BEYOND THE CHECK:

A ROADMAP FOR ENGAGING INDIVIDUAL DONORS

greater philadelphia cultural ALLIANCE

PRESIDENT'S LETTER

MAUD LYON

Individual donors are the backbone of philanthropy. However, we noticed in our report *Portfolio: Culture Across Communities* (2015) that individual giving to arts and culture nationally was down 9.7% from 2009-2012 – and in our region, it was down 12.7%. Philadelphia is not lacking donors. Capgemini's *2015 United States Wealth Report* showed that, in 2014, there were more than 146,000 households with assets over $1,000,000 in Philadelphia. Why does it feel as if we, as a sector, are continuously tapping the same pool of donors and struggling to get the support we need?

To answer this question, the Greater Philadelphia Cultural Alliance engaged The Melior Group to find out what motivates donors to give to arts and culture – or not. If we could understand how donors think and where culture fits in their priorities, we could find creative ways to approach them. Our methodology had three parts:

- A literature review revealed national trends for individual giving to all causes, particularly focusing on what motivates high-net-worth (HNW) donors.
- Our member organizations helped us to explore the motivations of individuals at all giving levels by circulating a survey to their donors.
- The heart of this research was 18 in-depth interviews with high-net-worth philanthropic individuals in our area, 13 of whom do not significantly support arts and culture.

We are grateful to the Wyncote Foundation for funding this important research. We also want to thank The Melior Group, specifically Linda McAleer and Sindey Dranoff; Ashley Feuer-Edwards of AFE Strategies; our designers, SWELL; and a special thank you to our task force of wealth advisors and arts and culture development professionals, who guided our research and provided valuable connections. Thank you also to our member organizations who used precious staff time to distribute the survey. I am proud of our Cultural Alliance staff – Michael Norris, Kelli Paul and Taja Jones – whose dedication and creativity shaped this project.

We did this research for you! The Cultural Alliance encourages you to share this report with your board, executive directors and fundraising and marketing staff. It will take a collaborative, organization-wide approach to create positive donor impressions of your organization and of the sector. Organizations of all sizes and capacities can tell their stories in ways that will increase individual giving. As this research shows, a key to success is showing your impact on the communities you serve – from children to the elderly, from healthcare to schools and everything in between. When donors see the arts as a solution to community needs, they give more and more often. Finally, let us all salute our individual donors: their giving makes arts and culture possible.

FOR FULL REPORT AND ADDITIONAL RESOURCES VISIT PHILACULTURE.ORG/DONORS.

THROUGH OUR LITERATURE REVIEW, SURVEY OF DONORS TO ARTS AND CULTURE, AND INTERVIEWS WITH HIGH-NET-WORTH INDIVIDUALS, A NUMBER OF KEY THEMES EMERGED:

DONORS SUPPORT CAUSES ABOUT WHICH THEY ARE PASSIONATE.

These causes most frequently include education, religion, human services and social justice. However, there is insufficient awareness of how these issues intersect with arts and culture.

DONORS ARE NOT MONOLITHIC.

Differences in generation, race, gender and sexual orientation drive the issues donors care about, their approaches to giving and ways they engage with nonprofits.

DONORS RESPOND TO MEANINGFUL ENGAGEMENT BEYOND THEIR CHECKBOOKS.

Personal connections and ways to contribute time and expertise are important. This is especially important among high-net-worth individuals and millennials.

DONORS INVEST IN TRANSPARENT ORGANIZATIONS.

They look for organizations where they feel confident that there is strong leadership and sound financial management.

LITERATURE REVIEW

There is considerable research on the behaviors, motivations and trends surrounding donors, with recent literature focusing on how generational differences, gender, race and other demographics impact charitable giving. There is more limited data specifically focused on arts and culture giving or the pool of high-net-worth (HNW) donors in the Philadelphia region. Still, the existing literature paints a picture of a donor environment that is at once stable in terms of giving strength, but also highly dynamic as economic, technological, generational and demographic shifts influence donor activity in the U.S. Drawing from both formal research and media observations and commentary, a number of key observations can be made.

Find the full bibliography at Philaculture.org/donors.

1

More than 90% of HNW donors give to charity and give significantly more than the general population. They are driven by their values and belief in an organization's mission. Younger donors, in particular, are becoming more strategic in their giving and focused on impact. HNW donors give more often and in larger amounts when they have meaningful connections and volunteer experiences. Giving to arts is also correlated with higher levels of wealth.

2

Generational differences have a major impact on giving behaviors, motivations and areas of interest, particularly between baby boomers and millennials. As wealth begins to transfer and younger donors begin guiding family philanthropy, they are seeking new models of engagement with nonprofits. They are also shifting away from arts and culture in their philanthropy.

3

Giving can be influenced by whether wealth is inherited or earned. Donors with inherited wealth are often driven by family traditions, including toward giving in the arts. However, they are also less likely to shift focus to the arts if this is not a tradition. Donors with earned wealth respond to a focus on data and impact.

4

Gender has a significant impact on giving. Women give at higher levels than men and have a growing influence over household giving decisions, with one study showing baby boomer and older women giving 89% more than men their age. Men and women also give differently. While women are more connected to the emotional aspects of philanthropy, men tend to use a more strategic approach to giving. Both would benefit by learning from each other's strengths.

5

Donors of color are a significant and often neglected part of the donor landscape. Coming from many ethnic backgrounds, donors of color are passionate about their giving, but may function independently from traditional philanthropic networks. The lack of diversity among nonprofit leaders, especially fundraising professionals, and the failure to recognize the potential impact of non-white donors may limit nonprofits' success in engaging these donors, as many donors of color indicate they would give more, if only they were asked.

6

High-net-worth LGBTQ donors are highly engaged and passionate in their giving. They are also more likely to take an intentional and strategic approach to their philanthropy. This group is particularly likely to support arts and culture, with 56% supporting the sector as opposed to 30% among non-LGBTQ donors.

7

Donors are moving beyond traditional check writing. They are utilizing a range of giving vehicles, including foundations and donor-advised funds, with younger generations seeking out more collaborative funding mechanisms as well. Changing technology is also transforming how people learn about, connect with and donate to the organizations they support.

> "The arts has always been focused on wealthy white people who want acknowledgment and recognition. That is no longer the culture that we live in. In order to survive, [arts organizations] need to find a way to engage younger people and people of color.
>
> – Non-Arts Donor

INTRODUCTION

The Greater Philadelphia Cultural Alliance recognizes a critical need to better understand the funding landscape and ultimately help cultivate new sources of public and private funding for arts and culture, given recent trends in cultural philanthropy of shifting foundation priorities, declining corporate support, and growing reliance on individual giving. The Cultural Alliance has undertaken a major research initiative to understand the attitudes and perceptions of high-net-worth individuals (HNW) as they relate to supporting the regional arts and culture sector. Research explored attitudes among both non-donors and donors alike, in order to determine how best to engage and cultivate them and develop a realistic expectation about giving potential.

This literature review is intended to complement primary research in the form of interviews and surveys, in order to offer a broader understanding of high-net-worth donor behaviors and trends. Findings represent both formal research and media observations and commentary, in order to paint a landscape that offers context for direct feedback of HNW individuals and other donors in our region. Questions being explored include:

I. What is the nature of and/or trends related to support for arts and culture and other sectors (size of donations, forms of support, giving vehicles, etc.)? What does the pool of HNW donors in Greater Philadelphia look like in terms of size, asset levels, demographics and other features?

II. What are key motivators and decision-making factors for giving among the donor population?

III. How do factors such as gender, race/ethnicity, age/generation and sexual orientation influence giving behaviors and attitudes?

IV. Are there differences in giving behavior between those who have inherited vs earned their wealth?

There is considerable research on the behaviors, trends and motivations of donors, with recent material placing a particular focus on how generational differences, gender, race and other demographics impact charitable giving. *The 2016 U.S. Trust Study of High Net Worth Philanthropy* offers perhaps the most comprehensive view of giving among HNW individuals, in particular, and was frequently referenced, while other sources offer more targeted perspectives on particular donor groups and aspects of giving.

A key limitation of existing literature and research is a lack of information on giving to arts and culture specifically, which is magnified when factoring in the additional lens of high-net-worth giving. Another significant limitation is lacking data on the pool of high-net-worth donors in the region. Still, the literature that exists helps to paint a picture of a donor environment that is at once stable in terms of the strength of giving, but also highly dynamic as economic, technological, generational and demographic shifts change the nature of donors in the U.S.

One area to note is the variation in definition of "high-net-worth" and "ultra-high-net-worth" throughout the existing literature. The U.S. Trust study focuses on the high-net-worth donor pool and uses a lower threshold of $1 million net-worth and $200,000 household income, with survey respondents averaging a net worth of $16.8 million and income of $331,156. Other studies referenced in this review utilize different – and often higher – thresholds. There appears to be no single set of parameters that is uniformly used across sources or in discussions with wealth advisors or donors themselves, though there is somewhat consistent agreement that HNW refers to those with more than $1 million in investable assets, and UHNW refers to at least $30 million in investable assets.

I.

WHAT IS THE NATURE OF AND/OR TRENDS RELATED TO SUPPORT FOR ARTS AND CULTURE AND OTHER SECTORS? WHAT DOES THE POOL OF HNW DONORS IN GREATER PHILADELPHIA LOOK LIKE?

OVERVIEW OF GIVING

The 2016 U.S. Trust Study of High Net Worth Philanthropy offers one of the most comprehensive snapshots of giving among the HNW donor population. The 2016 edition is the sixth in the series of biennial studies that employ a nationally representative random sample consisting of 1,435 households with a net worth of $1 million or more and annual income of $200,000 or more. The 2016 study revealed several notable trends among HNW donors.

First, giving among HNW households in *The 2016 U.S. Trust Study* remains strong, with future giving projected to continue at high levels. In 2015, 91% of HNW households surveyed gave to charity as compared to 59% of the general population. These households unsurprisingly also gave significantly more than the general public, with average giving at $25,500 versus $2,500 (12, 15). In another recent study conducted by SEI, *How and Why the Wealthy Give,* survey respondents making $10 million or more per year reported giving away 21% of their wealth, while those making $3-10 million gave away 12% and those making less than $3 million gave away 7% (3). Further, 80% of respondents in The Philanthropy Workshop's *Going Beyond Giving* study of high- and ultra-high-net-worth donors gave away more than $100,000 in the prior year (8).

These national giving trends are part of a larger global landscape of increasing philanthropic activity. The Economist Intelligence Unit's *Passing the Torch: Next-Generation Philanthropists* cites estimates of global wealth at close to $60 trillion in 2015 and notes that giving among ultra-high-net-worth individuals has risen sharply since 2011 according to Wealth-X's Major Giving Index. In North America, average lifetime giving among UHNW individuals was $315 billion, represented 12% of their net worth in 2015 (5).

