

THE LIFE CYCLE OF A PRIVATE CLIENT

MAINTAINING AND ENHANCING SOCIAL PURPOSE THROUGH PHILANTHROPIC AND ESG/
IMPACT INVESTING DURING HIGH INFLATION AND STRESSFUL ECONOMIC TIMES

THE SECOND ISSUE OF A
TWO-PART SERIES



SUPPORTING CLIENTS THROUGH THEIR
PHILANTHROPY LIFECYCLE



WHAT UNDERPINS UHNW PHILANTHROPY?



WHAT CAN WE LEARN FROM YVON CHOUINARD?



THE ROLE OF COMMUNITY PHILANTHROPY IN
BUILDING GRASSROOTS RESILIENCE

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PHILANTHROPY IMPACT

Vision A world where individuals and families engage in philanthropy and social impact investment, supported by professional advisors.

Mission To increase the flow of capital for good by enabling private clients and their families to match their purpose driven wealth strategies with their values, capturing their sustainable, social and impact investment and philanthropy preferences across the spectrum of capital.

We achieve our mission by delivering activities to support our members and key stakeholders.

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- Training for professional advisors: we offer bespoke CPD certified and CISI endorsed training courses for advisors, providing philanthropy and social investment advice to help them support their clients' social impact investment journey.
- Training for wealth advisors: we offer bespoke CPD certified and CISI endorsed training courses for wealth advisors as well as lawyers and other professional advisors with an interest in suitability issues and ESG investing.
- Training for major donor and corporate fundraisers: we offer bespoke CPD self-certified training courses for high-value fundraisers working with (U)HNWI, to help them understand the role of their professional advisors and to strengthen professional relationships that will transform their fundraising.
- Events: a comprehensive programme of self-certified CPD events, including networking among professional advisors, philanthropists and social impact investors.

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- How-to best practice guides
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- Philanthropy Impact Magazine
- Market research

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- Policy position submissions and papers
- Engagement with government and key policy stakeholders

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The purpose of the magazine is to share information about philanthropy and social impact investment in a domestic and international context. We welcome articles, letters and other forms of contribution to philanthropy in Philanthropy Impact Magazine, and we reserve the right to amend them.

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WE ARE A UNIQUE ORGANISATION AT THE INTERSECTION BETWEEN PHILANTHROPY, SOCIAL AND ESG/IMPACT INVESTMENT

Alongside our membership community, and our wider network of speakers, magazine recipients and strategic partners, we operate a space for true collaboration, discussion and learning. We are the leading Centre of Excellence for philanthropy and social impact investment in UK and Europe.

WHY JOIN OUR COMMUNITY?

RETAIN CLIENTS

Philanthropy Impact offers certified CPD training and a programme of educational events to enhance the professional development of the whole of your team in this rapidly evolving space.



REACH NEW CLIENTS

Our publications, bi-weekly newsletter, webinars and events reach a network of over 11,000 active individuals across the globe, mainly in Europe but including Asia, Middle East, North and South America.



REPUTATION

Our membership directory is a way for clients to see whether your firm is dedicated to ensuring the best advice in philanthropy and social impact investing to support your clients to achieve their long term objectives and goals.

OUR COMMUNITY:

46% Private Client Advisors

17% Charities

13% Trade Associations and networks

13% Philanthropy and Impact Consultants

6% Social Investment Funds

5% Philanthropists and Impact investors

Our network is **several thousand organisations and individuals**, including professional advisory firms, professional advisors (investment professionals and financial planners, private client advisors, wealth management, private banking, independent financial advice, tax and legal sectors), not for profit organisations and social impact investors.

WE SEE OUR MEMBERS AS PARTNERS IN OUR MISSION

“Philanthropy Impact is a catalyst for collaboration, knowledge sharing and innovation. We work with many strategic partners to shape the philanthropy, social investment and ESG/impact space, and to ensure that together we can be as impactful as possible.”

John Pepin – CEO,
Philanthropy Impact

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"A LARGE PROPORTION OF INVESTORS RELIABLY NOT ONLY ACCEPT THE POSSIBILITY OF GIVING UP FINANCIAL RETURNS TO FURTHER SOCIAL ENDS, BUT ACTIVELY SEEK TO DO SO."



EDITORIAL

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ARE PORTFOLIOS WITH A PURPOSE THEIR OWN REWARD?

GREG B. DAVIES - WWW.OXFORDRISK.COM

Building a suitable portfolio around an investor's social values means they are more likely to stick with their choices – through good times and bad

SUITABILITY IS FOR LIFE, OR IT ISN'T SUITABLE

An investor's sustainable-investment preferences are often seen as a standalone issue: something to be considered once the main asset allocation decisions have been made.

This is especially true in more turbulent economic times. Sustainable investing, according to one popular narrative, is about sacrifice, and times of stress are not times for sacrifice.

However, recent research by Morningstar challenges this narrative. As reported in *The Economist*: "Sustainable-investment funds have been much more resilient than other funds during this year's downturn... \$139 billion had flowed into sustainable funds by the end of September, compared with \$643 billion of net outflows from the broader market."

Morningstar's data also show that the greener the fund, the more likely investors are to have stuck with it through the recent market falls, with money flowing towards the funds with the highest focus on sustainability, and away from those with the lowest.

Oxford Risk's own research into the psychological motivations for making sustainable investments suggests why this is.

Our surveys, conducted throughout good times and bad, and covering investors all over the world, have repeatedly shown that, for a majority of people, aligning social goals with financial ones isn't a sacrifice – it's a way of living true to one's values. A large proportion of investors reliably not only accept the possibility of giving up financial returns to further social ends, but actively seek to do so.

If suitability – matching investors to the best investments for them – is to mean anything, an investor's values, and how they are reflected in a portfolio, must be a core part of it.

Suitable long-term portfolios are designed knowing that something uncomfortable will happen at some point, albeit without anybody knowing exactly what it will be or when it will happen. An expected market fall shouldn't be a trigger to change a portfolio just because the details of the fall have become known.

This is of course easier said than done. Fortunately, when a portfolio is suitably guided by an investor's values, feeling comfortable in uncomfortable times becomes less difficult.

As *The Economist* noted: "Social values give investors a non-pecuniary reason for allocating money and sticking with their choice."



BETTER EMOTIONAL ENGAGEMENT LEADS TO BETTER INVESTOR OUTCOMES

If your emotional comfort with your portfolio is primarily a function of financial risk and return, then a short-term market shock – and the resultant surge in attention given to your investments – is likely to erode that comfort.

However, if you're emotionally connected to your portfolio by knowing that your investments support your social goals as well as your financial ones, then short-term market moves are less likely to reduce your emotional comfort with holding firm through the volatility – as the Morningstar data bear out.

“INDIVIDUAL PREFERENCES FOR PARTICULAR CAUSES ARE CLEARLY IMPORTANT, BUT THEY ARE BETTER DISCUSSED AFTER RELEVANT PERSONALITY TRAITS HAVE BEEN ESTABLISHED...”

In general, the more directly a portfolio is based on long-term, stable psychological preferences, the better. Financial personality traits are far less likely to change than prevailing preferences for what specific industries to filter in (or out). A portfolio aligned with a financial personality is likely to remain compatible with its holder's values, whatever the news throws at it.

Individual preferences for particular causes are clearly important, but they are better discussed after relevant personality traits have been established, to fine-tune a portfolio and the narratives with which it is presented, not to drive them.

MANAGING INVESTMENTS WITH PURPOSE IS A PROCESS

Managing investments is easy relative to managing investors. That's an incentive to focus on the former, but also a reason to focus on the latter.

For all the attention devoted to fine-tuning asset-allocation decisions at the start of an investment journey, relatively little is put into identifying the likely causes of individual investor stress – or aligning with the sort of social values that encourage longer-term emotional engagement along the way. Certainly, the ratio is at odds with the contribution each makes to what both advisors and clients should care most about: overall investor outcomes.

The temptation in intense moments is to narrow one's focus. To compartmentalise. To prioritise what *feels* important right now over what actually is important in the context of an investor's life. Focusing on the wider role investments can play in meeting non-financial goals can help redress the balance. ■



GREG B. DAVIES, PHD

Greg is a specialist in applied behavioural finance, decision science, sustainable investing, and financial wellbeing.

He founded the banking world's first behavioural finance team at Barclays in 2006, which he led for a decade.

In 2017 he joined Oxford Risk to lead the development of behavioural software to help people make the best possible financial decisions.

Greg holds a PhD in Behavioural Decision Theory from Cambridge; has held academic affiliations at UCL, LSE, Imperial and Oxford, and is author of [Behavioral Investment Management](#).

Greg is Chair of [Sound and Music](#), the UK's national organisation for new music, and creator of [Open Outcry](#), a 'reality opera' that premiered in London in 2012, creating live performance from a functioning trading floor.

He is also a frequent speaker, and runs CPD-accredited [Behavioural Wine Tasting](#) events with Master of Wine John Downes: a unique interactive event combining decision science, live psychology experiment... and wine.

Maximising ESG/Impact investment client satisfaction - addressing suitability issues

Wealth advisors preparing for changing times
Adding value to existing regulated suitability approaches to ESG/Impact investing



The trend towards ESG/Impact investment is placing suitability issues at the heart of advisor/client conversations. This means moving beyond current discussions with clients about their investment objectives, their financial circumstances and ability to bear risk.

Are you equipped to talk to your clients about their values, motivations, ambitions and goals - capturing their ESG/impact investing preferences? This training course will allow you to develop your skills and competencies, putting you in a better position to fulfil your clients' needs. The course can be developed in-house to support firms preparing to implement [FCA Consumer Duty rules](#) which will require firms to put their customers' needs at the heart of what they do; as well as [EU MiFID II suitability regulation](#).

WHY ATTEND THIS COURSE?

- Open the door to new *commercial opportunities*
- Receive *exclusive insights* from guest speakers about current industry dynamics and best practice
- Further develop your *skills and competencies* and enhance your business's responsible investment proposition
- Meet your clients' evolving preferences for *investing with positive impact*
- Improve *client engagement* levels and enhance your reputation
- Receive essential *knowledge* and be apart of an *ecosystem* which bridges the professional advisory space.
- Receive *3 certified CPD points* and a free copy of the Philanthropy Impact *online handbook*—your go-to resource for delivering an effective philanthropy advice service

KEY LEARNING OUTCOMES

By attending this workshop, you will:

- Learn more about the nature and purpose of impact investing
- Develop impactful approaches to addressing a client's values, motivations, ambitions and goals
- Discover the benefits of incorporating suitability discussions into practice

There is a need for highly specialised training...

...And our suitability training course is designed to deliver just that.

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To learn about our online self-certified CPD training and bespoke in-house offerings contact:
zofia.sochanik@philanthropy-impact.org

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LEARN WITH PHILANTHROPY IMPACT

Our mission: To increase the flow of capital for good by enabling private clients and their families to match their purpose driven wealth strategies with their values, capturing their sustainable, social and impact investment and philanthropy preferences across the spectrum of capital.

