



# ADVISORS EDGE

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## SURVEY REVEALS A GROWING DESIRE AMONG AFFLUENT TO GIVE BACK

*The Portsmouth Community Foundation is pleased to provide this important information for you. We hope that as you assist your clients with plans for retirement and taxes you will remember to ask about their charitable goals. Remember, we are your charitable planning resource.*

Amid economic uncertainty and the war against terrorism, wealthy individuals are now more concerned about local community and their families and less concerned about their career ambitions. They also widely perceive money as “a powerful tool for doing good.”

At the same time, the affluent say they are now more likely to seek help of a professional financial advisor to manage their wealth.

This recognition of the need for professional advice—along with the increased social and familial concerns of affluent individuals—presents an exceptional opportunity for financial advisors. According to the latest Wealth & Values survey findings, 88 percent of donors still conduct their philanthropy by making direct cash gifts. As a result, they may be overlooking the wealth protection benefits of more sophisticated philanthropic strategies—strategies that advisors are well positioned to incorporate into an overall financial plan.

### **Renewed Focus on Values**

Almost two-thirds of the 712 respondents surveyed reported an obligation to give back to their community, up from 50 percent in 2000, when the previous study was conducted. The affluent, which the survey defines as those with gross annual incomes of at least \$150,000 and investable assets of at least \$500,000,<sup>1</sup> now overwhelmingly advocate the power of philanthropy.

This finding doesn't surprise Stephen

Goldbart, a clinical psychologist and co-founder of the Money, Meaning & Choices Institute in Kentfield, California. “The mania for accumulation has ended,” says Goldbart, who counsels wealthy families. “Many people have become focused on their real values since the events of September 11 and in the wake of the economic downturn.”

“We are coming off a three-year downturn in the market and people have started to refocus on philanthropy,” adds Richard Slutzky, a senior consultant at the Merrill Lynch Center for Philanthropy and NonProfit Management in Hopewell, New Jersey.

“Those who are working are feeling less pressure and are more willing to free up some of their income for giving,” Slutzky continues. “Older investors are more willing to work with philanthropy in their estate plans. People are more reflective now and more willing than ever to give.”

### **A Need for Guidance**

The Wealth & Values survey, which was conducted in the spring of 2003 and sponsored by Harris Interactive for Community Foundations of America and HNW, Inc., a wealth market consultancy, found that even the most financially sophisticated investors recognize they need help growing and protecting their assets. Just 61 percent of the survey respondents agreed with the statement that, for that most part, “they can make it without anyone's help,” down five percentage points from 2000.

Dr. Goldbart says this trend extends into the area of philanthropy. “There's a much

<sup>1</sup> Excluding primary residence and retirement accounts.

greater interest these days in using advisors," he says. "Wealthy investors want a moral compass for their money, a set of objectives that will help their families and help society."

### **A Passion To Do Good**

Among other key findings, 60 percent of affluent respondents say that their happiness has grown along with their wealth. Still, most continue to fret about sustaining and increasing their wealth—and say they need more money than ever to feel secure. Specifically, 32 percent of those surveyed said they needed between \$2.5 million and \$5 million in assets to feel secure.

Even so, many affluent respondents are clear that there is more to life than making money: 69 percent identified career satisfaction as very important to their happiness in the latest survey, down from 80 percent in 2000. By contrast, 72 percent say that families and friends are very important, up from 68 percent in the earlier survey.

Money is now widely perceived by the affluent as something that can solve problems. Stephen Johnson at the Philanthropic Initiative in Boston says that

well-heeled donors have been more willing to step up to the plate in the economic downturn, even though their own wealth has declined.

"They have a passionate determination to give because they can see that the government has a reduced willingness and ability to spend on social problems and that nonprofit organizations are increasingly needy, both because overall donations are down and because the constituency that they serve is growing," he says.

### **A Brighter Future for Giving**

Now that the economy appears to be picking up, the survey suggests that affluent donors will continue to give—and may even increase their donations. Two-thirds of respondents believe that the US economy will improve over the next year, up from only 16 percent in 2000.

Optimism, a growing social consciousness, and a need for financial and philanthropic advice: these elements spell opportunity for advisors to help clients develop and implement strategic giving plans to support their favorite causes now – and in the future.

*Aline Sullivan is a freelance writer based in Westport, CT*

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