more on average to charity. Even high net worth individuals who volunteered infrequently, between 1 and 50 hours in 2007, gave more on average (\$45,318) than those who were not volunteers (\$35,127). Those who volunteered more than 200 hours a year gave the most on average, \$132,315. Comparing 2005 to 2007, high net worth households who were frequent volunteers gave much more on average between the years. Non-volunteers donated less on average between 2005 (\$44,704) and 2007 (\$35,127) (see Figure 39).

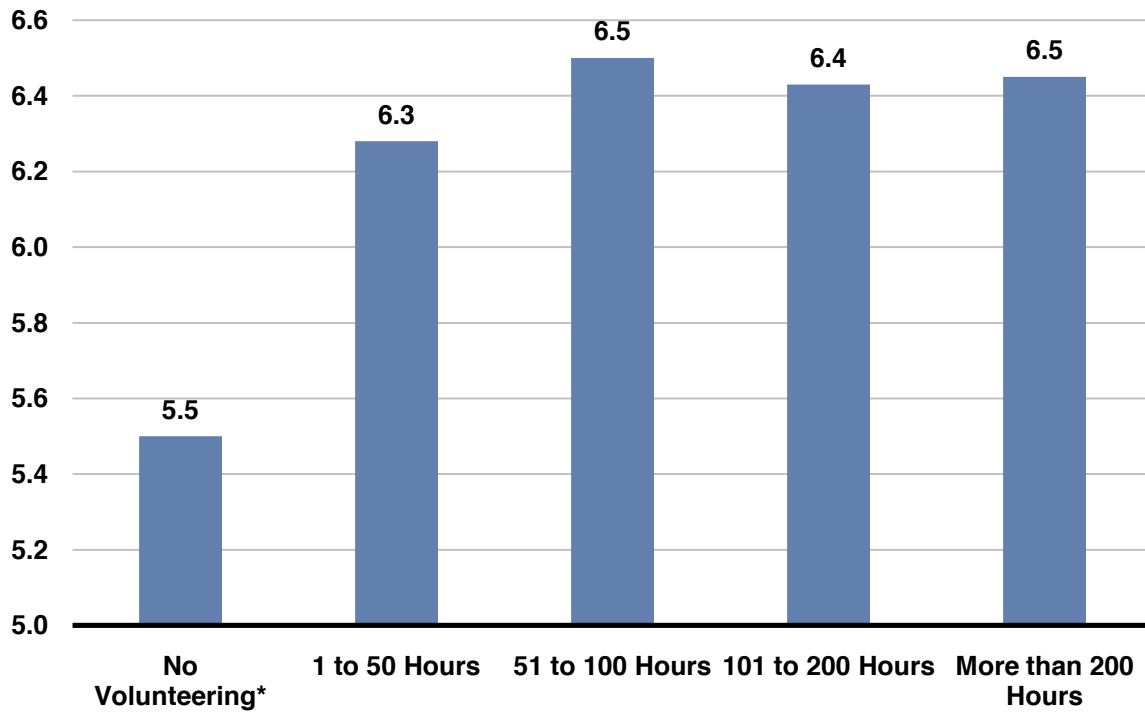
**FIGURE 39: AVERAGE GIVING AMOUNTS BY TOTAL HOURS VOLUNTEERED, 2005 AND 2007 (\$)**



Note: Aggregate giving means direct giving through personal assets including giving from foundations, funds and trusts. 2005 dollar values adjusted for inflation to 2007 dollars

When high net worth individuals volunteered, they gave to 6 or 7 types of organizations. Non-volunteers on average supported between 5 and 6 types of nonprofits (see Figure 40).

**FIGURE 40: HOURS VOLUNTEERED AND NUMBER OF CAUSES SUPPORTED, 2007**



\* No volunteering is statistically significantly different compared to those who volunteered more than 50 hours a year.

# Nonprofits

High net worth households are important donors to all types of nonprofit organizations. In this section of the report, we discuss the intended objectives for these donors' most significant gift, what high net worth households expect from the nonprofits they support, why they stop giving to an organization, and finally what information sources they use to learn about charities.

