THE NEW NORMAL: TRENDS IN UHNW GIVING 2019

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ACKNOWLEDGMENTS

We would like to thank the following individuals (listed alphabetically) for their valuable contributions to our research, adding both texture and deeper insight:

Dr Tariq Al Gurg | Chief Executive Officer, Dubai Cares
Emily Bracken | Deputy CEO, Daryl Upsall & Associates
Fabrice d’Erm | Co-Founder and Chief Executive Officer, Rocket Foundation
Sianne Haldane | Head of Planned Giving Philanthropy (Solicitor), Cancer Research UK
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Lekha Menon | Director, Prospect Research and Strategy, International Rescue Committee
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KEY FINDINGS

AS THE NUMBERS OF ULTRA WEALTHY INDIVIDUALS HAVE Risen OVER THE PAST DECADE, SO TOO HAVE EXPECTATIONS THAT THEY SHOULD ‘GIVE BACK’ TO SOCIETY. Philanthropic giving by the ultra wealthy (those with a net worth of $30m+) is an expanding area of focus for many not-for-profit and education organizations’ fundraising departments. We estimate that 20-30% of individual giving in the US stems from the ultra wealthy, demonstrating the potential to be gained from formulating the right relationships with a few key people.

THE ULTRA WEALTHY GAVE A TOTAL OF $153BN TOWARDS PHILANTHROPIC ENDEAVORS IN 2018. This is approximately equivalent to all US federal government spending on healthcare, education and energy expected in 2019. This figure excludes any giving undertaken by businesses owned by the ultra wealthy.

NORTH AMERICA’S ULTRA WEALTHY LED THE WAY IN PHILANTHROPIC GIVING IN 2018. At $75bn, and a testament to the longstanding tradition of public giving in the US, the region was the source of virtually half of all global ultra wealthy donations. Europe’s ultra wealthy account for just under a third of total ultra high net worth giving. Despite having a larger ultra wealthy population than Europe, Asia accounted for a 12% global share in 2018. The scope of the not-for-profit and education sectors is less developed in Asia, although growing rapidly.

EDUCATION IS BY FAR THE FAVORITE CAUSE AMONG ULTRA WEALTHY DONORS. Almost nine in every 10 such individuals direct at least part of their philanthropic efforts to this area. This group of philanthropists is defined as those who have donated at least $50,000 on an individual basis over the five-year period of 2014-18. After education, three causes are similarly popular: social services, healthcare and medical research, and arts and culture, with around six in every 10 donors giving to these areas.

THE MANNER IN WHICH THE ULTRA WEALTHY ENGAGE WITH PHILANTHROPIC GIVING IS EVOLVING. There is an ongoing shift towards sustainable investment and a greater willingness to experiment with innovative financial instruments. Increasingly, ultra wealthy donors want to be engaged with, and useful to, the recipients of their funds – ‘co-creation’ is the new buzzword. Donors are also becoming more demanding and sophisticated by holding not-for-profit organizations to a higher set of standards.

YOUNGER ULTRA WEALTHY DONORS TAKE A MORE TARGETED APPROACH TO THEIR PHILANTHROPIC EFFORTS THAN THEIR ELDERS. They give to similar causes but fewer of them. This generation – aged under 45 – tends to be particularly passionate about one or two key causes and demonstrates a strong willingness to be financially and practically involved with their favored issues and organizations.

HOW THE ULTRA WEALTHY VIEW PHILANTHROPY AND CHANNEL THEIR DONATIONS IS OF GREAT SIGNIFICANCE TO A HOST OF INDUSTRIES. From education and not-for-profit organizations to financial services institutions and luxury brands, providers should ensure they target the right individuals and prioritize networking, engage with each wealthy donor or client on an individual level and look to understand and connect with the next generation of philanthropists.
INTRODUCTION

Wealth-X has been tracking philanthropic giving by the ultra wealthy for the best part of a decade. Our fourth report touches on society’s rising expectations of this group’s responsibilities, sizes the annual scale of philanthropic giving by the ultra wealthy by region, and explores the new ways in which the ultra wealthy are engaging with the world of philanthropy.

We shine a spotlight on ultra high net worth (UHNW) donors, those individuals with a net worth in excess of $30m and a demonstrated commitment to philanthropy, examining the top causes to which they give and drawing out differences by region across source of wealth and gender.

