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

Understanding Advisor Approaches & Client Expectations

Conducted in partnership with The Philanthropic Initiative

JULY 2018

Table of contents

I.	Background and Objectives	3
II.	Methodology	6
III.	Executive Summary	9
IV.	Importance of the Philanthropic Discussion	16
V.	Content of the Philanthropic Discussion	26
VI.	Motivations and Hesitations to Giving	32
VII.	Discussion About Taxes and the New 2017 Tax Policy	36
VIII.	Role of the Advisor	42
IX.	Need for Further Education/Learning	50
X.	Benefits of the Philanthropic Discussion	57
XI.	Advisor Profiles	63
XII.	HNW Consumer Profiles	68

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I. BACKGROUND AND OBJECTIVES

Background

In April 2018, US Trust, in partnership with The Philanthropic Initiative, Inc. (TPI), conducted a research project with Phoenix Marketing International (Phoenix), an independent market research firm. In 2013, similar research was conducted. The purpose of this study is to revisit the key points uncovered in the earlier study, to identify significant changes, and to expand upon topics of particular interest today from the vantage point of 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 survey was conducted among 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 314 professional advisors and 103 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
 - Philanthropy-related issues that HNW clients would like to know more about

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II. METHODOLOGY

Methodology

The Questionnaires

To meet the objectives of the project, in May 2018 a comprehensive quantitative online survey was conducted among a broad, random sample of 314 professional advisors (not company/firm specific) who advise HNW clients. A total of 55 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 103 HNW consumers who participate in philanthropic activities. A total of 56 questions were asked on a variety of topics including patterns of giving, philanthropic discussions with professional advisors, and knowledge and use of direct giving vehicles.

The Sample Composition

Professional advisor respondents were initially screened to ensure that they fall into one of the desired advisor categories (financial/wealth, 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).

Professional Advisors				HNW Consumers
Total	Wealth Advisors	Trust/ Estate Attorneys	Tax/Acct Advisors	
314	104	110	100	103

a b c

Note: The color schemes in this table are used throughout the report to designate the two different sample groups (professional advisors and HNW Consumers)

Methodology

The Sample Composition (Continued)

The professional 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 is a statistical term that tells how sure you are that a difference or relationship exists between measures.

Measures for the types of professional advisors (financial/wealth, attorneys, and tax/accountant advisors) have been statistically tested for differences between the groups. 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.

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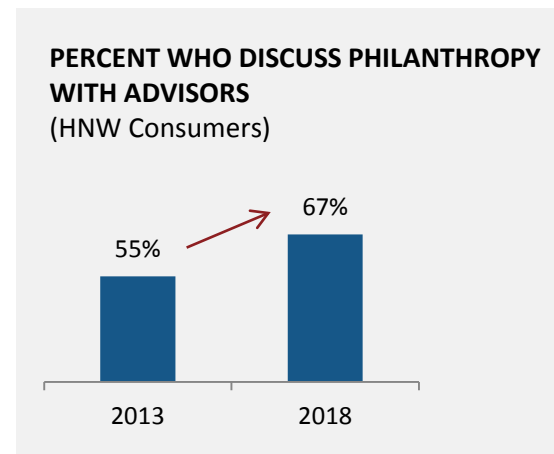
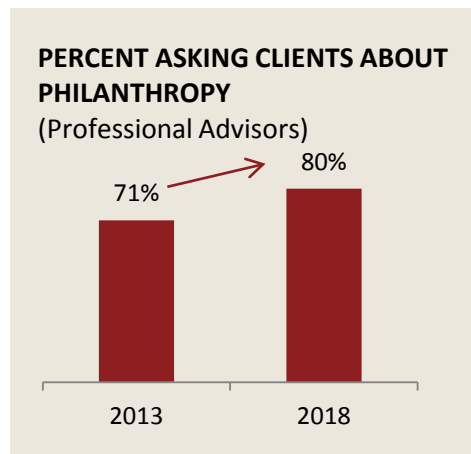
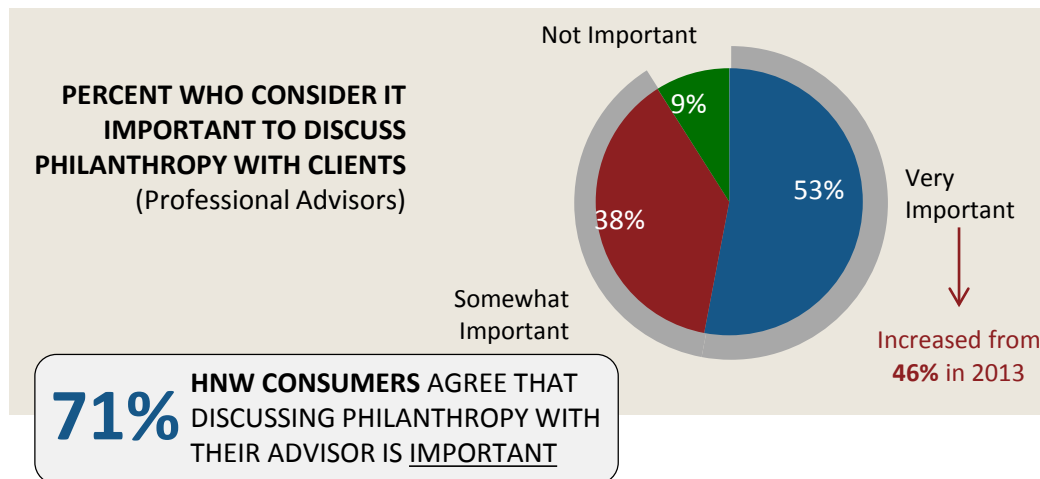
III. EXECUTIVE SUMMARY

Executive summary

IMPORTANCE OF THE PHILANTHROPIC DISCUSSION

Nearly all advisors consider discussing philanthropy with clients as important and ask at least some of their clients about their philanthropic interests. The importance placed on these discussions and the rate of these discussions occurring are both on the rise. Because of the importance of these discussions, most advisors (53%) will revisit the subject again if the client is initially not interested in discussing their charitable giving.

HNW consumers agree that having philanthropic discussions with advisors is important, and most have discussed philanthropy with an advisor. Who initiates the discussion is not as important to consumers as to when the discussion occurs. Most consumers want to have these conversations earlier in the client/advisor relationship (after the first few meetings). However, advisors prefer to raise the subject of philanthropy after gaining a more detailed financial and personal understanding of their clients.



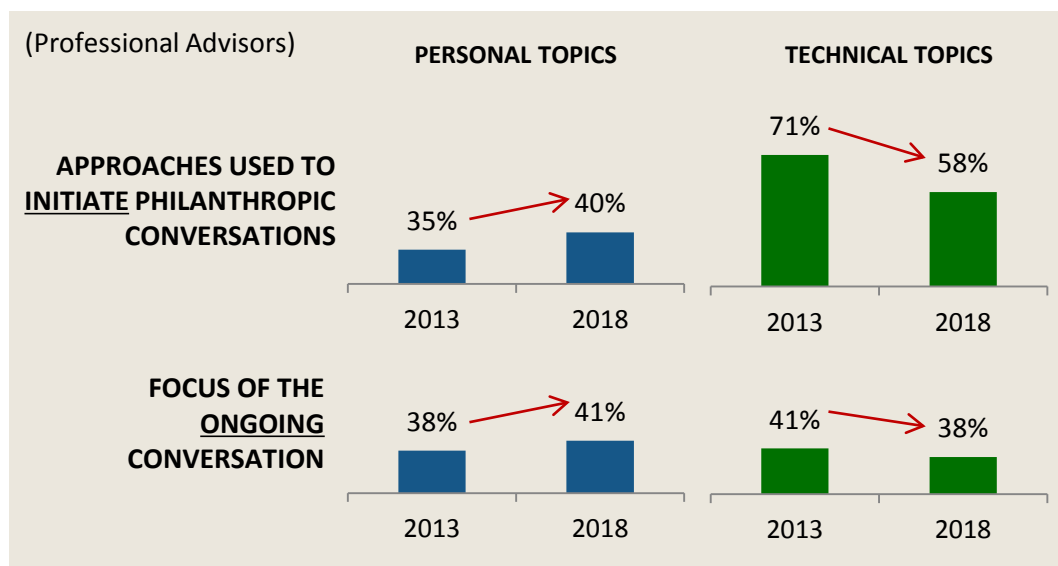
Executive summary

CONTENT OF THE PHILANTHROPIC DISCUSSION

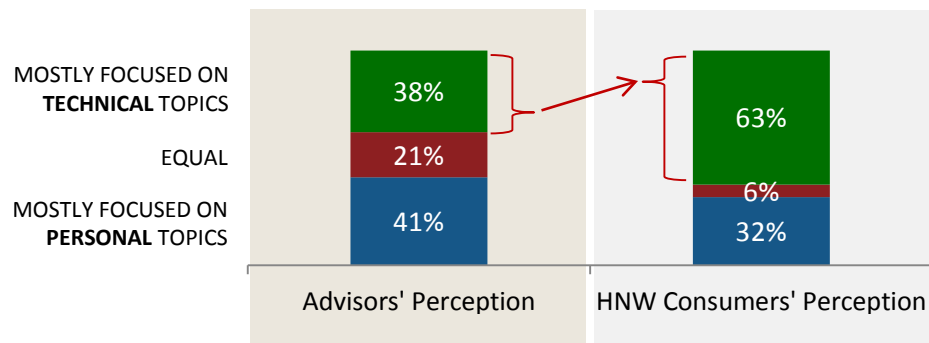
Advisors' approach to initiating the philanthropic discussion is becoming more balanced, including personal goals/interest at a much higher rate than in 2013. Advisors are also increasingly shifting the focus of their ongoing conversations towards personal topics.

However, relative to HNW consumer preferences, advisors continue to over emphasize technical topics.

Consumers' perception of their advisors' ability to discuss personal values and charitable goals with them have improved significantly since 2013 (63% in 2013 vs. 76% in 2018). Consumer satisfaction with these conversations has also improved (41% "very satisfied" in 2013 increasing to 45% in 2018). But with less than half of consumers still completely satisfied, there is room for improvement.



GAP IN PERCEPTIONS OF ONGOING PHILANTHROPIC CONVERSATIONS



Executive summary

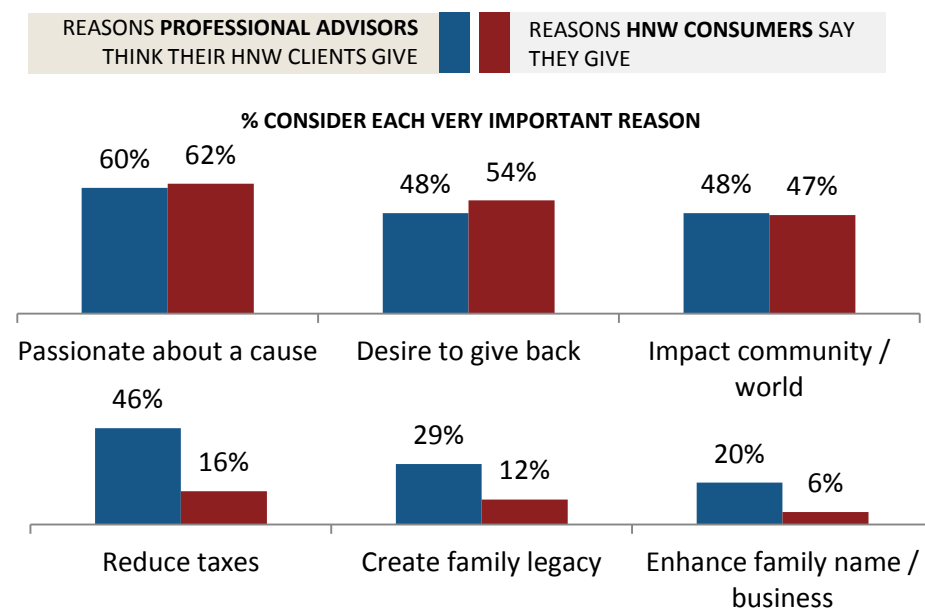
MOTIVATIONS AND HESITATIONS TO GIVING

Nearly all HNW consumers give to charity. The top reasons these individuals engage in philanthropy are passion for a particular cause, a desire to impact the world, and a desire to give back.

While advisors have a very good understanding of their clients' main reasons for giving, they tend to overstate the importance of tax benefits and enhancing the family name/business to their clients' philanthropic efforts. Advisors also tend to misperceive the primary reasons clients may hesitate to give, most often thinking it is the clients' perceived wealth insufficiency (i.e., concern about running out of money for themselves or their heirs). However, the main reasons HNW consumers hesitate to give actually revolve around limited knowledge (lack of knowledge about charitable giving and donations not being used effectively).

Most HNW consumers will not change their level of giving as a result of the new 2017 tax policy. Advisors overestimate the negative impact of this tax policy on giving among their clients.

REASONS HNW CONSUMERS DECIDE TO GIVE



58%

HNW CONSUMERS WILL NOT CHANGE GIVING LEVELS BECAUSE OF THE 2017 TAX POLICY

35%

ADVISORS SAY THEIR CLIENTS WILL NOT CHANGE GIVING LEVELS BECAUSE OF 2017 TAX POLICY

29%

ARE UNSURE OF THEIR CLIENTS' PLANS

Executive summary

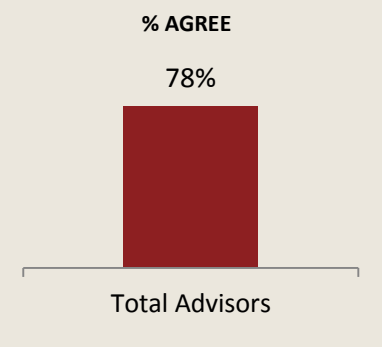
ROLE OF THE ADVISOR

Most advisors consider it their responsibility to raise the subject of charitable giving with their HNW clients. And, clients agree that professional advisors should have an important role in helping them with charitable giving. Advisors are second only to a spouse or partner as the most valuable source for information about philanthropy.

HNW consumers who work with an advisor on their philanthropic efforts are more structured in the way they give, utilizing structured giving vehicles at a higher rate. In addition, a higher portion of advised consumers include philanthropic instructions in their wealth transfer plans.

On the occasion that a client's philanthropic needs exceed the advisor's knowledge, nearly all advisors are willing to refer the client to another professional. This is in line with consumer expectations, who want their advisors to refer them to other professionals or bring in a specialist if their needs exceed the advisor's knowledge.

PERCENT FEEL IT IS THEIR RESPONSIBILITY TO RAISE THE ISSUE OF CHARITABLE GIVING (Professional Advisors)



MOST VALUABLE SOURCES TO ASSIST IN CHARITABLE GIVING EFFORTS (HNW Consumers)

- 1 Spouse/partner
- 2 A professional advisor
- 3 A non-profit to whom they give
- 4 Other family members
- 5 Philanthropic advisor/specialist

59%

HNW CONSUMERS WANT THEIR ADVISOR TO REFER THEM TO OTHER PROFESSIONALS IF THEIR NEEDS EXCEED THE ADVISOR'S KNOWLEDGE

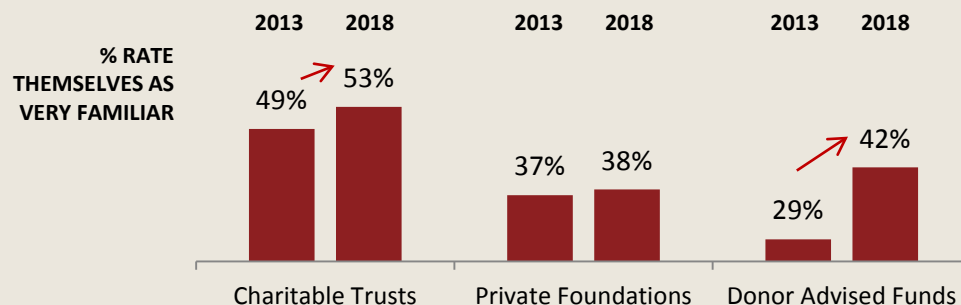
Executive summary

NEED FOR FURTHER EDUCATION/LEARNING

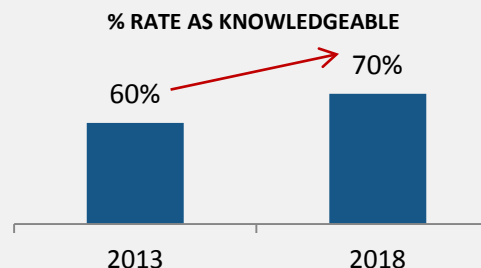
Advisors' knowledge base about giving vehicles has increased since 2013, especially knowledge of Donor Advised Funds. Clients recognize this increased knowledge, giving their advisors high marks for competency and knowledge of structured giving vehicles.

Most advisors (63%) have an interest in expanding their knowledge of philanthropic advising.

ADVISORS SELF RATING OF KNOWLEDGE
(Professional Advisors)



RATING OF ADVISOR'S KNOWLEDGE OF CHARITABLE GIVING VEHICLES
(HNW Consumers)



Executive summary

BENEFITS OF PHILANTHROPIC DISCUSSIONS

Most advisors say that discussing philanthropy with their clients is good for their business. Both advisors and clients agree that these discussions (1) deepen relationships, including relationships to the extended family, and (2) aid in establishing new business. Both of these measures have trended upward since 2013.

Advisor-client discussions about philanthropy can also enhance the perceived value of the advisor. Two-in-5 (40%) HNW consumers would be more likely to select an advisor who is knowledgeable about charitable giving and most (53%) place more value on information from advisors who are philanthropic themselves.

