

U.S. TRUST

THE U.S. TRUST STUDY OF **THE PHILANTHROPIC CONVERSATION:**

Understanding Advisor Approaches & Client Expectations

Conducted in partnership with The Philanthropic Initiative

OCTOBER 2013

U.S. TRUST 
Bank of America Private Wealth Management



Disclosures

Institutional Investments & Philanthropic Solutions (Philanthropic Solutions) is part of U.S. Trust, Bank of America Private Wealth Management (U.S. Trust). U.S. Trust operates through Bank of America, N.A. and other subsidiaries of Bank of America Corporation (BofA Corp.). Bank of America, N.A., Member FDIC. Trust and fiduciary services and other banking products are provided by wholly owned banking affiliates of BofA Corp., including Bank of America, N.A.

Brokerage services may be performed by wholly owned brokerage affiliates of BofA Corp., including Merrill Lynch, Pierce, Fenner & Smith Incorporated (MLPF&S).

Certain U.S. Trust associates are registered representatives with MLPF&S and may assist you with investment products and services provided through MLPF&S and other nonbank investment affiliates. MLPF&S is a registered broker-dealer and Member SIPC, and other subsidiaries of Bank of America Corporation (BofA Corp.).

Investment products:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
-----------------------------	--------------------------------	-----------------------

Bank of America, N.A. and MLPF&S make available investment products sponsored, managed, distributed or provided by companies that are affiliates of BofA Corp.

©2017 Bank of America Corporation. All rights reserved. | ARBQVGNH | 470864PM | 01/2017

U.S. Trust

U.S. Trust is dedicated to philanthropic and nonprofit communities. Through our U.S. Trust Institutional Investments & Philanthropic Solutions group, we put our strengths and resources behind every mission – be it a nonprofit organization or a philanthropic individual or family. We provide specialized advisory, administrative and investment solutions to both nonprofit organizations and private philanthropic clients that help transform their charitable goals into meaningful action. We tailor mission focused solutions and offer ongoing advice and guidance through a close-working relationship with a dedicated advisor, helping organizations and individuals turn missions into milestones.

Project Team:

Claire Costello, National Practice Executive, Philanthropic Solutions, U.S. Trust, Bank of America Private Wealth Management

Matthew Card, Senior Media Relations Specialist, Bank of America

Keri O'Brien, Marketing Manager, Bank of America

Brian Shaw, Information Manager, Merrill Lynch Market Research, Bank of America

Chamie Deters, Strategic Market Executive, Bank of America

The Philanthropic Initiative (TPI)

The Philanthropic Initiative (TPI) is an innovative philanthropic consulting firm that helps corporations, foundations and families develop and execute customized strategies to increase the impact of their giving. Working nationally and globally, TPI helps donors achieve philanthropy that is more strategic, effective and fulfilling and helps professional advisors build the capacity to do the same with their own clients. Across 25 years, TPI has directed more than a billion in philanthropic dollars and influenced billions more.

Project Team:

Jim Coutre, Partner

Jamie Jaffee, Managing Partner

Steven Johnson, Senior Fellow

Katherine Linder, Philanthropic Advisor

Ellen Remmer, Senior Partner

Phoenix Marketing International (Phoenix)

Phoenix is a top-30 Honomichl research company and partner to many of the largest companies in the Financial Services, Automotive, Affluent/Wealth, Media, Healthcare, Multicultural, Technology, and Travel and Leisure markets worldwide. They combine primary and syndicated marketing research expertise with database analytics and advanced modeling to support their clients' strategic decision making, as well as research, completed on behalf of their clients, that is provided to industry organizations

Project Team:

Neal Chambliss, President - Custom Financial Services

Mimi Potter, Senior Vice President

Table of contents

I.	Background and Objectives	5
II.	Methodology	8
III.	Executive Summary	11
IV.	Discussions of Charitable Giving and Philanthropy	16
V.	Benefits of Philanthropic Discussions	31
VI.	Knowledge About Philanthropy and Referrals	41
VII.	Why HNW Consumers Give / Hesitate to Give	48
VIII.	Advisor Profiles	53
IX.	HNW Consumer Profiles	57

U.S. TRUST

BACKGROUND AND OBJECTIVES

Background

In August 2013, US Trust, in partnership with The Philanthropic Initiative, Inc. (TPI), conducted a research project with Phoenix Marketing International (Phoenix), an independent market research firm. About 13 years ago, TPI undertook the largest research initiative at that time that was directed toward how professional advisors were talking to their clients about philanthropy. The purpose of this study is to revisit the key points uncovered in the earlier study and to expand upon topics of particular interest today from two vantage points: external professional advisors to high net worth (HNW) clients and HNW consumers who are active in philanthropy.

The overall themes of this research project are:

- To broadly determine the level of advisor interest in actively promoting philanthropy, as well as understand how advisors are talking to their HNW clients about philanthropy, and
- To compare and contrast advisor perceptions and behaviors to the perspective of HNW consumers.

This current study provides valuable information for professional advisors, donors, nonprofit professionals and others interested in philanthropy/the non-profit sector about the role of professional advice in philanthropy. The comprehensive data presented and analyzed was gathered from two surveys. The first focused on a broad, random national sample of financial/wealth advisors (not company/firm specific), attorneys, and tax/accountants who advise HNW clients. The second survey was among HNW consumers with \$3 million or more in investable assets and who are actively engaged in charitable giving or philanthropy. A total of 312 professional advisors and 119 HNW consumers met the respective criteria and completed the surveys.

Objectives

Specific objectives include understanding:

- Professional advisor approaches to discussing philanthropic planning with HNW clients; and
 - Synergies with HNW consumer perceptions of advisors' timing and approach
- Advisors' primary focus of philanthropic conversations with clients; and
 - HNW consumer objectives for and expectations of discussions with advisor
- Advisors' perceived opportunities for and barriers to having philanthropic conversations with clients, including perceptions of client motivations and hesitations to give; and
 - HNW consumer reasons they say they are charitably active and reasons they may hesitate to give
- Impact of philanthropic discussions on advisors' business development and client relationships; and
 - Relationship between consumer assessment of their advisors' proficiency in philanthropic advising and advisor selection
- Advisors' knowledge of and competencies with structured giving vehicles (e.g., charitable trusts, private foundations, donor advised funds); and
 - Relationship between the rendering of philanthropic advice and the incidence of client structured giving
- Advisors' desire for additional education and other assistance to increase philanthropic knowledge and more effectively counsel their clients on charitable giving

U.S. TRUST

METHODOLOGY

Methodology

The Questionnaires

To meet the objectives of the project, in July/August 2013 a comprehensive quantitative online survey was conducted among a broad, random sample of 312 professional advisors (not company/firm specific) who advise HNW clients. A total of 42 questions were asked on a variety of topics including philanthropic discussions with HNW clients, the impact of philanthropic advising on business development and advisors' own personal charitable giving.

Simultaneously, an online survey was conducted among 119 HNW consumers who are actively engaged in charitable giving or philanthropy. A total of 47 questions were asked on a variety of topics including patterns of giving, philanthropic discussions with professional advisors, and knowledge and use of giving vehicles.

The Sample Composition

Advisor respondents were initially screened to ensure that they fall into one of the desired advisor categories (financial/wealth advisor, trust/estate attorney, tax/accountant) and that they advise HNW clients (those with \$3 million or more in investable assets). HNW consumer respondents were initially screened to ensure that they have \$3 million or more in investable assets and are actively engaged in charitable giving or philanthropy, which could include financial donations or volunteering.

External Advisors				HNW Consumers
Total	Wealth Advisors	Trust/ Estate Attorneys	Tax/Acct Advisors	
312	104	102	106	119
	a	b	c	

Note: The color schemes in this table are used throughout the report to designate the advisor results from the HNW consumer results.

Methodology

The Sample Composition (Continued)

The advisor sample was not weighted because there is no reliable information regarding the market for the advisor segments serving HNW clients. The final HNW consumer sample was weighted to represent the true representation of wealthy consumers by age and investable assets.

Statistical Significance

Statistical significance is a term used to describe results that are unlikely to have occurred by chance. Significance tells how sure you are that a difference or relationship exists between measures.

Measures for the three types of professional advisors surveyed have been statistically tested for differences between the groups – financial/wealth advisors, attorneys, and tax/accountant advisors. All data have been tested for statistical significance at the 95% confidence level. Any significant differences between segments are noted throughout the report with letters (a, b, c, etc.) when a measure is statistically larger than the indicated measure.

U.S. TRUST

EXECUTIVE SUMMARY

Executive summary

Philanthropic Discussions between Professional Advisors and HNW Consumers

Discussing philanthropy is an important dimension of the advisor – HNW consumer relationship. Nearly all advisors ask at least some of their clients about their philanthropic interests and involvement. And, most make it their practice to ask HNW consumers about philanthropy.

Giving – whether directly or through the use of a giving vehicle (e.g., charitable trust, private foundation or donor advised fund) – is nearly universal among HNW individuals. The majority have either discussed philanthropy with an advisor, or are open to discussions. Advisor involvement in HNW consumer giving correlates with the methods by which giving occurs, with those who discuss philanthropy with their advisors being more likely to use giving vehicles.

Who initiates the discussion is not as important to HNW consumers as when it is initiated. Nearly all want the subject of philanthropy to be brought up early in the advisor – HNW client relationship (within the first few meetings with their advisor), when they expect their advisor to have fully understood their needs and goals. Most advisors say they raise the subject of philanthropy only after having a greater understanding of their clients' financial picture and personal life, but do not necessarily do so in the first several meetings as their clients prefer.

Executive summary

Focus of Philanthropic Discussions

Advisors and clients disagree about the focus of their philanthropic conversations. Advisors believe their philanthropic discussions are equally balanced between their clients' personal goals/interests and technical topics, but most HNW consumers say their advisors primarily focus on the technical aspects of giving, including tax consequences. HNW consumers want advisors to adopt a more balanced approach, focusing on both their personal passions/charitable interests and technical topics. Less than half of HNW consumers are fully satisfied with the philanthropic conversations they have with advisors, likely influenced by this disparity in advisor focus and client desires.

Impact of Philanthropic Discussions on Business Development

Most advisors say discussing philanthropy with their clients is good for their business development. The direct benefits include contributing to a more comprehensive, holistic advising approach and helping with new client acquisition. Both advisors and clients agree that these discussions deepen relationships and enhance the credibility of the advisor.

For advisors who are actively engaged in their own giving, talking about their experiences with clients can have widespread positive implications for their business. HNW consumers say knowing that an advisor has personal philanthropic experience and knowledge would factor into advisor selection and would enhance the credibility of philanthropic advice provided.

Executive summary

In addition, advising clients on philanthropy can help expand relationships to extended family, a benefit that isn't fully leveraged by advisors. Just a fraction of HNW consumers say that their advisor has suggested including future generations in giving, even though consumers say that encouraging future generations to be philanthropic is one of the most important reasons they give. Many advisors seem to recognize this gap, saying they would like to increase their knowledge of how to engage heirs in philanthropic giving.

Knowledge of and Continued Education in Philanthropic Advising

Advisors consider themselves to be at least somewhat knowledgeable about structured giving vehicles (charitable trusts, private foundations, and donor advised funds), and HNW consumers generally agree. Consumers who work with advisors on their philanthropic efforts give them high marks for competency and knowledge of structured giving vehicles.

On the occasion that a client's philanthropic needs exceed the advisor's base of knowledge, nearly all are willing to refer the client to another professional (most often to a philanthropic advisor or an attorney). In addition, most advisors show an interest in expanding their knowledge of philanthropic advising. They are interested in increasing their knowledge on a variety of topics, with developing strategic giving plans, learning more about giving vehicles, better integrating client philanthropic values and goals in the broader wealth plan and engaging clients' heirs in philanthropic efforts topping the list.

Executive summary

Advisor Perceptions of Client Motivations to Give and Reasons for Hesitation

While advisors correctly report their clients' top motivations to give (personal passion, a desire to give back/make an impact), they overestimate the importance of tax benefits and enhancing the family name/business, while underestimating the desire to encourage future generations in philanthropy. Many advisors believe that a primary reason why a client may hesitate to give is the client's perceived wealth inadequacy (i.e., concern about running out of money for themselves or their heirs). However, clients are actually more concerned about donations not being used effectively and an increase in donation requests.