This course is intended for wealth advisors as well as lawyers and other professional advisors with an interest in suitability issues and ESG investing

"WE SOMETIMES COME ACROSS CLIENTS WHO HAVE CHARITABLE FOUNDATIONS WHO POSSIBLY SHOULD NOT. WE HAVE SEEN EXAMPLES WHERE CLIENTS SIMPLY DON'T UNDERSTAND THAT THE MONEY IS NO LONGER THEIRS TO DO WITH AS THEY WISH."



SUPPORTING CLIENTS THROUGH THEIR PHILANTHROPY LIFECYCLE

CATHERINE DE MAID AND ALYSSA HAGGARTY – WWW.BURGES-SALMON.COM

From identifying a client's values and devising a strong strategy to troubleshooting problems, our role as lawyers is to provide a holistic service

Lawyers are often a first port of call for philanthropists. As a private client lawyer specialising in philanthropy and charity law, my clients span the spectrum. They include high net worth and ultra high net worth individuals looking to formalise and professionalise their philanthropy, and corporates considering corporate social responsibility programmes.

Most of the clients we see have been engaged with ad hoc charitable giving for several years, and their desire to formalise their philanthropy and seek advice is often triggered by a liquidity event, such as selling a business or receiving an inheritance. However, we often find there are numerous points throughout their journey where we can add value, support and guidance – or if we can't help in a certain area, we have a good network of contacts and other specialists to call on.

VISION

A comment that often comes up in our initial meetings with clients is that they don't know where to start. Lawyers can often rush straight to the structuring and tax advice. Whilst these are important elements of philanthropy, in my view the most important stage is devising a clear

strategy that reflects an individual's or a family's values.

Lawyers can sometimes shy away from conversations about values as it can feel intrusive or a bit 'touchy feely'. We need to get more comfortable raising this with our clients.

As with a successful business, effective philanthropy is underpinned by a strong strategy, which outlines, amongst other things, where to focus your support, the types of organisations you want to work with, how engaged you want to be, and how your philanthropy should be structured.

STRUCTURING

For those looking to implement their strategy through their own charity, there are a number of vehicles to choose from, and we frequently help clients work out which vehicle is right for them.

The ideal vehicle depends on what the charity is being set up to achieve and how. The greater the risk or funds involved, the stronger the argument for an incorporated structure with separate legal personality and limited liability. Of the incorporated vehicles, companies and CIOs are the most popular. Other considerations include how decisions are

to be made, reporting requirements, and the time and costs of set-up.

For international clients who want to benefit organisations in their home countries, having their own charitable foundation allows them to both obtain tax relief on donations to the foundation in the UK, and make grants overseas. Donations made directly overseas would not otherwise benefit from Gift Aid.

ALTERNATIVES

A trade-off for the generous tax reliefs enjoyed by charities is that they are subject to regulation by the Charity Commission (the Commission) and this regulation applies to private grant-making charities in the same way as large operational charities. The regulatory and legal framework in England and Wales is one of the more heavily regulated frameworks across the globe. As a result, philanthropic organisations regulated in the UK come with a degree of credibility and trust that is largely unrivalled.

We sometimes come across clients who have charitable foundations who possibly should not. We have seen examples where clients simply don't understand that the money is no longer theirs to do with as they wish. Clients sometimes fail

to appreciate what proper governance and independence means – that all charities, once constituted, must be independent of their founders and must be operated as such.

Regulation also means the preparation and filing of annual accounts and reports, and compliance with a number of policies and procedures required by the Commission. If the client doesn't have the appetite for complying with this level of regulation, or sufficient funds to outsource some of the compliance work, they really should not have their own foundation, and should perhaps consider a DAF.

IMPLEMENTATION

In a survey commissioned by Burges Salmon earlier this year, 100 UK high-net-worth individuals were asked about their approach to philanthropy and the challenges they have faced. The responses suggest that donors are confusing tax and estate-planning advice with philanthropy advice.

Tax and estate planning plays an important role in philanthropy, but it is only one part of the picture. No one specialist can lend expertise across the full spectrum of philanthropy advice – the range of skills involved is too wide and varied. The key for clients is to find holistic guidance – a single point of contact between them and the advice they need.

Once a vehicle is set up, we prepare policies and procedures on how to run the charity, and coordinate advice from our trusted network of other advisors that can help with the rest of the picture.

DUE DILIGENCE

When it comes to choosing organisations to support, ensuring they're credible, accountable and competent is crucial. Effective due diligence can vary from desk research to site visits, interviews, consultation with other funders or volunteering. But gaining full confidence can be a challenge without expert guidance throughout the process.

In the survey we commissioned earlier this year, doing your due diligence was considered by the majority of respondents to be the best philanthropy advice they had ever received.

Of those surveyed, 70% confirmed that they conducted due diligence research before donating to charities or causes, but 50% of respondents had mixed feelings about how confident they were that their donations were having the desired impact. When asked about barriers to giving, 31% of respondents said they didn't have confidence in how charities are run. This seems to suggest that the due diligence being done by the respondents is not very effective.

As lawyers, we are not experts in conducting due diligence on charities but we have contacts with a number of experts in this field who help our clients decide which organisations to support. It is worth investing the time and money up front to avoid disappointment later.

TROUBLESHOOTING

Lawyers also get involved when things go wrong. We regularly advise clients with foundations on how to deal with incidents, for example where grants have been made to organisations that have become insolvent or to international partners and misapplied by beneficiary organisations.

Providing advice throughout a client's philanthropic journey has to be one of the more rewarding aspects of being a private client lawyer and, provided you get it right, should result in a loyal, long-term relationship with the client and future generations. ■



CATHERINE DE MAID

Catherine is a partner and the Head of Philanthropy in the firm's 40-lawyer-strong tax and private client team. Catherine specialises in philanthropy, international tax, trusts and estate-planning advice for a wide range of clients, from high net worth individuals to leading private banks and other financial institutions.

Her experience includes advising family grant-making foundations, universities and high-profile operational charities across the world. In addition, in her personal capacity, Catherine was previously a director for the UK branch of a global international charity focused on access to surgical care.

Catherine has a particular focus on advising clients with a South African connection, having worked in South Africa for 12 years, where she ran the philanthropy division for a private bank, and sat on the board of a number of private charitable foundations.



ALYSSA HAGGARTY

Alyssa is an associate in the firm's tax and private client team, and specialises in tax, trusts and estate planning. Her experience includes advising individuals in relation to their philanthropy and charitable structuring, as well as charity trustees on governance and operational issues.

"A HIGH PROPORTION OF UHNW CLIENTS HAVE ALWAYS BEEN PHILANTHROPICALLY MINDED, HOWEVER THEY EFFECTED THEIR GIVING. BUT THERE ARE VARIOUS FORCES THAT MAY INFLUENCE HOW THESE CLIENTS MAKE THEIR CONTRIBUTIONS."

M O T I V A T I O N

WHAT UNDERPINS UHNW PHILANTHROPY?

GILLY KENNEDY-SMITH AND FRED MILNER - WWW.MOURANT.COM

A number of factors influence how and why UHNW clients give – from personal beliefs and a desire to drive change to a wish to acknowledge their position of privilege

Why do we give to good causes? Whether it's money, time or skills, we all have different motivations for 'giving back'. For ultra high net worth (UHNW) individuals and families, answering that question has broader ramifications.

Microsoft founder Bill Gates seems to have been querying the purpose and consequences of his philanthropic endeavours recently, tweeting in July his intention to "move down and eventually off of the list of the world's richest people".

With Forbes' latest estimate of his wealth standing at \$118 billion, this is an ambitious pledge, but especially interesting is the reasoning behind it:

"I have an obligation to return my resources to society in ways that have the greatest impact for reducing suffering and improving lives. And I hope others in positions of great wealth and privilege will step up in this moment too."

That word 'obligation' is perhaps the crux of modern philanthropy; to what extent are we obliged to help others? What moral, religious or social code impels us to 'give back'?

PHILANTHROPY: A SOCIAL OBLIGATION?

Attitudes to charity and philanthropy vary widely across the world, and are influenced by factors including religion, societal expectations and tax.

One of the pioneers of western public philanthropy was the Scottish-American industrialist Andrew Carnegie. His 1889 article 'The Gospel of Wealth' called on the rich to use their wealth to improve society while they were alive.

Now, The Bill and Melinda Gates Foundation is one of the bastions of philanthropy. Mr Gates' hope, expressed in his tweet, that others "will step up" and give more money echoes Mr Carnegie's statement that the rich should do more. One of the reasons for giving is, therefore, seemingly a broad social obligation to do so.

A high proportion of UHNW clients have always been philanthropically minded, however they effected their giving. But there are various forces that may influence how these clients make their contributions.

Historically, much philanthropy has been discreet; donations, often sizeable, would be made to, say, a museum or gallery and not much would be made of it. Perhaps a small plaque could be found if one knew where to look.

Now, the wealthy are under greater scrutiny, and giving is much more in the public eye.

REPUTATION MANAGEMENT

One reason to give is reputational. UHNW families know that there is a broad awareness of the wealth gap, and something of an anti-wealth narrative is growing in some quarters of society and the media. Consciously managing how their wealth-giving is perceived is a way to manage their reputations and demonstrate that they too are socially aware, recognise their positions of privilege and utilise their wealth for the greater good.

Families care about their reputations, and are aware that doing good work may counterbalance any negative perceptions around their wealth.



“THE MOTIVATIONS BEHIND UHNW CLIENTS’ PHILANTHROPY ARE HIGHLY PERSONAL. SOME WILL HAVE BROAD AREAS THAT THEY WISH TO BENEFIT, FOR EXAMPLE THE ARTS OR SPORT.”

Not everyone wants to be public about their charitable works, however.

Only 22 of Forbes 400 list of wealthiest Americans made the ‘Philanthropy 50’, an annual ranking of America’s biggest donors, in 2021, and some of the omissions will be due to them keeping their donations private.

MacKenzie Scott is an example of someone who keeps their charitable endeavours to themselves. She shared that she had given \$2.7 billion in the first half of 2021 but has since made no further announcements on how much she gifts or to whom. Perhaps the public approach didn’t suit her; it can often result in increased media attention and profile-raising.

Of course, reputation management is generally a much lower priority than a genuine desire to do some good and make a difference. More often than not, the family has an interest or passion in a certain area of philanthropy and they have supported it historically.

THE CAUSES THAT MATTER

The biggest recipients of wealth from US donors in 2021 according to ‘Philanthropy 50’ were foundations – like The Bill and Melinda Gates Foundation – donor-advised funds, colleges and universities, and hospitals and medical research. In 2021 the Gates announced plans to spend \$2.1 billion in five years on women’s economic empowerment, health and family-planning support.