Looking ahead, U.S. Trust found that 83% of wealth donors plan to give as much or more in the next three years, with women, African Americans, and younger individuals (<50 years) even more likely to increase giving. Just three percent of wealthy donors plan to give less in the next three years, which is a significant decrease from prior year surveys ("Key Findings," 1). By far, the most significant factor impacting future giving would be a change in financial capacity (81%); the next greatest factors included changes in life circumstances (36%) and changes in perceptions of organizational need or cause (31%) (*2016 U.S. Trust Study*, 26).

The study also found that HNW households give to multiple organizations and causes, with the majority of HNW households who reported giving supporting five or more organizations (51.8%). Interestingly, the number of organizations supported appears to be linked to age, with older donors (>70) giving to an average of 11 organizations as opposed to younger donors (<50), who gave to 5 (*2016 U.S. Trust Study,* 16).

Looking at arts and culture specifically, 27% of HNW households in the *2016 U.S. Trust Study* reported giving to this sector, making it 9th among 12 categories offered. Basic necessities (63%), religious causes (50%) and health (40%) stood as the leading categories for giving. Looking at all sectors together, arts and culture received 4.6% of total giving, ranking 5th among all categories. By far, religious causes and basic needs received the highest percentages, at 36% and 28% respectively (17-18). A similar allocation was found in The Philanthropy Workshop's *Going Beyond Giving* study, where 6% of giving went to the arts (7).

Beyond the specific focus of giving, the 2016 U.S. Trust Study also explores the types and purposes of gifts made by HNW households. A majority of HNW donors, at 74%, reported making their largest gifts as unrestricted, with 50% reporting no preference between restricted or unrestricted gifts. When asked about beliefs on "restricted gifts," the most frequent response (39%) was that restricted giving was more effective because it was targeted, though a full 30% felt restricted gifts limited the ability of organizations to make appropriate budget allocations. On the other hand, when asked about "unrestricted gifts," the top three answers could all be considered positive in nature, with 44% saying these allow organizations to sustain and meet their missions, 39% saying they place the decisions about funding allocation and budgeting at the organization level and 29% saying they are critical to the survival of the organization. However, 29% felt they were misapplied or not used efficiently and 27% felt they made it difficult to know where giving was making a difference. The survey also found that more than three-quarters of respondents did not support either endowments or capital campaigns (20-24).

Volunteering played a significant role in determining how and where HNW individuals give. The *2016 U.S. Trust Study* showed that 50% of wealth individuals volunteered with charitable organizations, which is roughly twice the rate of the general population. HNW respondents also value volunteer experiences that relate to their skills and expertise, with 51% citing a preference for these types of experiences. Volunteering was also strongly correlated with giving to a particular organization, with 50% of respondents giving to most of the organizations where they volunteer. Notably, those who reported volunteering also gave 56% more on average than those who did not. Looking ahead, the vast majority of HNW individuals across all age brackets who volunteer plan to continue doing so in the next three years (53-57, 61, 65). The prevalence of volunteering was further corroborated in the *Going Beyond Giving* study, where close to 90% of HNW and UHNW respondents reported using volunteer time as part of their philanthropic practice (10).

TRENDS IN GIVING VEHICLES, TOOLS AND STRATEGIES

One of the clear trends seen among donors is an increase in both strategic philanthropy and a diversifying of the types of vehicles and tools they are using in their giving. Fidelity Charitable's *The Future of Philanthropy* study found key drivers shaping donors' approaches to giving include transparency, technology and evolving attitudes towards wealth. More specifically (*Future of Philanthropy,* 2-3):

- Giving is results-driven, with 41% of donors reporting changes in giving as a result of nonprofit effectiveness;
- 27% of donors using technology to research and fund organizations and projects with an eye towards impact, including tools such as Guidestar, Charity Navigator, and social media;
- Influenced by initiatives like the 2010 Giving Pledge, 21% reported a shift towards giving away wealth versus passing it on;
- Eighteen percent said access to more charitable planning strategies like donor-advised funds have impacted their giving; and
- Younger donors, in particular, have shown a growing interest in alternative forms of giving such as impact investing as well as more connected giving opportunities like giving circles.

Similar findings were shared in SEI's *How and Why the Wealthy Give*, which discussed four key trends emerging among donors: impact investing, metrics and measurement, donor-advised funds (DAFs) and family foundations. They cite the National Philanthropic Trust's 2015 *Donor-Advised Fund Report*, which found DAF's growing over the past several years across several dimensions, including the number of accounts, total dollars granted, total contributions and total assets. According to their research, DAF assets are now more than $70 billion. SEI also points to findings by the National Center on Family Philanthropy, which showed the number of family foundations growing by 44% between 2002 and 2013 with giving almost doubling to $24 billion. Beyond dollars granted, family foundations are also changing how they operate in similar ways to individual donors. Notably, their founders are active in the work of the foundation (as opposed to creation as part of an estate) and there is growing involvement by younger generations (7-9).

In its own exploration of different giving vehicles, the *2016 U.S. Trust Study* found that among all donors surveyed, the vast majority of giving (89%) came from personal assets and incomes, with just 10% coming through charitable trusts, donor-advised funds, family foundation gifts or other charitable giving vehicles. Among those who currently had or planned to create a giving vehicle, the most popular option was a will with specific charitable provisions. However, when the data was broken down further, two interesting nuances emerged (*2016 U.S. Trust Study,* 43-36):

- Similar to Fidelity Charitable and SEI findings, younger individuals were significantly more likely to utilize charitable trusts, donor-advised funds or gifts from family foundations.
- Having or planning to use a giving vehicle also increased with household net worth, with 45% of those in the highest bracket reporting use of a giving vehicle, verses just 17% of those in the lowest bracket.

Giving structures and tools were also explored in *Going Beyond Giving*, where the most frequently cited structure was a private or family foundation (38%), followed by checking account (23%), community foundation DAF (12%), equity/debt investment (9%), private bank DAF (9%), and giving circle (6%). Notably, 61% of respondents utilized two or more types of giving structures while 39% used one (10). Interestingly, participants in this study tended to skew toward higher levels of total assets, which may explain the increased use of giving vehicles, a similar trend noted in the U.S. Trust study.

GIVING TO ARTS AND CULTURE

While there is somewhat limited in-depth data on giving to arts and culture, in 2010 the Lilly Family school of Philanthropy released *Arts and Culture Giving* utilizing 2009 Panel Philanthropy Study data reporting on 2008 activity. Their review examined a number of the demographic factors that influence giving within the sector, including age, income, wealth, education, geography and marital status. Though some of these variables have been examined in isolated form in more recent literature, this is one of the only studies to examine all considerations side by side with a singular focus on arts and culture. Another limitation of the data is that it does not isolate the high-net-worth donor. However, it offers some interesting trends that may apply universally across all donors to the arts.

Arts and Culture Giving found that 8% of households gave to arts and culture organizations in 2008, with average donations amounting to $360 ($100 median donation). It also found that households headed by older individuals (65+) were both more likely to give to arts and culture and to give higher amounts than younger headed households. More specifically, households headed by someone 65 and older gave at three times the rate of those under 40, and almost twice as much on average. This is fairly consistent with studies of generational giving differences which are detailed later in the review. These frequently cite the declining interest in arts and culture among younger donors (4-6).

Another variable examined was household income, with data showing income positively linked to higher giving in the arts. Those in the highest income group ($100,000+) were almost twice as likely give to arts and culture as those earning between $50,000 and $99,999 and nearly four times as likely as those earning less than $50,000. Similarly, giving rates among the middle group were twice as high as among the lowest group. While the lowest income group gave at the lowest rates, they also had significantly higher average giving levels than the middle income grouping. Not surprisingly, the highest income group also showed the highest average giving, at $482 (7-8).

Shifting to household wealth, those with higher wealth levels ($200,000+) gave to arts and culture at a significantly higher rate (19.5%) than either those with wealth between $50,000 and $99,999 or less than $50,000. As with income, the highest wealth group also gave the most on average ($555) and the lowest wealth group again gave significantly more than the middle wealth grouping (9-10).

The next variable examined was education levels. Here, the study found that those with higher education levels had higher giving rates to arts and culture, with those having a high school education or less giving at just 2% while those with graduate school education gave at nearly 25%. Interestingly, when giving amounts were analyzed across different education levels, respondents with at least some college and higher all had somewhat similar giving levels and those with some college or a graduate degree gave slightly more than those with a bachelor's degree (11-12).

In examining marital status, those who were married or widowed (so at one point had been married) gave at the highest rates, with separated individuals giving at the lowest rates. When giving levels are examined, widowed households gave the highest average amounts, followed by married couples (15-16).

Finally, in examining geographic distribution of giving, the North East and Mid-Atlantic regions gave to arts and culture at the highest rates, with 15% and 10% respectively, followed by the Pacific, East North Central (eastern Midwest) and South Atlantic, all between 8% and 9%. Average giving levels were significantly higher in the North East and West South Central, though median giving was more consistent, ranging between $100 and $200 across all regions (13-14).

II.

WHAT ARE KEY MOTIVATORS AND DECISION-MAKING FACTORS FOR GIVING AMONG THE DONOR POPULATION?

Numerous studies seek to understand the drivers behind HNW donor behavior. The *2016 U.S. Trust Study of High Net Worth Philanthropy* offers a comprehensive base of knowledge in this area, and because of its methodology and large sample size is the most generalizable across the HNW donor population. Other resources that provide a big-picture view of donor behavior and motivations include SEI's *How and Why the Wealthy Give*, and the recently released report by The Philanthropy Workshop, *Going Beyond Giving: Perspectives on the philanthropic practices of high and ultra-high net worth donors.* Notably, motivations and decision-making were frequently influenced by personal characteristics such as age/generation, wealth origin (earned/inherited), gender, race and others. These nuances will be explored in greater detail throughout this review.

DONOR MOTIVATIONS

As reported in the *2016 U.S. Trust Study,* HNW donors are motivated by a wide range of considerations. Not surprisingly, "believing in the organization's mission" received the greatest support as "always being a factor," with 54%. This was followed by 44% of respondents who felt their gift could make a difference and 39% who gave for personal satisfaction, enjoyment or fulfillment. Just 18% of donors reported tax benefits as a factor that always influenced them, which is down from 23% in the 2013 study ("Key Findings," 3). Looking more specifically at how HNW donors choose a cause or organization to support, the leading factor was personal values at 78%, followed by interest in an issue (64%), firsthand experience (55%), the reputation of the organization (51%) and perceived need of the organization or issue (38).

These findings were echoed in U.S. Trust's *The Philanthropic Conversation,* which utilized surveys of both HNW donors and advisors. Here, while advisors correctly identified clients' top motivations for giving (personal passion, a desire to give back/make an impact), they overestimated the importance of tax benefits and enhancing the family name/business, while underestimating the desire to encourage future generations in philanthropy. Many advisors also reported that the primary reason why clients hesitate to give is perceived wealth inadequacy (e.g., concern about running out of money for themselves or their heirs), while clients are actually more concerned about donations not being used effectively and an increase in donation requests (16).