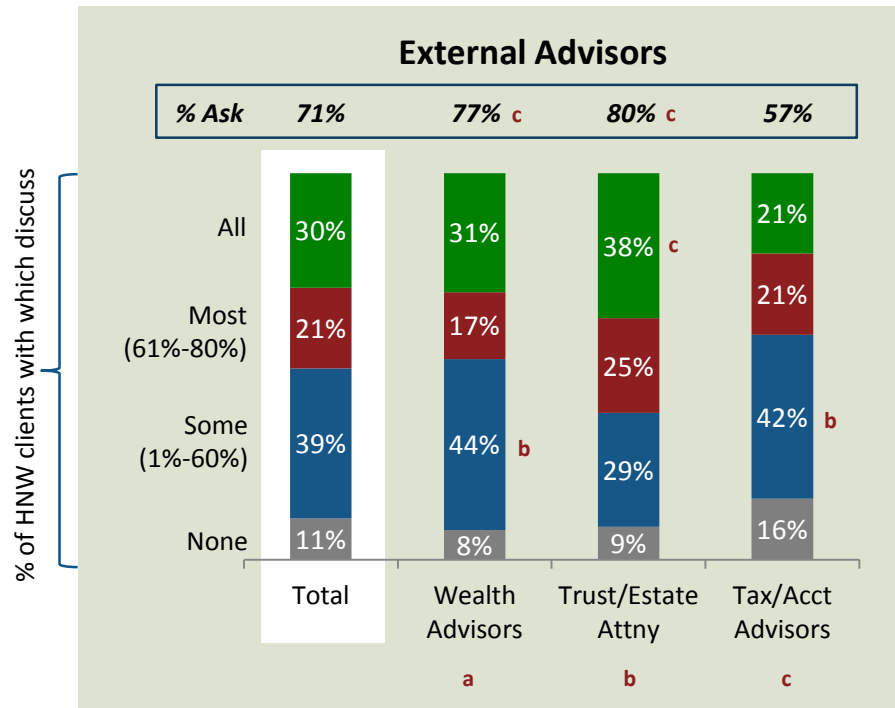
U.S. TRUST

DISCUSSIONS OF CHARITABLE GIVING AND PHILANTHROPY

Nearly all advisors discuss philanthropy with at least some of their client base

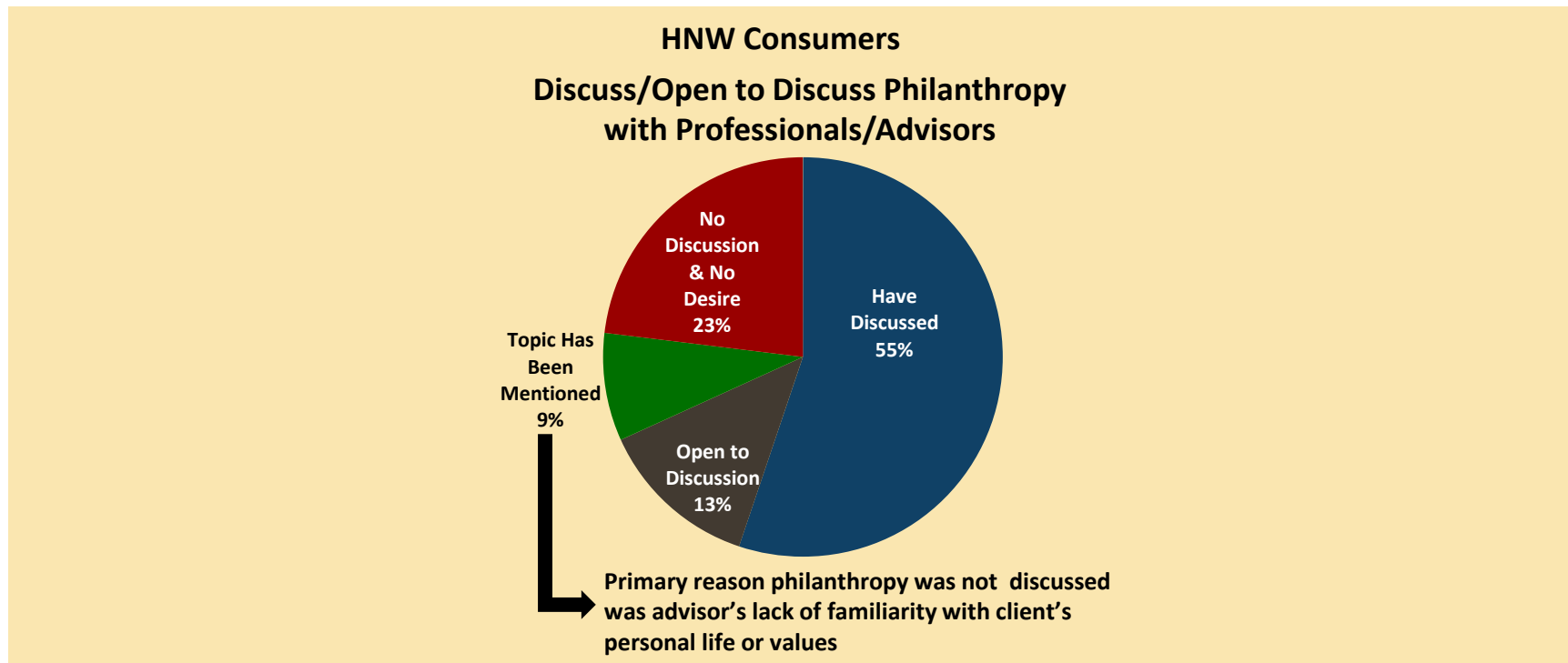
- About three-fourths of advisors make it their practice to ask HNW consumers about philanthropy
- Accountants are least likely to ask about philanthropy, or have the discussion at all

Incidence and Degree of Discussing Philanthropy with their High Net Worth Clients



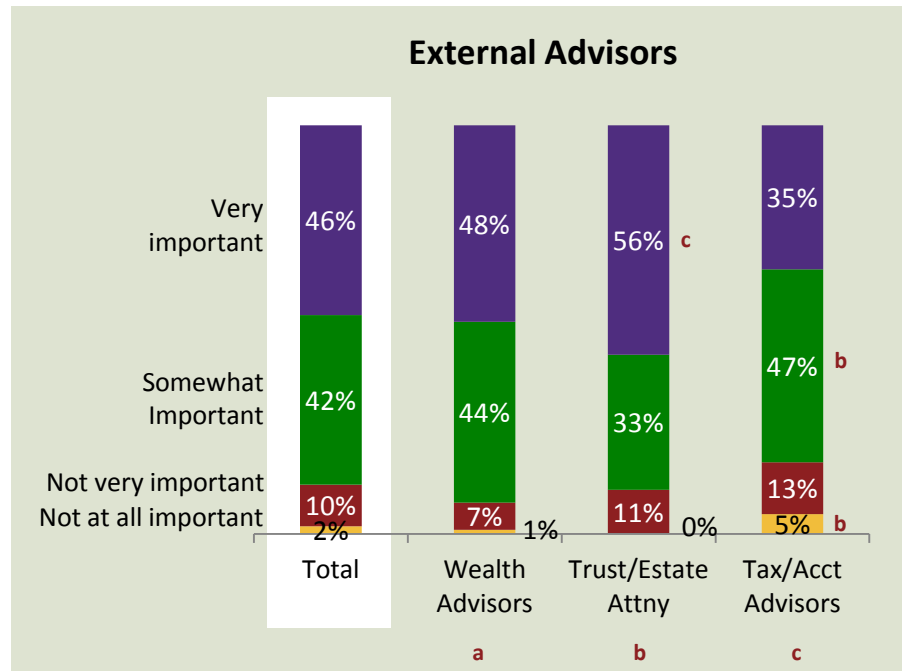
However, just 55% of HNW consumers say they have had philanthropic discussions with advisors

- While just over half of HNW consumers have had philanthropic conversations with advisors, a notable percentage are open to having a discussion
 - 13% are open to discussing philanthropy with an advisor; the majority of those who have not yet had these discussions say their advisors never mentioned it
 - 9% say the topic has been broached by an advisor, but not yet discussed in detail, primarily because the advisor wasn't familiar with their personal life/values



The vast majority of advisors say discussing philanthropy with clients is important, about one-half say it's *very important*

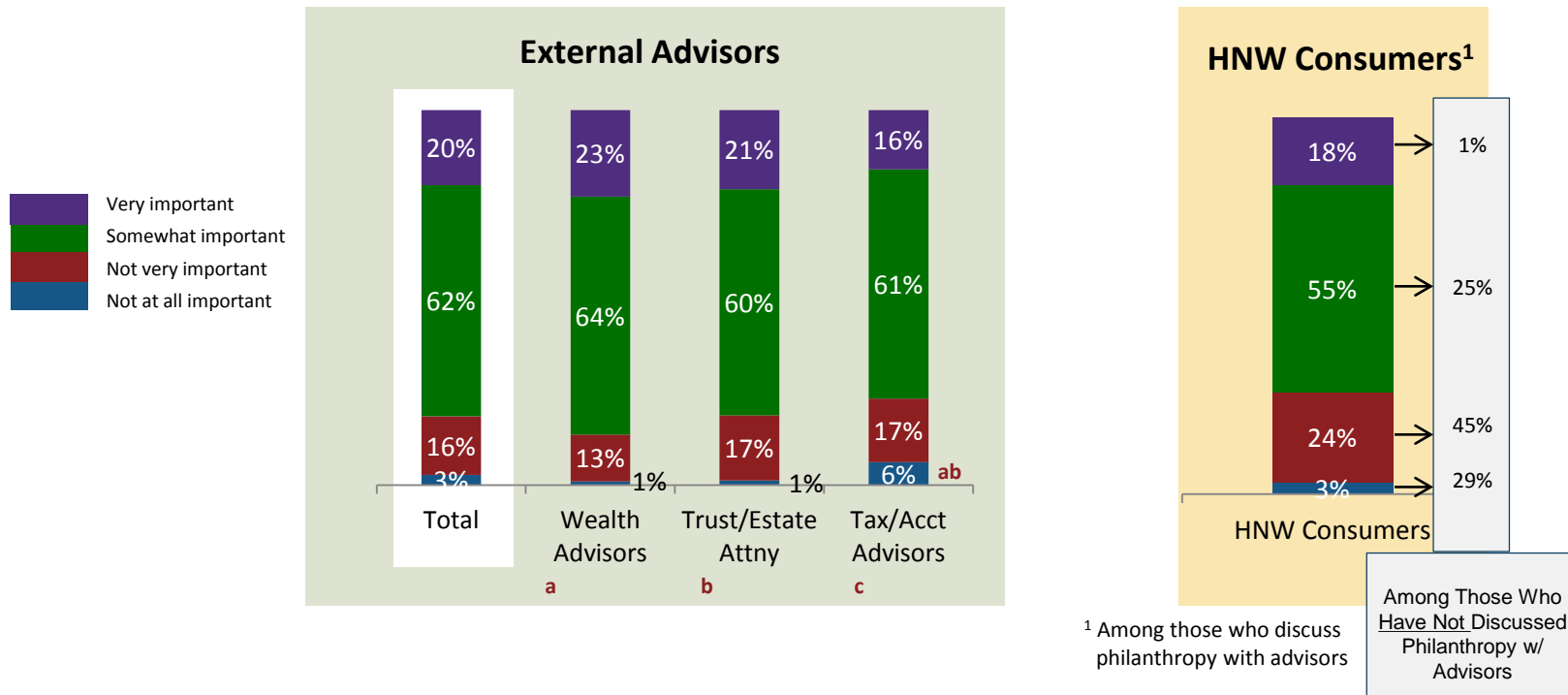
Perceived Importance of Discussing Philanthropy with Clients



The vast majority of HNW consumers also consider philanthropic conversations with their advisors to be important

