



The Promise and Perils of Mega Gifts

By: Futurus Group – September 22, 2020

Philanthropic donations are way up — stratospherically up — amongst the very affluent. *Just how high?* You may ask. “American individuals, bequests, foundations and corporations gave an estimated \$427.71 billion to U.S. charities in 2018,” according to the [Giving USA 2019 Annual Report](#). (To put this in context, the above figure dwarfs the gross domestic product of entire countries like Israel and Ireland.)

The average person can probably name famous philanthropists in this movement, like Warren Buffett and Bill Gates, but the list extends far beyond these recognizable names. For instance, one high net worth individual making megagifts to chosen causes is MacKenzie Scott. Ex-wife of Amazon CEO Jeff Bezos, she is the world’s second-richest woman with a fortune of more than \$60 billion. Scott [gave](#) \$1.7 billion in July 2020 and plans to give much more. Meanwhile, Jack Dorsey, CEO of Twitter, [announced](#) this year he would gift \$1 billion, representing 25% of his personal wealth, with an initial focus on fighting the COVID-19 pandemic.

Scott and Dorsey are but a few of the world’s wealthiest people committed to major charity but there are others. *Forbes* has [documented](#) the 25 philanthropists making the biggest donations in America, with an

interesting twist to their methodology. Their rankings — topped by Warren Buffett — who has given almost \$15 billion in the last five years — exclude giving to personal foundations. A natural question as one reads through the list is why are the wealthy stepping up their giving so much?

One reason for the increase amongst the wealthy is pressure from their billionaire peers. Buffett and Bill Gates founded the [Giving Pledge](#) in 2010, sparking a megagift wave continuing to this day. According to its founders, “The Giving Pledge is a simple concept: an open invitation for billionaires, or those who would be if not for their giving, to publicly commit to giving the majority of their wealth to philanthropy.”

Another factor impacting the surprising largesse may be found in the general economic climate. Just this year, the Business Roundtable made waves by [suggesting](#) corporations should no longer myopically focus on shareholder value. Instead, they should favor a balanced approach concerning ethical relationships amongst suppliers, customers, and employees.

Of course, many wealthy donors are also interested in building a legacy. A motivation as old as time, we may observe this phenomenon in Michael Bloomberg’s [open letter](#) penned upon joining the Giving Pledge. Bloomberg wrote: “Giving also allows you to leave a legacy that many others will remember. Rockefeller, Carnegie, Frick, Vanderbilt, Stanford, Duke — we remember them more for the long-term effects of their philanthropy than for the companies they founded, or for their descendants. And by giving, we inspire others to give of themselves, whether their money or their time.”

Bloomberg espoused a sentiment shared by many high net worth individuals: the idea their gifts will inspire the larger American public to give. Sadly, the opposite has proven true. Megadonors have provided cover for what amounts to a crisis of generosity. The problems boils down to this, while the wealthiest are making larger gifts, the rest of the public is giving less and less. The veracity of this assertion is proven by the fact charitable giving as a percentage of GDP remains [mired](#) at 2.1% — as it has for decades.

The generosity crisis is especially felt in the middle class. Americans are feeling disempowered and disengaged from philanthropy, dismal trends exacerbated by the extended COVID-19 lockdowns. After all, long before the pandemic struck our country, declining [church attendance](#) and a host of other [factors](#) set us on a negative course in terms of giving.

But the super wealthy's generosity can wreak negative effects even upon the giving of the *upper* middle class. This may be observed in a crowding-out effect. The conversation around giving typically plays out this way: "Why does such-and-such charity need my \$5,000 (or \$50,000) when Warren Buffett is donating \$5 billion?" Repeated thousands of times, this single decision quickly balloons into a funding crisis for America's nonprofits.

In spite of this dilemma, our company remains undeterred. [Futurus Group](#) is dedicated to reversing course on the crisis of generosity. We help non-profits find members of their community who most resonate with their mission and/or organization, whom we term their "tribe", instead of locating potential donors based on wealth. (If you would like to learn more about our approach, read about us in [Forbes](#).)

Certainly, nonprofits may fantasize about becoming the favored charity of a billionaire, but their true focus should be on those most engaged with their organization. As we have found, philanthropy is not a matter of wealth. Rather, it's a matter of gratitude. Recognizing this truth, Futurus Group helps organizations measure gratitude using our groundbreaking AI and customized algorithm approach.

If you are ready to find your tribe and significantly increase charitable giving in the process, click [here](#) to schedule a 15-minute call, or visit us at futurusgroup.com to start this very needed conversation.