

UBS Investor Watch

Analyzing investor
sentiment and behavior

4Q 2014

Doing well at doing good

Why there's **more to giving** than checkbook philanthropy

BOOMERS

TRADITIONAL,
RESPONSIBLE



MILLENNIALS

PRACTICAL,
PASSIONATE



Evolving America's giving gene

While the high profile philanthropic activities of billionaires such as Bill Gates and Warren Buffett garner significant attention, a much broader group of affluent investors is quietly making substantial contributions to help change the world for the better. Despite the economic upheaval of recent years, America's "giving gene" remains very much intact. Investors view giving back as an important goal, and nearly all millionaires (91%) have donated money or volunteered time in the last year, with most having done both (55%). Everybody gives.

However, most millionaires give without planning, responding to requests as they come in. It is this "checkbook philanthropy" that leaves them feeling uncertain about their impact. Though millionaires give enthusiastically and consider giving to be an important goal, only 20% rate their overall approach to charitable giving as highly effective.

Those millionaires who combine donating money with volunteering their time are much more satisfied with their giving. When they include friends and family in charitable giving, and select a cause to support strategically, millionaires report even higher satisfaction. Women in particular have a higher preference for volunteering, and this is indicative of their broader interest in philanthropy. Women consider philanthropy to be an important personal goal and



are more focused on spreading awareness for causes. They also wish they could give even more than they already do.

The causes investors support and the reasons why they give vary greatly by generation. While helping the less fortunate is the most important concern across generations, older investors such as the WWII generation and Boomers are more likely to support traditional institutions, e.g., religious organizations, alma maters, and the arts. Millennials, on the other hand, tend to rally behind causes focused on practical outcomes, such as fighting diseases, supporting kids' programs, and reducing harmful behaviors.

Across generations, adopting a planned approach improves investors' satisfaction with giving. Investors with over \$5 million feel much more confident with their giving, but it is not because they donate more money. Instead, these millionaires are more likely to see themselves as philanthropists, plan their charitable giving, and deploy tax strategies to optimize their donations. Millionaires below \$5 million who use a planned approach are also more satisfied with the impact. It is this ability to give strategically, within the context of a broader plan, that enables investors to truly achieve a lasting impact from their charitable giving.

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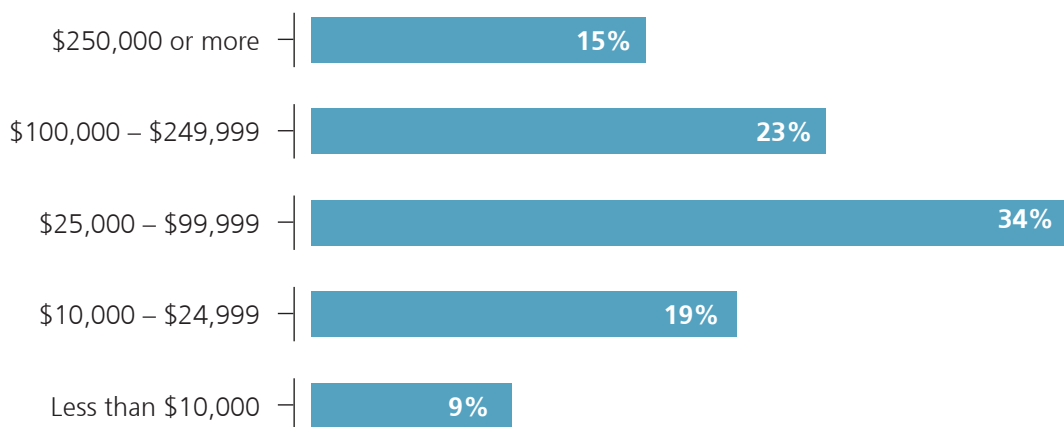
Everybody gives

America's "giving gene" is alive and well. Nearly all millionaires give their money or time to charitable causes; 91% have donated money or volunteered time in the last year, and the majority (55%) have done both. Typically, millionaires give 7% of their annual income to charity, and the majority (52%) plan to leave a sizable part of their wealth (28% on average) to charity when they pass away.