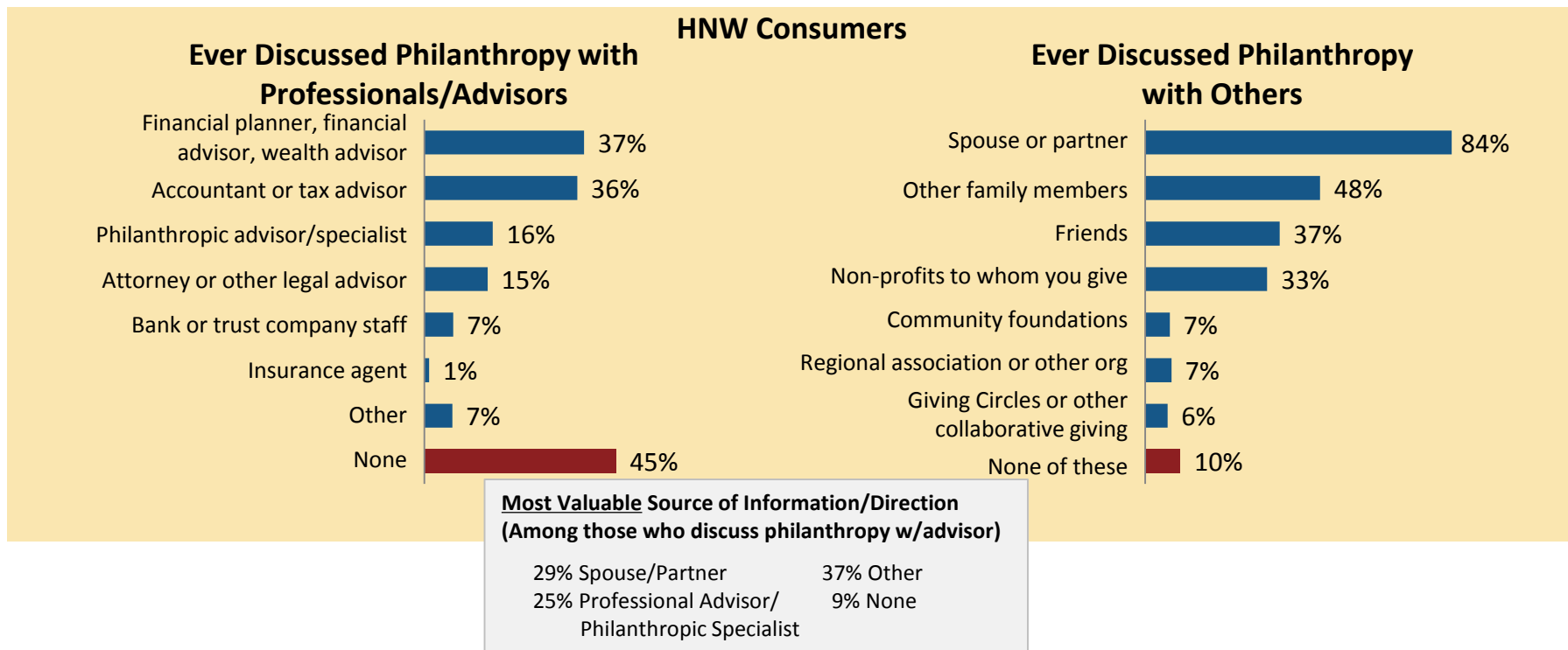
- Advisor perceptions of their clients' feelings about the importance of discussing philanthropy are in line with what HNW consumers actually say

Importance of Philanthropic Conversations to HNW Consumers and Advisor Perceptions of Importance to Clients



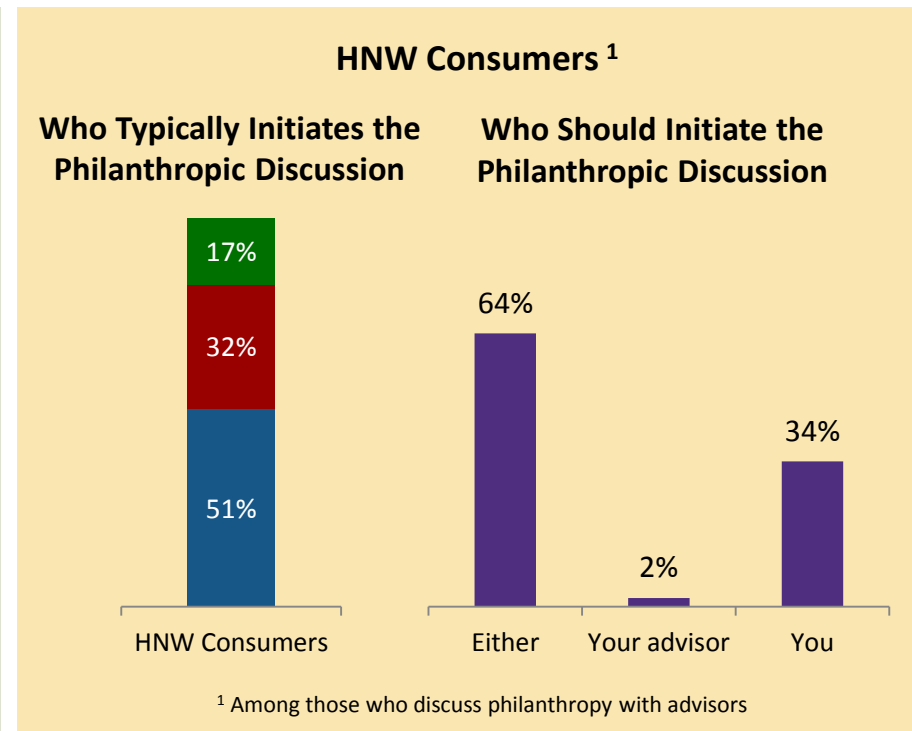
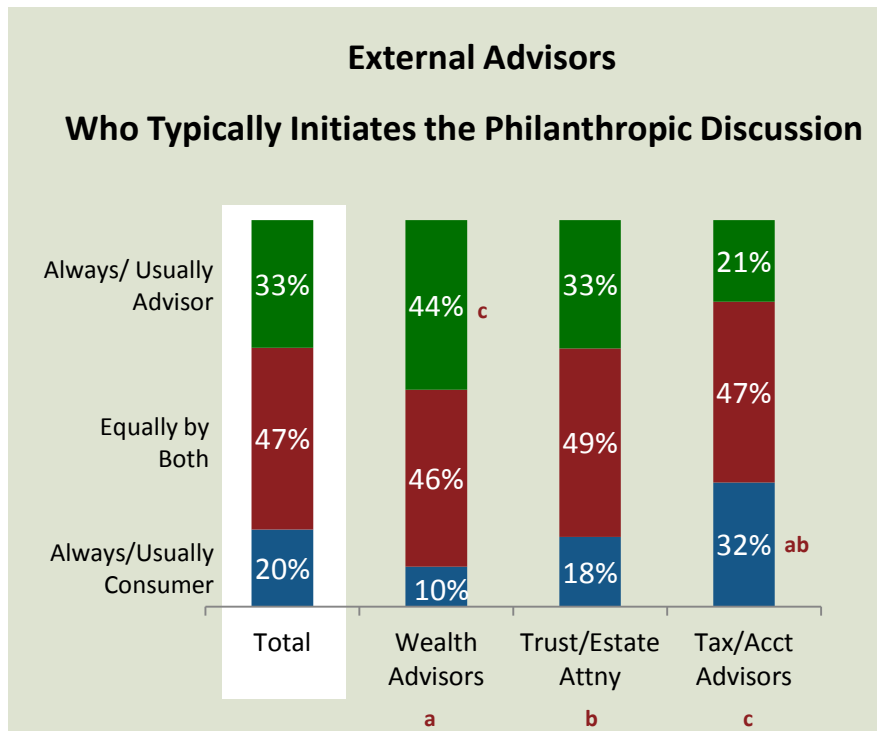
Financial planners/wealth advisors are the most common professional advisors with whom HNW consumers have discussed philanthropy

- HNW consumers rely more heavily on informal networks versus formal professional advisors regarding their charitable giving (just 55% have had philanthropic conversations with professional advisors)
 - Most HNW consumers discuss philanthropy with spouses/partners and other family members
- Among those who use professional advisors, spouses/partners and professional advisors are considered equally valuable sources of information



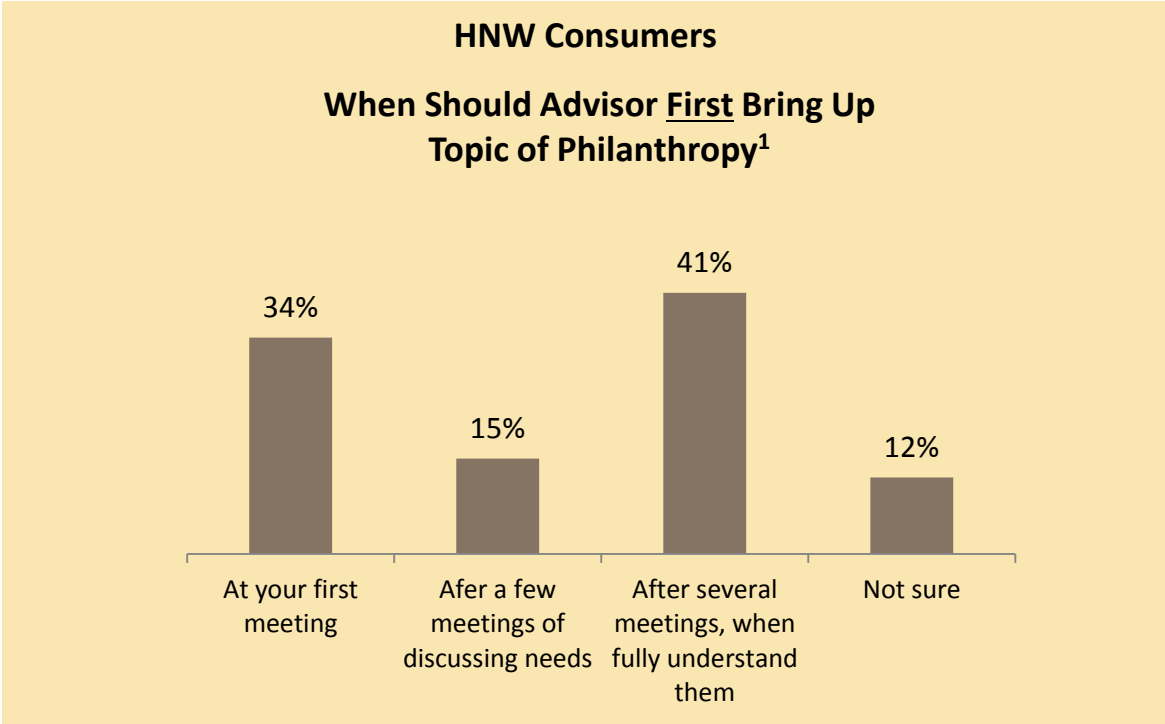
One-third of advisors say they initiate philanthropic discussions with their clients, however, far fewer consumers say that their advisor brings up the subject on their own

- Half of HNW consumers say they are usually the initiators, while a comparable percentage of advisors say the topic is brought up equally by both parties
- Most consumers say it's acceptable for either party to initiate the philanthropic discussion



HNW consumers express a desire to have philanthropic conversations early in the client/advisor relationship

- One-third want an advisor to bring up the topic at their first meeting
- Most want the advisor to bring up philanthropy within the first several meetings, when they expect the advisor to fully understand them



¹ Among those who discuss philanthropy with advisors

Advisors are more likely to raise the subject of philanthropy after having a greater understanding of their clients

- 36% strongly agree that it is their responsibility to raise the topic of philanthropy with their clients
- Few advisors (14%) feel strongly that they should discuss using philanthropy as a way to instill charitable values in the next generation

Reasons Advisors Likely to Raise the Topic of Philanthropy: Top Box¹

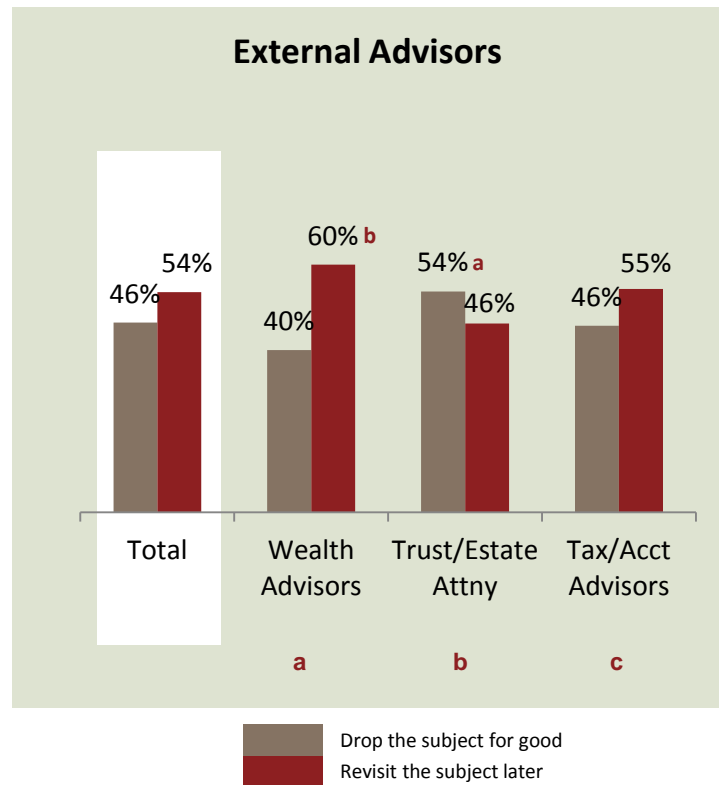
	External Advisors			
	Total	Wealth Advisors	Trust/ Estate Attorneys	Tax/Acct Advisors
I am more likely to raise the subject of philanthropy when I have a detailed knowledge of my client's <u>financial picture</u>	47%	48%	45%	46%
I am more likely to raise the subject of philanthropy when I have a detailed knowledge of my client's <u>personal life</u>	40%	42%	34%	43%
I raise the subject when a client is volunteering or active in the community	43%	42%	45%	44%
I feel it is my responsibility as an advisor to raise the issue of charitable giving	36%	30%	48% ac	31%
I present the subject of philanthropy with clients who have children/grandchildren as a way to instill charitable values in the next generation	14%	15%	15%	12%
I worry that my client will question my motives if I raise the subject of philanthropy	3%	3%	1%	4%