The manner in which the ultra wealthy engage with philanthropic giving is constantly evolving. We examine how the changing profile of philanthropists and more innovative forms of giving are creating new investment objectives, new financial products and new ways for the ultra wealthy to collaborate with not-for-profit organizations (including charities) and the education sector. This poses fresh challenges and opportunities for those professionals tasked with targeting, engaging with and advising the ultra wealthy class.

We also consider the next generation of ultra wealthy philanthropists and those who have yet to become wealthy in their own right, examining how they differ from their elders. Their values and approach to giving will have a considerable influence on wealthy families and the philanthropy sector for generations to come.

Innovations in philanthropy and new models of giving among the ultra wealthy are applicable to a host of industries. Educational concerns and not-for-profit organizations will be most greatly affected. Yet increasingly, financial services institutions are discussing broad and holistic wealth plans with their clients, in which philanthropic planning features heavily. Moreover, the social and environmental impact of luxury brands’ business operations are becoming increasingly important to the ultra wealthy, and a growing number of such brands now officially support a particular philanthropic cause. This report examines some of the issues such providers must keep in mind when prospecting for – and engaging with – the ultra wealthy.

KEY DEFINITIONS

Ultra high net worth (UHNW) individuals
Those with a net worth of $30m+, also referred to as the ultra wealthy

UHNW donors
Ultra wealthy individuals who have demonstrated a commitment to philanthropy by donating at least $50,000 on an individual basis over a period of five years (2014-18). Also referred to as ultra wealthy donors or philanthropists.

SIZING PHILANTHROPIC GIVING BY THE ULTRA WEALTHY

We have updated our Philanthropic Giving Model, which estimates annual philanthropic donations by ultra wealthy individuals by region. To gain further insight on philanthropy-minded ultra wealthy individuals (UHNW donors), we also use the Wealth-X Database, the world’s most extensive collection of curated research and intelligence on the wealthy. For more information, please consult the Methodology section on page 20.
While philanthropic giving is an important and relevant topic to many people, this report focuses on such giving by an exclusive group of individuals - the ultra wealthy, or those with a net worth of more than $30m. This wealthy population totals 275,130 worldwide, collectively holding assets worth almost $33.5trn (2019 estimate). Demonstrating this particular group’s wealth, these individuals comprise just 1.2% of the world’s millionaire population but hold 34% of its collective net worth.

Despite the modest size of the ultra wealthy population, the amount that such individuals can and do give to philanthropic causes has a notable impact worldwide. The manner in which such giving takes place, and the timing and scale of such endeavors, are often influenced by a larger number of people - family members, business associates, advisors and not-for-profit organizations themselves. Moreover, the amount the ultra wealthy decide to give and their donation methods influence both the field of philanthropy and the giving activities of the general population.

A SNAPSHOT OF THE ULTRA WEALTHY

ULTRA WEALTHY POPULATION AND TOTAL WEALTH 2019E

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of Ultra Wealthy Individuals</th>
<th>Total Wealth ($bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>275,130</td>
<td>$33,482</td>
</tr>
<tr>
<td>North America</td>
<td>96,670</td>
<td>$11,469</td>
</tr>
<tr>
<td>Latin America and the Caribbean</td>
<td>8,150</td>
<td>$1,103</td>
</tr>
<tr>
<td>Europe</td>
<td>74,300</td>
<td>$8,670</td>
</tr>
<tr>
<td>Middle East</td>
<td>2,570</td>
<td>$312</td>
</tr>
<tr>
<td>Asia</td>
<td>80,140</td>
<td>$10,058</td>
</tr>
<tr>
<td>Pacific</td>
<td>3,640</td>
<td>$348</td>
</tr>
</tbody>
</table>

Note: E refers to an estimate for the full year
Source: Wealth-X 2019
RISING ULTRA WEALTH – AND GREATER EXPECTATIONS

As the size and net worth of the ultra wealthy class have risen over the past decade, so too have expectations that these individuals should ‘give back’ to society. This has been driven partly by a growing awareness of global issues and changing societal attitudes towards civic engagement, and partly by a more widespread public perception of rising wealth inequality.

20-30% of individual giving in the US stems from the ultra wealthy.

Philanthropic giving by the ultra wealthy is an expanding area of focus for many not-for-profit and education organizations’ fundraising departments. More organizations are recognizing that engaging closely with such individuals and bringing them on board can reap significant rewards. Indeed, we estimate that 20-30% of individual giving in the US stems from the ultra wealthy, demonstrating the potential of formulating the right relationships with a few key individuals.

