

Philanthropology: The Evolution of Giving

A white paper in co-operation with Ledbury Research

October 2009

This item can be provided in Braille, large print or audio by calling 0800 400 100* (via TextDirect if appropriate). If outside the UK call +44 (0)1624 684 444* or order online via our website www.barclays.com

*Calls may be recorded so that we can monitor the quality of our service and for security purposes. Calls made to 0800 numbers are free if made from a UK landline. Other call costs may vary, please check with your telecoms provider. Lines are open from 8am to 6pm UK time Monday to Friday.

Barclays Wealth is the wealth management division of Barclays and operates through Barclays bank PLC and its subsidiaries. Barclays Bank PLC is registered in England and is authorised and regulated by the financial Services Authority. Registered No. 1026167. Registered Office: 1 Churchill Place, London, E14 5HP.

© Barclays Wealth 2009. All rights reserved.



Introduction

In mid-2009, Barclays Wealth commissioned Ledbury Research to conduct an in-depth quantitative study of 500 high net worth individuals in the US and the UK on attitudes towards philanthropy. The report - the largest of its kind to date - looked at the future of giving and at how the economic downturn has impacted, and will continue to affect, wealthy donors around the world.

Encouragingly, the report, 'Tomorrow's Philanthropist', found that the wealthy have not significantly reduced their donations to charity during the downturn and continue to be very generous with their time. The research found that the wealthy increasingly want to be engaged with the charities that they support and are set to become even more involved with them over the coming decade. This trend is characterised by the emergence of the 'Go-Giver', an ambitious breed of philanthropist with an entrepreneurial approach to giving.

This new paper presents the findings from a re-analysis of the same US and UK survey data, and broadly identifies the different types of high net worth donors which exist today, looking more closely at their characteristics and what motivates them.

Philanthropology: The Evolution of Giving

Today's high net worth individuals are a diverse population with very different behaviours, backgrounds and beliefs. They may be celebrities and sports stars, family business owners, hedge fund managers or inheritors, and are just as likely to be in their 30's and 40's as they are to be in their 50's and 60's. The one thing they have in common is their wealth, but how and why they choose to spend it differs from one person to the next.

Donating time and money to philanthropic causes is, increasingly, another attribute which unites today's wealthy. Despite the economic downturn, the wealthy as a whole continue to give and indeed continue to increase the amount they give to charities. 'Tomorrow's Philanthropist' suggested that children's education was the only outgoing less likely to be reduced in the face of an economic downturn. However, just as high net worth individuals differ in their spending habits and preferences, so too do their motivations for giving, the causes they espouse, and the way in which they support charities.

Fresh analysis conducted by Ledbury Research on behalf of Barclays Wealth reveals that six key typologies of giver can be identified, broadly of equal incidence throughout the affluent population of the US and the UK, and each quite different from the others. This paper brings each of these donor types to life, and points to the importance of age, source of wealth, religious/political beliefs or other drivers in determining the donor mindset and behaviours.

High Net Worth Typologies Summary

The table below highlights the findings of the segmentation analysis for each of the six typologies, demonstrating the differences between each, and their key identifying characteristics:

	Privileged Youth	Eco Givers	Altruistic Entrepreneurs	Reactive Donors	Cultured Inheritors	Professional Philanthropists
Age	Younger	Younger/ Middle-aged	Middle-aged	Middle-aged	Middle-aged/ Older	Older
Source of wealth	Inherited & Earned	Earned	Entrepreneur	Earned	Inherited	Earned
Key causes	Social Welfare & Environment	Environment	All	Health & Medical	Arts, Children & Local	Education & Religion
Mode of giving	Networking	Event planning	Fundraising	Money	Serving on charity boards, & events	Big donations & business expertise
Donation Level	Medium	Medium	Medium-high	Low	Medium-low	High
Motivation	Desire to engage	Save the planet	Duty to give back	Peer pressure	Legacy	Religious & political

Privileged Youth

Cause: Social Welfare & Environment

Motivation: Desire to engage

Typically younger, and having inherited some or all of their wealth, the Privileged Youth tend to enjoy a comfortable lifestyle yet feel an element of guilt regarding their wealth. They are somewhat uneasy with the idea of an unequal society, and this has been exacerbated by the economic downturn which has caused them to question the 'winner-takes-all' capitalist model.

For the Privileged Youth, giving their time and energy to charity is a means of offsetting some of this guilt, and it provides them with a mechanism to give back to those less fortunate than themselves. Furthermore, they have been brought up to believe in the importance of charitable work, and similarly wish to set an example to their own children.

As a group they are well-travelled, heavy internet users, and see themselves as citizens of the world. As a result, they tend to support global causes, especially social welfare causes such as homelessness.

