Inside **Philanthropy**

The State of American Philanthropy

Wall Street Giving

ABOUT INSIDE PHILANTHROPY

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ABOUT THE STATE OF AMERICAN PHILANTHROPY

The State of American Philanthropy is a series of background papers on important topics and trends in U.S. philanthropy. The papers draw on past research and reporting by IP writers, as well as new interviews, grantmaking data, and other sources. Learn more at insidephilanthropy.com/state-of-american-philanthropy.

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EXECUTIVE SUMMARY

Giving associated with the financial services industry, by individuals and institutions, has soared over the past decade. This paper explores the philanthropy of both. It looks at the growing flow of gifts from ultra-high-net-worth donors who've made their money in hedge funds, private equity and other parts of Wall Street (a term still broadly used to refer to the financial services industry even though few of the biggest firms and its titans are still headquartered in downtown Manhattan). It also explores the stepped-up giving by leading banks, including JPMorgan Chase and Citi. Key points in the paper include:

Individual Donors

- Some of America's leading philanthropists have made their fortunes in finance. But legions of smaller donors who aren't well known—often operating through donor-advised funds or family foundations without websites—have also emerged from finance.
- Many billionaire donors from Wall Street have substantially increased their giving in recent years, joining the Giving Pledge, creating foundations and making larger gifts.
- Top donors from finance often steer their largest contributions to leading universities, museums and other prestigious institutions. But a growing number of these philanthropists are also focused on complex challenges and engaging in more sophisticated giving to drive impact.
- Wall Street donors heavily favor giving for education, medical research and the arts. Other growing priorities such as climate change and poverty – with some focusing on poverty alleviation or family wealth-building and others on systemic changes – are gaining momentum among some financial titans.

Institutions

- In the wake of the 2008 financial crisis, top banks—many of which paid historic penalties for their abusive lending practices—have increased their giving and also taken a more focused and strategic approach to philanthropy.
- Promoting inclusive economic growth is the main philanthropic priority of banks. This includes cash grants, in-kind support and lending for workforce development, spurring small business creation, building affordable housing and helping individuals build financial assets.
- Banks have mounted major philanthropic responses to COVID-19, including emergency grantmaking to nonprofits, and lending relief for small businesses and homeowners in low-income communities.

Several large banks also responded to the racial justice protests following George Floyd's death in May 2020 with major commitments that included both philanthropic and financial capital, which received significant public commentary.

Introduction

One of the biggest stories in philanthropy over the past two decades has been the emergence of a new class of ultra-wealthy givers. While these donors have made their money in a variety of industries, leaders from technology and finance—two lucrative sectors that have seen the creation of vast new riches—have been at the forefront of today's new era of big philanthropy.

This paper explores recent giving that has its roots in Wall Street wealth. Some of America's best known and prolific philanthropists have made their fortunes in finance, including Warren Buffett, George Soros, and Jim Simons. But legions of smaller donors who aren't well known—often operating through donor-advised funds or family foundations without websites—have also emerged from finance. And like the industry in which they work, these donors aren't just concentrated in the New York area. They can be found across the country.

The story of surging giving by Wall Street winners reflects a larger story of the financialization of the U.S. economy over recent decades—a trend that's seen the enormous growth of the size of the finance sector and the wealth it generates for top earners within this world. The proliferation of hedge funds and private equity firms that make huge profits has played an especially important role in generating historic fortunes. These same industries, according to many critics, have often helped fuel trends in the economy that have hurt ordinary Americans, such as excessive risk-taking leading to market crashes, and the relentless pressures to keep down wages and benefits at publicly traded companies. Philanthropy based on Wall Street wealth is thus an area that can feel rich in contradictions.

This paper leaves aside the question of how the financial sector could be better regulated to reduce financial instability and growing inequality. Instead, it looks at a who's who of Wall Street donors—explaining how they made their fortunes, how much funds they're giving away, and what charitable priorities they favor. But it also explains the workings of the growing institutional philanthropy coming out of financial industry firms. Giant banks like JPMorgan Chase, Citi and Wells Fargo have active philanthropic arms that engage in increasingly sophisticated grantmaking that is often designed to drive social impact in ways that also align with core competencies and advance the bottom line. This more strategic approach to philanthropy has had big implications for nonprofits. Some kinds of grantees long favored by banks have seen less support while other nonprofits in sync with the new philanthropic strategies of banks have benefitted from big infusions of grant money and in-kind support. These institutions have also been quite responsive to periods of crisis and social unrest. Most of the major banks stepped up during the first half of 2020 with commitments in response to the coronavirus pandemic and the protests for racial justice.

Philanthropy by individuals and institutions associated with the financial services industry is likely to grow in coming years, for reasons that this brief explores in detail. Understanding this rising tide of giving is essential for nonprofits looking to find new supporters for their work. But it's also important that funders understand the prodigious philanthropy coming out of finance and the opportunities that may exist to work with deep-pocketed players in this space.

Individual Donors

According to a recent *Washington Post* article, the percentage of GDP generated by the U.S. financial sector has doubled over the last 60 years, from 10% in 1947 to 20% by 2017. Since nominal GDP grew from $250 billion in 1947 to $20 trillion by 2017, that means the financial sector's share of GDP grew from $25 billion to $4 trillion over the same period (a 16,000% increase).

The U.S. financial sector's rapid acceleration has given rise to one of the largest concentrations of wealth in the world, and has minted numerous billionaires in the process. According to data from *Forbes*, over 150 U.S. billionaires made their money in finance and investments, far more than any other industry represented on the list. These billionaires hail from 16 different states—a testament to the geographic dispersion of the finance industry across the U.S. (although a preponderance of them live in New York and California). Winners from the finance industry are also heavily represented in the broader ranks of ultra-high-net-worth individuals who have investable assets of at least $30 million.

Given this vast concentration of wealth, it's no surprise that there are so many active top philanthropists from finance. According to the *Chronicle of Philanthropy*, 11 of the 50 biggest donors of 2019 (22%) came from finance. In 2018, an even larger number of top givers came from finance: 17. Data collected on charitable gifts of at least $1 million tell a similar story. In 2019, roughly 140 such gifts were made by individuals whose wealth was entirely or mostly from finance—out of 782 donations or pledges recorded that year.

Membership in the Giving Pledge offers another indication of the philanthropy of Wall Street winners, along with insights into the future of the biggest fortunes made in finance. Numerous billionaires and active philanthropists from this sector have joined the pledge—committing to devote at least half of their wealth to philanthropy—including Bill Ackman, Warren Buffett, Toby Cooperman, Ray Dalio, Carl Icahn, Stephen Schwarzman, and David Rubenstein.