¹ Top box = highest rating of 4 (agree strongly) on 4-point rating scale ranging from “agree strongly” to “disagree strongly”

Even if a client says he/she is not interested in discussing philanthropy, most advisors will revisit the subject later

- Wealth advisors are notably more likely to revisit the subject than accountants and attorneys

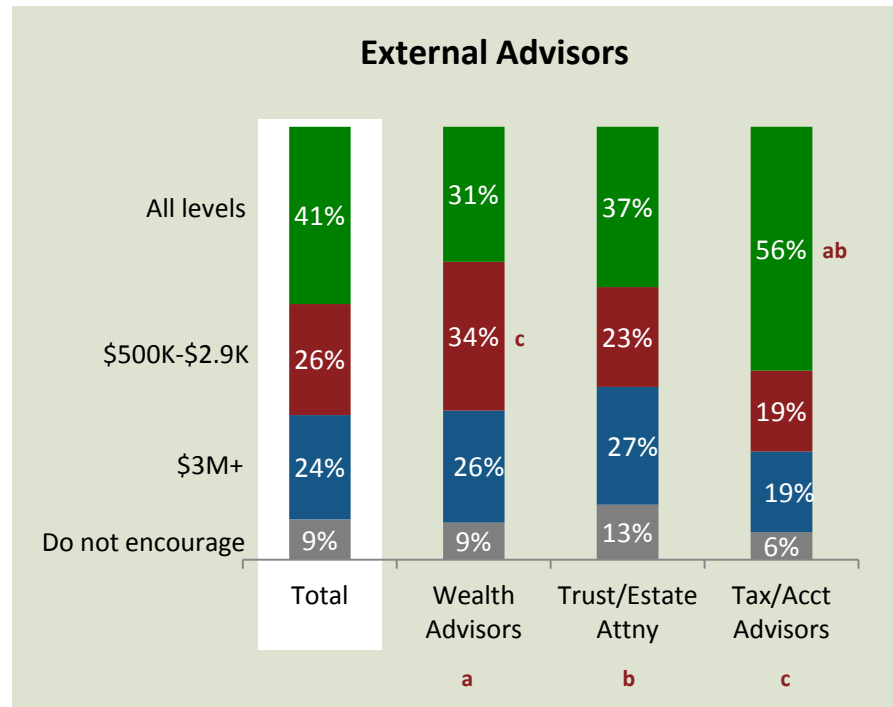
Action Taken if Client is Not Interested in Discussing Philanthropy



Many advisors say they encourage HNW clients of all asset levels to consider philanthropy

- Accountants are more likely to encourage giving at all asset levels (most likely because they focus on the tax advantages)

At what Asset Level Advisor Begins to Encourage Philanthropy¹



¹ Among those discussing philanthropy with HNW consumers

Advisors overemphasize technical topics when raising the subject of charitable giving

- In contrast, consumers say a balance of both personal topics like passions/interests and tax benefits would better engage them

Ways Philanthropic Conversations are Initiated by Advisors and Preferred Ways among HNW Consumers

	External Advisors				HNW Consumers
	Total	Wealth Advisors	Trust/ Estate Attorneys	Tax/Acct Advisors	
Personal Topics	35%	42% c	43% c	17%	39%
Ask about passions/philanthropic goals/interest in charities or in donating	28%	30% c	41% c	12%	29%
Bring up topic of leaving legacy/legacy planning	5%	11% bc	3%	2%	1%
Discuss philanthropic activities of advisor/employer/ideas that show knowledge of advisor	1%	1%	0%	2%	8%
Technical Topics	71%	65%	69% a	81% a	39%
Explain tax benefits of donating/ask as part of tax preparation	32%	23%	20%	53% ab	31%
Part of the total financial planning/estate planning/wealth transfer (in general)	20%	29% b	14%	17%	8%
Discuss leaving assets to charities/non profits	12%	5%	27% ac	3%	0%
Review level of current/past giving	7%	5%	9%	8%	0%
Use questionnaire/personality assessment	0%	0%	0%	0%	0%

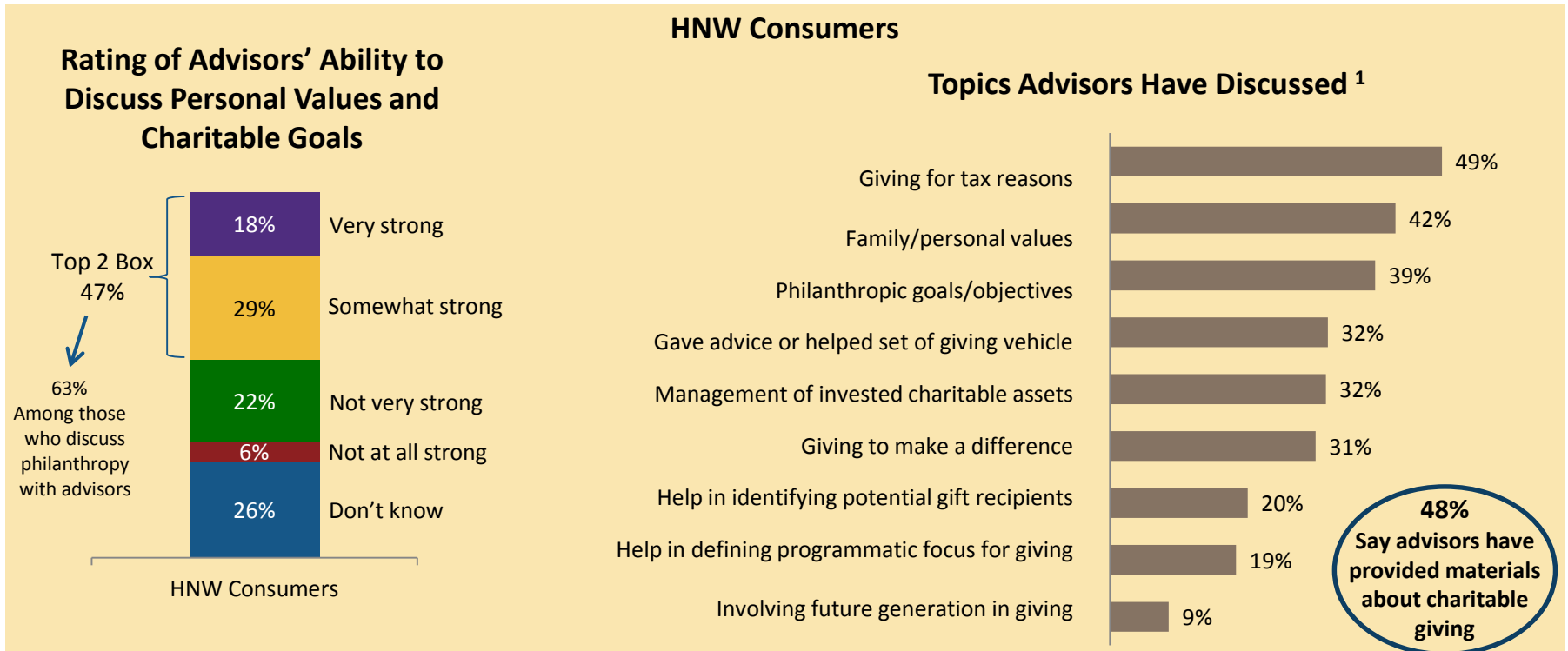
a

b

c

HNW consumers say philanthropic conversations touch on various areas, from tax implications to values, goals, and objectives

- However, HNW consumers say very few advisors discuss involving future generations in giving
- HNW consumers say their advisors have varying degrees of capability to discuss their personal values and charitable goals
 - Half rate their advisors' ability to discuss their personal values and charitable goals as at least somewhat strong

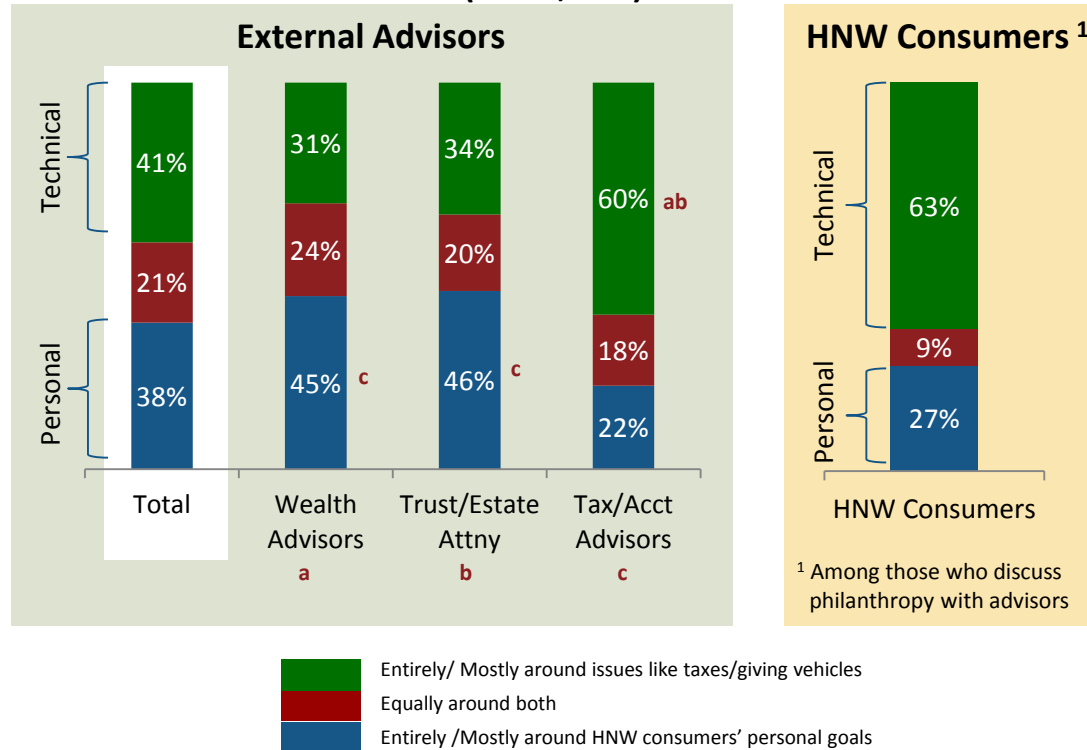


¹ Among those who discuss philanthropy with advisors

According to HNW consumers, while many topics are touched on, advisors *primarily* focus philanthropic conversations on technical issues

