

Learning to give: lessons for advisers and would-be philanthropists

Catherine Tillotson (www.scorpiopartnership.com)

In 2015, the private wealth of high-net-worth individuals in the UK reached a total of £1.5 trillion, yes, that's trillion. Yet, in the same year our best estimate for how much wealthy people in the UK gave to good causes is £1.3 billion: that's just 0.1%.

It is not that the British are ungenerous. The Charities Aid Foundation (CAF)'s World Giving Index ranks the UK in sixth place globally for charitable giving, volunteering and helping others.

Moreover, research conducted among 500 of the UK's wealthy population for Philanthropy Impact last year shows that 95% give regularly, occasionally or in response to an appeal and the other 5% volunteer for good causes.

This empirical evidence seems strongly to suggest that the UK is a philanthropic nation. So why is it that the UK's wealthiest individuals seem to give so little in the context of their total wealth?

There are many complex answers to this question that consider the social, cultural, political, fiscal and economic context for wealth in the UK.

Or there is perhaps a simpler answer, which is this: as a nation, we have yet learned how to give effectively.

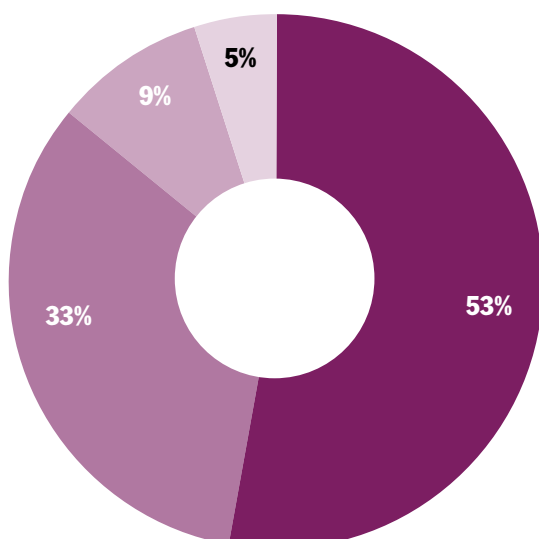
It is a controversial idea, but if we look at the different approaches to giving among the UK's wealthy, one-third describe themselves as occasional givers. A further 9% say that they only give in response to appeals. Taken together, that is a sizeable chunk of the UK's wealthy population who are re-actively philanthropic (*Figure 1*).

A more telling data point shows that while only 12% of the UK's wealthy population currently take any philanthropy advice, their giving accounts for £770 million of the total £1.3 billion: that's 58%.



Catherine Tillotson

Figure 1: HNW giving styles in the UK



Which of the following statements best describes your charitable activity? (N=502), 2015

- I regularly give to causes of my choosing
- I occasionally give to causes of my choosing
- I give when asked or in response to appeals
- I generally support good causes in ways other than giving

These results show that almost all wealthy UK individuals want to give and like to give, but only a minority considers how to give most effectively. These individuals, who plan their giving, tend to give more and get more personal satisfaction out of their giving as a result.

These results show that almost all wealthy UK individuals want to give and like to give, but only a minority considers how to give most effectively. These individuals, who plan their giving, tend to give more and get more personal satisfaction out of their giving as a result.

Not knowing how to give is not entirely the fault of the UK's wealthy, however. In the same research we mapped 380 of the UK's 16,000 professional advisory firms and found that only 1 in 5 currently offers any kind of philanthropy advice and the advice that is available is patchy, to say the least (*Figure 2*).