This group is not as wealthy as the others, being younger, potentially still earning and building their assets, and so do not donate as much financially. Indeed, in the economic downturn they have been one of the groups that have reduced the amount they give to charity. However, they are very generous with their time – actually increasing the amount of charity work they do to compensate for their lower donations, and are very happy to use their network of wealthy peers to raise funds.

Eco Givers

Cause: Environment

Motivation: Save the planet

This group is typically younger and, of all six groups, the most likely to be female. They live very comfortably but do not believe that children should inherit large amounts of money, and feel very strongly that it is important for children to be brought up with a strong work ethic. They themselves have worked hard for their wealth.

The Eco Givers primarily donate to environmental charities and to disaster relief, being fundamentally concerned that climate change is now reaching the point of no return, and believing that funding causes that alleviate environmental disasters and help slow or reverse the effects of climate change are the most important way for them to help. They also support children's and social welfare charities.

Predominantly successful businesswomen, this group is knowledgeable and demanding of how donations are spent and, though they don't give as much time to charities as most other segments, they do give generously and are happy to organise charitable/fundraising events.

Altruistic Entrepreneurs

Cause: All

Motivation: Duty to give back

Altruistic Entrepreneurs are typically middle-aged business owners, with teenage children, who have already experienced several liquidity events. They are entirely self-made and still have strong ties to their roots.

This group strongly believes that the wealthy have a duty to give and to share their wealth, and in particular they support causes that give back to the communities where they grew up. Religious beliefs also play a part in their desire to be philanthropic.

Altruistic Entrepreneurs are very generous, and make few demands on the charities they give to; furthermore, they are the least likely group to cut back on their donations during difficult periods in the economy. They are not a group that needs any public recognition for their donations, and indeed are happy to leave their wealth to be donated and spent after their death. For Altruistic Entrepreneurs, their charitable activity is fundamentally driven by personal fulfilment. This type of philanthropist is also proactive in engaging their family, in particular their children, in supporting the charities and causes they serve.

This group tends to donate across the major causes – spanning education, social welfare, and environment – and aside from their (often quite substantial) financial donations, they are happy to be very active fundraisers.

Reactive Donors

Cause: Health & Medical

Motivation: Peer pressure

Predominantly male, high-earning executives, Reactive Donors tend to give to charity because it is expected amongst their peers, rather than through a moral or social conviction. They enjoy travel, and eating out, and would rather spend their money on these pleasures than on supporting charities. They do, however, feel that some philanthropy is a way to offset the criticism that they feel the wealthy are increasingly experiencing.

This group give very little of their time to charities, and when they do give money it will tend to be in straightforward, low-engagement ways such as monthly direct-debit payments from their salary. They are also happy to donate indirectly by buying from brands which support causes – particularly from the increasing number of luxury brands which give a proportion of their sales to charity - and believe that corporations and businesses should take a larger share of the responsibility to support causes than individuals.

Though not big donors, when they do give, they are most likely to support health and medical charities, potentially as their own 'insurance' policy in case they become ill. They are also more likely than other groups to want public recognition for their donations.

Cultured Inheritors

Cause: Arts, Children & Local

Motivation: Legacy

Cultured Inheritors are in their late 50's and 60's, often in semi-retirement, and with young grandchildren. Though they tend to be financially successful in their own right, they have typically also inherited wealth and plan to bequeath much of their wealth to their children and grandchildren.

This group lives very well, enjoy life and are key figures within their communities. Their own parents were quite heavily involved with charities and so they wish to continue their good work, and indeed to further their legacies.

Religious beliefs are not at the heart of this group's philanthropy, but rather social and moral beliefs. Cultured Inheritors are strongly motivated to give to immediate family and community causes; they are also one of the few groups who retain a strong interest in supporting the Arts.

They are not as big donors financially as some of the other groups as a result of their lifestage (as they are no longer earning), and also their desire to bequeath much of their wealth. However, they are generous with their time, both in organising fundraising events, as well as serving on the boards of particular charities where they can bring their experience and networks to bear.

Professional Philanthropists

Cause: Education & Religion

Motivation: Religious & political

As one of the oldest groups, Professional Philanthropists are high-earning executives and business owners who have reached the pinnacle of their careers or recently sold their business interests. Collectively, they are almost exclusively self-made millionaires, who have been extremely successful professionally.

Professional Philanthropists are large donors, and will look to support causes both through sizeable one-off donations, as well as by providing their business and commercial experience to their preferred charities. Given their professional background and large contributions, they are more demanding of charities, wanting to see the impact of their donations. They want to know exactly how their money will be spent and encourage charities to be open in terms of the success that their work is achieving.