The importance of "impact" and personal values was born out by SEI's *How and Why the Wealthy Give,* where 35% of respondents selected "social impact" and 28% selected "family impact (underscores family values)" as preferred measures of results for their giving. SEI also found age to be an influence in this area, with younger wealthy individuals placing a greater emphasis on impact (5).

Given the important role that "impact" has in motivating donor activity, it is helpful to explore this concept further. The *2016 U.S. Trust Study* respondents reported charitable giving (45%) and volunteering (31%) as the most important avenues for creating impact. While the majority of respondents (54%) were not certain if their giving was having an impact, a significant portion – 44% – did feel they were having an impact. This is not necessarily surprising, since just 22% of U.S. Trust respondents reported monitoring or evaluating the impact of their giving. Among those who do monitor the impact of their giving, nearly 80% get this information directly from the organizations they support, followed by 46% who determine impact through their engagement with an organization and 41% from their own perceptions (73-76). While not as representative of all donors, the *Going Beyond Giving* study found much higher levels of measuring impact (55% required grantee reports) and confidence in the impact of giving, with 78% of respondents having a clear understanding of how their philanthropy is contributing to social change (14). Among SEI's *How and Why the Wealthy Give* study respondents, younger and wealthier individuals were most likely to measure the results of their giving, while those above 60 were least likely to do so (5).

Delving a bit deeper in the decision-making process, the *2016 U.S. Trust Study* also found that among married/partnered households, the vast majority of respondents – 51% – made charitable decisions jointly, followed by the respondent being the sole decision-maker (19%) or making decisions separately but conferring with each other (12%). Close to half of HNW donors reported having a strategy (48%) as well as having a budget (46%) for their giving. Donors across the board reported being most driven by organizations (60%), followed by issues (28%). However, women, LGBT individuals and younger individuals were significantly more influenced by issues. When using organization-based information, the most important factor was the organization's connection to the donor, their family, their friends or personal experience cited as very or somewhat important by 86% of respondents (35-39).

DONOR KNOWLEDGE, DECISION-MAKING AND CONCERNS

Very few HNW donors in the *2016 U.S. Trust Study* rated themselves as experts on their giving, with the majority rating themselves as either a novice (49%) or knowledgeable (47%). These levels of giving knowledge are correlated with a range of perceptions related to donor feelings and behaviors. Notably, those who consider themselves "experts" are also far more likely than those who feel "knowledgeable" or like "novices" to monitor/evaluate the impact of their giving and to feel that their giving is having an intended impact. This may in turn influence the level of personal fulfillment they gain through giving, where we see that 100% of "experts" reporting personal fulfillment compared to 82% of "novices." Beyond perceptions about giving, "expert" and "knowledgeable" donors were also correlated with being more likely to consult an advisor about their giving or to have or plan to establish a giving vehicle (28-29).

Perhaps most important to consider is that level of knowledge was also correlated to the total amount given, with "experts" giving an average of $14,322 compared to $8,285 from "knowledgeable" donors and just $3,303 from "novice" donors (*2016 U.S. Trust Study*, 31).

Given the sizable portions of donors who report being "novices," it is not surprising that one of the greatest challenges for HNW donors in the *2016 U.S. Trust Study* was "identifying what I care about and deciding what to do," selected by two-thirds of respondents. Other key challenges include understanding how much they can afford to give, allocating time to volunteer or get more involved and monitoring giving. HNW donors in this study were also asked about areas they would like to be more knowledgeable. The most frequent response was identifying the right volunteer opportunity (42%); followed by becoming more familiar with non-profit organizations (29%); engaging the next generation in giving (20%); and getting family engaged/family dynamics of giving (20%) (32-33).

The SEI study also explored the concerns of its respondents, 52% of whom said their philanthropic giving kept them up at night. This increased to 72% among the youngest and wealthiest donors, who also reported spending a considerable amount of time thinking about their personal wealth goals (25 hours/week). These young and wealthy donors were most concerned that they would be wasting money and/or that they would not be making a difference with their giving. Similar to findings by U.S. Trust, 43% of respondents feared that family disputes over giving strategies could prevent them from reaching their financial goals (*How and Why the Wealthy Give*, 3-5).

Across studies, it is clear that advisors and other external parties play a key role in helping to inform giving among HNW donors. Almost a quarter of respondents in the 2016 U.S. Trust Study reported that they had consulted with at least one advisor regarding their giving. Here, advisors included accountants, independent financial/wealth advisors, nonprofit personnel, peers or peer networks, attorneys, community foundations and banks/trust companies (34). Respondents in SEI's *How and Why the Wealthy Give* also reported significant use of advisors, with 44% reporting wealth advisors as their go-to resource for financial advice. More specifically, older donors and women were most likely to use an advisor, while those under 40 (92%) and those who were least affluent group ($3m or less in assets) (71%) were most likely to rely on themselves (6).

The *Going Beyond Giving* study tackled this issue by asking about the influence of external parties on both the structure and practice of donor's philanthropy. On the first point, 30% said a wealth/tax/legal advisor had most influenced the way they initially structured their philanthropy, with family/friends (24%) or a philanthropic advisor (18%) as the next greatest influence. On the practice side, family/friends helped inform giving for 60% of respondents, followed by financial/wealth advisors or philanthropic advisors (19% for each) (11).

Another perspective on this issue of advisors can be found in U.S. Trust's, *The Philanthropic Conversation*. Through its surveys of both wealth advisors and HNW consumers who were actively engaged in charitable giving, it found that across all categories of advisors (wealth advisors, trust/estate attorneys and tax/accounting advisors) close to three-quarters make it a practice to ask their clients about philanthropy. On the HNW consumer side, 55% said they have discussed philanthropy with their advisors, but another 13% were open to discussions and 9% said the topic had been broached but not discussed in detail. The study found that these conversations were correlated with the methods through which giving occurs, with those who discuss philanthropy with an advisor being more likely to use giving vehicles like a charitable trust, private foundation, giving circle or donor-advised fund. It also showed a divide between how advisors and clients perceive the focus of conversations, with consumers feeling these conversations were primarily focused on the technical aspects (e.g., tax consequences) of giving without enough attention paid to their personal goals and interests. Interestingly, advisors believed there was an equal balance within these areas (18, 27-29, 39).

III.

HOW DO FACTORS SUCH AS AGE/GENERATION, RACE/ETHNICITY, GENDER AND SEXUAL ORIENTATION INFLUENCE GIVING BEHAVIORS AND ATTITUDES?

GENERATIONAL DIFFERENCES IN GIVING

One of the major factors impacting the face of individual giving, particularly among HNW donors, is the differing approaches to philanthropy taken by older and younger generations. These differences are likely to become more and more prominent and influential as we see a transition of wealth from the baby boomers to Gen X and millennials. Generational differences cross into a number of areas, from issues being supported to how charities are identified to the very mechanisms used for providing funding.

U.S. Trust's 2017 *Insights on Wealth and Worth: The Generational Collide* observes that "while philanthropy is an area that wealthy family members agree on in many ways, there still exists a distinct generational divide." The study notes that "around one in three wealthy individuals feels the younger or older generations in their family don't share the same commitment to giving," and that "among millennials, nearly seven in 10 think their parents are not as committed to giving as they are." At the same time, "nearly one in three baby boomers and silent generation individuals believe the younger generation is not as inclined to give back (23)."

This study attributes the division between generations to the fact that younger and older generations tend to differ in how they demonstrate their philanthropic support, which they see manifested in the following ways (23):

- Millennials are less likely to give back through direct financial support and instead are more likely to consider how they live, work and invest (such as putting their money toward impact investments) to be the ways in which they contribute.
- Millennials and Gen X-ers are more likely to support issues that personally affect them, while baby boomers and silent generation members are more inclined to give to charities geared toward those less fortunate.
- Baby boomers, Gen X and silent generation individuals also tend to target local needs, while millennials overwhelmingly address charitable needs wherever they may be.
- Millennials prioritize knowing exactly how their charitable donations will be used, while older individuals are more willing to give discretion to the organizations to which they contribute.
- Millennials are three times more likely than baby boomers and the silent generation to view the jobs and solutions they create through business ownership and social enterprises as their way of giving back.

These generational differences are further born in a number of resources. The pages that follow offer additional observations of funding priorities, approaches to giving, contributions beyond financial giving and the impact of generational shifts on the arts.

FUNDING PRIORITIES:

Existing research shows that while there are some areas of divergence between generations when it comes to funding priorities, causes and issues are fairly consistent among both younger and older donors.

Mirroring the findings of the *2017 Insights on Wealth and Worth* report noted above, *Generational Differences in Philanthropic Giving* notes that while older generations (silent and baby boomer) tend to be driven by addressing basic needs and giving the poor an opportunity to help themselves, Gen X places a focus on improving communities and millennials focus on improving the world. Despite these slightly different foci, the paper also cites 2013 Blackbaud data showing the top four issues supported across all generations as local social service organizations, religious institutions, health charities and children's charities, though religious institutions are notably less important for millennials than for older generations. In terms of arts and culture, this same data found greatest support among the oldest donors (14%) as opposed to baby boomers (6%), Generation X (7%), or millennials (4%) (3-5).

Similar trends are reflected in *#NextGenDonors*, where authors Sharna Goldseker and Michael Moody note that only 33% of next generation respondents reported giving to different causes than their families. In its analysis of personal versus family giving among survey respondents, donors and their families both reported education and basic needs as their top giving areas and had similar preferences for a number of others. However, there were a number of "divergent" areas where next generation donors showed different priorities than their families, including arts and culture, which is supported as a personal focus by 43% of next generation respondents as compared to 60% by their families. Other divergent areas in this study included health, religion/faith and youth/family. The study also identified four areas where next generation donors were showing an increased interest – animal welfare, environment, civil rights and advocacy (24).

Fidelity Charitable's *The Future of Philanthropy* also found that funding priorities crossed generations in their survey of more than 3,200 donors. Here, both millennials and baby boomers identified as their top funding issues basic health services, developing treatments or cures for diseases and hunger and access to nutritious food, though millennials in their survey were much more likely to take a global approach to their giving (17).

APPROACHES TO GIVING:

Another nuance explored in multiple studies was generational differences in approaches to giving, particularly the growing emphasis on impact and strategy among younger generations. As noted in *Generational Differences in Philanthropic Giving*, nearly 60% of millennials and Gen Xers want to see direct impacts from their giving, while just 37% of baby boomers said this important. There was also a greater desire among younger donors to provide restricted funds and see an ROI on their giving. Further, while older donors tend to have greater organizational loyalty, the paper found that younger donors were more likely to identify a cause or personal passion and to then support those organizations that best align with that passion or addresses the issues they are seeking to solve (3-4). The *2016 U.S. Trust Study* also found greater allegiance to issues over organizations among its younger HNW donor respondents (36%) versus baby boomer respondents (27%) (94).