In spite of the recent economic uncertainty, donations of money have actually increased. In the last decade, 36% of millionaires have increased their donations, while few (9%) have decreased them.

Millionaires have made significant donations of money in their lifetime

Question: "How much money do you estimate you have donated in your lifetime?"



In addition to donating money generously, six in ten millionaires (61%) have volunteered their time to charitable causes in the last year. Those who volunteer time, do so frequently; nearly two-thirds volunteer at least once a month and many (28%) volunteer at least once a week. The amount of time volunteered has also increased, with millionaires more likely to say they've increased their volunteering in the last 10 years (35%) than to say they've decreased it (18%).

"I like to give back—it is the right thing to do. I am very lucky and have a good life, and I want to share with others."

– Female, age 49

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Despite giving generously, millionaires are not confident about the impact

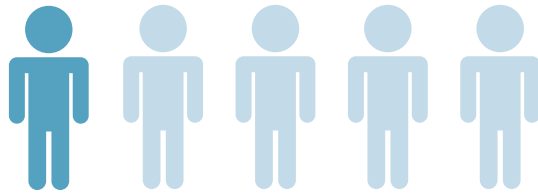
Millionaires consider giving to be very important and make significant donations, but only one out of five rates their giving approach as highly effective. They often give haphazardly, in response to requests as they come in. Only one out of ten incorporates philanthropic giving into their financial planning. Ultimately, this “checkbook philanthropy” translates into lower satisfaction with the impact they make on their communities and broader society.

“I’m a big planner, but not on these things. No scheduled amounts; it varies by the reason, cause and timing.”

– Female, age 34

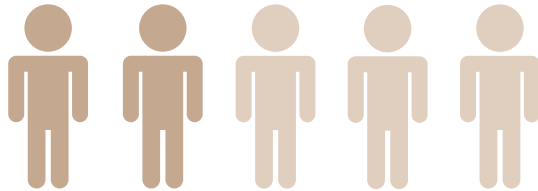
Few millionaires rate their giving approach as highly effective or impactful

Rate their giving approach as
“extremely” or “very” effective



One in five

“Extremely” or “very” satisfied
with impact on community and
broader society



Two in five

“It’s a hit and miss situation and I know that I could do some things for maximizing, but I don’t.”

– Male, age 77

3

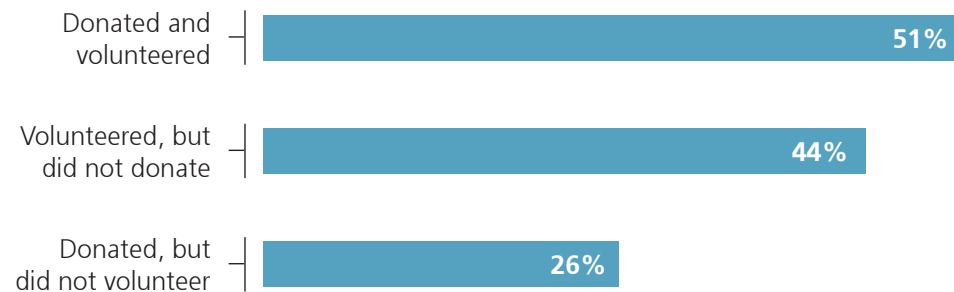
Volunteering and involving family leads to greater satisfaction

Most millionaires perceive giving time to be as valuable as giving money. However, when they do see a difference, they think money is more meaningful to an organization, while giving time is more personally meaningful. Accordingly, millionaires who also volunteer time feel better about their philanthropic impact than those who only donate money.

Additionally, investors who get their friends and family involved are more satisfied with the impact of their philanthropy than those who give or volunteer on their own.