78%

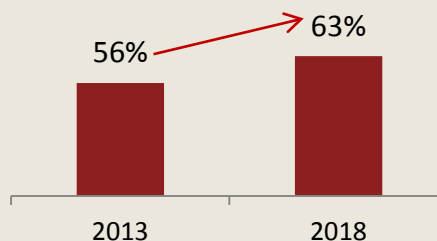
ADVISORS BELIEVE THAT DISCUSSING CHARITABLE GIVING WITH CLIENTS IS GOOD FOR BUSINESS

71%

ADVISORS CONSIDER DISCUSSING PHILANTHROPY AN “IMPORTANT” PART OF BUILDING RELATIONSHIPS WITH EXTENDED FAMILY

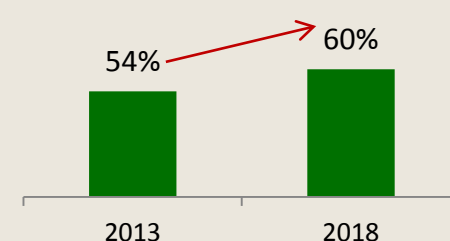
PERCENT AGREE DISCUSSING PHILANTHROPY HAS HELPED BUILD RELATIONSHIPS WITH EXTENDED FAMILY

(Professional Advisors)



PERCENT AGREE DISCUSSING PHILANTHROPY A MEANS OF ESTABLISHING NEW CLIENTS

(Professional Advisors)



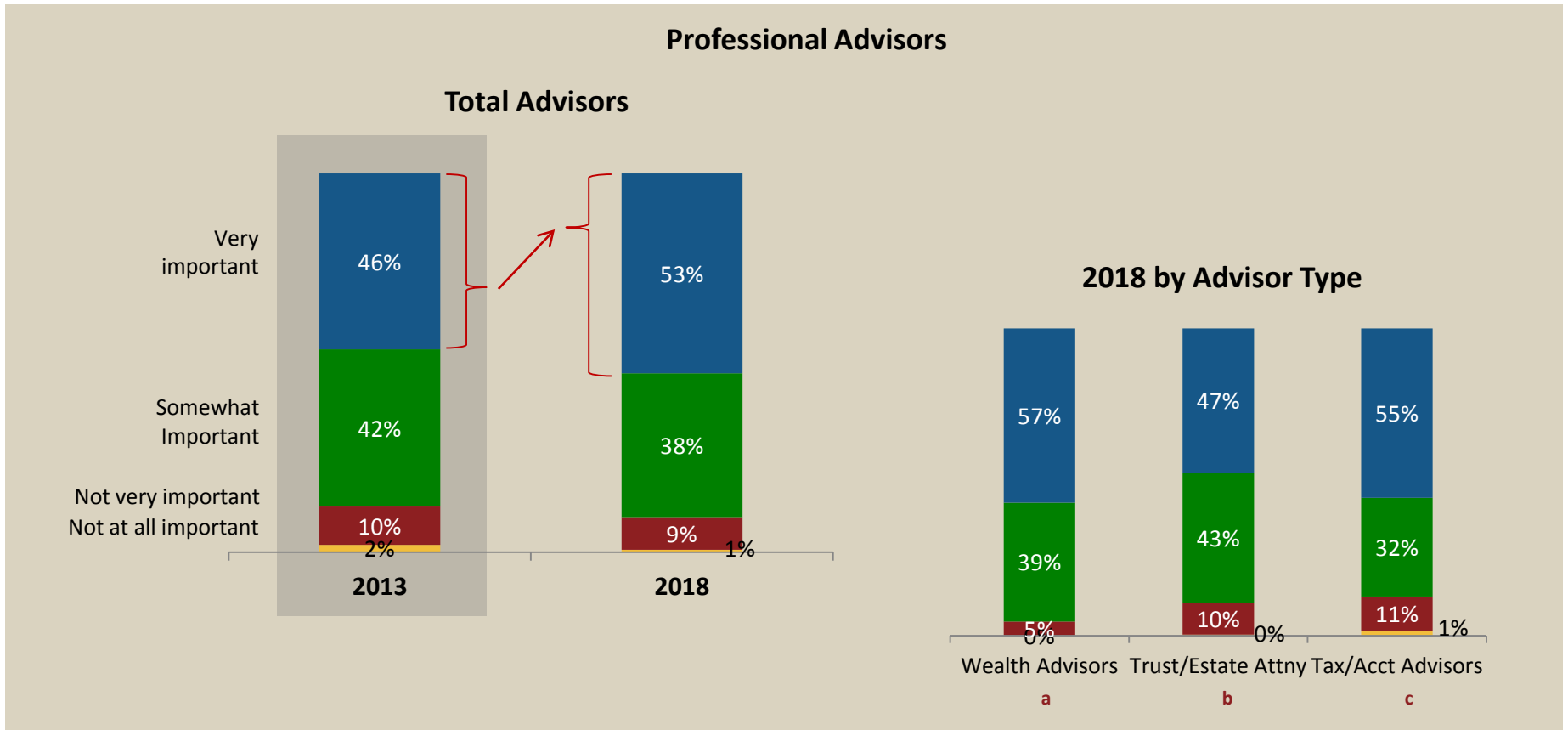
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IV. IMPORTANCE OF THE PHILANTHROPIC DISCUSSION

Nearly all advisors say discussing philanthropy with clients is important, and many say it's *very important*

The level of importance that advisors place on these discussions has risen over the past 5 years

Perceived Importance of Discussing Philanthropy with Clients



A9. How important do you think it is to discuss charitable giving or philanthropy with your high net worth clients?

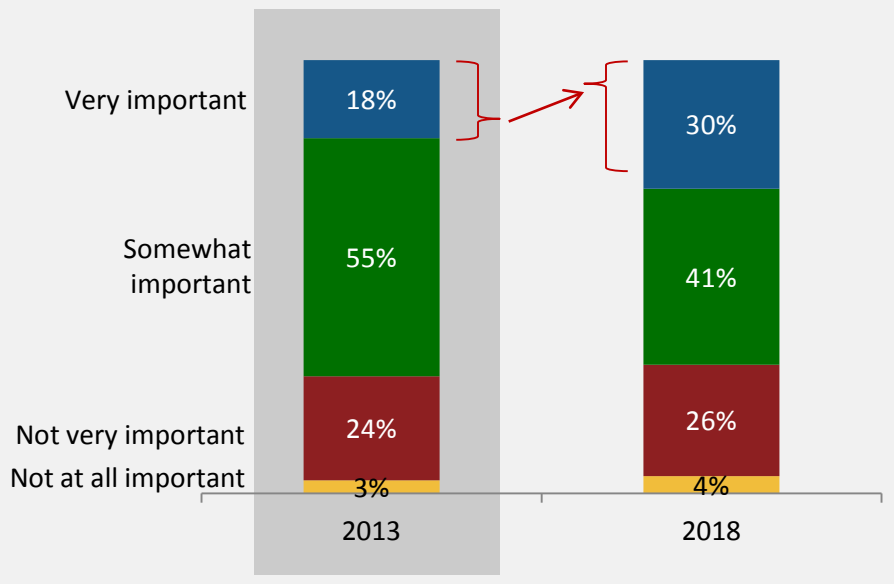
The vast majority of HNW consumers also consider philanthropic conversations with their advisors to be important

The importance of having these discussions has also risen among HNW consumers over the past 5 years, and advisors have taken notice

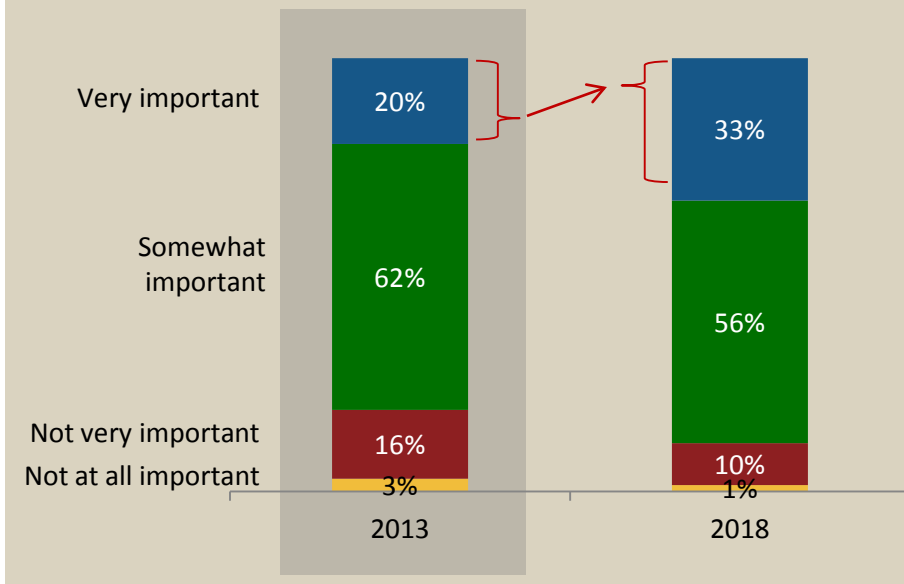
Importance of Philanthropic Conversations to HNW Consumers

Advisor Perceptions of Importance of Philanthropic Conversations to Clients

HNW Consumers Who Discuss Philanthropy with Advisors



Professional Advisors

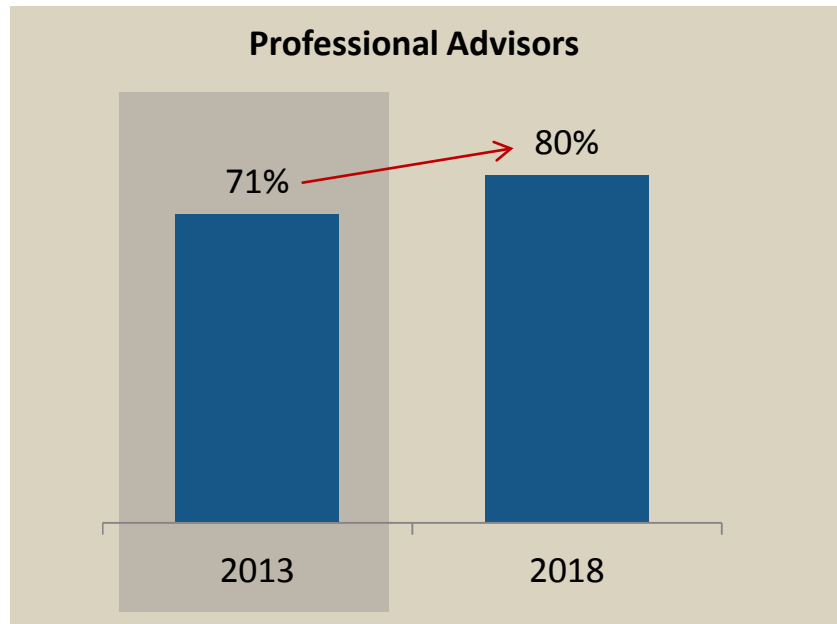


A10. Do you think your high net worth clients feel it is important that you discuss charitable giving or philanthropy with them?
 Q22. How important is it to you to discuss charitable giving or philanthropy with your advisors?

An increasing number of professional advisors are asking their HNW clients about their philanthropic interests

A notably higher portion of advisors are entering into these discussions today compared to 2013

% Who Make it their Practice to Ask HNW Clients about Philanthropy



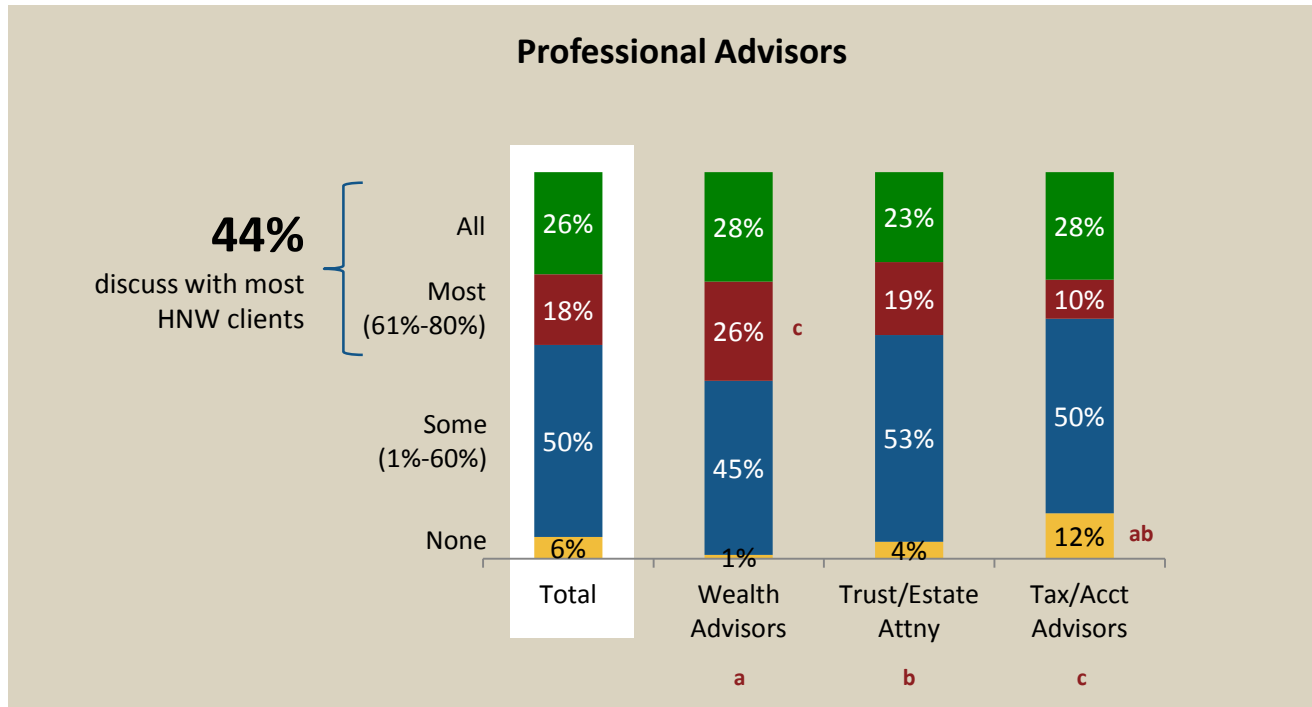
Professional Advisors			
	Wealth Advisors	Trust/ Estate Attorneys	Tax/Acct Advisors
% Ask	88% ^c	79%	73%
	a	b	c

A3. Is it your practice to ask your high net worth clients about their interest in charitable giving or philanthropy?

And many advisors are discussing philanthropy with *the majority* of their clients

Wealth advisors discuss the topic with a higher percent of their client base than professionals (54%)

% of HNW Clients with Whom Discuss Philanthropy

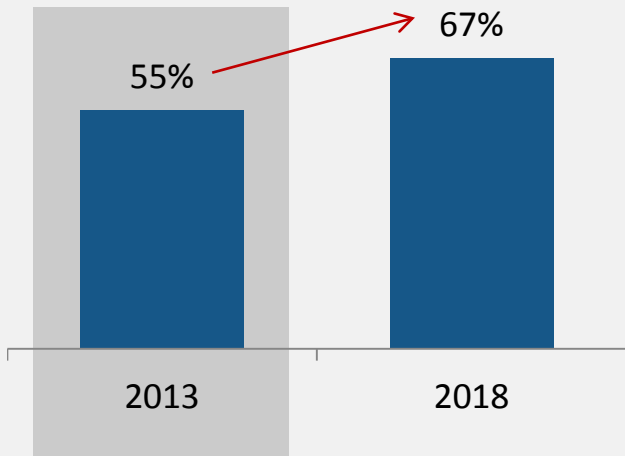


A4. With about what percentage of your high net worth clients have you discussed charitable giving or philanthropy?

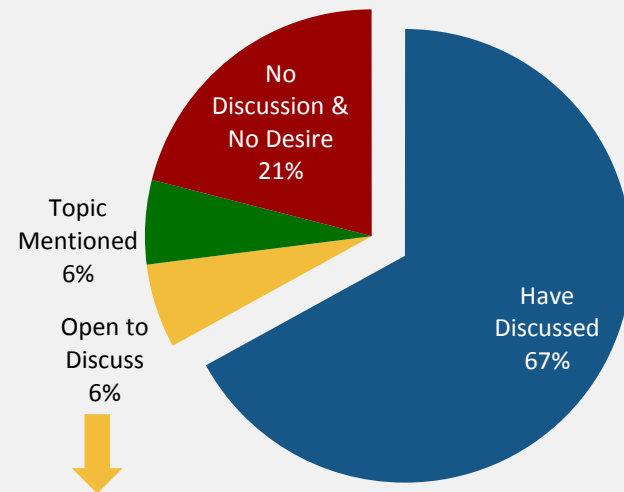
Two-thirds of HNW consumers say they have had philanthropic discussions with advisors, a notable jump since 2013

HNW Consumers

% HNW Consumers Who Discuss Philanthropy with Advisors



% Who Have Discussed and are Open to Discussing Philanthropy with Professionals/Advisors



