

The Beacon Collaborative

# THE GIVING EXPERIENCE

## OVERCOMING THE BARRIERS TO GIVING AMONG THE WEALTHY IN THE UK

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**The Beacon Collaborative is a collective impact movement bringing together philanthropists, organisations and foundations that share a common aspiration to increase philanthropy and social investment among the wealthy in the UK. The goal is to attract £2 billion more in donations and social investment by the wealthy in the UK by 2025.**

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**THIS REPORT WAS WRITTEN BY CATHERINE DOVEY, CO-FOUNDER OF THE BEACON COLLABORATIVE.**

# INTRODUCTION

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## MORE CHARITABLE ORGANISATIONS IN THE UK ARE SEEKING WAYS TO DEVELOP BETTER RELATIONSHIPS WITH MORE WEALTHY DONORS.

**Reflecting changes in the overall funding mix for charitable organisations following the last decade of austerity, and rising levels of demand, more organisations than ever are recognising the potential and importance of private donations for their organisational resilience. Private capital has fewer constraints than other sources of funding and is somewhat less sensitive to political and economic transitions, and the levels of wealth in the UK offer huge potential to further support the charitable sector.**

So, the question of how to engage more donors in a way that can build relationships that will encourage an increase in major giving has come to the fore.

Fundraising organisations are increasingly investing in and developing the knowledge, tools and relationship management skills to support wealthy donors more effectively. Initiatives such as the Commission on the Donor Experience have undertaken a series of projects and outputs all aimed at putting the needs of donors (including major donors) at the heart of an organisation's fundraising strategies<sup>1</sup> and there is a growing body of evidence that suggests wealthy people in the UK are increasingly interested in giving money to good causes. We can see an increase in the number of individuals making donations of £1 million or more, the number of wealth management firms offering advice on philanthropy and social investment, and the growth in contributions to structures like donor advised funds.

Where organisations have successfully worked with wealthy individuals, they have come to realise that there is no one-size-fits-all approach to major donor fundraising. They recognise they need more in-depth insight on the attitudes and behaviours of their donors to ensure they manage relationships effectively and efficiently. This is what this research seeks to provide – a richer and more detailed look at the reported experiences and perceptions of wealthier people to help inform future fundraising practice.

### **WHO THIS RESEARCH IS FOR**

**This report is written for fundraisers from the donor perspective. It reflects their experiences and perceptions of working with fundraising organisations, identifying the reported barriers to giving and provides insight on how to overcome those barriers by understanding what makes wealthy donors tick.**

For others who are earlier on in creating their major donor engagement programmes, we hope there will be new insights that provide a strong foundation for developing relationships with wealthy individual donors.

We recognise that there is a range of experience and practice among major donor fundraisers and fundraising organisations. For those who have sophisticated programmes, the segmentation models in this report might not be new. However, this is quantitative insight, focusing exclusively on wealthy individuals, and may therefore provide a new dimension to established programmes.

# EXECUTIVE SUMMARY

## KEY FINDINGS FROM THE RESEARCH

**1** Giving levels of £1,000 enable fundraisers to identify wealthy donors. However, organisations are likely to have many more wealthy donors among their wider supporter base who will not be giving to them at this level.

91% of wealthy people give money to charity, but giving levels vary widely. Depending on wealth level, the median level of charitable giving is between £1,000 - £4,000 per year. When these amounts are split between five or six different organisations, as they typically are, it results in annual gifts that are between £166 and £800 per organisation. At this level, organisations may not recognise the donor as having the capacity to give more.

Offering an entry-level programme for all donors that includes networking events and detailed information about the organisation and its impact will help to engage those who could give more to the organisation

**2** Fundraisers need to be sensitive to the high levels of anxiety wealthy people feel about their financial security.

The motivations that compel most people to make money also encourage them to give it away. For wealthy people, making money is often linked to their sense of self-worth and belonging, which also heightens their fear of losing it.

Giving money away can therefore enhance their feel-good factor, but only as long as they know they are giving money wisely. Understanding the reported anxieties among wealthy people about their financial security and seeing their money spent well is fundamental to establishing a relationship. Furthermore, if the giving experience makes them feel to be part of a wider group and a wider effort, wealthy people are more likely to consider giving to be an important lifestyle choice.

**3** Trust is complex – it is built up over time and multiple interactions. Wealthy donors expect accountability, but more importantly they want to be seen as partners and understood as individuals.

**Trust is the basis of relationships and so, in a fundraising context, a lack of trust signifies the lack of a relationship with fundraising organisations.**

Wealthy people seek meaningful relationships with the organisations they support, where they are recognised as part of the effort to achieve positive social change. Fundraisers need to include them as partners and peers, build relationships based on mutual respect and understand them as individuals who have complex family, financial and professional obligations. Establishing and building these relationships will build trust and confidence.

**4** Fundraisers should have targeted strategies to engage individuals with assets >£10 million as well as those who are in the upcoming wealthy segment with around £500,000 in assets. These are often younger wealthy donors.

**The research shows these two groups show the highest levels of social engagement. However, as donors, their needs are significantly different.**

Very wealthy people often feel a sense of responsibility that comes from having earned or inherited significant amounts of money. However, they also often have concerns about giving as it makes a statement about who they are and what they value. They worry about the judgements that peers and family members might make about their giving. Their wealth also brings significant administrative challenges, including planning to minimise the negative impact it might have on their children.

Fundraisers can support them with in-depth knowledge that can help them to build a narrative about their funding decisions, support them to include their families and help to smooth administrative processes.

Meanwhile, upcoming wealthy donors are at the start of their wealth creation careers. They worry about their long-term financial security and whether they will have enough money to achieve their goals.

They also fear making mistakes when giving money away. This group will ask many questions and needs guidance and advice to support their giving decisions.

**5** The level of wealth an individual has is not the best guide to their needs as a donor. Behavioural segmentation gives greater insight into their motivations and barriers to giving.

**In this report, we use a behavioural model based on Maslow's hierarchy of needs which identifies three behavioural groups: Prospectors, Pioneers and Settlers.**

Prospectors account for 52% of the wealthy population. Prospectors are most focused on making money – and giving it away. They are people-oriented and like to be actively involved. These are high-engagement, high-touch donors, who need regular contact from a fundraisers and recognition that their support enables the organisation's work and programmes.

Pioneers account for 33% of the wealthy population. Pioneers think big – they know the issues that matter to them and are more likely to seek out organisations. They are evidence-seekers and judge organisations based on how they present themselves. An approach from a fundraiser might be counter-productive for these donors.

Settlers account for 15% of the wealthy population. Their naturally cautious tendency means they worry more about their financial security and are more likely to form relationships with organisations over time. They also have a notable preference for structure, making them more likely to consider pledging or writing a legacy into their Will.

Understanding the behaviours and needs of the individual, not just their level of wealth, provides a better foundation for fundraisers to build and establish relationships.

6

Wealthy donors are seeking:

- Information about an organisation's work
- Strong financial management
- Evidence of impact
- Financial sustainability

**80% of wealthy people say these factors are likely or very likely to influence their funding decision. Once engaged, three-quarters of the wealthy population are seeking ongoing interaction with the organisations they support.**

Fundraisers must be well supported by their organisations and integrated into daily operations. They have to be able to facilitate donor relationships with the whole organisation.

7

**It will take a far wider effort to build the confidence of wealthy people to give more than can be achieved by fundraisers alone.**

**Many of the barriers to giving go beyond the work of fundraisers and fundraising organisations. Notably, the public discourse on giving in the UK is often negative - especially for wealthy people. This inhibits the willingness of wealthy people to engage in giving.**

It can also leave them isolated as there are few opportunities currently for wealthy donors to meet to share knowledge and learn how to fund effectively.

In addition, there is a role for professional advisers to support individual donors with financial planning, tax and estate planning, structuring and administration.

Two-thirds of wealthy donors said they would be likely or very likely to consult a professional adviser if they were making a sizeable gift.

Professional advisers can help to engage donors and have a role to play driving the innovation that can provide new giving structures and social investment opportunities that can attract donors who are not engaged by traditional fundraising.

In summary, encouraging wealthy people to give more will require a significant shift in the public attitudes to philanthropy and social engagement by the wealthy. In this research, we find wealthy people want to be part of the solution to social challenges. If fundraising organisations can build meaningful relationships with them and champion their philanthropy in wider circles, then there is a significant opportunity to unlock more and better giving.

# CHAPTER 1

## THE SPIRIT OF GENEROSITY

# MEASURING GENEROSITY

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**Measuring levels of giving is notoriously difficult, especially using surveys. Put simply, people do not have the same level of consciousness for how much money they give when compared, for example, to their level of awareness for how much wealth they own. So, if you ask someone how much they gave at a time of year associated with charitable giving, like religious holidays or end-of-year bonus time, then the answers will probably be higher than at other times of the year.**

How you ask the question also matters because it is human nature to want to appear to be doing the right thing. So, ask a question that implies a judgement and people might just stretch the truth to give a positive response.

Once you extrapolate from the responses of a sample group to a whole population, these small variations sum up to large differences in the estimates for total giving. These challenges, which are difficult in research that covers the whole UK population, are even more complex when considering only the wealthy segment of society.

When talking about wealth, we can measure either the assets a person holds or the income they derive from both those assets and their professional work. When considering assets, wealth advisers typically consider these to include cash, investments and any investment properties that a person owns; although they will usually exclude the family home as this is not regarded as an asset the person is likely to sell. While these assets are an important measure of wealth, they are often tied up for business or investment purposes and so do not give a true picture of the money an individual might have available to give away.