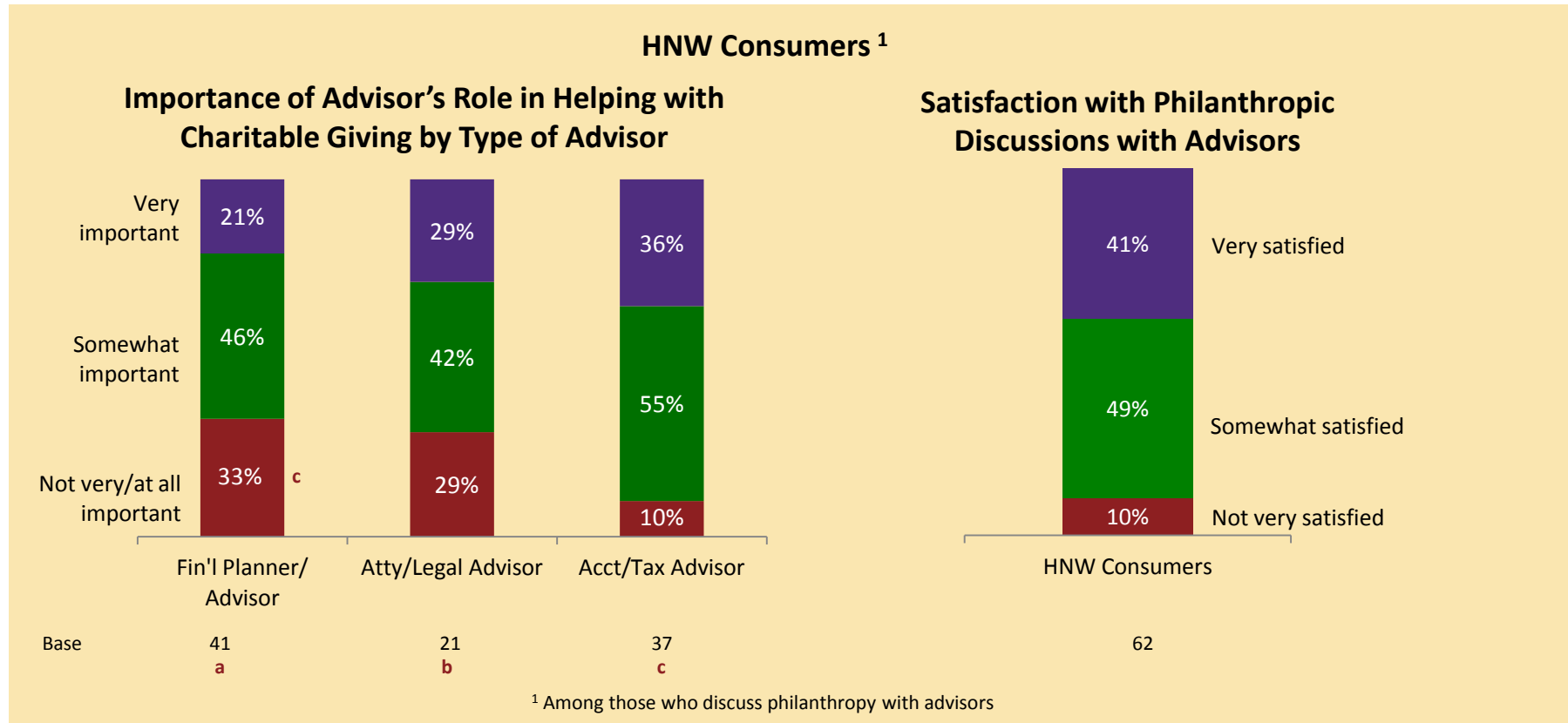
- In fact, just 9% of consumers say advisors balance philanthropic conversations between technical and personal topics
- Tax/accountants are most inclined to focus on the technical issues compared to other types of advisors

Topic of Discussion: Technical Issues (Taxes, etc.) vs. HNW Consumers' Personal Goals



Just 41% of HNW consumers who have philanthropic conversations with advisors are fully satisfied

- And only between 21% and 36% say their advisors play an important role in their giving efforts
 - As satisfaction with philanthropic discussions increases, so too does consumer perception of the importance of the advisor’s role

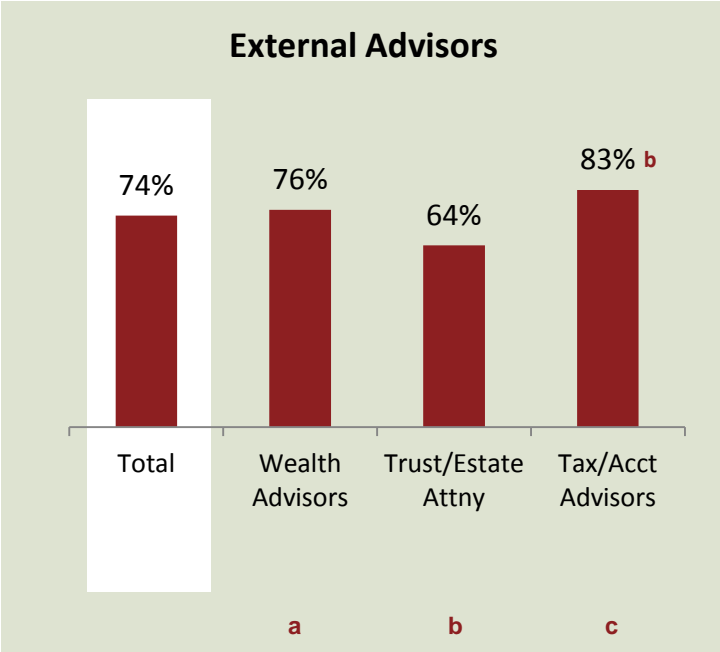


U.S. TRUST

BENEFITS OF PHILANTHROPIC DISCUSSIONS

The vast majority of advisors believe that discussing philanthropy is good for their business development

Is Discussing Philanthropy Good for Business¹



¹ Among advisors who have discussed philanthropy with HNW consumers

Advisors say that philanthropic discussions benefit business in a variety of ways

- Advisors say discussions allow them to present a more holistic approach to managing their clients' wealth and show personal interest in them
- Advisors also believe that philanthropic discussions lead to better client insights and help them better serve their clients

Why Discussing Charitable Giving is Good for Business (Open-end)

	External Advisors			
	Total	Wealth Advisors	Trust/ Estate Attorneys	Tax/Acct Advisors
More comprehensive and holistic approach	24%	27%	22%	19%
Shows my personal interest in clients	18%	23% b	9%	25% b
Good for our image/we're not all about \$\$	13%	16%	8%	15%
Leads to better insights/helps serve clients	13%	12%	16%	7%
Increases our credibility/my reputation	11%	11% c	17% c	0%
Shows philanthropy is important to me	11%	6%	16% a	12%
Learn about other assets (e.g. at other organizations)/manage more assets	10%	8%	8%	16%
Tax issues	8%	3%	9%	19% a
Good for networking/connect with organizations	2%	0%	6% ac	0%
Doesn't hurt/good generally	2%	3%	2%	0%
Other	10%	5%	11%	19%

a

b

c

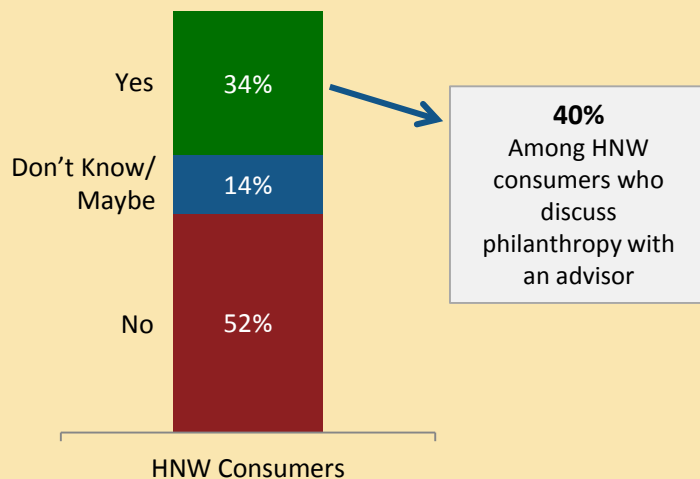
An advisor's own philanthropic involvement can enhance discussions with HNW consumers and provide new business opportunities

- One-third of HNW consumers are more open to discussing philanthropy if their advisor is philanthropic
- Perceived value of the philanthropic advice is greater when the advisor is philanthropically engaged

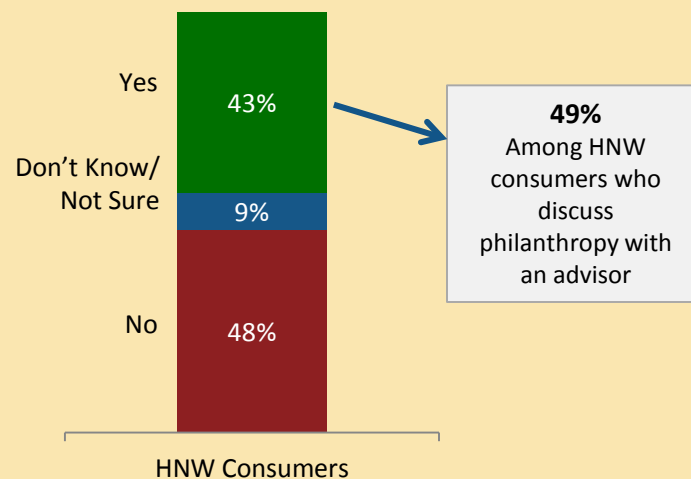
About one-half of advisors discuss their own charitable giving with their clients

HNW Consumers

More Open to Discussion if Advisor is Philanthropic Themselves



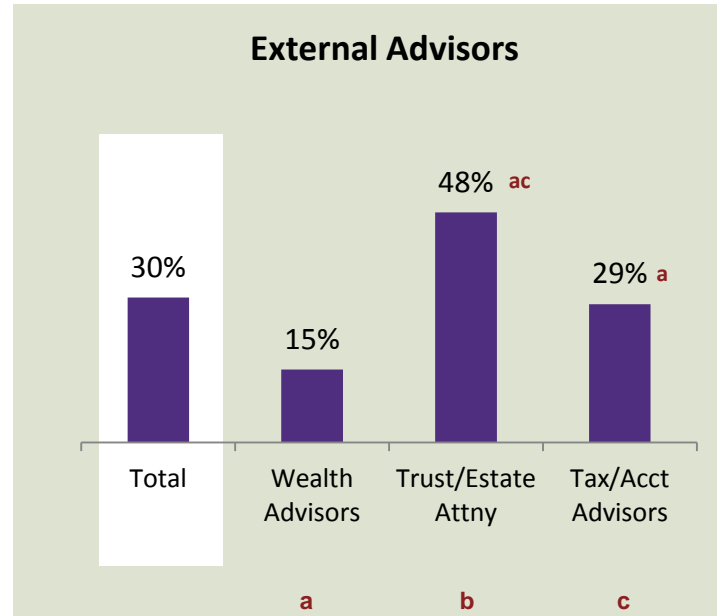
Would Place More Value on Advice if Advisor is Philanthropic Themselves



About one-third of advisors have been asked to serve in some capacity related to their clients' giving vehicles, providing viable additional business opportunities

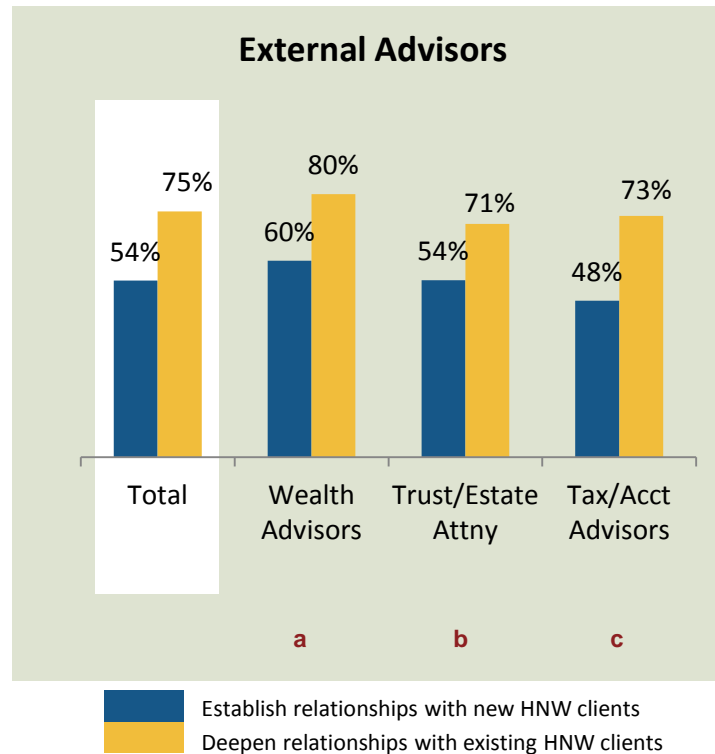
- Attorneys are the most likely to say they are asked by clients to serve on a board/be a board or committee member

Advisor Has Been Asked to Serve/Be Board Member



Discussing philanthropy provides an excellent means of deepening relationships and also aids in establishing new relationships

