Needs assessment of dual-national, high-net-worth Americans

Eido RESEARCH Stewardship

Contents

Introduction

The following report presents results from the needs assessment of dual-national, high-net-worth Americans living in the UK.

The findings are based upon the responses of 75 dual-national, high-net-worth Americans living in the UK. Of these 75 respondents, 25 had investable assets of $25,000 - $100,000, another 25 respondents had investable assets of $100,000 - $500,000, and a final 25 had inevitable assets of $500,000 and above.

Research questions and purposes

The following pages seek to answer three main research questions:

1. Who are the dual-national high-net-worth community, and how can Stewardship America access them?
2. What are their pain points and motivations when it comes to tax and giving?
3. Do they know that dual tax liability gifting exists, and would they ever use a service like Stewardship America?

By answering these questions, the research aims to help Stewardship America achieve the following three research purposes:

1. Decide and define the future of Stewardship America
2. Communicate effectively to wealthy dual national Christians in the future
3. Position Stewardship America as the thought leader in this space

Methodology and representativeness

The population for this needs assessment was dual-national high-net-worth Americans who are living in the UK. Given the highly specific and exclusive nature of this group, a highly targeted research methodology was needed. This included the following steps.

To secure a representative sample of dual-national Americans living in the UK, Eido partnered with Savanta Comres (the sector leaders for wealth and faith polling in the United Kingdom). Savanta Comres started their process by recruiting 75 high-net-worth respondents from their data-base through short telephone interviews. Through screening questions and basic demographic data (such as income and asset level), this sample was split equally between three investable asset brackets. These investable asset brackets were as follows: 25 had investable assets of $25,000 - $100,000, another 25 respondents had investable assets of $100,000 - $500,000, and a final 25 had inevitable assets of $500,000 and above.

This group were then invited to complete an online questionnaire. To further guarantee a representative view of the sector, this questionnaire contained a series of additional demographic questions. All sampled respondents completed the questionnaire.

With this in mind the following report can be read as representative for the three investable asset brackets of high-net-worth dual-national Americans living in the United Kingdom.

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Results

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Who are the dual-national high-net-worth community, and how can Stewardship America access them?

The first research question looks at identifying specific characteristics about this community living in the UK. These characteristics can be grouped into demographics, and network and residency.

Demographics

Most respondents in our sample were middle-aged, with 40 per cent between the ages of 45 and 54, and 23 per cent between the ages of 55 and 64.

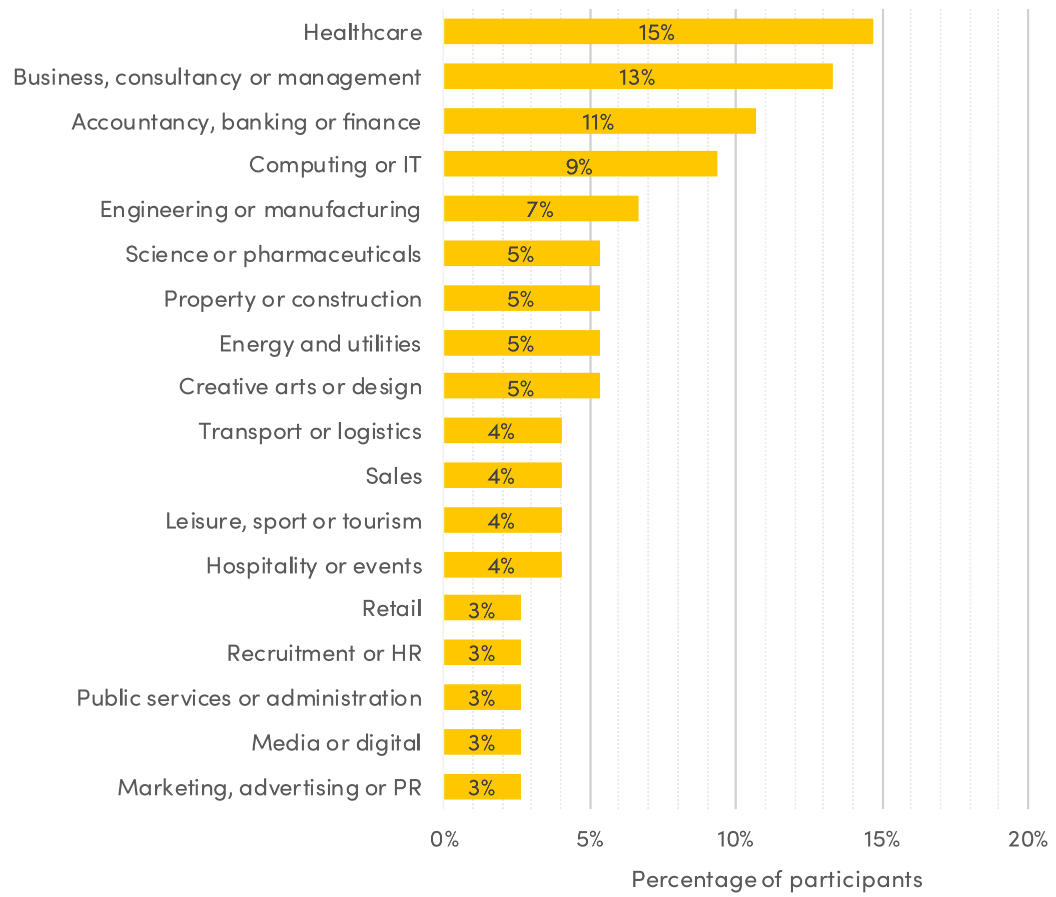
Participants were also predominantly white (89 per cent), with a minority of Asian and Black respondents (5 and 4 per cent, respectively).

Perhaps as a result of having relatively few elderly respondents, most participants were still working, with 48 per cent employed for wages and 45 per cent self-employed. Only five per cent were retired.

Dual-national high-net-worth American Christians were slightly more Christian (and much more Catholic) than the US as a whole, with 76 per cent of participants identifying with a Christian tradition (US: 71 per cent) of which 31 per cent described themselves as Catholic (US: 21 per cent)[1]

Industries where respondents worked

The graph shows the industry respondents primarily work or worked in (regardless of their actual position)



While respondents worked in a variety of industries, the most common were healthcare (15 per cent); business, consultancy, or management (13 per cent); and accountancy, banking, or finance (11 per cent).

