

Philanthropy shifts its course towards financially impactful giving

The trend of giving is growing with 91% making charitable donations over last year and 83% planning to donate as much, or more, over the next three years. To ensure the support of causes that promise to make a sustainable difference, high-net-worth South Africans should be mindful of their philanthropic efforts, according to the CEO of Old Mutual Wealth, Kerrin Land.



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According to the [2016 Nedbank Private Wealth Giving Report](#), which reveals that even though 88% of local High Net Worth Individual's (HNWIs) donated money, time or goods to the combined value of R7bn to charities in 2015, more than half of these givers did not have a budget or planned approach to giving, and that 70% do not measure the impact of their contributions.

"While benevolence of any kind is admirable, indiscriminate giving can be ineffective – both for that of the charitable cause and the aspirations behind the reason to donate," says Land.

Philanthropic growth rates

The number of HNWIs on the African continent has grown by 145% over the past 15 years, increasing the possibility of philanthropic activity across the region. As individuals prepare to give to those less fortunate these holidays, the importance of strategic giving is emphasised.

[The Wealth-X and Arton Capital Major Giving Index](#) states that philanthropic financial donations are increasingly being channelled towards impact giving, which ranges from venture philanthropy, microfinance, impact investing and job creation.

Land adds that by carefully selecting beneficiaries and building sustained relationships HNWIs may be able to offer their skills and experience, thereby further leveraging the power of the monetary donation.

While each individual will understandably be motivated to give for different reasons, the majority of HNWIs donated to a cause because they believe they are making a difference (44%) and want to give back to the community (27%), or for fulfilment and satisfaction (44%). Only 18% were driven mainly by tax benefits. However, 67% of HNWI reported identifying where to donate as their greatest challenges, followed shortly by ensuring that the donation has its intended impact (37%).

Choosing the right cause

Land says that in a society where charitable needs are widespread, choosing a cause is often the greatest challenge. Also, when deciding on a specific vehicle or structure to use for giving, Land points out the importance of meeting any legal or tax obligations that may be required.

“While setting out a clear strategy for philanthropic activities may seem overwhelming, or perhaps even unnecessary for an HNWI who simply wishes to give back, advice should be sought from an accredited financial planner who can assist with integrating a clear strategy into a financial plan to ensure that the impact of a charitable donation is maximised for its beneficiaries, as well as aligned with the personal overall financial and life goals of the benefactor,” concludes Land.

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