High-profile initiatives such as the Giving Pledge, whereby some of the world’s wealthiest individuals have committed to donating over half of their wealth to philanthropic causes during their lifetime (or in their will), and the Founders Pledge (a binding commitment by company founders to donate a chosen percentage above 2% of their personal proceeds at the point of liquidity) have accompanied this shift in expectations. These, along with an increase in new channels and vehicles for giving, are spurring the global development of the philanthropic sector.

“Major donor fundraising has been important for decades in the US, as well as in Australia, Canada and the UK. In much of Europe, Asia, Latin America and other markets, this area has been developing and becoming an area of focus in recent years.”

— Emily Bracken, Deputy CEO, Daryl Upsall & Associates
In 2018, the ultra wealthy class is estimated to have given a total of $153bn towards philanthropic endeavors. To put this substantial sum into perspective, this is approximately equivalent to all US federal government spending on healthcare, education and energy expected in 2019. This figure excludes any giving undertaken by businesses owned by the ultra wealthy.

In addition to the size (and total net worth) of a region’s ultra wealthy population, a range of factors can influence levels of philanthropic giving. These include traditions of public giving, cultural and religious conventions, coverage of welfare provision, national tax regimes and incentives, and the framework and availability of philanthropic programs and investment vehicles.

Reflecting the region’s elevated wealth and the longstanding tradition of public giving in the US, North America’s ultra wealthy class accounted for the bulk of UHNW philanthropic giving: at $75bn in 2018, this comprised virtually half of all global ultra wealthy donations. Europe’s ultra wealthy accounted for just under a third of total UHNW giving, at $48bn. A strong tradition of government-provided welfare has typically held back US-style public giving but changes to individual expectations and the ability of governments to play this traditional role are causing a gradual shift.
Despite Asia having a larger UHNW population with a higher total net worth than Europe, philanthropic giving by ultra wealthy Asians is notably lower, accounting for a 12% global share in 2018. The scope of the not-for-profit and education sectors is less developed, although growing rapidly, while the region’s wealthy population is substantially younger in age (previous analysis of our data suggests that, traditionally at least, philanthropic engagement has tended to rise with age).

Giving in other regions is modest in comparison, owing in part to the smaller number of ultra wealthy individuals in these regions and also to the development of the philanthropy sector and the culture towards giving. In the Middle East, for example, a substantial proportion of the wealthy’s giving continues to be done on a private, informal and anonymous basis (although this is changing). It is, therefore, not reflected in our estimates of giving.

“Philanthropy in the Middle East has witnessed a transformation in the past 15 years ... In recent years we have seen a large portion of giving going beyond religious traditions and motivations to take on a more developmental approach. This is an approach that contributes to tackling pressing issues such as widespread poverty, unemployment and other social challenges.”

— Dr Tariq Al Gurg, Chief Executive Officer, Dubai Cares

Despite having a larger ultra wealthy population than Europe, Asia accounted for a smaller global share (12%) of philanthropic giving in 2018.
ULTRA WEALTHY DONORS AND THEIR GIVING PREFERENCES

Who are the ultra wealthy philanthropists and to what causes do they give? Over the next few chapters, we narrow our focus to UHNW donors who have donated at least $50,000 on an individual basis over the five-year period of 2014-18. By concentrating on this group, we are able to gain insights into the population of ultra wealthy individuals who have a demonstrated commitment to philanthropy.

Whether influenced by global issues, personal motivations or local concerns, UHNW donors have a huge range of benevolent causes to choose from when deciding where to give. However, there are a number of areas that consistently attract a large share of ultra wealthy donations.

Higher education continues to attract large donations.

Education is by far the leading cause to which UHNW donors give, with almost nine in every 10 such individuals directing at least part of their philanthropy to this field, often in the form of new infrastructure, research endowments and scholarships. The largest gifts continue to be directed at higher education, underscoring the importance of the alma mater tradition, particularly among universities in the US but increasingly across other continents too.