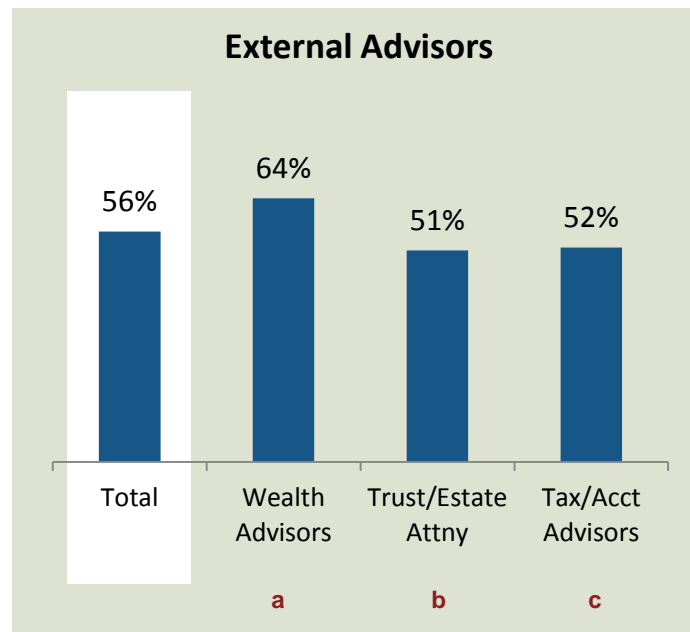
Is Discussing Philanthropy a Means of Establishing New Clients or Deepening Relationships



Advisors also believe that discussing philanthropy helps them build relationships with their clients' extended families

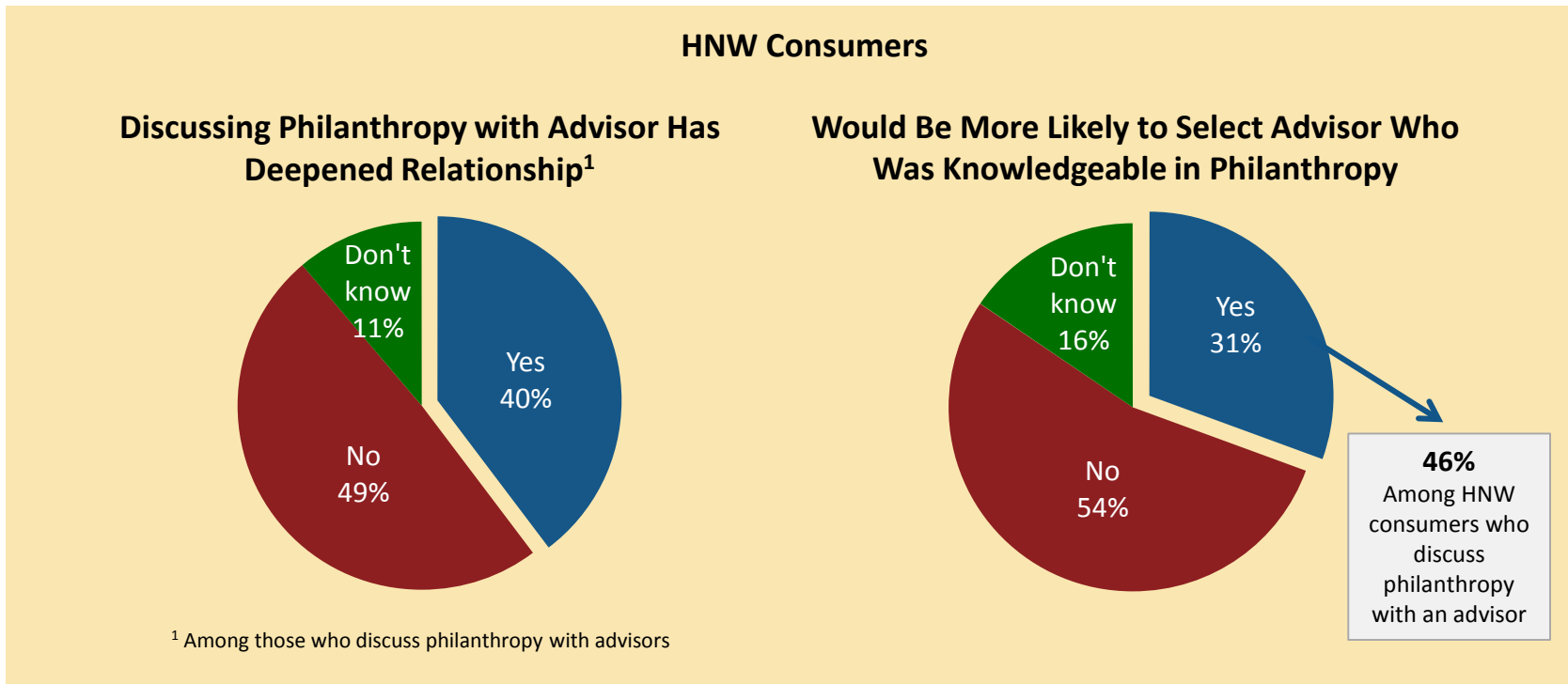
- Opportunity exists in this area:
 - Just 1-in-10 HNW consumers report that their advisors have discussed involving future generations in giving
 - Few advisors say they present the subject of philanthropy as an opportunity to instill charitable values in the next generation
- Many (45%) advisors recognize this opportunity, saying they would like to learn more about engaging clients' heirs in philanthropic giving

Discussing Philanthropy Has Helped Build Relationships with Extended Family



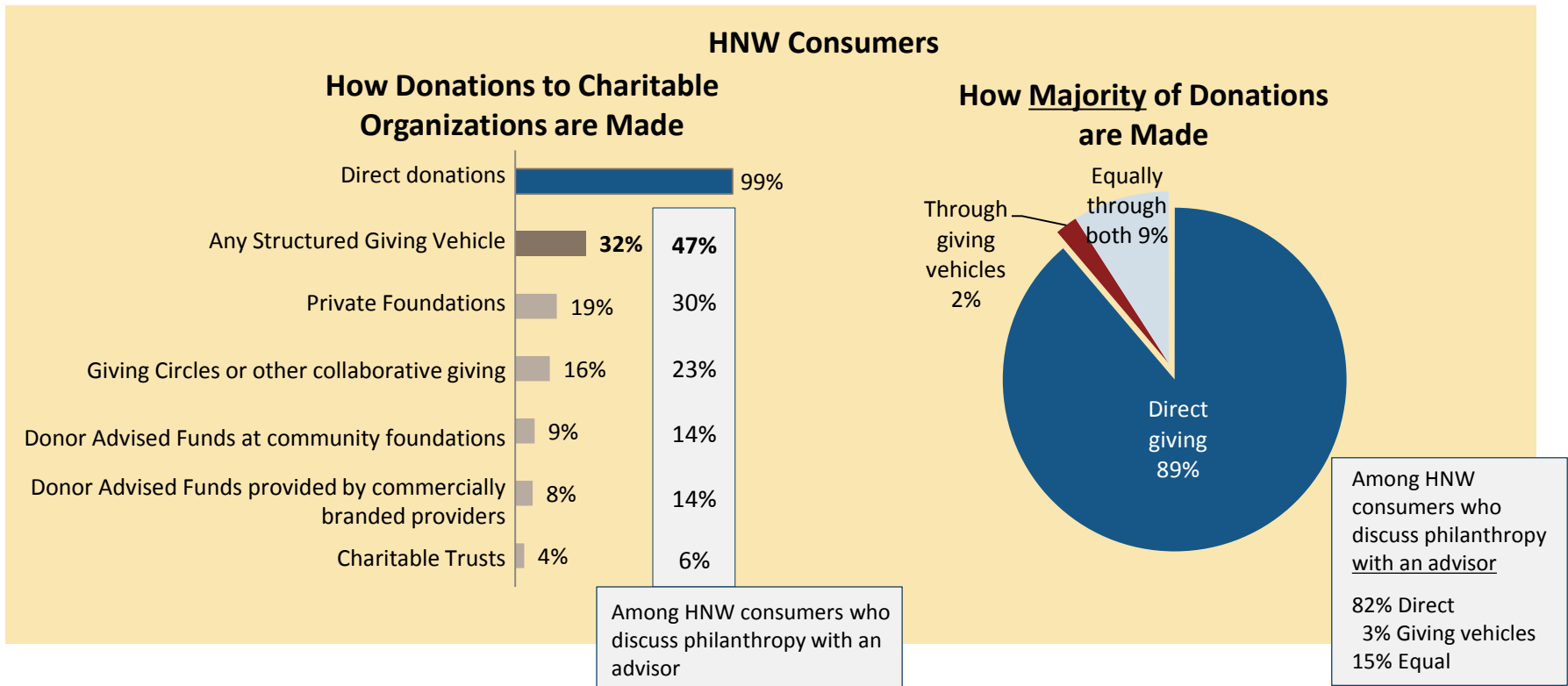
Consumers agree that philanthropic conversations with advisors enhance relationships and can influence advisor selection

- Fully 40% of HNW consumers say philanthropic discussions have deepened their advisor relationships
- Advisor knowledge of philanthropy can also provide a competitive advantage for new business opportunities, with 1-in-3 consumers being more likely to select an advisor who is knowledgeable in philanthropy (increasing to about half for those who already discuss the topic with an advisor)



HNW consumers who work with advisors are more structured in the way they give

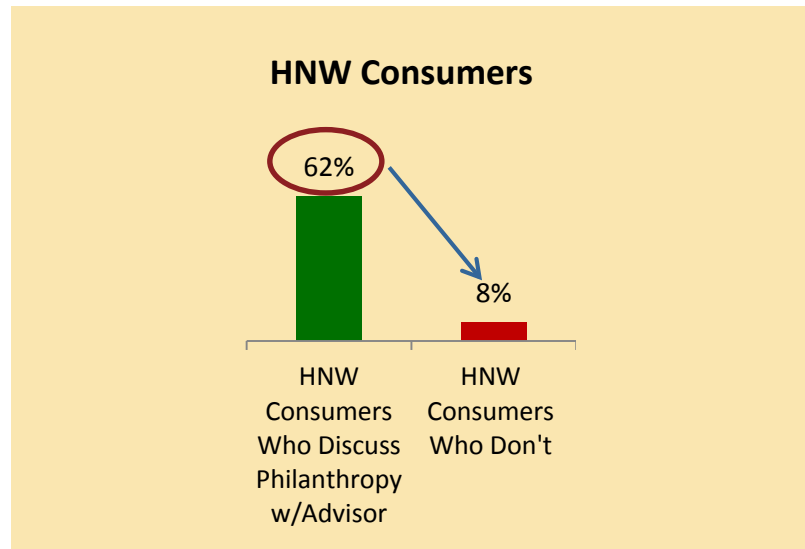
- Approximately half of consumers who discuss philanthropy with their advisors use structured giving vehicles, and nearly 20% say the majority of donations are made via giving vehicles (or equally with direct giving)
- The most common structured giving vehicles used are private foundations and giving circles



It is much more likely that philanthropic instructions are included in wealth transfer documents when the consumer is working with an advisor

- The majority of HNW consumers working with advisors have philanthropic instructions in their wealth transfer documents
 - Advisor estimates are in agreement with consumer measures

Philanthropy Instructions in Wealth Transfer Plans



U.S. TRUST

KNOWLEDGE ABOUT PHILANTHROPY & REFERRALS

Advisors are somewhat knowledgeable about giving vehicles

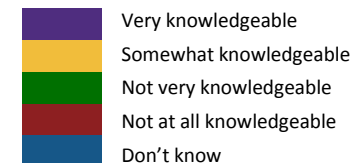
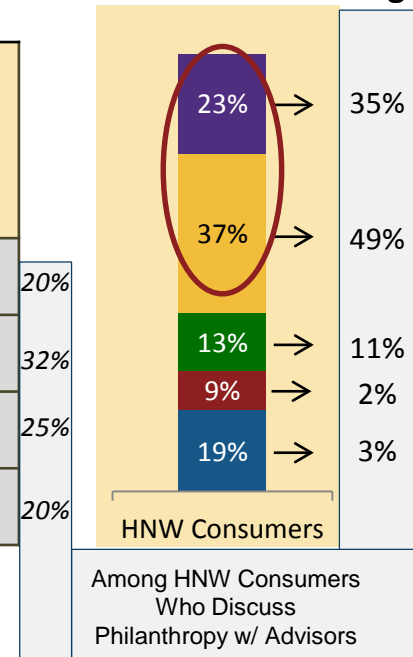
- Familiarity with structured giving vehicles is relatively low among HNW consumers
- Consumer confidence in advisor competence with and knowledge of structured giving vehicles are enhanced by talking to/working with advisors