Volunteering time significantly improves satisfaction with broader impact

Question: “Which of the following have you done in the last 12 months?” (Percentages show those highly satisfied with their impact on the community and broader society.)



“I donate money and my time, but I prefer to donate my time because that is more important and helpful. I lead by example and invite others to volunteer. I’m most influential with my children and we volunteer together.”

– Male, age 48

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Women's emphasis on volunteering reflects their passion for charitable giving

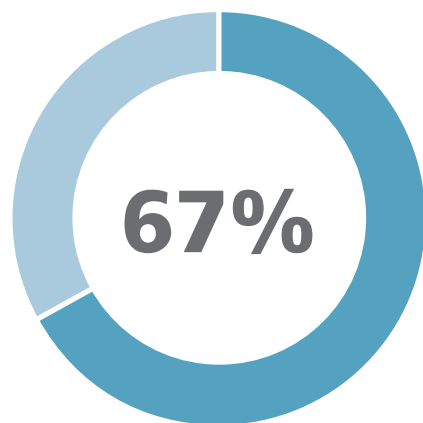
In general, women are more actively involved with charitable giving than men. While men and women are equally likely to donate money, women are more likely to volunteer time. Women are also more likely to consider themselves philanthropists (26% vs. 15%) and consider philanthropy to be a more important personal goal. Despite already being more engaged with charitable giving, women have a greater tendency to wish they could give even more compared with men (45% vs. 36%).

Women are more focused on spreading awareness for causes and have more influence in household decisions on giving, as men are more likely to consult their spouses (62% vs. 48%) on which causes to support.

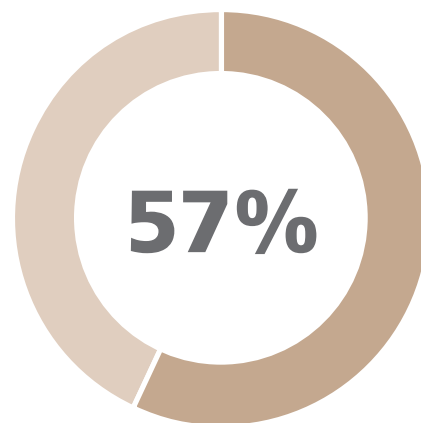
Women are more likely to volunteer time

Question: "Have you volunteered your time for a charity, school or other organization in the last 12 months?"

Women



Men



"I feel more confident in standing up for my values, because I know I put my money and time into the things I feel passionate about."

– Female, age 30

5

The causes investors support vary by generation...

The top concern for investors* across all generations is “helping the less fortunate” (55%). Beyond this, causes supported reflect preferences by generation. Older generations are more likely to support traditional institutions such as religious organizations, alma maters, and the arts. Millennials, on the other hand, gravitate toward causes focused on practical outcomes, such as fighting diseases, supporting kids’ programs, and reducing harmful behaviors (e.g., anti-bullying).

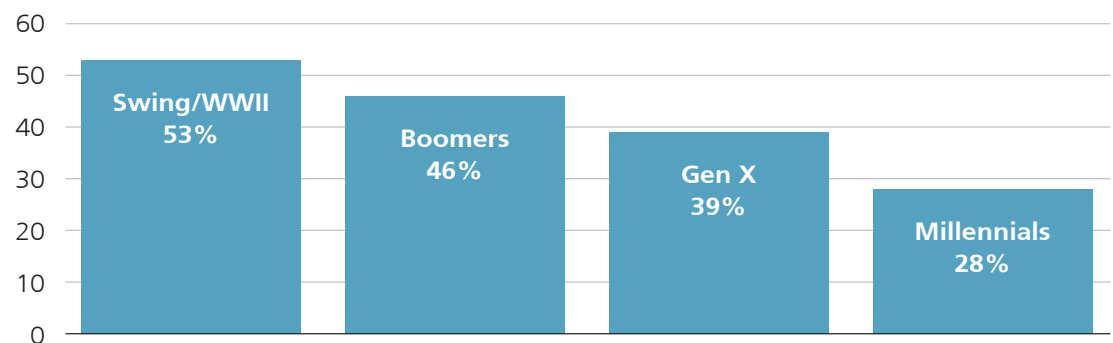
Priorities differ across generations

Question: “To what philanthropic causes have you donated in the last year?”

