



The 2021 Bank of America Study of Philanthropy: Charitable Giving by Affluent Households

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Research conducted by



IUPUI

INDIANA UNIVERSITY

Lilly Family School of Philanthropy

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The *2021 Bank of America Study of Philanthropy: Charitable Giving by Affluent Households*, is the eighth in the series of biennial studies researched and written by the Indiana University Lilly Family School of Philanthropy in partnership with Bank of America.

Key themes

In 2020, affluent U.S. households, across age, race/ethnicity, gender and sexual identity, remained generous in their support of charitable organizations. The average amount given to charity by affluent American households increased significantly from 2017.¹

Despite pandemic lockdowns and social distancing, a third of affluent households volunteered. Households that reported volunteering also reported higher average giving amounts.

Broadly consistent with previous years, the top three types of charities supported by donors were basic needs, religion and health. The highest aggregate dollar amounts were donated to religion, basic needs and education (including both K-12 and higher education).

Issue-based giving increased significantly compared with 2017. Younger donors were more likely to give based on specific issues they hoped to influence with their donations compared with older donors, who were more likely to give to support specific organizations.

Participation in sustainable/impact investing among affluent donors nearly doubled compared with 2017.

A larger percentage of affluent donors used giving vehicles (such as a will with charitable provisions, qualified charitable distributions from an IRA, or a planned giving instrument) to make charitable contributions, with interest in giving vehicles being led by younger donors and a racially/ethnically diverse group of donors actively using giving vehicles.

Confidence grew in the public and private sectors' ability to solve societal or global problems, though nonprofits are still seen as most effective.

In response to the pandemic, nine out of 10 affluent households gave locally to organizations to help people in need of food, shelter or other basic necessities or to organizations focused on health and medicine.²

Introduction

The extraordinary year 2020, dominated by the global COVID-19 pandemic, saw economic collapse and recovery, a movement for racial justice, a presidential election, and economic uncertainty that profoundly affected government, the business sector, families and nonprofit organizations. Amid these historic circumstances, affluent Americans were steadfast in their generosity, with nearly 90% giving to charity.

Average amount given to charity by affluent donors increased by 48%

Notwithstanding the many challenges of 2020, giving amounts by affluent donors increased. On average, affluent donor households gave \$43,195 to charity in 2020, significantly more than in 2017 (\$29,269). This increase was more concentrated at higher wealth levels. By comparison, donor households in the general population gave \$2,581.³ Median gifts by affluent households also increased from \$2,150 in 2017 to \$3,000 in 2020.