These trends are further born out in *#NextGenDonors*. While respondents felt similar to prior generations in terms of values, causes and current activities, they saw the most difference in terms of strategies used for giving. Here, respondents identified the following as the most important components of their philanthropic strategies (39):

- Conducting due diligence and research before giving;
- First deciding philanthropic goals or ideal solutions, then searching potential recipients who fit those;
- Funding efforts that address root causes and attempt systemic solutions;
- Having information on an organization's effectiveness or measurable impact; and
- Recommending a cause or organization to others.

Similar findings can be seen in Goldman Sachs' January 2018 donor guide, *Engaging the Next Generation in Your Philanthropy*, which explains that "next generation donors are focused on due diligence, research, and proven ways to measure results." Quoting one next generation donor, "my generation is looking to invest in systemic change…Rather than writing checks to the food pantry during the holidays, we'd rather think about food systems and food insecurity, and how we can influence the root cause of an issue (4)."

Beyond an emphasis on impact and strategic philanthropy, millennials are far more likely to embrace new giving trends such as impact investing and social involvement in giving. As noted in Fidelity Charitable's *The Future of Philanthropy*, 43% of millennials versus just 23% of baby boomers had been influenced by three or more philanthropic trends, with the largest gaps between the groups seen around trends such as technological advances, alternative forms of giving and connecting with peers around giving (17-18). This was also observed in *Generational Differences in Philanthropic Giving*, which found that millennials were very open to new and alternative fundraising mechanisms such as crowdfunding, as well as to workplace giving and volunteering opportunities (6-9).

GIVING TIME, TREASURE, AND TALENT:

One area of divergence between older and younger generations is the value attributed to monetary versus non-monetary means of contributing to organizations.

In this regard, *Generational Differences in Philanthropic Giving* notes that older generations place a premium on monetary contributions as a means of having an impact, while younger generations are more likely to view non-monetary activities like volunteering and spreading the word about an organization's work as a way they can have the greatest impact. They point to research showing 45% of baby boomers saying their financial contribution was key, as opposed to 36% of Gen X and 25% of millennials (3).

This trend was further borne out by the *2016 U.S. Trust Study*, where younger HNW donors were significantly more likely to think volunteering has the potential to have the greatest impact on society (37%) as opposed to baby boomer (29%) and older (23%). Younger individuals in this study also volunteered with nearly twice as many organizations as older generations and showed an interest in activities that were more participatory in the programming of organizations as opposed to board service; younger also felt volunteering was more fulfilling than older generations (96-97).

That is not to say that younger generations do not still contribute monetarily. As noted in the *#NextGenDonors* study, when asked about philanthropic activities carried out over the past 12 months, "giving online at organization's website" was still the most frequent response, reported by 78% of survey respondents. However, 71% also reported giving in-kind materials and 70% reported volunteering time, with a number of other non-monetary activities also reported by at least 50% of respondents (31).

As quoted in *#NextGenDonors*, participants felt that "giving money without engagement is often a sure path to giving money without impact." For these individuals, the value in this kind of engagement is two-fold. First, they see engagement beyond a check as a means of contributing in a meaningful way to the work of the organizations and causes they support. In addition, they see this as a way to make more responsible funding decisions, as engagement beyond check writing allows them to gain a better understanding of an organization's assets, needs and challenges (48-49).

Further emphasizing this point, *#NextGenDonors* also revealed that while parents (89%), grandparents (63%) and peers (56%) are the strongest influencers of next gen donors' philanthropic activities, they are also heavily influenced by experiences and seek out opportunities to engage directly with organizations they support in order to align with this desire (18).

These trends are supported by Sharna Goldseker and Michael Moody in *Generation Impact: How Next Gen Donors are Revolutionizing Giving*, where their research shows that the next generation of donors believe that their time and talent is just as valuable as the dollars they can offer. Rather than attending fundraising galas, younger generations would rather serve on a task force or support an organization in some other hands-on way, desiring "deep, transparent relationships" with the organizations they fund. As they note, "next gen donors want to revolutionize philanthropy to prioritize impact and innovation, retool strategy, and go all in with their every asset – time, talent, treasure, and ties (175)."

IMPACT ON THE ARTS:

A recent article in the *Seattle Times*, "With Millennial Philanthropy Money Flowing, Arts Groups Miss Out," highlights the importance of meaningful engagement by shedding light on some of the challenges arts organizations in Seattle face in attracting donations from wealthy tech entrepreneurs. Many of these individuals are data driven and seek out organizations and funding opportunities that can be demonstrate impact. For arts organizations, especially smaller nonprofits, it can be particularly challenging to track and maintain the kind of data they are seeking with limited budgets and organizational capacity. They can also find it challenging to communicate about their work in ways that speak to this hunger for quantifiable outcomes. This challenge is illustrated by one donor's feedback that "having your life changed by music is incredibly privileged," while "people whose lives are changed by not dying – that's a bigger thing." To address this, arts organizations need to get better at telling the story of how their work impacts communities to tap into the desire for outcomes. They should also be sharing the ways in which their work is driven by technology or demonstrate the economic impact of the arts (Romano).

Another call for arts organizations is to find ways to engage the next generation of donors that go beyond donations. As the *Seattle Times* article observes, legacy organizations like operas, ballets and theaters should try to attract younger audiences through experimental programming and find ways to engage them beyond a check. Examples cited include tapping into tech millennials to help develop donor databases and/or do hackathons (marathon coding sessions) to address community challenges.

Younger generations want to connect with the organizations they support and to bring value beyond a monetary contribution (Romano). As Goldseker and Moody note in Generation Impact, however, younger donors "are also savvy enough to spot the types of token engagements often offered to younger donors… They would rather have the chance to be an advisor to the staff on say, legal or technological questions – whatever best matches their skill sets. They'd rather serve the organization than sit on a board (128)."

IMPACTS OF RACE AND ETHNICITY

Another key issue impacting the individual donor landscape is the untapped donor potential within communities of color. As noted in Blackbaud's 2015, *Diversity in Giving* study, "America is in the midst of a dramatic cultural shift, but evidence suggests that organized philanthropy may be stuck in the past. As the nation becomes more ethnically and racially diverse, it is more important than ever to consider whether the fundraising playbook is due for an overhaul (3)."

In the *2016 U.S. Trust Study,* HNW donor behaviors were further analyzed based a number of demographic characteristics, including race and ethnicity. Through this deeper dive, their research revealed a number of statistically significant differences between Blacks/African Americans, Asian Americans, Hispanics/Latinos and Whites/Caucasians. Many of these are striking given the extent to which donors of color are often overlooked or misunderstood by the fundraising community. Of particular interest are the following (108-113):

- Black/African Americans and Hispanics/Latinos are significantly more likely than whites to:
  – rate themselves as more knowledgeable about philanthropy;
  – monitor or evaluate the impact of their giving;
  – be fulfilled by their charitable giving; and
  – have involved their children, grandkids or younger relatives in giving activities.

- Black/African Americans, Asian American, and Hispanic/Latinos in households with children, grandchildren, and younger relatives are more likely to have family traditions around giving than whites.

- Black/African Americans more likely to plan to increase giving in next three years than whites.

Blackbaud's study also revealed a number of important trends for fundraisers to consider. First, they observed a clear "donor gap" whereby non-Hispanic whites represented 75% of the total universe of donors even though they account for 64% of the population. The authors argue that this is not an indicator of greater generosity among whites, but rather a reflection of organized philanthropy not fully engaging non-white communities. This phenomenon was reflected in their research, with both African-American and Hispanic donors reporting that they were solicited less frequently and would give more if they were asked (Rovner, 4).

Another key finding in *Diversity in Giving* is that while there are some differences in donor behaviors, values and priorities based on race and ethnicity, these do not seem to be a significant predictor of giving amounts. Further, there is generally agreement across races and ethnicities when it comes to several core values of civic engagement (5):

- It is important to give back to nonprofit organizations and do so through both monetary and non-monetary forms of support.

- Religion and faith are not only a major focus area of giving, but are also predictive of giving to organizations across the issue spectrum.

- Household income has the greatest influence on giving levels (in absolute dollars donated) regardless of race or ethnicity.

Diversity in Giving went on to share characteristics and trends for African-American, Asian, and Hispanic donor communities, which are summarized below. Drawing on these and other findings from the study, it concludes that the lack of diversity among fundraisers is likely having a negative impact on the success of outreach to and engagement of non-white donors. Further, fundraisers cannot take a one-size-fits-all approach to direct mailings and fundraising when donors have different motivations, priorities and attitudes toward giving. Thus, nonprofits need to create new campaigns and channels to tap into a diverse donor landscape (12).

AFRICAN AMERICAN DONORS

(*Diversity in Giving*, 6-7)

- Religion and faith are key drivers (75% prioritize giving to a place of worship)
- Strong interest in supporting their unique heritage and community
- Giving is personal and spontaneous and they are less likely than the overall donor universe to set an annual budget for donations or to know which nonprofits they will support each year
- Received fewer requests for funding, but would give more if asked

ASIAN DONORS

(*Diversity in Giving*, 8-9)

- Younger, well-educated, more likely liberal and female
- Most technologically connected and willing to use alternative giving channels – twice as likely as other donors to participate in crowdfunding and more likely to donate via website
- Influenced by giving/requests by friends and family
- Religion is not as important of a driver (absent from top 3 categories); more supportive of emergency relief and education than overall donor population
- More likely to plan out/research their giving

HISPANIC DONOR CHARACTERISTICS

(*Diversity in Giving*, 10-11)

- Youngest of all groups and most likely to have children the in household
- Strong commitment to children's causes
- More spontaneous in their giving, influenced by emotions and less likely to plan out donations
- Give larger percentage of income to church than general donor population
- Not asked to for donations as frequently but are the group most interested in hearing from nonprofits; have interest in supporting more but not sure how to engage

Some of the findings in the Blackbaud study are echoed by researchers Urvashi Vaid and Ashindi Maxton in their 2017 study, *The Apparitional Donor: Understanding and Engaging High Net Worth Donors of Color.* This study was intended to better understand the priorities, interests and experiences of HNW people of color, a group the authors note is typically so ignored in conversations about philanthropy and HNW donor behavior as to be apparitional, or ghost-like. Indeed, in conducting this research, the authors found that a majority of existing research on giving trends by racial groups is siloed and out of date, which they believe speaks to the extent to which this segment of the HNW donor landscape is overlooked (1-6).