Measuring wealth by income offers an alternative. However, this is also challenging as those who are asset rich will often draw down only the income they need to maintain their lifestyle. In order to give money away, they therefore need to factor giving into their way of life to ensure they draw down sufficient income to fund their philanthropy.

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**In order to fund their giving, wealthy people need to factor philanthropy into their lifestyle to make sure they draw down sufficient income to fund their donations.**

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This does not always happen in the UK because wealth advisers often do not factor philanthropy and social investment into the financial planning calculations they do for their clients. As a result, even wealthy people may make their donations to charity from small pots of cash left over after they have paid for everything else.

Meanwhile, those on high salaries might be cash rich but asset poor, especially if they are funding an expensive lifestyle. They may not have huge financial reserves left at the end of each month or year. These dynamics affect how “wealthy” people perceive themselves to be, and by extension how much they feel they can afford to give.

In this report, we measure wealth in terms of assets as it is generally a better indicator of how wealthy a person feels they are, and a better indicator of their potential to give charitable gifts.

Further complexity lies in the variation in the levels of giving that wealth affords. Wealthy people may have a higher capacity to give, yet they might make either very large or very average donations. This creates a wide variance in giving levels, which in turn creates much more sensitivity when aggregating results. Most significantly, it can result in highly skewed averages.

Extraordinary acts of generosity among a small number of donors result in a mean that is far higher than the levels at which most wealthy people give. The median is more reflective of current levels of giving among the wealthy, but is low compared to the level of assets owned by rich people [SEE FIGURE 1].

With these caveats in mind, this report does not set out to analyse the average levels of giving among the wealthy, but rather to observe the patterns in their responses to gain valuable insight into our giving culture, and why it is that some wealthy people give much more than the rest.

It might be difficult to answer the question of how much rich people in the UK give to charitable causes, but by asking we can learn a great deal about the nature of generosity among the wealthy.

Armed with that knowledge, it becomes possible to develop targeted fundraising strategies that can support donors more effectively, encouraging those who currently give less to start their donor journey.

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**Measuring wealth in terms of a person’s assets generally provides a better indicator of how “wealthy” they feel – and by extension, how much they can give.**

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# GIVING DYNAMICS AMONG THE WEALTHY

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**While studies over the last 10 years have shown that wealthy people give less as a percentage of their income than those of more average means<sup>2</sup>, this does not necessarily mean that wealthy people lack the spirit of generosity.**

In our research, we found that 91% of the 1,300 wealthy respondents had given money to charities in the previous year. This is above the national average of 71%<sup>3</sup> and shows almost all wealthy people are engaged in giving at some level.

As noted above, a more detailed analysis shows that the range of giving among the wealthy is vast. At one end of the scale, giving can be just a few pounds ranging through to millions of pounds at the other end of the scale [SEE FIGURE 1].

Our research aimed to get granular insight into the levels of giving among different segments of wealthy people. To ensure accuracy, the response scale was capped at a level of >£250,000. However, a number of respondents indicated their levels of giving were in the millions using open text responses in the survey.

Indeed, the generally higher level of giving among those with wealth >£10 million underscores the extent to which a small number of individuals are contributing most to overall giving among the wealthy.

However, regardless of wealth levels, the responses show that roughly 20% of wealthy people are highly engaged in giving, there is a threshold for generosity that emerges at the 80th percentile.

The strong uptick in giving among this 20% of wealthy people is consistent with other studies and is an important indicator of the

nature of generosity among the wealthy in the UK. It highlights the extent to which charitable organisations are currently dependent on a few supportive donors.

These individuals are usually well-known to fundraisers and are typically actively involved with several charities. Indeed, this leaves fundraisers with the sense that they are constantly competing for the attention of the few generously wealthy individuals who are on the charity radar.

The median figures are also useful because they provide a better indicator for what could be considered the starting point for major giving. Depending on wealth level, the median is between £1,000 – £4,000.

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**91% of wealthy people give money to charity. For millionaires the median level of giving was £4,000. These figures are well above the averages in the wider population.**

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This equates to £83 – £333 per month. Yet, when these amounts are split between five or six different organisations, as they typically are, it results in annual gifts that are between £166 and £800 per organisation. At this level, it is understandable why these donations do not register as significant for organisations.

<sup>2</sup> Institute for Social Change, Barclays Private Bank "Barriers to Giving"

<sup>3</sup> [https://www.cafonline.org/docs/default-source/about-us-publications/caf\\_wgi\\_10th\\_edition\\_report\\_2712a\\_web\\_101019.pdf](https://www.cafonline.org/docs/default-source/about-us-publications/caf_wgi_10th_edition_report_2712a_web_101019.pdf)

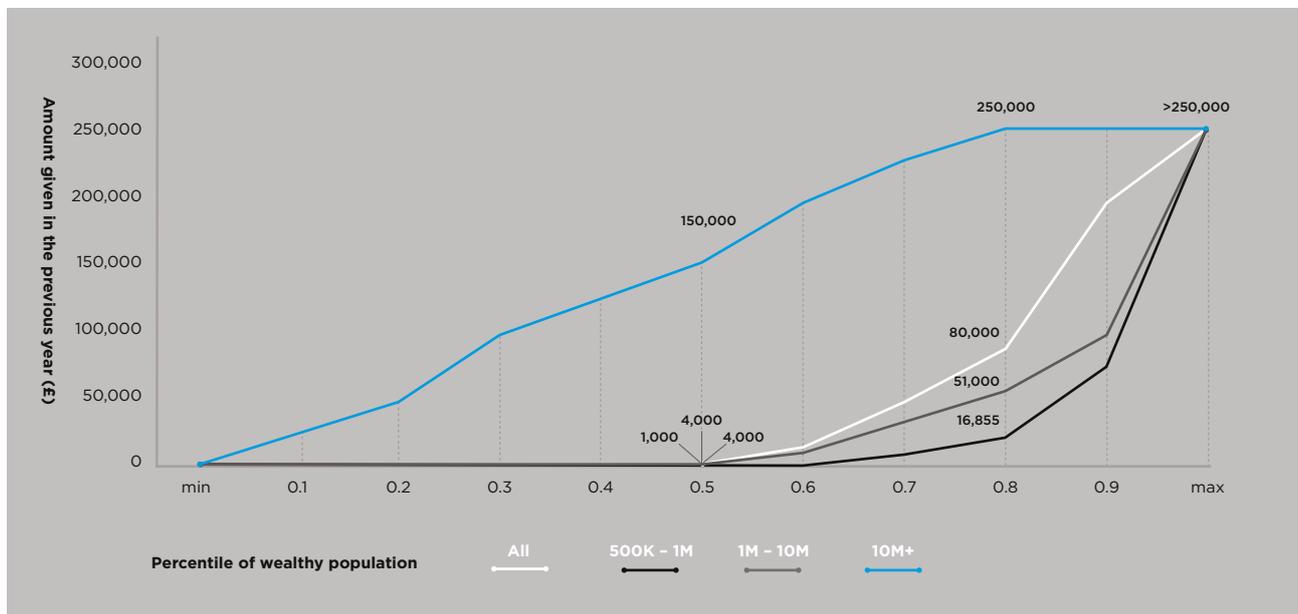
## GIVING DYNAMICS AMONG THE WEALTHY

However, the median monthly amounts given by wealthy people compare to a median of £20 in the UK population as a whole<sup>4</sup>.

In other words, more than half of the UK wealthy population is giving in excess of four times the amount of those with more modest means on a monthly basis.

Given that most wealthy people are giving considerably more than the wider population in absolute terms, it is possible to see why even moderately engaged wealthy givers regard themselves as generous.

**FIGURE 1: AMOUNT GIVEN TO CHARITIES LAST YEAR (RANGE BY WEALTH LEVEL)<sup>5</sup>**



N=1,240, maximum set at >£250,000

**FIGURE 2: AMOUNTS GIVEN BY WEALTHY PEOPLE IN THE PREVIOUS YEAR (50TH AND 80TH PERCENTILE)**

WEALTH BAND	£500,000 - £1 MILLION	£1 MILLION - £10 MILLION	>£10 MILLION
80TH PERCENTILE	£17,000	£51,000	£250,000
50TH PERCENTILE	£1,000	£4,000	£4,000

N=1,131, Q: And specifically, how much did you give to charitable causes last year?

<sup>4</sup> [https://www.cafonline.org/docs/default-source/about-us-publications/caj\\_wgi\\_10th\\_edition\\_report\\_2712a\\_web\\_101019.pdf](https://www.cafonline.org/docs/default-source/about-us-publications/caj_wgi_10th_edition_report_2712a_web_101019.pdf)

<sup>5</sup> The survey methodology was not designed to determine the average levels of giving among the wealthy population but to capture accurately giving levels within the normal range of giving to enable segment analysis. The scale ranged from £0 - >£250,000, thus extraordinary levels of giving above £250,000 were not captured in these results.

# PERCEPTIONS OF MAJOR GIVING

These figures show that 70% of wealthy people report giving monthly amounts that are above the national average.

Moreover, when asked what they regard to be a single sizeable financial gift to a charity, the median is typically *lower* than the current median giving level. This suggests wealthy people regard their current giving level to be within the same order of magnitude as a significant act of generosity [SEE FIGURE 3].

It is important to note that these are different measures – one being an annual figure, which will be split across multiple organisations, and the other being a one-off amount for a single organisation. Nonetheless, the comparison provides an interesting insight into what constitutes major giving in the minds of individuals with different levels of wealth.

The starting threshold is £1,000 for those with personal assets of £500,000. For those with assets between £1 million – £10 million, the figure is closer to £4,000. However, the results vary between four and seven-figure donations.

Giving levels vary widely among the wealthy population – there is no benchmark for “major giving”.