Respondents were slightly more Christian (and much more Catholic) than the US as a whole, with 76 per cent of participants identifying with a Christian tradition (US: 71 per cent), of which 31 per cent described themselves as Catholic (US: 21 per cent).[1] One in five respondents (20 per cent) said they did not have a religion.

As an indicator of whether respondents were active in their faith, we also asked participants for the name of the church they attended. Sixteen respondents, representing 21 per cent of respondents, provided a name. These 16 will be compared with other Christians responding to the survey to see if there is any difference between those who are known to regularly attend church, and those whose attendance is unknown.

[1] https://www.pewforum.org/religious-landscape-study/

Residency in the UK

On average respondents had lived in the UK for 14 years. The minimum for any respondent was two years, and the maximum was 40 years.

Most respondents thought that they would continue living in the UK for the long term: nearly nine in ten (87 per cent) thought that they would live in the UK for at least five more years, while nearly one in two (47 per cent) claimed that they did not plan to leave.

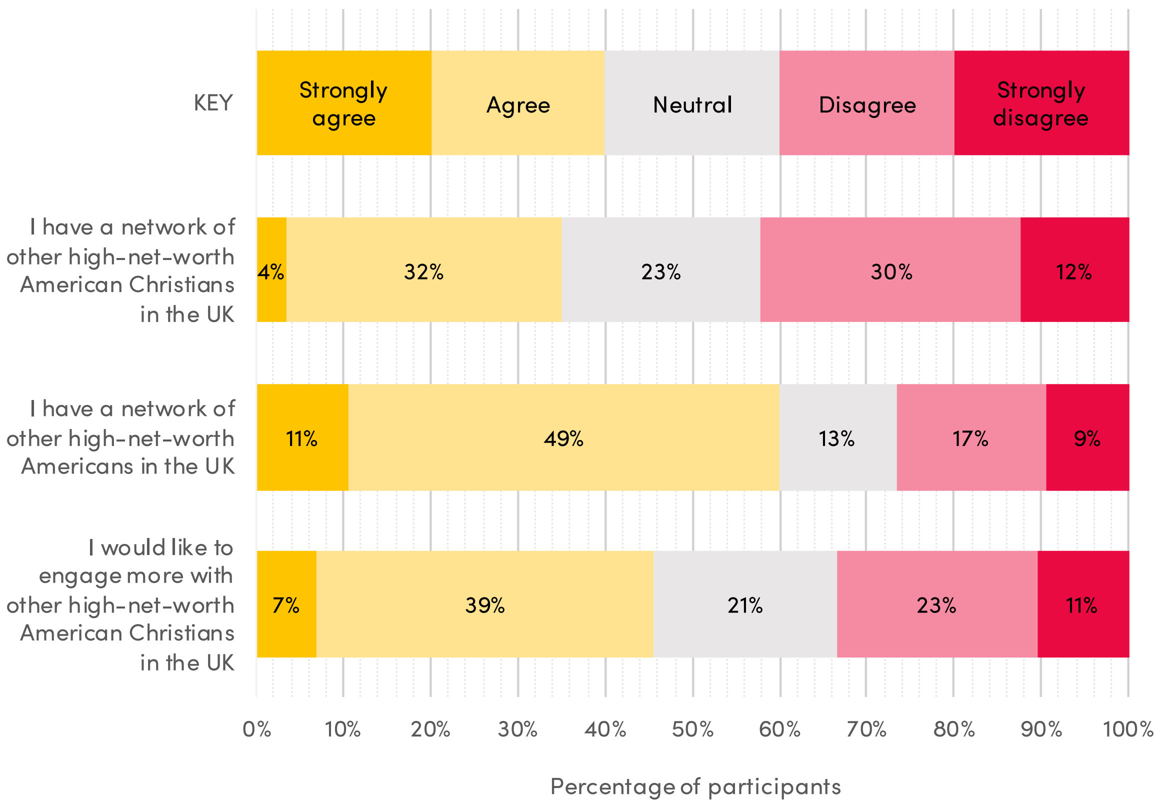
Interestingly, both of these variables also correlated with wealth: participants with more investable assets had, on average, lived in the UK for longer and planned to remain in the UK for more years than those with less investable assets.

Network

While a majority of respondents (60 per cent) felt they had a network of other high-net-worth Americans in the UK, a large minority (26 per cent) disagreed.

Network of other high-net-worth Americans in the UK

The graph shows the extent to which participants feel they have a network, or want a network, of other high-net-worth Americans in the UK.



Opinions were even more divided when American Christians were asked a similar question. Just over one in three participants (36 per cent) felt that they had a network of other high-net-worth American Christians – but an even larger proportion (42 per cent) disagreed, and 23 per cent were neutral.

Existing networks

To better understand this issue, we asked Christian participants to describe the ways and places in which they met other high-net-worth American Christians. Respondents described three primary venues: (1) churches and church-related groups, (2) clubs, and (3) schools. Most frequently,these participants mentioned:

- The HTB Entrepreneurs' Network (two respondents)
- St Helen's Church (two respondents)
- SOSKAN, An American Civil War re-enactment society (four respondents)
- The American Society in London (two respondents)
- The American Women's Club of London (two respondents)
- The American School in London (four respondents)

Somewhat less frequently, respondents also discussed art-related venues (the opera and vernissages), other expat groups (e.g., Americans in London), the US Embassy, and relating to other Americans online (primarily through social media).

Desired networks

Moreover, these respondents were not always interested in engaging with other high-net-worth American Christians: while just under half (46 per cent) said they would be, 34 per cent disagreed, and 21 per cent were neutral. Participants also did not seem to feel strongly about this issue: for both this and the previous question, high proportions said they were neutral, and relatively few strongly agreed or disagreed.