While referencing the *2016 U.S. Trust Study* for some of their data on giving among donors of color, Vaid and Maxton utilize additional data sets and models to estimate wealth among these communities. Analyzing household wealth data from the U.S. Census Survey on Income and Program Participation (SIPP), they identified nearly 2 million African-American, Latino, and Asian households with more than $500,000 in household wealth. In addition, using data modeling by analyst group TargetSmart, the authors were able to look at projections of net worth by race using compilations from a number of public and private, commercial datasets in order to project 1.3 million African-American, Asian, and Hispanic individuals across the US with a net worth of over $1 million (Vaid and Maxton, 7-13)

Beyond the numbers, *The Apparitional Donor* identifies a number of important insights about HNW donors of color, both collectively and by individual subgroups. As a whole, HNW donors of color are a substantial and growing community and like the larger population of HNW donors primarily support education and traditional charities. They are informed by a desire to give back and create opportunity and identify strongly with family and community. Practices across different communities have distinct differences and are significantly different from philanthropy by white HNW donors. For example, they note that because donors of color are more likely to live in cross-class families and communities, they see first-hand the impacts of the racialized wealth gap and are motivated to create channels of opportunity. As with the general donor population, the authors point out that there are generational differences across people of color donor communities, with younger donors more likely to work across ethnicity and race and to be collaborative in their philanthropic endeavors (Vaid and Maxton, 6-7).

In discussing the challenges faced among HNW donors of color, the authors note a lack of connection philanthropically or politically to each other, across race and ethnic lines, or to organized philanthropic networks. For example, while there are networks to connect donors within specific ethnic and racial groups, there are few networks that work across racial/ethnic lines; there are also no philanthropic networks with significant numbers of philanthropists of color. They also found these individuals to be less engaged with financial advisors and wealth managers. The authors conclude that strategies to connect and build networks among HNW people of color would allow them to leverage their giving in powerful ways and that individual advisors can play a key role in advising donors of color on their philanthropy (Vaid and Maxton, 2-4).

As with the Blackbaud study, *The Apparitional Donor* identifies a number of giving patterns by racial group, highlights from which include:

KEY CONSIDERATIONS FOR AFRICAN-AMERICAN DONORS

(*The Apparitional Donor*, 19-20)

- Black political donors have been an organized force that has not been channeled to other causes largely due to a lack of infrastructure to coordinate potential interested parties.
- Family, church and education are longstanding priorities for current African-American giving.
- African-American donors also have a longstanding tradition in funding advocacy. As one example, the Civil Rights Movement received much of its funding from black churches.
- African-American HNW donors are actively building their wealth, their social and political capital and are less likely to inherit wealth from family.

KEY CONSIDERATIONS FOR ARAB-AMERICAN DONORS

(*The Apparitional Donor*, 22-23)

- Arab-American giving is focused first on family, extended family and religious institutions, and is often unstructured.
- Giving in Arab-American traditions is about giving of oneself in both personal volunteering time and financial resources.
- Arab-American donors were likely to emphasize the relationships, service aspects and emotional impact of giving over the end results of that giving.
- There is very little infrastructure to serve the information needs of Arab-American donors. Lack of information is a twin challenge next to donor fatigue of hearing repeatedly from a very small group of the same Arab-serving organizations.
- Arab-American donors express a high level of interest in issues including Arab-American community empowerment and support of youth.

KEY CONSIDERATIONS FOR ASIAN-AMERICAN DONORS

(*The Apparitional Donor*, 31-32)

- Asian Americans are the most affluent and educated ethnic group as a whole, but disaggregation of the data reveals greater nuances.
- Asian communities may not share priorities across ethnic groups.
- Older generations of Asian Americans are more likely to support causes directly associated with their community. Younger generations are less likely to view this as a priority.
- Asian Americans on the whole have significantly less religious affiliation than non-Asians.

KEY CONSIDERATIONS FOR LATINO DONORS

(*The Apparitional Donor*, 36)

- Hispanic giving traditions involve family, church and education. Youth and the elderly are also high interest areas.
- Older Hispanic donors have a strong primary interest in culturally associated organizations while younger donors have a much stronger interest in education.
- Latino donors express strong interest in preserving and identifying with their heritage (as opposed to assimilating).
- Giving is personal in nature; personal relationships matter.
- Hispanic donors are least likely to be approached as donors but are more interested than most in learning more about nonprofit causes. The nonprofit sector has done very little to craft approaches specific to Latino donors.

GENDER INFLUENCE ON GIVING

Along with deeper examinations of race and age, the *2016 U.S. Trust Study* offered several observations and data points on giving among HNW women. First, they found that women are significantly more likely than men to have giving decisions and strategies influenced by issues. Looking at specific causes, they were much more likely than men to support animals and K-12 education, as well as to give to women's and girls' causes. Women also reported higher volunteering levels than men and greater fulfillment from volunteering. Looking at specific volunteer activities, women were significantly more likely to participate in fundraising than men. Women were also more likely to have family traditions around giving and to involve children, grandchildren and other young relatives in giving. Finally, keeping in line with other studies explored in this section that reveal higher giving among women, female respondents to the U.S. Trust study were more likely to report plans to increase their giving in the next three years (99-104).

Outside of the U.S. Trust study, a number of resources explored how gender influences giving patterns, focusing specifically on the trends related to women donors as well as the impact of generational differences among women. Two such studies come from the IUPUI Women's Philanthropy Institute (WPI) at the Lilly Family School of Philanthropy, focusing on both levels of giving between men and women, as well as gender differences in the motivations and purposes for charitable giving.

In *Do Women Give More*, WPI examined three unique data sets in order to explore gender differences in the incidence and amount of charitable giving. Key highlights include:

- Women across marital and relationship statuses are more likely than their male counterparts to give to charity, and to give higher amounts, though these differences disappear among HNW single individuals (12).
- Being married increases both the likelihood of giving and amount of giving across gender, though this trend disappears among HNW households where being married has no impact on giving (15).
- In households where either the female decides on giving or the husband and wife make separate decisions, giving is more likely to go towards secular causes, though decision-making style did not affect the incidence of giving in HNW households (17).
- Incomes and educational levels influence giving in several ways. First, a husband having unearned income from trusts or investments increases the likelihood of giving to charity. Among HNW households, each partner's respective incomes do not impact whether or not they give, though the husbands income impacts the amount of giving (19),

In *Where Do Men and Women Give*, WPI investigated where men and women direct their charitable gifts, the influence of charitable decision making on giving and why men's and women's priorities may differ. Through this analysis, several conclusions emerged.

- Gender and income matter in giving to charitable subsectors. Single, female-headed households were not only more likely to give and give larger amounts, but were also more likely to give to nearly every charitable subsector. HNW women displayed a greater likelihood of giving to the arts and the environment (13).

- Women tend to spread their giving out and to prioritize issues such as women's rights, human rights and the environment while men focus on the economy and national security. When a husband is the sole decider for giving issues, a couple is more likely to prioritize the arts (13, 20).

- Women are generally motivated by their political or philosophical beliefs or their involvement in an organization (30).

Another area explored was the intersection of generational influence and gender, with several key findings emerging in *Women and Giving: The Impact of Generation and Gender on Philanthropy.* Here, the authors first found that there are in fact substantive differences between different generations of women in terms of both their practices and approaches to philanthropy, which is not surprising given the broader literature on generational differences in giving behavior. More specifically, this study observed that:

- Baby boomer women are more confident and strategic in philanthropy than millennials, with 72% of baby boomers saying they were satisfied with their giving as opposed to 55% of millennials. This aligns with other research showing greater anxiety among younger generations about their giving (5).

- Millennial and baby boomer women tend to prioritize similar causes – hunger and food access and access to basic health services are among top three issues for both in this survey. However, millennial women are more likely to support opportunities for women and girls, as well as split concerns between international and domestic issues (7).

- More baby boomer women think about charitable tax deductions as they relate to giving (10).

- Millennials are also more open to new/less traditional forms of giving (purchasing from socially responsible businesses, giving to individuals, workplace fundraisers/matching programs, crowdfunding and giving circles) with baby boomers using more traditional methods (financial donations, sponsorships, non-financial gifts) (11).

This study also found that men and women give differently and observed that they could learn from one another's strengths. In particular, women are more spontaneous, engaged and empathetic, with 64% motivated by heart over head versus 53% of men. Women were also more likely to give in the moment rather than based on a giving strategy and men were more likely to base their giving strategy on tax considerations. Another key difference was the use of experts to inform their giving, with women being more likely to use a range of "expert" sources and men more likely to seek advice from peers or family. When looking across generations, both men and women of the baby boomer generation were more satisfied overall with giving. Interestingly, while millennial men had greater satisfaction with their giving than millennial women, they were also less confident in their giving decisions. Finally, while women were more confident in determining which charities to support and how much to give to them, they were also more likely to have questions about the financial aspects of giving (13-14, 19).

Based on these findings, the study's authors offer several takeaways and recommendations. First, they note that the relatively low satisfaction levels among millennial donors indicates there is room for growth in their giving, and that additional focus, through a mission statement or by identifying priority causes, could help them to better understand their impact and derive greater satisfaction as a result. On the other hand, while baby boomers have greater satisfaction from their giving, they are less social and less likely to adopt some of the newer giving trends. By embracing some of these newer approaches and engaging with others around their philanthropic passions, they could potentially channel additional resources to the causes they care about and also build greater connections through their giving (20-21).

A final resource to note also focuses on the intersection of generational shifts and gender, exploring whether generational shifts in charitable giving intersect with women's changing decision-making roles in families. Also conducted by the IUPUI Women's Philanthropy Institute, *WomenGive 16* finds that men's and women's donor behavior has changed over the past four decades, with women gaining considerable influence over household charitable giving (3).

In particular, *WomenGive 16* found that while giving by Gen X/millennial single women today is comparable to their pre-baby-boomer counterparts from 40 years ago, this is not the case with Gen X/millennial men, whose giving lags behind their counterparts from 40 years ago. Furthermore, they note that among Gen X/millennial married couples who give larger amounts, women have much greater influence on giving decisions than their pre-baby-boomer counterparts from four decades ago. Finally, giving among Gen X/millennial married couples where women influence decisions is higher than their pre-baby-boomer counterparts, where the opposite is true for Gen X/millennial couples where men have more influence on giving decisions (14-17).

The lesson to be learned, according to the authors, is that generational change is not uniform across gender with regard to decision making, and that successful donor engagement strategies will need to recognize the increasing influence that single and married women have on charitable giving. Further, effective fundraising from Gen X/millennial couples must involve both partners, with evidence suggesting that donor conversations will be more effective if they resonate with the motivations and preferences of women (*WomenGive 16*, 17).

INFLUENCE OF SEXUAL ORIENTATION

The U.S. Trust study reveals a highly generous HNW LGBT community, consistent with or in some cases ahead of giving levels among the overall HNW population. As reported by Out Leadership, 90% of LGBT individuals in the U.S. Trust study made a charitable donation in 2015, and looking ahead, these individuals planned to give as much (59%) or more (31%) in the next three years. They were also generous with their time, with 59% of LGBT individuals volunteering as compared to 52% of non-LGBT individual in the study (Ratcliffe).