Familiarity with Vehicles for Charitable Giving: Top Box¹

	External Advisors				HNW Consumers
	Total	Wealth Advisors	Trust/ Estate Attorneys	Tax/Acct Advisors	
Charitable Trusts	49%	46%	65% ^a	34%	14%
Private Foundations	37%	33%	46% ^c	31%	21%
Donor Advised Funds	29%	32%	31%	23%	16%
Giving Circles / collaborative giving	-	-	-	-	13%

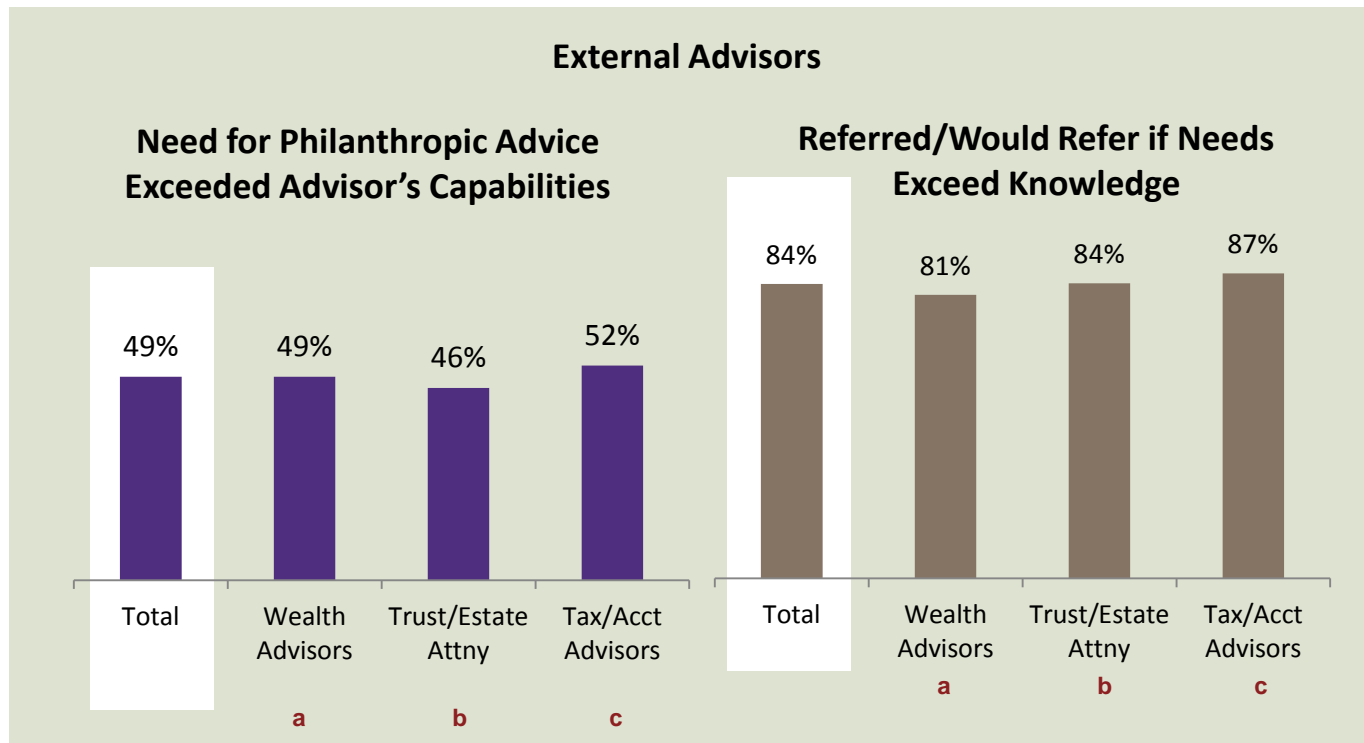
¹ Top box = highest rating of 4 (very familiar) on 4-point rating scale ranging from “very familiar” to “not at all familiar”

HNW Consumers’ Ratings of Advisor’s Knowledge



About one-half of advisors have encountered client needs for philanthropic advice that exceeded their capabilities

- Almost all advisors refer or would refer clients to others if a client's philanthropic needs exceed the advisor's base of knowledge
 - Among the few who would not refer, a lack of a referral network is a top barrier



When out of their depth of knowledge about philanthropic mission formation/creation, attorneys and philanthropic advisors are most likely to be consulted

Where or To Whom Would Refer for Mission Formation or Creation

	External Advisors			
	Total	Wealth Advisors	Trust/ Estate Attorneys	Tax/Acct Advisors
Attorney	32%	27%	17%	52% ab
I would handle this	27%	29%	32% c	20%
Philanthropic Advisor outside my firm	21%	16%	23%	24%
A non-profit	19%	23%	18%	17%
Philanthropic Advisor inside my firm	11%	17% b	3%	13% b
Accountant	7%	5%	10%	6%
Other	3%	4%	5%	1%
Does not apply	9%	13% c	12% c	3%

a

b

c

For establishing grant-making strategies, advisors refer clients to attorneys and philanthropic advisors

Where or To Whom Would Refer for Establishing a Grant-Making Strategy and Finding Appropriate Beneficiaries

	External Advisors			
	Total	Wealth Advisors	Trust/ Estate Attorneys	Tax/Acct Advisors
I would handle this	33%	33%	38%	28%
Attorney	32%	36% b	16%	43% b
Philanthropic Advisor outside my firm	23%	16%	29% a	25%
A non-profit	18%	23%	18%	13%
Accountant	12%	14%	12%	10%
Philanthropic Advisor inside my firm	10%	13% b	2%	14% b
Other	4%	4%	8% c	0%
Does not apply	6%	8%	9%	2%

a

b

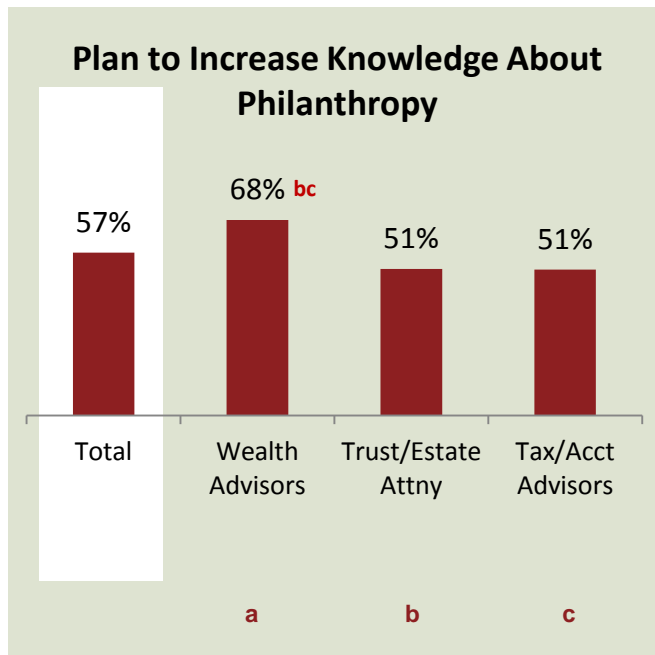
c

The majority of advisors plan to increase their knowledge of philanthropy

- Advisors are interested in increasing their knowledge in a variety of areas
 - Developing strategic giving plans and learning more about giving vehicles top the list
 - About half show an interest in better integrating client values and goals in wealth management and engaging clients’ heirs in philanthropic giving

External Advisors

Which Philanthropy Topics Are You Interested in Learning About¹



	Total	Wealth Advisors	Trust/ Estate Attorneys	Tax/Acct Advisors
Developing strategic giving plans and mission formation	55%	52%	55%	61%
Understanding more about giving vehicles (Charitable Trusts, etc.)	50%	41%	54%	60% ^a
Integrating values and goals into overarching wealth management plans	46%	59% ^{bc}	35%	39%
Engaging the next generation in philanthropic giving	45%	45%	50%	41%
Impact investing (socially-responsible investing, etc.)	38%	31%	39%	48%
Becoming more familiar with non-profits and community/social needs	36%	37%	35%	35%
Ways to initiate discussions about philanthropy with HNW consumers	33%	37%	28%	33%

^a ^b ^c
¹ Among those interested in learning more

Advice from colleagues/planned giving professionals and seminars are considered the most useful resources when advising clients about philanthropy

How Helpful Resources Are/Would Be in Advising Clients: Top Box¹

	External Advisors			
	Total	Wealth Advisors	Trust/ Estate Attorneys	Tax/Acct Advisors
Advice from colleagues	36%	34%	37%	36%
Seminars, training, continuing education, and membership in professional associations	34%	34%	37%	32%
Advice from planned giving professionals	32%	39%	29%	27%
Insights learned from other clients	28%	31%	25%	27%
Professional journals such as Trusts & Estates, Journal of Planned Giving, Family Foundation Advisor, Chronicle of Philanthropy, etc.	25%	21%	31%	23%
Advice from community foundation personnel and engagement with non-profits	23%	26%	26%	16%
Retirement planning or charitable giving software	18%	20%	16%	18%

¹ Top box = highest rating of 5 (very helpful) on 5-point rating scale ranging from “very helpful” to “not at all helpful”

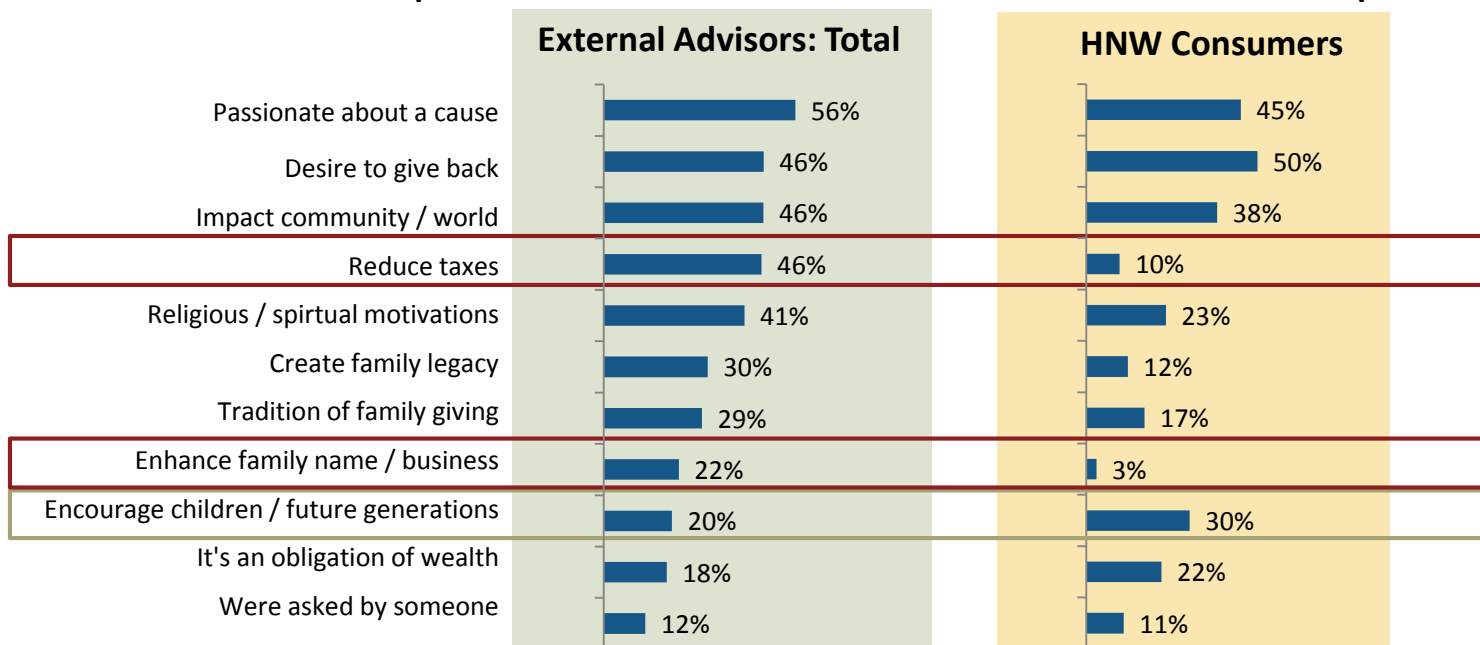
U.S. TRUST

WHY HNW CONSUMERS GIVE / HESITATE TO GIVE

Advisors correctly identify the top reasons why their clients give, however they incorrectly identify other key motivations