Respondents were not always interested in engaging with other high-net-worth American Christians: while just under half (46 per cent) said they would be, 34 per cent disagreed, and 21 per cent were neutral

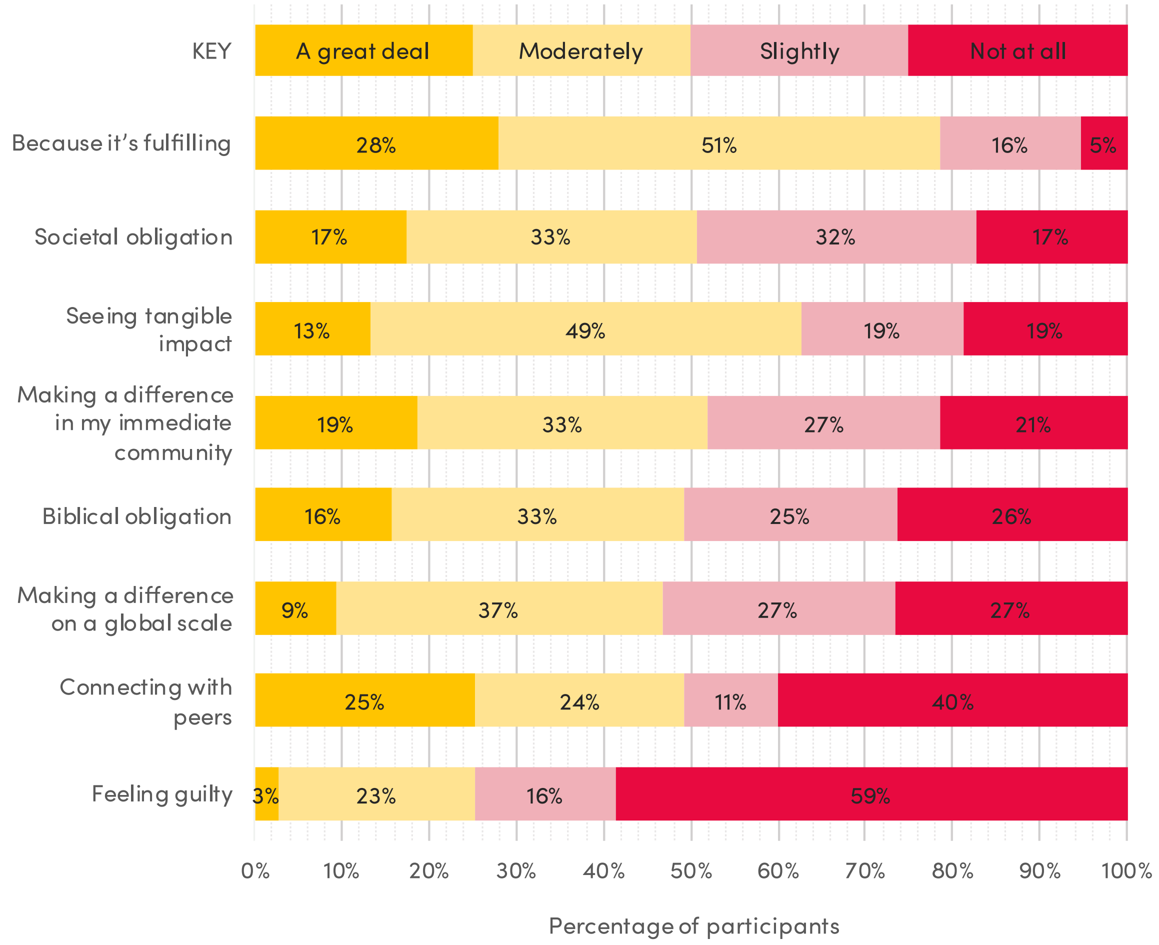
What are their motivations, behaviours, and pain points when it comes to tax and giving?

The second research question examined motivations, behaviours, and pain-points related to tax and giving.

Motivations

Motivations for giving

The graph shows the extent to which participants feel the following concepts are motivations in their financial giving.



Participants were most motivated by finding giving fulfilling (95 per cent at least moderately), societal obligation (83 per cent at least moderately), and seeing tangible impact (81 per cent at least moderately), and least motivated by feeling guilty (41 per cent), connecting with peers (60 per cent), and making a difference on a global scale (73 per cent).

Motivations varied depending upon several demographics including level of investable assets, age, religion and profession.

Those in the highest investable asset bracket were generally more motivated by each of the factors in the graph above.

While most motivations decreased with age (particularly the desire to make a difference), a desire to connect with peers increased with older respondents.

Perhaps counterintuitively, the most motivated religious group was Christians who did not list a church – not the group of more "active" Christians known to be attending a church.

Motivations also seemed to vary by profession. Participants working in computing and IT were most likely to give because of societal obligation and because they found it forgiving, while respondents who worked in healthcare were more likely to be motivated by connection and making a difference. Respondents who worked in accountancy were most motivated by seeing tangible impact.

Behaviours

Despite their wealth, participants gave relatively little directly to charities, with seven in ten (73 per cent) giving less than $9,999 per year. Nearly one in five (19 per cent) did not give directly to charitable causes at all.

Total giving decreased with age (perhaps offset by saving towards retirement), and those with $100,000 to $500,000 in investable assets actually gave a little less than those with investable assets of only $25,000 to $100,000. However, participants with assets totalling over $500,000 gave more than respondents in either of these categories.

Christians who listed a church, accountants and those working in healthcare gave more on average than other groups.

Participants also tended not to give through donor-advised funds: more than three in five (63 per cent) did not know what a donor-advised fund was, while only six per cent (five respondents) used a donor-advised fund for their giving.

All of those who used donor-advised-funds were in the top investable asset bracket (with more than $500,000 of investable assets). Not surprisingly, accountants were more likely to use DAFs than other professions – most likely because they had learned of these funds through their occupation.

Respondents who used DAFs tended to hold an average of $100,000 in their funds and contributed $10,000-50,000 to them annually. These participants mentioned using the National Philanthropic Trust (two respondents), as well as Fidelity, Prism the Gift Fund, and Stewardship America (one each).

Why are participants not using donor-advised funds?

To clarify why participants did not use donor-advised funds, we also asked an open To clarify why participants did not use donor-advised funds, we also asked an open question on this topic. Respondents who were aware of DAFs but did not use them attributed their decision to (1) a lack of trust in DAFs; (2) a preference for donating directly; and, much less frequently, (3) a feeling that DAFs were inefficient or ineffective.

Of these themes, a lack of trust in DAFs was the most common. Participants were sceptical of the fact that DAFs used their resources to make money: a "DAF makes money the same way that any investment account makes and grows money. I do not want to pay administrative fees charged by the sponsors for running the account", one said. Another agreed: DAFs "are big, and they are too much focused on money", they commented. Two respondents particularly disliked the fact that DAFs invested in stocks and bonds: "therefore... they are also prone to the risks of market downturns", one said. Still others thought that DAFs lacked transparency, or were afraid that if they gave their money to a DAF, they might be asked for more.