Additional side by side comparisons showed that LGBT donors gave to more organizations (9.6%), on average, than non-LGBT donors (7.5%) and were more likely to give because they believe in the mission of an organization (70%) than non-LGBT donors (59%). In terms of specific areas of interest, they were significantly more likely than non-LGBT donors to support arts and culture, with 56% supporting the sector as opposed to 30% among non-LGBT donors (*2016 U.S. Trust Study*, 105-107).

As observed by Out Leadership, U.S. Trust also found strong intentionality in giving among the LGBT community, with 57% reporting having a budget for their charitable gifting versus just 48% among non-LGBT individuals. The study also found that the community gives based on values; supporting organizations they feel can have an impact (Ratcliffe).

IV.

ARE THERE DIFFERENCES IN GIVING BEHAVIOR BETWEEN THOSE WHO HAVE INHERITED VS EARNED THEIR WEALTH?

FAMILY INFLUENCE ON PHILANTHROPIC BEHAVIORS

Family influence on giving is examined in Vanguard Charitable's study, *A Tradition of Giving: New Research on Giving and Volunteering within Families*. Developed in partnership with the Lilly Family School of Philanthropy, this research explores two questions: (1) How closely do parents and grandparents match their children and grandchildren in terms of their philanthropic priorities?; and (2) How do socio-demographic factors explain the similarity or dissimilarity in philanthropic priorities between parents and their children?

A Tradition of Giving notes prior research showing that adult children whose parents give are nine percentage points more likely to give even after controlling for other socioeconomic factors that influence giving, and that adult children who recall seeing their family members help others were also more likely to give. They also note several attributes that influence the intergenerational transfer of giving behavior between grandparents, parents, children and grandchildren: shared preferences; shared environment; and shared income, wealth and consumption patterns (2).

Through its own research, the Vanguard Charitable team uncovered the following answers to the research questions posed above:

- Parents deciding to give to charitable organizations positively influences children's decision to give to these organizations as well. For a one percentage point increase in parental donations, the odds of a child donating increases by 0.9% (4, 11).
- Parents and children gave similarly to religious, international, environmental and arts-related organizations. More specifically, for a one percentage point increase in parental arts donation incidence, the odds a child donates to the arts increases by 2.3%, which is largest increase across all four categories (12).
- Parents' decision to volunteer has a two-fold impact on children, positively influencing children's decisions to both volunteer with and give to charitable organizations (13).
- Among HNW respondents, grandparents and grandchildren gave similarly to arts-related organizations, with a one percentage point increase in grandparental art donation increasing the odds of grandchild art donation by 1.6% (14).
- Parent's giving had a stronger influence on their children's giving when they were closer in age, had an intact family and spent time helping their children (15).

Through these findings, the authors note that parents can play a major role in developing children's charitable giving, particularly as they relate to arts organizations, and this is also true of grandparents in HNW families. Given that influence also goes up the family tree, with parents often supporting organizations and causes related to their children – there is also potential to engage older generations by getting younger ones involved within an organization. The authors further recommend that nonprofit organizations tap into the giving traditions within families. They note that volunteering is a great tool to do so, particularly intra-family opportunities that allow multi-generational engagement by families (*A Tradition of Giving*, 20).

The idea of family influence on giving was also explored in the *#NextGenDonors* study, which reveals that parents (89%) and grandparents (63%) have the greatest influence on next gen donors' learning about philanthropy. Their data also shows that a commitment to philanthropy is instilled early on, with 41% of individuals surveyed saying their families involved them in giving before they were 21. Interestingly, this influence is predominately related to the "why" around giving, while specific strategies and approaches are influenced by other factors (16-21).

A different nuance of family influence was explored by the *2016 U.S. Trust Study*. Here, the study explored how generation impacted family traditions around giving. The study found that younger individuals with children were significantly more likely (37%) to say their households have family traditions around giving that include younger relatives than baby boomers (19%) or older (16%). Younger individuals were also significantly more likely to involve younger relatives in giving (44%) than baby boomer (29%) or older (18%) (97-98).

IMPACT OF EARNED WEALTH

Returning to the *#NextGenDonors* study, the article "Was it Inherited or Earned? Why Nuances of Millennial Donors Matter," observes that that the views in that study are largely representative of millennials coming from very wealthy families, as opposed to those who may have earned their wealth directly. Author Mike Scutari observes that millennial giving depends on how people came into their money, referencing the old adage that those who inherit their money are more conservative than those who have amassed their millions from the tech world. He explains that while this may play out in seeing tech millionaires making risky and high-profile investments, it can also be seen through another lens.

Scutari cites the *#NextGenDonors* study observation that "the philanthropic values learned from their families drive [millennials], and they want to be good stewards of the philanthropic legacies they stand to inherit." To that end, one could presume that an "inheritor" millennial whose family has a foundation focused on education would be more likely to continue giving in that area. On the other hand, a "new money" millennial with no ties to a particular giving tradition might, with the right kind of outreach, be swayed to consider the arts as part of their giving. Drawing from this line of reasoning, while the *#NextGenDonors* study offers data indicating a declining interest in the arts, since the group surveyed is largely of the "inheritor" variety it stands to reason there may be differences in how "earned" wealth is donated, including in the area of arts and culture (Scutari).

Another article, "How Nonprofits Can Make the Super Rich Work for Them," offers some insights into the ways nonprofits can engage and connect with business owners – in other words, those who have earned their wealth. Here, author Ben Paynter notes that "business owners – compared to, say, traditional executives or those who've inherited wealth – already see themselves as providing a socially good service because they have created jobs and are contributing to the economy." Paynter sees business owners' beliefs that business, not philanthropy, is the best way to boost prosperity as an opportunity to spur generosity among those who have earned their wealth.

Paynter points to U.S. Trust's findings from their 2017 Wealth and Worth survey showing that "business owners demonstrate a characteristic, strong commitment to philanthropy and dedication to making a difference in a variety of ways." According U.S. Trust, close to one-quarter of business owners are social entrepreneurs with a mission to provide solutions for key social and environmental issues, and 43% of business owners see their businesses as one way of giving back. The U.S. Trust Insights report also observes that the commitment to philanthropy often runs in the family, with 7 in 10 business owners coming from a family with a tradition of philanthropy, compared to 43% of non-entrepreneurs. Finally, they note that 95% of business owners support nonprofits, with more than half serving on nonprofit boards ("Wealth and Worth: Business Owners").

Paynter goes on to observe, "Groups looking to grow the involvement of new allies would do well to target millennials first, then Gen-Xers, followed by baby boomers. The youngest generation appears poised to make 'giving back' part of their family life and sees impact investing—which doesn't always yield the highest rate of return—as a way to make money in the process." Paynter also suggest that nonprofits can profit from alliances with wealthy entrepreneurs by tapping into their brain and engaging them through board service or other volunteer engagements. These observations align with other research in the field pointing to the importance of meaningful engagement in cultivating donors of all stripes, but in particular, the next generation that will become the future of the donor community.

LITERATURE REVIEW

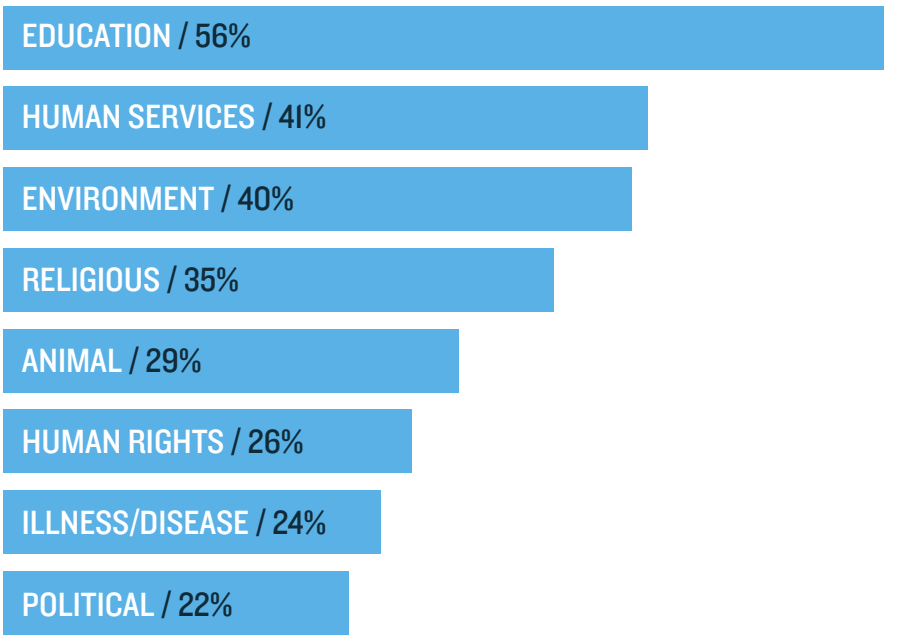
CONCLUSION

Along with the Greater Philadelphia Cultural Alliance's original research among arts and culture donors and high-net-worth individuals, these findings can inform the fundraising efforts of not only arts and culture organizations, but nonprofits across a broad spectrum of issue areas. Yet, there is a clear lack of comprehensive local data on giving specifically to arts and culture, both among the high net worth individuals and the broader donor universe. Further, there is limited data on the complete pool of high-net-worth donors in Greater Philadelphia. An investment in these kinds of data would be a valuable resource for local nonprofit organizations and policy makers alike.

SURVEY

AN ONLINE SURVEY OF 1,194 DONORS FROM 20 ARTS AND CULTURE ORGANIZATIONS REVEALS THAT:

ARTS DONORS HAVE MULTIPLE PRIORITIES



"

I would give to efforts to provide opportunities to kids who wouldn't have them – like children's theater involvement for children from poor communities in Philadelphia.

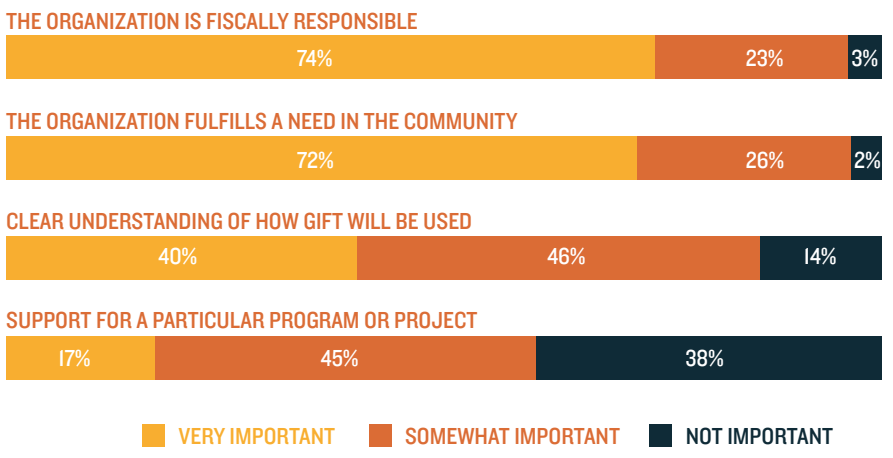
– Non-Arts Donor

"

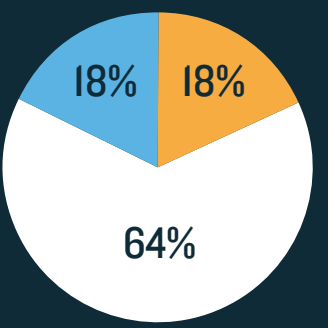
I look at both board and executive leadership. I am looking for a record of board financial support and the leadership's ability to develop and implement a strategic plan.