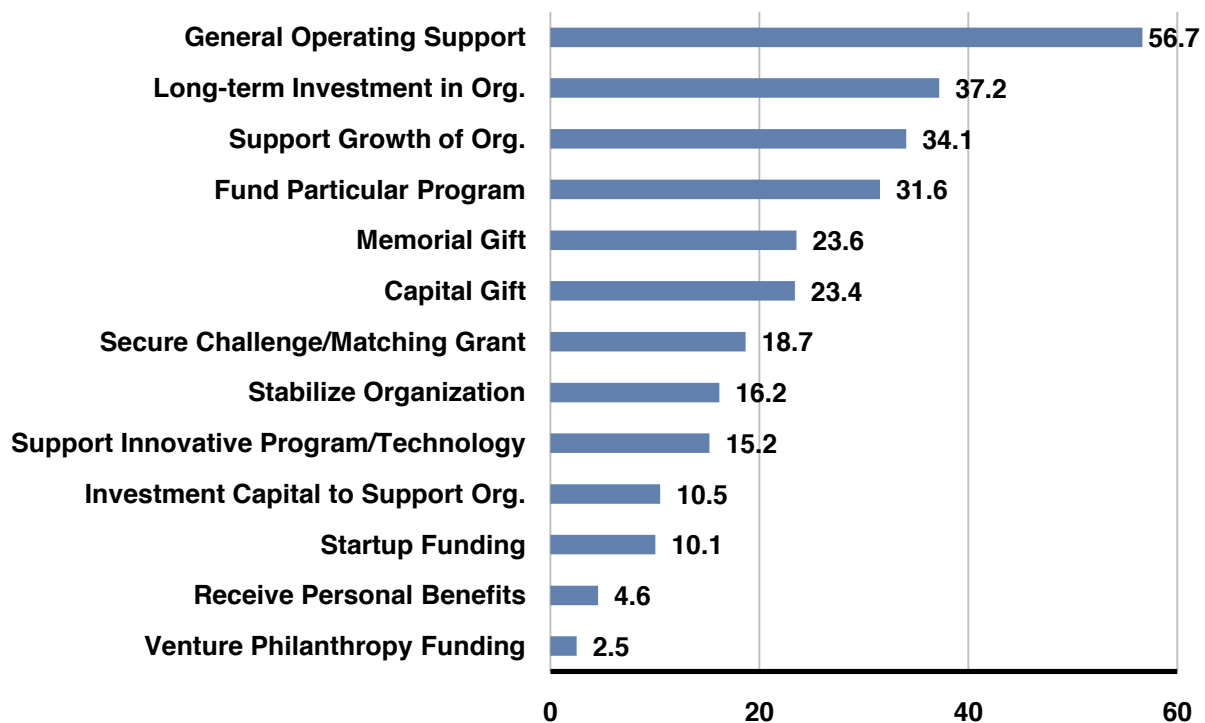
## Largest Gift

High net worth households make many large gifts to charity each year. Each gift tends to be a different size, to be for a different cause, and to have a different purpose. Therefore, instead of examining all giving made in one year, this section reports on the most significant or largest gifts high net worth households made in 2007. First, we examine the objectives of the gift, then we look at the terms of the gift, and finally we consider the size of the largest gift.

### Objectives for Largest Gifts Made in 2007

Over half, 56.7 percent, of high net worth households did not designate their largest gift for a particular purpose, which means they gave for the general operations of an organization (see Figure 41). Over one-third of high net worth households (37.2 percent) gave their largest gift for long-term investment in, and support of, an organization. Households were least likely to select personal benefits or to provide venture philanthropy funding as objectives for making their largest gift in 2007 (4.6 percent and 2.5 percent, respectively).

**FIGURE 41: OBJECTIVES OF LARGEST GIFTS MADE IN 2007 (%)**

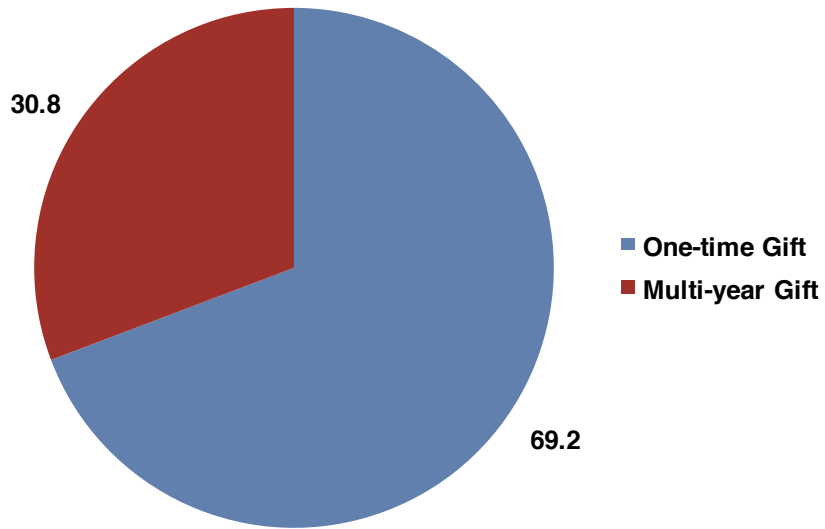


### Multi-year vs. One Year

Over two-thirds of high net worth households, 69.2 percent, reported that their largest gift in 2007 was a one-time gift that was paid out in one year. Nearly one-third reported their gift was a multi-year gift (see Figure 42).

**FIGURE 42: LENGTH OF TERM FOR LARGEST GIFT IN 2007 (%)**

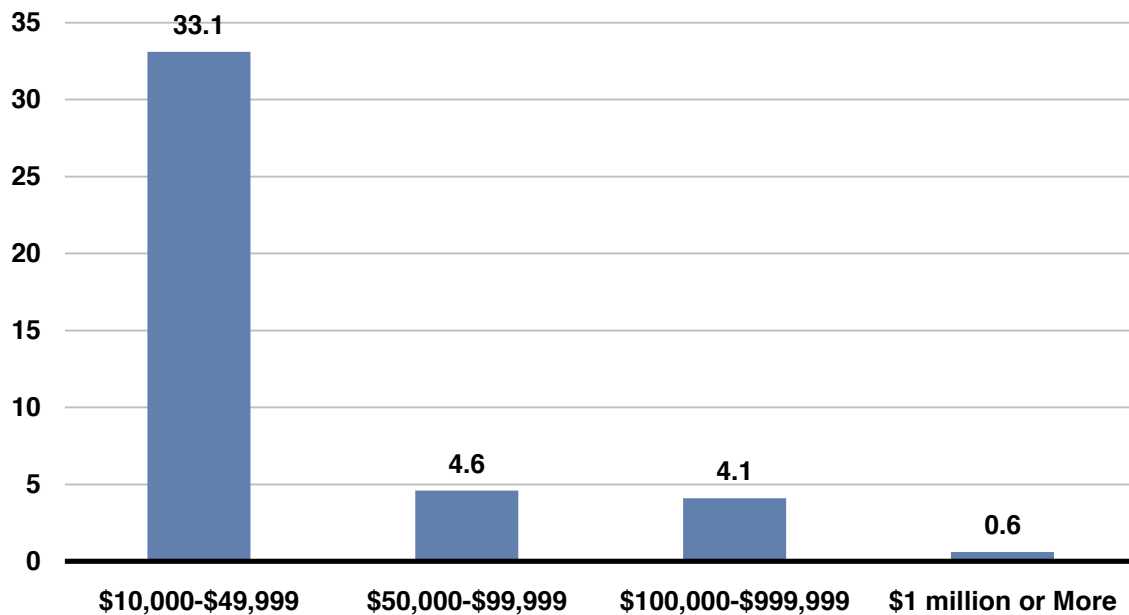
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### Size of Large Gifts Made in 2007

One-third of wealthy households made at least one large gift in the \$10,000 to \$50,000 range in 2007, either from their personal assets or from a charitable giving vehicle such as a family foundation. Only 4.6 percent made a gift in 2007 of \$50,000 to \$99,999 and 4.1 percent made a gift of between \$100,000 and \$999,999. Less than 1 percent of wealthy households made a gift in 2007 of \$1 million or more. The remaining households' largest gifts were less than \$10,000 (see Figure 43).