Despite many high profile philanthropists from Wall Street and public pledges of more giving to come, an analysis by Forbes paints a decidedly mixed picture of the generosity of billionaires from finance, relative to their overall wealth. Every year, *Forbes* assigns a philanthropy score to the 400 richest Americans from 1 to 5, with 5 being the highest. Billionaires whose lifetime giving surpassed 20% of their wealth got a score of five, those who've given away between 10% and 20% got a four, and so on, down to the ones who have given away less than 1% of their wealth.

Donor Spotlight: "The Oracle of Omaha"

In July 2020 Warren Buffett announced donations of class B Berkshire Hathaway shares, which were worth $2.9 billion at the time. Buffett directed the funds to be distributed among the Gates, Susan Thompson Buffett, Sherwood, Howard G. Buffett and NoVo foundations. From 2006 to date, Buffett has gifted class B Berkshire Hathaway shares valued at $37 billion to various nonprofits, though mainly focusing on the five organizations listed above.

Of the more than 150 U.S. billionaires who got rich from finance and investments, just 10 of them had a philanthropy score of 4 or 5 on the *Forbes 400* list for 2020. Twenty had scores of 1, and the rest were in between.

To be clear, the meager giving by billionaires from finance is not special to this industry. Of the *Forbes* 400, only 10 billionaires (2.5% of the total) received a score of five in 2020, and 19 (4.8%) received a four. Moving down the rankings, 56 got a score of three, 120 scored two, and 127 scored one.

Approaches to Giving and Top Priorities

It's not easy to generalize about philanthropists from finance, who take a variety of approaches to giving and embrace a wide spectrum of priorities. That said, a few key patterns are clear in how these donors operate—both what kinds of gifts they make and what issues they work on.

Support for the Arts, Higher Education and Medicine

Givers from finance frequently make major donations to top universities, medical centers, and cultural institutions. For example, hedge fund manager John Paulson made headlines with a $400 million gift to Harvard, the largest in the university's history. Paulson previously drew attention for a $100 million gift to the Central Park Conservancy, a cause favored by many givers from finance. Another hedge funder, Steve Cohen has made eight-figure gifts to the Museum of Modern Art, New York-Presbyterian Hospital, and NYU.

Finance winners are heavily represented on the boards of top art museums and other cultural institutions. The private equity billionaire Leon Black currently serves as chair of MoMA and gave the institution $40 million in 2018. He gave even more, $48 million, to Dartmouth University.

Donor Spotlight: Sanford & Joan Weill

"Our Pledge is this: We will continue to give away all of the wealth we have been so fortunate to make except for a small percentage allocated to our children and grandchildren between now and the time we pass because we are firm believers that shrouds don't have pockets."

—Sanford & Joan Weill, Giving Pledge Letter

Another major figure from private equity, Henry Kravis, has long supported the Metropolitan Museum of Art—to the point that a wing of the museum is named after him. Kravis has also made $100 million gifts to three other prestigious institutions in New York: Memorial Sloan-Kettering Cancer Center, Columbia Business School, and Rockefeller University. Meanwhile, another private equity winner—Steven Schwarzman —has made news with his nine-figure gifts to Yale University, MIT, Oxford University, and the New York Public Library. All told, winners from finance made more than 50 gifts of $10 million or more to arts institutions between 2006 and 2020—mostly to well-known organizations.

Major Wall Street donors have given even more to colleges and universities, making more than 80 gifts of at least $50 million to these institutions between 2005 and 2020, with some of the largest of these gifts going to fund medical schools and research centers on campus—an important priority for many finance givers. For example, former Citi chair

Sanford Weill has been a huge donor to Cornell University's Medical College—most notably a $250 million gift in 2007 that resulted in the school being named after him. Sanford and Joan Weill also gave $185 million in 2016 to start the Weill Institute for Neurosciences at the University of California San Francisco. Financier Ron Perelman made a $225million gift to the University of Pennsylvania's medical school, which was renamed after his parents. Perelman has also made eight-figure gifts to New York University, Langone Medical Center and New York-Presbyterian Hospital.

Climate Change and the Environment

Climate change has been the central focus of many of Wall Street's top donors. And given the finite number of legacy foundations that work on climate issues, giving by Wall Street donors in this area has been critically important. But Wall Street winners have also given a boost to conservation efforts, both domestically and internationally, as well as bankrolling growing efforts to protect the oceans.

Between 2003 and 2017, about a dozen top Wall Street philanthropists donated $2 billion to environmental causes collectively. The result has been a transformation of the environmental funding landscape that has dramatically expanded the reach of leading green groups like the Environmental Defense Fund and the Sierra Club.

Here are five of the top Wall Street donors supporting environmental causes:

Nat Simons. Nat is the son of Renaissance Technologies founder Jim Simons. Nat and Laura Baxter-Simons established the Sea Change Foundation in 2006. Sea Change is one of the biggest funders in the climate and energy space. Nat has said that he plans to give between $50 and $75 million per year toward climate mitigation and clean energy work. In 2011, the couple launched the Bermuda-based Sea Change Foundation International, which shares common climate and energy goals as the Sea Change Foundation.

Julian Robertson. Once known as 'the Wizard of Wall Street,' Robertson has been one of the largest donors to the Environmental Defense Fund, with at least $136 million in total support. Overall, his Robertson Foundation had given at least $271 million to environmental causes through 2017, according to available tax data.

Michael Bloomberg. A former investment banker, Bloomberg made his fortune by selling financial data and has emerged over the past decade as one of the nation's biggest climate change donors. Bloomberg has given tens of millions to the Sierra Club to bankroll its work to close coal-fired power plants. Bloomberg is also a major contributor to ocean protection efforts.

TOP WALL STREET DONORS: ENVIRONMENTAL CAUSES 2014 - 2018

Nat Simons (Sea Change Foundation)	$750.00M*
Julian Robertson (Robertson Foundation)	$435.96M
Michael Bloomberg (Bloomberg Philanthropies)	$420.45M
Ray Dalio (Dalio Philanthropies)	$225.00M**
Jeremy Grantham (Grantham Foundation for Environmental Protection)	$99.71M

*Includes philanthropy outside of Sea Change Foundation Grants
**Source: Dalio Philanthropies. Includes grants made after 2018

Source: Candid

Jeremy Grantham. The British-born investor established one of the first index funds in the early 1970s. His Grantham Foundation for the Protection of the Environment has been giving about $30 million per year to dozens of nonprofits in the space. In 2019, Grantham announced plans to donate $1 billion—or roughly 98% of his current wealth—to fight the effects of climate change.

Ray Dalio. The founder of the world's largest hedge fund, Bridgewater Associates, is a major giver for ocean conservation. He also serves on the board of the National Fish and Wildlife Foundation, where he has donated more than $10 million. According to Dalio Philanthropies, which Dalio runs with his wife Barbara, the couple has given at least $217 million to environmental causes as of 2020.