However, the starting threshold is between £1,000 and £4,000 depending on the level of wealth.

**FIGURE 3: COMPARING CURRENT ANNUAL GIVING WITH AMOUNTS IDENTIFIED AS A “SIZEABLE FINANCIAL GIFT” (BY WEALTH LEVEL)**

WEALTH BAND	£500,000 – £1 MILLION		£1 MILLION – £10 MILLION		>£10 MILLION	
	AMOUNT GIVEN IN PREVIOUS YEAR	AMOUNT CONSIDERED A SIZEABLE GIFT	AMOUNT GIVEN IN PREVIOUS YEAR	AMOUNT CONSIDERED A SIZEABLE GIFT	AMOUNT GIVEN IN PREVIOUS YEAR	AMOUNT CONSIDERED A SIZEABLE GIFT
80TH PERCENTILE	£17,000	<b>£10,000</b>	£51,000	<b>£50,000</b>	>£250,000	<b>£600,000</b>
50TH PERCENTILE	£1,000	<b>£1,000</b>	£4,000	<b>£3,600</b>	£150,000	<b>£100,000</b>

N=1,131, Q: And specifically, how much did you give to charitable causes last year?

N=1,143, Q: What amount of money would you regard as a single sizeable financial gift that you might consider making to a charity?

For organisations that might be considering launching a major donor initiative, the threshold of £1,000 is a good benchmark for considering an entry-level programme for new donors. While a donation at this level will not go far in supporting an organisation to cover costs or support programmes, from the donor's perspective it is likely to feel like a lot of money.

Even at this level donors may well seek in-depth information, regular contact from organisations and even acknowledgement. In this report, we will look at the reasons behind this behaviour. The report also considers how organisations can prioritise actions to support donors at this level of giving on a sustainable basis.

Of note, more sophisticated donors might make a gift of £1,000 simply to start a relationship and to see how an organisation responds. Experienced major donor fundraisers can often spot these test amounts. For those that are new to major donor fundraising, it is important to regard a £1,000 gift as the starting point for a deeper relationship and to develop programmes that enable the organisation to manage multiple relationships at this level in a financially sustainable way.

It is often the failure of organisations to respond and connect appropriately with donors at this entry level, whether they are new or experienced donors, that leads to tensions between the two sides where a wealthy donor might feel misunderstood and mismanaged, and a fundraiser questioning whether demanding relationships are worth developing.

# CHAPTER 2

## MONEY MATTERS

# BARRIERS TO GIVING AMONG THE WEALTHY

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WITH 80% OF WEALTHY INDIVIDUALS FITTING INTO THE MODERATELY ENGAGED DONOR CATEGORY AND ONLY 20% GIVING AT SIGNIFICANT LEVELS, THERE HAVE BEEN A NUMBER OF EFFORTS FOCUSED ON IDENTIFYING THE BARRIERS TO GIVING.

**A report on this theme recently commissioned by Barclays Private Bank identifies seven principal reasons why the wealthy do not give more<sup>6</sup>.**

The research was global, which interestingly highlights that the fears wealthy people have when giving money away are universal. Indeed, the fact that these same concerns appear in the minds of wealthy people around the world suggests that they are linked to the psychology of wealth.

Clearly, the cultural context matters too. In the US, giving by private individuals was £337 billion in 2018<sup>7</sup>. In the UK, the equivalent number was £10.1 billion, according to the Charities Aid Foundation<sup>8</sup>. A country with a population five times that of the UK gave 33 times more.

It is widely accepted that a principal difference between the US and the UK is that there is a cultural expectation in the US that wealthy people will give money to good causes. In the UK, and other countries around the world, giving is seen as optional.

As we will see in later chapters, there is a strong argument for setting a cultural tone in the UK where major giving is seen as something to which wealthy people should aspire. However, it would be foolhardy to create this aspiration without embedding the ability of organisations to steward wealthy donors effectively.

<sup>6</sup> <https://privatebank.barclays.com/content/dam/privatebank-barclays-com/en-gb/private-bank/documents/what-we-offer/philanthropy/barriers-to-giving-ibim9550.pdf>

<sup>7</sup> <https://givingusa.org/giving-usa-2019-americans-gave-427-71-billion-to-charity-in-2018-amid-complex-year-for-charitable-giving/>

<sup>8</sup> <https://www.cafonline.org/docs/default-source/about-us-publications/caf-uk-giving-2019-report-an-overview-of-charitable-giving-in-the-uk.pdf>

A report on this theme recently commissioned by Barclays Private Bank identifies seven principal reasons why the wealthy do not give more<sup>6</sup>.

Other financial obligations

28%

18%

Extra sums are not large enough to have an impact

Responsibility of the state/government

20%

Do not have control over how money is used

25%

23%

Responsibility of those wealthier

23%  
Not enough knowledge or experience with charities

Do not have faith in how charities are run

25%

N=400 with wealth >£5m, UK, France, Germany, Italy, Saudi Arabia, UAE, Hong Kong, Singapore and India.  
Multiple responses possible.

<sup>6</sup> <https://privatebank.barclays.com/content/dam/privatebank-barclays-com/en-gb/private-bank/documents/what-we-offer/philanthropy/barriers-to-giving-ibim9550.pdf>

# BUILDING TRUST

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**A low level of trust in charities is often held up as the major factor holding wealthy people back from giving more. The commonly-held view is that a few high-profile charity failures have created a general sense of mistrust in the charity sector among wealthy people and therefore they do not give more money to good causes. The reality is that this is too simplistic a view.**

By providing respondents with a wide range of options to express what stops them giving, a much more nuanced picture emerges, which shows that 'a general fear that charities are badly managed' is expressed by only 8% of respondents and appears 18th on a list of 30 factors [SEE FIGURE 4].

Indeed, with 91% of the wealthy population giving to charitable causes already, a general lack of trust is clearly not something that is holding them back from giving.

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**Trust is a complex issue - it is built up over time and multiple interactions. Wealthy donors want accountability, to be seen as partners and understood as individuals.**

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In fact, considering the order of priority in the responses it becomes clear that trust is a complex issue that cannot be summed up in a simple generalisation.

Trust is made up of multiple interactions that take place over time and demonstrate that organisations understand donors want:

- **Accountability**, with organisations that can show how they are using their money wisely
- **To be seen as partners and peers** who are contributing to the effort to achieve positive social change
- And, **understood as individuals** who have complex lives, including family, financial and professional obligations

In other words, they want genuine and deep relationships with the organisations they support. Trust is the basis of relationships and so, in a fundraising context, a lack of trust signifies the lack of a relationship.

This kind of engaged relationship might be very different from the way organisations have worked with individual donors in the past. As the level of donation rises, individuals may ask many more questions to satisfy themselves that the charity is spending their money wisely. The ability to respond promptly and fully to these questions, providing reassurance and confidence, is fundamental to establishing a good relationship. Questioning does not mean wealthy donors have a general lack of trust; it is only when the answers are not forthcoming that doubts start to creep in.

Fundraisers also need to be sensitive to the high levels of anxiety wealthy people have about their financial security.

While it will come as no surprise that wealthy people have a mindset that is focused on money, what will perhaps be unexpected is how much they worry about money, even though they are comfortably or extremely well off.

In Chapter 4, we will explore what drives this behaviour and will see that the motivations that compel most people to make money also encourage them to give it away. Making money is linked to their sense of self-worth and belonging, which also heightens their fear of losing it. Giving money away can enhance their feel-good factor, but only as long as they know they are giving money wisely.

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### **Fundraisers need to be sensitive to the high levels of anxiety wealthy people feel about their financial security.**

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When choosing what to do with their money, people will make trade-offs about what else they could do with their wealth that would enhance their sense of belonging to a social circle.

It is not simply the case that some people are greedy and some people are generous. Making money and giving it away are two sides of the same coin. Thus, by making sure the giving experience makes them part of a wider group and a wider effort, and reflecting the key elements about what they value about their identity, wealthy people are more likely to consider giving to be an important lifestyle choice.

# MEANINGFUL RELATIONSHIPS

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**Indeed, if we want to unlock more giving, it is important to understand the relationship of wealthy people to money.**

Crucially, the act of giving is linked to their perceptions of self and personal priorities. When asked what would encourage them to give, the principal desire among the wealthy is for their giving to be a worthwhile and meaningful experience. Wealthy people in the UK see charitable giving as an important part of their lives and a mechanism by which they can support their communities [SEE FIGURE 5].

Put simply, wealthy people are seeking to be part of the effort to achieve positive social change. A meaningful experience is one where they feel included in the good work of an organisation. They want to be part of a process of change that is bigger than them.

They recognise the privileges of wealth and are seeking to turn that privilege into purpose, for themselves and their families. By giving to good causes, they are seeking to support others who have the skills, knowledge, expertise and experience to make a difference.

Fundraisers who recognise that wealthy donors are coming to the table in this way, as peers, will lay the foundations for long-term relationships based on mutual respect and trust.