Giving reflects current public sentiment, and inevitably reflects evolving attitudes across generations. There is greater scrutiny of societal norms and attitudes than ever before, whether in relation to gender, race, environmental issues or the functioning of democracy, and each of these is the potential beneficiary of philanthropy. For the next generation, environmental philanthropy is a particular focus.

The motivations behind UHNW clients’ philanthropy are highly personal. Some will have broad areas that they wish to benefit, for example the arts or sport. Some will have very specific outcomes in mind, such as contributing to the eradication of a disease, or providing clean drinking water for one region in one country.



GILLY KENNEDY-SMITH – MOURANT LP PARTNER

After a number of years working in London, Gilly returned to Guernsey as a Partner of Mourant LP and Local Practice Leader of Mourant’s award-winning international trust & private client team in 2021. The main focus of Gilly’s

practice is advising private clients on their planning and on key events within their family.

Gilly works seamlessly with wealthy families with global touchpoints, their trusted advisors and her colleagues to provide practical and pragmatic advice on private wealth structuring, planning, maintenance and preservation, as well as family governance, philanthropic giving and manoeuvring through key family and stressors events. Her focus is on clear and actionable guidance that is workable both for the family and for their trustees, directors, family office advisors, investment advisors, lawyers and accountants.



FRED MILNER

Fred is a Counsel in the international trusts & private client team at Mourant, based in the Jersey office.

He has worked in the trusts and private client industry for over 25 years, and has held senior roles in law firms and trust companies. Before moving back to Jersey in 2016, Fred worked in Geneva for 11 years.

Fred’s core areas of expertise are succession planning and family governance and the use of trusts and companies in achieving those objectives and related issues. He is also interested in family office structuring, investment management arrangements, risk management for trustees, and the confidentiality vs transparency debate.

There can be reasons for UHNWs to make their giving more public, but it’s certainly not the route for everyone. Philanthropy can be a ballast for reputation, and many are seeing it that way, but a desire to drive change and have an impact remains the principal motivation. ■

"BY SPLITTING THE ECONOMIC RIGHTS AND THE VOTING RIGHTS, YVON WAS ABLE TO ENSURE THAT CONTROL OF THE COMPANY WOULD NOT BECOME FRAGMENTED AFTER HIS LIFETIME THROUGH MULTIPLE FAMILY MEMBERS OWNING SHARES DIRECTLY."



WHAT CAN WE LEARN FROM YVON CHOUINARD?

CLARE STIRZAKER AND CLARE POOLEY - WWW.BOODLEHATFIELD.COM

The founder of Patagonia, the outdoor clothing company, created a philanthropic shareholding structure while maintaining ongoing stewardship of its assets – we look at how other philanthropists could achieve a similar legacy

The news that the founder of Patagonia, Yvon Chouinard, had given away 100% of his shares in the company – settling 100% of the voting rights in the Patagonia Purpose Trust and transferring 100% of the economic rights to a non-profit organisation, the Holdfast Collective – rightly grabbed the headlines in September for being a great philanthropic legacy, and one that could make a meaningful contribution in tackling world environmental problems. However, for private client professionals, it also highlighted the increasing popularity of non-UK purpose trusts and foundations in both philanthropic and family legacy-planning.

Yvon Chouinard founded Patagonia in 1973 with a mission “to use business to inspire and implement solutions to the environmental crisis”. Having such a clear purpose that has continued to this date, alongside strong corporate values, provided Yvon and his family with a great starting point to reassess what to do next – do we transition the business down to the next generation and, if so, for what purpose? We have no real insight into the process Yvon went through with his family to achieve this ultimate philanthropic shareholding structure, but having family buy-in to such a change would have been critical.

Family alignment around purpose and values with the business and wealth is the most important foundation for successful succession planning. Structures such as purpose trusts are then the best legal tools to effect and maintain this legacy, and here achieved the following objectives:

- By splitting the economic rights and the voting rights, Yvon was able to ensure that control of the company would not become fragmented after his lifetime through multiple family members owning shares directly. This could have otherwise impacted his planned legacy with Patagonia over the long-term.
- Transferring the economic rights into the Holdfast Collective reinforced to the business that its purpose is to generate profit for environmental purposes over the long-term, and not grow the wealth of the shareholders - it is a truly purpose-led business from the top to the bottom.
- The purpose trust owning the shares will have to make a number of shareholder decisions relating to the commercial success of the company, with the environmental purpose as their guiding star at all times.

The purpose trust becomes a critical governing structure within the Chouinard family, and it will likely need to be supported by other family governance tools such as family constitutions, family councils and next-generation education to help sustain the legacy. But why is a purpose trust the vehicle of choice here? Depending on the jurisdiction in which purpose trusts are established, selling points include the following:

- A purpose trust can have a ‘charitable purpose’ or, as tends to be more attractive to families who may have broader philanthropic intentions but whose objectives do not fall within the ambit of charitable purposes under local law, a non-charitable purpose. Such causes may be humanitarian, environmental or ecological, although they are generally required to not be contrary to public policy.
- The trust is generally set up to achieve a designated purpose, rather than benefit a group of beneficiaries. The purpose trust will be a bespoke instrument, which can be tailored to reflect the specific objectives of the family in transferring the voting shares to the trust – for example, the



purpose could include a definition of and protection of the governance structure of the business to maintain the environmental legacy.

- Family members may sit on the board of the trustee of the purpose trust or alternatively act as Enforcer, whose duty it is to enforce the terms of the trust in relation to its stated purpose, and essentially hold the trustee to account. Succession to these roles can act as a tool not just for involving the next generation, but also in terms of passing on a legacy that is not solely wealth- or asset-based, but that also reflects the family's beliefs and principles. This can provide an opportunity to integrate the next generation into the family's core values as well as allowing the next generation's perspective to be heard.
- Depending on the proper law of the trust, the trust can exist for a limited period of time or indefinitely, which is attractive for many.

Jersey or Guernsey foundations are also increasingly popular vehicles for philanthropic purposes, which again allow families to support particular causes they identify with, whether or not such causes are technically charitable and whether or not they are combined with the possibility of allowing for benefit to family members or other individuals. This flexibility is clearly attractive, alongside the fact that, unlike a trust, the foundation is a legal entity in its own right, and so may be more easily recognised in other countries that do not recognise trusts.

Yvon Chouinard has said that he previously considered selling Patagonia and donating the profits or taking the company public, but decided against both options as they meant giving up control of the business and putting its value at risk. Instead, the Patagonia Purpose Trust is now the controlling shareholding in Patagonia and so, arguably, provided him with the solution he needed to maintain ongoing stewardship of the assets. Offshore jurisdictions such as Jersey and Guernsey lead the legislative charge in terms of their purpose trust and foundation offerings, but it will be interesting to see how other onshore jurisdictions compete in the future to attract further philanthropists to think and act big. ■



CLARE STIRZAKER

Clare specialises in succession planning and related legal and tax matters for multi-generational families and their family offices.

She works alongside some of the world's leading private businesses, and her practice focuses on how to help individuals developing their succession-planning strategy and designing bespoke asset-holding and wealth-management structures including PTCs, limited partnership structures and foundations. Clare has particular experience of advising and supporting families on implementing family and corporate governance frameworks to support successful wealth transition. She also supports clients in developing their philanthropic strategy to enable greater and more effective wealth distribution.



CLARE POOLELY

Clare advises high net worth individuals, families and family offices on a diverse range of private client matters, particularly internationally.

Her areas of work include advising on: personal taxation and tax planning, such as the foreign ownership of UK residential property; the administration, (re)structuring and taxation of domestic and offshore trusts; cross-border estate and family succession/governance planning.



THE ROLE OF COMMUNITY PHILANTHROPY IN BUILDING **GRASSROOTS RESILIENCE**

ROSEMARY MACDONALD – WWW.UKCOMMUNITYFOUNDATIONS.ORG

When communities are given proper agency, they solve local problems better and more effectively than any centralised body – the challenge lies in resourcing and empowering them

We are living in turbulent times – there's no doubt about it. The pandemic, the cost-of-living crises, growing inequality, deep economic shocks and an uncertain political landscape have exposed deep vulnerabilities. These seemingly perpetual crises require our immediate attention. To try to break the cycle – they also require us to look ahead. This means moving away from short-termism. If the past few years should have taught us anything, it's that building resilience is the only way forward.

But what does that 'resilience' mean in reality? It's a word that's often bandied about, but it is sometimes hard to pinpoint the concrete actions that build it. For us in the community foundation world there is no ambiguity. Resilience means funding. Not just funding in the short-term, but reliable funding over a long period of time. For the local charities and community organisations that we support, funding scarcity remains a huge issue. Despite the challenges, they continue to play a vital role in supporting vulnerable people and creating opportunities – they are a vibrant thread running through our social fabric. Our aim as community foundations is to provide them, and the areas they work in, with a sustainable asset base they can rely on.

In essence we are here to provide the foundations for the places we exist to serve. Our recent conference in Manchester – 'Foundations for the Future' – brought together some of the world's leading figures in place-based philanthropy and charitable giving to discuss how we can use our power, resources and knowledge to imagine and realise a better future for our communities.

COMMUNITY ENDOWMENTS

As many of us will know, building financial resilience is easier said than done. A tried-and-tested method from the US is

growing community endowments – the 20 biggest community foundations in the country all have endowments worth over \$1 billion. The yields of responsibly invested endowments allow community foundations to provide local charities and community organisations with a reliable year-on-year revenue stream. This can be targeted at capacity-building activities that grow the resilience of local organisations. It could be simple things like retrofitting a village hall or funding a new CRM to manage fundraising contacts. Ultimately, it improves the financial sustainability of an organisation allowing them to focus on delivering services to the people that need them. These are the returns that matter.

Over the decades, community foundations in the UK have been working to grow their endowments. Local people, businesses and philanthropists have all played their part in building a collective endowment valued at around £740 million. These efforts have been leading the way when it comes to creating a localised culture of philanthropic giving. However, to put it quite literally, we know the UK has a lot more to give. Research by Pro Bono Economics has shown that the top 1% of earners are giving 21% less to charities, despite a 10% income rise between 2011/12 and 2018/19.

THE ROLE OF THE GOVERNMENT IN GROWING PHILANTHROPY

Our colleagues across the philanthropic sector have called for greater government involvement in growing UK philanthropy to bring it up to par with other countries. We agree with the calls for a 'philanthropy commissioner' in government, but we also think that there is a more direct role that it can play in boosting philanthropy.



"WE HAVE THE HIGHEST LEVELS OF REGIONAL INEQUALITY OF ANY ADVANCED ECONOMY. SOMETHING ISN'T WORKING. THIS SHOULD TROUBLE ALL OF US, REGARDLESS OF WHERE WE ARE."