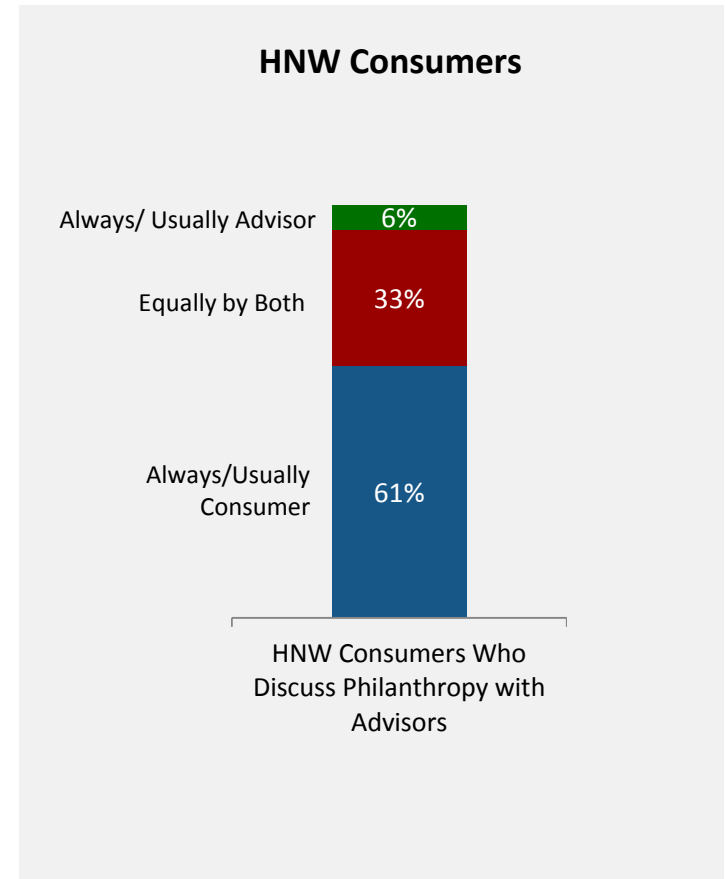
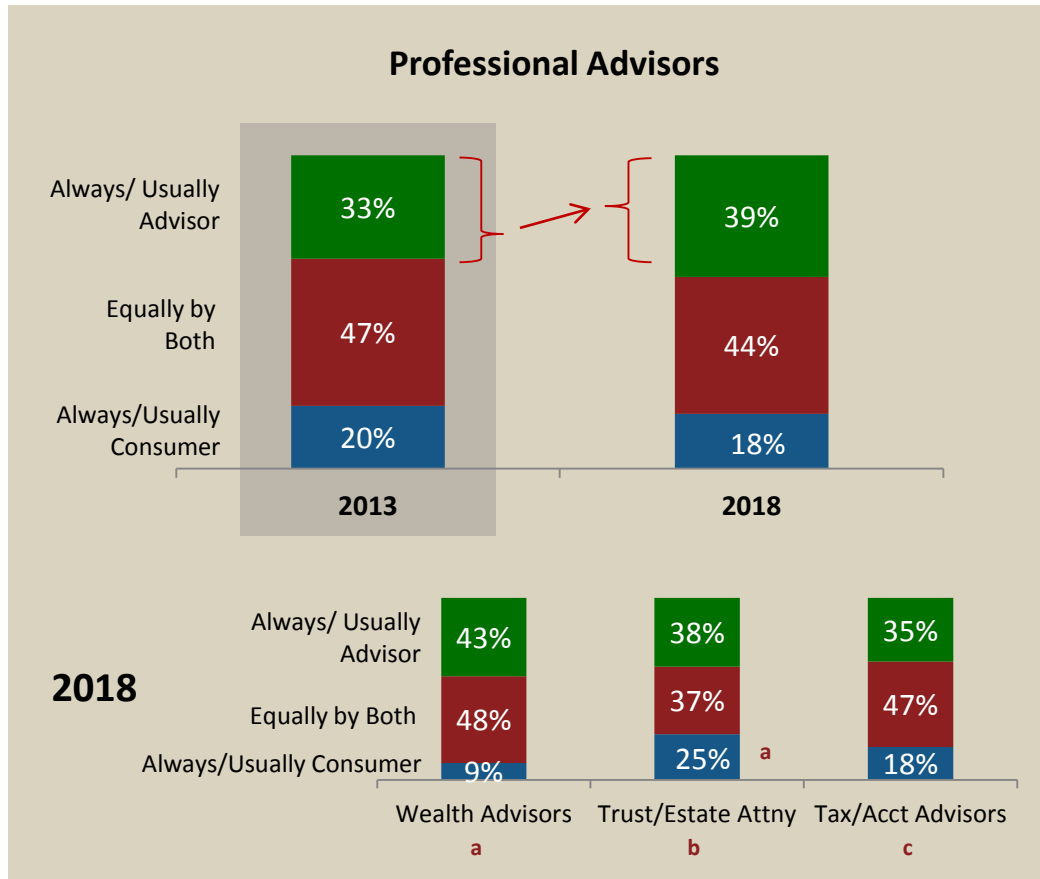
Primary reason topic has not been discussed is the **client perception** that advisor is not yet familiar with their personal life or values

- Q9. Have you ever discussed charitable giving or philanthropy with any of the following types of professionals or advisors you may use?
- Q15. Understanding that you haven't discussed charitable giving and philanthropy with your advisors, have any of them ever mentioned the topic?
- Q16. Why didn't you discuss this topic with your advisor after they mentioned it?
- Q17. Would you like any of your advisors to discuss charitable giving or philanthropy?

Many advisors say they usually initiate the philanthropic discussion and this has increased since 2013

As in 2013, HNW consumers disagree and say they are typically the ones who initiate the conversation

Who Typically Initiates the Philanthropic Discussion



A5. When discussing charitable giving or philanthropy with your high net worth clients, do you tend to raise the topic or is it your practice to let the client raise the topic? Would you say the topic is...
 Q20. When discussing charitable giving or philanthropy with your advisor(s), do you tend to raise the topic or does your advisor?

Advisors tend to raise the subject of philanthropy after gaining a more detailed financial and personal understanding of their clients

All Professional Advisors are more likely to raise the subject of philanthropy when...	Agree (Top 2 Box)	Agree Strongly (Top Box)
<i>They have a detailed knowledge of a client's <u>financial picture</u></i>	87%	45%
<i>They have a detailed knowledge of a client's <u>personal life</u></i>	85%	44%
<i>A client is volunteering or active in the community</i>	85%	41%

Agree (Top 2 Box)	By Professional Advisor Segments		
	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>	92% ^b	82%	87%
I am more likely to raise the subject of philanthropy when I have a detailed knowledge of my client's <u>personal life</u>	91% ^{bc}	83%	80%
I raise the subject when a client is volunteering or active in the community	85%	83%	86%

a

b

c

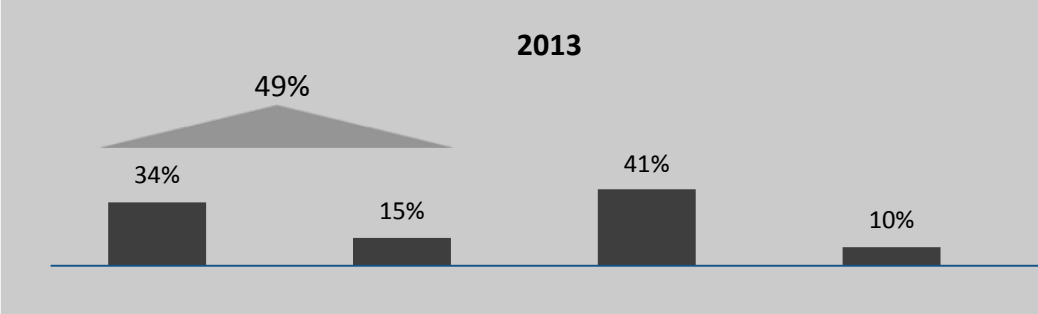
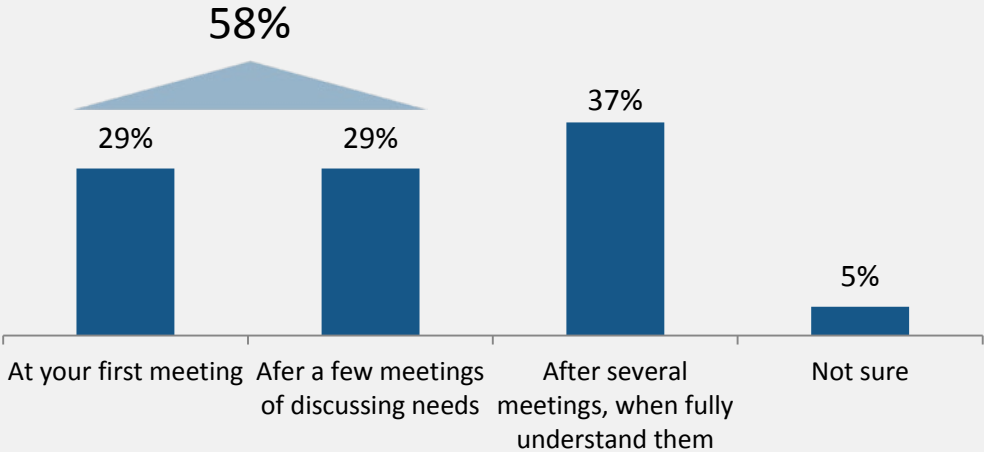
A19. Please indicate how much you agree or disagree with each of the following statements.

However, most HNW consumers express a desire to have philanthropic conversations *earlier* in the client/advisor relationship

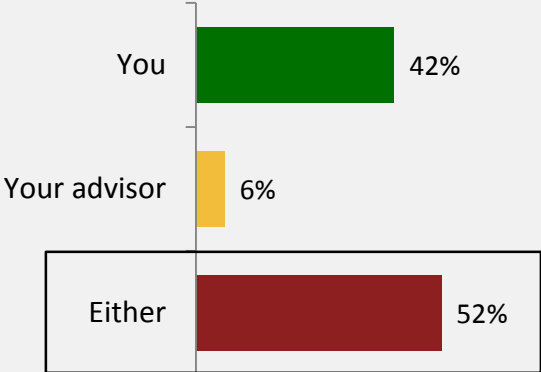
Most do not have a strong preference about *who* brings up the subject

HNW Consumers Who Discuss Philanthropy with Advisors

When Should Advisor First Bring Up Topic of Philanthropy



Who Should Initiate the Discussion

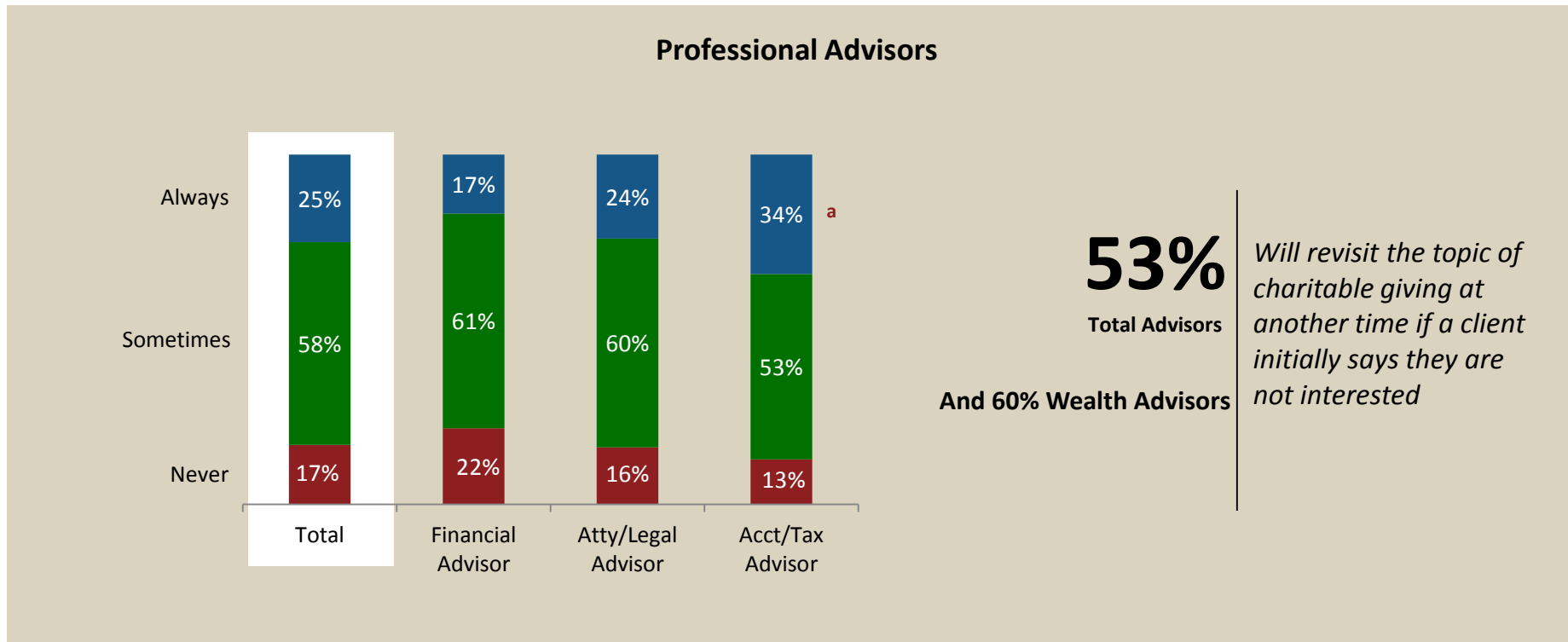


Q21. Who do you think should initiate the discussion about charitable giving or philanthropy?
 Q39. When would it be appropriate for an advisor to first bring up the topic of charitable giving or philanthropy?

If a client resists, most advisors will explore the reasons why they are not interested in discussing charitable giving

In addition, the majority will revisit the topic another time

Will Explore Reasons Why a Client Resists Discussing Charitable Giving/Philanthropy...



A13a. Do you explore the reasons why they are not interested in discussing charitable giving or philanthropy?

A12. If a client says they are not interested in discussing charitable giving, do you usually drop the subject for good, or do you revisit it again later?

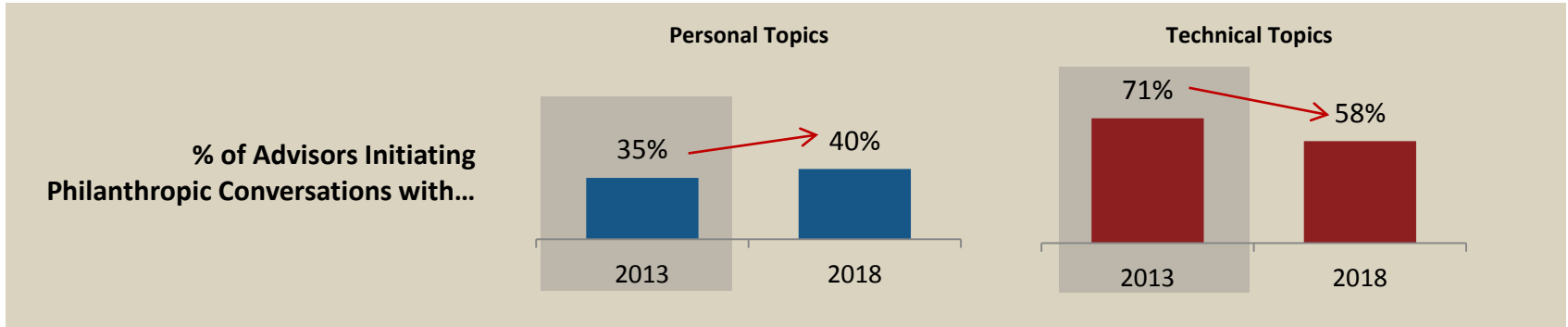
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V. CONTENT OF THE PHILANTHROPIC DISCUSSION

Advisors' approach to initiating discussions are becoming more balanced between technical and personal topics

However, advisors continue to overemphasize technical topics when raising the subject of charitable giving

Approaches Used to Initiate Philanthropic Conversations



Approaches Used to Initiate Philanthropic Conversations	Professional Advisors				Approaches HNW Consumers Would Prefer
	Total	Wealth Advisors	Trust/Estate Attorneys	Tax/Acct Advisors	
Personal Topics	40%	41% c	52% c	18%	38%
Ask about passions/philanthropic goals/interest in charities, donating	33%	31% c	50% ac	16%	31%
Bring up topic of leaving legacy/legacy planning	6%	9%	5%	5%	6%
Discuss philanthropic activities of advisor or employer/ideas that show knowledge of advisor	1%	2%	2%	0%	10%
Technical Topics	58%	63% b	36%	69% b	43%
Explain tax benefits of donating/ask as part of tax preparation	31%	26% b	13%	58% ab	34%
Part of the total financial planning/estate planning/wealth transfer (in general)	16%	28% ab	12%	5%	15%
Discuss leaving assets to charities/non profits	4%	3%	6%	3%	8%
Review level of current/past giving	8%	10%	8%	6%	1%

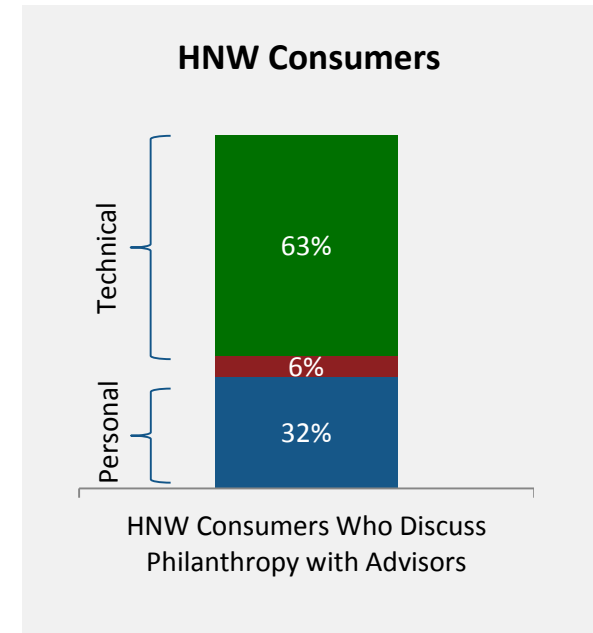
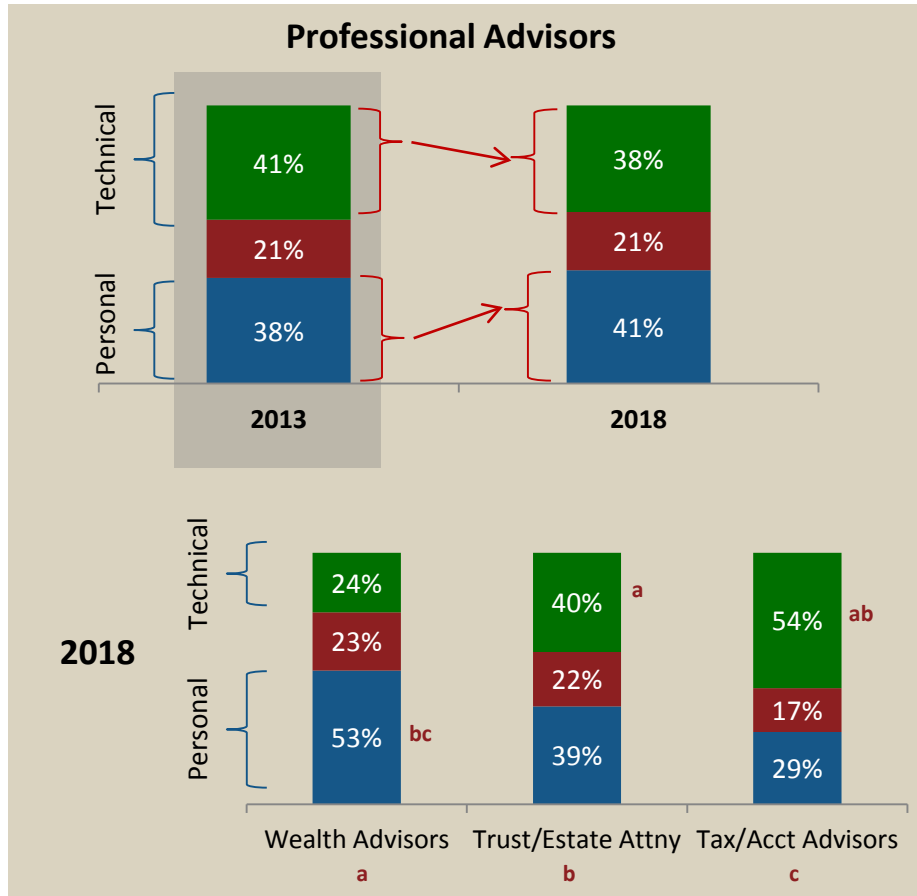
A6. How do you raise the subject of charitable giving or philanthropy with your clients? What do you say?