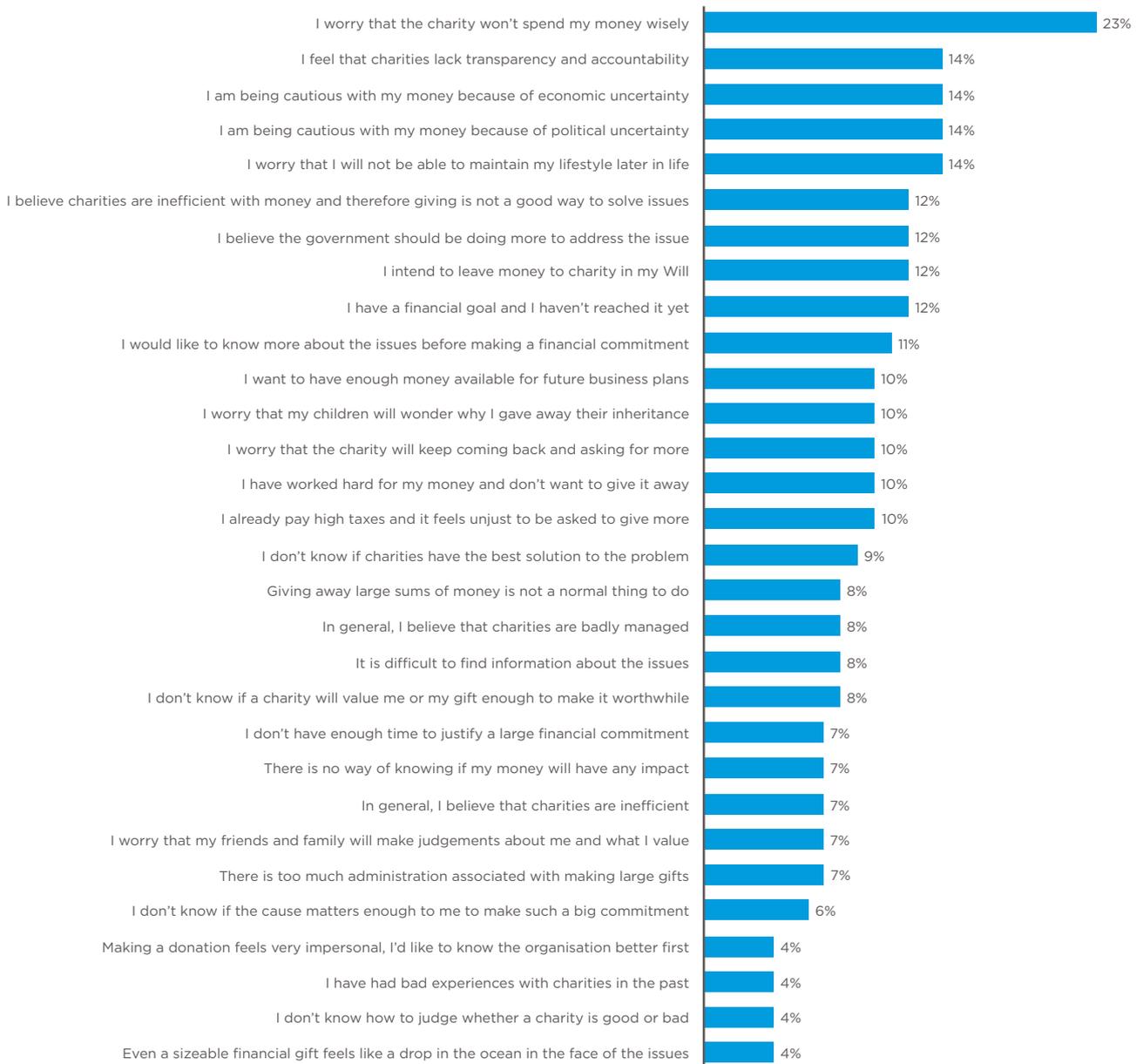
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**Wealthy people are seeking a meaningful experience of giving – they want to feel part of the effort to achieve positive change.**

**Fundraisers need to include them as partners and peers, building relationships based on mutual respect.**

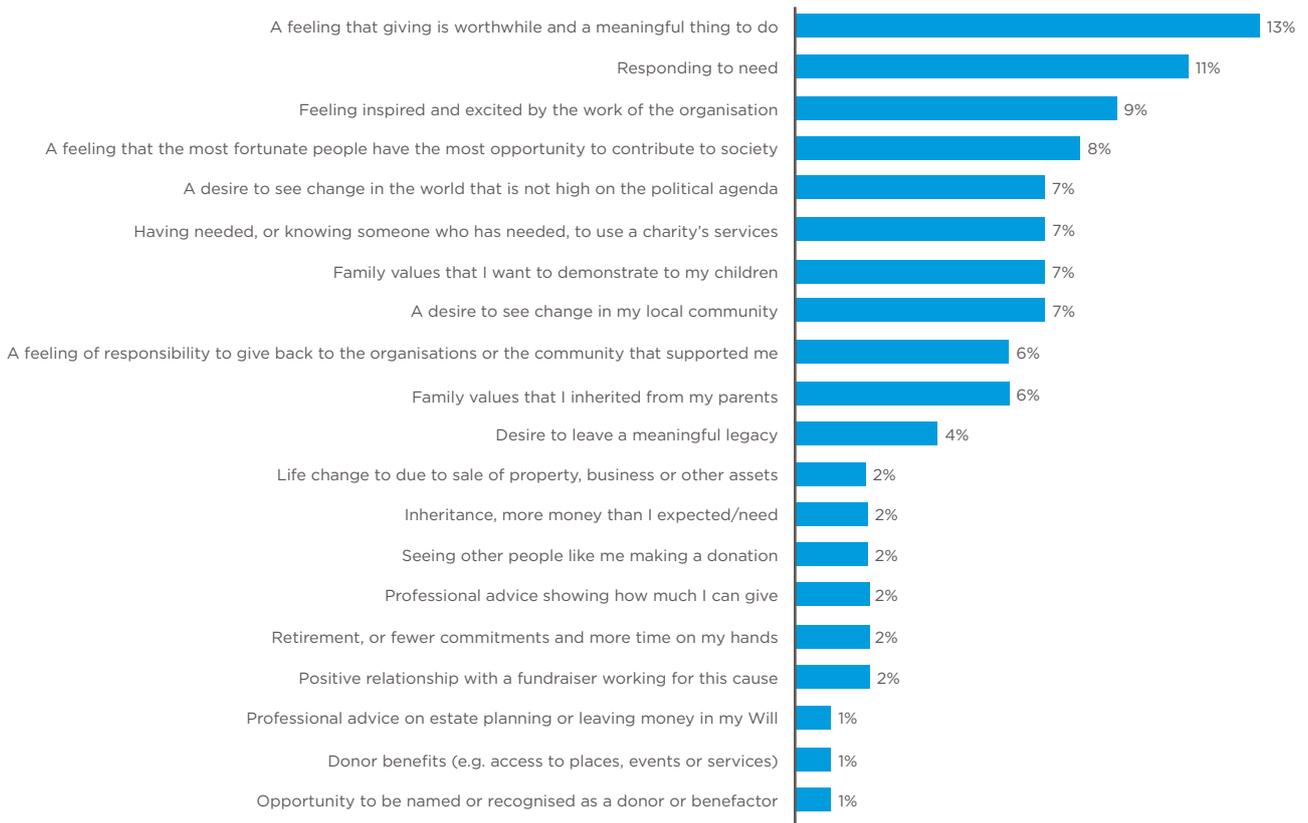
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**FIGURE 4: Q. WHICH THREE FACTORS ARE MOST LIKELY TO STOP YOU FROM MAKING A SIZEABLE FINANCIAL GIFT? (ALL RESPONSES)**



N=782, respondents able to select three among 30 factors following a prioritisation exercise

**FIGURE 5: Q. WHAT WOULD MOST ENCOURAGE YOU TO MAKE A SIZEABLE FINANCIAL GIFT?  
(ALL RESPONSES)**



**N=1,108, respondents able to identify one of 20 factors following a prioritisation exercise**

# CHAPTER 3

## MEET THE DONOR

# MEET THE DONOR

What the research tells us about how wealthy people think

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## SO FAR, WE HAVE FOCUSED ON THE GENERAL CHARACTERISTICS OF WEALTHY INDIVIDUALS WHEN IT COMES TO THEIR VIEWS ON CHARITABLE GIVING.

**They give widely to charitable causes and regard it as important to turn their privilege into purposeful support for the organisations that make a difference in our communities.**

Yet the majority are still at the start of their giving journey, giving a few hundred or a few thousand pounds away. To build relationships that can contribute to higher levels of giving, organisations need processes in place that can enable them to welcome multiple new major donors and engage them in ways that will help to unlock higher levels of giving over time.

To do this, we need to understand what makes wealthy people tick, recognising that within this population there will be wide variations in motivations and behaviours depending on many factors including age, gender, wealth level and other psychological factors.

This segmentation allows organisations to identify common factors among groups of donors which make it more efficient to develop tools that fundraisers can use to engage and develop long term relationships.

Some fundraising organisations already have segmentation programmes in place, however, the challenges of conducting research among wealthy people means that these are often based on anecdotal evidence. For these organisations, we hope this research will help to validate and enrich what they are already doing with more quantitative insights.

For organisations that are not currently segmenting their wealthy donors, we hope this research provides a basis for considering how to start or how to prioritise activities that will support their relationship building.

# GIVING BY THOSE WITH WEALTH >£10 MILLION

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When fundraisers think about the capacity of their donors to give, the natural place to start is considering how much money they have. It is logical that the richer someone is, the greater their capacity to give. As we have already seen, this is true to a degree: those with wealth >£10 million are more likely to give in larger amounts [SEE FIGURE 1]. Annual giving exceeds £25,000 for almost all of the respondents in this group – split typically between six or seven charities.

Indeed, those with these higher levels of wealth are much more active charitably than those with lower levels of personal wealth. They are more likely to become trustees, to organise fundraising events and to get involved in activism.

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**Very wealthy people – those with assets >£10 million – have a strong sense of responsibility to give back to their communities and they are supportive of the role of the third sector.**

**However, they worry about the judgements others might make about their giving.**

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Very wealthy people are also more likely to commit to giving money away as a life choice. Among this group, 60% say they have made a major gift, which varies between £25,000 and >£250,000 for this group. However, giving at this level is unlikely to be an annual occurrence.