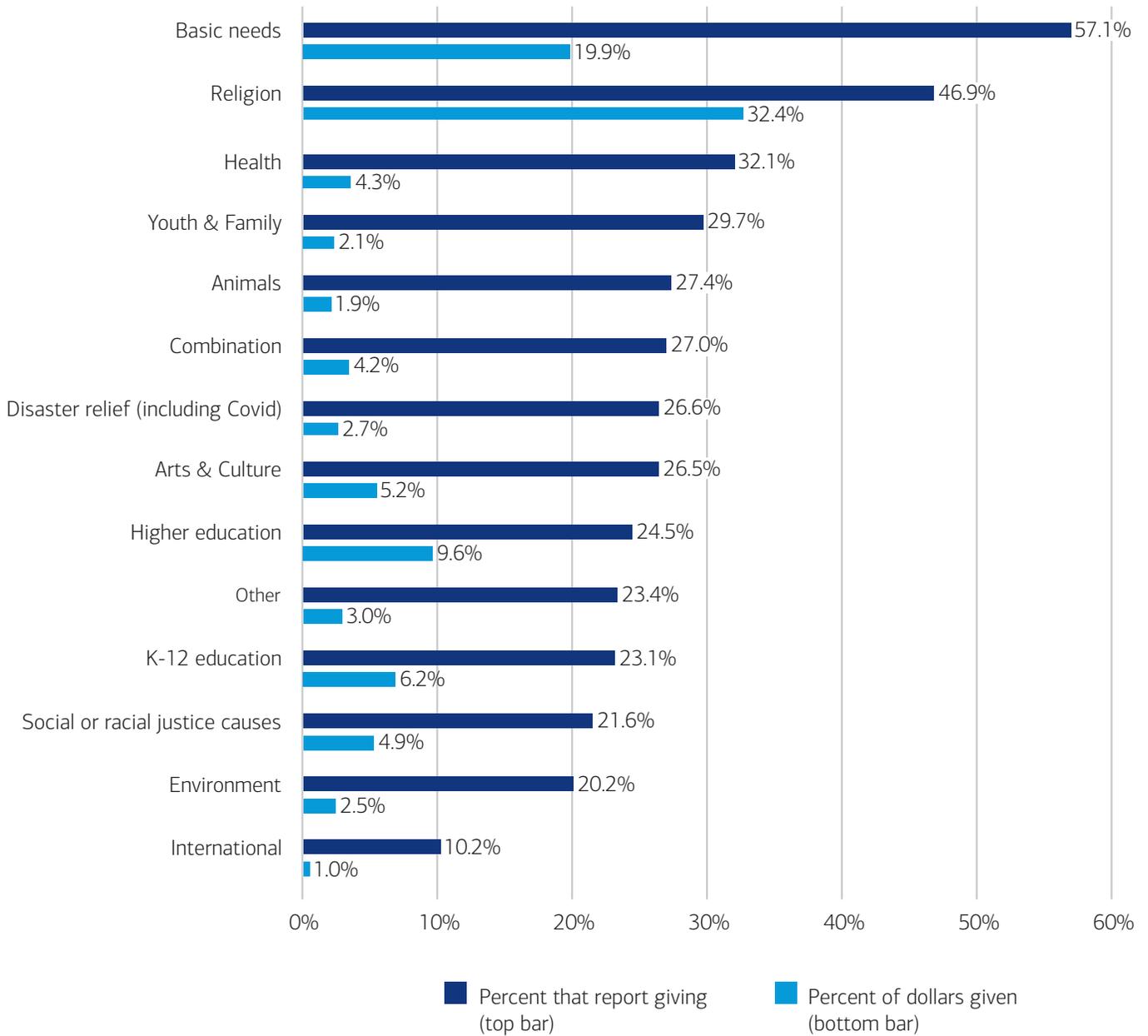
Most (88%) affluent households gave to charity in 2020. Among those households that made charitable gifts, some differences by demographic characteristics emerged. Older individuals (90%)⁴ were significantly more likely to give to charity in 2020 compared with younger individuals (81%). Also, women (92%) were more likely to give to charity in 2020 compared with men (86%).

Giving by charitable category

In 2020, 57% of affluent households supported groups providing basic needs, 47% supported religious organizations, and 32% gave to health organizations. Other prominent areas of focus included the 25% of affluent households that gave to higher education and the 23% that gave to K-12 education, for a combined rate of 36% of households giving to one or both types of educational institutions.

In addition, for the first time in 2020, respondents were asked about their giving to support social justice or racial justice causes. More than one in five (22%) affluent households gave to organizations supporting these missions.

Affluent households reporting giving to charitable categories



Note: Combination organizations included United Way, United Jewish Appeal, Catholic Charities and community foundations, among others.

As noted above, basic needs charities were supported by the greatest proportion of affluent households; however, in 2020, religious organizations received the highest share of dollars contributed by affluent donors (32%), with only 20% of affluent dollars going to basic needs organizations. Combining higher education (10%) and K-12 education (6%), education overall received the third-highest share of affluent charitable dollars (16%).

Volunteering was positively associated with average gift amounts

Likely due to aspects of the pandemic, significantly fewer affluent donors volunteered in 2020 (30%) compared with 2017 (48%). However, volunteering was positively associated with higher gift amounts. In 2020, affluent donors who spent time volunteering gave a significantly higher average gift amount (\$20,838) than those who did not volunteer (\$9,047).⁵