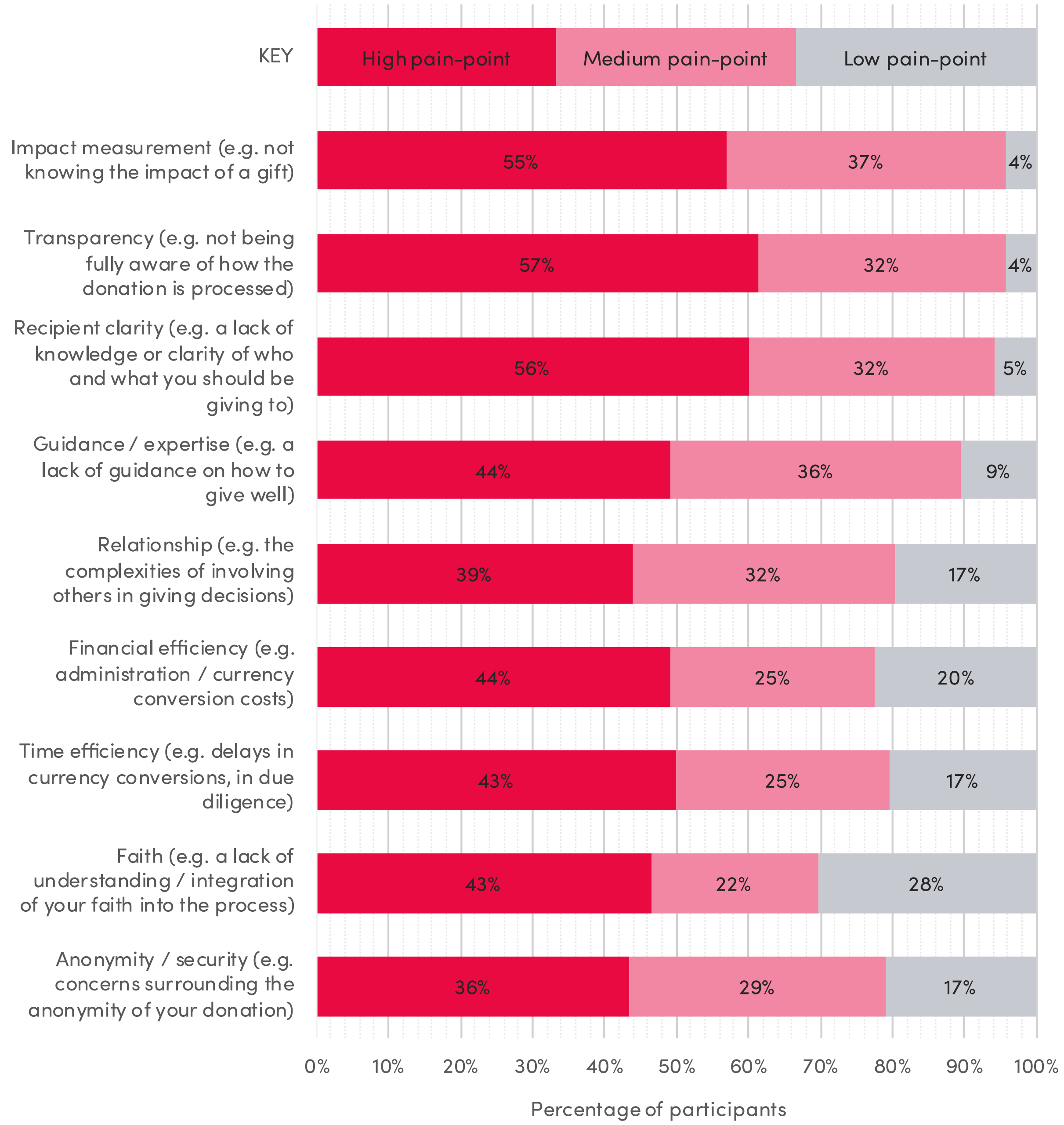
Participants also seemed to value donating directly: they appreciated the personal relationships that came with direct giving, and thought that giving firsthand allowed them "to find out what is going on" and to "know the reasons why I should donate". Some also said that they preferred to invest in their own community – although it was not clear that they meant by giving money to local causes. As we shall see below, many participants used this phrase to describe spending money on friends and family.

Finally, when respondents thought that DAFs were inefficient or ineffective, they tended not to supply a reason. "I somehow don't really trust that they will make the most of my money, even though my donation amount is not large", one participant said. "I just want every penny from my pocket [to] be used properly."

Pain-points

Pain-points in giving

The graph shows the extent to which participants feel the following concepts are pain-points in their financial giving.



Respondents' primary "pain-points" in giving were (1) a lack of impact measurement (mentioned by 92 per cent of participants as at least a medium paint-point), (2) a lack of transparency in how donations were processed (89 per cent), and (3) a lack of clarity about to whom they should be giving (88 per cent).

Participants were least likely to list a lack of understanding and integration of their faith and concerns about security and anonymity as pain points.

Although the top four pain points were the same for all investable asset brackets, respondents in the top investable asset bracket (the only ones currently using DAFs) had lower scores in general, showing that they were less inconvenienced by these pain-points than those in lower brackets.

Accountants also seem to experience lower "pain" in areas such as transparency, and guidance/expertise – perhaps because they had a better understanding of financial systems. This seems to be a pattern in the data, and may point to a need to educate other potential donors about giving.

What, if anything, are the main barriers preventing you from giving more?

A concern for impact was also reflected in qualitative responses: when asked about barriers to giving, participants emphasised a lack of faith that their giving would have an impact more than any other theme. Respondents doubted that donations would reach the people that they were intended to help, and wondered whether they would make a difference even if they did. Strikingly, all healthcare workers in our sample mentioned a concern along these lines, an astonishingly high figure for a free text question.

Despite their wealth, participants also often felt that their gifts were too small to make a difference, or that the problems they wanted to solve were intractable. As one commented:

> *When I can only afford to make a small donation, it feels like it won't make a difference. I see the scale of the problem charities are working on and assume that my relatively small [contribution] won't deliver charities what they need.*

Many of these same respondents thought that charities lacked transparency: "it is like a black box", one said. "You donate money, but no one can guarantee your money goes to where it is supposed to go". "What I can see or know is not 100 per cent the truth about the charity", another claimed. "They often overestimate what they are doing".

Moreover, participants claimed to be prevented from giving more by limits on their own resources and a feeling that they needed to reserve money for their own family and friends. "I do not consider myself wealthy enough to give more [to] charity", one said, while another felt they needed to "save my money for my family because there are always unplanned needs in the future". Perhaps relatedly, several respondents preferred to invest in their own community through volunteering, spending money on friends and family, and local giving.