Pandemic Response

A number of philanthropists from finance responded to the coronavirus pandemic in 2020 with significant gifts. As with the wealthy as a whole, these emergency donations were very small relative to the assets of the billionaires making them. The vast majority of these winners made no major public gifts in response to the pandemic. Still, the COVID-related donations that have been made have been important, providing critical infusions of cash to nonprofits during a period of crisis. Finance givers stepping forward to respond to COVID-19 include John Arnold, whose foundation committed $10 million to relief efforts in April, with some of that money going for medical research. Leon and Debra Black pledged $20 million to the NYC Healthcare Heroes initiative, which was created to support health workers in the city. Kenneth Griffin made gifts through his hedge fund for COVID-19 relief in both New York City and Chicago, Ray Dalio gave $4 million through Dalio Philanthropies for efforts focused in Connecticut, and Steve and Alex Cohen gave at least $6 million through their foundation.

K-12 Education

Many of the top earners in finance were not born rich and attribute their success to education, starting with access to good primary and secondary schools. Not surprisingly, supporting K-12 education has been a top cause of Wall Street philanthropists—albeit it in ways that have sparked enormous controversies as many donors have bankrolled charter schools and other school reform efforts.

A long list of hedge fund billionaires have supported the charter school movement over the past decade including Paul Tudor Jones II—who personally founded a charter school in 2004 and has supported

Donor Spotlight: Laura & John Arnold

Arnold Ventures

"From criminal justice to health care, higher education to public finance, COVID-19 has revealed in stark relief the serious failures across our society that we worked for years to bring attention to failures that most harm people who are already living on the edge. Now, more than ever, it's vitally important for us to continue our efforts, and we will continue to pursue and support solutions that maximize opportunity and minimize injustice."

—Laura Arnold, Cofounder & Co-chair, Arnold Ventures others. Other hedge funders who backed charter school networks—such as KIPP Schools and Success Academy Charters— include Bill Ackman, John Arnold, Steve Cohen, Seth Klarman, Daniel Loeb, Paul Singer, and David Tepper. Among the biggest backers of charter schools and other school reform initiatives from the hedge fund world has been the billionaire Julian Robertson, who has given tens of millions of dollars in this area. In addition to philanthropic donations to advance charter schools, hedge funders have always used political donations to sway state and local legislation in a pro-charter direction—most notably in New York State.

In recent years, though, it appears that some finance donors have cooled on charter schools as their investments in this area have failed to leverage broader systemic change to K-12 education as many had hoped and also become more politically divisive. For example, John and Laura Arnold once ranked as among the top supporters of charter schools and other K-12 reform efforts. Today, their foundation makes very few grants in this area.

Meanwhile, when the hedge fund billionaire Ray Dalio and his wife Barbara embarked on large-scale K-12 education philanthropy in their home state of Connecticut, they steered away from charter schools and instead worked with traditional school districts to improve student outcomes. These shifts by Wall Street donors reflects a larger trend of wealthy philanthropists increasingly looking to strategies other than charter schools to boost K-12 education.

Poverty and Economic Mobility

The vast wealth accumulated by winners in finance is a prime example of the extreme inequality of today's economy. And, to many critics, Wall Street's leaders haven't just benefitted from wealth disparities but have actively fueled this problem by pushing public companies to embrace wage suppression and other "bottom line" practices that help shareholders but hurt workers and low-income communities. Financiers like the private equity billionaire Stephen Schwarzman have also been big campaign donors to a Republican Party committed to cutting taxes for the rich and downsizing social programs that help low-income communities.

At the same time, donors from finance have backed a range of efforts to expand economic mobility. While few of these philanthropists support work that fundamentally challenges the structural

Donor Spotlight: Barbara & Ray Dalio

Dalio Philanthropies' giving is described as "eclectic rather than focused on a single mission." Its diverse funding interests include, but are not limited to, ocean exploration, environmental protection, financial inclusion, education and mental health.While Dalio acknowledges that he earned his wealth largely in part due to a capitalistic economy, in his 2020 article Changing the World Order, he writes that capitalism is failing and that income inequality is a "national emergency."

Dalio calls upon a number of reforms to help further economic equality. Suggestions include increased investments in early childhood education, per-pupil spending, infrastructure and public health measures. Dalio writes, "*To me, leaving so many children in poverty and not educating them well is the equivalent to child abuse, and it's economically stupid.*"

inequalities of present-day U.S. capitalism, there are some exceptions. Through his Open Society Foundations, George Soros has invested many millions of dollars over the past quarter-century in this area, including providing tens of millions of dollars to create and grow the After-School Corporation in New York City. OSF has also funded a variety of groups working to advance labor rights in the U.S. and empower low-income Americans, including announcing a $225 million commitment to "building power in Black communities" in August 2020.

One former top executive at Soros's hedge fund, Stanley Druckenmiller, is also known for his giving for education and opportunity—and is more typical of the incrementalist approach to reducing inequality favored by many Wall Street givers. Along with his wife Fiona, Druckenmiller has given more than $100 million to expand the Harlem Children's Zone, which works to improve the life chances of poor children in New York City. The couple are also top backers of Blue Meridian Partners, an anti-poverty grantmaker that is collaboratively funded by a number of billionaires and foundations. Among its supporters is the hedge funder David Tepper. Finance leaders have given far more to another collaborative funding vehicle, the Robin Hood Foundation, which is among the largest grantmakers in the U.S. focused on poverty, supporting nonprofits in New York City.

Funder Spotlight: ROBIN HOOD

Established in 1988 by Wall Street legend Paul Tudor Jones, the Robin Hood Foundation is the largest single private funder of anti-poverty work in New York City.

The foundation partners with over 250 nonprofits across four funding initiatives: early childhood and youth, education, jobs and economic security and survival. Known for its rapid response efforts, Robin Hood was one of the first grantmakers to respond to the COVID-19 crisis in New York, and raised more than $70 million to benefit Tri-State families affected by Hurricane Sandy.

Robin Hood's board is composed of financial industry heavy hitters, including Steven Cohen, John Griffin, Daniel Och, David Tepper, David Einhorn and others.

The foundation awards in excess of $100 million in annual grants to NYC-based nonprofits. Past grantees include the AIDS Center of Queens County, Rethink Food NYC, South Asian Youth Action and the Women's Housing and Economic Development Association.

Givers by Institutional Sources of Wealth

The modern financial services sector came of age in the 1990s, with the evolution of the hedge fund industry. In subsequent years, private equity has flourished to the point where it has overtaken hedge funds in terms of assets under management (AUM)—$4 trillion for PE, while HFs manage around $3 trillion. Lately, the private credit industry—a niche sub-sector of private equity—has been gaining steam as well.