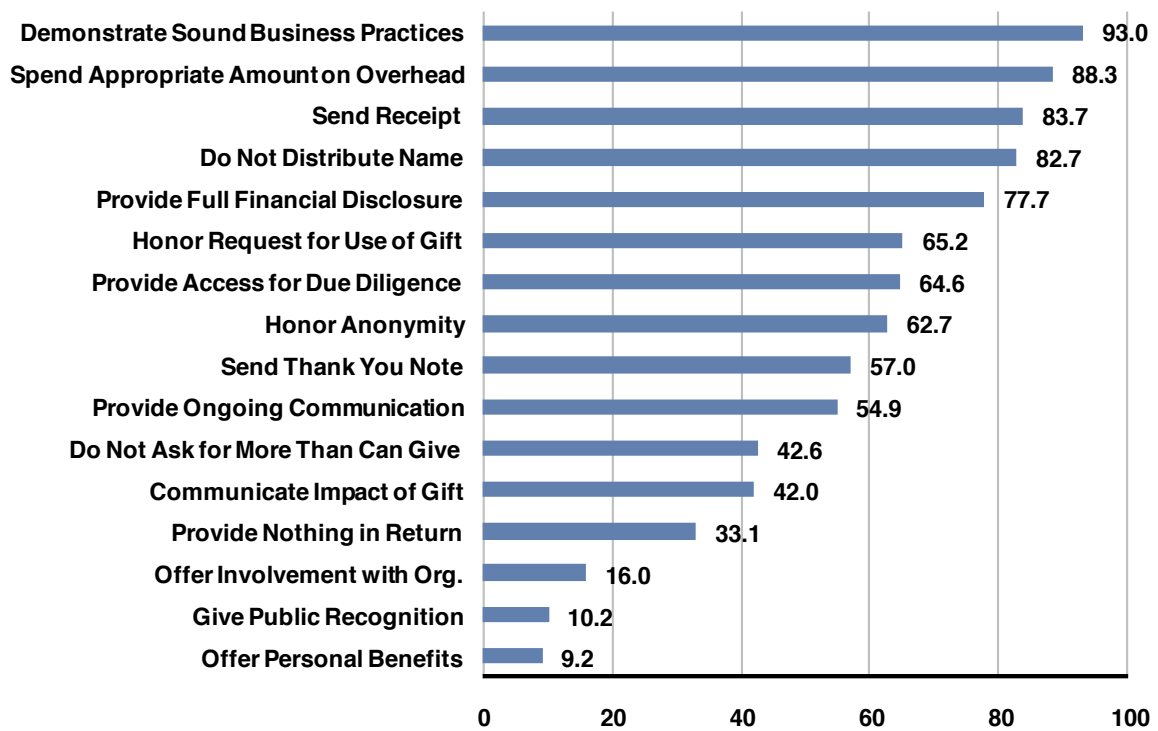
**FIGURE 43: SIZE OF HIGH NET WORTH HOUSEHOLDS' LARGEST GIFTS, 2007 (%)**



## Donor Expectations of Nonprofits

As shown in Figure 44, “Demonstrating sound business and operational practices” was ranked as the most important factor (93 percent) among the characteristics high net worth households expect in nonprofit organizations when they contribute. Another major factor for high net worth households (88.3 percent) when making a charitable contribution was that the charity allocated more funding to programming rather than fundraising. Wealthy households were less likely to report they wanted personal benefits such as tickets or memberships (9.2 percent) or to gain public recognition (10.2 percent). One-third reported they wanted nothing in return from the organizations when they make a contribution.

**FIGURE 44: FACTORS RANKED AS IMPORTANT BY HIGH NET WORTH HOUSEHOLDS WHEN MAKING A CHARITABLE GIFT (%)**



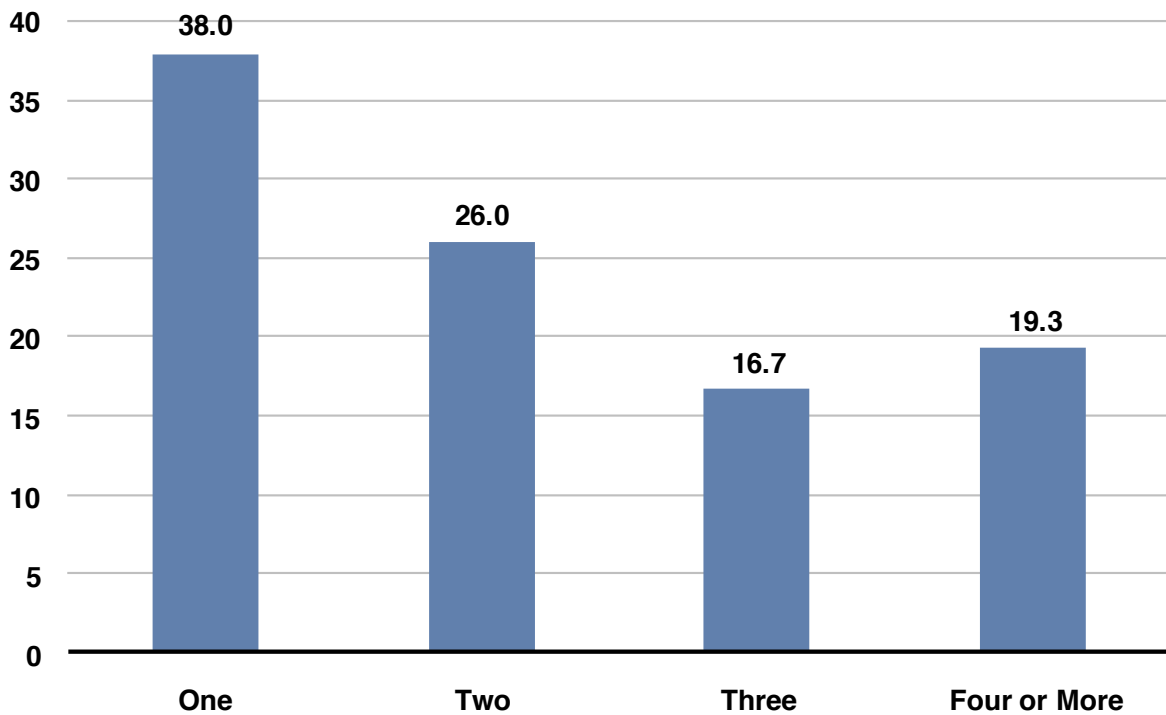
# Why Donors Stop Giving

Each year nonprofits work to attract new donors to their organization and at the same time to retain the donors they have. In this section of the report, we look at how many high net worth households stopped giving to organizations in 2007, along with their reasons.