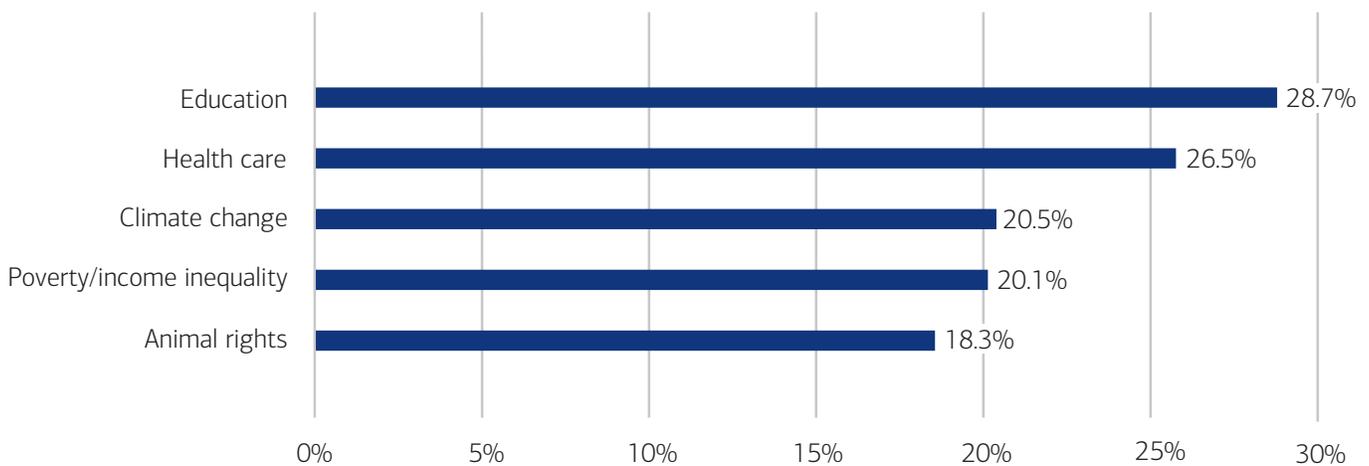
Issue-based giving increased

Consistent with prior research, more than seven in 10 affluent donors reported that they are motivated by their personal values when making giving decisions. Two other key factors tend to drive affluent individuals' giving decisions and strategies: the organizations to which they give and the specific issues that organizations seek to address. In 2020, a plurality of affluent donors (45%) reported that organizations drove their giving decisions, a decrease from 2017's clear majority of 54%. In parallel with this shift, significantly more affluent donors (44%) said that issues drove their giving decisions and/or strategies in 2020 compared with 31% in 2017.

Generational differences may be motivating the shift from organization-based to issue-based philanthropy. Younger donors (55%) were significantly more likely to say that issues drive their giving decisions and strategies compared with older donors (40%), whereas older donors (48%) were significantly more likely to say that organizations drive their giving decisions and strategies compared with younger donors (34%).

When asked to select three causes/issues that were most important to them, whether or not they gave in those areas, affluent individuals selected education, health care, climate change, poverty/income inequality and animal rights most frequently. This is generally consistent with findings from 2017 (the only difference being that poverty/income inequality has risen in importance, while the economy has fallen out of the top 5 since 2017).

Most important causes/issues to affluent individuals



More than half of affluent donors (52%) indicated that their giving was very linked to the causes/issues they thought were most important, up from 30% who selected the same response in 2017. Another quarter (27%) indicated that their giving was somewhat linked to their public policy preferences but that they would like them to be more closely linked (compared with 33% in 2017). In sum, nearly four out of five affluent donors (78%) in 2020 connected their giving to the causes they cared about most deeply, an increase from 2017 (63%).

Increased awareness and importance of social/racial justice causes

Increased awareness of racial injustice sparked giving for social justice and racial justice causes, with nearly a quarter of affluent individuals giving to organizations supporting these causes in 2020. Among affluent households, 11% selected social justice as one of their top three most important cause/issue areas, and 19% indicated they wanted to become more knowledgeable about supporting racial equity or social justice through charitable giving.