**TOP PHILANTHROPIC CAUSES AMONG UHNW DONORS**

<table>
<thead>
<tr>
<th>Cause</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>86.8%</td>
</tr>
<tr>
<td>Social services</td>
<td>62.3%</td>
</tr>
<tr>
<td>Healthcare and medical research</td>
<td>61.1%</td>
</tr>
<tr>
<td>Arts and culture</td>
<td>60.1%</td>
</tr>
<tr>
<td>Children and youth development</td>
<td>36.4%</td>
</tr>
<tr>
<td>Environment, conservation and animals</td>
<td>34.3%</td>
</tr>
<tr>
<td>Religious organizations</td>
<td>16.3%</td>
</tr>
<tr>
<td>Public affairs</td>
<td>14.9%</td>
</tr>
<tr>
<td>Science and technology</td>
<td>0.2%</td>
</tr>
<tr>
<td>Food, agriculture and nutrition</td>
<td>0.2%</td>
</tr>
</tbody>
</table>

Notes: We have updated our philanthropic causes methodology, meaning that previous years’ publications are no longer directly comparable. Giving to more than one cause is possible, so the numbers do not add up to 100%. Social services include crime prevention, reducing poverty and unemployment.

Source: Wealth-X 2019
After education, three causes are similarly popular among ultra wealthy donors: social services, healthcare and medical research, and arts and culture, with around six in every 10 donors giving to these areas. Donations to social services and medical research (such as for vaccines) can effect powerful improvements in quality of life and health outcomes, explaining their broad popularity. Meanwhile, arts and culture, as well as public affairs, provide opportunities for donors to take a high-profile approach should they wish to do so (such as by founding or sponsoring a museum/exhibition or think tank) because such causes tend to attract media attention and interest from other wealthy individuals.

There is little variation in the leading causes in terms of UHNW donor region, with education and social services among the top three causes across all regions. Arts and culture makes a third-placed appearance in Asia, while giving to children’s and youth development causes is the third most popular area in Latin America and the Caribbean. More regional differences emerge lower down the list, albeit among causes attracting relatively limited support, such as public affairs and science and technology.
REGION MATTERS

ULTRA WEALTHY DONOR PROFILE

Who are the individuals donating to such causes? Examining ultra wealthy donors in greater detail, we find differences in characteristics across regions. For example, UHNW donors in North America (and the much smaller Pacific region) tend to be highly represented by those with self-made fortunes, compared with a larger representation of those in the Middle East and Latin America who inherited all or some of their wealth. This, to a large extent, mirrors the pattern in the general UHNW populations at a regional level. Similarly, a very large majority of ultra wealthy donors across all regions are male, reflecting the overall UHNW class.

Perhaps more interestingly, the characteristics of UHNW donors do differ in some respects from those of the general ultra wealthy populations in their respective regions. Across most regions, people who solely inherited or made their wealth via a combination of inheritance and their own efforts have a slightly higher representation among UHNW donors than those who created their own fortunes, when compared with the general ultra wealthy populations in each respective region. This may be down to the fact that, traditionally, most entrepreneurs tend to focus their efforts on building their businesses, only turning to philanthropy later in life. In contrast, people with inherited wealth may have had more opportunity to be active in philanthropy from a younger age. This tallies with analysis of the general UHNW population, whereby an interest in philanthropic activity tends to rise with age.

### UHNW donors in North America tend to be highly represented by those with self-made fortunes. In the Middle East and Latin America, those who inherited some or all of their wealth dominate.

<table>
<thead>
<tr>
<th>Region</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>90.2%</td>
<td>9.8%</td>
</tr>
<tr>
<td>Europe</td>
<td>87.8%</td>
<td>12.2%</td>
</tr>
<tr>
<td>Middle East</td>
<td>94.9%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Asia</td>
<td>87.5%</td>
<td>12.5%</td>
</tr>
<tr>
<td>Africa</td>
<td>93.8%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Latin America and the Caribbean</td>
<td>90.5%</td>
<td>9.5%</td>
</tr>
<tr>
<td>Pacific</td>
<td>91.7%</td>
<td>8.3%</td>
</tr>
</tbody>
</table>

### SOURCE OF WEALTH

- Inherited
- Inherited/self-made
- Self-made

### GENDER

- Male
- Female

Source: Wealth-X 2019
THE NEW NORMAL

SUSTAINABLE INVESTMENT, ENGAGEMENT AND THE NEXT GENERATION

While the regional profile of UHNW donors and their favorite causes tend to change only gradually, the manner in which the ultra wealthy engage with philanthropic giving is evolving more rapidly. This is a reflection not only of an increasingly fast-paced society at large but also of changing trends and investment philosophies among the ultra wealthy class.