We recently published a report looking at how money yet to be allocated from the Dormant Assets Scheme could be the catalyst for growing community philanthropy in the UK. The government recently closed a sector-wide consultation on how and where the money from dormant bank and building society accounts should be spent. In the report we cited the successes of the Community First programme. This was a government-backed match-funding scheme that incentivised philanthropists to give to community foundation endowments. It ran between 2012-2018. Some of the key takeaways were:

- The initial £50 million that the government invested in 2012 was worth £171 million in 2022. This means that community foundations can distribute more in grants.
- 92% of community foundations felt that the Community First programme helped develop relationships with new donors and/or a mixture of new and existing donors.
- Over 85% of community foundations felt that the government match was a strong incentive to philanthropic giving.

The Dormant Assets Scheme presents us with a once-in-a-generation opportunity to put a proven and effective method for growing community philanthropy to good use. A government-backed match-funding programme, like Community First, can help engage new donors and tap into the potential of UK philanthropy.

DEVOLVING POWER IN A CENTRALISED SYSTEM

The value that community endowments bring is about more than assets. It's about power. We live in one of the most centralised political systems of any advanced democracy. We have the highest levels of regional inequality of any advanced economy. Something isn't working. This should trouble all of us, regardless of where we are.

We find that when communities are given agency, they find the solution to local problems more effectively than any centralised body. The local knowledge, insights and experience are already there – the challenge lies in resourcing and empowering them. Community endowments help build a sustainable asset base for local people to tackle long-term problems.

Community endowments should be part of the picture when it comes to tackling these entrenched inequalities. Under the stewardship of community foundations, they are held by independent and accountable local institutions. Most importantly, it is local people that decide where funding is spent. No lip service.

We've got a long way to go. Philanthropists and funders will have an important role to play in the years ahead. Now is the time for all of us to start thinking about how our actions now can shape tomorrow. Building resilience isn't always the most attractive proposition for donors. However, as we move forward it will be the most vital. ■



ROSEMARY MACDONALD - CEO, UK COMMUNITY FOUNDATIONS

Rosemary is a leading third-sector expert in transparency and accountability, governance and best practice, and has been a part of the community foundation network for 12 years.

With a Master's degree in Charity Finance and Accounting and a Diploma in Charity Management, Chartered Secretaries and Administrators, Rosemary drives the growth and strategic direction at UK Community Foundations – a national network connecting people and organisations that want to improve their communities.

Committed to promoting the work of community foundations, Rosemary is focused on taking the charity sector forward, building strategic partnerships at local, regional and national government level, and with the business and public sectors.

Before becoming CEO, Rosemary served for six years on the Board for UK Community Foundations. During that period she was Vice-Chair for three years and Chair of the Membership Committee for three years respectively. Rosemary served as CEO at Wiltshire Community Foundation for 12 years.

"WE NEED TO GIVE SHAPE TO THE HUGE AMOUNT OF UNTAPPED TALENT – THE 'DIAMONDS IN THE ROUGH' (IDEAS AND PEOPLE) – IN THE UK."



WHAT ARE THE KEY FACTORS NEEDED TO NURTURE **ENTREPRENEURSHIP AND DIVERSITY** IN THE UK?

SEAN KIERNAN – WWW.THEREALIZATIONGROUP.COM

Get these building blocks right and we will not only ensure that the UK's businesses are able to thrive, but we'll be helping to create the philanthropists of the future

SMEs and start-up entrepreneurs in many ways represent the 'squeezed middle'. They are typically hit hardest in times of crisis – for example the Covid pandemic, inflation or rocketing energy costs. But these two groups are also likely to be more digitally savvy and adaptable and, as such, represent a significant force for change. So what can be done to nurture the UK's entrepreneurs further to ensure that Britain's businesses continue to thrive and build positive social impact even in the face of today's global economic uncertainty? The key building blocks are exposure, education, networking and relationship building, and communication.

EXPOSURE

Exposure to other successful entrepreneurs – be they in family businesses or otherwise – is hugely beneficial to entrepreneurs at different stages of their respective journeys and to established businesses willing to share the 'secrets of their success' in terms of funding, finance and business development.

Family-owned businesses can play an important part, in that they have a lot of knowledge they can share and deep pools of expertise and experience that

can be tapped. It is not just about the Bransons and Mittals – a lot of family business leaders stay out of the limelight, preferring to keep a low profile. They are nonetheless extremely valuable resources to be tapped in shaping UK entrepreneurial policies for pragmatic and meaningful outcomes.

And it is not even about big business – myriad small businesses in the UK, from hairdressers to drivers, are run by individuals that have, by necessity, created business plans, secured financial backing or support, and learned to plan ahead. They know how tough it is to succeed as a business owner – how to get finance, how to recruit and retain employees, and the reality of how long things take in real life. There is much to learn from those that have already trodden the entrepreneurial path.

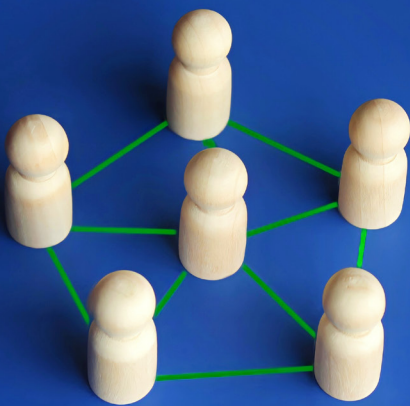
EDUCATION

We need to give shape to the huge amount of untapped talent – the 'diamonds in the rough' (ideas and people) – in the UK. Starting in schools, all children should be taught basic financial management skills, including core banking, balance sheet and P&L modules. Whether they become entrepreneurs or not, this provides all children with very valuable knowledge

that will benefit them enormously in later life. Outside of teaching the basics at school or university, business communities themselves should be called upon to do much more, contributing their know-how to address, for example, the three most common questions they are asked in the field.

The knowledge and experience of other successful business owners offer invaluable insight in the entrepreneurial space, and could be influential in the cultural shift from doing things 'on the fly' and learning by trial and error, to a more strategic, experience-based approach to what is known to work, and what does not work as well. It might also go a long way to redressing the perception that only certain types can be successful entrepreneurs. Dragon's Den, The Apprentice and other programmes may be great at promoting the concept of entrepreneurship, but are not a realistic representation of the typical journey to success.

There is no question that the entrepreneurial agenda needs to be brought into schools and universities much more. Every school child and graduate is now likely to have the experience of working for or with entrepreneurs – or indeed being one themselves – but there is no clear guidance as to what that actually means.



NETWORKING AND RELATIONSHIP BUILDING

This is obviously very hard without knowing how to access the right networks; business communities nationwide could and should be much more proactive in encouraging entrepreneurs' participation and engagement. Much more is needed to encourage the inclusion of entrepreneurs from a broader spectrum of locations, cultures and ethnicities. It is a virtuous circle, as entrepreneurs become more visible, so others will recognise people like themselves being successful in this space, and in turn, will likely be more confident in their expectations of how their own journey could pan out.

As part of networking, entrepreneurs need to develop relationships with trusted advisers – the lawyers, accountants, PR agencies and others that are essential to taking them through their journey. If you're going to climb a mountain, you want to be surrounded by a team that has your best interests at heart, will help you overcome the challenges and get to the top.

If the entrepreneur is the parent of their business, taking their idea from conception to birth and nurturing its growth and success, trusted advisors can be considered the 'godparents', keeping a watchful eye on how it's all going, making tactful interventions when necessary and enjoying celebrating all the important milestones.

COMMUNICATION

More – and better – communication is an imperative. Academics and business leaders tend to speak at a very high level, based on an assumption that everybody they will likely have to talk to will have a similar level of understanding of their subject, or business, as their own. It is

very easy to lose an audience with insider language, or excessive use of industry terminology and acronyms.

A good example of this is the burgeoning digital-asset industry and advent of new technologies like blockchain and cryptocurrency. While there is a huge amount of noise about these technologies across all media, without clear communication and explanation, it is easy to see why these might be perceived as risky and fraudulent rather than being potentially new and more effective approaches to managing traditional business processes, including their likely positive effects on ESG investing.

Business shorthand is an efficient means of communicating concepts between players in the same business community. But if the goal is to communicate and engage with those outside a specific community, it requires a more structured and prescriptive approach to explaining core concepts. If your audience understands what you are saying, they are more likely to trust what they are being told.

Nurturing these factors will be central to making sure that the current and future generations of UK entrepreneurs and small business are encouraged to grow, thrive and be able to make a positive social impact. Fostering a diverse set of next-generation entrepreneurs is also about creating the philanthropists of the future.

This article is based on a recent edition of The Gage, Greengage's podcast, where Rosalyn Breedy, a corporate, funds and financial lawyer with over 25 years' experience working in private practice, investment banking and family offices talked to Greengage CEO Sean Kiernan about the best way to nurture entrepreneurship and diversity in the UK. ■

"IF YOUR AUDIENCE UNDERSTANDS WHAT YOU ARE SAYING, THEY ARE MORE LIKELY TO TRUST WHAT THEY ARE BEING TOLD."



SEAN KIERNAN

Sean is the Founder and CEO of Greengage. He has extensive experience in financial services, having worked in various executive management positions. He founded Greengage after working at the first bank in the world to offer crypto products to clients, Falcon Private Bank, where he served as the COO and Interim CEO of the London operation until leaving to establish Greengage.

Before that he held management positions at Clariden Leu, a division of Credit Suisse, and Zurich Financial Services. Sean has an MBA from the University of St. Gallen and a BSc from Georgetown University.



GIVING UNDER PRESSURE: THE IMPACT OF INFLATION ON **PHILANTHROPIC DECISION-MAKING**

GAVIN MCEWAN – WWW.TURCANCONNELL.COM

As high inflation and other economic pressures kick in, philanthropists and foundations find new tensions in how they manage their giving

Grants and donations are the very raison d'être of charitable foundations; for individual philanthropists, on the other hand, they are in the nature of discretionary spend. For both types of giver, though, the pressures of cost-of-living increases can distort how they manage their giving. A number of different levers come into play, and the impact can lead to a material change in grant-making policy. There is no single trend but for most givers some kind of change has become inevitable. I have been interested in how donors have responded to the economic pressures that are being felt.

For the trustees of charitable foundations, a number of thoughts begin to influence their grant policy. For a very large number of trustees, the right decision is to keep spending – or indeed to spend more – because the real need for support is now. This is not a universal response: while some charity trustees would be glad to respond to current need with extra generosity, even if it shortens the lifespan of their own charity vehicle, others are much more hesitant. Some foundations are tightening their belts and reining in their giving, at least for the short term, in order to preserve their ability to give further into the future.

There are different views on the 'reining-in' approach. Some onlookers think that it is inherently self-serving to seek to preserve the longer-term future of a foundation when there are beneficiaries in the here and now experiencing acute financial pressure. But many charity trustees are conscious that they are custodians not only of someone else's original largesse: they are also the guardians of the legacy and memory of their founding donors. It is clear to me that this weighs heavily in the mind for many trustees, and the natural human response can be to preserve that donor legacy for as long as possible

even if there must be short-term reductions in grants to allow that to happen.