Q38. If an advisor was going to initiate a discussion about charitable giving or philanthropy, what could they say that would get you interested in discussing the topic?

For the ongoing conversation, advisors are increasingly shifting toward discussing personal interests in giving vs. technical aspects

However, HNW consumers say the conversation is still mostly focused on technical aspects

Topic of Ongoing Discussions Center around Technical Topics vs. Client's Personal Goals



■ Entirely/ Mostly around issues like taxes/giving vehicles
■ Equally around both
■ Entirely /Mostly around HNW consumers' personal goals

A8. When discussing charitable giving or philanthropy with your high net worth clients, does the discussion center more around technical issues such as taxes and giving vehicles or more around your clients' charitable goals, values, and interests?

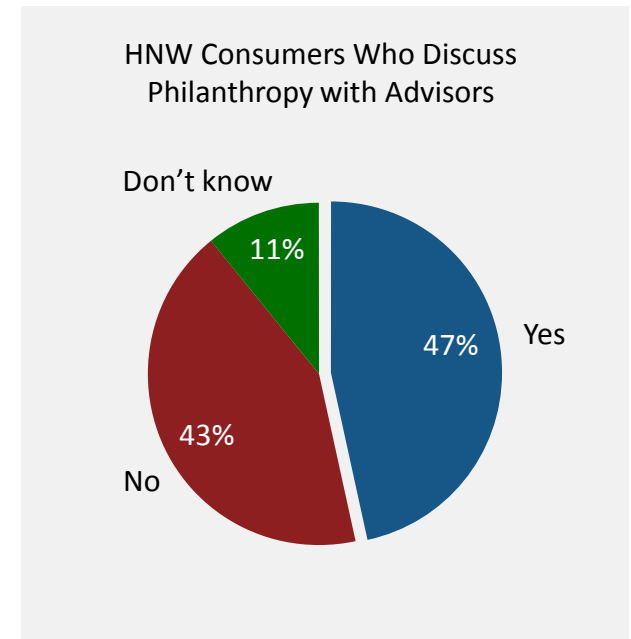
Q12b. When discussing charitable giving or philanthropy with your advisor(s), does the discussion center more around technical issues such as taxes and giving vehicles or more around your charitable goals, values, and interests?

HNW consumers say conversations touch on various areas, with tax implications to philanthropic goals/objectives topping the list

And many say their advisors have provided them with materials

Topics that Have Been Discussed with Advisors...	HNW Consumers Who Discuss Philanthropy with Advisors
Emphasized giving primarily for tax reasons	51%
Discussed your philanthropic goals and objectives	50%
Management of the invested charitable assets you have	32%
Asked you about your family or personal values	32%
Provided you with advice or helped set up a giving vehicle like a Charitable Trust, Donor Advised Fund or Private Foundation	29%
Helped you identify potential gift recipients	15%
Emphasized giving primarily to make a difference or have an impact	14%
Involving future generations in giving	13%
Helped you define a programmatic focus for your giving (such as early childhood education, environmental causes, arts and culture)	11%
Impact investing or socially responsible investing	10%

Advisor Has Provided Materials about Charitable Giving



Q12. Which of the following have your advisor(s) discussed with you?

Q12a. Have your advisor(s) ever provided you with materials about charitable giving like articles, questionnaires, or worksheets?

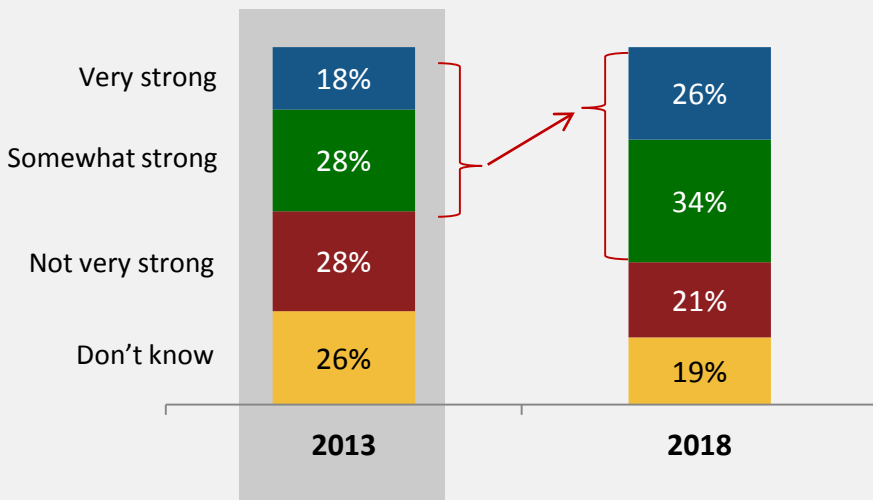
Consumer perceptions are favorable regarding their advisors' ability to discuss their personal values and charitable goals

Perceptions of advisors' abilities has increased since 2013

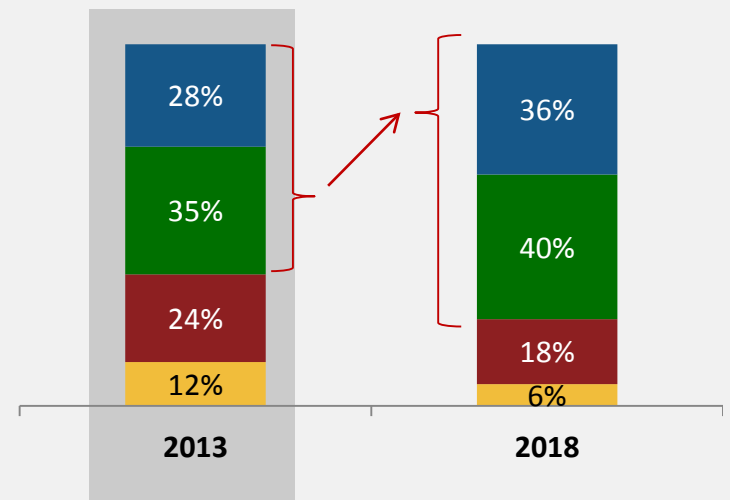
Advisors' Ability to Discuss Client's Personal Values and Charitable Goals

HNW Consumers

Total



HNW Consumers Who Discuss Philanthropy with Advisors

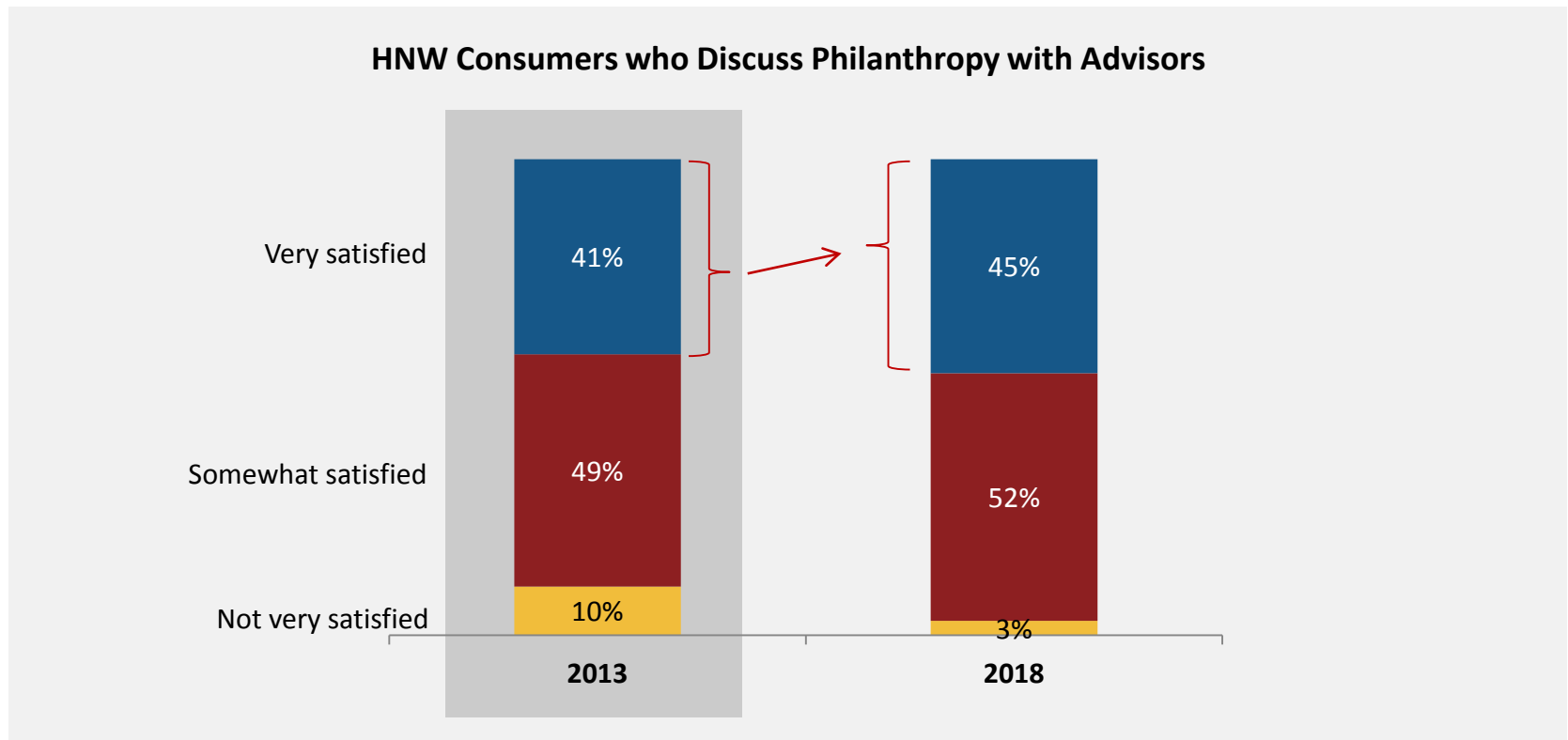


Q14. How would you rate your advisors' ability to discuss your personal values and charitable goals?

Most HNW consumers who have philanthropic conversations with advisors are satisfied; however just 45% are fully satisfied

Satisfaction with these discussions has increased since 2013

Satisfaction with Philanthropic Discussions with Advisors



Q11. In general, how satisfied are you with the discussions you have had with your advisor(s) about charitable giving or philanthropy?

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VI. MOTIVATIONS AND HESITATIONS TO GIVING

Passion, impact, and desire to give back are the top reasons for HNW consumer philanthropy, and advisors recognize this

However, advisors over emphasize the tax benefits and enhancement of the family name/legacy as a motivations

% Rating Each a “Very Important” Reason HNW Consumers Decide to Give (Top Box)



A21. Thinking in general about your clients who engage in charitable giving or philanthropy, how important do you think each of the following is in their decision to give?
 Q7. How important are each of the following in your decision to give?

Advisors view their oldest, wealthiest, and female clients as the most passionate about charitable giving

% Advisors Consider Each Type of Client as “Very Passionate” about Charitable Giving and Philanthropy (Top Box)

Age of Client	Professional Advisors				Investable Assets of Client	Professional Advisors			
	Total	Wealth Advisors	Trust/Estate Attorneys	Tax/Acct Advisors		Total	Wealth Advisors	Trust/Estate Attorneys	Tax/Acct Advisors
Less than 38 years old	16%	3%	19% ^a	26% ^a	\$3M to under \$5M	17%	12%	16%	23%
38 to 53	10%	4%	10%	15% ^a	\$5M to under \$10M	25%	22%	18%	36% ^{ab}
54 to 73	34%	30%	31%	43%	\$10M to under \$25M	46%	42%	43%	53%
74+	45%	46%	42%	47%	\$25M or more	63%	69%	59%	59%

a
b
c
a
b
c

Gender of Client	Professional Advisors			
	Total	Wealth Advisors	Trust/Estate Attorneys	Tax/Acct Advisors
Male	15%	8%	18%	21% ^a
Female	38%	33%	34%	49% ^{ab}

a
b
c

A10a. In general, how passionate about charitable giving and philanthropy are your high net worth clients that fall within each of the following general age categories?

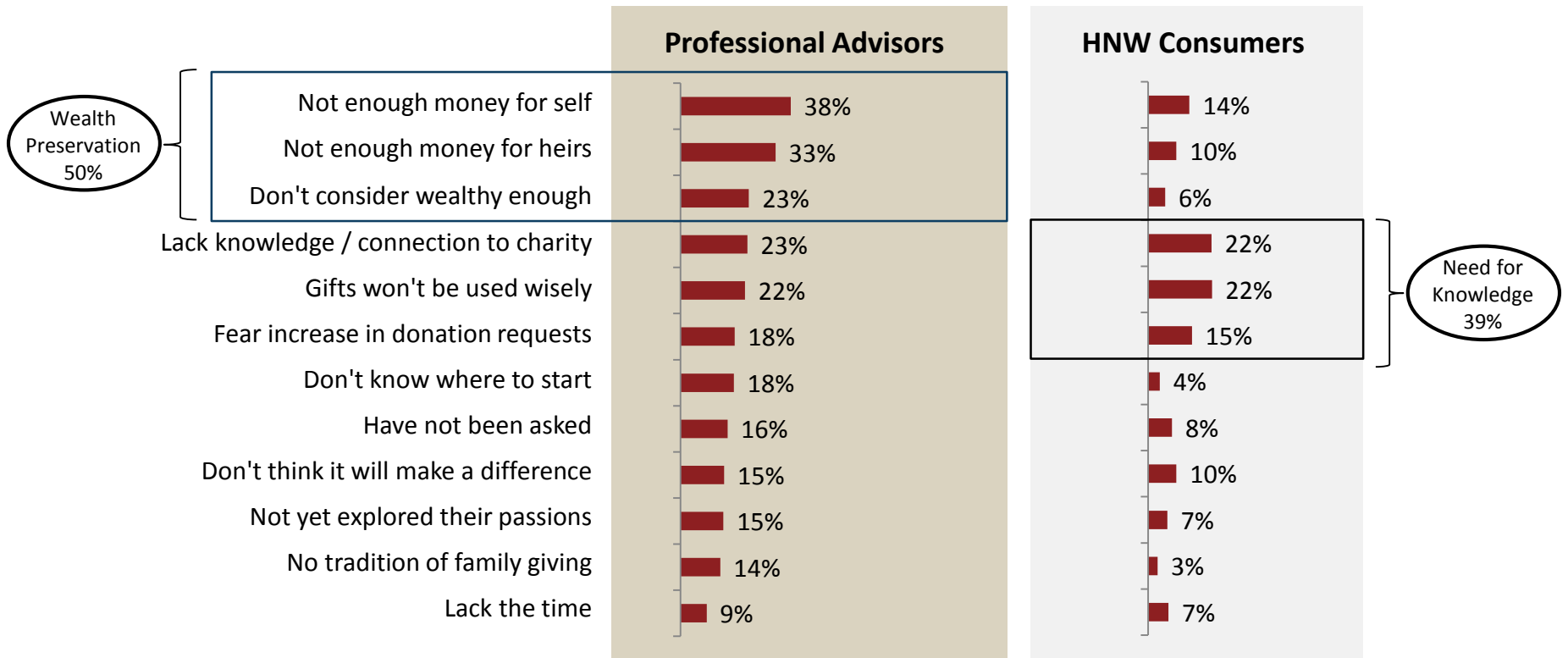
A10b. In general, how passionate about charitable giving and philanthropy are your clients by gender?

A10c. And, how passionate about charitable giving and philanthropy are your clients by their level of wealth?

Advisors misperceive their clients' primary reasons for hesitating to give as being wealth-related

Hesitation among HNW consumers is more knowledge-related

% Rating Each a "Very Important Reason" HNW Consumers Hesitate to Give (Top Box)



A22. Now thinking in general about your clients who hesitate or do not engage in charitable giving or philanthropy, how important do you think each of the following is in their hesitation or decision not to give?

Q8. Now thinking about reasons you may hesitate to give or to give more, how important is each of the following in causing you to hesitate?