Hedge Funds

The hedge fund industry has grown from around $500 billion in AUM in 2000, to over $3 trillion in 2020. The extraordinary wealth generated by this opaque industry backstops philanthropy by a long list of prominent givers who take a range of approaches and back a diverse set of causes. Below is a sampling of some key donors who have been highly active givers in recent years, drawing from hedge fund wealth.

George Soros. The leader of Soros Funds Management and the Quantum Group of Funds, George Soros skyrocketed to megawealth by short selling, earning the moniker "the man who broke the Bank of England." One of the most prolific mega-givers in the world, Soros established the Open Society Foundations (OSF) in 1984. OSF supports work in the U.S. and worldwide to strengthen democracy and minority rights, as well as human rights, higher education, criminal justice reform, and other issues. In 2017, Soros transferred the bulk of his wealth—$18 billion—to OSF, creating one of the largest philanthropic endowments in the world. It has distributed $16.8 billion since its founding and had a $1.2 billion budget in 2020.

Ken Griffin. The Chicago-based founder of the successful hedge fund Citadel is still in his 50s but has already given away in excess of $1 billion. Griffin is a major investor in the arts, education and medicine, both in his native Illinois, as well as in New York and his birth state of Florida. Griffin often funds legacy institutions like universities, museums and hospitals.

Stanley Druckenmiller. First leading Duquesne Capital and then joining Soros's funds, Druckenmiller is chairman emeritus of the Harlem Children's Zone, and has personally contributed over $100 million to the anti-poverty organization. The Druckenmiller Foundation, which Stanley runs with wife Fiona, is also a major backer of Blue Meridian Partners, a funder collaborative that seeks to boost economic mobility for low-income children and young adults; and support healthcare, education, the arts and the environment.

David Tepper. President of Appaloosa Management, Tepper has been one of the top-performing (and highest-paid) hedge fund managers post-Great Recession. The David Tepper Charitable Foundation supports education, hunger and poverty, healthcare and Jewish causes. Past grantees include Carnegie Mellon University, the Robin Hood Foundation, the American Cancer

LIFETIME GIVING BY NOTABLE HEDGE FUND PHILANTHROPISTS

George Soros	$32.6B*
Ray Dalio	$5.85B
Jim Simons	$4.14B**
Ken Griffin	$1.00B
Steve Cohen	$750M

*Source: GeorgeSoros.com
**Source: Simons Foundation
Source: Forbes

Society and the Jewish Federation of Greater Metrowest New Jersey. Visit David Tepper's profile page for more information on the billionaire philanthropist.

Bill Ackman. A couple of years after founding Pershing Square Capital Management, Bill and Karen Ackman established the Pershing Square Foundation with the stated mission of supporting "exceptional leaders and innovative organizations that tackle important social issues and deliver scalable and sustainable impact." Though they divorced in 2016, they supported a number of nonprofit organizations during their time together, including the Center for Jewish History, STIR Education, Center for Popular Democracy and the Innocence Project.

John Arnold. After amassing a fortune of more than $3 billion with his firm Centaurus Advisors while still in his 30s, Arnold shut his hedge fund to focus on energy markets and turned full time to philanthropy with his wife Laura. By 2020, their philanthropy, Arnold Ventures, had made more than 1,000 grants totaling more than $1 billion across a range of areas, including criminal justice, education, and health. The couple prioritizes investing in "evidence-based solutions that maximize opportunity and minimize injustice." The Arnolds have been especially focused on reforming the criminal justice system.

John Overdeck & David Siegel. The billionaire founders of the hugely successful quant hedge fund Two Sigma are both extremely active philanthropists. John and Laura Overdeck support STEM education and early childhood education opportunities, while David Siegel supports STEM education workforce and infrastructure, and arts and culture. A pair of programmers, Overdeck has launched Bedtime Math, a nonprofit that teaches math through bedtime stories, while Siegel has launched the Scratch Foundation, which provides block-based programming language and an online community for kids.

Donor Spotlight: Bill Ackman

"While my motivations for giving are not driven by a profit motive, I am quite sure that I have earned financial returns from giving money away. Not directly by any means, but rather as a result of the people I have met, the ideas I have been exposed to, and the experiences I have had as a result of giving money away."

—Bill Ackman, 2012 Giving Pledge Letter

Steve Cohen. Famous as the subject of an insider trading investigation—his firm, S.A.C. Capital, pleaded guilty and paid a $1.8 billion fine—Cohen has emerged as a major philanthropist in recent years. He's committed several hundred million dollars to address mental health challenges and, through the foundation that he runs with his wife Alexandra, supports a wide range of causes, including hospitals and research on Lyme disease.

Jim Simons. The mathematician is the founder of Renaissance Technologies—one of the most successful hedge funds of all time. Jim and Marilyn Simons run the Simons Foundation, which supports basic science and autism research. The foundation has given nearly $2.7 billion to support basic science and mathematics research. In 2019 it spent over $100 million on its programs, including its research institute based in New York City. To date, Simons Foundation International has awarded nearly $109 million in grants supporting basic science research. The Simons' also make major gifts outside the foundation for education and other causes.

Private Equity

Private equity (PE) has been booming in recent years. After years of lackluster performance by hedge funds, institutional capital is fleeing the sector for the relatively steadier returns of PE. According to data from McKinsey & Company, the PE market grew by $2.5 trillion over the decade ending in 2019. As a result of this stratospheric growth, many new billionaires have been minted and longtime players in PE have grown much wealthier. The *Chronicle of Philanthropy's* study of major gifts in 2019 found that six of the top 50 givers that year came from private equity (12%). Here, we spotlight some top PE philanthropists and examine their giving patterns.

Stephen Schwarzman. The founder of Blackstone, the world's largest private equity fund, has been a major contributor to legacy institutions over the years, with an interest in major trends like the growing power of China and the emergence of artificial intelligence. Schwarzman's giving, which often comes with its share of controversy, includes eight-figure gifts to Yale University, New York Public Library and the Massachusetts Institute of Technology.

David Rubenstein, William Conway & Daniel D'Aniello. The billionaire founders of global PE firm Carlyle Group are all active philanthropists. Rubenstein has made news for his giving to support historic monuments and institutions, but also gives for education, health, and arts and culture. Conway gives to education, anti-poverty initiatives and Catholic charities, mostly in Washington, D.C. Former U.S. Navy officer D'Aniello is keen on veterans issues and is a supporter of the American Enterprise Institute and Syracuse University.