Only one third say they are very likely to make a major gift again within one year, although 55% expect to do so again within a five-year time period.

For comparison, only 41% of those with wealth between £500,000 – £1 million and 37% of those with wealth between £1 million – £10 million say they are likely to give a major gift within a five-year time frame.

However, it is also important to note that repeat giving is not guaranteed among this wealth group. Even for those with significant personal financial reserves, major giving is a considered act. It is not necessarily a regular occurrence or an automatic obligation.

That said, many feel a sense of responsibility that comes from having earned or inherited significant wealth and a desire to use that wealth to support wider society. This group is the one that is most supportive of the role that the third sector plays in society and they see their giving as additive to the work of the state.

They are drawn to supporting education and educational institutions. They are also drawn to big, global issues, like human rights and international development.

They are also more likely to give to institutions with an international reputation, or international organisations. Indeed, broadly speaking the outlook of the very wealthy tends to be international.

Family values matter to this group. Many say it is the values they inherited from their parents that encourage them to give.

Yet, privately, they worry about the judgements that peers and family members might make about their giving, as it makes a statement about what matters to them. Fundraisers may find that discussing these issues with donors, and helping to address these worries, can actually strengthen their relationships with these donors, who may not have other outlets for talking about their giving. Fundraisers can support them with in-depth knowledge and insight to help them build their narrative about their funding decisions.

However, fundraisers should also be sensitive to the concerns these individuals might have about the potential of moving into a public-facing role that can come with giving larger donations – a decision to become a patron or ambassador will not be taken lightly.

Very wealthy people will also often think in terms of leaving a legacy. This partly fulfils a personal need to be remembered for doing good work. However, it also reflects the practical challenges of managing a large estate. For very wealthy people, there is a real need to make sure their wealth is managed in ways that have positive benefits for their children. This may involve giving a large amount away or setting up a charitable foundation so that their children can be involved in stewarding the wealth usefully after their parents are gone.

Indeed, higher levels of wealth generally increase administrative burdens, including the administration associated with giving. Ensuring smooth processes will be particularly helpful to these donors.

# ENGAGING THE UPCOMING WEALTHY

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**In contrast to the very wealthy, among the upcoming wealthy there are two distinct groups. Those with £500,000 - £1 million emerge as individuals who recognise their level of wealth puts them into a category that can afford to give in meaningful amounts.**

They are likely to be actively involved already in giving, driven by a broad desire to see change in the world. They want to see change in their local communities; they want to support organisations that have helped family members or friends; they want their giving to signify the values they have inherited or would like to pass on to their children.

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**While they may not yet be on the radar of fundraisers, donors with assets of £500,000 need high levels of support to turn their social engagement into a rewarding giving experience.**

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While they typically support the fundraising and giving efforts of others, they also recognise that giving could be a meaningful way of life and are ready to become more involved. Many of them are already volunteers.

Yet, with a median annual giving amount among this group of around £1,000, which is split on average among six charities – or £166 per organisation – their level of giving is hardly likely to register with fundraisers as major donor potential.

Thus, they are unlikely to gain the support they need to move forward toward more engaged charitable relationships.

What principally holds them back from giving more are their financial worries. They feel strongly that they have worked hard for their money and do not want to give it away lightly. Moreover, many are still in their wealth creation phase of life with a financial goal in mind. If they have not yet reached that goal, it is hard to justify to themselves giving large sums away.

For this group, professional advice will be an important source of motivation, particularly if that advice can give guidance on how much they can afford to give without impeding their personal financial ambitions.

# MOBILISING MILLIONAIRES

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**By contrast, it is striking that the second group of upwardly mobile wealthy, those with £1 million – £10 million in personal wealth, are currently much less likely to be engaged in charitable giving.**

However, it is crucial to note that the scepticism that can be observed in this wealth group is directly linked to age and not to financial status. Those with less wealth are, as one would expect, typically in a younger age group and still building their finances and their families.

Millionaires, on the other hand, are more likely to be over 45 and their greater age and wealth has created more commitments, which leave little time or energy for a philanthropic life. Millionaires may be comfortably off, but as business and family responsibilities have increased, the focus on charitable activities decreases.

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**Those with £1 million – £10 million of assets are the hardest to engage. Many have switched off from charitable activity, yet they could be re-engaged if their relationships are well-managed.**

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Those in their 40s are still asking questions about how charitable organisations can respond to the scale of social and environmental challenge. For those in their 50s a more sceptical tone emerges. Very specifically, it is those within the age band of 55-64 who are most likely to report worries that charities will keep coming back for more from them, as well as general concerns about the management and efficacy of the charitable sector.

It seems for this group that charitable giving has not been a rewarding experience; perceived barriers have become excuses and it is easier to disengage actively than to get involved.

Yet in spite of the sceptical tone, millionaires do give. The median for this group is £4,000, with most giving amounts in the range of £3,000 – £30,000.

Indeed, even those with the most sceptical views report a desire for their giving to be worthwhile and meaningful. Fundraisers should not write them off, but recognise there is more work to do if the goal is to convince those who have never been properly engaged in the past to start giving now.

# YOUTH AND SOCIAL ENGAGEMENT

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**The link between age and wealth is, in fact, a critical factor for the future of fundraising. Younger and older donors have different pressures and priorities.**

The younger generation of wealthy individuals have a markedly different world view from those in the generations above. Those under 45 feel a particularly strong sense of responsibility to give back to the communities around them.

Linked to wider social and political trends, this younger group of wealthy individuals regard charitable activity as a way they can influence change that is not high on the political agenda, locally and in the wider world.

They see giving as a meaningful way of life, and an expression of their family values, both inherited from their parents and values they would like to transfer to their own children. They regard themselves as extremely fortunate and want to ensure their children recognise that wealth is not an entitlement.

While they may not have huge financial resources to give, the younger age group is much more likely to be already involved with activism, fundraising and even trusteeship than the older generation. In particular, it is important for fundraisers to recognise that these younger donors are just getting started in their charitable lives. They have more questions, more concerns and crucially, with their wealth creation lives ahead of them, want to be sure they can afford to give without impacting on their personal and business goals.

Younger donors also want to learn about organisations and causes before they make a significant financial commitment because they are worried about making mistakes.

They also feel that they do not have the experience to judge whether a charity is good or bad and this contributes to a degree of anxiety about how charities are run.

Also, having most recently entered higher tax brackets, they are particularly sensitive to the high levels of taxation they pay, which holds them back from charitable giving.

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**Young wealthy donors have the highest levels of financial anxiety. They have more questions and more concerns.**

**Fundraisers need to be ready to help these younger donors if they want to encourage a lifetime of giving.**

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In summary, while younger donors show passion and commitment to charitable giving, they are also most likely to benefit from trusted relationships with fundraisers and also from professional advisers who can help them to make the most of their giving.

More broadly, these findings highlight the imperative of engaging with wealthy individuals early in their giving experience, even at the point before they would widely be regarded as major donor material. It is also crucial that fundraisers enable these young people to give in ways that are meaningful to them in order to create a positive experience of giving that will carry them through, because once life and success get in the way, it will be easy for excuses to creep in.

# CHAPTER 4

## UNDERSTANDING WEALTHIER PEOPLE THROUGH SEGMENTATION

# BEHAVIOURAL SEGMENTATION

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**Segmentation based on demographic factors provides useful insight on the principal priorities and concerns of people at different ages and stages of life. To understand what is most likely to engage different donors, however, we need to go one step further and learn more about motivations.**

In psychology, motivations are what drives people's behaviour towards their goals. Behavioural segmentation techniques use psychology to find groups of individuals who share common motivations and behaviours.

Individuals who are grouped by motivation or behaviour tend to have much more in common than groups formed from demographic factors, such as their wealth level. Wealthy people may share some common motivations and behaviours that contributed to their ability to create wealth, but the wealth itself is not the guide.

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**Behavioural segmentation uses psychology to find groups of individuals with common motivations and behaviours.**

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Behavioural segmentation uses models of human behaviour to provide insight on the motivations that underpin our attitudes and our actions.

One such tool is Maslow's hierarchy of needs, which has proved an effective tool for understanding human motivation since the 1940s when Abraham Maslow first put forward his theory. In essence, he identified five stages of human growth. To progress from one stage to the next, the individual must satisfy the needs they associate with each level.

At the bottom of the pyramid Maslow placed basic, physiological needs, such as the need for food and shelter. Only once a person feels secure that these basic needs have been met can they concern themselves with the next level of safety, then belonging, then esteem and then finally self-actualisation, which is the term Maslow coined to describe a sense of personal fulfilment.

The progression through the hierarchy is not linked to age or, indeed, to personal or financial success, but rather to an individual's inner journey and the needs that emerge for them at each level. It is the effort to satisfy these needs that motivates their behaviour.

Splitting the wealthy donors in this research through the prism of Maslow's hierarchy of need identifies strong behavioural groupings whose giving motivations are linked to personal drivers. For simplicity, we will refer to these groups as Settlers, Prospectors and Pioneers<sup>9</sup>.

Across the wealthy population in the UK, 15% are Settlers, 52% are Prospectors and 33% are Pioneers.

Those most likely to engage in charitable activity are Prospectors and Pioneers. We shall focus on these two profiles in this report; although with a median giving level of £3,400, Settlers should not be ruled out entirely.

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**There is a high concentration of Prospectors (52%) and Pioneers (33%) in the UK's wealthy population.**

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<sup>9</sup> This behavioural model has been developed by Cultural Dynamics Strategy and Marketing Ltd. who specialise in measuring individual value systems based on 40 years of global research.