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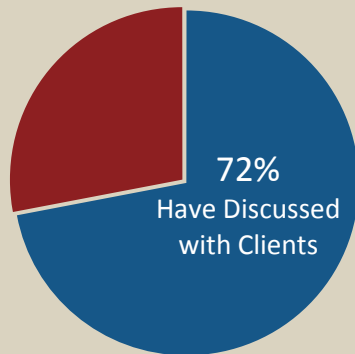
VII. DISCUSSIONS ABOUT TAXES AND THE NEW 2017 TAX POLICY

Most advisors say they have discussed how the new tax policy may impact their clients' charitable giving

However, HNW consumers are much less likely to say this conversation has occurred with their advisors

Advisors Have Discussed with Clients How Their Charitable Giving May be Impacted by 2017 Tax Policy

Professional Advisors



Wealth Advisors	Trust/Estate Attorneys	Tax/Acct Advisors
61%	66%	91% <i>ab</i>

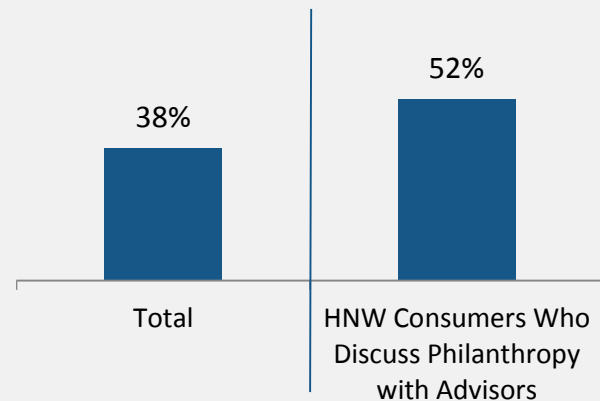
a

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HNW Consumers

% Have Discussed with Advisor



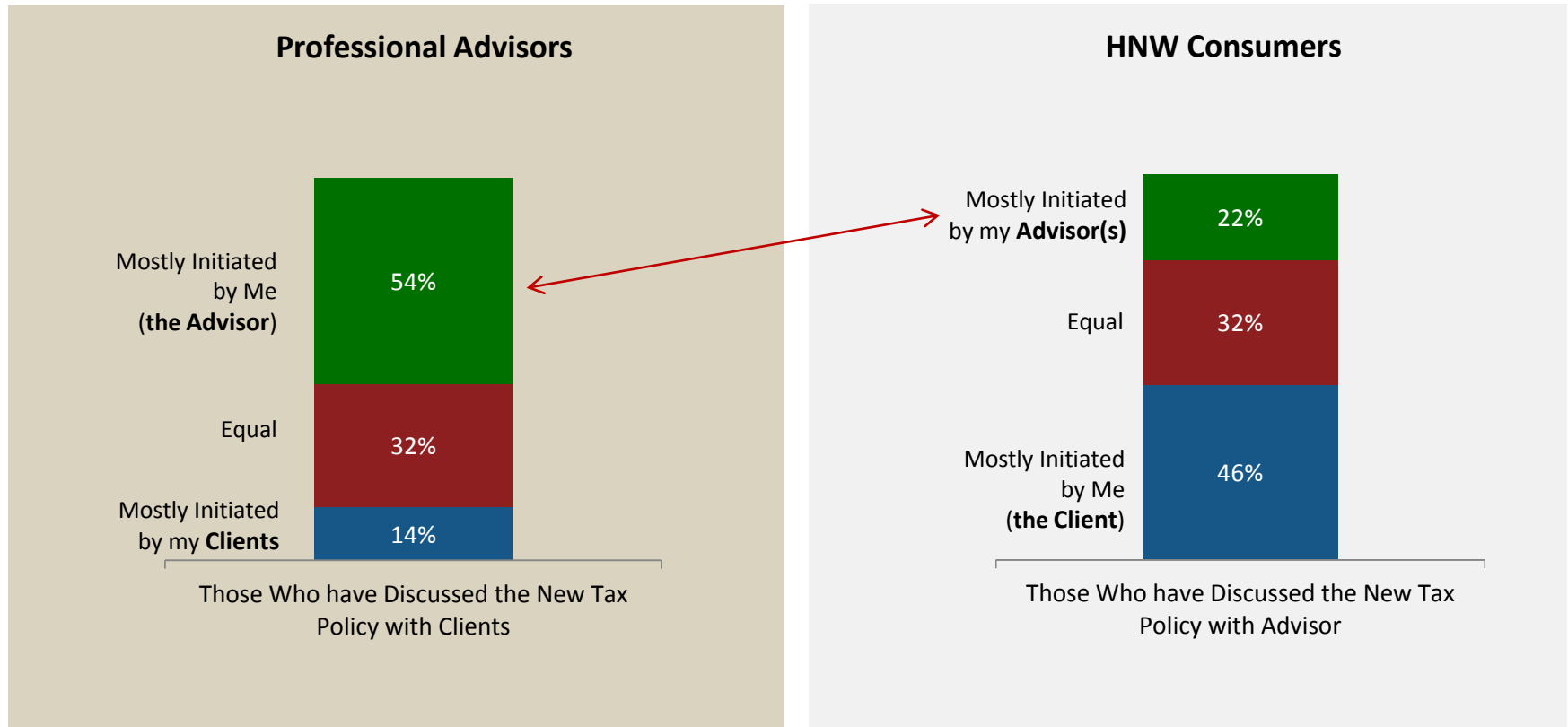
A22a. Have you discussed with your clients how their charitable giving may be impacted as a result of the recent changes in tax policy (2017 Tax Cuts & Jobs Act)?

Q32a. Have you discussed with your advisor(s) how your charitable giving may be impacted as a result of the recent changes in tax policy (2017 Tax Cuts & Jobs Act)?

Advisors and HNW consumers disagree regarding who typically initiated the new tax policy conversation and its impact on giving

Both advisors and HNW consumers agree that conversations about giving have increased in frequency as a result of the new tax policy (50% of advisors and 54% of HNW consumers say the frequency has increased)

Who Initiated Discussions



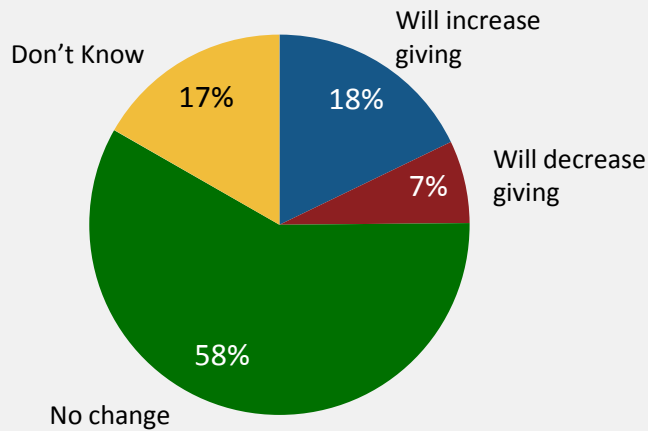
Q32b. Has this discussion about the new tax implications and your charitable giving been mostly initiated by you or has it been initiated by your advisor(s)?
A22b. Have these discussions about the new tax implications and their charitable giving been mostly initiated by you or have they been initiated by your clients?

Most HNW consumers will not change their level of giving as a result of the 2017 tax policy

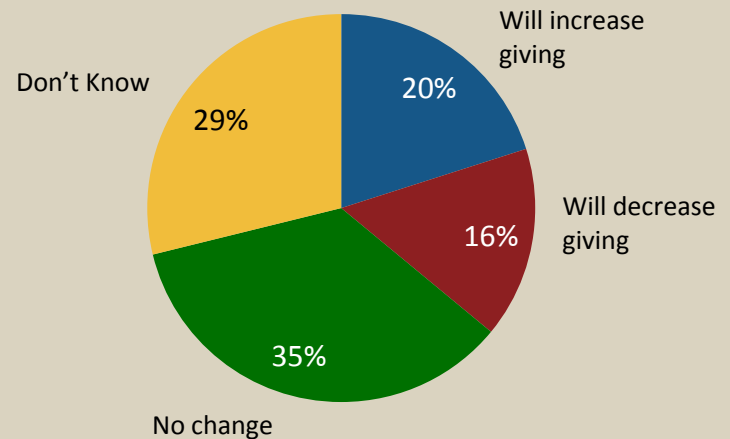
Advisors are more unsure of their clients' changes in giving

Planned Changes to Charitable Giving Because of 2017 Tax Policy

HNW Consumers



Professional Advisors



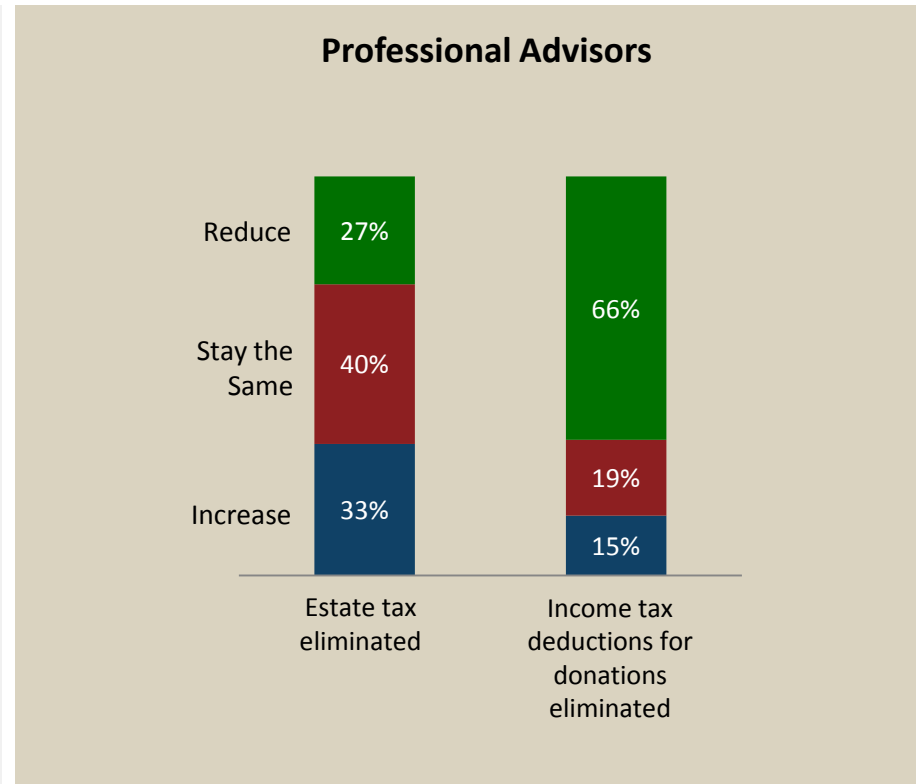
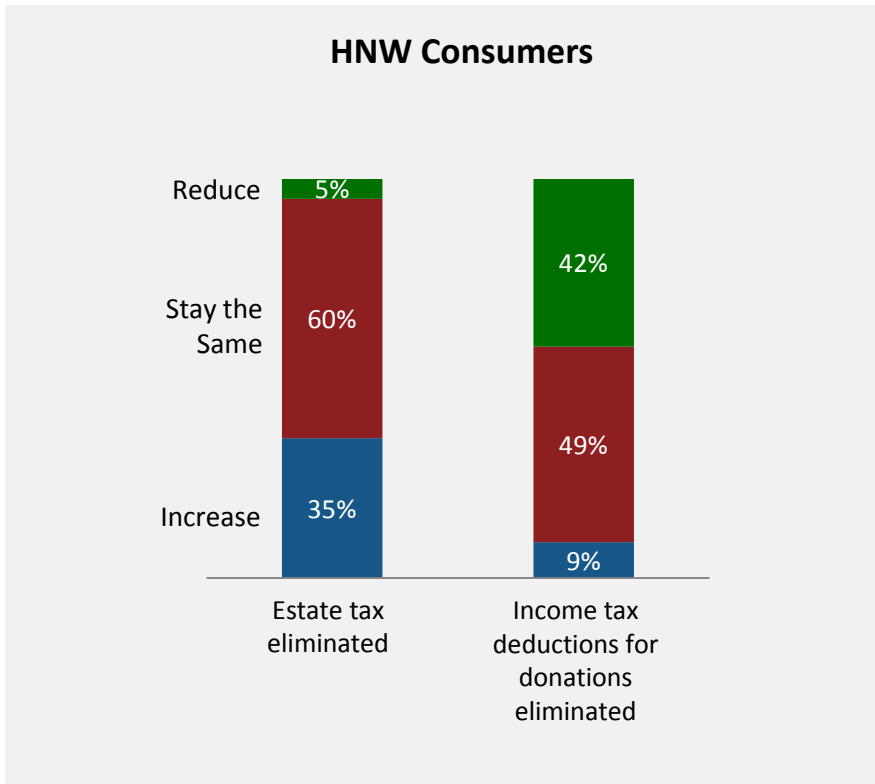
Q32d. Do you expect to change your charitable giving as a result of the recent changes in tax policy (2017 Tax Cuts & Jobs Act)?

A22d. Do you expect your clients to change their charitable giving as a result of the recent changes in tax policy (2017 Tax Cuts & Jobs Act)?

Most HNW consumers say that their charitable giving would not change if tax benefits were eliminated

Advisors overstate the potential impact of eliminating tax benefits on their clients' level of giving

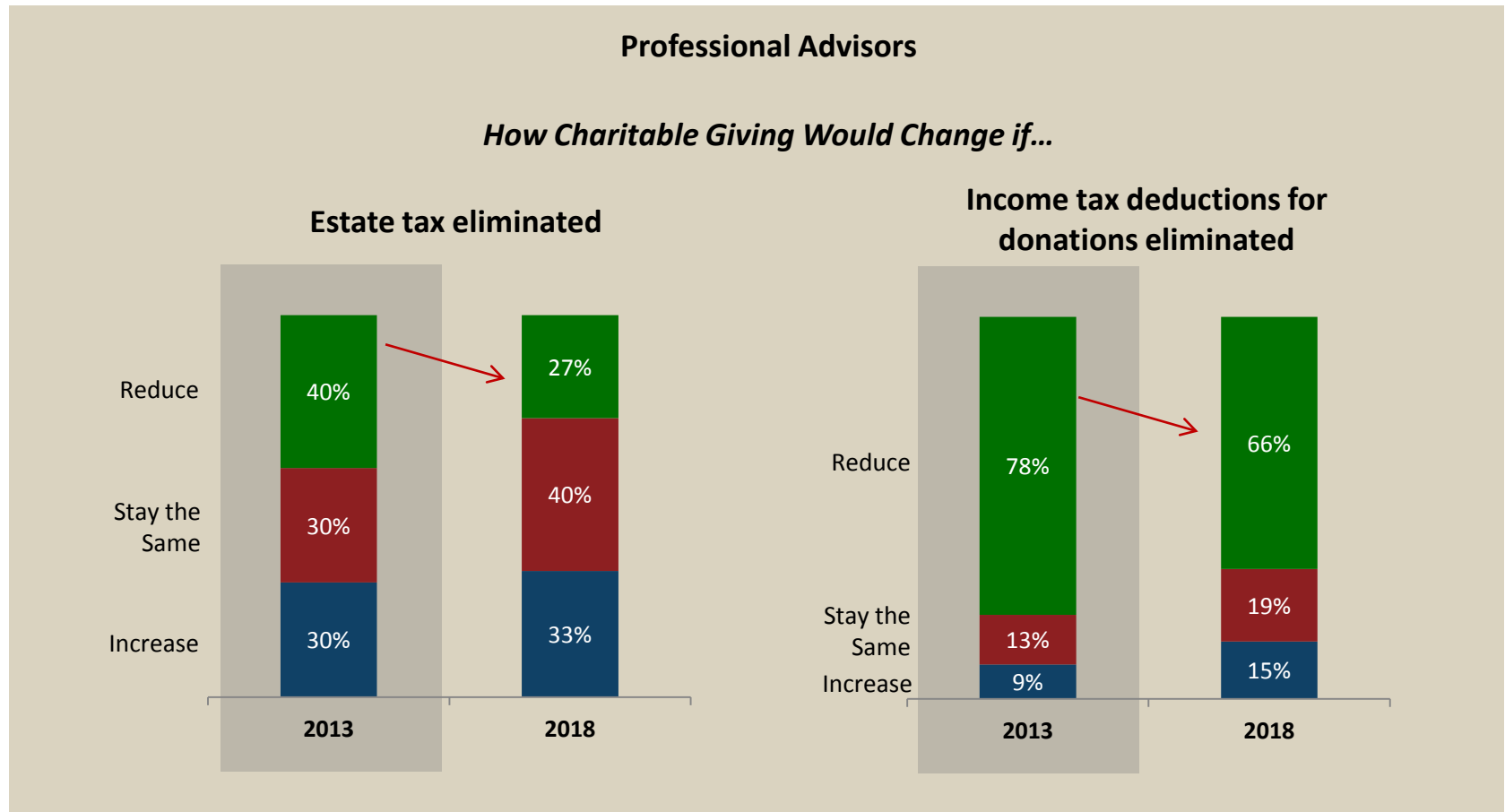
How Charitable Giving Would Change if Tax Benefits were Eliminated



Q33. How would you change your charitable giving or philanthropy if the following occurred?
A23a. How do you think your clients would change their charitable giving or philanthropy if the following occurred?

Compared to 2013, today fewer advisors think that their clients would reduce their level of giving if tax benefits were eliminated

HNW consumers' expected changes did not change from 2013



A23a. How do you think your clients would change their charitable giving or philanthropy if the following occurred?