Robert F. Smith & Brian Sheth. Vista Equity Partners co-founder Smith is the wealthiest Black person in the United States. Smith made headlines in 2019 by committing $34 million to pay off the student loans of every member of Morehouse's graduating class. In addition to supporting African American issues through his Fund II Foundation, Smith has also given to legacy institutions like the Smithsonian and National Park Foundation.

Federal authorities investigated Smith for concealing income and evading taxes for 15 years. Smith avoided prosecution by agreeing to pay over $139 million in back taxes, interest and penalties, as well as, cooperate in the investigation of Houston businessman Robert Brockman.

Brian Sheth gives through his Sangreal Foundation, which funds environmental causes. He also supports his alma mater the University of Pennsylvania and global education in places like India and Africa.

Donor Spotlight: Jim & Marilyn Simons

SIMONS FOUNDATION

When Jim and Marilyn Simons founded the Simons Foundation in 1994, they focused its funding on basic science. In a *Forbes* interview, Jim Simons stated:

"It was something my wife and I felt was important, and there wasn't much philanthropic giving to basic science at the time. That was the place we thought we could make a difference."

The Simons Foundation awards grants to individual investigators through academic institutions.

Henry Kravis & George Roberts. The cousins founded PE powerhouse KKR, the third-largest private equity firm in the world, behind only Blackstone and Carlyle. Both give to education, the arts and Jewish causes. Kravis is New York-focused, often giving to legacy organizations like the New York Philharmonic, MoMa and the Met. Roberts is California-focused, having established the Roberts Enterprise Fund that has invested in over 100 California social enterprises that create jobs and reinvest in the local community. Read more on Kravis and Roberts on their profile pages.

Glenn Hutchinson. Hutchins founded Silver Lake Partners, a tech-focused PE firm, and gives to a variety of causes. He has been a major contributor to Harvard with multi-million-dollar gifts over the years. He has also given to the Brookings Institution, where he bankrolled the Hutchins Center on Fiscal & Monetary Policy, and the Center for American Progress.

Private Credit

Private credit is a subset of private equity. The industry ballooned from a $42 billion valuation in 2000 to $777 billion by 2018, according to a *Washington Post* article. The PC sector is relatively small compared to private equity and hedge funds and has only minted a few billionaires. Still, major givers have emerged from the PC industry, some of whom are highlighted next.

Antony Ressler. After co-founding Apollo Global Management with Leon Black, Ressler transitioned into lending by founding Ares Capital, now the world's largest middle-market lender. With his wife Jami Gertz, he runs the Ressler Family Foundation, which focuses on education and has made major gifts to UCLA, Columbia and Brown University. The couple also supports Jewish causes.

Jonathan M. Nelson. After founding PE firm Providence Equity Partners, Nelson shifted to private credit by founding Benefit Street Partners. Nelson is Rhode Island's richest person and is an avid funder there. Through his Nelson Family Foundation, he supports environmental conservation, education, athletics and the arts.

Howard Marks & Bruce Karsh. Oaktree Capital co-founder Marks has not established a private foundation. Instead, he prefers to give independently, making major grants to support education and the arts. Past recipients include the University of Pennsylvania, the Met, and the Edmond Safra Foundation. Fellow founder Bruce Karsh gives with his wife Martha through the Karsh Family Foundation, which focuses most of its giving on education. Past grant recipients include Duke University, KIPP L.A. schools and Teach for America. Karsh also co-founded the Painted Turtle, a nonprofit camp for children with life-threatening disabilities.

Marc Lipschultz. The Owl Rock founder manages the second-largest direct lending business in the world. He serves on the board of the Michael J. Fox Family Foundation and other boards including the American Enterprise Institute. He and his wife Jennifer have also established the Marc and Jennifer Lipschultz Family Foundation.

Banking

The U.S. banking sector is a central player in the world's largest economy. By the end of 2018, the U.S. banking system had $18 trillion in AUM and an annualized net income of $237 billion.

When it comes to major donors from the sector, by far the most active have been those from the preeminent banking institution Goldman Sachs.

While Goldman alums tend to be the most prominent givers, veterans of Morgan Stanley, Citi and JPMorgan Chase also give to a wide spectrum of causes. Here, we look first at leading givers from Goldman and then turn to philanthropists from other institutions.

Larry Linden. The former partner and managing director at Goldman Sachs owned shares pre-IPO and made a fortune when the banking giant went public in 1999. In 2006, he founded the Linden Trust for Conservation, which provides funding and strategic support for conservation and climate efforts using market-based strategies. Linden has also given to the World Wildlife Fund and Resources for the Future.

David Viniar. The former CFO of Goldman Sachs and director of Square, Inc. is a prominent giver to causes supporting education, arts and culture, healthcare and the New York City community. Along with his wife Susan, Viniar oversees the Viniar Family Foundation, which supports the NYC Ballet, MoMa, NYC Cancer Institute and the Robin Hood Foundation.

Robert Kaplan. The former vice chairman of Goldman Sachs oversees the Robert S. Kaplan Foundation, which supports education, human services and global development causes. Along with William Draper III and Robin Richards Donohoe, Kaplan also formed the Draper Richards Kaplan Foundation, a venture philanthropy outfit focused on early-stage organizations with the potential to create effective, scalable solutions to pressing social problems in the U.S. and abroad.

Sandy Weill. The founder of Citigroup has long been a prominent giver. Sandy and Joan Weill support education, healthcare and cultural institutions. The couple has given more than $400 million to Cornell's medical school and its Institute for Cell and Molecular Biology. Their deep interest in medical research was also reflected by their $106 million gift to establish the Weill Institute for Neurosciences at the University of California, San Francisco. Joan was the longtime chair of the Alvin Ailey American Dance Theater and co-chair of the Weill Music Institute at Carnegie Hall.

Hank Paulson. The former Goldman Sachs CEO and architect of the rescue package that saved the financial industry in the wake of the Great Recession has been an active philanthropist throughout his career. Through his Bobolink Foundation, Paulson and his wife give to environmental causes including climate change, conservation, and animals and wildlife.

Funder Spotlight: bobolink FOUNDATION

Hank and Wendy Paulson established the Bobolink Foundation to "Advance conservation and stewardship of biodiversity." It supports groups like the Nature Conservancy, Manomet Inc., and the American Bird Conservancy. According to Candid, Bobolink awarded nearly $58 million in environmental grants from 2014 to 2018.

Institutional Funders

Leading financial institutions have a long history of philanthropy and in recent years, many have stepped up their giving. Inside Philanthropy reports on a steady stream of major initiatives by banking powerhouses like Bank of America, Citigroup, JPMorgan Chase and Wells Fargo. These commitments typically involve a mix of grants to nonprofits, loans and investments, and in-kind donations.