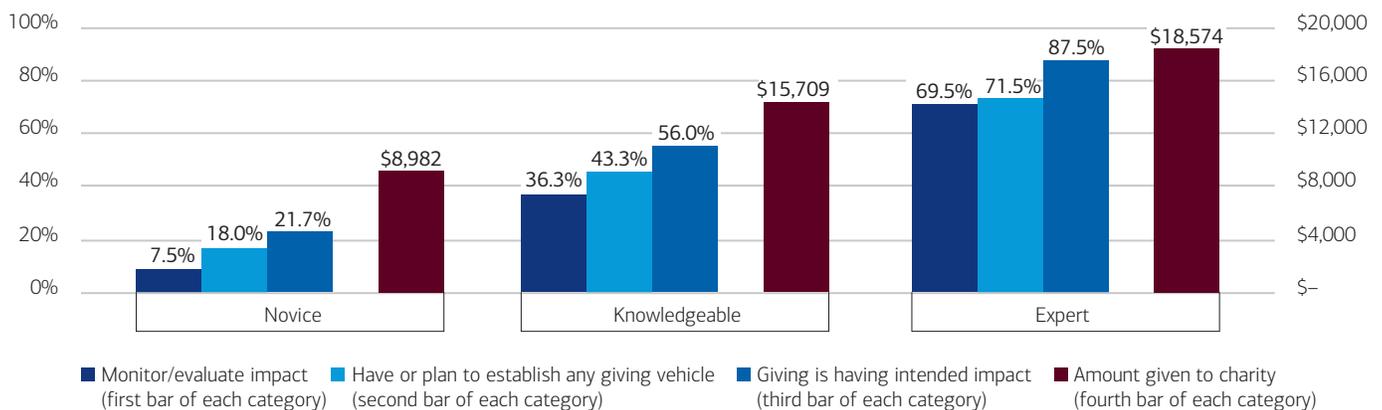
Charitable giving knowledge is positively associated with other giving-related factors

Affluent individuals' self-reported degree of charitable giving knowledge is positively related to whether they monitor the effect of their gifts, whether they use giving vehicles, their confidence in the impact of their gifts and their average gift amount.

Consistent with previous findings, a sizeable share of affluent households rated themselves as either novices (47%) or knowledgeable (48%) about charitable giving in 2020. A much smaller percentage rated themselves as experts (5%).

This small but knowledgeable “expert” group is more likely to engage in a number of critical giving-related behaviors:⁶

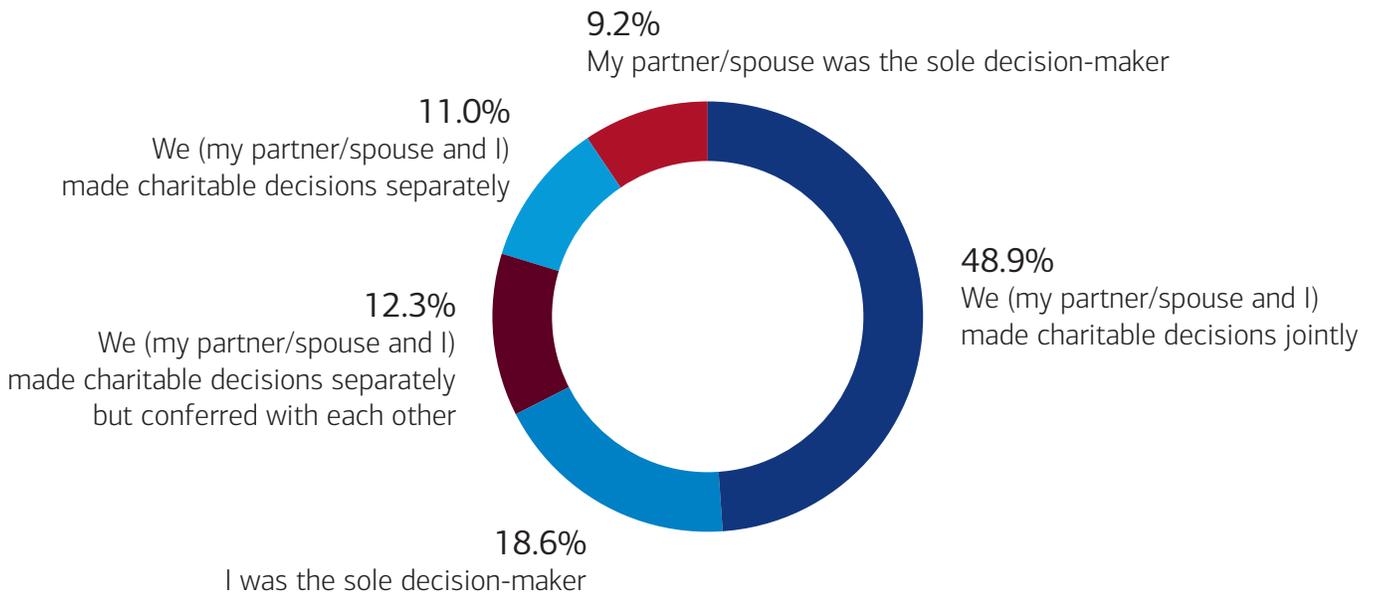
Affluent donors' charitable giving by knowledge level, key factors and amounts given