– Arts Donor

ARTS DONORS PRIORITIZE FISCAL RESPONSIBILITY & COMMUNITY NEED



ARTS DONORS ARE SELECTIVE

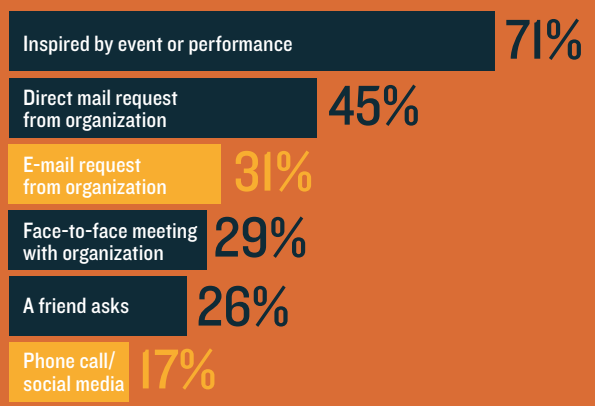


GIVE TO MANY A+C ORGS

GIVE TO JUST A FEW A+C ORGS

GIVE PRIMARILY TO ONE A+C ORG

EXPERIENCES THAT PROMPT A GIFT



(BASE: Total Respondents; n=1194) [Multiple Responses, Top 3 Selected]

ALMOST ALL ARTS DONORS SUPPORT A RANGE OF CAUSES

EDUCATION IS SUPPORTED BY

56%

OF ARTS DONORS

ARTS & CULTURE IS THE TOP PRIORITY FOR JUST

30%

OF ARTS DONORS

CHARACTERISTICS OF SURVEY PARTICIPANTS

Geography . . . . . Eight in ten survey participants (80%) live in Pennsylvania. Of these, fewer than half (45%) live in the City of Philadelphia. There is also good representation from both New Jersey (9%) and Delaware (7%).

Age . . . . . Three-quarters (75%) are age 55 or over; half (53%) are over 65.

Race . . . . . Most participants (91%) are White/Caucasian.

Gender . . . . . As is typical in studies of this nature, two-thirds (67%) of participants are female.

Education . . . . . This is a highly educated audience; 90% are college graduates, including 58% who have advanced degrees.

Income . . . . . One-third (33%) of those who chose to share their income earn over $200,000.

Types of arts and culture organizations supported

The largest number of participants (71%) indicated that they support Art Museums and Galleries. However, this is likely related to the high proportion of respondents who received the survey from the Philadelphia Museum of Art. Nonetheless, the distribution throughout other categories demonstrates that cultural donors support a wide variety of organizations.

What is the size of arts and culture gifts?

- Close to half (46%) of the participants have given a gift of over $1,000 and one-quarter (24%) indicate the largest gift they have ever given is over $5,000.
- The average size of arts and culture gifts for the majority (64%) of participants is less than $500.
- Those who give to many arts and culture organizations are significantly more likely to give larger gifts than are those who give to only one or a few organizations. This applies to both the size of their average gift ($1,000-$5,000) and their largest gifts ($10,000+).
- Age seems to play a role in the size of gifts to arts and culture organizations. Those under 35 are significantly more likely to make average donations of less than $100 than are those who are older. Those who are over 65 are significantly more likely to say the largest gift they have made is over $10,000.

How frequently do participants donate to arts and culture organizations?

- Two-thirds of participants (68%) who support arts and culture organizations financially do so throughout the year rather than all at one time. Those who make donations throughout the year are also significantly more likely to give to multiple arts and culture organizations (72%) versus just one (42%).

How else do participants support arts and culture organizations?

- Participants who support arts and culture organizations as donors also have subscriptions or memberships to the organizations (88%).
- Significantly more men sit on organization boards (34% vs. 23%); while significantly more women (volunteer their time (43% vs. 35%).
- Significantly more people who are younger (< 35) are likely to share information on social media than those who are older (59% vs. 19%). Half (49%) of those ages 35-54 also share information on social media.

INTERVIEWS

Eighteen in-depth interviews of high-net-worth (HNW) individuals (13 of whom are not significant donors to arts and culture) and a focus group of wealth advisors revealed that **the decision not to support the arts is more often related to having different priorities and passions than it is a conscious choice to ignore the sector.** If a family does not traditionally include the arts in its giving, it is an uphill battle to change that pattern. Some donors choose not to support arts and culture because they believe that someone else is already supporting the sector and/or they should be supporting vulnerable populations or causes that will bring needed change.

> "I did not enjoy my experience on the [performance space] board. There was a mismatch in expectations. They were looking for my money and not really interested in me. I wanted to get involved in a more meaningful way.
>
> – Previous Arts Donor

INTERVIEW KEY FINDING

PASSIONS GUIDE GIVING.

Philanthropists' decisions are based on what is important to them or to their families' traditions.

OTHER KEY FACTORS INCLUDE

ENGAGEMENT OF THEIR SKILLS AND IDEAS, BEYOND A MONETARY GIFT

HNW donors want to "feel needed" for their intellect and abilities, not just for their financial gifts. Millennials, in particular, seek places where they can have an influence and be personally connected to the success of the cause.

A PERSONAL ASK THAT UTILIZES RESEARCH TO CONNECT IT TO THEIR PASSIONS

HNW donors want to be appreciated for who they are. They value when organizations do research to understand their interests prior to the ask.

STRONG ORGANIZATIONAL LEADERSHIP AND FINANCIAL MANAGEMENT

HNW donors look for fiscal responsibility, quality and participation of board members and tenure of senior staff.

COMMON MISPERCEPTIONS

The arts are fully funded

"There is a general feeling that the 'gentry' will take care of arts and culture; the big guys will do it."

– Non-Arts Donor

The arts lack a social impact

"Arts is not our focus because I help people with societal issues; it is more important and a more practical use of my money."

– Non-Arts Donor

UNDERSTANDING PHILANTHROPY:

UNDERSTANDING PHILANTHROPIC BEHAVIOR AND HOW GIVING PRIORITIES ARE DETERMINED WILL HELP TO SET THE SCENE AND GIVE AN OVERALL PICTURE OF THE INDIVIDUAL DONOR.

WHAT INFLUENCES PHILANTHROPIC BEHAVIOR?

Giving and sharing of one's time and wealth is a behavior that is learned through observation, experience and education.

- Those who have inherited wealth share that they give because they grew up watching their parents and grandparents give – that it was tradition, or a part of their upbringing.

  "My father gave a lot of money to others." [Non-Arts Donor]

  "It is part of my upbringing. I am a child of the sixties, where I learned to share one's good fortune to make the world a better place." [Arts Donor]

- Some give because they (or their families) were the beneficiaries of philanthropy and they want to give back.

  "I am not from money. My money is new money that I was able to earn because I was helped when I was in a bad place. I learned to think beyond myself." [Non-Arts Donor]

- Education influenced the philanthropic nature of some.

  "I learned to give back from when I was a child. I went to the Ethical Cultural School, where I learned about my moral compass and responsibilities." [Previous Arts Donor]

  "I am a Quaker. We are educated to be philanthropic, to be civically-minded and give to the downtrodden, those who are homeless or need food." [Arts Donor]

HOW ARE PRIORITIES SET?

Overall Priorities

Personal passions, experiences and family traditions guide these decisions. Finding out where non-arts giving priorities intersect with the arts will provide guidance to about how to grow the donor base.

- Passion is the strongest emotion in driving donor engagement.

  "I take pride in being a Philadelphian, so I look to support organizations that have that same pride and quality." [Arts Donor]

  "I live in the city; my kids go to city schools. I am giving to organizations that support kids in Philadelphia." [Non-Arts Donor]

  "My passion is to help young entrepreneurs reach their dreams. I love giving people a chance to build something, as I was given that chance." [Non-Arts Donor]

- Personal experiences impact how philanthropists set their giving priorities.

  "My giving now is social giving; causes that personally have touched me: breast cancer and women against abuse." [Previous Arts Donor]

- Following family traditions when making giving decisions is important to many.

  "We believe in developing human capital, not bricks and mortar. So we don't give to buildings, but will provide assistance where is it most needed." [Arts Donor]

Specific Organizations

Donors look for those organizations where they feel a certain level of comfort and understanding.

- An organization's mission and vision are an important component to the decision.

  "I do not have any set formula, but I look at the mission and the organization's ability to steward the philanthropic dollars." [Arts Donor]

  "I am looking for an organization with passion and vision and energy." [Non-Arts Donor]

  "People give because they feel connected to the mission; they are looking to feel passionate about something." [Non-Arts Donor]

- Philanthropists want to be sure any organization they are supporting is well-managed, from both a board and professional perspective.

  "We look at an organization's track record; that they do what they say they will; the longevity of their staff as well as who else is funding them." [Non-Arts Donor]

  "I look at both board and executive leadership. I am looking for a record of board financial support and the leadership's ability to develop and implement a strategic plan." [Arts Donor]

ARTS AND CULTURE GIVING:

UNDERSTANDING WHY DONORS DECIDED TO GIVE AND WHY THEY DON'T GIVE TO THE ARTS WILL HELP ORGANIZATIONS DEVELOP STRATEGIES TO INCREASE INDIVIDUAL GIVING.

WHY GIVE TO ARTS AND CULTURE?

Those who target the arts with their giving have specific reasons and rationale.

- The impact of arts to our society is positive and important.

  "The arts are something to be experienced. They increase your understanding of human condition. I love music and helping with big missions." [Arts Donor]

  "The arts impact the community as a whole. They increase the richness of our community." [Arts Donor]

  "Arts and culture are what makes human beings human. It is a lasting part of our culture and we need to continue to support it." [Arts Donor]

  "The arts are a strong and powerful engine in the Philadelphia economy." [Arts Donor]

- Family traditions of giving and participating drive the decision to give to arts organizations.

  "My family has always been involved in music from the time I was a kid. I play the piano, sing in an acapella group." [Arts Donor]

  "People know from an early age, they are encouraged to participate and support the arts." [Arts Donor]

WHY NOT GIVE TO ARTS AND CULTURE?

The decision not to support the arts is more often related to having different priorities and passions than it is a conscious choice to ignore this sector.