Finally, many respondents thought that giving was the responsibility of other entities (most frequently, governments), or were reluctant to give for fear that they might be asked for more. ("I do not want… charity organisations to take advantage of my generosity", one said.) A few participants added that they preferred to support educational or cultural institutions instead of charities.

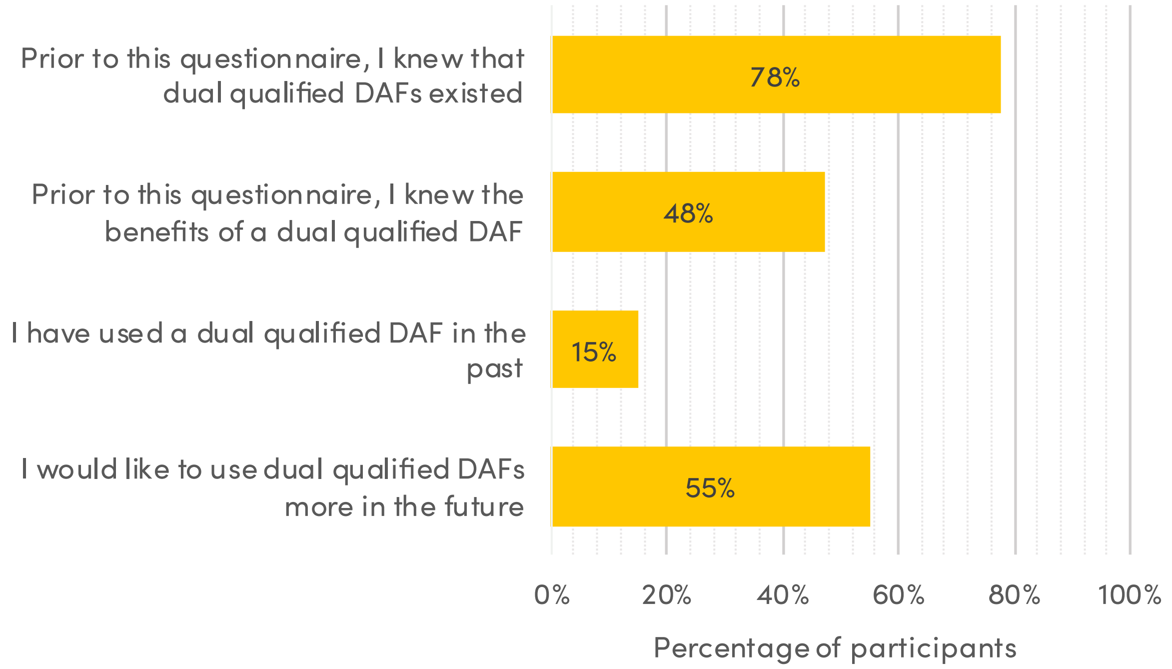
Respondents' primary "pain-point" in giving was a lack of impact measurement (mentioned by 92 per cent of participants as at least a medium paint-point)

Does this community know that dual tax liability gifting exists, and would they ever use a service like Stewardship America?

Knowledge of dual tax liability gifting

Donor Advised Fund knowledge and preferences

The graph shows the level of knowledge, and the preferences participants have, towards Donor Advised Funds.



Intriguingly, and notwithstanding the fact that 63 per cent of respondents claimed not to know what a DAF was earlier in the survey, 78 per cent of participants claimed to have been aware of dual-qualified DAFs before beginning the questionnaire. We suspect that the definition of donor-advised funds provided just before this question may have jogged their memory: while participants may not have immediately recognised the term "donor-advised fund", they seemed to be familiar with the concept it represented.

Many (48 per cent) were also familiar with the benefits of dual-qualified DAFs, although relatively few (15 per cent) had actually used one. Interestingly, even this figure was higher than the share of respondents currently using a DAF (six per cent), so, if it is accurate, it implies that at least nine per cent of respondents had ceased using a DAF.

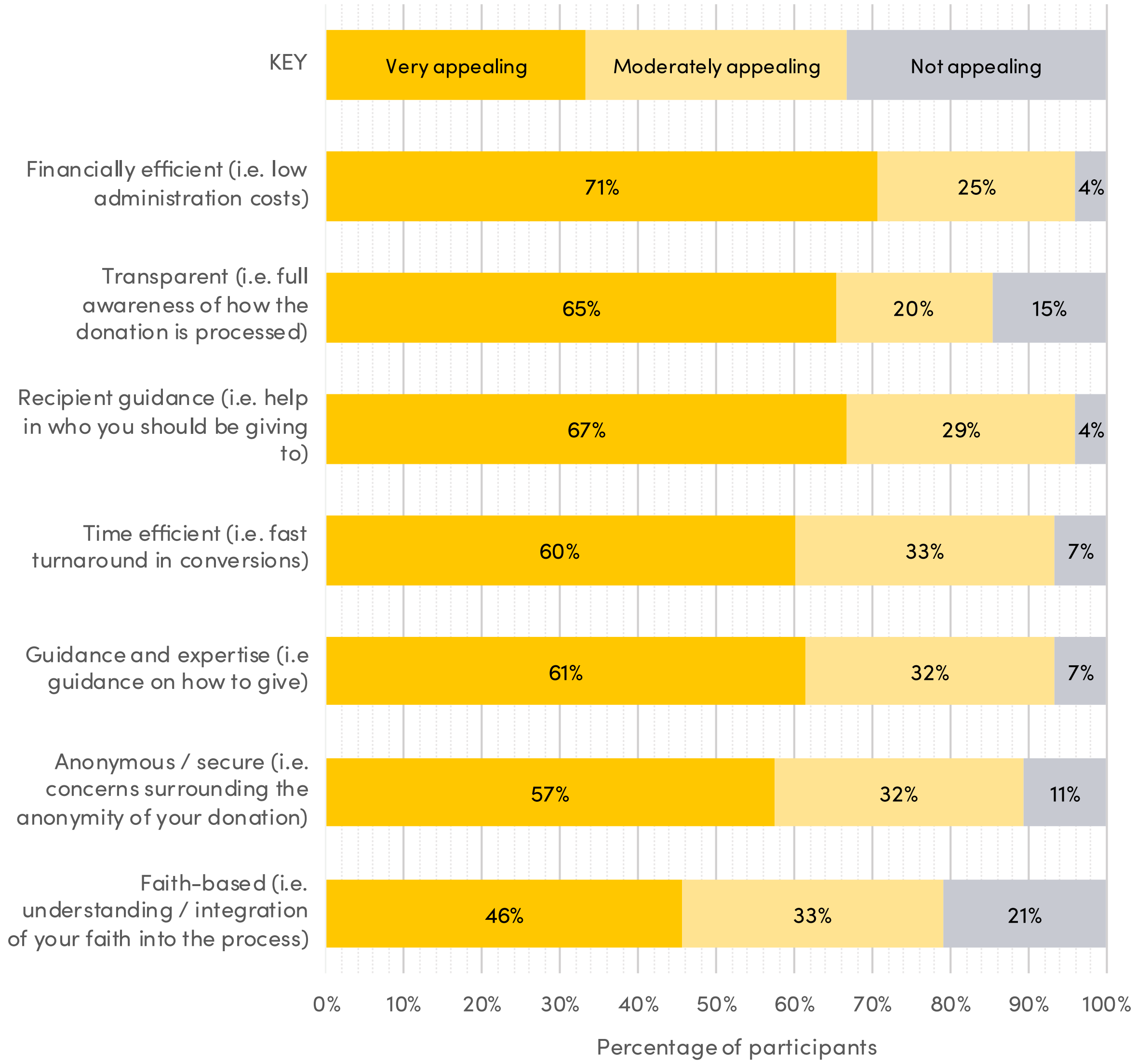
Although the proportion of respondents who said that they would like to use a DAF "more" in the future (55 per cent) may at first appear low, it is largely explained by participants' current DAF use. Since many respondents with investable assets of more than $500,000 already used a DAF, they had little desire to increase their DAF use. However, 80 per cent of participants with investable assets of between $25,000 and $100,000 expressed interest in using a DAF – likely because none of these respondents had used a DAF before. (Bivariate analysis also reveals that people who were not familiar with DAFs before the survey were much more likely to say that they would like to use one in the future.) Interestingly, only around 50 per cent of participants with investable assets of between $100,000 and $500,000 said they wanted to use DAFs more – perhaps because this group was less inclined to give in general.