SHIFT TOWARDS SUSTAINABLE INVESTMENT

The largest change, and one that is also being reflected among those in lower wealth tiers, is the move towards impact and responsible investment, the latter aiming to incorporate environmental, social and governance factors into investment decisions. Whereas there was emerging interest among the ultra wealthy a few years ago, impact investing and impact-oriented causes are now growing at a very fast rate. Attitudes to such investment have also changed – in contrast with their previous association with sub-market returns, there is an increasing awareness that such investments can and do produce results in line with other portfolio allocations.

“There is an increasing realization that sustainable investments do produce returns, both social and financial. Demand is taking off for these types of investments.”

— Judy Spalthoff, Executive Director, Head of Family Advisory and Philanthropy Services Americas, UBS

“We’ve entered an era of ‘new philanthropy’ – with impact investment becoming a very important facet of philanthropy.”

— Sianne Haldane, Head of Planned Giving Philanthropy (Solicitor), Cancer Research UK

There has also been a move towards experimentation with other financial instruments, such as development impact bonds. This area is expected to see further innovation and rising demand as more UHNW donors seek to align asset management strategies with their social values.

Linked to this field, but not strictly within it, is venture philanthropy, which is also on the rise. This form of giving takes concepts and techniques from venture capital finance and applies them to philanthropic objectives. The fund doesn’t just invest capital, it also works with the receiving organization to scale and measure impact.

All generations are embracing more innovative giving.
FEELING ENGAGED

The traditional form of philanthropic giving, whereby foundations dispense donations with some, but relatively little, interaction with the recipient organization, is also gradually changing. In contrast to the oft-used example of donating to the construction of a building or new wing carrying the name of the philanthropist, increasingly ultra wealthy donors want to be engaged with, and of use to, the organization(s) to which they are giving. This means volunteering their time, whether to sit on a board or mentor some of the organization’s staff, or actively leveraging their networks. ‘Co-creation’ is the new buzzword.

“Collaborative philanthropy is taking center stage today ... many wealthy are motivated by how much they can utilize their entrepreneurial and leadership skills for good and to what extent they can personally drive this effort.”

— Dr Tariq Al Gurg, Chief Executive Officer, Dubai Cares

Donors don’t just want to see the results, they want to be involved in the process.

As a result, there is demand for increased reporting and transparency (particularly from the younger generation who have grown up with plentiful data), especially in light of increasing regulatory oversight and brand reputation. This can sometimes be challenging for such organizations and viewed as a distraction from their core objectives. Nevertheless, many are making investments in client management.

“There is an ongoing gradual professionalization of the sector – with the US spearheading this.”

— Emily Bracken, Deputy CEO, Daryl Upsall & Associates

Measuring impact is an ongoing challenge for the philanthropy sector. Yet with many tech innovations under way, this is an area that could see substantial change. For example, blockchain could be used to make giving more transparent by enabling a donor to see where their funds are ultimately used.

“Major donors are much more discerning now. They want numbers and, increasingly, look for engagement opportunities such as trips to the field, where they see how their money impacts beneficiaries.”

— Lekha Menon, Director, Prospect Research and Strategy, International Rescue Committee

Along with this, donors are becoming more sophisticated and demanding by holding not-for-profit organizations to a higher standard. They want to know how recipients are using their funds and to understand the impact their money is having. This attitude is now more common among donors following several scandals, which have had a negative impact on the levels of trust held in charitable organizations.
A MORE COLLABORATIVE RELATIONSHIP

The approach ultra wealthy donors take towards their philanthropic efforts is also changing – with many managing their giving in a more professional and strategic manner. The wealthy are using a broader array of advisors, including those in the areas of law, tax, philanthropy and business, to work together to find the best solutions to their individual needs.

“Advisors are critical in philanthropy. Without them, philanthropy can be less effective or it can even inhibit philanthropy.”

— Sianne Haldane, Head of Planned Giving Philanthropy (Solicitor), Cancer Research UK

They are also pursuing a more collaborative approach with family and others, such as being more open to holding family meetings with advisors to discuss strategic and long-term philanthropic perspectives. This can encourage younger family members to feel more involved while introducing new causes and different types of giving to the family. This can be a win-win from the advisor’s perspective by strengthening their relationship with their clients while maintaining the sustainability of the clients’ wealth.

Finally, there is an emerging interest in collaborative giving. While giving is usually very siloed, an increasing number of donors are looking for a peer group, or even to pool resources, around a particular cause or fundraising effort. The Founders Pledge is just one example.