Affluent households make charitable giving decisions together

Among all married/partnered affluent households, decisions about charitable giving are most frequently made either jointly (49%) or as a result of the partners conferring with each other (12%). The remaining households reported either being the sole decision-maker with respect to charitable gifts (19%) or making charitable donation decisions separately (11%), or indicated that their spouse/partner was the sole decision-maker (9%).

How decisions about charitable giving were made in the household among married/partnered households only



Usage of giving vehicles increased

Affluent households have many choices about how to make charitable gifts now and for the future. In 2020, significantly more affluent households had:

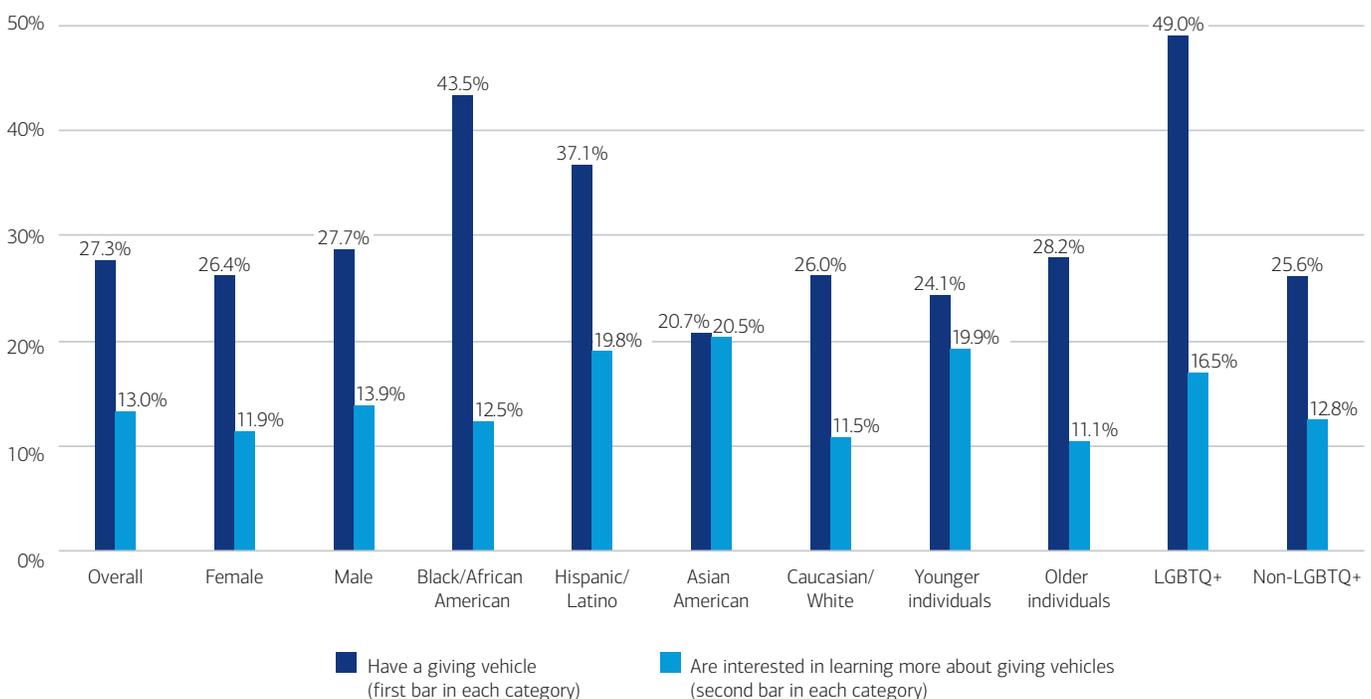
- A will with a specific charitable provision (17%, compared with 13% in 2017)
- A planned giving instrument (7%, compared with 5% in 2017)
- A donor-advised fund (7%, compared with 5% in 2017)