## How Many Stop Giving

In 2007, about 38 percent of high net worth households stopped supporting one organization they previously supported. Just over 40 percent (42.7 percent) of high net worth households stopped supporting two or three organizations they previously supported (see Figure 45).

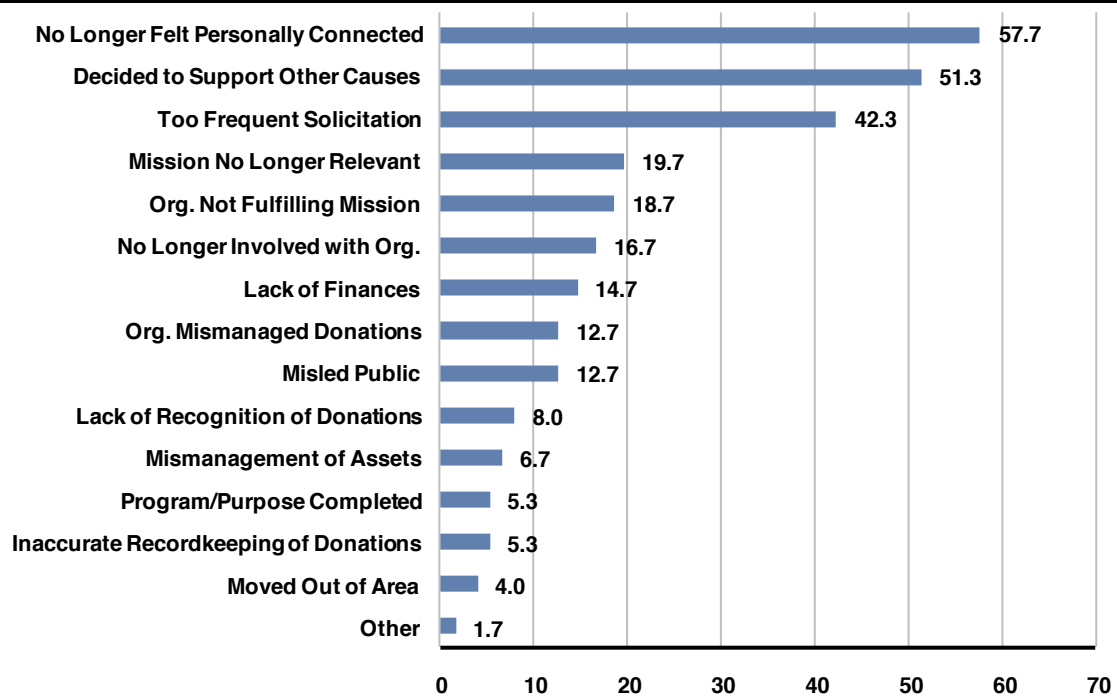
**FIGURE 45: NUMBER OF ORGANIZATIONS HIGH NET WORTH HOUSEHOLDS STOPPED SUPPORTING IN 2007 THAT THEY PREVIOUSLY SUPPORTED (%)**



## Reasons for Ending Support of Nonprofits

“No longer felt personally connected,” “decided to support other causes,” and “too frequent solicitation” were selected as the top reasons high net worth households stopped supporting the organization(s) they previously supported (57.7 percent, 51.3 percent, and 42.3 percent, respectively). Very few donors reported that they stopped giving because of mismanagement of donations (12.7 percent), “mismanagement of assets” (6.7 percent), or “inaccurate record-keeping of donations” (5.3 percent). The least frequently reported reason high net worth households stopped giving to the organization(s) they previously supported was “moved out of the area,” reported by only 4 percent (see Figure 46).

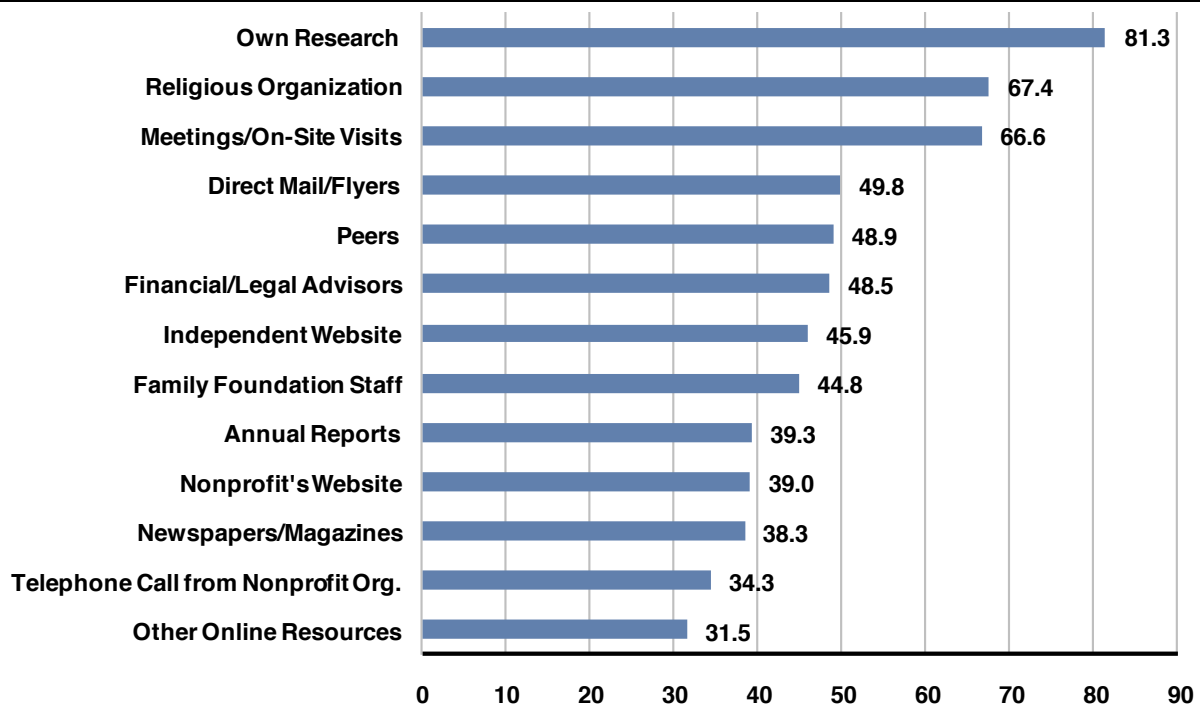
**FIGURE 46: REASONS WHY HIGH NET WORTH HOUSEHOLDS STOPPED SUPPORTING THE ORGANIZATION(S) THEY PREVIOUSLY SUPPORTED (%)**