80 per cent of participants with investable assets of between $25,000 and $100,000 expressed interest in using a DAF – likely because none of these respondents had used a DAF before

Preferences towards Stewardship America services

Stewardship America preferences

The graph shows the extent to which participants feel the following aspects of Stewardship America are appealing.



Participants most valued that Stewardship America was financially efficient, with low administration costs (71 per cent found this feature very appealing), that it offered guidance on giving decisions (67 per cent very appealing), and that it was transparent (65 per cent very appealing).

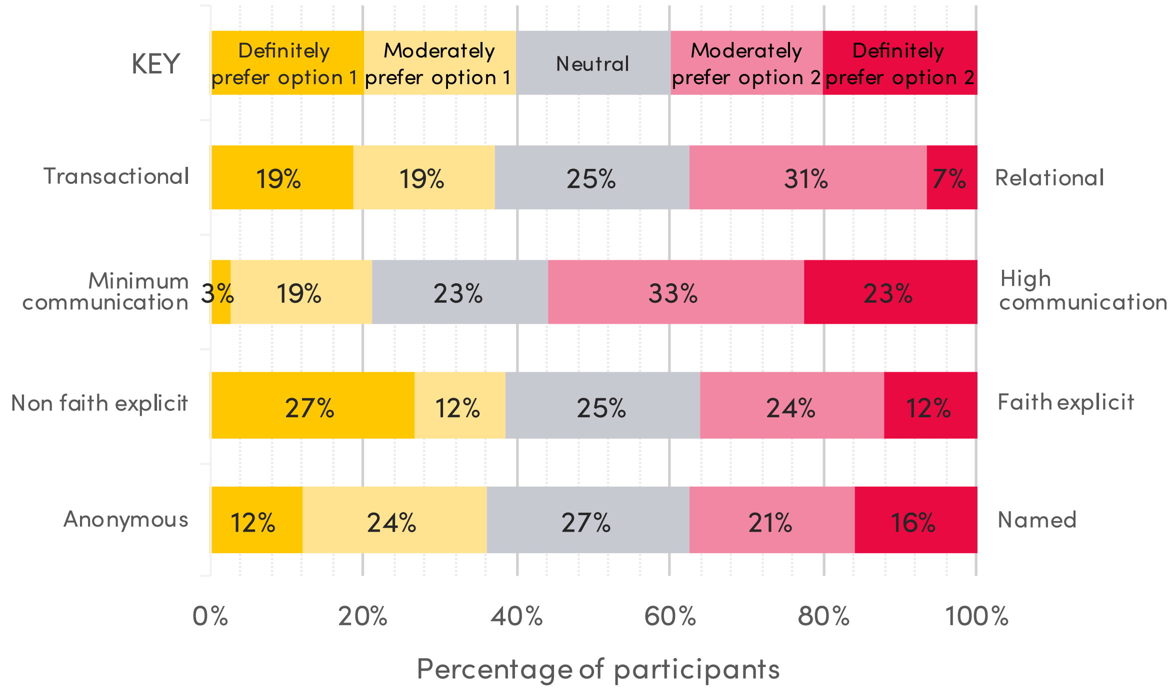
Once again, the middle investable asset bracket ($100,000 to $500,000 in investable assets) found these aspects less appealing than both the higher and lower groups.

Perhaps surprisingly, when only respondents with a faith were asked to rate how appealing they found Stewardship's faith-based nature, just 46 per cent found it very appealing.

Older respondents and those working in business, management or consultancy found financial efficiency an even stronger pull than others. Those who were not Christians also valued guidance, expertise, and transparency more than Christians in the sample.

Giving preferences

The graph shows the DAF preferences of participants across four different continuums.



Participants were ambivalent about whether DAFs should be transactional or relational, with 38 per cent saying that they preferred each, and 25 per cent claiming that they did not mind. Interestingly, however, respondents who preferred transactional DAFs often had strong opinions on the subject, with 19 per cent saying that they definitely preferred transactional donor-advised funds (as compared to the 7 per cent who said the same for more relational funds).

A slight majority of participants (56 per cent) preferred a high degree of communication, although a large minority (45 per cent) either did not mind or preferred minimal communication.