Whether there is reining-in or extra spending, trustees are keenly aware that the pound today will buy less than it did last year. The immediacy of the effect of inflation is heightened when rates are in double figures, although many foundations have been aware that their grants have provided less spending power for beneficiaries for some time, even if the pace of erosion until this year had been slower. Responding to this effect leads to other difficult decisions for trustees. Should we give more to each recipient even if we must, of necessity, reduce the number of grants overall? If we reduce the number of grants in order to boost the value of those grants that we do make, should we narrow our field of interest to a tighter range of projects or causes? And if we can't bear to reduce the number of beneficiaries supported, do we accept that what we give them will simply not achieve as much as it did before? (Which of course leads back to the earlier question about whether to give more than normal.)

There is no single right answer to any of those questions. Every charity must answer them in the way best suited to its own situation. The result is a genuine feeling of tension for many trustees. An indecisive board can become paralysed by its inability to decide on the right way forward.

Similar issues arise for individual givers. Grant-making 'policy' may be felt to be a rather grand way to speak of most philanthropists' plans for personal charitable giving, but it is true to say that individuals have their own thoughts and preferences in sharp focus when deciding what to give and when, even if they would not commit those thoughts to writing, or think of them as a policy in any shape or form.



D₂ E₁ C₃ I₁ S₁ I₁ O₁ N₁

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Even for individuals who subscribe to Andrew Carnegie's view that it would be a disgrace to die rich, few apart from the very wealthiest will be immune from the need to reduce their discretionary spending when inflation starts to bite. For those individuals who already give sacrificially, there have to be limits to the level of sacrifice if eating, heating and accommodation costs are cutting into income more than before.

The very same tensions that arise for trustees therefore arise for individual donors too: and the same tensions on individual giving philosophy can arise. Some individual philanthropists have told me that what was once a joy (their glad giving to favoured causes) has become more of an uneasy balancing act: difficult decisions to cut causes, or reduce donation amounts, are more commonplace. Some have even told me that, when approached by a cause that they have loved and supported committedly, they have taken what felt like a harsh, clinical decision to say no if financial pressures facing the beneficiary were too steep. "If my grant alone won't save them, and other donors are also not responding, then a charity may have to hit the wall," one donor explained to me, "and I have to focus on the resilient charities which look more likely to survive and to benefit the public. It was a decision I didn't really want to take, but I almost felt it was my duty."

How should givers respond to current inflationary pressures when planning their giving? I think that donors to charity, whether trusts and foundations or individuals, have to reflect on their higher strategy before delving into micro-decisions. If legacy is important – and there can be many justifications for that – then short-term reductions to protect the longer term may well be the right choice. But for those who wish to give 'in the moment', deciding on a budget and focusing on the causes closest to heart come next. It is at that point that assessing the greatest need, and perhaps even a potential beneficiary's resilience, becomes significant. If amidst these tensions and balancing acts you can still give with joy, then you may be fortunate indeed: but the imperative to give, even under pressure, has never been greater. ■

"IF LEGACY IS IMPORTANT – AND THERE CAN BE MANY JUSTIFICATIONS FOR THAT – THEN SHORT-TERM REDUCTIONS TO PROTECT THE LONGER TERM MAY WELL BE THE RIGHT CHOICE."



GAVIN MCEWAN

Gavin is a Partner and Head of Charities at Turcan Connell. He is an accredited specialist in charity law, and advises charities and philanthropists on all aspects of charity law and regulation including governance, risk, fundraising law and the structuring of charitable giving. Gavin frequently supports charities through

inquiries by the Scottish Charity Regulator, and advises on the reorganisation of endowments and restricted funds. He is a co-author of Tolley's Charities Manual, and serves as a charity trustee for a number of operational and grant-making charities.

'PERSONAL IMPACT PORTFOLIO': TIME FOR A MORE CREATIVE APPROACH TO PRIVATE CLIENT MANAGEMENT

DAVID STEAD – [WWW.LINKEDIN.COM/IN/DAVIDCSTEAD](https://www.linkedin.com/in/davidcstead)

The proposed service would consider people's assets as a whole – from financial capital to personal skills and networks – to ensure a life of positive impact

OVERVIEW

Imagine a conversation with a wealth advisor, or one around the table with family or friends, that starts, "Let's think about how, through your life, you can create the best possible impact from all your passion, talent and capital, by using all these assets in line with the changes you want to see in the world". And imagine having benefited from expert advice, so that at the end of one's life, one can look back and say, "at least I used everything I had to make a positive difference to the world".

My idea is that it is time to leap into that future, by offering a new approach, a new service, called a 'Personal Impact Portfolio'.

THE PROBLEM – MAKING IMPACT MEANINGFUL

We have all read about the global wealth transfer, and the appetite of many, especially younger, people to live their values. The rising tide of ESG, net zero, active stewardship, impact investing, corporate purpose, volunteering and social entrepreneurship, all signal the shift towards the inclusion of social and environmental impact in decision-making at the personal and organisational levels. But now what? What does it mean for people who want

to actively support this change at a personal or family level?

We have a proliferation of products and pledges, but huge fragmentation. With enough research, one can find genuine impact funds, social investments, grant-making opportunities, platforms to help match charity needs with volunteers, and purpose-led organisations determined to benefit people and our planet. But how can anyone think all that through clearly enough to know how to live their lives, invest their funds, and use their skills in a way that is important to them at a personal level, given the changes they want to see in the world?

Fragmentation across finance, lack of understanding, inconsistent terminology, and disparate approaches, all slow down the progress towards personal impact. Bits of the possible solution are all over the place but there is currently no way to bring the best of them together and shape a holistic and tailored solution that gives a new meaning to the word 'portfolio'.

THE OPPORTUNITY – ADVICE FOR TOTAL PERSONAL IMPACT

Many people are wealthy in many ways. Not just financially but as a human, we are made up of all kinds of fantastic

assets and resources. Some may not have considered just how needed, diverse and impactful their wealth could be. People's assets comprise their skills, work, volunteering time, networks and of course their financial capital, which can now be used to do good in a multitude of ways: making donations, lending critical funds to charities, supporting social enterprises, investing in impact ventures, or shifting to authentic ESG funds.

"WE HAVE ALL READ ABOUT THE GLOBAL WEALTH TRANSFER, AND THE APPETITE OF MANY, ESPECIALLY YOUNGER, PEOPLE TO LIVE THEIR VALUES."

If many people's assets and their options in life are so diverse, why can't we discuss all those assets together, allocate resources accordingly, and develop for them a new kind of portfolio – a 'Personal Impact Portfolio' (PIP)?

The asset owner will need help to 'invest their whole best self' throughout their life. With the right help, they could aim to derive optimal personal impact from their array of assets, aligned to their values and preferences, and at every



"TO GET AN IDEA OF 'TOTAL INVESTING' STYLE, AND HELP IDENTIFY OPTIONS, IT WOULD BE GOOD TO THINK THROUGH THE PREFERRED BALANCE BETWEEN A 'HEAD OR HEART'..."



stage of their life. Their allocation of resources needs to reflect this, and a new service could enable it.

This service will be even more valuable soon. Gen Z, the sharing and connected generation, will be especially attracted to this personal and purpose-led approach. And they will be big asset owners themselves. By 2031 their income is estimated to reach £33 trillion, even more than the Millennials (source: CNBC). They will comprise 40% of global consumers and, as such, represent enormous buying power in the financial markets, and a huge resource for supporting social and environmental action.

HOW COULD A PERSONAL IMPACT PORTFOLIO (PIP) WORK?

The driving principles behind a tailored portfolio are like the best practices for advising a client on their impact journey:

- What is your purpose in life? What areas are you passionate about and why?
- What changes would you like to see aligned to this purpose?
- What are the kinds of specific outcome changes that would show the intended impact has been made?
- Who will benefit and when?
- What makes up your 'total wealth' in terms of your work, volunteering time, networks, income, capital and so on?
- Based on your total wealth, how would you weight the availability of these assets and allocate percentages?

- Given the changed outcomes you want to see, and your range of assets, what are the best options to use those assets in pursuit of those changes?

Now we can create your PIP to reflect these answers. And then measure and evaluate the impact made in each area, and overall, to provide a dynamic 'Total Personal Impact' dashboard, which you can review and adapt accordingly.

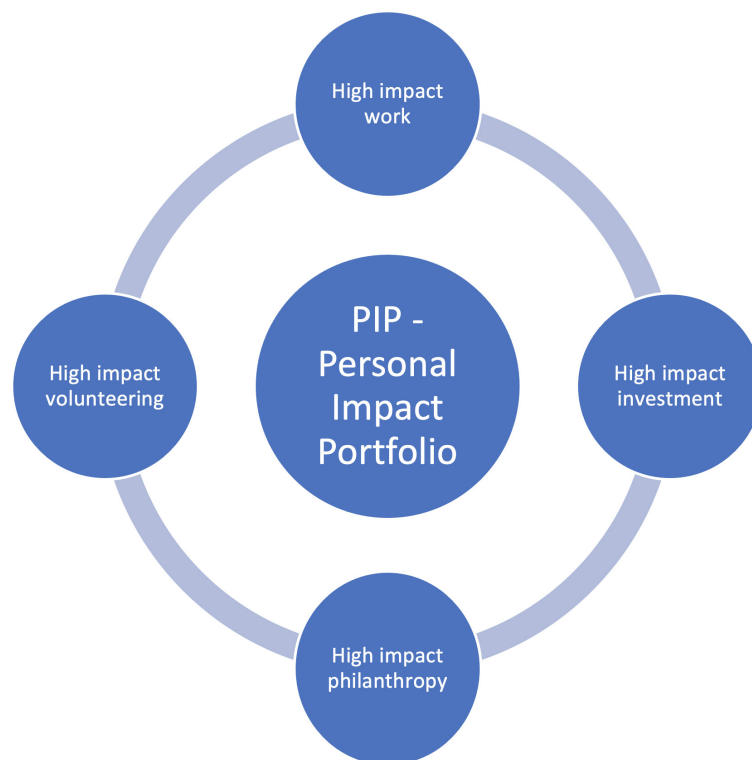
To get an idea of 'total investing' style, and help identify options, it would be good to think through the preferred balance between a 'head or heart' driven portfolio. In other words, is a very analytical approach preferred, allocating assets to the greatest need, based on evidence, with the objective of the highest social or environmental return? Or is the heart in the driving seat,

guiding the investor towards passionate support for special causal areas, which mean something important at a personal level. Most likely it will be a balance between the two. But finding that balance is an enlightening conversation.

ADAPTING OVER TIME FOR A LIFE OF POSITIVE IMPACT

At every stage of life, our asset availability and our preferences may change. That's why, as with traditional finance, regular PIP reviews with advisors would be helpful. For example:

The 'starters' may be time-rich but cash-poor, thus allocating a greater percentage of their portfolio to finding and doing a job with an organisation that aligns with their preferences above, and using volunteering time to create additional





impact, as well as making sure their smaller savings and pensions are impact-aligned.