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VIII. ROLE OF THE ADVISOR

Most professional advisors consider it their responsibility to raise the subject of charitable giving with their HNW clients

And over one-third of HNW consumers expect their advisors to discuss philanthropy

% of Advisors Who ...	Professional Advisors			
	Total	Wealth Advisors	Trust/ Estate Attorneys	Tax/Acct Advisors
Feel it is their responsibility as an advisor to raise the issue of charitable giving (Top 2 Box Agree)	78%	77%	73%	84%
Present the subject of philanthropy with clients who have children/grandchildren as a way to instill charitable values in the next generation (Top 2 Box Agree)	66%	67%	64%	68%
Consider it to be an ethical/professional obligation to discuss charitable giving or philanthropy with clients (% say "yes")	62%	65%	56%	67%

a

b

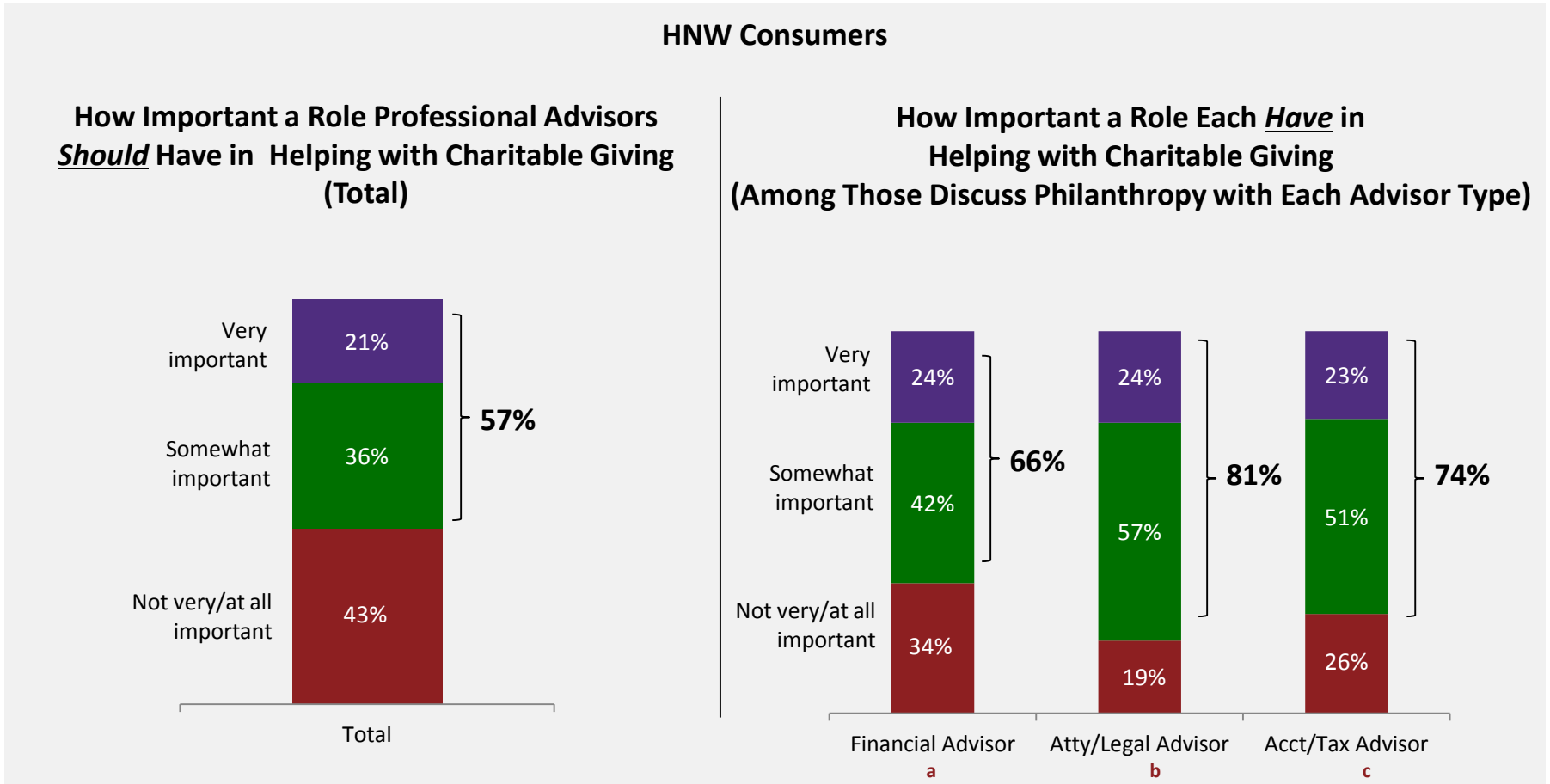
c

A19. Please indicate how much you agree or disagree with each of the following statements.

A13b: Do you consider it to be an ethical/professional obligation to discuss charitable giving or philanthropy with your clients?

Most HNW consumers think advisors *should* have an important role in helping with their philanthropic efforts and in fact, *do*

The majority who work with advisors on philanthropic efforts consider their advisors' role as important



Q10a. How important of a role should each of these advisors have in helping you with your charitable giving or philanthropy?
 Q10. How important of a role would you say these advisors have in helping you with your charitable giving or philanthropy?

After a spouse, professional advisors are considered the most valuable source for information on philanthropy

HNW Consumers

Have Discussed Charitable Giving with...

Select all that apply	Total
Spouse or partner	74%
Other family members	31%
Non-profits to whom you give	30%
Friends	25%
Community foundations	9%
Religious leader	8%
Regional association or other organizations such as the Council on Foundations or Exponent Philanthropy	5%
Giving Circles or other collaborative giving	4%
None of these	10%

Has Provided the Most Valuable Information...

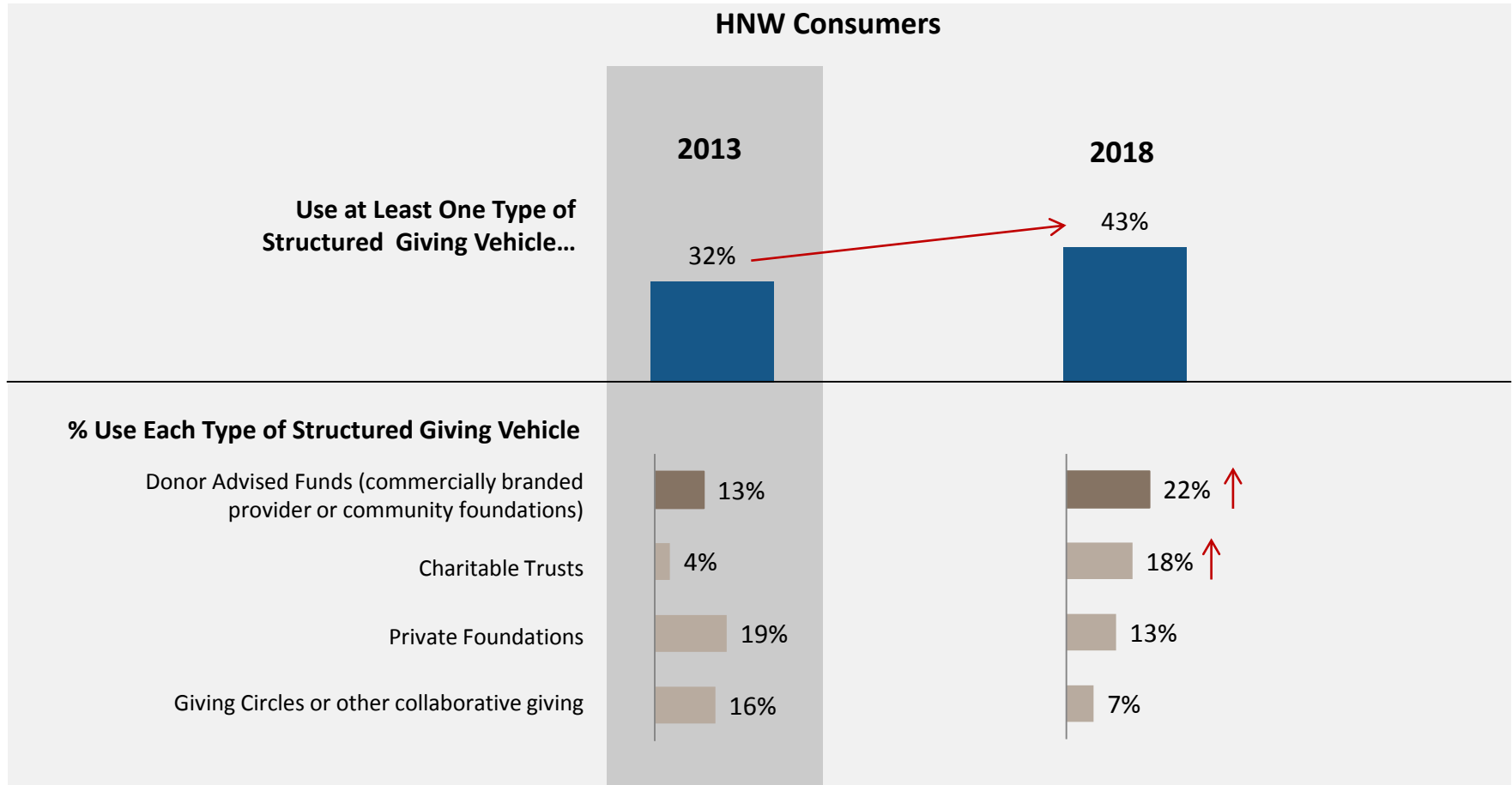
Select One	Among Consumers Who Have Discussed with at Least One
Spouse or partner	47%
A professional advisor such as a financial planner, wealth advisor, attorney, tax advisor	18%
A non-profit to whom you give	12%
Other family members	7%
Philanthropic advisor/specialist (someone who solely advises clients on giving)	6%
Friends	4%
Religious leader	4%
A regional association or other organization such as the Council on Foundations or Exponent Philanthropy	2%
A community foundation	0%
Giving Circles or other collaborative giving	0%

Q36. Other than any advisors you may have mentioned, please indicate if you have discussed charitable giving or philanthropy with any of the following?

Q37. From whom or what organization have you received the most valuable information and direction to assist you in your charitable giving or philanthropy?

HNW consumer use of structured giving vehicles has increased since 2013

Ways Donations to Charitable Organizations are Made



Q3. When you make donations to charitable organizations, do you ever give directly to the organization by writing a check, donating stock, etc. directly to the organization?
 Q4. When you make donations to charitable organizations, please indicate if you donate using any of the following types of giving vehicles.

HNW consumers who work with advisors on their philanthropic efforts are more structured in the way they give

% Use Structured Giving Vehicles

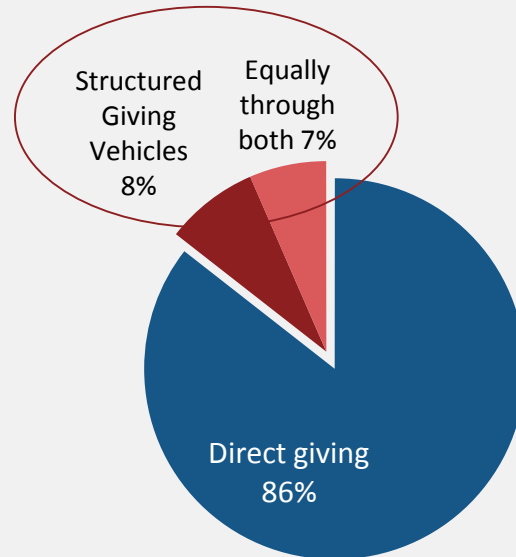
HNW Consumers

Total
43%

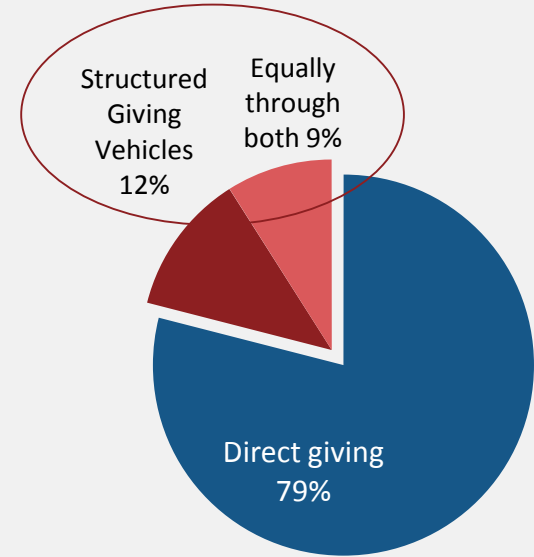
Discuss Philanthropy with Advisors

53%

How Majority of Donations are Made



15% make 50%+ of their donations through structured giving vehicles



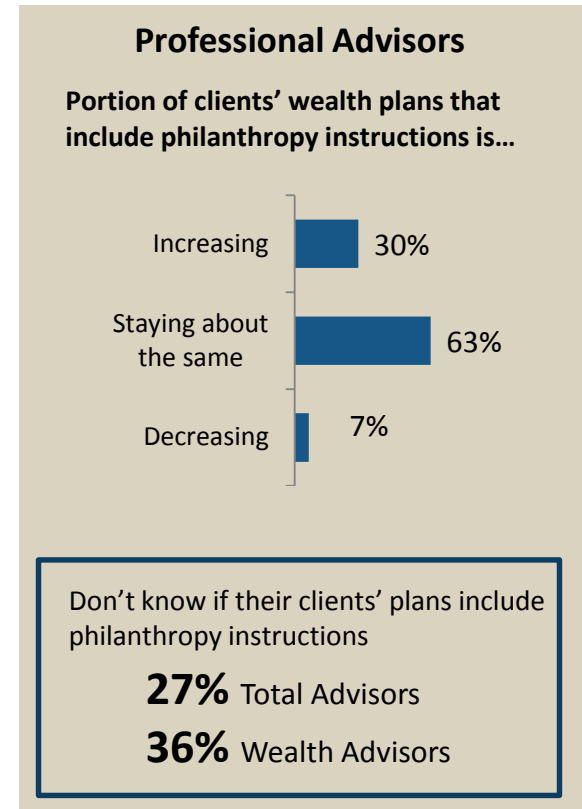
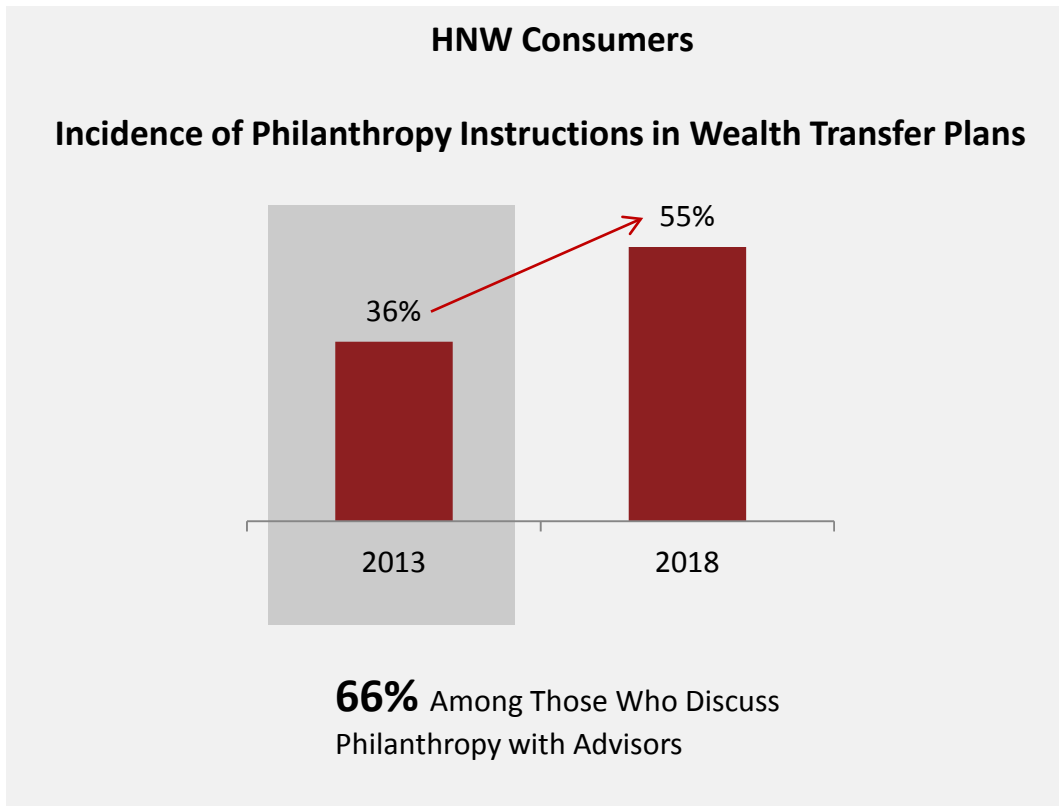
21% make 50%+ of their donations through structured giving vehicles

Q4. When you make donations to charitable organizations, please indicate if you donate using any of the following types of giving vehicles.

Q5. How do you make the majority of your donations?

Compared to 2013, more HNW consumers are including philanthropy in their wealth transfer documents

Philanthropic instructions are more likely to be included in wealth transfer documents when the consumer is working with an advisor



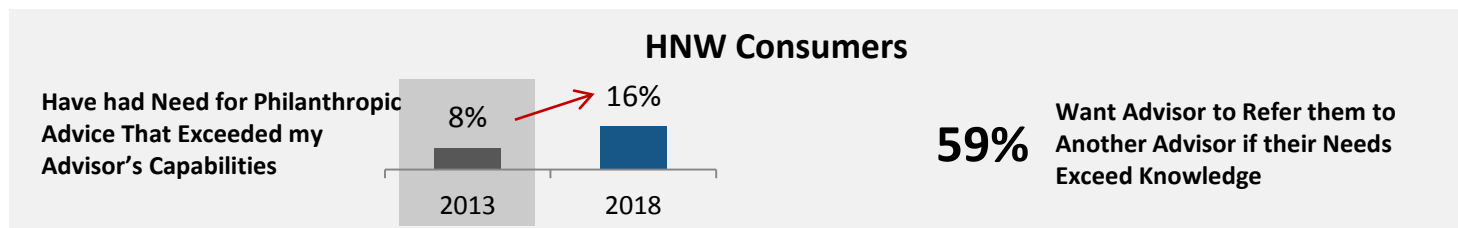
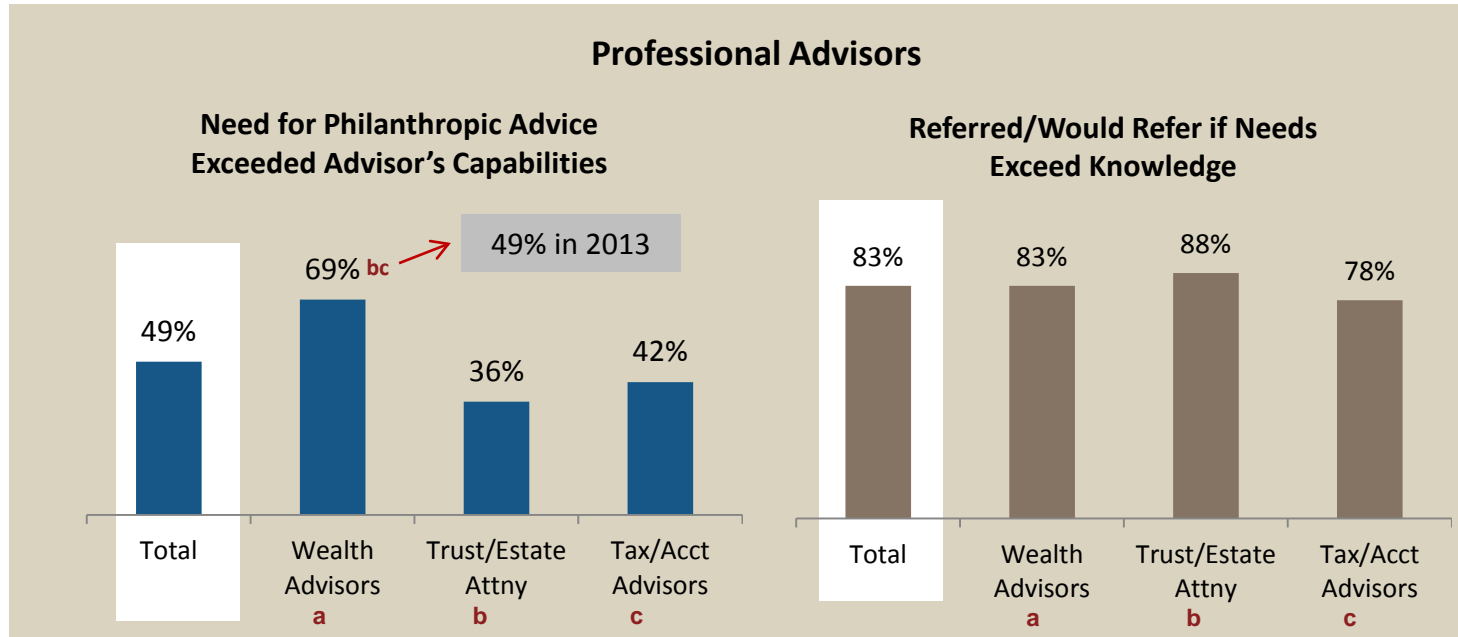
Q40. Do your wealth transfer plans (including estate plans, wills, trusts and other documents) have instructions about charitable giving or philanthropy?