Giving by financial institutions extends to many issues, including the arts, environment, education, and health. But these institutions focus most heavily on community development work that helps to build more inclusive financial systems and upskill workers in underserved communities—and satisfies regulatory requirements for the kinds of programs that give them the license to operate, like the Community Reinvestment Act (CRA). A dramatic increase in bank philanthropy to promote inclusive growth has also been the result of settlements with the federal government in the wake of the 2008 financial crisis and the abusive lending practices that preceded it.

Bank malfeasance in the years leading up to the Great Recession led to historic fines for many top U.S. financial institutions, badly damaging their reputations and brands. Yet even after these mammoth penalties, leading banks have been repeatedly ensnared in major scandals in recent years. To cite just a few examples, Wells Fargo was fined $3 billion in 2020 by the U.S. government for creating millions of fake bank accounts for its customers; Goldman Sachs was hit with $5 billion in 2020 for its role in the Malaysian financial scandal; and JPMorgan Chase paid $920 million in fines in 2020 for rigging commodities markets. It's hard not to think that the ongoing drumbeat of bad publicity for top banks—extending back over a decade now—doesn't provide a powerful incentive for these institutions to engage in more high-profile philanthropy, including giving that directly helps the low-income communities that have been hurt by abusive bank practices.

But giving by banks for inclusive growth also reflects a drive by banks over the past decade to better align their philanthropy with their unique resources and skills as financial institutions. In addition, such giving aligns with banks' bottom-line interest in creating a better skilled labor force (banks are huge employers) and fostering economic growth in urban areas, which produces new banking customers.

TOP 10 BANK DONORS: COMMUNITY & COMMUNITY DEVELOPMENT 2015 - 2020

Bank	Community & Economic Development Grants
Wells Fargo	$755.28M
JPMorgan Chase	$506.77M
Citibank NA/Citi Group	$343.99M
Bank of America	$191.98M
PNC Bank	$60.40M
TD Bank	$46.41M
State Street B&TC	$44.92M
US Bank NA	$19.20M
Capital One N/A	$18.75M
Fifth Third Bank	$8.50M

Source: Candid

While most giving by financial institutions is done domestically, in the U.S., the biggest banks give internationally, too. This reflects their role as multinational corporations with a presence in many countries.

Like many corporations, leading banks engaged in emergency giving in 2020 in response to the COVID-19 pandemic. Some also stepped up with major donations and initiatives in the wake of George Floyd's death and national racial justice protests. Below, we explore both the longer term philanthropic priorities of major financial institutions and their giving in response to the pandemic.

These observations are informed by grantmaking data from Candid covering the period 2014 to 2018, as well as the 2019 edition of Giving in Numbers (GIN), a benchmarking survey conducted by Chief Executives for Corporate Purpose (CECP), a CEO-led coalition that has tracked the corporate social responsibility activities of more than 200 of the world's largest companies for more than two decades.

Spotlight: Incentivizing Employee Giving

Engaging employees is a top priority of most corporate social responsibility programs. US Bank supported its "most valuable resource"—its employees —by doubling the match on their pandemic- and race-related giving. Morgan Stanley created a $500,000 COVID-19 Hunger Relief Campaign, matching employee contributions to food programs dollar-for-dollar, up to $5,000. TD Bank Group funded a $2 million employee match for the coronavirus response. And the philanthropic arm of UBS AG committed to matching up to 20% of both client and employee donations to Americares programs supporting front line workers.

They also involved employees in fund-raising through dedicated matches. For example, Citi raised over $4 million from its Double the Good employee donation campaign, twice the $2 million goal. As a result, four regionally selected organizations received $500,000 each.

Inclusive Economic Growth

67 of the 200 companies included in the GIN survey were from within the Financial Sector, including BlackRock, Citi, JPMorgan Chase, TD Bank Group and Wells Fargo.

By a wide margin, the program area that received the highest allocation of resources from institutions was community and economic development, at 27%. The next two highest categories—health and social services and K-12 education—each garnered 15%. None of the remaining areas—civic and public affairs, culture and the arts, disaster relief, higher education and environment—broke double digits. The philanthropy of the biggest U.S. financial institutions is especially focused on community and economic development.

JPMorgan Chase

In 2018, the financial giant—which has assets of over $3 trillion—pledged a total of $1.75 billion over five years to advance its impact model for inclusive growth through four "pillars" of opportunity: small business expansion, neighborhood revitalization, financial health, and jobs and skill-building. This initiative, which includes a combination of philanthropic grants, loans and other investments, builds on work the bank began in 2013 when it reinvented its corporate philanthropy to focus more narrowly and strategically on economic development.

A key component of the bank's efforts to promote inclusive growth is a collection of major initiatives in several U.S. cities that combine both philanthropic giving and financial investments. Since 2014, for example, JPMorgan Chase has invested over $150 million in Detroit, with a focus on workforce development, assistance to small businesses and loans for affordable housing. The bank's efforts in Detroit have been closely coordinated with city officials, nonprofit partners and other stakeholders. JPMorgan Chase has taken a similar approach in multi-year initiatives focused in Chicago, San Francisco and the District of Columbia. In a 2019 speech, Peter Scher, head of corporate responsibility for JPMorgan Chase, said: "All of our work—from creating a trained workforce to revitalizing neighborhoods to boosting small business expansion—follows a strategy of inclusive growth that strengthens the economy by helping existing residents."

JPMorgan Chase's nonprofit partners for its economic development work have included Enterprise Community Partners, the Local Initiatives Support Corporation (LISC), the Community Reinvestment Fund, the National Association for Latino Community Asset Builders, and the Neighborhood Reinvestment Corporation —each of which have received millions of dollars through multiple grants from the JPMorgan Chase Corporation.

JPMORGAN CHASE FOUNDATION TOP 5 ECONOMIC DEVELOPMENT GRANTEES 2014 - 2020

Grantee Organization	Grantee Location	Grants Received
Community Reinvestment Fund	MN	$9.46M
Local Initiative Support Corporation	MULTIPLE	$8.67M
National Association for Latino Community Asset Builders	TX	$7.55M
Reinvestment Fund	PA	$7.00M
The Real Estate Council Foundation	TX	$6.07M

Source: Candid

JPMORGAN CHASE FOUNDATION TOP 5 HOUSING GRANTEES 2014 - 2020

Grantee Organization	Grantee Location	Grants Received
Housing Partnership Network	MA	$6.10M
Community Investment Corporation	IL	$5.31M
Enterprise Community Partners	MD	$4.42M
Florida Community Loan Fund	FL	$4.28M
Opa-Locka Community Development Corporation	FL	$3.65M

Source: Candid

Citi

This New York-based multinational corporation with $2 trillion in assets is another financial giant investing heavily in community economic development. The Citi Foundation's stated mission of promoting economic progress for people living in low-income communities targets financial inclusion, youth employment and building economically vibrant communities.