The ‘strivers’ may be wealthier in financial terms, but be time-poor, with family responsibilities. They may be building up a savings or pension pot, which could be allocated to greater impact, so that for them, how they use their funds makes up a significant part of their portfolio.

The ‘seniors’ may be time-rich, cash-rich and network-rich, which provides a wonderful opportunity to consider all the elements and options across their asset pool. They could volunteer with charities aligned to their goals, use social loans, make impact investments in dynamic start-ups, ensure their asset managers use genuine ESG-driven funds, and use their networks to help others.

The basics of a changing PIP over time are summarised in this simple table.

ASSET AVAILABILITY	LOW	MEDIUM	HIGH
Philanthropic Capital	X		X
Financial Capital		X	
Hybrid Capital (SI, IL...)		X	X
Working Time	X		X
Voluntary Time		X	X
Network Influence	X	X	

The example above **in blue** illustrates someone in their 30s, a striver, with a good job and healthy savings, but with costly responsibilities, who can make a big difference by aligning working time, voluntary time and savings with their PIP principles and impact advice. Their biggest relative impact at this stage could be helping to drive a social enterprise in an area of passion, as well as offering free work-related services and some of their time to charities. They could make some focused impact investments, whilst securing good core returns from a responsible ESG fund.

In red, we have the example of someone older, a senior, perhaps in their 60s, with long career success, strong savings and fewer costs, who may not be in full-time work, but who can allocate more time to high-impact voluntary work and take more purpose-driven risks with their capital (impact investment in green innovation, using philanthropy at an early stage to de-risk high impact social projects, lending crucial funds to charities at zero interest etc). Their PIP would have quite different weightings to the above. And it could of course be the same person over time.



DAVID STEAD – NED/BOARD ADVISER, TRUSTEE AND CONSULTANT

David is a Board-level advisor for several purpose-driven organisations, contributing skills and insights developed over decades leading strategy, marketing and commercial development for major consulting, legal, banking, early-stage and charitable organisations.

As a forward-looking, creative advisor, he is passionate about helping organisations to succeed and increase their positive social and environmental impact.

David is a Non-Executive Director (NED) at The Biodiversity Consultancy, a leader in helping businesses to integrate nature into their strategy and decision-making.

He is Chair of the Creative Commerce Board for CATS Global Schools, bringing real-world insights and experience to the international student body.

David is also on the Advisory Boards of Maanch (Impact Management) and the University of Surrey Business School, and is a Board Trustee for The Royal Commonwealth Society and the IESE Foundation (a top 10 global business school).

Previously, David was Exec. Director of Philanthropy and Development at Charities Aid Foundation (CAF), CEO of TIKBW, a top firm of attorneys, and BD/ Commercial Director for various leading professional service and capital markets firms including KPMG, Accenture, UBS, RBS and Eversheds.

He has studied Sustainable Business at Harvard University, Social Finance at Oxford University, and has an MBA from IESE Business School, and a Finance degree from Cass Business School, London (now Bayes).

David writes for various journals including Impact Entrepreneur and Philanthropy Impact, and is a regular speaker and judge for awards.



"MY AIM IN THIS ARTICLE IS TO PROVOKE THOUGHT AND DEBATE IN TERMS OF WHAT THE FUTURE OF ADVICE FOR INDIVIDUALS AND FAMILIES COULD BE..."

The available asset allocations for each person would be translated into a range of high-impact options in each category, which make up the PIP. The financial and various non-financial returns on the PIP would be measured, tracked and reported.

CHALLENGES AND THE WAY FORWARD

There are many challenges of course. For example, the leadership and vision to take it forward, or even start the discussion. The breadth of expertise needed to advise on all the asset areas. Sourcing the right suppliers of opportunities, whether that be purpose-driven jobs, impact investments, volunteering or ESG funds. Creating a simple but robust framework and set of tools, which bring the PIP to life and make it practical. Getting the pricing right.

But given the many options now available in the market, when one knows where to look, the thirst for differentiation amongst advisors and wealth managers, the increasing number of platforms out there helping to match skills, donations, or impact investments to need, and the energy and resources now devoted to purpose-led change, I think these challenges can be overcome.

In short, a PIP encapsulates all the chosen ways an individual (or family) could enable social impact through their time, talent and wealth.

My aim in this article is to provoke thought and debate in terms of what the future of advice for individuals and families could be, as more people want to live a life of value but lack trusted, expert support in the areas required.

Equally, firms want deeper relationships, retention of clients through generational change, and to tap into a much broader seam of assets. Advisors and clients, along with society and the planet, would all benefit from simplifying the world of impact into well-researched impact options, which are personalised to the person, their life stage, and their available asset mix.

A FEW QUESTIONS FOR YOU TO CONSIDER

What would your own PIP look like, if you invested your full self in what you care about and where your own wealth of assets could make the biggest difference?

How does that compare to the use of your assets now?

Why not take a step forward in bridging that gap. ■

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We would like to say a special thank you to our members for their contribution to this magazine:

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Current average rating for
philanthropy advice:

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"WE PROVIDE GRANTS TO FOOD BANKS TO ENABLE THEM TO DIRECTLY DELIVER ADVICE OR PARTNER WITH LOCAL ORGANISATIONS TO EMPLOY SPECIALIST WELFARE BENEFITS ADVISERS."



INCOME MAXIMISATION: ENDING THE NEED FOR FOOD BANKS THROUGH INVESTMENT IN FINANCIAL INCLUSION

KRISTEN PYE - WWW.TRUSSELLTRUST.ORG

Our grants enable food banks to provide specialist advice on benefits and other income to those who need it the most – part of our strategy to end the need for people in the UK to use food banks at all

As the cost-of-living crisis worsens, we hear every day about the impossible decisions faced by people living on the lowest incomes who cannot afford the essentials we all need in life.

At the Trussell Trust, our network of more than 1,300 food-bank centres knows all too well what happens when a household's income doesn't go far enough to cover the essentials. In the financial year 2021-2022, Trussell Trust food banks distributed more than 2.1 million emergency food parcels to people in crisis. In the winter of 2022-2023, we are on track to hand out more food parcels than ever before.

Far from being the first port of call in a crisis, people forced to use food banks typically do so as a last resort, with nine in ten people who come to food banks having some sort of debt, and six in ten being in arrears on bills or owing money on loans.

Our [State of Hunger report](#) from 2021 showed that 95% of people referred to food banks in our network were destitute, meaning that their income was so low that they were unable to afford the essentials in life that we all need. These include items such as food, basic toiletries and clothing.

Worryingly, the cost-of-living crisis is pushing more people to the doors of food banks in our network than ever before. For instance, in August and September 2022, a time when food banks usually experience lower demand, food banks in our network provided 46% more emergency food parcels than the same period in 2021.

A food parcel is currently being given to someone in the UK every 13 seconds.

ENDING THE NEED FOR FOOD BANKS

When we focus on emergency food distribution, it can be easy to overlook the fact that hunger in the UK isn't about food – it's about not having enough money for the essentials. Nevertheless, many who need to use food banks still do not receive all the benefits they are entitled to, even though just a small increase in benefits or reduction in debt repayments can make all the difference to a household facing financial hardship.

The Trussell Trust may be best known for distributing emergency food parcels but, in recent years, our financial inclusion programme has grown to become a key pillar of our work and a critical part of our strategy to end the need for food banks in the UK.

We provide grants to food banks to enable them to directly deliver advice or partner with local organisations to employ specialist welfare benefits advisers. These benefits advisers can sit down with food-bank clients while their food parcel is being packed, review their situation to understand the issues they are facing and provide specialist, personalised advice and information to help people maximise their income.

And callers to our [Help through Hardship Helpline](#), run in partnership with Citizens Advice and Mind, can receive advice,



"AT THE TRUSSELL TRUST, WE HAVE SEEN COUNTLESS EXAMPLES OF WHERE ACCESS TO TIMELY, HIGH-QUALITY ADVICE HAS IMPROVED SOMEONE'S FINANCIAL OUTLOOK FOR THE LONG-TERM."

signposting to other specialist services (e.g. debt, housing, immigration), and a referral to a food bank, if needed. And where people's incomes can be increased by ensuring they are receiving all the benefits and any other income they are entitled to, it can prevent them from needing to use a food bank at all, or mean that a repeat visit is not necessary.

MAXIMISING INCOME

The reality is that many people facing hardship in the UK, who are forced to use food banks to get by, are unaware of all the benefits they are entitled to, or struggle to cope with the complexities of a system that is challenging to navigate and frequently changing. Digital exclusion adds to the problem, with many people living in poverty forced to choose between digital connectivity and other essentials.

As a result, at least £15 billion of budgeted benefits go unclaimed in the UK each year. In the latest available statistics, the scale of the problem is clear to see:

- 670,000 families missed out on £2.4 billion in child tax credits
- 950,000 families missed out on £2.5 billion in working tax credit
- 900,000 families missed out on £2.8 billion in housing credits
- 2.7 million families missed out on £2.6 billion in council tax support
- 510,000 families missed out on £0.8 billion in child benefit.

At the same time, the scale of the opportunity to create real change for people facing financial hardship is massive.

For instance, an income maximisation pilot delivered in partnership with Child Poverty Action in Tower Hamlets between 2013 and 2018, funded by the Pears Foundation and the Big Lottery Fund (now the National Lottery Community Fund), helped secure £4.2 million for 1,512 clients over five years. And a second pilot in Coventry identified £716,413 for 630 people in just over 18 months. If all food banks in our network implemented a similar financial inclusion service, we expect over £100 million would be generated each year for people living in poverty.



KRISTEN PYE - PHILANTHROPY MANAGER, THE TRUSSELL TRUST

Kristen is a Philanthropy Manager for the Trussell Trust. Together with her colleagues in the Trussell Trust's philanthropy team and wider public engagement directorate, Kristen works with major donors and the advisors who support them with their giving strategies to create impact through philanthropy and build a movement for change in support of ending the need for food banks in the UK.

Similarly, our Help through Hardship Helpline has, in just over two years since its launch, identified £44 million in financial gains for callers by connecting them to benefits they were entitled to but not claiming, as well as supporting people to manage, consolidate and write off debts. Breaking that down by the income gain per person, the average expected income gain for a caller with an identified gain is £3,500.

INVESTING IN FINANCIAL INCLUSION

As the cost-of-living crisis deepens, we know that many donors will want to know what they can do to provide direct support to people facing hardship but may at the same time be cautious of funding solutions that they perceive as short-term.

At the Trussell Trust, we have seen countless examples of where access to timely, high-quality advice has improved someone's financial outlook for the long-term. By focusing on maximising a household's income and reducing its burden of debt, in-person and phone advice and support can make a significant difference for people on the lowest incomes, preventing people from needing to visit or return to a food bank for emergency food.