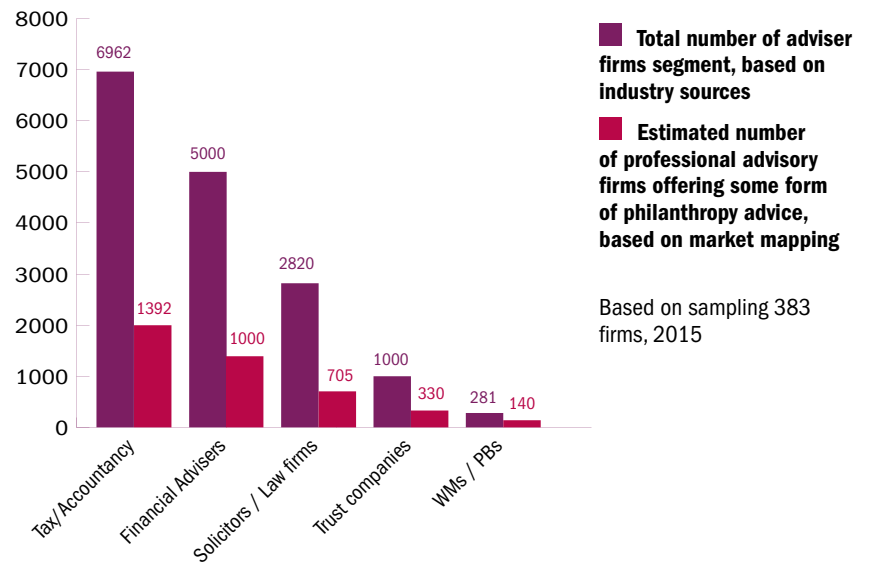
Let's say your average wealthy individual walks into your average UK accounting firm and asks for philanthropy advice. The accounting firm may have an individual accountant who works with charities and donors. That accountant will almost certainly have good knowledge when it comes to tax planning for onshore giving. They may know something about cross-border giving. They will also probably be able to help the donor with tax reporting and financial monitoring over time.

However, it is highly unlikely that this accountant will want to get too involved with selecting causes, or discussing social impact investment. It is equally unlikely that they will get involved in monitoring the social impact of the donor's giving, or consider how to adjust donors' giving strategy tactically to make sure they are achieving their philanthropic goals.

A similar pattern is repeated among law firms, trust companies and IFA firms. Across the board, professional advisory firms may or may not have an adviser who understands philanthropic giving, and if they do, that individual will almost certainly approach the subject from the perspective of his or her own professional discipline (*Figure 3*).

Delivering holistic philanthropy advice is a complex business precisely because it requires interdisciplinary skills. Even the most sophisticated professional firms tackle only parts of the advisory process which stretches right across philanthropic planning, implementing,

Figure 2: Number of UK professional services firms offering philanthropy advice (estimate)



monitoring and review. Where these firms don't have in-house expertise, they have a process to identify and work with other advisers and experts to meet their clients' advice needs fully.

So, while 1 in 5 professional advisory firms may offer philanthropy advice, unless there is a strategic commitment within the firm to deliver holistic philanthropy advice, the reality is that the advice will be limited.

This leaves the client in the situation of the blind man touching the proverbial elephant: they may think they are receiving philanthropy advice, but their experience is only one small part of a far more interesting whole.

Indeed, the results of the Philanthropy Impact research among high-net-worth clients and professional advisory firms in the UK suggest strongly that one of the reasons that the UK's wealthy population hasn't fully learned how to give is because advisers are not yet joining up the expertise needed to help would-be donors give more effectively.

On average the UK's wealthy population gives a score of just 5.9 out of 10 for the philanthropy advice experience they receive from their professional advisers. Yet, it is relatively straightforward – in theory at least – for professional advisers to develop the knowledge and networks to support their clients across the whole philanthropy advice process. After all, giving