Between 2017 and 2019, Citi invested $194 million in its youth employment program alone: Pathways to Progress. That effort, according to the foundation, aims to address the "skills mismatch and equip young people, particularly those from underserved communities, with the skills and networks needed to succeed in today's rapidly changing economy." The bank's nonprofit partners for this work include NPower, Echoing Green and Public Allies. In September 2020, Citi announced an additional $100 million, three-year commitment to "provide economic opportunities for young people." This grantmaking will support partners in the U.S. and other parts of the world, including Latin America, Europe, the Middle East and Asia.

CITI FOUNDATION TOP 5 ECONOMIC DEVELOPMENT GRANTEES 2014 - 2020

Grantee Organization	Grantee Location	Grants Received
United Way Worldwide	VA	$9.48M
TechnoServe, Inc.	VA	$6.82M
Prosperity Now	DC	$3.25M
Small Enterprise and Education Promotion Network	VA	$1.10M
Opportunity Finance Network	PA	$1.55M

Source: Candid

Key grantees for Citi's economic development work have included LISC, Living Cities, the Neighborhood Reinvestment Corporation, ACCION International, the Raza Development Fund, Prosperity Now and the National Urban League—each of which have received millions of dollars in grants from the Citi Foundation. Citi has also given more than $30 million to Habitat for Humanity to support affordable housing.

CITI FOUNDATION TOP 5 HOUSING GRANTEES 2014 - 2020

Grantee Organization	Grantee Location	Grants Received
Living Cities, The National Development Initiative	NY	$11.37M
Living Cities, The National Development Initiative	DC	$6.68M
Enterprise Community Partners	MD	$2.06M
Habitat for Humanity International	GA	$1.69M
Neighborhood Reinvestment Corporation	DC	$1.33M

Source: Candid

Wells Fargo

This multinational headquartered in San Francisco has a national grantmaking focus on three similar areas: small business growth, affordable housing and financial health. In 2019, it committed $1 billion over the next six years to help Americans find safe, affordable housing solutions. That included a $20 million Housing Affordability Breakthrough Challenge it implemented in 2020 to spur new ideas in housing financing, construction and support services. The bank says its investments will include support for "transitional housing, rentals and home ownership. Our target audience is individuals and families historically shut out of the market."

Wells Fargo's top partner for its economic development work has been the Neighborhood Reinvestment Corporation, which has received over $250 million in grants from the Wells Fargo Foundation going back over a decade. The bank has also supported the National Association for Latino Community Asset Builders and other national organizations focused on inclusive growth.

Banks' Response to the Pandemic

In uncharted times major corporations—with their contingency planning and built-in business interruption plans—were agile in responding to the COVID-19 crisis, and so were their foundations. By early March, Candid reported that corporate givers were responsible for a full 83% of current pledges, and 90% of dollar value.

Banks have been key players in the corporate response to COVID-19. Their foundations were generally sensitive to swiftly changing financial needs and priorities for nonprofits, converting planned giving to general operating support, and fast-tracking grants. As of October 2020, top banks have donated around $1.06 billion to COVID-19 support and relief efforts in the U.S. and around the globe.

Taking the top spot on the initial leader board, Bank of America immediately announced a $100 million commitment to supporting local communities on the ground in local markets. Rapid response investments addressed medical capacity, food insecurity and remote learning through new and longtime partners like Khan Academy, which helps homebound students learn remotely.

It also pledged increased funding for organizations serving on the front lines and delivered on that, in part, by donating $5 million toward a total $8.5 million commitment with IBM, Morgan Stanley and Accenture to the Brave of Heart Fund, which supports the survivors of fallen healthcare workers. Co-seeded by the foundations of Cigna and New York Life, the fund hopes to grow to $100 million. Wells Fargo's initial $6.25 million coronavirus response included $1 million for the CDC Foundation's Emergency Relief Fund, $250,000 to the International Medical Corps, and up to $5 million to address evolving local community needs. As of November 2020, its overall pledge of COVID-19 relief stood at $175 million, and specifically deploys resources within its funding priority areas.

In mid-March, JPMorgan Chase committed $50 million in grants to address the immediate public health and long-term economic challenges posed by the pandemic globally. The initial $15 million in funding included $5 million for acute healthcare, food and humanitarian relief internationally; $2 million to support existing global nonprofit partners responding to the crisis; and $8 million to assist small businesses facing economic hardships in the U.S., China and Europe. In May, it raised the total commitment to $250 million by adding $200 million for the work it's doing to help underserved nonprofits and businesses gain access to low-cost capital through community partners like CDFIs. It also outlined how the remaining $35 million in grants hit the community: funding existing partners working to solve problems facing small businesses, students, sidelined workers and neighborhood development and financial stability initiatives. As of November 2020, JPMorgan Chase's total commitment for COVID-19 relief in the U.S. and globally stood at over $340 million.

Citi Foundation made an initial commitment of $15 million, which was shared equally between three areas: the WHO's COVID-19 Solidarity Response Fund, childhood hunger and "country-specific" work in severely impacted geographies. In April, it upped the total to $65 million, representing $36 million in cash contributions from the company, and grants totaling nearly $30 million from the foundation. On July 29, total commitments reached $100 million, including a transfer of the net profits of its participation in the Paycheck Protection Program to the Citi

Foundation, which is already deploying $15 million to support small businesses owned by people of color. Several trends emerged across the commitments made for COVID-19 relief by banks. Charity began at home for a majority of corporations, which typically stood by their headquarters, employee centers and operating areas. For example, TD Bank and the TD Charitable Foundation's first foray stayed local: $250,000 to the National Association of Community Health Centers to support local frontline healthcare workers in at-risk communities across Boston, Philadelphia, New York, Washington, District of Columbia, Florida and New Jersey, and $300,000 for local social service organizations in its "Maine to Florida" footprint.

In keeping with the rise in international giving tracked by CECP, multinationals didn't hesitate to fund globally—even back in January, with gifts aimed at mitigating the outbreak in China.

Spotlight: Employee Gift Matching

A full 92% of companies currently offer matching gifts programs to support their work in the community. In financial services, nearly 30% of employees matched their personal giving or volunteerism through at least one program—well above the overall average of 11% —at a typical ratio of 1:1.

At last count, financial services companies gave a median of 12% as a percentage of total cash contributions. Look for that to grow as corporations made matching gifts a centerpiece of their race and COVID-19 efforts in 2020.