	Swing/WWII (Ages 68+)	Boomers (Ages 49 – 67)	Gen X (Ages 37 – 48)	Millennials (Ages 21 – 36)
#1	Help the less fortunate	Help the less fortunate	Help the less fortunate	Help the less fortunate
#2	Religious organizations	Religious organizations	Fight diseases	Fight diseases
#3	Alma mater	Fight diseases	Religious organizations	Education/kids’ programs
#4	Fight diseases	Alma mater	Alma mater	Religious organizations
#5	Education/kids’ programs	Education/kids’ programs	Education/kids’ programs	Alma mater

Support for religious organizations varies the most

Question: “To what philanthropic causes have you donated in the last year?” (Percentages show those who have donated to religious organizations.)



* This research focuses on millionaires, i.e., investors with at least \$1 million in investable assets (excludes real estate). The use of the term “investors” includes millionaires and an oversample of Millennials and Gen X investors with lower asset thresholds, described in detail on the back cover.

... and why people give also differs by generation

The reasons for giving reflect generational priorities. While all generations feel a sense of responsibility to give back, this is strongest among older generations. Millennials, on the other hand, are more likely to give because they are passionate about the causes they support.

“Other than charities such as the Red Cross and education funding, I am especially passionate about helping people gain skills necessary to find jobs.”

– Male, age 30

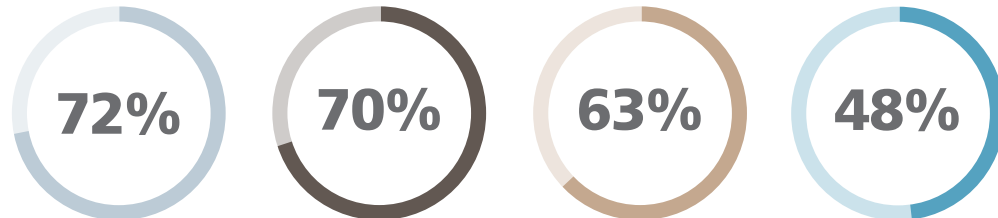
“Church comes first. The rest is decided entirely on what speaks to my heart: children, public broadcasting, animals.”

– Female, age 62

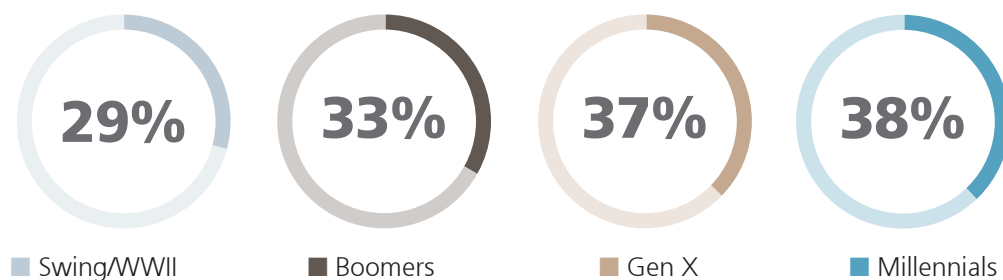
Responsibility vs. passion

Question: “Which of the following are your main reasons for donating?”

I feel it is my responsibility to give back



I am passionate about the cause(s) I support



“My wife tells me to donate to our schools because they are what gave us the ability to secure jobs that have produced the income.”