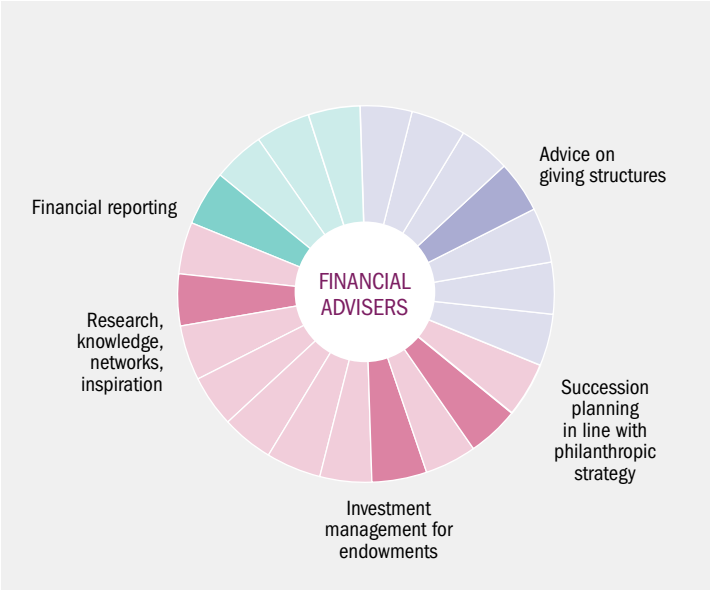
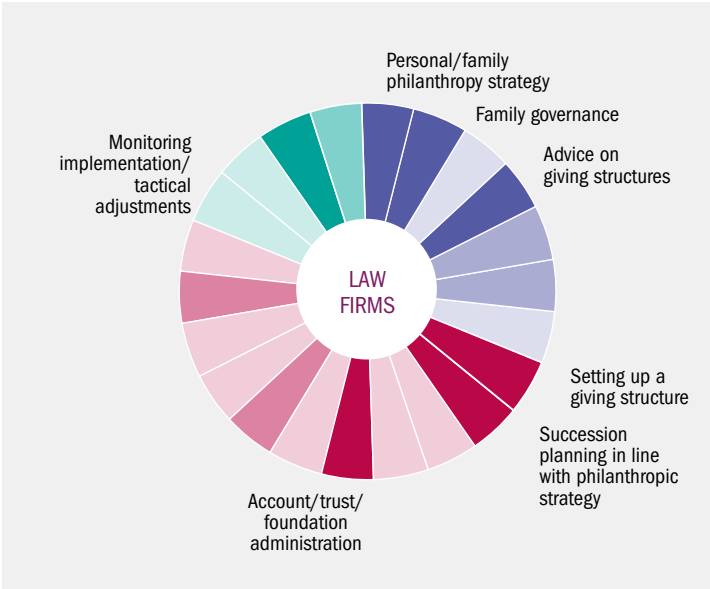
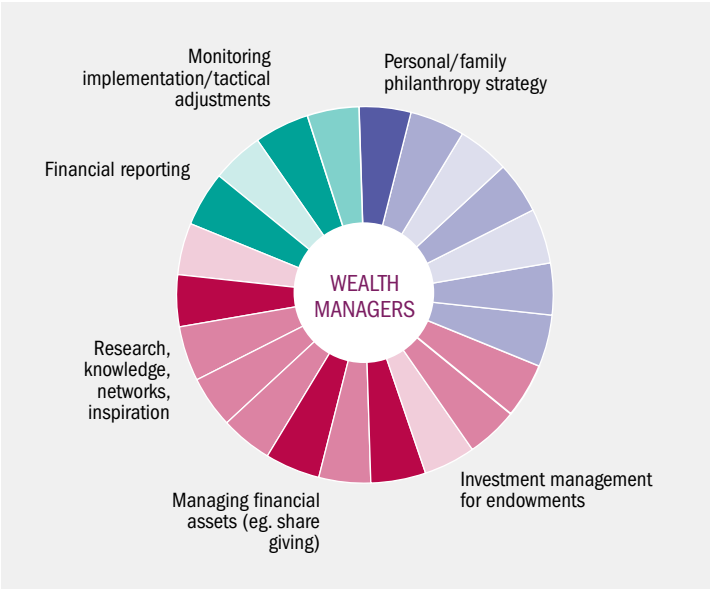
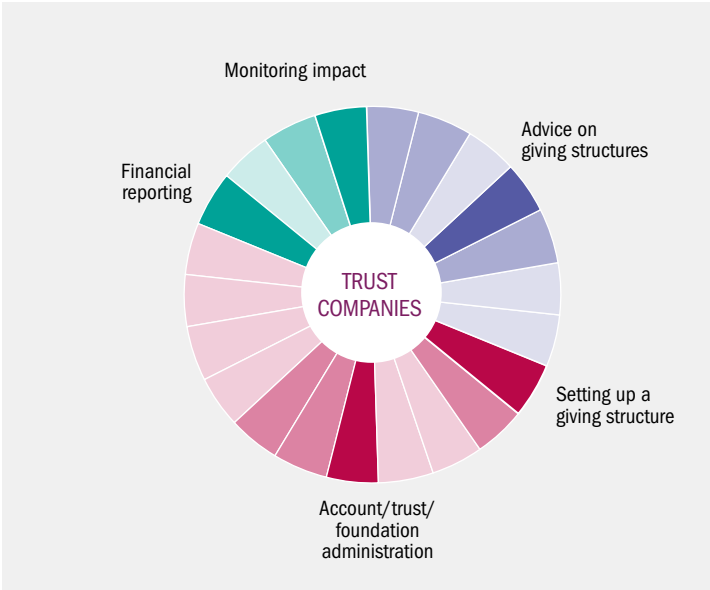