At a time when the rising cost of living is forcing more people into poverty, investing in financial inclusion projects like these will not only see people through the current crisis but will go further, helping to lift people out of hardship and create lasting change in people's lives. ■



HEAD, HEART, WALLET: BRINGING TOGETHER THE FRAGMENTED NON-PROFIT SECTOR AS AN OPPORTUNITY FOR TODAY'S IMPACT INVESTORS: **A CASE STUDY**

THOMAS CONWAY - WWW.VALIDAID.ORG

Validaid suggests causes that donors will really care about, and provides full transparency about how each organisation is run – from where its money really goes, to the people and communities it helps

Buying a sports car, booking a trip around the world, engaging in a new, potentially dangerous hobby, or going vegan.

Approaching the age of 50, many people re-evaluate life, and make certain decisions of varying impact – and sense. A slightly less common example is starting a FinTech company.

After more than 30 years in business, several start-ups, and selling his most recent venture, Validaid Founder and CEO Thomas Conway decided to do just that. “I took some time out, drank whiskey, went to the gym, and spent time with my children ... then I started thinking ‘I’m soon going to be 50, what am I doing with my life, and how can I use what I’ve learned from years in business to help make a positive, sustainable contribution to society?’” he recalls. “I had some knowledge of the charity sector from friends and

family working within it, and I wanted to do something that really made a difference.”

A FRAGMENTED SECTOR

During several years of research, Thomas found that “there was a complete disjoint between organisations that are doing genuinely great work, and those who want to support them. Charities tend to be attached to communities but the companies and people that invest in and support them often aren’t directly affected by their work, so it’s harder to easily demonstrate the impact”.

“I felt that coming from the for-profit world, coupled with my love of technology, could bring a different perspective when trying to solve some of these problems,” he explains. For example, the ‘no money, not enough resource’ problem he kept hearing time

and again, in his experience, can be more of a symptom than a cause. He set about discovering why the sector was so disjointed and how technology could help.

He created Validaid, which now works across the UK, Ireland and the US, and helps financial services, community foundations and employers make an impact within the non-profit sector and their communities.

Validaid uses the ‘head, heart, wallet’ methodology to first understand the causes and communities a person cares most about. The system then makes it easier to choose where to put their money by suggesting vetted organisations with full transparency around where that money goes, including how the organisation is run and the people they will be helping. “Every person has a different reason for why they want to support a particular cause, so we also think it’s key to give

"IT'S CLEAR FROM SPEAKING TO THOMAS THAT HE DOESN'T SEE CHARITY, OR INDEED INVESTMENT, AS A SOLO EFFORT..."



them flexibility by allowing them support in a variety of ways including investing, lending, donating or volunteering."

As well as providing their services to individuals looking to make a difference, Validaid also works with donor-advised fund providers and community foundations. It looks like great timing for the platform – with employee retention a key focus for many businesses, 66% of employees feel it's important for their employers to be philanthropic. Validaid also powers payroll-giving for companies, which can be linked with their ESG goals.

The end-to-end solution can be fully integrated into the likes of CRMs, payroll and wealth-management platforms, and includes a plethora of exciting tools, including automated due diligence and risk analysis, impact reporting, collaborative funding and more.

COMING BACK TO PURPOSE

"We want to create a genuine true connection, real communities of people who care for similar causes," says Thomas.

"In large parts, the sector has been doing things a certain way for many decades, so our objective is to help them achieve the same things in a more efficient way," he explains. "With an abundance of data, machine learning algorithms and artificial intelligence, we can make significant strides in connecting people who care with the causes closest to their hearts. Transferring funding faster, in the most tax-efficient manner, and encouraging everyone to be more considerate around issues like the UN's Sustainable Development Goals, will allow us to make a true and lasting impact."

Currently on the horizon for Validaid – as well as aspiring to be a B-Corp – is

building as much adoption as possible. "To do this, we're focusing on blended finance – bringing together government, philanthropic and private capital – as there is a huge opportunity to help companies, financial institutions and individuals earn more money by putting capital to use through loans and investments, whilst making a positive impact on society. Unfortunately, only a few large charities have been able to avail of this range of finance in recent years, but with Validaid, financial institutions can reach the other 99%."

It's clear from speaking to Thomas that he doesn't see charity, or indeed investment, as a solo effort, emphasising again the need for blended finance. "It has the best chance of succeeding in achieving the SDGs when deployed properly and strategically through a platform such as Validaid."

So having started Validaid with the idea of making a difference in an oft-neglected sector, how does he feel at this part of the journey – and does he ever regret not just buying that sports car instead? "Absolutely not! I'm proud to be part of a forward-thinking company that makes all employees shareholders, still makes a profit, and uses part of that profit to support good causes, living the people-profit-planet mantra that all organisations should aspire to."

In summary, the goal of Validaid is quite simple – to make it easy for anyone to make an impact, by getting money and support to the places that need it in the quickest, easiest way possible. The platform gives financial service providers and their clients a way to access and support organisations in the non-profit sector with increased transparency, and a reduction in the risk and complexity that has traditionally plagued the process. "Charity needs to be seen as more than just a begging bowl," says Thomas. "There is a lot of money



THOMAS CONWAY

Thomas has over 30 years of experience in business, leading the Sperrin Group from a start-up to a premium brand company, whose products gained awards and recognition throughout Europe and the United States of America.

Thomas attributes his success to being persistent, knowing when to listen, learning from his mistakes, and having the best people believe in and support his mission.

In 2002, Thomas sold the company to one of its US distributors, and they are still sold across America through a wide range of trophy and engraving stores. After years of travelling around the globe, Thomas took some time out to spend with his family.

For the last six years, he has researched ways to utilise the advancing digital landscape. Having looked at the financial sector, which has a scoring system at the heart of it, Thomas believed that a similar standard could be brought into the third sector to allow organisations to build trust and transparency, and to demonstrate the impact that donations from the public, government, philanthropists and investors have in delivering their mission.

that flows through the sector, and just because an organisation is not for profit doesn't mean it can't provide a return on investment for those who support its projects." ■

Extracts of this article were initially published in Fintech Alliance Magazine – <http://bit.ly/3XX85r7>



A WHALE-SIZED SOLUTION TO A PLANET-SIZED PROBLEM

ED GOODALL - UK.WHALES.ORG

We must understand and urgently break down the existing barriers to investing in ocean research – our future depends on it

The ‘[A Drop in the Ocean](#)’ report, published by Deloitte, shows how the ocean has received less than 1% of all philanthropic funding since 2009, and is the least funded of all the UN Sustainable Development Goals. There is a \$150 billion ocean conservation financing gap. The US government spends 100 times more on space research than ocean research. We desperately need to unlock and redirect funding that ensures we turn the tide on the ocean crisis. We need to better understand the barriers to investment, and quickly.

GETTING OUT OF FIRST GEAR

Being upright apes that are optimised for spotting brightly coloured fruit in forests, amongst other land-based things, the ocean is still quite an alien place to many of us. Its vastness isn’t quite fathomable, it extends so far away from and beneath us compared with what we deal with on a daily basis, and so it remains somewhat ‘over there’. Without it, we simply wouldn’t – or wouldn’t continue to – exist. It has given us a habitable atmosphere, it provides food for billions, it’s how we transport the majority of our goods, it absorbs 30% of our grossly excessive carbon emissions, not to mention provides those of us who spend time on or near it with invaluable joy and wellbeing.

Considering the inherent logic of reversing ocean decline, progress has been far slower than the retreat of polar sea ice. This is largely due to the ocean being a place we feel separated from, which many of us don’t experience often (if ever). Those of us in the luxurious position of being able to think beyond our everyday survival, deal with issues that are more visible, such as the obvious desecration of terrestrial habitats. It is also due to the extensive array of solutions and therefore interventions it requires – where do we even begin to tackle something that covers nearly three quarters of the planet?

“CONSIDERING THE INHERENT LOGIC OF REVERSING OCEAN DECLINE, PROGRESS HAS BEEN FAR SLOWER THAN THE RETREAT OF POLAR SEA ICE.”

CLIMATE GIANTS

Scientists are building an ever-rich picture of how whales and dolphins act as ecosystem engineers, promoting a healthy ocean and locking away carbon through the way they live, feed, migrate and even die.

A single blue whale can store within itself the equivalent of approximately 825 trees worth of carbon – a whole swimming woodland.

- Whales feed on immense amounts of prey at depth, then return to the surface to breathe and, in the process, transport vital limiting nutrients to the sunlit upper ocean layers.
- Their gigantic ‘faecal plumes’ (as they are referred to by scientific wordsmiths) bring iron, nitrogen and phosphorous to the surface, where they are taken up by phytoplankton – suspended microscopic plants. These planet-changing biological engineers fix CO₂ into their cells and act as the base of the entire oceanic food web.
- These massive migrating megafauna transport ocean fertilisers from nutrient-rich polar regions around the world,



keeping tropical coral reef and lagoon systems bustling with biodiversity.

- Even when they die they help us, by sinking to the deep sea, where they sequester the carbon stored in their bodies for thousands of years. At the same time, they deliver immense amounts of food to incredible sea-floor ecosystems that we are only beginning to understand.
- More whales means more CO₂ fixation, storage and sequestration, more biodiversity and a more resilient ocean system, which in turn means a more resilient climate.

REVERSING THE HARM BY UNLEASHING THE POWER OF TECHNOLOGY

We have lost so many of our ocean allies during our war on the whales. The insatiable plundering by commercial whalers depleted some populations by up to 99%. Despite the moratorium on commercial whaling, they still face innumerable threats today, from excruciating and deadly entanglement in fishing gear and ship strike, to ear-drum-exploding ocean noise and insidious chemical pollution. They are slow to breed and recover, and human activity is slowing that process, but they are an essential piece of the puzzle in tackling the climate and biodiversity crises.

As the malefactors in their downfall, it is our responsibility alone to create the conditions for their revival, which in turn benefits all of life on Earth, including us. This new knowledge can take whale conservation to another level, taking them from ‘nice to have’ to ‘essential to restore’. The first challenge is to convince policymakers and generate broader support – and we can only achieve this by expanding the evidence base to be able to quantify and value their ‘ecosystem services’. We need to gather data and present it in the right fora as quickly as we can, to ensure the protections they’ve always needed are implemented as soon as possible.

As with climate challenges that are visibly before us, such as the push to achieve (and then get beyond) net zero, we have the solutions. We know the types of fishing gear we need to transition to, we know how to adapt shipping routes, we know how to clean up ocean plastics. There is even ground-breaking

“AS THE MALEFACTORS IN THEIR DOWNFALL, IT IS OUR RESPONSIBILITY ALONE TO CREATE THE CONDITIONS FOR THEIR REVIVAL, WHICH IN TURN BENEFITS ALL OF LIFE ON EARTH, INCLUDING US.”