Respondents were once again split on whether they wanted donor-advised funds to identify with a faith: 39 per cent said they wanted DAFs not to have an explicit faith identity, while 36 per cent said that they did. Not surprisingly, these proportions changed when only Christians were included in our analysis: 43 per cent of Christians said they would prefer using DAFs with an explicit faith identity, 30 per cent were neutral, and only 27 per cent said they would prefer not to use DAFs which identified with a faith. Healthcare workers and those in the highest investable asset bracket were also more likely to prefer faith explicit giving.

Preferences were similarly divided on the subject of anonymity: almost equal shares said they preferred anonymous and named donations (36 and 37 per cent, respectively), while 27 per cent said they did not mind.

Engagement with Stewardship

Participants stressed that the best way for Stewardship America to initiate engagement with other high-net-worth Americans was to provide clear benefits to the giver. Specifically, participants wanted to see evidence of the impact their giving would make; as one commented:

> *Today Christians are asking, "What are the needs of my community, our society? [...] Where is the breakdown and how can I help?" The best way [to engage] is to answer these questions for them.*

Another expanded on this point: "tangible proofs of their impact in the world [are] really important and could be one of the best way[s] to connect with people like me". Within this wider theme of providing clear reasons to give, respondents also discussed tax benefits and the importance of transparency. "Be more competitive and transparent", one said.

Participants also recommended that Stewardship prioritise events (specifically, hosting conferences and charity and cultural events) and online communication – including through advertisements on social media and elsewhere, Stewardship social media posts, and blogs and articles.

Furthermore, several suggested approaching American institutions in the UK, such as schools, the US Embassy, or companies with American staff in the UK, and asking for an opportunity to advertise. In the words of one participant:

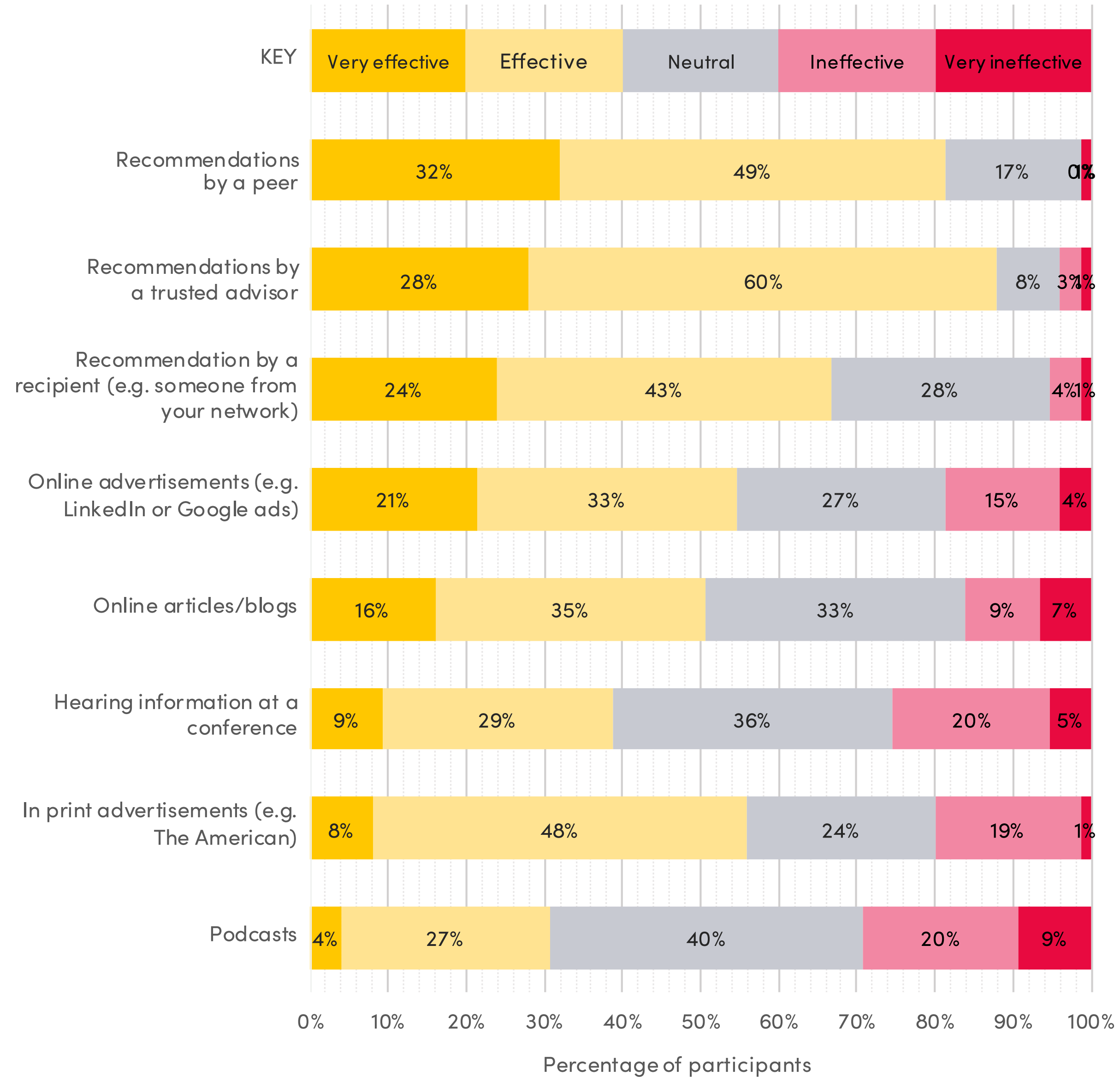
> *If they are only looking for Americans, then they [should] initiate engagement at American schools or American companies that relocate staff here in England, such as Boston Consulting Group, Facebook, etc.*

Still others proposed advertising through churches ("advertising in the church is a good first step", one said) or trusted advisors. As one participant commented, "If my trusted advisor recommends Stewardship, I will definitely consider this. I think the best way to initiate engagement would be through trusted advisors".

If my trusted advisor recommends Stewardship, I will definitely consider this. I think the best way to initiate engagement would be through trusted advisors

Stewardship America engagement preferences

The graph shows the extent to which participants feel the following types of engagement from Stewardship America would be effective



To provide another perspective on how best to engage with high-net-worth Americans, we asked participants to evaluate a predefined list of interventions. Here, respondents seemed to consider recommendations from trusted advisors and peers the most effective means of engagement, and rated podcasts and hearing information at conferences as least effective. While this represents a slightly different emphasis from the question above, it is possible that respondents had not considered many of these forms of engagement until seeing them listed as answer choices, and, upon reflection, concluded that they would be effective.