“There is a growing sense of people giving in a smarter way than in the past. Philanthropic plans are more thought out. More professional.”

— James Maloney, Charity and Philanthropy Partner, Farrer & Co
How does the younger generation of ultra wealthy individuals differ from its elders? For one, the wealthy are giving at a younger age. They are allocating their time and skills in a way that has not been done before. This is in contrast to the more traditional model whereby a philanthropic focus begins upon an easing away from a business focus, possibly coinciding with the start of retirement.

“It’s somewhat a generational thing – there is an erosion of the traditional separation between how you make your money and how you give it away. The younger generation is more concerned with the social impact of their business and the impact of their philanthropic activities.”

— James Maloney, Charity and Philanthropy Partner, Farrer & Co

The younger generation has also been inspired by high-profile giving initiatives.

“The Giving Pledge and initiatives such as the Founders Pledge are great and these types of innovations are only going to grow further as they mean more than just a commitment for the founders of start-ups.”

— Fabrice d’Erm, Co-Founder and Chief Executive Officer, Rocket Foundation

The younger generation is more concerned with the social impact of their business.
How does the younger generation of UHNW donors differ in terms of its favored causes? Our data shows that the younger group of ultra wealthy donors – defined as below the age of 45\(^2\) – give to similar causes as their elders but to fewer of them.

**TOP PHILANTHROPIC CAUSES BY AGE AMONG UHNW DONORS**

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Education</th>
<th>Social services</th>
<th>Healthcare and medical research</th>
<th>Arts and culture</th>
<th>Children and youth development</th>
<th>Environment, conservation and animals</th>
<th>Public affairs</th>
<th>Religious organizations</th>
<th>Science and technology</th>
<th>Housing and shelter</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;45</td>
<td>61.3%</td>
<td>55.8%</td>
<td>40.5%</td>
<td>35.0%</td>
<td>23.9%</td>
<td>23.9%</td>
<td>7.4%</td>
<td>5.5%</td>
<td>0.6%</td>
<td>0.6%</td>
</tr>
<tr>
<td>45-64</td>
<td>86.6%</td>
<td>61.6%</td>
<td>57.3%</td>
<td>54.5%</td>
<td>35.8%</td>
<td>30.7%</td>
<td>14.5%</td>
<td>0.3%</td>
<td>0.3%</td>
<td></td>
</tr>
<tr>
<td>&gt;65</td>
<td>88.1%</td>
<td></td>
<td>65.8%</td>
<td>65.1%</td>
<td>37.7%</td>
<td>37.4%</td>
<td>15.6%</td>
<td></td>
<td>0.1%</td>
<td></td>
</tr>
</tbody>
</table>

Notes: We have updated our philanthropic causes methodology, meaning that previous years’ publications are no longer directly comparable. Giving to more than one cause is possible, so the numbers do not add up to 100%. Social services include crime prevention, reducing poverty and unemployment.

Source: Wealth-X 2019

\(^2\) We have chosen the age group of 45 and under based on wider research of philanthropic giving but also due to the distribution of the ultra wealthy in general. Wealth takes time to accumulate and, as a result, those under 45 comprise just 8% of the group’s population.
Younger ultra wealthy donors take a more targeted approach to their philanthropic efforts.

This more targeted approach tallies with younger individuals’ tendency to have a passion for a particular cause and their strong willingness to be financially and practically involved with that issue and/or organization.

This younger group’s enthusiasm for philanthropy and their targeted focus on key causes is influencing their families, who are increasingly taking on the engagement and opinions of their younger members when it comes to philanthropic giving. As our data relates only to younger donors who are currently wealthy and not to those who are in line to become wealthy in the future (whether from inheritance or businesses they are currently growing themselves), we expect this more focused trend for philanthropic giving to emerge even more clearly in the data in the medium term as more of these individuals become ultra wealthy themselves.

“In Asia, for example, you see a growing interest in environmental issues by the young (30- to 40-year-olds) among wealthy families. They don’t yet have the authority to dispense large sums of money – but they will one day.”

— Laura Weeks, Director, Campaign for a Sustainable Asia Pacific, WWF
BEST PRACTICE

PROSPECTING FOR, CONNECTING TO AND DEEPENING RELATIONSHIPS WITH THE ULTRA WEALTHY

How the ultra wealthy view philanthropy and channel their donations is of significant relevance to a host of industries – from the education and not-for-profit organizations that rely on their donations, the financial services institutions that are increasingly involved in their clients’ wealth and philanthropy planning, to luxury brands whose purpose and social and environmental impact is of growing importance to the ultra wealthy. There are a number of best practices to follow when reaching out to a new wealthy prospect, or strengthening your relationship with an existing donor or client.