For simplicity, we will refer to these groups as Settlers, Prospectors and Pioneers<sup>9</sup>.

## PIONEERS

Pioneers are driven to satisfy the needs personal fulfilment or self-actualisation. They tend to focus on the big picture and like to connect the dots to build a vision. They are concerned about the big challenges in the world and like to seek new solutions. They have a strong internal sense of what is right and wrong, of fairness, justice and equality. They are self-assured and generally positive about the future and change.

Their focus on innovation and strategic thinking has helped them to financial success and therefore it is not surprising that they value these qualities in the organisations they support. They account of one-third of the wealthy population.

## PROSPECTORS

Prospectors are driven to satisfy the needs of esteem, which includes both self-esteem and the esteem of others. They want to belong, which in turn means they want to be seen to be doing well and to be doing good. This results in a focus on achievement and success. They are determined to be the best at what they do. They welcome opportunities to show what they can do and value the recognition that comes from their achievements. They like to maximise opportunities; they seek opportunities for advancement and professional networking. They are generally optimistic and like new ideas and new approaches.

These traits serve them well in terms of wealth creation: they are money-focused and as a consequence are more likely to be financially successful. In fact, Prospectors account for more than half of the wealthy population in the UK, making them the largest behavioural group.

## SETTLERS

Settlers are driven to satisfy the core physiological needs, the need for safety and security and the need for belonging. Home, family and friends tend to be at the centre of their lives. They are security conscious and naturally conservative, tending to favour tradition and structure over innovation and new ways of doing things.

Settlers account for just one in seven of the wealthy population in the UK, a much lower proportion than in the population at large. Those who make it tend to do so through grit and hard work. They value control and tend to make small steps towards a larger concept of progress.

<sup>9</sup> This behavioural model has been developed by Cultural Dynamics Strategy and Marketing Ltd. who specialise in measuring individual value systems based on 40 years of global research.

# WHAT MAKES PROSPECTORS TICK?

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For fundraisers, Prospectors can be a golden ticket. They have the highest median annual level of giving of £8,750 and they are most likely to have given to charity an amount they consider to be a major gift. They are also most likely to consider doing that again over a one-year and a five-year time horizon. Put simply, those who are most focused on money are likely to give the most away.

This group has a deep-seated need for esteem. They are strongly people-oriented. They like to be part of a network and their networked nature means they recognise they can bring more than just money: they bring connections, knowledge and profile. By using their personal influence, they can bring others along too.

To them, it is important to lead the charge and to encourage others to “do the right thing”, which translates into wide engagement with charitable organisations.

For these donors, acknowledgement goes a long way.

Indeed, Prospector donors are probably those who are most familiar to fundraisers because of their ubiquitous, outgoing nature.

However, their focus on belonging and success means this group has high levels of anxiety about losing their wealth and status. They want to know they will have enough money for any future plans. They worry that friends and family might judge them for their giving and they want to be sure the organisations they support will value them.

As a consequence, they are likely to test organisations before making a major gift. They will often engage first as ambassadors, trustees, activists or raising funds. If an organisation does not deploy their talent effectively or engage them in a high-touch relationship and acknowledge what they bring, then they are very likely to move on.

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**Prospectors are most focused on making money – and giving it away.**

**They are people-oriented and like to be actively involved.**

**However, they also worry about giving money away.**

**These are high-engagement, high-touch donors.**

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Experienced fundraisers will often recognise these behaviours and will find ways to ensure their high energy is channelled positively into the organisations they support.

However, understanding that this behaviour is driven by a need for esteem and that it is accompanied by high levels of anxiety about giving money away can help to ensure that the organisation responds appropriately. Ensuring these donors feel part of the organisation is the most effective way to ensure a deep and long-term relationship.

# WHAT MAKES PIONEERS TICK?

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**As one might expect, Pioneers are concerned with the major challenges facing the world. They are most likely to give to good causes, rather than seeking a position on the board or as a named supporter. However, they are not the biggest givers. The median annual level of giving among the Pioneer group is £2,000. They give less, but usually in a much more focused way.**

Indeed, at a behavioural level, Pioneer donors appear as the polar opposite to Prospectors. They are guided by their own internal priorities and so their giving is often motivated by personal experiences or interests. They do not want to be publicly engaged in the same way as Prospectors and will tend to do their own research to seek out causes and organisations, concentrating their efforts on those that match their criteria.

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**Pioneers think big – they know the issues that matter to them and they find organisations that can tackle them.**

**They are evidence-seekers and judge organisations based on how they present themselves.**

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This can be challenging for fundraisers because the reality is that fundraisers may struggle to make an impression on Pioneer donors. They are more likely to judge the organisation based on how it presents itself in the public domain and then decide if there is good evidence that it is delivering an effective programme.

Also, just because a Pioneer donor has made a major gift in the past, there is no guarantee they will do so in the future. Over one-year and five-year time horizons, the answer is a firm “maybe”. They expect the organisations they support to prove their worth continually.

Their interest is not in leading the charge, but in being part of a sustainable solution. They are likely to be engaged by evidence-based innovation.

They have low levels of anxiety about giving. They are just waiting to be convinced. This donor group is not yet well served by the fundraising community, which is reflected in the lower level of donations.

# CHAPTER 5

## BUILDING RELATIONSHIPS WITH WEALTHY PEOPLE

# CRITICAL RELATIONSHIP FACTORS

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**When looking to start relationships with new donors, understanding that Prospector and Pioneer donors have different needs can help to manage the resources of the organisation accordingly.**

The research highlights that there are four critical factors that all organisations need to offer to attract wealthy donors to their cause. Eighty percent of wealthy donors say these factors are likely or very likely to influence them to make a financial commitment to an organisation. [SEE FIGURE 6]:

- **Information** about the organisation's work
- Evidence of **strong financial management** and governance
- **Understanding of the impact** of the organisation's work through evidence and data
- Evidence of **financial sustainability**

For Prospector donors, these touchpoints are important. For Pioneers, they are crucial.

**All wealthy donors are seeking:**

- **Information about an organisation's work**
- **Strong financial management**
- **Evidence of impact**
- **Financial sustainability**

Once engaged, three-quarters of the wealthy population are seeking ongoing interaction with the organisations they support. This is when the relationship begins.

Organisations that respond by offering a programme of activity designed to keep their wealthy donors engaged will be more successful than those that do not [SEE FIGURE 7].

Engaging Prospectors requires a greater commitment to personal relationship management. These donors expect a partnership with a regular programme of news updates and events. They value their relationship with the fundraiser, but also want to get to know the wider team and beneficiaries. They bring knowledge and networks to the organisation as well as their financial resources and, in return, seek a partnership where their engagement is acknowledged and respected.

These donors will only become regular supporters or even major donors if the organisation is able to stay top of their list and involve them through multiple touchpoints in the programmes and the organisation.

By contrast, Pioneers are more likely to seek out organisations based on good communications, particularly around impact. Indeed, for these donors a direct approach by a fundraiser could be counterproductive, unless that individual is highly knowledgeable and can commit time to educating these donors before they ask for money or support.

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**Prospectors need regular contact from a fundraiser and recognition that their support enables the organisation's work and programmes.**

**Pioneers are more likely to seek out organisations based on their communications. For them, evidence is everything.**

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For Pioneers evidence is everything. Many of them have made their money by being ahead of the curve in business and life and they are much more likely than Prospectors to be closely and deeply aware of the issues the organisation is working on.

They will perceive knowledgeable and sound charities as their partners in solving the issues and are more likely to let organisations decide how to spend the money they give.

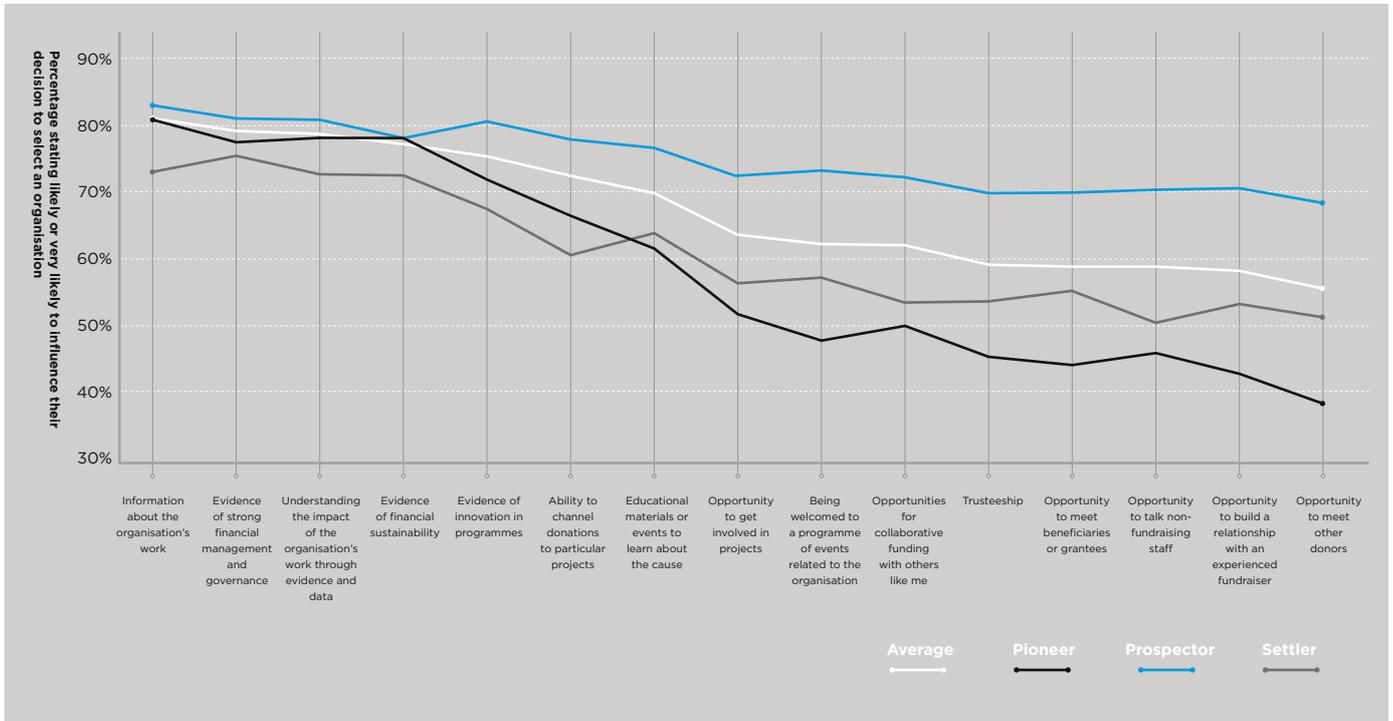
However, they offer no guarantees of future funding tending to make commitments based on results rather than relationships.

