How best to donate? Rich are banking on experts

BY LYNN LEE

MORE of Asia’s well-heeled individuals are turning to private banks not just to save and invest their money, but also to find out how best to spend it on charity.

Big-name banks have responded by offering what they call philanthropic advisory services.

These include sitting down with clients to figure out how much they want to give, matching them with appropriate charities and constantly updating them on other needy causes they can support.

Families with “old money” have long relied on such services to decide on succession planning: How their wealth can be used to create a long-lasting social impact.

One common option is the setting up of a foundation and disbursing grants through it.

But these days, it is the Asia-Pacific region’s growing number of millionaires who are driving this demand for planned giving.

Last year, there were 2.6 million of these high net worth (HNW) individuals who were worth US$8.4 trillion ($12.3 trillion), according to the annual World Wealth report by investment bank Merrill Lynch and research firm Capgemini.

Of these, some 67,000 are in Singapore and worth US$323.7 billion.

The report showed that 14 per cent of HNWs in the Asia-Pacific region asked for philanthropy to be a part of how their wealth was managed, compared to around 7 per cent of these individuals in Europe and the Middle East.

Those in the region also contributed more, giving out around 12 per cent of their portfolio, compared to around 8 per cent for those in North America.

One well-known example is Hong Kong billionaire Li Ka-shing, whose foundation has already given out or committed some HK$8 billion ($1.5 billion).

Some of the money has come here. He donated $19.5 million to the Singapore Management University and $100 million to the Lee Kuan Yew School of Public Policy.

Private bankers report that more new philanthropists are emerging, but they decline to give firm figures on the exact number of clients they advise, who they are and how much they give.

UBS’ head of philanthropy services (Asia-Pacific) Terry Farris will only say that the new philanthropists are between the ages of 30 and 50, “educated, and made their money mostly through running their own businesses”.

Mr Michael Troth, the head of global wealth structuring (Asia-Pacific) at Citi Global Wealth Management, says more Singapore clients are showing an interest in giving.

All of them have assets worth over US$10 million.

Credit Suisse’s head of private banking (South-east Asia and Australasia) Francois Monnet echoes this view: “We certainly see more individuals and families giving at a younger age and we are witnessing a tremendous rise in mega-gifts and pledges.”

One clear trend they cite: The new breed of philanthropists wants to play an active role in where and to what their money goes.

Giving is no longer reactive. These days, they pick a cause they want to support, one which can show them that the money has been used to achieve results: say, to feed a specific number of families or train teachers.

Says Mr Troth: “For a significant number, chequebook philanthropy is a thing of the past.”

To service this new breed of clients, private banks have been holding conferences which, among other things, help them make their way through the thicket of social causes out there.

Some banks have also come up with their own products.

Earlier in June, Citigroup launched its Citi GIFT Microfinance Donor Fund for people and organisations to donate at least $50,000 to hardscrabble entrepreneurs in developing countries who do not have access to banks.

Banks are also organising retreats for clients and their families, where they can discuss and get more information about estate and succession planning, and business and family governance structures.

Last month, Credit Suisse sent 23 participants from 12 families off to a weekend in Bali.

Said Dr Monnet: “Many clients have good intentions of giving but simply lack the time and knowledge of where to start the process as there are thousands of amazing charities in the world.

“We assist them by expediting the process and consolidating the vast quantity of information to ensure their charitable contributions are meaningful and sustainable.”

lynnlee@sph.com.sg