- Even though advisors recognize the top motivations to give as personal passions/desire to give back, they still over-emphasize the technical aspects in advisor conversations with their clients
- Advisors overestimate tax benefits and wish to enhance the family/business name as top reasons to give and underestimate consumers' desire to encourage future generations in philanthropy
 - Some of their misperception of the reasons HNW consumers give likely contribute to the overall emphasis on the technical aspects

Importance of Factors in HNW Consumers' Decisions to Give: Top Box¹

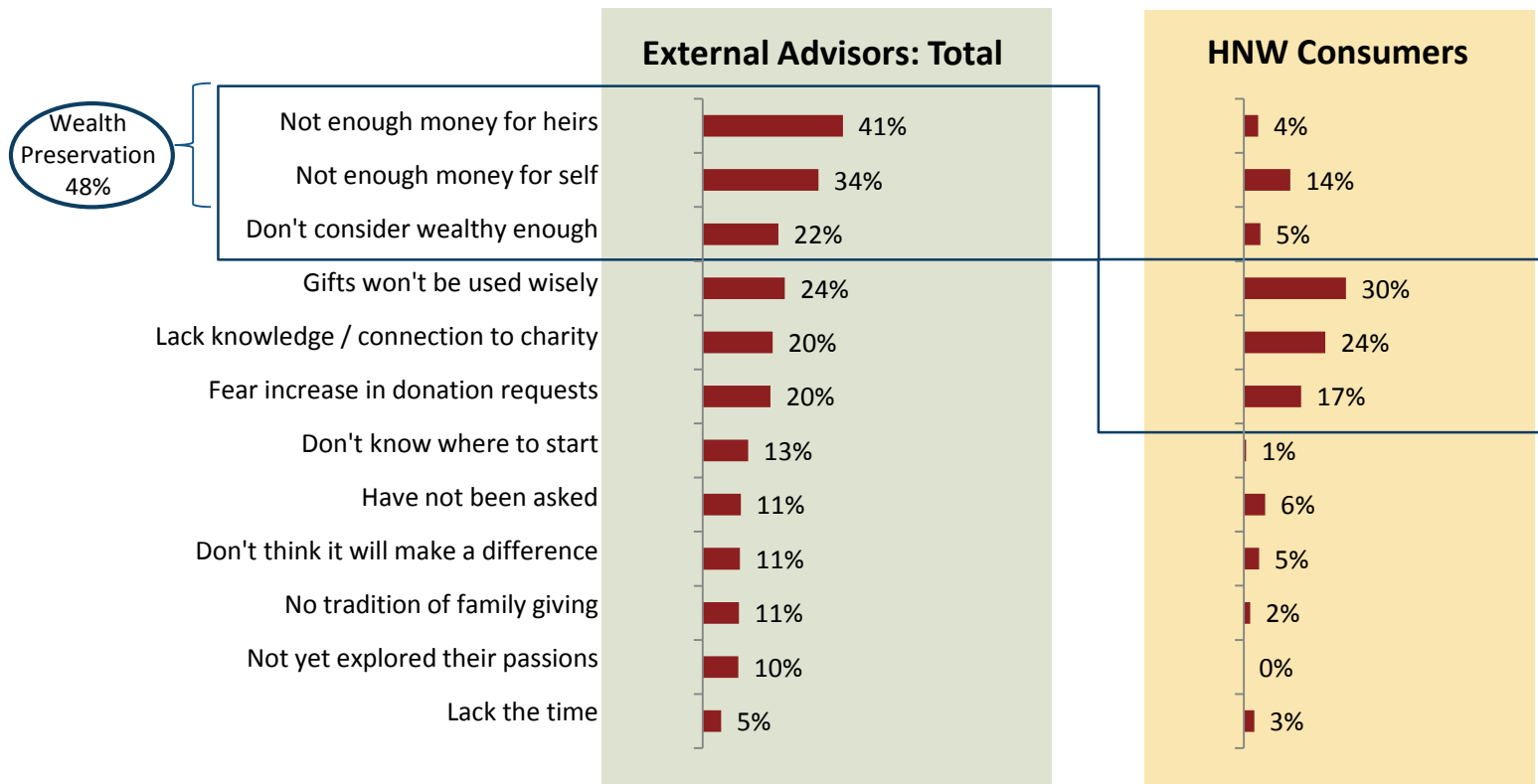


¹ Top box = highest rating of 5 (very important reason) on 5-point rating scale ranging from "very important reason" to "not at all important"

Advisors misperceive their clients' primary reasons for hesitating to give

- HNW consumers are less concerned about wealth preservation than advisors think
- In contrast, HNW consumers are mainly concerned with their donations being used wisely, fear of increased requests, and a general lack of connection/conviction to a cause or organization

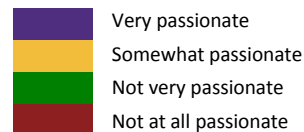
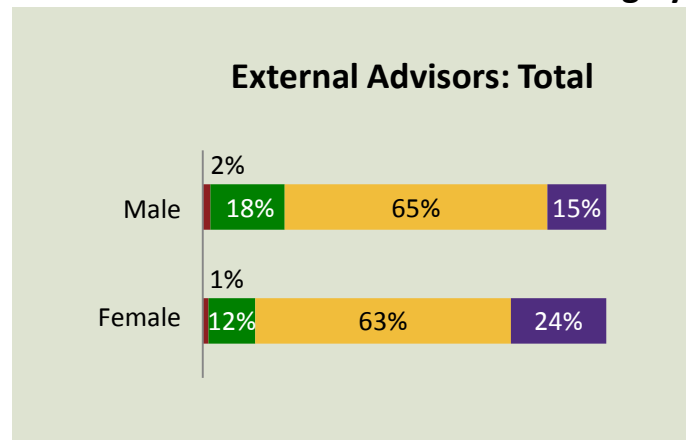
Importance of Factors in HNW Consumers' Hesitations to Give: Top Box¹



¹ Top box = highest rating of 5 (very important reason) on 5-point rating scale ranging from "very important reason" to "not at all important"

Advisors perceive their female clients to be somewhat more passionate about giving

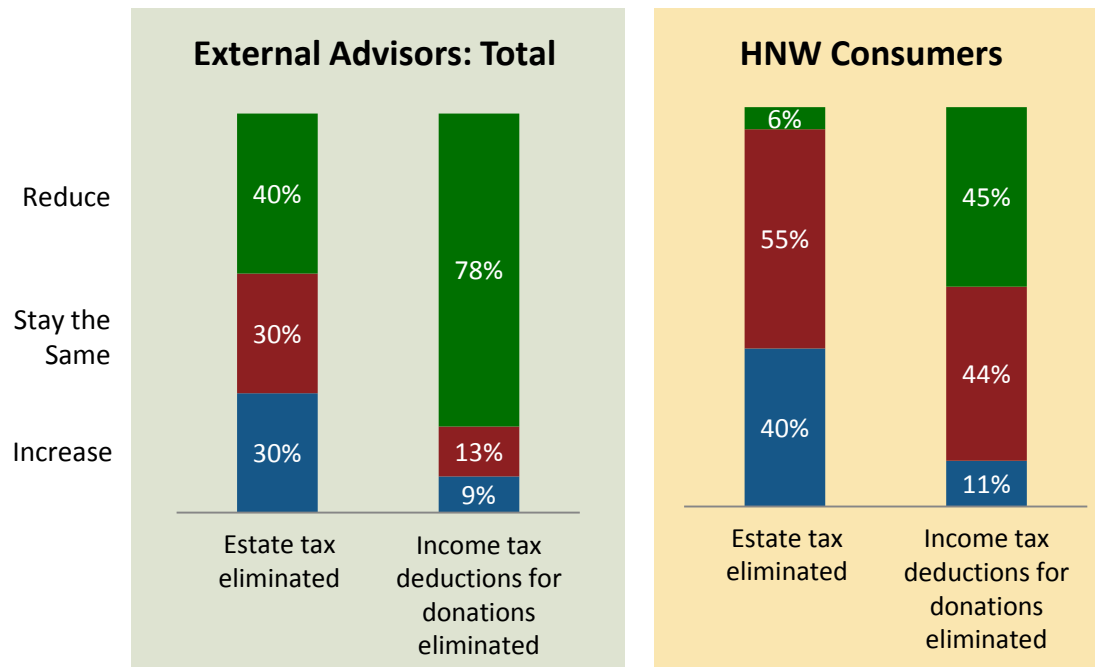
Perceived Passion of HNW Consumers' Giving by Gender



Advisors and HNW consumers disagree about the impact of eliminating tax benefits on giving levels

- Advisors think that eliminating tax benefits would notably reduce giving levels; HNW consumers are less likely to say that tax benefit reductions would impact giving levels
- It is more likely that eliminating income tax deductions will impact giving levels than estate tax eliminations

How Charitable Giving Would Change if Actions Occurred



U.S. TRUST

ADVISOR PROFILES

Advisor profiles

Demographics	External Advisors			
	Total	Wealth Advisors	Trust/ Estate Attorneys	Tax/Acct Advisors
Age				
< 40	33%	32%	23%	45% b
41-50	13%	18%	10%	12%
51-60	29%	29%	30%	29%
61+	24%	21%	38% ac	15%
Mean Age	50.7	50.1	54.9 c	47.1
Gender				
Male	76%	75%	83% c	71%
Female	24%	26%	17%	29% b

a
b
c

Advisor profiles

Experience	External Advisors			
	Total	Wealth Advisors	Trust/ Estate Attorneys	Tax/Acct Advisors
# HNW Clients Advise w/ Assets of \$3MM+				
1-5	52%	39%	66% a	53% a
6-10	23%	21%	18%	30%
11-20	14%	21% bc	10%	11%
21+	11%	19% bc	6%	7%
Years in Practice				
5 or less	16%	11%	9%	29% ab
6-15	28%	36% b	22%	26%
16-20	14%	23% bc	11%	7%
21-30	22%	24%	19%	22%
31+	21%	7%	40% ac	17% a
		a	b	c

Advisor profiles

Compensation and Performance	External Advisors			
	Total	Wealth Advisors	Trust/ Estate Attorneys	Tax/Acct Advisors
Compensation Structure				
Fee for professional services	71%	39%	95% ac	79% a
Commission	18%	52% b	1%	0%
Investment advisory asset management fee	20%	58% bc	2%	1%
Some other way	10%	13% c	0%	17% c
Prefer not to answer	5%	6%	4%	5%
Performance Rank within Firm				
Top quintile	47%	23%	64% a	53% a
Second highest quintile	20%	28% b	10%	20% b
Third highest quintile	9%	16% b	2%	9% b
Fourth highest quintile	2%	3%	0%	3%
Bottom quintile	1%	2%	0%	0%
Prefer not to answer / Don't know	22%	28% c	23%	14%
		a	b	c

U.S. TRUST

HNW CONSUMER PROFILES

HNW consumer profiles

Patterns of Giving	HNW Consumers
# Organizations Volunteer Time	
0	20%
1	22%
2	27%
3+	31%
# Give Donations	
1-4	36%
5-6	17%
7-10	26%
11+	21%

Patterns of Giving	HNW Consumers
% Annual Income Donate	
1-4%	29%
5%	20%
6-8%	13%
10%	21%
11%+	16%
Mean % of Annual Income Donated	7.2

HNW consumer profiles

Demographics	HNW Consumers
Investable Assets	
\$3MM - \$4.9MM	56%
\$5MM - \$9.9MM	34%
\$10MM+	10%
Mean Investable Assets	\$7.7 MM
Income	
< \$200K	36%
\$200K - \$299.9K	18%
\$300K - \$449.9K	25%
\$500K+	21%
Mean Income	\$770 K

Demographics	HNW Consumers
Age	
<49	38%
49-67	47%
68+	15%
Mean Age	56
Gender	
Male	47%
Female	53%
Have Children/Grandchildren	
Have Children	63%
Have Grandchildren	29%

HNW consumer profiles

Demographics	HNW Consumers
Marital Status	
Married	84%
Domestic Partner/Civil Union	1%
Single	8%
Separated/Divorced	3%
Widowed	5%

Demographics	HNW Consumers
Employment Status	
Employed Full-time by a Company, Partnership or Practice	43%
Retired	33%
Employed Part-time	11%
Owner of a Business	9%
Homemaker	3%
Student	0%