## Where Donors Get Information

High net worth donors reported that they do their own research to find out about organizations being considered for donations (81.3 percent). Two-thirds found out about organizations through their religious organization and through meetings and on-site visits. Just under half of high net worth households found out about nonprofits through direct mail or flyers, peers, and financial or legal advisors (see Figure 47).

**FIGURE 47: WHERE HIGH NET WORTH HOUSEHOLDS GET THEIR INFORMATION ABOUT NONPROFIT ORGANIZATIONS BY PRIMARY SOURCE (%)**



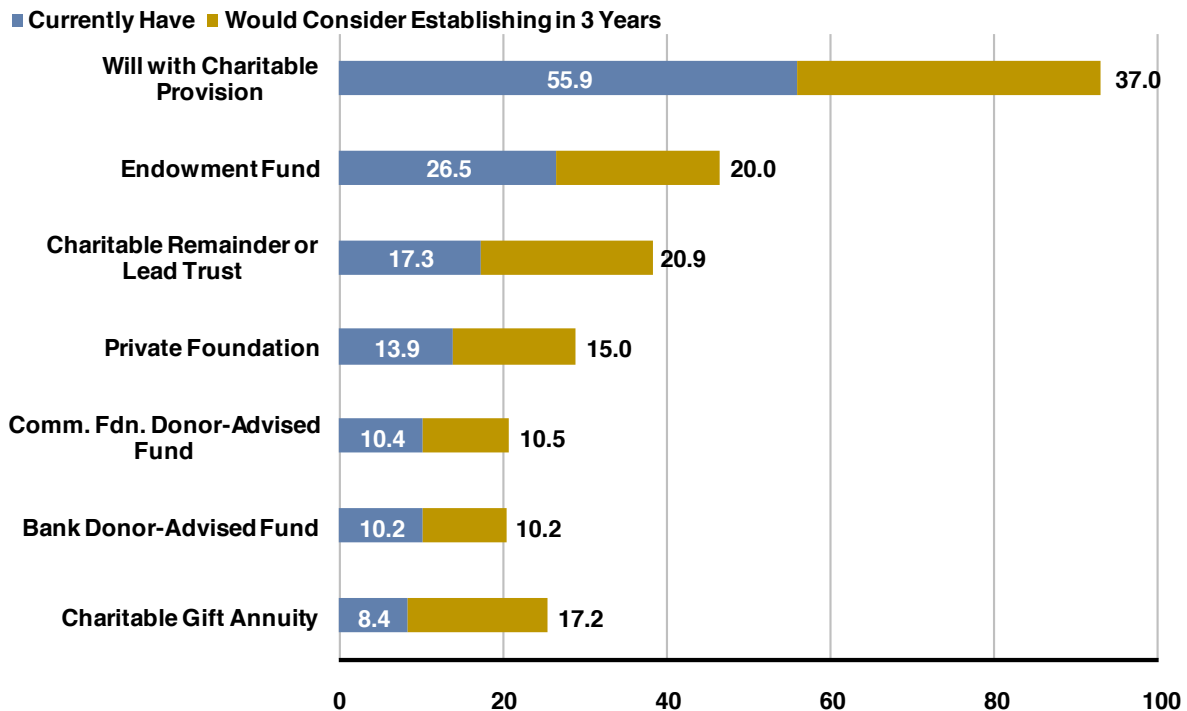
# Charitable Vehicles and Advisors

Many high net worth households give through charitable vehicles such as a family foundation, a charitable trust, or a donor-advised fund. In the process, many seek advice from others. In this last section, we examine the establishment of charitable giving vehicles, including which strategies are used, why vehicles are chosen, and who influences those decisions. We also look at the role of advisors in philanthropic decisions, including whose advice is sought, who initiates contact, the type of advice given, and the quality of the philanthropic advice.

## Utilization of Giving Vehicles

More than 55 percent of all high net worth households reported they currently have a will with a specific charitable provision. Thirty-seven percent would consider establishing a charitable provision in their will in the next three years. Over one-fourth, 26.5 percent, of all high net worth households currently have an endowment fund with a particular organization. Of those that do not have an endowment fund set up, 20 percent would consider establishing one in the next three years (see Figure 48).

**FIGURE 48: HIGH NET WORTH HOUSEHOLDS THAT CURRENTLY HAVE OR WOULD CONSIDER ESTABLISHING IN THREE YEARS BY TYPE OF CHARITABLE VEHICLE (%)**



## The Relationship Between Having a Charitable Vehicle and Establishing Another One or Considering One

Having a charitable giving vehicle such as a private foundation or charitable trust, was correlated with having other types of charitable giving vehicles, with just a few exceptions. Having a charitable giving vehicle (such as a private foundation or a charitable trust) was not correlated with having a donor-advised fund. In addition, currently having a provision in your will for charity was associated with having other giving vehicles, but having a donor-advised fund at a bank was not.

