

# What Wealthy Donors Want

New insights about what motivates wealthy donors to give—and why they stop.

Strengthening relationships with donors by maintaining ongoing communication is a fundamental fundraising tactic, but there can be a fine line between being attentive and being over-attentive. Wealthy donors said the top reason they stopped supporting an organization in 2009 was that the organization asked for donations too often or asked for too much.



That's one of many eye-opening findings from the *2010 Bank of America Merrill Lynch Study of High Net-Worth Philanthropy*, which surveyed donors about their giving in 2009. Conducted by the Center on Philanthropy at Indiana University, this landmark biennial study tracks the **attitudes and giving behaviors** of high net-worth donors, including why they give and why they stop.

“This research provides an in-depth view of the motives and obstacles to giving and volunteering among high net-worth donors,” says Una Osili, the Center’s director of research. “Nonprofit organizations can use these insights to develop effective methods for engaging high net-worth donors with their organizations. The results also highlight the importance of adapting fundraising and volunteer appeals to meet the changing economic and social environments of these donors.”

## Why They Give

Between 2007 and 2009, high net-worth donors became more strategic about their charitable donations and shifted their support from long-term organizational goals to immediate needs.

Topping the 2009 list of high net-worth donors’ motivations for giving was the belief that their gift will make a difference (72.4 percent), which replaced wanting to give back to the community (64.7 percent), the most cited motivation in 2007. Important motivations in 2009 also included feeling financially secure (71.2 percent) and wanting to give to an organization that is efficient (71.0 percent).

“These responses indicate that during these difficult financial times, when needs are more acute and resources are more constrained, donors are particularly concerned about whether their contributions are being used efficiently and effectively,” says Claire Costello, national foundation executive for philanthropic management at Bank of America Merrill Lynch. “They want to invest wisely in order to get the most bang for their philanthropic buck.”

Wealthy households gave their largest gift for general operations in 2009, rather than for the capital campaigns and long-term needs cited in 2007. While gifts that supported an organization’s operations held steady at over 55 percent from 2007 to 2009, the share of households that made their largest gift to support an organization’s growth fell from 40.4 percent in 2007 to 23.5 percent in 2009. Support for long-term needs fell from 37.2 percent to 11.0 percent.

That change poses a challenge for nonprofits.

“As the economy recovers and donors begin to look beyond short-term needs, nonprofit organizations will need to consider a shift in their messaging to better capture the critical support needed for long-term sustainability,” Costello cautions. “The challenge will be striking a balance between successfully engaging donors around long- and short-term needs.”

## Why They Stop Giving

Nearly 60 percent of high net-worth households that stopped giving to an organization or cause in 2009 cited being solicited too frequently or being asked to give an inappropriate amount as their top reason. That’s a marked contrast from the 2007 study, where the number one reason cited was a lack of personal connection with the organization.

“This year’s results tell us that nonprofit organizations may have over-solicited their donor base during this recessionary period and/or that donors may have been more sensitive to being solicited because of declines in their personal financial positions,” Costello says.

The message for nonprofits: “Be conscious of the donor’s circumstances and sensitivities,” Osili says. “Even if the donor hasn’t been affected by the economic downturn, there’s still an increased economic and financial uncertainty that may lead to a different allocation of their charitable dollars.”

Other reasons high net-worth donors stopped giving to a particular charity included:

- They decided to support other causes (34.2 percent).
- Their household circumstances changed (29.4 percent).
- The charity changed leadership or activities (29.1 percent).

## Dollars Follow Hours

Since 2007, high net-worth donors have been giving even more of their time and talent to the organizations and causes they value. High net-worth individuals volunteered more hours on average to their community in 2009, increasing their commitment from 241 hours in 2007 to 307 hours.

And high net-worth donors are likely to donate their money where they donate their time. More than half of wealthy donors, 51.9 percent, cited volunteering as a factor in their charitable giving choices.

“There seems to be even more willingness to volunteer in this economy,” Osili says. “Nonprofits should consider building relationships with donors to seek their time and talent, which will build long-term engagement with these organizations.”