- Supporting constituencies that are vulnerable is the passion of many.

  "Arts is an important part of the Philly scene, but is not our focus. We give to those who those who need food and shelter, basic needs." [Non-Arts Donor]

  "Arts is not our focus because I help people with societal issues; it is more important and a more practical use of my money." [Non-Arts Donor]

  "[My clients] don't give to arts because they don't think [the arts] are doing enough to give back to society – they want to give to help people." [Wealth Advisor]

- Education, children and youth are often seen as priorities for giving.

> *"I am only likely to write a check to an arts organization if it is directed to youth development." [Non-Arts Donor]*

- There is acknowledgement that if a family does not traditionally include the arts in its giving, it is an uphill battle to change that.

> *"If you reach adulthood and you don't have an appreciation of the arts, it is not something you can learn." [Arts Donor]*

However, some make a conscious decision not to support the arts.

- In many cases there is a strong belief that the task of supporting the arts is someone else's responsibility.

> *"There is a general feeling that the "gentry" will take care of arts and culture, the big guys will do it." [Non-Arts Donor]*

> *"Those who support arts are more of an "elitist" group. Like many, I think that arts is out of my reach. I would feel uncomfortable when I attend." [Non-Arts Donor]*

> *"It is not my community. The big institutions are not personal, don't make me feel welcome." [Non-Arts Donor]*

- Some believe their donor dollars should be used for causes that could be considered controversial or two-sided.

> *"I support progressive issues: reproductive rights, education, the environment and criminal justice – issues that are not "safe" like giving to arts and culture." [Non-Arts Donor]*

> *"It is easier for orchestra, theater and other arts to raise money because it is safe giving." [Non-Arts Donor]*

Those who have bad or unfulfilling experiences as an arts donor are less likely to include arts in their giving moving forward.

- Many donors have expectations when they are asked to sit on a board. They want to have their voices heard, have their ideas respected and provide more than just money.

> *"Senior management wants to do what they want to do, they want our money, they don't care about us, or what we think. It is not rewarding to sit on a board with that attitude." [Previous Arts Donor]*

> *"I did not enjoy my experience on the [Performance space] board. There was a mismatch in expectations, they were looking for my money and not really interested in me. I wanted to get involved in a more meaningful way." [Previous Arts Donor]*

INCREASING THE ARTS AND CULTURE DONOR POOL:

BASED ON THEIR EXPERIENCE, PHILANTHROPISTS AND WEALTH ADVISORS SUGGEST FOUR THINGS TO CONSIDER WHEN WORKING TO INCREASE INDIVIDUAL GIVING TO THE ARTS:

BE AWARE OF THE CHANGING ENVIRONMENT
USE A PERSONAL TOUCH
DO YOUR RESEARCH
INVOLVEMENT AND ENGAGEMENT ARE KEY

WHAT IS THE BEST WAY TO CULTIVATE ARTS DONORS?

The culture of philanthropists and how they are giving to the arts is changing.

- To be successful, it is imperative that development professionals are aware of demographic changes, such as gender, age, ethnicity and where people are living.

> *"Women are becoming more and more involved in finance and becoming more decision makers." [Wealth Advisor]*
>
> *"In some situations women are not a part of the conversation about finances, but they are taking the lead in philanthropy and bringing their husbands into the fold." [Wealth Advisor]*
>
> *"The arts are suffering and in danger because millennials are not interested. You need to bring people back to the theater." [Non-Arts Donor]*
>
> *"The arts has always been focused on wealthy white people who want acknowledgement and recognition; that is no longer the culture that we live in. In order to survive, they need to find a way to engage younger people and people of color." [Non-Arts Donor]*
>
> *"Arts are a hassle for those in the suburbs. There is little-to-no effective reach in the suburbs. People would be more likely to engage and support and give if it was more attractive, relevant and accessible." [Non-Arts Donor]*

Every donor is unique. Therefore, making the ask in a personal way will be helpful.

- Making the ask personal starts with building a relationship and sharing a personal story.

> *"Relationships work for donors; multiple levels of relationships are the best." [Non-Arts Donor]*
>
> *"There is not a one-size fits all strategy. Do your research and build relationships. Explain why it is worthy of their time and their money." [Arts Donor]*
>
> *"Be able to explain what part of the organization needs help and why, what is a specific need that a potential donor can fulfill." [Arts Donor]*
>
> *"Share a specific program description and describe a success story." [Non-Arts Donor]*
>
> *"Millennials give to causes that are dear to their heart. Need to get them involved, cultivate them through asking for their commitment to a volunteer position first." [Arts Donor]*

Development professionals need to do their research and understand with whom they are speaking.

- It is important to know about what potential donors are passionate.

  "Make a pitch based on what the donor's focus is on. Provide the donor with a strategic plan and show that you have a sustaining source of income." [Non-Arts Donor]

  "Tell a program-specific story that will make a difference to the donor." [Non-Arts Donor]

  "Find a reason that will make the most sense to the donor. What is it that will reach that person directly?" [Arts Donor]

  "The arts doesn't speak to everyone because they don't understand the relevance; leadership needs to make a compelling case, and by extension be relevant to individual's lives." [Arts Donor]

- It is also important to understand what will cause a negative experience.

  "People don't want to be told that their giving to one organization makes them a good donor to another organization or how their giving compares to other donors." [Arts Donor]

  "I don't want to pay off past bills or be involved in massive big projects that I can't make an impact on." [Millennial Non-Arts Donor]

  "Talk with people, not to them – have a conversation, don't use a PowerPoint." [Non-Arts Donor]

Individuals want a sense of involvement, engagement and understanding.

- Organizations are more likely to increase their pool of individual donors if they find where a donor's passions in issues such as education, social justice or environmental issues intersect with the arts.

  "Smaller theaters are no longer arts-only, but they are now education too. People feel better to support those who have less access and less advantage." [Arts Donor]

  "If we can bring the two worlds together that would be ideal. We need to breakdown the walls and address the gap in arts services to the needy. Maybe afterschool programs would be a place to start." [Non-Arts Donor]

  "If you can get millennials engaged where their passions lie, you can get them to give time and you can get them to give money. [Wealth Advisor]

- Ask donors for their intellect, opinions and advice and utilize what they offer. Do not just ask for their money.

  "I want to engage with an organization in a meaningful way. If they are not willing to be interested in me beyond my checkbook, I am not interested." [Previous Arts Donor]

  "I need to hear the value proposition, what they are doing. I need a touch stone, not just be asked for a check." [Non-Arts Donor]

RECOMMENDATIONS
FOR ENGAGING INDIVIDUAL DONORS

ARTS AND CULTURE ORGANIZATIONS SHOULD:

- **PRIORITIZE** THE SOCIAL IMPACT OF YOUR WORK AND HOW IT INTERSECTS WITH CAUSES DONORS CARE ABOUT, SUCH AS EDUCATION, HUMAN SERVICES AND SOCIAL JUSTICE.
- **ENGAGE** EVERYONE IN MESSAGING YOUR SOCIAL IMPACT CONSISTENTLY ACROSS ALL CHANNELS, INCLUDING FUNDRAISING, MARKETING, PROGRAMMING AND BOARD.
- **DEVELOP** STRATEGIES AND CAPACITY TO ENGAGE POTENTIAL DONORS, CONNECTING THEIR SKILLS AND IDEAS TO YOUR WORK.
- **INVEST** IN WAYS FOR THE NEXT GENERATION TO HAVE AN IMPACT IN THE SHORT TERM IN ORDER TO BUILD LONG-TERM RELATIONSHIPS AND SUPPORT.
- **DIVERSIFY** FUNDRAISING STAFF AND EMPOWER THEM TO THINK STRATEGICALLY ABOUT OUTREACH TO AND ENGAGEMENT OF DIVERSE DONORS.
- **FOSTER** A CULTURE OF TRANSPARENCY THROUGHOUT THE ORGANIZATION, PARTICULARLY AROUND FINANCIAL MANAGEMENT AND LEADERSHIP.

RECOMMENDATIONS
FOR ENGAGING INDIVIDUAL DONORS

AS A SECTOR, ARTS AND CULTURE SHOULD:

- **DOCUMENT** THE SOCIAL IMPACT OF ARTS AND CULTURE AND COMMUNICATE ITS RELEVANCE WITHIN OUR COMMUNITIES AND WITH THE CAUSES ABOUT WHICH DONORS ARE PASSIONATE.
- **CELEBRATE** THE WIDE RANGE OF INDIVIDUAL DONORS WHO SUPPORT ARTS AND CULTURE AND ARTICULATE THE NEED FOR BROADER SUPPORT.
- **RAISE AWARENESS** OF THE FULL BREADTH AND DIVERSITY OF THE ARTS AND CULTURE SECTOR.

> [My clients] don't give to arts because they don't think [the arts] are doing enough to give back to society. They want to give to help people.
>
> – Wealth Advisor

> If we can bring the two worlds together, that would be ideal. We need to break down the walls and address the gap in arts services to the needy.
>
> – Non-Arts Donor

METHODOLOGY

Literature Review:

This literature review is intended to complement primary research being conducted in the form of interviews and surveys, in order to offer a broader understanding of high-net-worth donor behaviors and trends. Findings represent both formal research and media observations and commentary, in order to paint a landscape that offers context for direct feedback of HNW individuals and other donors in our region.

Survey:

The Melior Group designed and implemented an online survey to gain insight into the arts and culture donor experience. The Cultural Alliance invited its member organizations to participate in the research by distributing the survey link to their donors. Thirty-five member organizations, from various arts and culture categories, agreed to participate by sending the survey link to their donors via e-mail in August and September 2017*. All survey responses came directly to The Melior Group. As of the close of the survey (September 15, 2017), 1,194 questionnaires, representing 20 different organizations, were completed.* The margin of error for a sample population of n = 1,194 is +/- 3% at 95% confidence interval.

**It is unknown how many each organization actually sent or to which level(s) of donors.*

Interviews:

The Alliance convened a task force of wealth advisors, and arts and culture development professionals (n=27). Task force members invited high- and ultra-high-net-worth* individuals (both those who do and do not give significant gifts to arts and culture organizations) to participate in confidential in-depth interviews with a senior member of The Melior Group to learn about their philanthropic giving patterns.

A total of 18 in-depth interviews were conducted by The Melior Group. The majority of individual interviews (n=13) were with individuals who are not significant donors to the arts. To supplement the interviews The Melior Group conducted a focus group with wealth advisors and an estate attorney to gain their perspective on the thoughts and goals of their philanthropic clients with regard to the arts (n=5). It is important to note that these findings are qualitative and not statistically projectable to the population at large. Results from this research, although reported here as conclusions, are actually hypotheses based on observation and informed analysis. Quotes are used to illustrate specific points.

** Ultra-high-net-worth defined as over $25 million in investable assets. High-net-worth defined as $5 million to $25 million in investable assets.*

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