– Male, age 77

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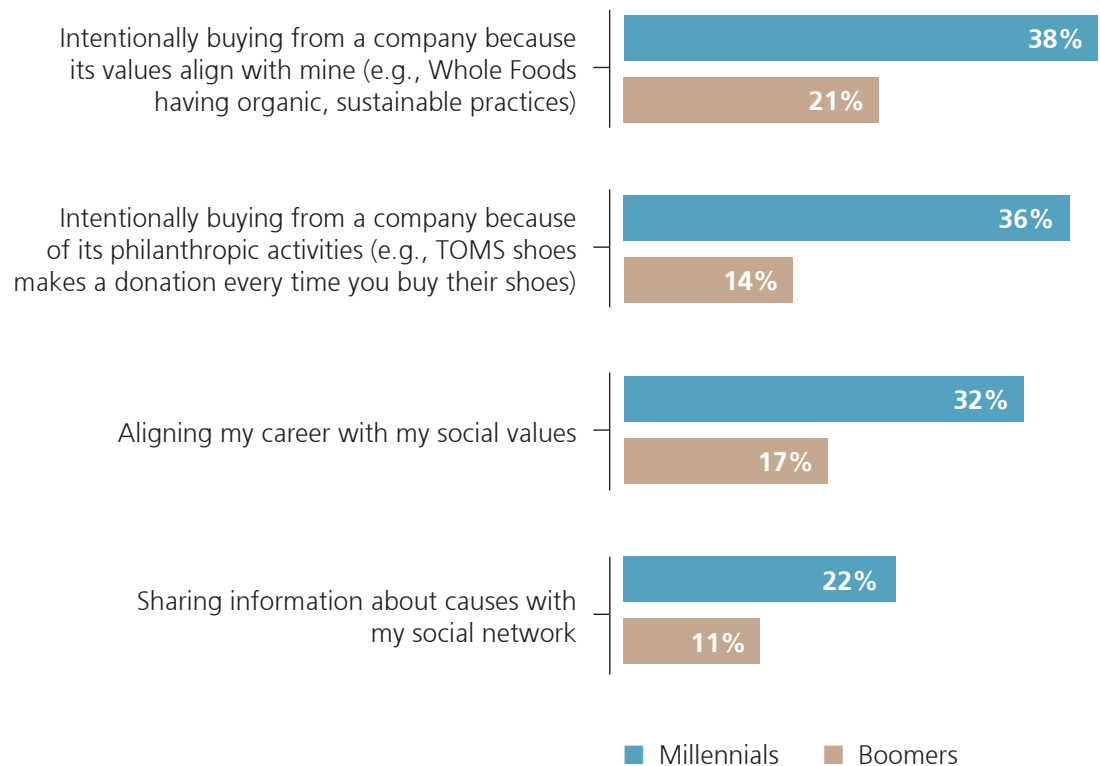
Millennials' behavior points to the future of philanthropy

Millennials are particularly engaged with philanthropy. They are more likely to view themselves as philanthropists, compared to their Boomer parents (26% vs. 18%).

Beyond their commitment to philanthropy, Millennials are doing it differently. They are more likely than any other generation to have donated to a new organization in the last year, and to respond to and make social media requests for donations. They also lead the way in aligning their wealth with their values by engaging in values-based investing, and making buying and career decisions based on their core values. This reflects the findings from our Q1 2014 *Investor Watch: Think you know the Next Gen investor? Think again.*, which found that, contrary to stereotypes, Millennials are actually not lazy nor entitled.

Millennials seek to align their lives with their values

Question: "How important do you find each of the following?" (Percentages show those who responded "Extremely" or "Very important.")