Having a donor-advised fund at a community foundation was correlated with the possibility of creating a charitable trust in the next three years. Having a charitable provision in your will was correlated with the possibility of creating a donor-advised fund at a community foundation or creating a charitable trust. Finally, having a trust was correlated with the possibility of setting up a private foundation in the next three years.

## Why Donors Established a Vehicle

High net worth households that currently have or would consider establishing a private foundation chose to do so to maximize their charitable deductions (50.9 percent) and to avoid capital gains (35.7 percent) (see Table 4). They were also most likely to establish a charitable trust to avoid estate or gift tax (47.2 percent). High net worth households that currently have or would consider establishing a will with specific charitable provisions chose to do so to avoid estate/gift taxes (44.3 percent) and to leave a charitable legacy (35.3 percent). They were less likely to have or consider establishing a will with a charitable provision for public recognition (2.9 percent).

### Being Widowed

Widows and widowers are more likely to have an annuity and/or an endowment fund.

**TABLE 4: WHY HIGH NET WORTH HOUSEHOLDS CHOSE TO HAVE OR CONSIDERED ESTABLISHING EACH TYPE OF VEHICLE BY EACH FACTOR CHOSEN (%)**

	Private Foundation	Donor-Advised Fund	Charitable Remainder/Lead Trust	Provision in Will	Endowment Fund
Maximize Charitable Deductions	50.9	46.1	40.1	27.8	27.4
Avoid Capital Gains	35.7	43.0	35.9	16.2	14.6
Greater Control over Use of Donations	33.9	27.3	12.7	15.5	13.4
Leave a Charitable Legacy	30.4	20.3	21.8	35.3	26.2
Avoid Estate/Gift Taxes	30.4	31.3	47.2	44.3	14.6
Meet Societal Needs Strategically	23.2	18.8	7.8	9.4	14.6
Create Family Unity/Continuity	23.2	10.2	3.5	9.1	7.3
Maintain Privacy of Giving	18.8	14.1	8.5	11.3	4.9
Support Orgs. through Grantmaking	17.9	27.3	17.6	13.9	22.0
Advisor Recommended	6.3	7.8	12.7	8.7	2.4
Receive Personal Benefit/Income	5.4	3.9	26.1	2.3	3.1
Greater Public Recognition	5.4	0.8	2.8	2.9	4.9

Note: Results for Charitable Gift Annuity are not statistically meaningful because the sample contains less than 100 respondents.

## Influence over the Establishment of the Vehicle

As shown in Table 5, the majority of high net worth households were influenced or were likely to be influenced to establish a charitable vehicle by a financial advisor, particularly in the creation of a charitable remainder or lead trust (61.0 percent) or a private foundation (51.8 percent). Nonprofit personnel were most likely to influence the establishment of a charitable remainder or lead trust (23.4 percent).

**TABLE 5: PERCENTAGE OF HIGH NET WORTH HOUSEHOLDS REPORTING INFLUENCE OF ADVISORS WHEN THEY CHOSE TO HAVE OR CONSIDERED ESTABLISHING EACH TYPE OF VEHICLE BY TYPE OF INFLUENCE (%)**

	Private Foundation	Donor-Advised Fund	Charitable Remainder/Lead Trust	Provision in Will	Endowment Fund
Accountant/ Attorney/ Financial Advisor*	51.8	47.6	61.0	18.5	21.3
Family Advice	23.7	15.3	11.4	7.9	13.1
No Influence	18.4	16.9	11.4	9.9	14.4
Peers	18.4	19.4	12.1	7.6	7.5
Philanthropic Consultant	10.5	5.7	6.4	3.3	4.4
Nonprofit Personnel	9.7	10.5	23.4	3.3	18.1
Banker/Trust Officer	5.3	5.7	7.8	2.3	1.9
Personal/Political Event	4.4	2.4	1.4	1.0	1.9
Social Expectations	4.4	1.6	4.3	1.3	3.1
Other	0.9	0.8	0.7	0.7	0.6

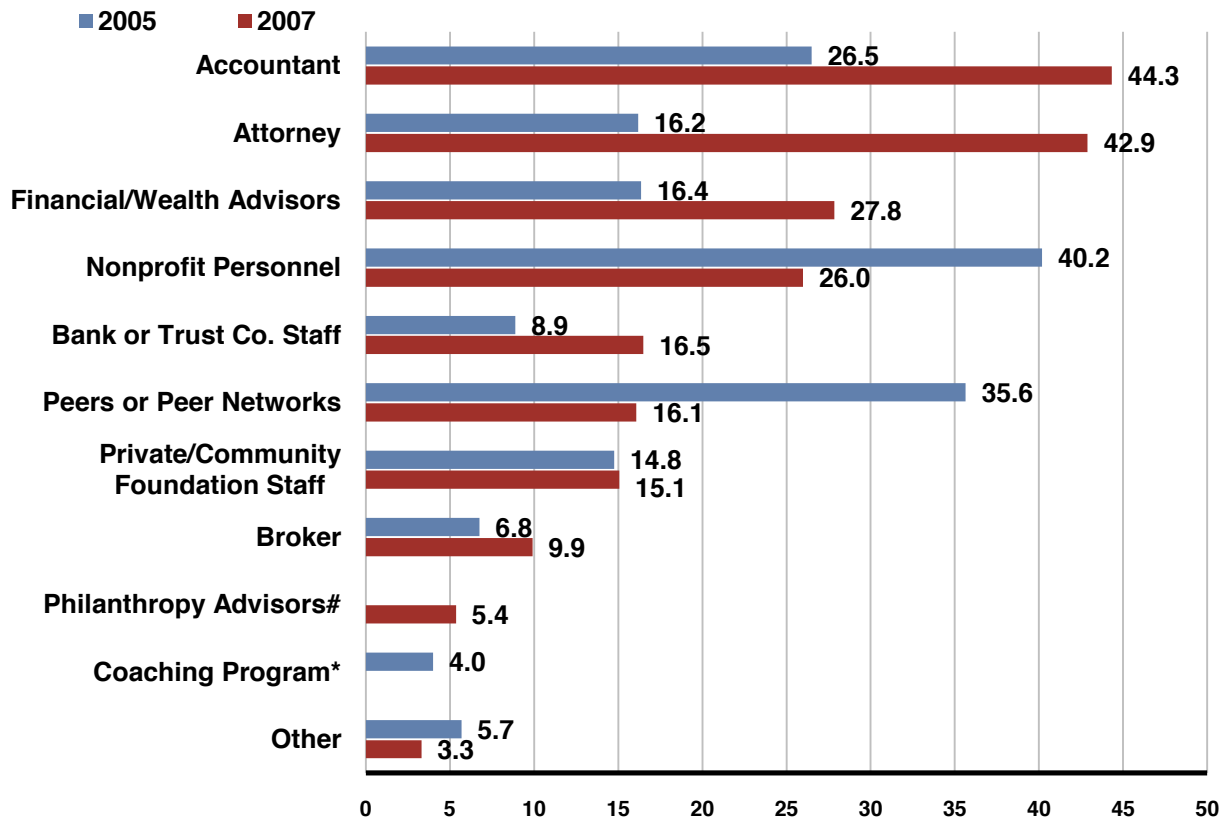
Note: Results for Charitable Gift Annuity are not statistically meaningful because the sample contains less than 100 respondents.

