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### **Bank of America Announces Initial Findings of 2008 Study of High Net-Worth Philanthropy**

*Wealthy Donors Cite Loss of Emotional Connection as Leading Reason for Discontinuation of Giving to a Charitable Organization*

BOSTON – Nearly 60% of wealthy households who stopped giving to a charitable organization attributed their change in philanthropic behavior to “no longer feeling connected to the organization,” according to initial findings released today from a new survey initiated by Bank of America.

*The 2008 Bank of America Study of High Net-Worth Philanthropy* reflects the opinions of nearly 700 respondents throughout the United States with household income greater than \$200,000 and/or net-worth of at least \$1,000,000. Conducted by The Center on Philanthropy at Indiana University for Bank of America, the 2008 research follows an initial landmark study published through this partnership in 2006.

Key insights gleaned from the new study – the full version of which will be released in the first quarter of 2009 – indicate that wealthy donors are giving more strategically and are increasingly turning to legal and financial professionals as primary sources for advice about charitable giving decisions. Additional noteworthy themes to emerge include:

- Desire to “give back to the community” the leading motivation for giving, while “public recognition” essentially a non-factor
- Donors believe charitable contributions have a greater impact on their personal fulfillment than on the organizations they support
- Families use involvement to pass philanthropic values on to the next generation, who in turn give through their own private foundations or donor-advised funds as adults
- Religious organizations second only to parents as a leading source of philanthropy education
- Transparency, accountability and protection of privacy among donors’ primary expectations of the non-profit organizations they support

“Our wealthy clients are taking a more proactive approach to integrating philanthropy into their wealth management strategies,” said Cary Grace, Bank of America National Institutional Advisory Solutions Executive. “We are noticing that the turbulent economic environment has, not surprisingly, also motivated these individuals to play a more active role in charitable decisions in terms of what they give, to whom and when. Our 2008 research breaks new ground and uniquely positions our philanthropic management experts across the country to help facilitate greater understanding and communication between these important donors and the non-profit institutions they support.”

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The original 2006 study – which has become a leading resource for the philanthropy industry for understanding the philanthropic behaviors of wealthy donors – was the first proportionally random study of high net-worth charitable giving and the largest survey of wealthy Americans ever conducted on this topic. The new 2008 study is the result of randomly surveying over 20,000 households in high net-worth neighborhoods across the country. The new research was conducted in the same manner as the initial study in order to identify key trends and to provide even deeper insights into the motivations and attitudes of America’s wealthiest donors.

### **HIGHLIGHTS OF INITIAL FINDINGS:**

*The 2008 Bank of America Study of High Net-Worth Philanthropy* will track significant shifts as well as certain consistencies among the giving behaviors of the wealthiest donors, and is expected to offer valuable insight to non-profit organizations hoping to attract, sustain and deepen relationships with these donors. Among the initial findings released today:

- **Locally and personally motivated, with little need for public recognition.** Wealthy philanthropists’ motivations for giving demonstrate a strong desire to “give back to the community” (81.2%) and to make an immediate difference (66.9%) in the world around them, according to the survey. Other leading motivations include these individuals’ social (70.4%) and political (58.5%) beliefs, as well as their loyalty to certain causes and organizations (70.7%) – many of whose missions seek to remedy an issue that may have affected the donor personally or someone close to them (57.5%). In a continuing trend from the 2006 study, only 5% of wealthy donors said they are motivated to give based on public recognition; in fact, public recognition of a gift ranked among the least important factors when donors consider which charitable organizations to support, with just 10.2% of donors citing this as important.
- **Trying to make an impact.** Wealthy donors believe that their charitable contributions have a greater impact on their own personal fulfillment (46.0%) than on those who receive their gifts. Just less than 20% of donors believe that their donations make a major impact on the organizations they support, and only 6.1% believe they’re making significant contributions to the improvement of society in general. However, wealthy individuals said the leading objective for their largest gifts to charitable organizations last year was “general operating support” (56.7%). Start-up funding (10.1%) and venture philanthropy funding (2.5%) were among the least common recipients of the largest donations last year.
- **Raising philanthropic children.** According to the survey, “setting an example for children or other young people” is also an important motivator for donors (45.6%), with more and more parents actually involving their young and adult-age children in decisions about grant-making (40.8%) and the charitable organizations they choose to support (53.2%). In fact, the vast majority (95.9%) of the next generation of philanthropists learn about philanthropy and the value of giving from their parents, with more than 60% of wealthy donors actively educating their children about philanthropy. Taking these matters into their own hands, adult-age children of nearly 40% of wealthy families surveyed now give through their own private foundation or donor-advised fund.
- **Religion’s role in philanthropy.** Approximately half (51.0%) of those surveyed cited “religious beliefs” among their top motivations for giving. Nearly 70% of wealthy households receive information about charitable organizations from religious institutions, and approximately 80% indicated that their children learned about giving in part through programs offered by these institutions.