Figure 3: Range of philanthropy advice typically provided by different professional services firms

Provision of philanthropy advice mapped across 22 advice areas. Assessment is qualitative. Areas of particular strength or focus have been called out.

- **Planning advice**
- **Implementation advice**
- **Monitoring advice**



philanthropy advice is no different from any other area of financial or estate planning. It starts with planning, moves through implementation and on to monitoring and review, bringing in the experts in each phase as required (Figure 4).

It goes without saying that Philanthropy Impact’s efforts to share knowledge and make the connections among advisers and charities to support this process are making a difference. We estimate that the 3,000 advisers who had contact with Philanthropy Impact last year have an influence on around 37% of all the advised high-net-worth donations in the UK. However, there are many more advisers across the UK and Europe still to reach.

So, what are the lessons from the research for would-be philanthropists and advisers?

Well, for philanthropists the most important lesson is that philanthropy advice can be holistic, helping you to get the most out of your giving.

For example, a philanthropy adviser can help you to work out what social issues matter most to you and your family. They can guide you to learn more and meet like-minded individuals and organisations to deepen your knowledge and understanding of how your resources can make a difference. A philanthropy adviser can also help you to keep track of your giving to make sure you are achieving the goals you originally set out.

For professional advisers, the critical lesson from the research is that fully serving the needs and goals of wealthy clients may well include approaching their philanthropy interests as holistically as you would any other area of their wealth management. True, you may not be able to advise directly on the wide range of issues raised, but there are resources available and other experts who can help you to set your clients on their journey: learning how to give.

Figure 4: Philanthropy advice services and process

Step 1 Planning



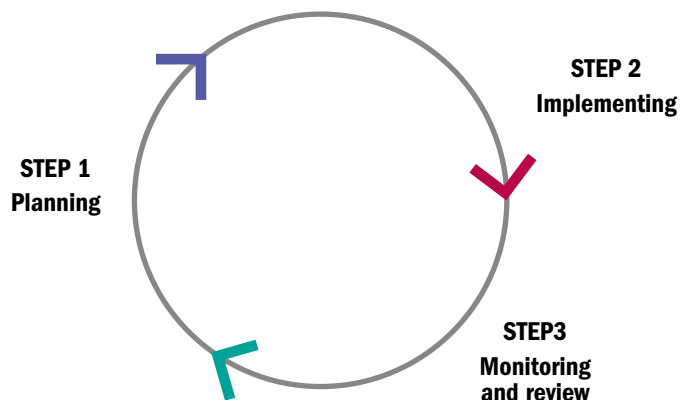
Step 2 Implementation



Step 3 Monitoring and review



Figure 5: Philanthropy Advice Process



Source: Philanthropy Impact

Catherine Tillotson is Managing Partner of The Scorpio Partnership. Cath oversees the high-net-worth (HNW) and strategic research capabilities of Scorpio Partnership and has overseen many of the firm’s global research assignments on: client engagement and client experience; brand identity and the value proposition; asset allocation and the investment process; regulatory change in the onshore and offshore environment; and the role of technology to support client needs. In the field of philanthropy, Cath heads up the global research work Scorpio has undertaken among major donors, family givers and family foundations. She has worked with a number of international private foundations on their future operational strategies as well with private banks, umbrella foundations and fundraising organisations to develop their private client and major donor propositions. Cath also sits on the advisory board of the family office association.