\*Attorney, accountant, and financial advisor are one category on the survey and, therefore, cannot be separated for analysis.

## Trends in Charitable Advice Sought by Wealthy Donors

Among high net worth households 44.3 percent consulted accountants in 2007 and 42.9 percent consulted attorneys when making charitable decisions in 2007. High net worth households were least likely to consult independent philanthropy advisors (5.4 percent), coaching programs (4.0 percent) and other types of advisors (5.7 percent in 2005 and 3.3 percent in 2007) when making charitable contributions (see Figure 49).

**FIGURE 49: HIGH NET WORTH HOUSEHOLDS THAT CONSULTED OTHERS WHEN MAKING CHARITABLE GIVING DECISIONS BY TYPE OF PERSON CONSULTED (%)**



\*Note: 2007 data is not available because it was not included in the survey. #2005 data is not available because it was not included in the survey. See Methodology section on 2005 and 2007 comparison.

## Type of Advice Given by Type of Advisor

Table 6 shows the type of advice or service given to high net worth households by the type of advisor consulted. Nearly 50 percent of high net worth households that consulted attorneys when making charitable decisions received tax or legal advice and 17.7 percent received advice on how to set up a private foundation or donor-advised fund. Peers and community foundation staff were most likely consulted for the philanthropic mission definition and creation. Of the 183 wealthy households that consulted bank or trust company staff when making charitable decisions, 30.1 percent received tax or legal advice and 21.9 percent received advice on mission definition and creation.

**TABLE 6: HIGH NET WORTH HOUSEHOLDS THAT CONSULTED OTHERS WHEN MAKING CHARITABLE GIVING DECISIONS BY TYPE OF ADVICE OR SERVICE (%)**

	Attorney	Nonprofit Personnel	Accountant	Bank or Trust Co. Staff	Financial/ Wealth Advisor	Peers or Peer Networks	Comm Fdn. Staff
Tax/Legal Assistance	49.8	10.0	53.8	30.1	32.9	10.8	8.1
Advice/ Setup Foundation, Trust, or DAF	17.7	10.0	11.1	11.5	15.3	13.1	9.9
Mission Definition/ Creation	12.0	33.2	8.2	21.9	13.3	40.8	34.2
Gift Structure/ Timing	11.7	19.0	17.7	8.7	14.5	13.1	9.9
Back Office Admin.	3.3	10.0	5.7	9.3	6.8	10.0	13.5
Grantmaking Admin./ Research	3.3	10.9	1.6	6.0	4.8	6.9	14.4
Management of Invested Charitable Assets	2.1	7.1	1.9	12.6	12.4	5.4	9.9

Note: Other types of advisors are not statistically meaningful because the sample contains fewer than 100 respondents.

## How Advice Was Initiated

Of the high net worth households that consulted an attorney when making charitable giving decisions, 93.1 percent initiated the discussion, while the attorney initiated the discussion in 6.9 percent of the consultations. Nonprofit personnel were the most likely to initiate discussions with high net worth households, 52 percent (see Table 7).

**TABLE 7: HIGH NET WORTH HOUSEHOLDS THAT CONSULTED OTHERS WHEN MAKING CHARITABLE GIVING DECISIONS BY TYPE OF INITIATION (%)**

	Client Initiated	Advisor Initiated
Attorney	93.1	6.9
Accountant	89.9	10.2
Financial/Wealth Advisor	79.8	20.2
Bank or Trust Co. Staff	67.5	32.5
Nonprofit Personnel	48.0	52.0

Note: Results for other types of advisors are not statistically meaningful because the sample contains fewer than 50 respondents.

## Quality of Advice

Over 80 percent of high net worth households that received advice or services from accountants or attorneys rated the advice as being of high or very high quality (see Table 8). Almost two-thirds of high net worth households that consulted bank or trust company staff rated the quality of advice as being of high or very high quality. More than half of high net worth households that received advice from fundraisers and other personnel at nonprofit organizations rated the advice as being of high or very high quality (51.6 percent).