For the first time, the study also asked about qualified charitable distributions from an IRA. This method of giving surfaced as the second most popular giving vehicle, with 8% of affluent donors giving via the qualified charitable distribution. Nearly six in 10 households (59%) with a total net worth between \$5 million and \$20 million currently use or expect to use a giving vehicle in the future.

Deeper exploration of giving vehicle interest and usage revealed significant differences based on demographics:

- Younger individuals (20%) were significantly more likely to be interested in becoming more knowledgeable about giving vehicles such as charitable trusts, donor-advised funds, private foundations and giving circles compared with older individuals (11%).
- Hispanics/Latinos (20%) were significantly more likely to be interested in becoming more knowledgeable about giving vehicles such as charitable trusts, donor-advised funds, private foundations and giving circles compared with Whites/Caucasians (12%).
- LGBTQ+ individuals (18%) were significantly more likely to make a donation to a giving vehicle compared with non-LGBTQ+ individuals (9%).

Percent that have a giving vehicle or are interested in learning more about giving vehicles



Impact investing of growing interest to affluent donors

The number of affluent households that participated in sustainable/impact investing (socially responsible investing, mission-related investing, social impact bonds, etc.) nearly doubled in 2020 (13%) compared with 2017 (7%). Moreover, nearly six in 10 (59%) donors said that their impact investing was in addition to their existing charitable giving, while the percentage of affluent donors who indicated that their impact investing was in lieu of all other charitable giving decreased from 9% in 2017 to 5% in 2020.

A few notable differences by demographic subgroups include:

- LGBTQ+ individuals (29%) were more likely to participate in sustainable/impact investing compared with non-LGBTQ+ individuals (12%).
- Black/African American individuals (31%) and Hispanic/Latino individuals (22%) were more likely to participate in sustainable/impact investing compared with White/Caucasian individuals (11%).
- Younger individuals (17%) were more likely to participate in sustainable/impact investing and were more likely to be interested in becoming more knowledgeable about impact investing (27%) than older individuals (12% and 14%, respectively).

Using digital tools for charitable giving

For the first time since the study's inception, the 2021 study investigated how affluent households use digital tools and platforms for their giving. More than half of affluent donors (57%) gave through the nonprofit's website. Digital tools, such as crowdfunding (for example, GoFundMe) and payment processing apps (for example, Zelle®) attracted nearly one in five affluent donors (18% and 17%, respectively). Some donors (13%) used social media fundraising tools. Affluent donors (7%) also used online donor-advised fund recommendations for their giving in 2020.