A23b. About what percent of your clients include instructions about charitable giving or philanthropy in their wealth transfer plans (including estate plans, wills, and other documents)?

A23c. Would you say this is increasing, decreasing or staying about the same?

The advisors' role also includes bringing in specialists for more complex philanthropic needs, which most do or would do

In many cases, trust/estate attorneys are consulted; Wealth advisors are often called on specific areas like involving future generations and management of invested charitable assets



A24. Have any of your clients needed charitable giving or philanthropy-related advice that exceeded the extent of your knowledge?

A25. Did/would you refer clients to other individuals or organizations who can help them with such advice or planning?

Q24. Have you ever needed or wanted charitable giving or philanthropy-related advice that your advisor was unable to provide directly for you (without bringing in another advisor)?

Q25. If you needed or wanted advice that your advisor couldn't provide directly, would you want them to refer you to other individuals or bring in a specialist in this area?

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IX. NEED FOR FURTHER EDUCATION/LEARNING

Advisor knowledge about giving vehicles is on the rise

% Rate Themselves “Very Familiar” with Charitable Giving Vehicles

	Professional Advisors	
	2013	2018
Very Familiar (Top Box)		
Charitable Trusts	49%	53% ↑
Private Foundations	37%	38%
Donor Advised Funds	29%	42% ↑

Very Familiar (Top Box)	2018 By Professional Advisor Segments		
	Wealth Advisors	Trust/ Estate Attorneys	Tax/Acct Advisors
Charitable Trusts	46%	61% ^a	50%
Private Foundations	24%	46% ^a	43% ^a
Donor Advised Funds	43%	42%	42%

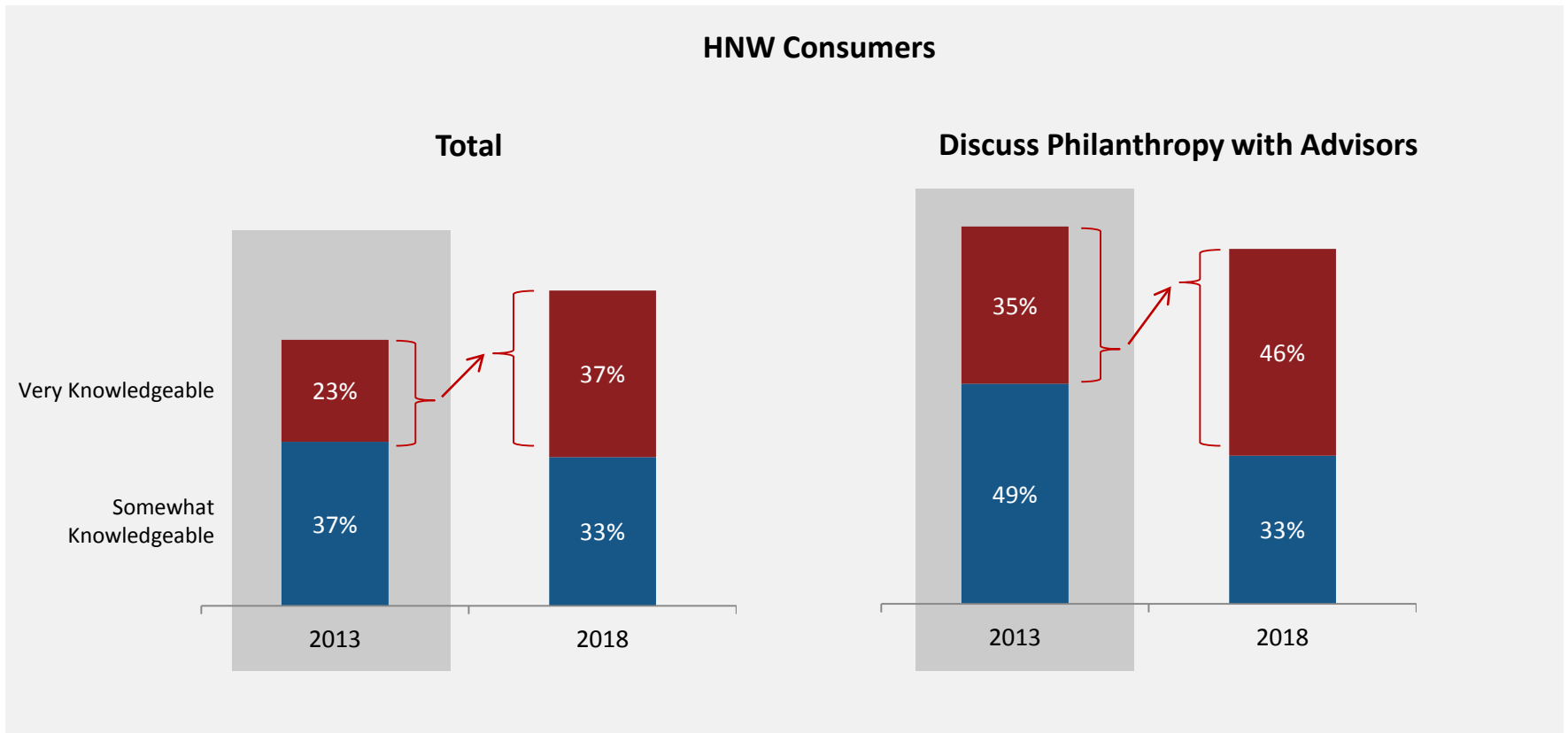
^a
^b
^c

A7. How familiar are you with the following vehicles for charitable giving or philanthropy?

And the increasing level of advisor knowledge about giving vehicles is recognized by consumers

Consumer perception of their advisors' knowledge is higher today versus 2013

HNW Consumers' Ratings of Advisor's Knowledge



Q13. How knowledgeable do you think your advisor(s) are regarding giving vehicles for charitable giving or philanthropy?

HNW consumers consider themselves just somewhat knowledgeable about giving vehicles

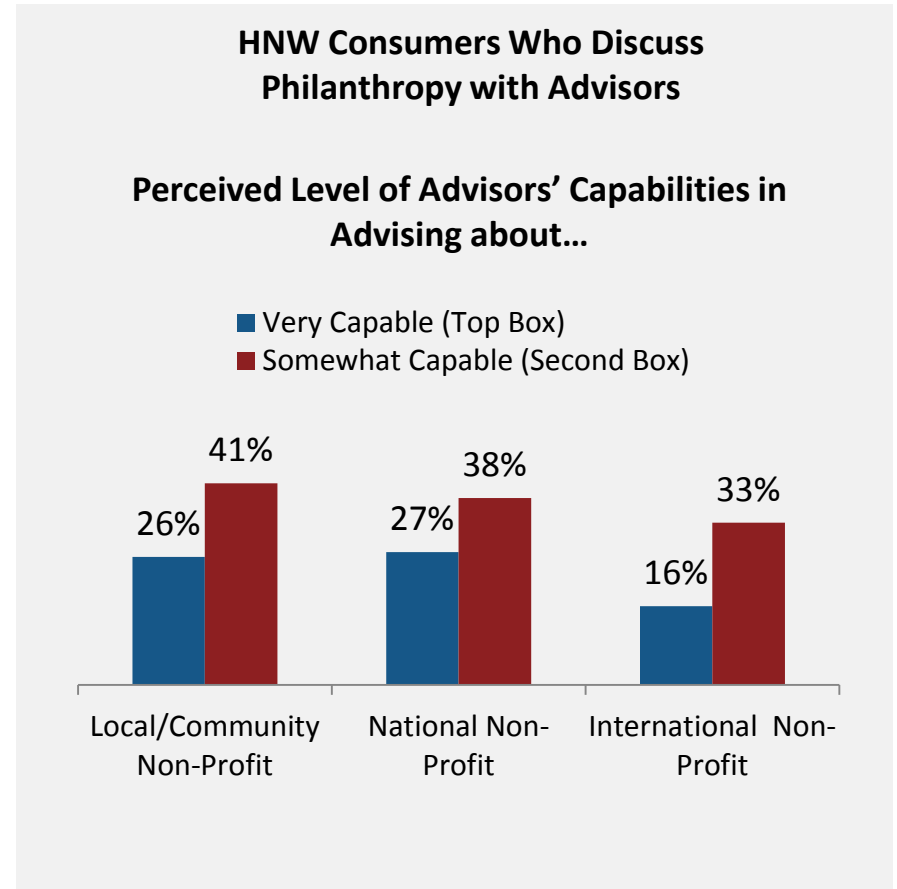
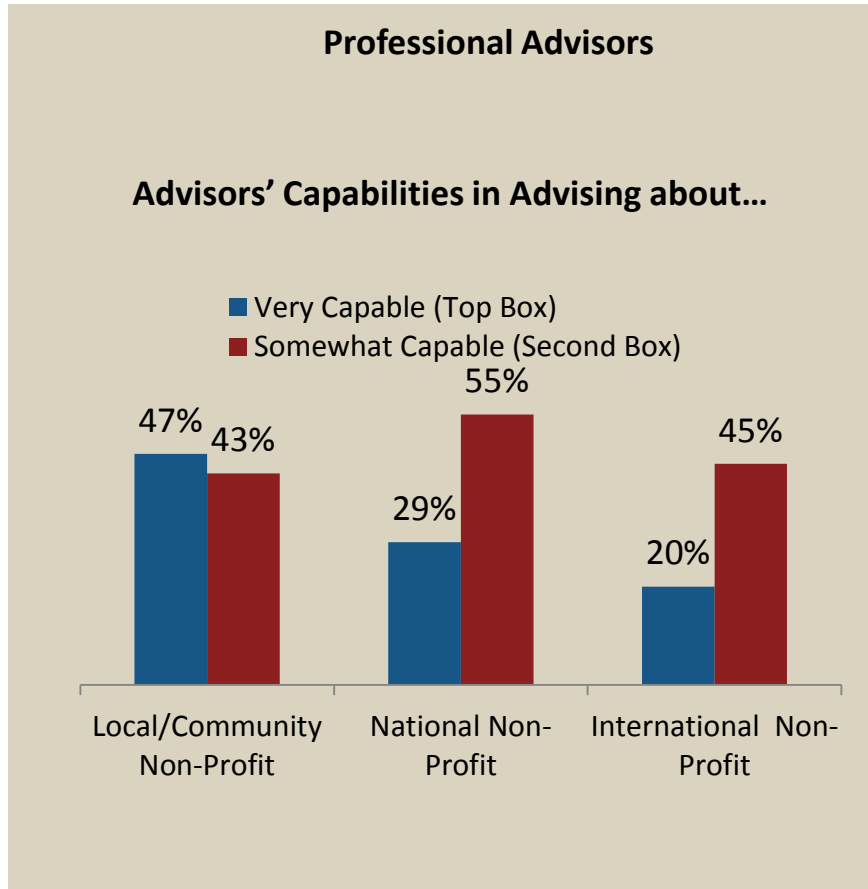
% Rate Themselves “Very Familiar” with Charitable Giving Vehicles

	Consumers Who Discuss Philanthropy with Advisors	
Very Familiar (Top Box)	2013	2018
Charitable Trusts	20%	33% ↑
Private Foundations	32%	27%
Donor Advised Funds	25%	24%
Giving Circles / collaborative giving	20%	12%

Q6. How familiar are you with the following vehicles for charitable giving or philanthropy?

Regarding non-profit organizations, there is a gap in advisors' self-rated knowledge of non-profits vs. perceptions among clients

Advisors consider themselves very capable of advising about charitable organizations, but HNW consumers are less impressed



Q35a. How capable do you perceive your advisor(s) to be in advising you about supporting the following types of non-profit organizations?
 A30a. How capable are you in advising your clients about supporting the following types of non-profit organizations?

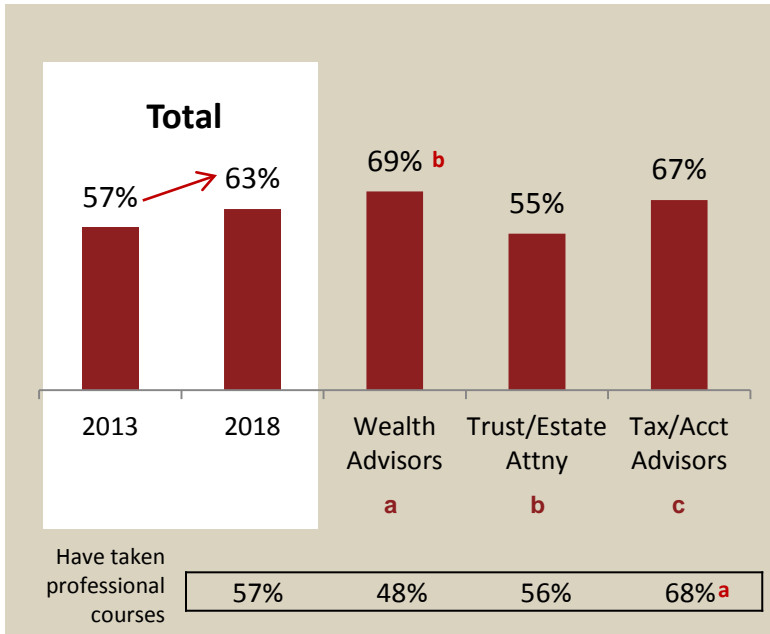
Most advisors plan to increase their knowledge of philanthropy, including becoming more familiar with non-profits

Many have already taken professional courses that they considered helpful

Professionals find value in numerous sources including advice from planned giving professionals /colleagues, seminars, continuing education, and professional associations

Professional Advisors

Plan to Increase Knowledge About Philanthropy



Which Philanthropy Topics Are You Interested in Learning About

Among those interested in learning more	Total	Wealth Advisors	Trust/Estate Attorneys	Tax/Acct Advisors
Understanding more about giving vehicles	57%	79% ^{bc}	53%	37%
Developing strategic giving plans and mission formation	51%	57%	47%	47%
Integrating values and goals into overarching wealth management plans	46%	48%	45%	45%
Engaging the next generation in philanthropic giving	40%	49% ^c	40%	29%
Becoming more familiar with non-profits and community/social needs	40%	35%	49%	37%
Impact Investing	38%	40%	34%	40%
Ways to initiate discussions about philanthropy with clients	37%	42% ^b	24%	42% ^b

a b c

A28. Do you plan to increase your knowledge about charitable giving or philanthropy and ways to advise your clients in this area? / A29. Which of the following philanthropy topics are you interested in learning about? / A27a. Have you taken any courses or had any training to increase your knowledge about charitable giving or philanthropy and ways to advise your clients in this area? / A27b. How helpful was the training? / A30. How helpful are/would be each of the following resources and materials in helping you advise your clients on philanthropy?

Most HNW consumers are also interested in expanding their knowledge about philanthropy

Topics HNW Consumers are Interested in Learning About	HNW Consumers
Understanding more about giving vehicles such as Charitable Trusts, Donor Advised Funds, Private Foundations, and Giving Circles	31%
Becoming more familiar with non-profit organizations and community/social needs	23%
Integrating your values and charitable goals into your overarching wealth management plans	21%
Developing your strategic giving plans and mission formation	21%
Engaging the next generation in philanthropic giving	16%
Impact investing (socially responsible investing, mission related investing, social impact bonds, etc.)	12%
None	34%

66%
are interested in learning about at least one topic

Q32. Which of the following charitable giving or philanthropy topics are you interested in learning about?