Professional Philanthropists are typically motivated by a combination of their religious, as well as their political and social beliefs. They tend to donate to education (most often universities) where they hope to give others the opportunities that they never had, as well as to religious causes, supporting their local churches and the broader fundraising activities of their faith. This group is less likely to support global or environmental causes.

Conclusion

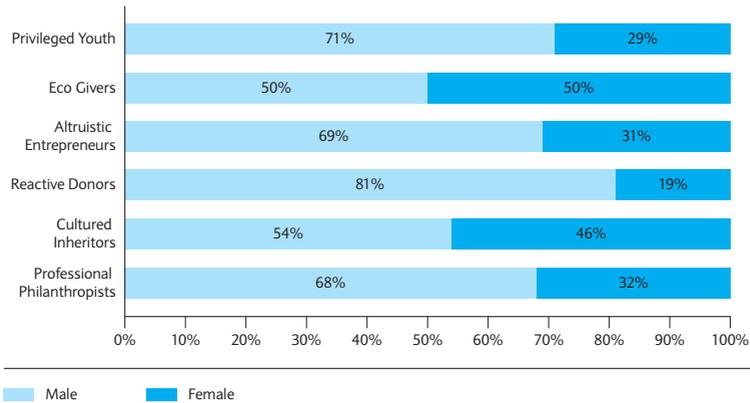
This analysis reveals the diverse attitudes and behaviours of today's wealthy with regard to philanthropy. In particular, it is clear that for charities which are fundraising, there may be only one or two subgroups within the broader high net worth donor universe that may be appropriate for supporting their specific cause, rather than presuming all wealthy donors have similar interests. With a clearer idea of what these subgroups look like, charities can better target their efforts.

It is also clear that, as high net worth individuals increasingly look to support charities with their time, their connections and their expertise – not just their money – they will have different preferences with regard to their chosen mode of giving. Charities should increasingly be welcoming the time, non-financial support, and entrepreneurial and professional skills which today's wealthy can bring.

This paper also reveals the diverse motivations that exist for supporting charities and how, whilst religious and moral views are often key, other aspects come in to play. These are most often driven by the duty that today's wealthy increasingly feel they have in terms of supporting those less fortunate than they are both locally, in the communities where they grew up, and – increasingly – throughout the world.

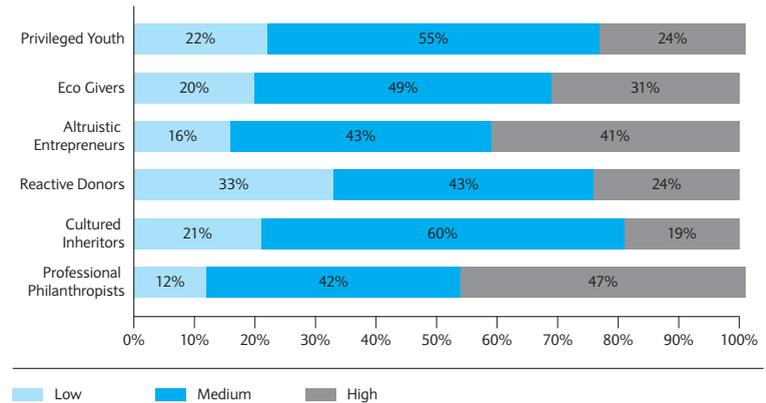
High Net Worth Philanthropist Typologies - Appendix

Gender



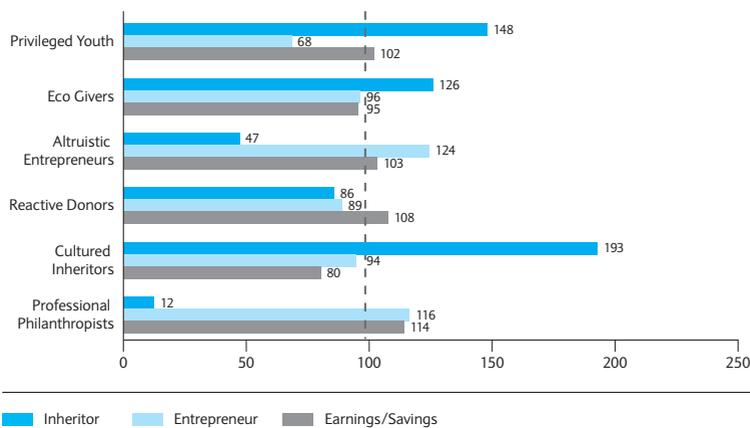
- Reactive Donors are typically male
- Women are most likely to be Eco Givers or Cultured Inheritors