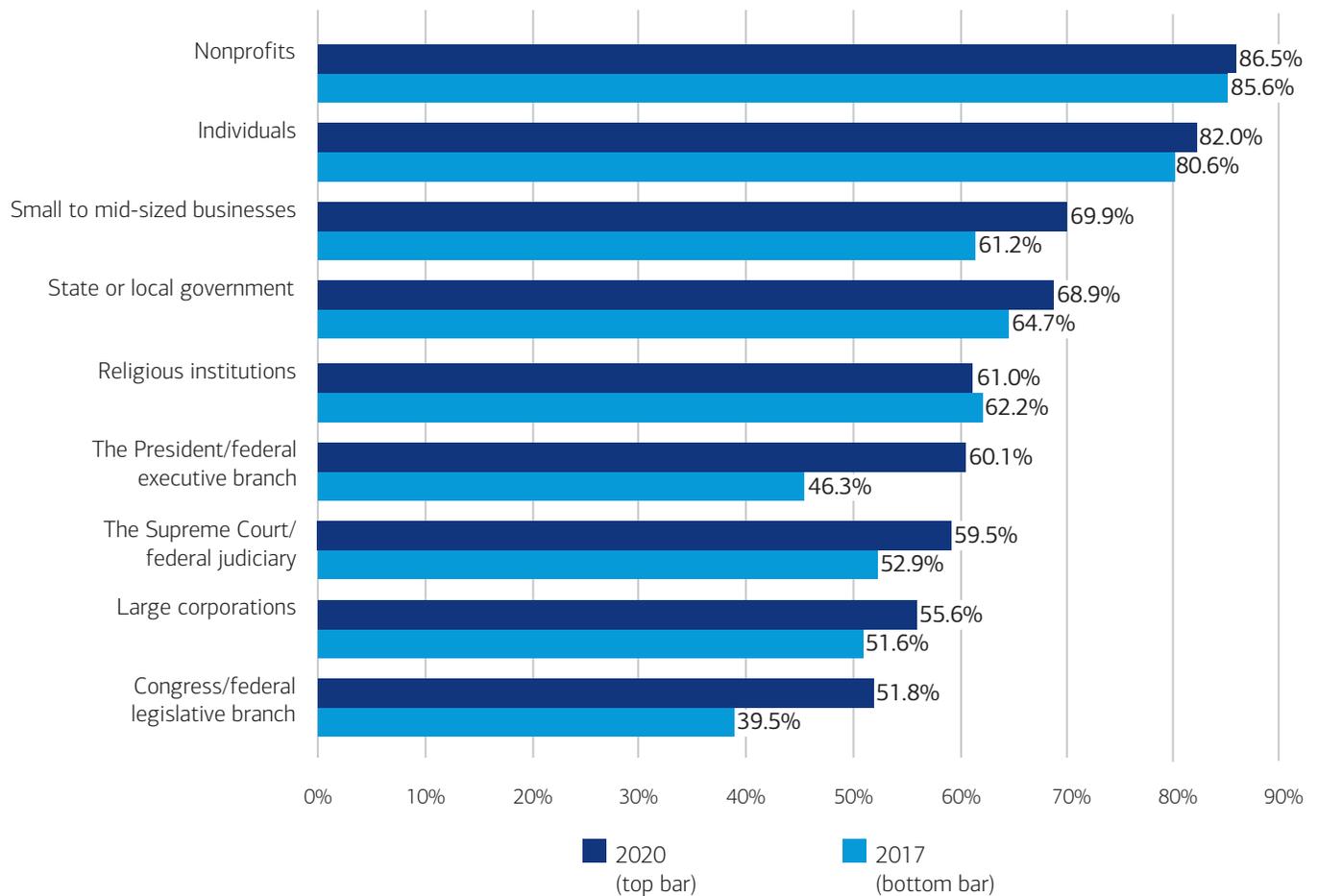
Giving vehicle usage and use of digital tools and platforms in 2020 may be related to pandemic challenges but may also reflect expanding versatility in how donors choose to engage in philanthropy.

Confidence in societal institutions increased

In 2020, affluent individuals were significantly more confident in the ability of small to mid-sized businesses, state or local governments, the President of the United States, the Supreme Court and Congress to solve societal or global problems, compared with their confidence level in 2017.⁷

While confidence increased for these five types of institutions, affluent individuals still have the most confidence in nonprofits and individuals to solve these issues, as revealed by the chart below.

Confidence in groups to solve societal or global problems



Tax considerations

The primary reason affluent Americans give is they believe in the mission of the organization (58%). By comparison, only 15% give to receive a tax benefit. Only half of affluent individuals indicated they planned to itemize their deductions when filing personal income taxes this year, even though nearly nine in 10 (88%) of these individuals made a gift to charity in 2020. Nearly three-quarters (72%) of affluent households indicated their charitable giving would stay the same if income tax deductions for charitable giving were eliminated. Likewise, 73% of affluent households indicated they would include charitable gifts in their estate plans regardless of whether the estate tax was eliminated. More than one in five (23%) affluent Americans said that their giving would increase somewhat or dramatically if the estate tax was eliminated.

Reasons for not giving to charity

In 2020, roughly one in 10 affluent households chose not to give. The primary reason shared was that the family's financial needs were more important (31%). However, a fifth (22%) of these individuals indicated they declined to give because they did not have a connection to an organization, while slightly fewer chose not to give because they were not asked (20%). In addition, 30% of affluent donors who stopped giving in 2020 cited concerns about too many requests from the organization or that the requests were too close together.