- **Great expectations.** In a continuing trend from the 2006 study, the 2008 research finds that wealthy donors have high expectations of charitable organizations, ranking the following factors among those most important when determining which to support:
  - Sound business practices (93.0%)
  - Spend appropriate amount on overhead (88.3%)
  - Acknowledgement of contributions (including receipts) (83.7%)
  - Protection of personal information (82.7%)
  - Full financial disclosure (77.7%)
  
- **Why did my wealthy donors go away?** In 2007, 38.0% of donors stopped supporting a charitable organization, with more than one-quarter of those surveyed (26%) discontinuing support for at least two organizations. The top three reasons why donors stopped giving to a particular charity include “no longer feeling connected to the organization” (57.7%), “deciding to support other causes” (51.3%) and “feeling they were being solicited too often” (42.3%). Very few donors, however, said that they stopped giving to an organization because of “mismanagement of donations” (12.7%), “mismanagement of assets” (6.7%) or “inaccurate record keeping of donations” (5.3%) – indicating that the majority of organizations that these wealthy donors support demonstrate sound business practices, perhaps one reason why more than 70% of donors give to the same organization year-after-year.
  
- **Strategic use of charitable vehicles.** Among the many reasons for establishing one or more charitable vehicles are a desire for control over how dollars are used and personal financial benefits such as maximizing income tax deductions and avoiding capital gains and estate taxes. As a result, donor-advised funds, while still a relatively new vehicle when considering all that are available, have become one of the preferred giving vehicles utilized by donors, with more than 20% of survey respondents currently using them and another 20% who would consider using them in the next three years. In addition, approximately 56% of wealthy donors today have a charitable provision in their will – a total that could climb to a staggering 93% in 2010, with an additional 37% of donors saying they would consider establishing a charitable provision in their wills the next three years.
  
- **Major shift in the source of charitable advice.** One of the most striking differences between findings from the 2006 and 2008 studies is the dramatic increase in donors’ use of legal and financial professionals to help them make charitable giving decisions. Our 2006 study found that donors relied on non-profit personnel (41.2%) and their own peers (35.9%) more than any other source for advice in this area. Our 2008 data finds accountants (43.2%), attorneys (41.7%) and financial/wealth advisors (32.6%) to be among the leading sources of charitable advice.

“This study includes some good news for charities in these difficult economic times,” said Patrick M. Rooney, interim executive director of the Center on Philanthropy at Indiana University. “The findings indicate that these donors are committed to the ongoing success of the non-profits to which they contribute. In fact, the top two objectives for the largest gifts they made in 2007 were to provide general support for the non-profit and to make a long-term investment in the organization. This should offer charities hope of continued vital support from these loyal donors at a time when it is much needed.”

Bank of America, one of the nation’s largest corporate donors and provider of a full array of charitable services to wealthy individuals and non-profit institutions, sponsored the study.

**The Center on Philanthropy**

The Center on Philanthropy at Indiana University is a leading academic center dedicated to increasing the understanding of philanthropy and improving its practice worldwide through research, teaching, training and public affairs programs in philanthropy, fundraising, and management of nonprofit organizations. More information is available at [www.philanthropy.iupui.edu](http://www.philanthropy.iupui.edu).

**Bank of America Philanthropic Management**

Bank of America Philanthropic Management delivers expertise and comprehensive services to help clients build and sustain their philanthropic missions. The company leads the industry in serving both individual and institutional clients by seamlessly integrating philanthropy into their broader financial relationships. Bank of America serves as grant-making agent, trustee or co-trustee for over 2,000 private foundations, and advises more than 10,000 clients nationwide who entrust the company with over \$30 billion in assets, as of December 31, 2007.

**Bank of America**

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The information provided is based on the 2008 Bank of America Study of High Net-Worth Philanthropy, researched by The Center on Philanthropy at Indiana University. Bank of America cannot confirm or guarantee the accuracy or completeness of the analysis provided in the study. Key findings referenced do not represent the entire findings in the study.

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