As above, the middle investable asset bracket were again different in their opinions, being less likely to want recommendations from peers and trusted advisors, and more likely to seek information from podcasts, conferences and in print.

Our analysis revealed further differences by age and occupation:

- Older participants were less likely to seek information at conferences
- Healthcare workers were less likely to seek relational recommendations and preferred to be engaged through print or media advertisements (perhaps because these forms of engagement were less time-consuming)
- By contrast, computing professionals tended to prefer personal recommendations over podcasts and print advertisements

This variation seen here amongst respondents helps to explain the differences between the open answers and statistics and indicates that different personality types will find different combinations of the above engagements helpful. Therefore, it would be of some value to engage in any of these channels because of the different personalities that they appeal to.

Respondents considered recommendations from trusted advisors and peers the most effective means of engagement, and rated podcasts and hearing information at conferences as least effective

Recommendations and conclusion

3

This needs assessment was conducted with three main purposes in mind: to decide and define the future of Stewardship America, to learn how to communicate effectively with wealthy dual national Christians, and to position Stewardship America as the thought leader in this space. The following recommendations look at the first two of these purposes.

Decide and define the future of Stewardship America

The results have shown that there is a market and need for the services offered by Stewardship America. Whilst differing in scope and demand based upon a variety of demographics (discussed later), respondents indicated a strong desire for dual-qualified DAFs.

Likewise, there appears to be a relatively stable and consistent population of dual national individuals, with nearly nine in ten (87 per cent) thinking that they would live in the UK for at least five more years.

It is, however, important that Stewardship America tailor their approach to specific groups and emphasise specific characteristics of their services. In this sense, dual-national high-net-worth Americans should not be treated as a homogenous group.

It may through Christian networks, rather than through a Christian "message", that Stewardship America can best utilise their faith background

Communicate effectively to wealthy dual national Christians

Emphasise measurable impact

When it comes to communicating with dual-national high-net-worth Americans, it is important to emphasise and prioritise the measurable impact of their giving. Ranked as the number one "pain-point", respondents were wary of a lack of transparency in their previous charitable giving. Similarly, they were motivated and excited by evidence of their impact through their giving.

A concern for impact was also reflected in their qualitative responses: when asked about barriers to giving, participants emphasised a lack of faith that their giving would have an impact more than any other theme.

With this in mind, Stewardship America should highlight a clear system to measure and communicate donor impact.[2]

Faith is important but not a priority

Whilst certainly an important and unique feature of Stewardship America, faith was only seen by 46 per cent of Christians as very appealing. Similarly, only 43 per cent of Christians said they would prefer using a DAF with an explicit faith identity, with a significant 27 per cent preferring a DAF that wasn't faith explicit. Finally, participants were least likely to list a lack of understanding and integration of their faith and concerns about security and anonymity as pain points.

These findings suggest that Stewardship America should consider emphasising other areas of strength, and not relying on their faith identity to guarantee Christian user engagement. Given participant suggestions to work through relationships and trusted advisors it may through Christian networks (as discussed later), rather than through a Christian "message", that Stewardship America can best utilise their faith background.

[2] It may seem a little too obvious for an Impact measurement organisation, like Eido Research, to be making this recommendation so pointedly to Stewardship America. However, with no bias in the data collection - "not knowing the impact" was objectively the highest pain point that prevented giving, and better knowledge of impact was the third highest giving motivation. So whilst it is up to Stewardship America, how to proceed with this knowledge, Eido recommends that the finding must be taken seriously.

Vary approach by investable assets

Participants with investable assets of $500,000+ typically know a lot about DAFs. As this group were more wary of DAFs, it is recommended that Stewardship America prioritise building trust, and emphasise the efficiency of the process.

By contrast, participants with investable assets of $25,000 to $100,000 have little to no idea about DAFs and their related benefits. This group was positive about the idea of using this type of fund in the future.

Explore healthcare and Catholic networks

The most common area of work for respondents was healthcare (15 per cent). Comprising of a unique subculture with specific networks and channels of communication, it may be worthwhile for Stewardship America to devote resources to access this network. This may be especially worthwhile as participants in this sector indicated a significantly higher level of direct giving to charities than other sectors.

When approaching this group, it should also be noted that all healthcare workers in our sample mentioned that a lack of confidence in the impact of their giving was preventing them from giving more. This is an astonishingly consistent response for a free text question, and should be considered when establishing a relationship with this group.

Another group that Stewardship America may want to consider building networks with are Catholics. With slightly under half of the Christians respondents to the questionnaire identifying as coming from a Catholic tradition, this group also represents a unique subculture. Stewardship has historically worked mainly within Protestant traditions, and there appears to be an opportunity to do the same within the Catholic tradition.

Focus on relational contact

Another interesting finding was that respondents did not seem to be, or want to be, in networks with other high-net-worth Americans. This being said, respondents seemed to consider recommendations from trusted advisors and peers the most effective means of engagement, and rated podcasts and hearing information at conferences as least effective.

With this in mind, it is recommended that Stewardship America take advantage of pre-existing networks, rather than necessarily trying to create new networks, to initiate engagement with participants.

Conclusion

We hope that this data helps Stewardship America better understand the people who might be interested in using their services, how these people give, and how they might engage with Stewardship in the future.

Respondents were motivated by seeing the effects of their giving, were hindered by a lack of faith that their donations would actually reach the right people and make a difference, and wanted DAFs to provide guidance on giving decisions.

Stewardship America therefore has a real opportunity to influence a group of donors (who currently give relatively little to charity); to help them to believe in the impact and importance of their giving – and, through that, to become the vehicle through which this generosity makes a difference in the world.

Respondents were motivated by seeing the effects of their giving, were hindered by a lack of faith that their donations would actually reach the right people and make a difference

This research was conducted by Eido Research in partnership with Savanta Comres, and commissioned by Stewardship.

Special thanks go to the participants of the research for their time, thoughts, and contributions.

Eido specialises in helping Christian organisations to become impact, evidence, and learning focused. By this we mean organisations that have an ability to:

- Clearly articulate a grounded faith-based impact strategy
- Research the needs of beneficiaries, and measure impact on society
- Prioritise evidence over anecdote when making decisions and when raising funds
- Learn from this evidence to improve impact in the future

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