They will evaluate an organisation continually using the evidence it provides. Numerical evidence is particularly important, although Pioneers will sift through news updates and other narrative forms of reporting to glean the information they need to support their decisions.

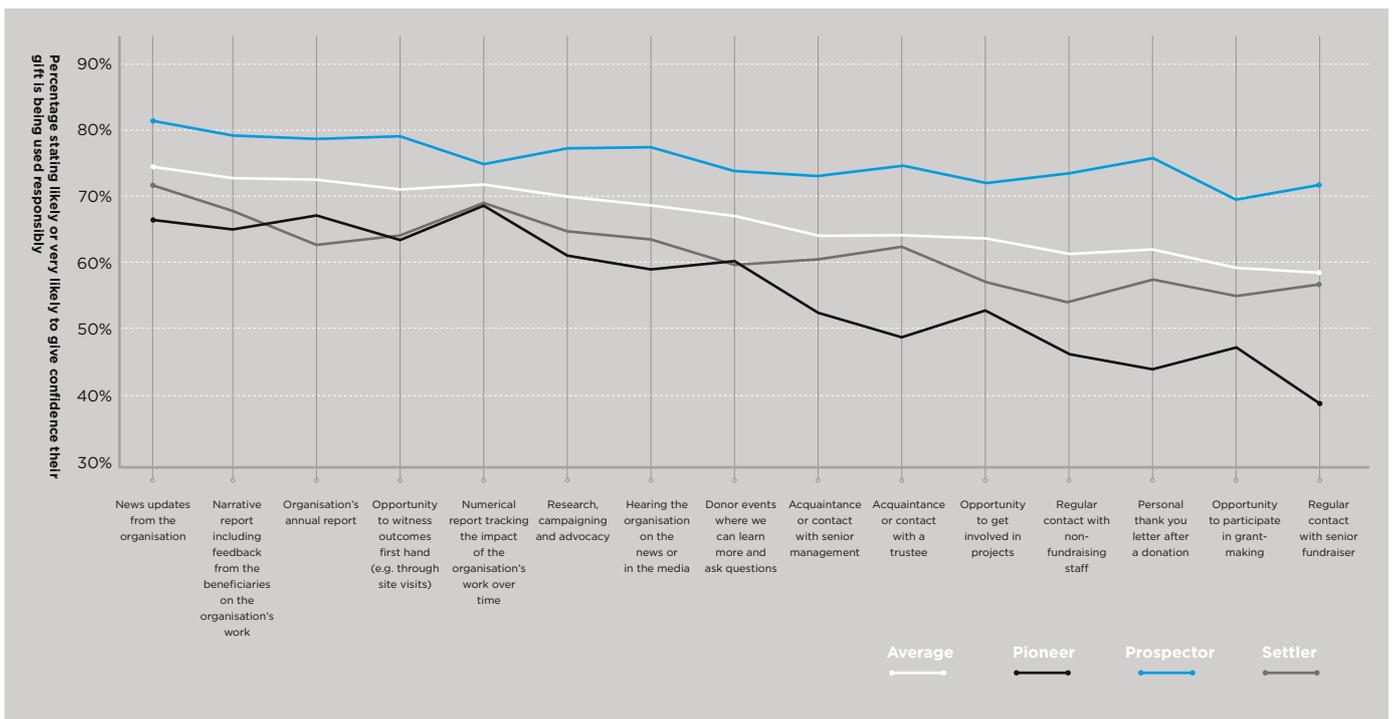
Pioneer donors are often drawn to international organisations dealing with the big global issues. They generally seek a less intensive relationship with the organisations they support, although that is not to say they do not appreciate opportunities to see the work of the organisation first-hand. Rather, they have acute time-sensitivity – if they do not want to engage physically or intellectually with an organisation, it is not a sign they are any less committed.

## CRITICAL RELATIONSHIP FACTORS

**FIGURE 6: SELECTION FACTORS FOR PROSPECTORS, PIONEERS AND SETTLERS**



**FIGURE 7: RELATIONSHIP FACTORS FOR PROSPECTORS, PIONEERS AND SETTLERS**



# PIVOTAL ROLE OF FUNDRAISERS

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**Lastly, it is worth noting that across all groups the fundraiser is seen as a conduit who can bring wider knowledge of the organisation to the donor. This has important implications for how fundraisers are positioned within their organisations.**

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**Fundraisers must be well supported by their organisations and integrated into daily operations.**

**They have to be able to facilitate donor relationships with the whole organisation.**

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While experienced fundraisers know the importance of building personal relationships with their donors, they often do this through empathy and soft skills. This may give donors the sense that they are important to the individual fundraiser, but it can have limited value for building trust at an organisational level – particularly so if fundraisers move from one organisation to another.

Organisational relationships require the organisation to develop programmes of activities and information that meet the broad needs of donors. The fundraiser needs to be involved in designing this programme and the conduit for its delivery, selecting the right activities and information for the right donors.

For this to be effective, fundraisers must be well supported by their organisations and integrated into their daily operations, because without the organisational knowledge needed to develop effective communications, they cannot develop the relationship tools for the full breadth of the wealthy donor base.

# PERSONALISED DONOR STEWARDSHIPS

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Detailed profiling of this nature enables much more personalised donor stewardship. For example, many fundraisers are trained and incentivised to make their organisation's "ask" across the donor base. However, a direct appeal of this nature to a Pioneer is likely to be counterproductive. These potential donors will make their own choices and a direct "ask" could well turn them off an organisation entirely.

Similarly, managing relationships with Prospectors can be challenging because they can easily take centre stage. If their need to be involved and acknowledged goes unmet, they are likely to disappear entirely or ratchet up their involvement to a point that may seem to be interfering or even controlling.

Fundraisers need to be able to provide their Prospector donors with constructive opportunities to be actively engaged because a two-way relationship is likely to be much more rewarding with these donors. Knowing what drives these behaviours and understanding that these characteristics are normal and commonplace within the wealthy population can help fundraisers to target their relationship management appropriately.

# THE DONOR YOU HAVEN'T MET YET

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**It is also valuable to recognise that certain profiles are currently disinclined to charitable activity. Rather than rule out these potential donors entirely, organisations with enough resource should encourage their fundraisers to consider what new approaches they could try to reach these more challenging donor types.**

For example, some Pioneers are likely to have achieved their success by fusing ethical practices into their professional lives. Pushing boundaries is part of their make-up, which makes them information-hungry and likely to ask difficult questions. As they have been successful while “doing the right thing”, they may well be asking questions about whether charitable giving is the most effective route towards positive change.

With this in mind, it is interesting Pioneers reported the lowest level of knowledge about tax-efficient giving or social investment strategies, suggesting they have not yet reached the knowledge threshold they need to engage. If that gap could be filled by fundraisers or professional advisers, it is reasonable to suppose that Pioneers might move into these innovative areas.

Meanwhile, the naturally cautious tendency of Settlers means they are more likely to form relationships with organisations over time. This is a process that should not be rushed. It will require patient fundraising by professionals who are equipped with the skills to develop deep and genuine relationships of trust with their donors.

Interestingly, the Settler preference for structure also emerges in the research. They are more likely to consider pledging or writing a legacy into their Will than other profiles. Perhaps more could be done to develop structures that could provide Settlers with peace of mind that their donations will not impact on their current or future security.

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**Some donor profiles are not engaged by traditional major donor fundraising.**

**Fundraisers need to innovate to find new ways to connect with these different kinds of wealthy donors.**

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One-size-fits all fundraising will not be effective for all profiles. The more that organisations can do to learn what works for different kinds of wealthy donors, the more tools they will have to engage with a wide spectrum of givers in ways that work for the donor and the organisation.

# CHAPTER 6

## THE WIDER CONTEXT

## THE WIDER CONTEXT

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**So far, we have focused on different strategies to engage and build long-term relationships with wealthy donors.**

However, many of the barriers reflect the personal challenges that individuals feel when considering making a significant gift to a charitable cause.

These personal concerns relate the affordability of the gift, the uncertainty of the political and economic climate which might affect their financial future, as well as how family and friends will perceive their giving. It will take a far wider effort to build the general confidence of wealthy people to give more than can be achieved by fundraisers alone.

## PROMOTION AND CELEBRATION

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**Let us look first at the public discourse on philanthropy, which is – at best – ambiguous in the UK. While those making nine-figure gifts might make it into media, it is rarely without comment on the source of their wealth, their political leanings or their tax status. Not only is the gift put under scrutiny, so too is the character of the giver.**

Not surprisingly, this puts many significant philanthropists off from developing a public profile, which in turn limits the number of role models or case studies of good philanthropy that are in wider circulation.