► TARGET THE RIGHT INDIVIDUALS AND PRIORITIZE NETWORKING.

Prospecting for and approaching the ultra wealthy about new opportunities requires meticulous preparation and a leveraging of the right engagement/connection points. Ensure you know what their passions and hobbies are, and what makes them tick. Needs and necessities play a minor role in the ultra wealthy’s decision-making processes so they need to connect to the cause, product or service that is being discussed. Moreover, understand and leverage the relationship networks of your current ultra wealthy clients and donors – personal introductions are much more likely to be successful.

► ENGAGE WITH EACH WEALTHY DONOR OR CLIENT ON AN INDIVIDUAL LEVEL.

To broaden and deepen the relationship, look to discuss the big picture of what they are looking to do philanthropically, what issues motivate them and how they visualize their engagement. This could be done as part of a wealth plan discussion, or would be especially important if the client had just made their first small donation to a particular organization. Take the time to discuss all angles and keep up to date with their professional and personal lives. A high level of trust can lead to significant payoffs in the longer term.

► LOOK TO UNDERSTAND, CONNECT AND ENGAGE WITH THE NEXT GENERATION OF PHILANTHROPISTS.

Many younger ultra wealthy individuals – and those who have yet to become wealthy in their own right – view philanthropy differently from their elders. Organizations must understand the values of these individuals to work out how best to engage them and get them involved, or risk losing relevance for this valuable next set of donors or clients.
METHODOLOGY

In order to size total philanthropic giving by the ultra wealthy and profile ultra wealthy donors, we use our newly updated Philanthropic Giving Model and the Wealth-X Database.

Our Philanthropic Giving Model estimates annual philanthropic donations by ultra wealthy individuals in each region. The model works in two separate stages. In the first stage, we analyze the annual philanthropic donations made by ultra wealthy individuals in each market, utilizing our unique database on the wealthy. This produces average proportions of wealth donated by ultra wealthy individuals annually. In the second stage, the model uses estimated total wealth data, produced by Wealth-X’s proprietary Wealth and Investable Assets Model, to estimate total philanthropic giving (as a proportion of total wealth) in each region. It is worth noting that private or anonymous donations are not included in our estimates.

We profile ultra wealthy individuals who have demonstrated a commitment to philanthropy by donating at least $50,000 on an individual basis over a period of five years (2014-18). To gain further insight into this donor group, we use the unique and proprietary Wealth-X Database, the world’s most extensive collection of curated research and intelligence on the wealthy. Our database provides insights into their financial profile, career history, known associates, affiliations, family background, education, philanthropic endeavors, passions, hobbies, interests and much more. Our proprietary valuation model (as defined by net worth) assesses all asset holdings, including privately and publicly held businesses and investable assets. Wealth-X uses the primary business address as the determinant of a wealthy individual’s location. References to $ or dollars refer to US dollars.

Analysis of the data and additional insights were provided by the Wealth-X Analytics team. Leveraging the Wealth-X Database and its own data models, Wealth-X Analytics provides customizable data assets tailored to your organization’s needs. Wealth-X Analytics is uniquely positioned to provide market-level data and analysis to inform strategies across the financial services, luxury, not-for-profit and education industries.

The Wealth-X Analytics team is composed of experienced analysts, economists and thought leaders, armed with deep-sector knowledge and unique skills. The team regularly collaborates with clients across industries to provide:

- Market sizing
- Forecasting
- Profiling/archetyping

To learn how Wealth-X Analytics complements our full suite of data-driven products and services, contact us at contact@wealthx.com.

ABOUT WEALTH-X

The global leader in wealth information and insight, Wealth-X partners with leading prestige brands across the financial services, luxury, not-for-profit and higher-education industries to fuel strategic decision-making in sales, marketing and compliance. Wealth-X boasts the world’s most extensive collection of records on wealthy individuals and produces unparalleled data analysis to help organizations uncover, understand, and engage their target audience, as well as mitigate risk. Founded in 2010, with staff across North America, Europe and Asia, Wealth-X provides unique data, analysis, and counsel to a growing roster of over 500 clients, worldwide.
THE NEW NORMAL: TRENDS IN UHNW GIVING 2019