Donation Levels



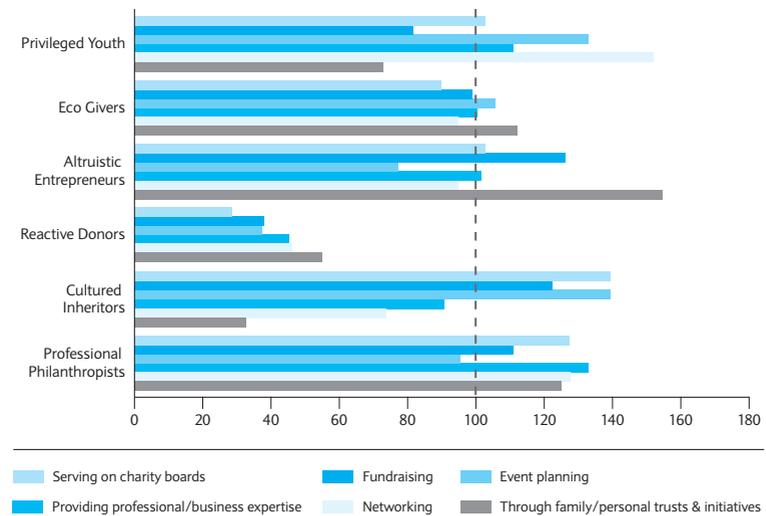
- Professional Philanthropists are the biggest givers financially
- Reactive Donors give the least

Source of Wealth (indexed, where 100 = average)



- Privileged Youth and Cultured Inheritors are the most likely segments to have inherited their wealth
- Professional Philanthropists and Altruistic Entrepreneurs are almost entirely self-made

Methods of Giving (indexed to 100 = average)



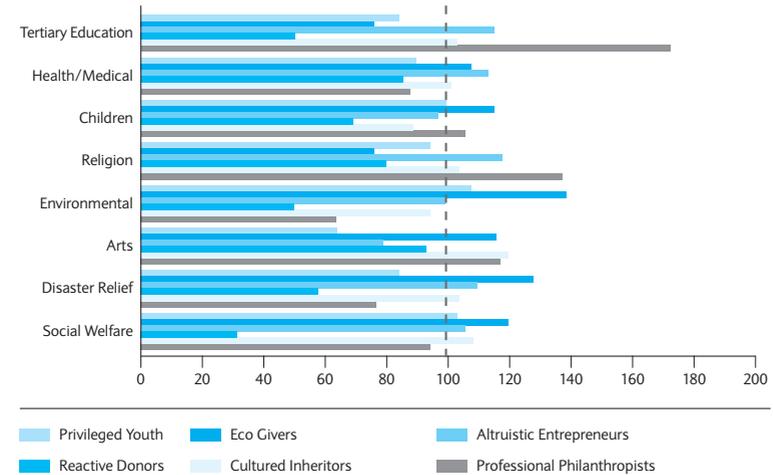
- Professional Philanthropists are the most likely to give business expertise to charities
- Cultured Inheritors are most likely to organise events and serve on boards of charities
- Privileged Youth enjoy using their extensive networks to assist causes

Reasons for Giving (indexed)

	Privileged Youth	Eco Givers	Altruistic Entrepreneurs	Reactive Donors	Cultured Inheritors	Professional Philanthropists
To give back to the community	96	105	107	78	103	100
Personal fulfilment	99	104	108	80	97	100
To offset guilt of being wealthy	117	91	101	109	101	92
Moved at how a gift can make a difference	90	105	104	87	106	99
Social beliefs	100	105	105	79	102	98
Political/philosophical beliefs	103	105	91	84	102	108
Religious beliefs	107	91	103	87	102	113
Desire to establish a worthy activity in which the family can participate	108	95	111	79	104	100
It is expected amongst my peers	119	93	104	113	96	86
Further legacy of parents	110	103	93	87	114	92
Public recognition	118	90	88	108	104	108
Business interests	117	90	95	98	92	117
To address issues affecting me personally	93	107	99	93	94	106
I believe wealthy people have a responsibility to share their wealth	99	109	115	75	101	82
Tax incentives	99	91	91	108	112	111

- Privileged Youth feel some guilt about being wealthy
- Altruistic Entrepreneurs shun public recognition for their giving, being strongly inner-directed

Key causes supported (indexed)



- Professional Philanthropists are the most likely to support religious causes and to fund universities / colleges
- Altruistic Entrepreneurs like to support a wide range of causes

Legal note

Whilst every effort has been taken to verify the accuracy of this information, neither Ledbury Research nor Barclays Wealth can accept any responsibility or liability for reliance by any person on this report or any of the information, opinions or conclusions set out in the report.

This document is intended solely for informational purposes, and is not intended to be a solicitation or offer, or recommendation to acquire or dispose of any investment or to engage in any other transaction, or to provide any investment advice or service.

Contact us

For more information please email Barclayswealthcommunications@barclayswealth.com

www.barclayswealth.com