It is little wonder that 13% of wealthy people say the judgements of their family and friends are very likely to stop them from giving. Indeed, for very wealthy people, the concern that their children will think they have squandered their inheritance ranks fourth in their list of fears.

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**The public discourse on giving in the UK is not always positive – especially for wealthy people. This inhibits their willingness to engage and can leave them isolated.**

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Beyond fundraising directly for individual organisations, wealthy donors have learnt to avoid the public gaze, resulting in two negative consequences. First, it creates a perception that major giving is an elicited and suspicious activity. Second, it means those who do give in significant amounts are often acting in isolation, without the benefit of shared experience and best practice.

A healthy civil society is the shared responsibility of government, the non-profit sector and private capital. If our society is unable to promote and celebrate good giving, then it risks not only a reduced level of private donations, but reduced quality of giving too.

Linked to this is a secondary point about how tax reliefs that are designed to incentivise charitable giving have become a pillar of the public discourse on wealth inequality. These incentives are often characterised as a tax dodge, missing the point entirely that it is impossible for donors to become financially richer by giving money away. While a proportion of tax may be retained, a far greater proportion goes to the public good.

While there is an important and legitimate role for the media to scrutinise philanthropy and call out bad practice, they must do this from a stance that is informed and balanced, with a right to reply for those whose giving is put under the microscope.

To support this, donors must recognise the need to be more open and transparent, embracing accountability. It is only possible to celebrate and promote good practice if we can also maintain a healthy debate on the ethics of giving. Fundraisers can play a critical role here, talking openly to donors about these issues and providing support where needed.

There is also a role for government to continue to incentivise philanthropy through the tax system and to encourage donors with a positive stance on the role of private giving in civil society.

# 'GOOD GIVING' AND KNOWLEDGE NETWORKS

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**A donor's charitable gift is not always easy for a charity to respond to. A donor's questions, expectation of involvement and recognition, or control over the use of a charitable gift, can make it difficult for a charity to fully satisfy the initial needs and preferences of an individual. Through open dialogue and open conversation, these can be managed and a groundwork for the relationship established which can smooth the way for further gifts in the future.**

'Good giving' – having realistic expectations of a charity and an understanding of appropriate requests over the gift and future relationship – is not learned in isolation, or at least not without significant mistakes along the way. It is often learned through having received the right support from a charity, and complemented by the experiences and information that they get through their networks, friends, and peers.

Knowledge networks provide opportunities for donors to come together with experts in the field to learn about the issues and the best practices that will support good giving decisions.

These communities are emerging, curated by membership organisations such as the Association of Charitable Foundations. Some are hosted by large foundations or non-profits working in a particular field. Some are being developed through individual philanthropy, such as the Environmental Funders Network and Ariadne. They provide a safe and neutral space where funders and fieldworkers can come together on an equal footing to learn from each other.

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**Wealthy donors benefit from coming together, sharing knowledge and receiving professional advice.**

**These activities contribute to a positive, meaningful giving experience – and a better quality of giving.**

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## WEALTH ADVICE

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**There is also a role for professional advisers to provide individual donors with the financial confidence to do more.**

While only 3% of respondents said that professional advice would be the top factor influencing them to give a sizeable financial gift [SEE FIGURE 5], 67% said they would be likely or very likely to consult a professional adviser if they were making such a gift. This demand is particularly strong among donors in the under 40 age group and those in the Prospector profile.

Not only are they seeking financial planning advice to ensure giving will not impact on their future lifestyle and goals, they also need support on legacy giving and estate planning. Many donors, particularly Pioneers and Settlers, also expressed lack of knowledge and understanding of a number of giving and social investment tools.

There is a role for wealth advisers to fill these gaps, recognising that any requests from their clients regarding major giving are likely to result in a conversation that is far deeper than whether the individual can afford to make the gift.

## NEW STRUCTURES AND INCENTIVES

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**Linked to this, the research has highlighted that current fundraising practices are tailored to appeal to a particular segment of wealthy donors, those in the Prospector profile. For innovation-hungry Pioneers and safety-seeking Settlers, new structures and solutions are required.**

For Pioneers, social investment is likely to be highly appealing, being innovative, results-oriented, involving multiple stakeholders, and with the capacity to recycle capital for other activities. These benefits play strongly to the Pioneer priorities of strategic and sustainable funding.

Meanwhile, Settlers are more strongly drawn to structures that ensure their risks are managed and are easy to administer, such as donor advised funds or structures that apply tax incentives to maximise the amount they can give away.

Professional advisers therefore have a role to play driving the innovation that can provide these solutions to new kinds of donors and social investors.

# CHAPTER 7

## THE FUTURE OF MAJOR GIVING AND PHILANTHROPY

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The responsibility for overcoming the barriers to giving does not rest solely on the fundraising profession – here is a wider context about how we re-engage wealth in civil society.

# THRESHOLDS FOR GENEROSITY

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Most wealthy people in the UK already give to good causes amounts that they consider to be significant. When wealthy donors give in small amounts, it is not necessarily due to a lack of generosity, but rather to a desire to manage their risk.

The greatest barrier to giving therefore, is the lack of clarity on what constitutes major giving and what this means for the donor and the charity. As many wealthy individuals are motivated by a sense of belonging and shared purpose, setting expectations on both sides, so there is a shared understanding of the threshold for generosity, will provide a helpful framework for the relationship.

Fundraisers can also help by encouraging entry-level giving and welcoming new donors to the table. It is only once they have built genuine relationships with organisation that they will have the necessary context for giving more.

## QUESTIONS AND ANSWERS

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Organisations also need to focus on the actions that contribute to building trusted relationships with wealthy donors. Trust is the outcome of multiple, positive interactions. Breaking down the challenge into its constituent parts provides a framework for overcoming the concerns wealthy people have about the charity sector. This is not a general malaise, but rather a series of questions that need answers:

- Will this organisation spend my money well and with accountability?
- Can I afford this gift? Will it impact on my future lifestyle?
- How will others perceive this gift, particularly my children?
- Do I know enough to make a good decision?

It is only when these questions go unanswered that they turn into barriers; or rather, into excuses for not giving more.

Fundraisers must be able to open up the whole of their organisation to these donors – answering the questions that they can answer and supporting them to find the answers to the questions that they cannot. Fundraisers should see themselves as conduits to the whole organisation: the donor’s supporter and champion.

## UNDERSTANDING WHAT MAKES DONORS TICK

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Linked to this, fundraisers need to recognise that wealthy people are not a homogenous group. There are many different kinds of donors within the wealthy population. The age and stage of life, their wealth level and the motivations that drive them all have an impact on how they engage with charitable giving and charitable organisations.

Organisations that are rising to this challenge recognise the need to seek common themes among different groups of donors. Donor segmentation provides a tool to achieve this. Through careful profiling, organisations can meet the needs of different groups of donors in more systematic and efficient ways – and even identify groups that they have not been serving well in the past.

## DEVELOPMENT OF A PHILANTHROPY SECTOR

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Charitable organisations also need to recognise the wider context in which wealthy people make decisions about their giving. The negative public discourse on giving and the limited availability of professional expertise to support major donors equally contribute to a weak environment for giving among the wealthy population.

There is a role for fundraisers and organisations to champion the development of a philanthropy sector that can work towards more and better giving from the wealthy.

## TRUSTED RELATIONSHIPS

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In summary, the future of fundraising lies in building trusted relationships with wealthy donors, where they are seen as peers and partners, and their role in enabling organisations is acknowledged and valued. This is the route to creating a meaningful experience for those with the means to give.

Many fundraisers and organisations are doing this already. It is no surprise that some of the donor profiles drawn out in this report are familiar typologies. However, it is by understanding what drives the actions and behaviour of different types of donors, we can start to unlock new ways of working with those we know, and those we have yet to meet.

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**The future of fundraising lies in building trusted relationships with wealthy donors, where they are seen as partners and their role in enabling organisations is acknowledged and valued.**

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# METHODOLOGY

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THIS REPORT IS BASED ON QUANTITATIVE RESEARCH THAT WAS UNDERTAKEN VIA A 20-MINUTE ONLINE SURVEY WITH A SAMPLE OF 1,304 WEALTHY INDIVIDUALS FROM ACROSS THE UK IN SEPTEMBER – OCTOBER 2019.

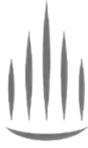
The sample included 458 respondents with personal wealth >£10 million, 742 respondents with wealth between £1 million – £10 million and 404 respondents with wealth between £500,000 – £1 million. Wealth levels were self-reported and the average was £5.4 million.

The survey included questions on demographics, recent charitable activity, influencers and barriers to major giving, ways in which donors would like to engage with charitable organisations, knowledge and understanding of social investment and tax efficient giving, and the role of professional advice.

Detailed behavioural profiling questions were also asked to enable responses to this survey to be cross-tabulated with Cultural

Dynamic's national values analysis. In the UK, this takes the form of the British Values Survey. Using upwards of 700 scalar response sets of behavioural and attitudinal factors and a standard set of values systems specific questions and statements, the British Values Survey identifies the dynamics of individual values systems and the process of social change within the culture.

Observations made in this report are based on statistical analysis of the findings that have confidence levels greater than 95%.



The Beacon Collaborative

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**CONNECTING PEOPLE TO CAUSES:**  
A PRACTICAL GUIDE TO  
FUNDRAISING RESEARCH

**Disclaimer**

The publication reflects interpretation of the incoming law and guidance as at February 2018 and we advise all fundraisers and charities to be aware of the ICO guidance and to review it regularly.

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