

The charity advisers who mean business

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Wealthy individuals are increasingly enlisting advisers not just to manage their personal investment portfolios but also the funds they set aside to give to others.

Services offering philanthropy advice are reporting growing demand from individuals looking for guidance on how to make donations. They say time-pressed wealthy individuals are increasingly looking for a third party to oversee and manage their charitable giving.

Private banks have already started to cater for increased client demand for advice on giving away a proportion of their income. Many now offer advice on selecting charities, setting up foundations or family charity trusts and making donations tax-efficient.

Private organisations such as New Philanthropy Capital (NPC), Prism and Philanthropy UK, some of which charge a fee for advice and services, are also seeing increased demand from individuals looking to make their donations more effective.

“There has been a significant increase in intermediary organisations that help with all aspects of giving,” says Lisa Philp, head of philanthropic services at JPMorgan Private Bank.

Harry Charlton, head of client development at NPC, says donors are trying to be more businesslike with their charitable giving. “Donors are increasingly looking for advice and are willing to pay for it,” he says.

NPC researches charitable sectors and advises individuals on suitable charities. It then structures and monitors their donations and provides regular information on what the charity is achieving. The group typically charges between 3 and 5 per cent of the donation to cover costs.

Prism also offers philanthropy advice to people “who have the money but not the time”, according to Anna Josse, one of the founders. She says Prism offers a “one-stop shop” to make philanthropic donations easy and effective. The group manages the process of giving, from educating clients about tax benefits and reclaiming tax to assisting with giving shares and dealing with regular donations.

Prism charges between 2 and 5 per cent for these services, depending on how much and how regularly the client makes donations.

Josse says the minimum annual donation is £5,000 but clients typically give between £50,000 and £1.5m.

Philanthropy UK offers free information on charitable giving aimed at new philanthropists, such as people who have recently sold their business and have money they want to donate. The group has seen its subscribers triple in the past 18 months.

Charlton at NPC says clients often view charitable giving as similar to their other investments. “Philanthropy is quite synonymous with financial services products,” he says. NPC sets objectives and risk levels with clients and advises them on the execution and performance of the investment. “Clients understand the risk and return model,” says Charlton. “Philanthropy is really another asset class – but the returns are measured as social returns.”

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