**TABLE 8: HIGH NET WORTH HOUSEHOLDS THAT CONSULTED OTHERS WHEN MAKING CHARITABLE GIVING DECISIONS BY QUALITY OF ADVICE (%)**

	Low Quality	High Quality
Accountant	2.3	82.8
Attorney	3.9	82.2
Financial/Wealth Advisor	5.2	77.0
Bank or Trust Co. Staff	8.8	65.0
Peers or Peer Networks	2.6	52.6
Nonprofit Personnel	7.1	51.6

## Conclusion

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Bank of America, one of the leading providers to both philanthropic individuals and institutions, partnered with the Center on Philanthropy at Indiana University, one of the nation's leading academic centers for the study and practice of philanthropy, to give you the *2008 Bank of America Study of High Net Worth Philanthropy*. High net worth households play an important role in the philanthropic landscape. Not only do they give from their own personal income or assets, many also establish charitable giving vehicles and give through private foundations or donor-advised funds. Wealthy individuals also give their time by volunteering and give their talent by serving on boards of directors and providing pro bono professional services. The wealthy invest in their local communities and invest in their children's philanthropic knowledge. Often they seek advice about their giving and do their own research to find out about nonprofits. In this report, we provided analysis of the philanthropy of high net worth households by looking at the wealthy as donors and as volunteers. We also examined the interaction between high net worth households and nonprofit organizations and between the wealthy and their charitable advisors.

As with the 2006 Study, the 2008 Study highlights how high net worth households continue to be drivers in American philanthropy. They give between 65 and 70 percent of all individual giving, and between 49 and 53 percent of giving from all sources, which includes giving from corporations, foundations, and both living and deceased individuals.<sup>[x]</sup>

# Methodology

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## Study Overview

The purpose of the Bank of America Study of High Net Worth Philanthropy was to assess charitable giving and philanthropic activities of high-income and high net worth households. The study consisted of mail surveys randomly distributed to 20,000 households in high net worth areas of the United States (those where the average amount of investable net assets were \$3 million or more). The Indiana University Center for Survey Research in Bloomington, IN (CSR) implemented the survey. Dr. Patrick Rooney, interim executive director, and Una Osili, interim director of research, both at the Center on Philanthropy at Indiana University, oversaw analysis procedures. Heidi Frederick, assistant director of research at the Center on Philanthropy was the project manager.

## The Questionnaire

For this report, the CSR mailed and received questionnaires between July and August 2008. Total giving questions were modeled after the philanthropy questions from the Center on Philanthropy Panel Study (COPPS), a module of the Panel Study on Income Dynamics conducted at the University of Michigan. This modeling was intended to provide comparable national averages on giving data. The *2008 Bank of America Study of High Net Worth Philanthropy* asks about giving in 2007. Questions on the motivations for giving were modeled after questions asked on regional giving studies conducted by the Center on Philanthropy.

In order to improve our understanding of high net worth philanthropy over the previous study, charitable giving from the wealthy was divided into two sections: giving from high net worth households' own personal assets, and giving from high net worth households' charitable giving vehicles such as a family foundation, fund, or trust. Unless otherwise separated, charitable giving information is the combination of high net worth households' personal assets and giving from foundations, funds, and trusts, referred to as aggregate giving. In addition, giving to youth or family services, environment/animal care, and international causes are included separately in the 2008 Study but were incorporated into the category for "other" giving in the 2006 Study about giving in 2005.

## Final Disposition Summary

The following table characterizes the disposition of sample cases.

Disposition	Short Survey Confidential
Paper Completion	742
Web Completion	98
Bad address	572
Refused	122
Deceased	67
Physically/Mentally Unable	2
No response	18,397
<b>Total</b>	<b>20,000</b>

The response rate was 4.3 percent when undeliverable surveys and those households that were not eligible or refused to respond are excluded.

## Final Dataset

The study's main purpose is to understand the philanthropic patterns of high net worth households. Therefore, any household with an income of more than \$200,000 or a net worth of more than \$1,000,000 (not including primary residence) was included in analysis. In addition, all respondents had to have their primary residence in the United States. After excluding those households that did not qualify because of their income or wealth, the final sample was 680 responses.

## Analysis

Charitable giving data tends to contain extreme values that are apt to highly influence average giving amounts. In addition, if the sample size is relatively small, then including or excluding specific data points that are clearly "outliers" may have a profound influence on averages. Therefore, average giving was presented both with and without outliers. Outliers were identified by natural breaks in the data where one observation had a particularly strong influence. In 2005, only one observation was an outlier and in 2007, two observations were considered outliers. Median amounts of giving are included because they tend to be less subject to extreme values. Together, these values present a more complete picture of high net worth charitable giving. Further, unless otherwise specified, charitable giving for 2005 was adjusted for inflation to 2007 dollars.

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<sup>[i]</sup> See, among other work, Deb et al., 2003, Charitable giving in the United States, *Nonprofit and Voluntary Sector Quarterly*, December 2003; Giving USA Spotlight #3, 2008, Giving during economic recessions and slowdowns, Fall 2008.

<sup>[ii]</sup> [\(GDP\) Bureau of Economic Analysis, news release, "Gross Domestic Product: Fourth Quarter 2007" \(January 2008\)](#)

<sup>[iii]</sup> [110th Congress, second session, \*Economic Indicators, December 2007 \(Washington, D.C.: Government Printing Office\)\*, \(CPI\) U.S. Department of Labor, Bureau of Labor Statistics, "Consumer Price Index Summary" \(January 2008\).](#)

<sup>[iv]</sup> The State of the Nation's Housing in 2008, Harvard University's Joint Center for Housing Studies <http://www.jchs.harvard.edu/publications/markets/son2008/index.htm>. June 2008.

<sup>[v]</sup> *Giving USA 2008*, Giving USA Foundation, researched and written by the Center on Philanthropy at Indiana University.

<sup>[vi]</sup> Center on Philanthropy at Indiana University analysis of charitable giving using data from the *Survey of Consumer Finance*, IRS tax deduction information, and *Giving USA Foundation*.

<sup>[vii]</sup> Center on Philanthropy analysis of 2005 and 2006 IRS tax deduction information for households with income of \$200,000 or more. Latest year available.

<sup>[viii]</sup> American Express Charitable Gift Survey, research and written by the Center on Philanthropy at Indiana University, 2007.

<sup>[ix]</sup> Bureau of Labor Statistics, "Volunteering in the United States, 2008" Available at: <http://www.bls.gov/news.release/volun.nr0.htm>. January 2009.

<sup>[x]</sup> Center on Philanthropy at Indiana University analysis of charitable giving using data from the *Survey of Consumer Finance*, IRS tax deduction information, and *Giving USA 2008*.