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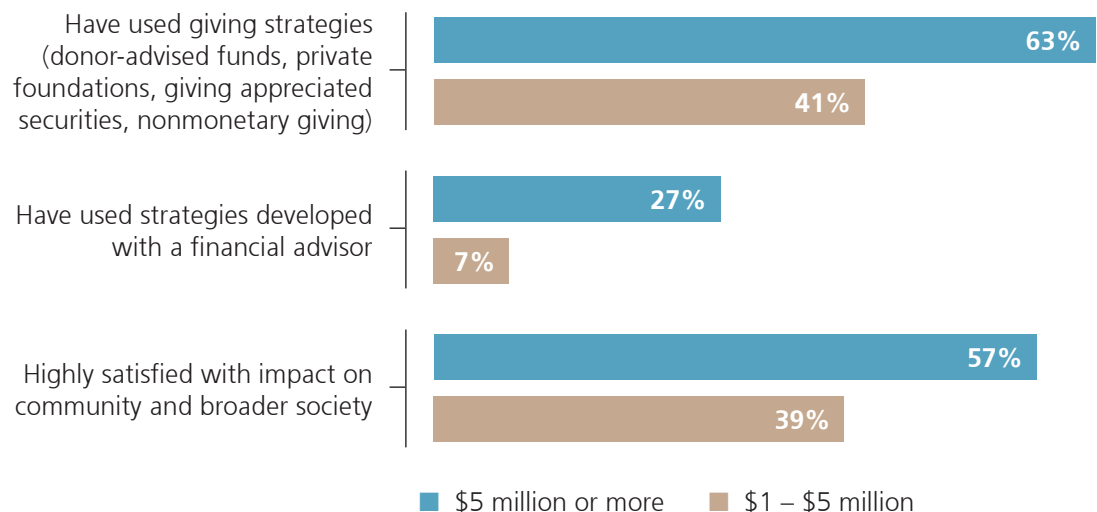
Greater planning drives confidence in charitable giving

Millionaires who plan the financial aspects of their giving view their approach as more effective and are also more satisfied with their impact. Few receive advice from their financial advisors on charitable giving (9%), because they view this as being for the very wealthy. However, across all wealth levels, those who consult an advisor are much more satisfied with the impact of their giving.

Tax deductions are an afterthought. Because millionaires give money altruistically, they focus less on tax strategies. Many are not aware of, or do not utilize, charitable giving strategies beyond basic deductions, even though such strategies can enable them to give more. Those who do plan their giving and utilize tax strategies feel their giving efforts are more effective.

Investors with \$5 million or more feel much more satisfied with the effectiveness of their giving, but it isn't because they donate more money. Instead, wealthier investors are more likely to use financial planning strategies for philanthropy, as well as tools to assess the impact of their donations. Less wealthy investors who use these strategies also tend to be more satisfied with their approach to giving and their impact on society.

Using charitable giving strategies helps the wealthy maximize impact



“My wife and I set a goal of a little more than 10% giving each year. We thoroughly enjoy selecting the charities, and sending them monies and volunteering our time. We give securities to our church and, of course, take full advantage of tax credits, as well as deductions. But maximizing the tax advantage, etc., is secondary.”

– Male, age 75

About the survey: UBS Wealth Management Americas surveys U.S. investors on a quarterly basis to keep a pulse on their needs, goals and concerns. After identifying several emerging trends in the survey data, UBS decided in 2012 to create the *UBS Investor Watch* to track, analyze and report the sentiments of affluent and high net worth investors.

UBS Investor Watch surveys cover a variety of topics, including:

- Overall financial sentiment
- Economic outlook and concerns
- Personal goals and concerns
- Key topics, such as philanthropy and aging

For this ninth edition of *UBS Investor Watch*, 2,210 U.S. investors responded to our survey from September 17 – 25, 2014. The core sample of 1,372 investors have at least \$1 million in investable assets. This *UBS Investor Watch* includes an oversample of younger generations:

- 530 Gen X: Respondents ages 37 – 49 who have at least \$250,000 in investable assets
- 529 Millennials: Respondents ages 21 – 29 who have at least \$75,000 in household income or \$50,000 in investable assets; respondents ages 30 – 36 who have at least \$100,000 in household income or \$100,000 in investable assets
- With 93 survey respondents, we conducted qualitative follow-up interviews

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