Impact of the COVID-19 pandemic

A report on giving in 2020 would be incomplete without examining how the COVID-19 pandemic influenced attitudes and behaviors. This study found that affluent households frequently made unrestricted contributions to nonprofits to sustain operations, expanded their generosity to include additional forms of charity (such as giving directly to individuals and businesses affected by the pandemic), and concentrated their giving locally (to individuals, businesses and/or nonprofit organizations).

More than a quarter (26%) of affluent individuals indicated that they had increased their giving to charitable organizations to help people in need of food, shelter, or other basic necessities and/or to charitable organizations focused on health and medicine. Nine out of 10 affluent households gave locally to organizations to help people in need of food, shelter or other basic necessities or to organizations focused on health and medicine.

Looking ahead, when asked if they expected, having experienced the coronavirus pandemic, to change their future philanthropic behavior, the majority (74%) indicated they did not expect it to have an effect, while nearly one in five said their giving would be more directed toward specific issues.

Taken as a whole, the activities of affluent households during 2020 demonstrate the durability of the American commitment to philanthropy in good times and bad. This group's persistence and nearly 90% participation, in the face of extraordinary challenges, continued to be hallmarks of affluent donors' generosity.

About the study

This study series has set the benchmark for research on the giving practices of affluent households in the United States. The *2021 Bank of America Study of Philanthropy: Charitable Giving by Affluent Households* is based on a nationally representative random sample of 1,626 households and includes in-depth analysis based on age, gender, race and sexual identity. The households in the study have a net worth of \$1 million or more (excluding the value of their primary home) and/or an annual household income of \$200,000 or more. Average income and wealth levels of the participants in the study exceeded these threshold levels; the average income and wealth levels of study respondents were approximately \$523,472 and \$31.1 million respectively, with median income and wealth levels of \$350,000 and \$2 million, respectively. Respondents' average age was 52.5 years. The survey, conducted in January 2021, reflects charitable giving in 2020.

The study captures the philanthropic motivations, priorities and strategies of affluent donors during a challenging year. In addition, this latest study investigates donors' contributions to affinity groups, COVID-19 pandemic relief efforts and social/racial justice in 2020. The deeper analysis by age, gender, race and sexual identity provides a more nuanced understanding of affluent donors' behavior. Subgroup findings throughout the summary reveal statistically significant differences between the highlighted group and members of the relevant reference group, for example, younger individuals (age 38 and younger) compared with older individuals (over 38 years of age); women compared with men; Black/African American, Asian American or Hispanic/Latino individuals compared with White/Caucasian individuals; and LGBTQ+ individuals compared with non-LGBTQ+ individuals.

¹ 2017 comparisons are to the 2018 U.S. Trust® Study of High Net Worth Philanthropy, which asked about giving in 2017.

² See newsroom.bankofamerica.com/content/newsroom/press-releases/2021/05/nearly-90--of-affluent-americans-gave-to-charities-in-2020--and-.html for more information on pandemic-related giving.

³ Source for the U.S. general population is the 2019 Philanthropy Panel Study on giving in 2018, the latest year data is available on average giving by American households, accessible at generosityforlife.org.

⁴ For this study, the generations are divided into two categories: older individuals and younger individuals. The older group includes Generation X, the baby boom generation and those older than boomers (i.e., those over 38 years of age). The younger group includes millennials and Gen Z (i.e., those 38 and under).

⁵ Average giving amounts are calculated excluding ultra-affluent households (those with a wealth level greater than \$20 million) because our data are only able to provide an aggregate value for giving by these households, and not individual giving values. We cannot use an aggregate value when looking at individual characteristics such as volunteer status.

⁶ Average giving amounts are calculated excluding ultra-affluent households (those with a wealth level greater than \$20 million) because our data are only able to provide an aggregate value for giving by these households, and not individual giving values. We cannot use an aggregate value when looking at individual characteristics such as knowledge level.

⁷ This question was asked using a three-point scale: (1) Hardly any confidence, (2) Only some confidence and (3) A great deal of confidence. The bars in the chart represent the combination of answer options two and three.

Important information

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