ED GOODALL – GREEN WHALE MANAGER

Ed leads WDC’s work on cetacean ecosystem functioning, taking ground-breaking science through to meaningful policy change. Ed joined WDC in 2021 to drive forward and co-ordinate this new area of work. Previously, he was a Project Manager at the Woodland Trust, and has a track record in securing and delivering large, landscape-scale conservation partnership projects. Ed graduated from the University of East Anglia with a BSc (Hons) in Environmental Science.

new space technology and AI to monitor whale populations and movements using satellite data. Fusing this new tech with existing monitoring will bring whale conservation into the 21st century – it is truly revolutionary. In 2022, we still don’t have a clear global idea of the metrics around many whale populations – how many of them there are, where they are moving to and what is impacting them. Some species we know of only from individuals washed up on shore. Getting robust data on numbers and movements is the first major operational step to rolling back the damage we have done but the excitement across marine conservationists for what can be done with space and AI technology is palpable. The solutions we have are currently delivered only in a piecemeal fashion and need to be rolled out around the globe like our lives depend on whales – because they do.

SAVE THE WHALE, SAVE THE WORLD

Whales, and their extended family of dolphins and porpoises, have the ability to connect us to that other 71% of the planet. They bring the ocean to life with their songs, we can see ourselves in them in the way they structure their societies and even how they have evolved their own complex cultures. The conservation actions required to protect them, not only saves them, but huge swathes of the ocean alongside. We can’t fix the existential issues derived from the climate and biodiversity crises without fixing the ocean – and we sure as anything can’t save the ocean without saving the whales. ■

"ASSESSMENTS SHOW MORE THAN 80% OF CLIENTS ARE DEPRESSION-FREE AFTER THERAPY, AND THESE RESULTS ARE UPHOLD FOR SIX MONTHS."



THE ROLE PHILANTHROPY CAN PLAY IN IMPACTING MENTAL HEALTH

HOLLY ELLIOTT - WWW.STRONGMINDS.ORG

Philanthropists are uniquely positioned to change the global mental health landscape, with the potential to reverse decades of neglect in this vastly under-resourced area

Mental health holds substantial value in all people's lives. It influences everything from our thoughts and behaviours to our physical health and ability to handle complex emotions. When our mental health is good, we experience a better quality of life and can reach our highest potential. But when our mental health is poor, almost every area of our life is negatively affected. These statements are especially true for those living in low- and middle-income countries (LMICs), where more than 80% of all individuals with mental health disorders reside.

COMMON PROBLEMS LMICS FACE

Estimates suggest that one in eight people has a mental health disorder globally, with depression leading as a significant cause of disability. Of these statistics, up to 85% of individuals in LMICs receive no access to effective mental health treatment, and there is typically fewer than one mental health worker per 100,000 people. In sub-Saharan Africa, cycles of poverty and extensive public health gaps exacerbate mental health conditions even more, and hold people back from achieving greater well-being.

Spending on mental health in LMIC regions is lacking as well. Governments devote just 1-2% of their health budgets to handling mental health conditions, and despite increases in recent years, the global development assistance for mental health has never exceeded 1%. Mental health remains an under-served, under-prioritised and underfunded area.

IPT-G: A HIGH-IMPACT APPROACH

Highly effective and cost-efficient solutions do exist. StrongMinds is one organisation scaling high-quality depression treatment to low-income women and adolescents in sub-Saharan Africa. By training lay community health workers to deliver group interpersonal psychotherapy (IPT-G), facilitators with lived experience assist patients in solving relational crises to relieve symptoms of depression. Assessments show more than 80% of clients are depression-free after therapy, and these results are upheld for six months.

IPT-G is well studied in LMICs and recommended by the World Health Organisation (WHO) as a first-line depression intervention in resource-poor settings. It currently costs \$105 to treat one woman with depression through



HOLLY ELLIOTT

Holly serves as the StrongMinds Media and Engagement Manager, providing the team with her 10+ years of media relations and communications experience. Holly has previously worked in public relations at Savannah College of Art & Design (SCAD), and most recently managed the marketing and communications strategy for six museums in Savannah, Georgia. She has a BA from Flagler College in Public Relations/Communications.



“EVERY DAY, PEOPLE FACE EXTENSIVE STIGMA AND DISCRIMINATION ACROSS SETTINGS BECAUSE OF MENTAL HEALTH CONDITIONS. NEGATIVE STEREOTYPING LEADS TO HESITANCY TO SEEK TREATMENT AND COUNTLESS HUMAN-RIGHTS VIOLATIONS, AMONG OTHER INSTANCES OF ABUSE.”

this initiative, and therapy is offered free of charge to clients, making it widely attainable for those living on less than \$1.90 per day.

Findings from a recent [Happier Lives Institute \(HLI\)](#) analysis further validate this model, concluding that treating depression is nine times more cost-effective than donations in the form of direct cash transfers at improving the quality of life for individuals in low-income settings.

For African women – [who are affected at 1.5 times the rate of men](#) – depression creates profound hardship in communities reliant on each person fulfilling her role. Yet, when a woman is no longer depressed, she and her family prosper. StrongMinds estimates that for every woman treated for depression, up to four members of her family benefit. Clients also report increased work attendance, food security, children’s school performance, and social connection.

PHILANTHROPY’S ROLE IN EXPANDING SERVICES

Strengthening community-based and culturally appropriate mental health programmes are vital to improving widespread access to low-cost, person-centred mental health coverage. However, even with the best solutions, LMICs require sufficient financing to meet population needs. Adequate

funding typically involves reallocating resources within existing budgets, or policymakers devoting more assets to the cause. Adjustments like these aren’t always feasible when it comes to budgetary pressures. Philanthropists are uniquely positioned to fund these areas that LMICs may find challenging to support.

Presently, mental health disorders receive the [lowest philanthropic development assistance](#) across all health conditions for LMICs. If we raise awareness about the benefits of investing in emotional, psychological, and social wellbeing, donors can serve as a powerful group of trailblazers who can alter the global mental health landscape. Individual funders have the advantage when compared to many institutions, as they can act faster and reverse decades of neglect.

REDUCED STIGMA AND BETTER CARE

Every day, people face extensive stigma and discrimination across settings because of mental health conditions. Negative stereotyping leads to hesitancy to seek treatment and countless [human-rights violations](#), among other instances of abuse. Evidence suggests investing in anti-stigma interventions can [shift these public attitudes](#) considerably. Reshaping environments can protect people’s fundamental rights to ethical treatment and services.

StrongMinds’ programme emulates this by inviting women with lived experience to lead IPT-G sessions within their own communities. Because these individuals have recovered from depression, they serve as powerful catalysts for change in their surroundings, transforming public opinions and showcasing innovative ways of providing quality care.

ENHANCED PUBLIC HEALTH OUTCOMES

Research from the [Overseas Development Institute \(ODI\)](#) also shows that yearly investments of just a few dollars per person in mental health services reduce the disease burden in LMICs dramatically. As little as \$2 per person per annum (pppa) spent on a mental health care package produces about 13,000 healthy years of life gained for every million population annually.

There are bidirectional connections between good mental and improved physical health as well. Investigations into links reveal women living with HIV/AIDS experience [higher rates of depression](#) than others. But treating depression in these individuals can improve their commitment to anti-retroviral therapy (ART), and clinical results. StrongMinds has witnessed this first-hand with women self-reporting discontinued use of HIV antivirals due to depression and restarting ART following the conclusion of community-based therapy.



A COMPELLING ECONOMIC CASE

Mental health investments not only reduce years lived with disability (YLDs) and deliver widespread physical health benefits but also hold substantial economic advantages. According to WHO, investing in mental health provides a restored capacity to work, as reflected in massive productivity gains and reduced welfare-support payments. More specifically, for every US\$1 invested in scaled-up treatment for mental disorders, there is a return of US\$4 in improved health and productivity.

“FEWER HUMAN RIGHTS CASES OF ABUSE AND DISCRIMINATION OCCUR WHEN MENTAL HEALTH FUNDING IS PRIORITISED.”

The same study determined considerable global returns on investment for scaled-up depression and anxiety treatment with a benefit-to-cost ratio of five to one. StrongMinds findings support this, showing that when a woman recovers from depression, she becomes more economically productive. For example, she misses fewer workdays, can focus more, has improved job performance, and has stronger community ties that enable her to grow her income.

BACKING THE FUTURE OF MENTAL HEALTH

Investing in mental health ensures a better world for all, especially those residing in LMICs. Fewer human rights cases of abuse and discrimination occur when mental health funding is prioritised. Similarly, elevated commitments to meet people’s needs convert into less human suffering and enhanced general health. Economies prosper when more individuals can make meaningful contributions to society, and external funders feel good knowing they give to something that achieves a more sustainable world. Everyone deserves a reality where access to quality mental health care is valued. The combined efforts of philanthropists and key stakeholders can help us make the changes needed to help restore mental health across the continent, and create stronger economies as well as thriving communities. ■



TRAINING COURSE

This course has been developed specifically for high value major donor fundraisers and senior leaders who manage fundraising functions

TRANSFORM YOUR FUNDRAISING: Bridging the gap between the fundraising and professional advice communities

Our research reveals that ultra high net worth individuals give 17 times more when supported by their professional advisors on their donor journey.

And yet a gap exists between the fundraising and professional advice communities, with both parties suffering from a lack of information and knowledge about how the other operates.

Our highly interactive training session is designed to give you the knowledge and skills to strengthen your relationships with professional advisors, such as wealth managers, financial advisors, tax advisors and lawyers. In turn, this will help them take their clients on rewarding donor journeys.

KEY LEARNING OUTCOMES

By attending this workshop, you will:

- *Learn* how professional advisors work – understand their values, goals and motivations
- *Discover* how to make the fundraising sector more innovative and collaborative
- *Understand* the types of advice and services needed on a philanthropic journey

WHY ATTEND THIS COURSE?

- Open the door to new *commercial opportunities*
- Improve your *fundraising* results, we add value to existing processes
- Learn how working with professional advisors can *transform* fundraising by changing the traditional view of donors and how you can *collaborate* to support them
- Find out what philanthropists are looking for when working with advisors
- *Enhance your communications* by understanding the language of business cases
- Receive *exclusive insights* from guest speakers about current industry dynamics and best practice
- Receive self-certified *CPD points*
- Receive an *extensive* handbook



Example of donations from UHNWI without professional advice:

£19,000

Example of donations from UHNWI with professional advice:

£335,000

BOOK NOW TO TRANSFORM YOUR FUNDRAISING AND STRENGTHEN RELATIONSHIPS WITH PROFESSIONAL ADVISORS

To learn about all our self-certified CPD training and bespoke in-house offerings contact:
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DISCOUNTS AVAILABLE FOR PHILANTHROPY IMPACT MEMBERS AND MEMBERS OF THE CIOF

LEARN WITH PHILANTHROPY IMPACT

Philanthropy Impact is a UK charity, focused on inspiring philanthropy and impact investing.

Our mission: To increase the flow of capital for good by enabling private clients and their families to match their purpose driven wealth strategies with their values, capturing their sustainable, social and impact investment and philanthropy preferences across the spectrum of capital.