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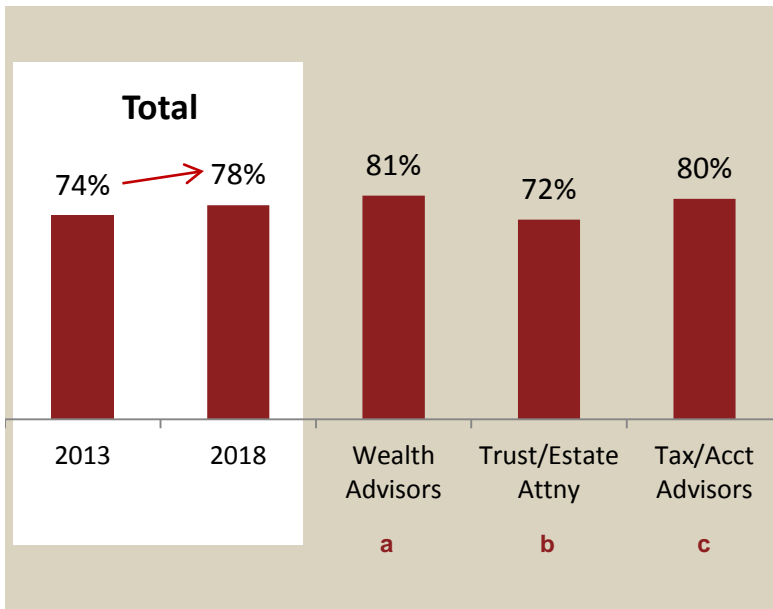
X. BENEFITS OF PHILANTHROPIC DISCUSSIONS

Most advisors believe that discussing philanthropy is good for their business development

This is trending upward from 2013

Professional Advisors

Discussing Philanthropy Good for Business



Why Discussing Charitable Giving is Good for Business

	Total	Wealth Advisors	Trust/ Estate Attorneys	Tax/Accounting Advisors
More comprehensive and holistic approach	23%	33% ^c	23%	12%
Leads to better insights/helps serve clients	15%	24% ^c	14% ^c	4%
Shows my personal interest in clients	14%	20% ^c	13%	9%
Good for our image/we're not all about \$\$	13%	6%	14%	19%
Shows philanthropy is important to me	12%	10%	11%	14% ^a
Learn about other assets (e.g. at other organizations)/manage more assets	9%	7%	11%	9%
Helping clients navigate tax implications/savings	8%	5%	5%	14% ^{ab}
Increases our credibility/my reputation	5%	4%	7%	5%
Good for networking/connect with organizations	3%		5%	5%
Doesn't hurt/good generally	3%	1%	1%	9% ^{ab}

a b c

A14: In your experience, have you found that discussing charitable giving or philanthropy is good for your business?

A15: Why is discussing charitable giving or philanthropy good for your business?

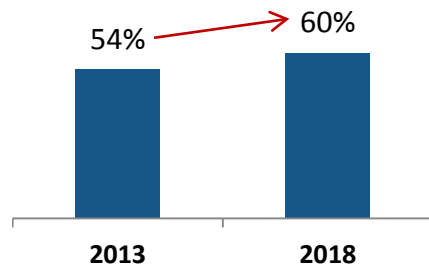
Discussing philanthropy provides an excellent means of deepening relationships and also aids in establishing new relationships

This is trending upward from 2013

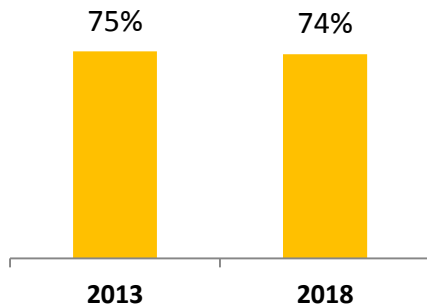
% Agree that Discussing Philanthropy a Means of Establishing New Clients or Deepening Relationships

Professional Advisors

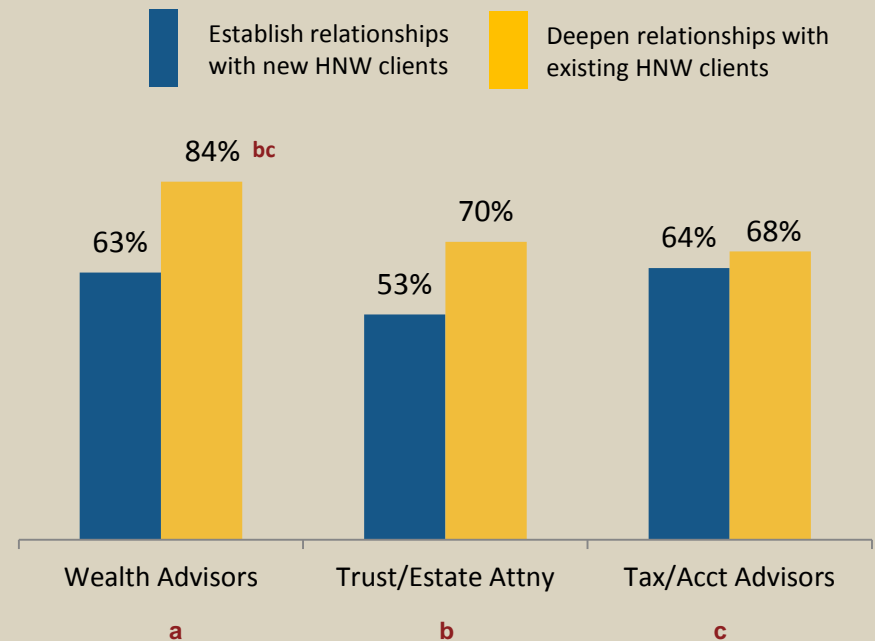
Discussing Philanthropy a Means of Establishing New Clients



Discussing Philanthropy a Means of Deepening Relationships



2018 by Type of Advisor



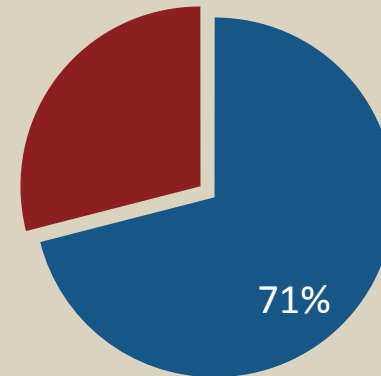
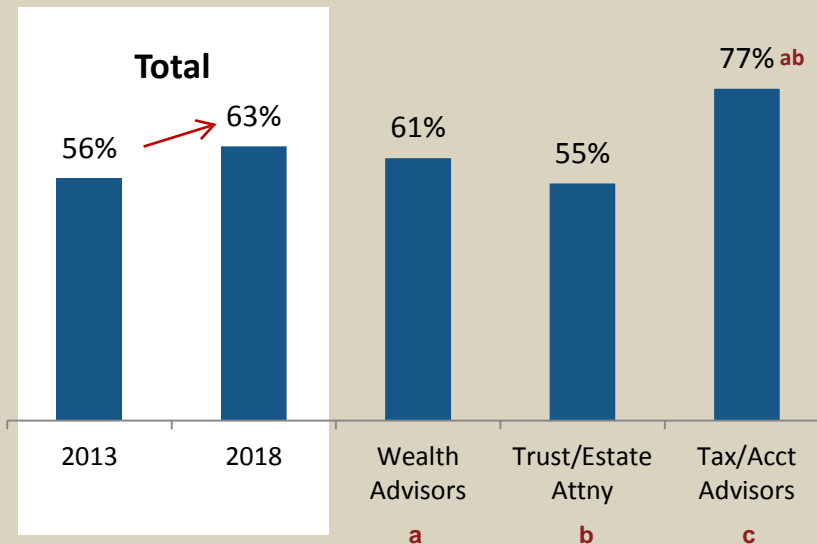
A16. Do you think discussing or advising on charitable giving or philanthropy is a means by which you can establish relationships with new clients, or deepen relationships with existing clients?

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

This is trending upward from 2013

Professional Advisors

Discussing Philanthropy Has Helped Build Relationships with Extended Family



Consider discussing philanthropy **important** in building relationships with extended family (Top 2 Box)

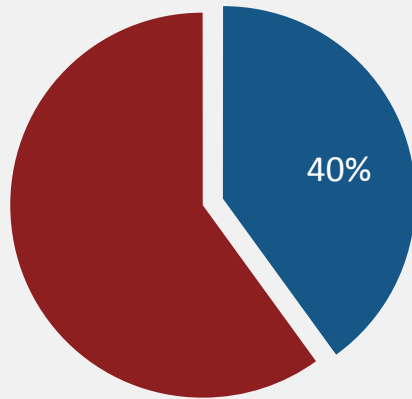
A17. Has discussing or advising on charitable giving or philanthropy helped you build relationships with your clients' extended family members, including children and grandchildren?

A18. How important is discussing charitable giving or philanthropy in your efforts to build relationships with your clients' extended family members, including children and grandchildren?

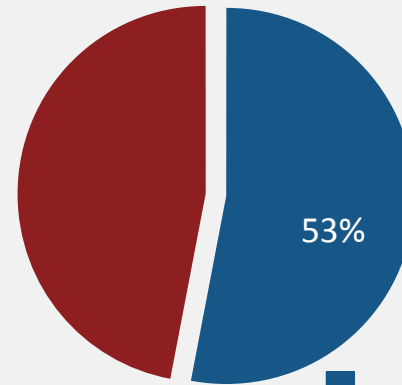
Consumer selection of advisors can be influenced by the advisor's philanthropic knowledge

And HNW consumers place more value on advice received from advisors who are engaged in philanthropy themselves

HNW Consumers Who Have Discussed Philanthropy with Advisors



Would Be More Likely to Select Advisor Who Was Knowledgeable in Philanthropy



Would Place More Value on Advice if Advisor is Philanthropic Themselves

Yet, only **47%** of Professional Advisors discuss their own charitable giving with their clients

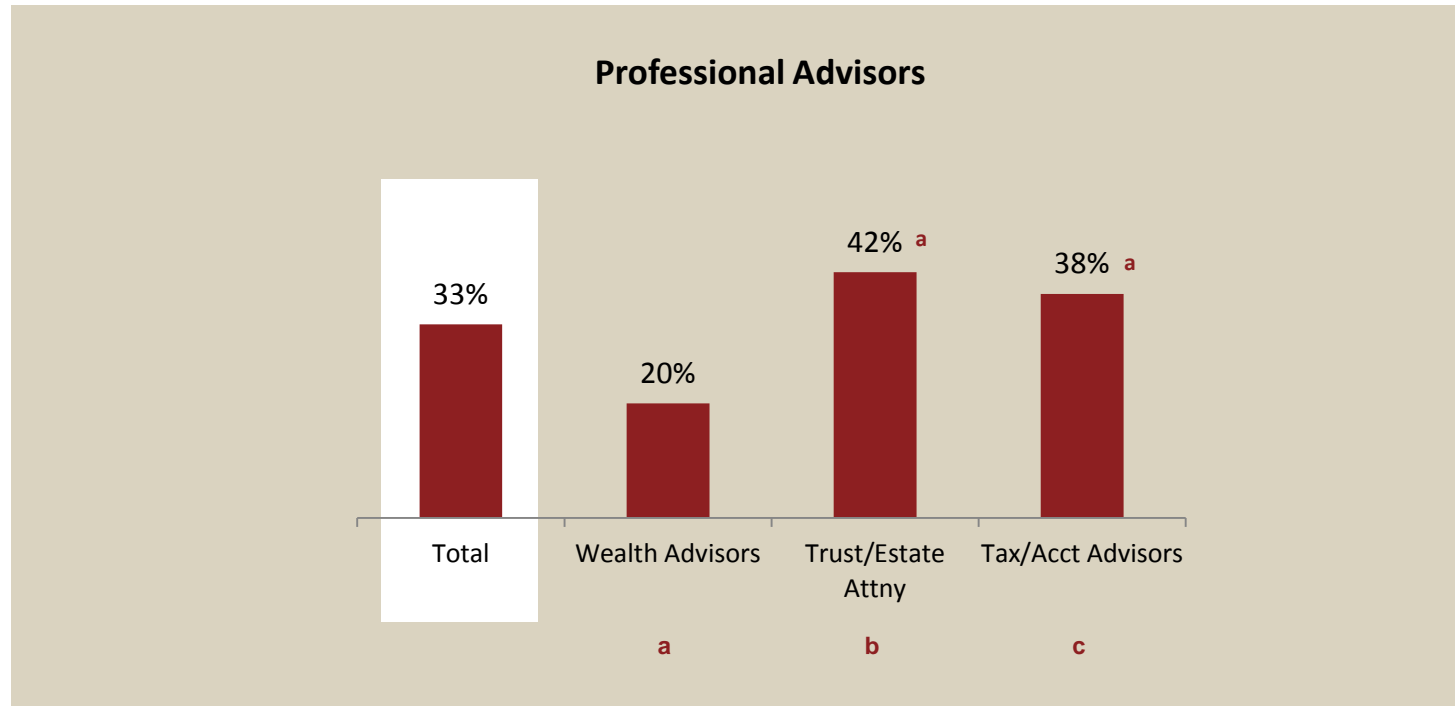
A33. Do you ever discuss your own charitable giving with your clients?

Q28. Would you be more likely to select an advisor if they were very knowledgeable in charitable giving or philanthropy?

Q35. Do you or would you place more value on advice you receive about charitable giving if you know the advisor is philanthropic with their own time and assets?

One-third of advisors have been asked to serve in some capacity related to their clients' giving vehicles

Advisor Has Been Asked to Serve/Be Board Member



A33a. Have you ever been asked to serve or have you served as a trustee, board member, or committee member for any of your clients' giving vehicles (e.g., Charitable Trusts, Private Foundations, Donor Advised Funds)?

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XI. ADVISOR PROFILES

Advisor profiles - 2018

Demographics	Professional Advisors			
	Total	Wealth Advisors	Trust/ Estate Attorneys	Tax/Acct Advisors
Age				
< 40	34%	22%	38%	42%
41-50	19%	23%	19%	15%
51-60	25%	35%	22%	19%
61+	21%	19%	21%	24%
Gender				
Male	76%	74%	83%	70%
Female	24%	26%	17%	30%

A34. What is your age?
A38. Are you... Male/Female

Advisor profiles - 2018

Experience	Professional Advisors			
	Total	Wealth Advisors	Trust/ Estate Attorneys	Tax/Acct Advisors
# HNW Clients Advise w/3M+ Assets				
1-5	44%	36%	48%	48%
6-10	22%	18%	24%	23%
11-20	18%	25%	17%	12%
21+	16%	21%	11%	16%
Years in Practice				
5 or less	10%	4%	11%	16%
6-15	34%	26%	36%	41%
16-20	13%	24%	6%	7%
21-30	23%	27%	28%	13%
31+	20%	19%	19%	22%

Experience	Professional Advisors			
	Total	Wealth Advisors	Trust/ Estate Attorneys	Tax/Acct Advisors
Years at Current Firm				
2 years or less	8%	3%	9%	11%
3 - 5	18%	15%	15%	26%
6 - 10	27%	30%	28%	25%
11 - 20	26%	37%	24%	17%
21 - 30	12%	13%	17%	7%
31 or more	8%	3%	8%	14%

A2. In the past year, approximately how many clients with liquid assets of \$3 million or more have you advised?
 A35. How long have you been in the business/practice of advising or counseling HNW consumers?
 A36. How long have you been with your current firm?

Advisor profiles - 2018

Compensation and Performance	Professional Advisors			
	Total	Wealth Advisors	Trust/ Estate Attorneys	Tax/Acct Advisors
Compensation Structure				
Fee for professional services	65%	30%	87%	78%
Commission	15%	45%	0%	2%
Investment advisory asset management fee	27%	79%	3%	1%
Some other way	9%	5%	6%	17%
Prefer not to answer	3%	2%	4%	3%

A39. How are you compensated for your work?

Advisor profiles - 2018

Charitable Involvement	Professional Advisors			
	Total	Wealth Advisors	Trust/ Estate Attorneys	Tax/Acct Advisors
Level of Charitable Involvement				
Little or no charitable giving	7%	4%	11%	7%
Some charitable giving	59%	61%	54%	63%
A lot of charitable giving	29%	28%	30%	28%
Prefer not to answer	5%	7%	5%	2%
Volunteer Time to Charitable Organization				
Yes	87%	90%	82%	91%
No	10%	8%	16%	6%
Prefer not to answer	3%	2%	2%	4%

Charitable Involvement	Professional Advisors			
	Total	Wealth Advisors	Trust/ Estate Attorneys	Tax/Acct Advisors
Sit on a Board of a Charitable Organization				
Yes, currently sit on the board of at least one charitable organization	35%	34%	38%	34%
No, but have sat on the board of at least one charitable organization in the past	27%	26%	31%	23%
No, and have never sat on the board of a charitable organization	35%	37%	27%	42%
Prefer not to answer	3%	3%	4%	1%

A31. Which of the following best describes your own charitable involvement?

A32. Do you ever volunteer your time to charitable organizations?

A32b. Do you sit on the board of any charitable organizations?

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XII. HNW CONSUMER PROFILES

HNW consumer profiles-2018

Patterns of Giving	HNW Consumers
# Organizations Volunteer Time	
0	16%
1	27%
2	30%
3+	27%
# Give Donations	
1-4	33%
5-6	18%
7-10	24%
11+	24%

Patterns of Giving	HNW Consumers
% Annual Income Donate	
1-4%	22%
5%	22%
6-8%	7%
10%	27%
11%+	22%
Mean % of Annual Income Donated	11.6%

Q1. At how many charitable or philanthropic organizations do you volunteer your time (this includes any form of volunteering, serving on a board or committee, volunteering at food pantry, etc.)?

Q2. To how many charitable or philanthropic organizations do you give donations (financial and other items of value)?

Q47. About what percent of your annual household income do you donate?

HNW consumer profiles-2018

Demographics	HNW Consumers
Investable Assets	
\$3MM - \$4.9MM	53%
\$5MM - \$9.9MM	36%
\$10MM+	11%
Income	
< \$200K	31%
\$200K - \$299.9K	27%
\$300K - \$449.9K	16%
\$450K+	27%

Demographics	HNW Consumers
Age	
<48	19%
48-67	42%
68+	39%
Mean Age	56
Gender	
Male	64%
Female	36%
Have Children/Grandchildren	
Have Children	65%
Have Grandchildren	43%

S5. Which of the following best describes the total dollar value of your household's investable assets, that is, assets in stocks, bonds, mutual funds, CDs, savings accounts, checking accounts, retirement accounts and investment properties, but not including the value of your primary residence?

Q46. Which of the following categories best describes your total annual household income before taxes?

S2. How old are you?

S1. What is your gender?

Q45. Do you have any children? Grandchildren?

HNW consumer profiles-2018

Demographics	HNW Consumers
Marital Status	
Married	78%
Domestic Partner/Civil Union	2%
Single	15%
Separated/Divorced	2%
Widowed	3%

Demographics	HNW Consumers
Employment Status	
Employed Full-time by a Company, Partnership or Practice	23%
Retired	55%
Employed Part-time	9%
Owner of a Business	11%
Homemaker	3%
Student	0%

Q43. Which of the following best describes your current relationship status?

Q44. What is your employment status?

Disclosures

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