Out of the gate, TD Bank's top emergency response funding recipients included the COVID-19 Solidarity Response Fund created by the United Nations Foundation, Swiss Philanthropy Foundation and World Health Organization, and the CDC Foundation's Emergency Response Fund. Give2Asia was a primary partner for international giving. But one category emerged as the clear priority. More than half of initial commitments addressed hunger and food insecurity in some form, through popular partners like No Kid Hungry, Feeding America's COVID-19 Response Fund, Meals on Wheels America and the Global FoodBanking Network. Supporting frontline healthcare workers and providing PPE was also a prevalent theme, through both in-kind and cash giving.

Well-versed in responding to disasters, investment banks held some of their fire for addressing future needs. BlackRock committed a total of $50 million to COVID-19 relief efforts in two phases. The first tranche of $18 million funded food banks and community organizations that support frontline populations in the local, regional and global communities in which it operates. The second will address the impacts of financial hardship and social dislocation of the most vulnerable populations.

Morgan Stanley's first COVID-19 efforts sustained its commitment to the well-being of children and helped build capacity for first responder organizations. In March, it pledged $10 million in cash contributions, which included $2 million to Feeding America and $2 million each to the CDC Foundation and WHO's COVID-19 Solidarity Response Fund. In August, Morgan Stanley granted an additional $3.5 million to Feeding America's COVID-19 Response Fund.

At the end of April, it bumped its overall commitment to $25 million, earmarking the additional funding for fighting hunger, caring for the sick, and supporting those suffering economic displacement.

While commitments have been substantial, they're poised to grow as needs emerge and priorities shift.

TOP 10 BANK DONORS: COVID-19

Bank	Total COVID-19 Grants
Wells Fargo	$583M
JPMorgan Chase	$340M*
Bank of America	$101M
US Bank NA	$60M
Citibank NA/Citi Group	$63M
Goldman Sachs	$55M
USAA	$33M
PNC Bank	$30M
Truist	$30M
Morgan Stanley	$26M

*Source: JPMorganchase.com Source: Candid

Racial Equity

The pandemic was still raging when George Floyd died at the hands of Minneapolis police in May 2020, lighting up the movement against racial injustice in policing and across society. Some leaders of the biggest banks quickly spoke out, both publicly and in messages to their ranks, including Jamie Dimon, CEO of JPMorgan Chase and Charlie Scharf, CEO of Wells Fargo.

Corporations regularly issue platitudes, and throw money at problems. But this time, it wasn't enough. As the movement gained traction, the public was quick to call out institutions that didn't align words with deeds or move to take concrete action. In June, when Bank of America CEO Brian Moynihan announced a four-year $1 billion commitment to building economic opportunity, social media snapped back at the company for issues including the policies of the elected officials it supported and the board constitution. In response, the bank became the $25 million founding partner of the Smithsonian's new "Race, Community and Our Shared Future" initiative, which will explore how Americans currently understand, experience and confront race, and its impact on shaping the nation's future.

Other banks also made significant investments. In September, Citi announced more than $1 billion in "strategic initiatives to help close the racial wealth gap and increase economic mobility in the United States." $500 million of this investment took the form of impact investing and "procurement opportunities" for Black entrepreneurs and Black-owned businesses. The move also includes a $550 million commitment to support homeownership programs for people of color and "affordable housing by minority developers." Finally, it pledged a $100 million in Citi Foundation grants to "support community change agents addressing racial equity."

In October, JPMorgan Chase unveiled a far larger commitment to racial equity—$30 billion over five years—to "provide economic opportunity to underserved communities, especially the Black and Latinx communities." The bank said that $2 billion of this sum would be disbursed in the form of philanthropic capital, extending the bank's previous pledge in 2018 to provide $1.75 billion to support inclusive growth. The rest of the money took the form of new lending to help Black and

Latino homeowners and businesses, as well as procurement opportunities to help minority-owned businesses. The bank also pledged $14 billion in loans to finance 100,000 units of affordable rental housing.

Other banks made commitments. PNC Bank announced $1 billion in support of programs that address systemic racism and spur economic development. Goldman Sachs formed a $10 million fund to support organizations working to advance racial and economic injustice. U.S. Bank Foundation implemented a $15 million fund to address systemic economic inequities for people of color by grantmaking in the areas of affordable housing, small business and workplace development—with an emphasis on Minneapolis, where it is headquartered.

Spotlight: A New Bank Foundation Emerges

Truist Foundation

In December, 2019 BB&T acquired SunTrust Banks creating Truist, the sixth-largest U.S. retail bank by assets. Headquartered in Charlotte, North Carolina, once fully integrated, it expects to operate more than 2,000 branches, mostly in the Southeast.

In March 2020, the company announced the launch of its philanthropic arm, the Truist Foundation, which will also be based in Charlotte. After engaging stakeholders in strategic planning, the foundation's mission is to "inspire and build better lives and communities," through four funding "pillars": leadership development, economic mobility, "thriving communities" and educational equity.

Though the foundation declined to put a number to its total giving for 2020, it announced a $25 million COVID-19 response, and the philanthropy of its predecessors was significant. SunTrust Foundation alone made grants of $19.8 million in 2018 on assets of $285 million.

Conclusion

The U.S. financial sector has enjoyed decades of staggering profits, leading to vast wealth creation. So far, however, only a tiny sliver of these riches have been directed to philanthropy. Even most of the top donors from hedge funds and private equity have been getting wealthier faster than they are giving away their money. And for all the impressive sounding philanthropic commitments of leading banks, their grants and in-kind donations are actually miniscule compared to their global profits.

Still, there are strong reasons to believe that giving by leading individuals and institutions within the financial sector is likely to grow in coming decades. Many Wall Street billionaires, by signing the Giving Pledge, have committed to giving away at least half of their wealth. When these pledges finally materialize, they will translate into tens of billions of dollars going to philanthropy. Many Giving Pledge signatories from finance are already steadily raising their giving. They are creating and staffing foundations, refining their giving interests and increasing their grantmaking every year. So while it is true that most of these same individuals are getting richer faster than they are increasing their giving, it is also true that their overall level of philanthropy has been increasing in recent years. That stepped-up giving is translating into big checks for many nonprofits doing good work. At the same time, it's important to remember the problematic aspects of the hedge fund and private equity industries. The winners in both sectors benefit heavily from the carried-interest tax loophole, which dramatically lowers their tax bills and deprives the U.S. Treasury of billions of dollars annually. And firms from both industries have been routinely accused of aggressive corporate raiding practices that hurt workers.

Leading financial institutions, meanwhile, have a far worse track record of predatory behavior that has hurt low-income communities, as well as destabilizing the economy. Even after paying historic penalties in the wake of the 2008 financial crisis, banks have continued to engage in abusive practices that have resulted in ongoing investigations and penalties. These realities make it hard to view bank philanthropy without ambivalence.

Yet the fact remains that giving by top financial institutions has become both larger and more consequential over the past five years. Leading banks have become more strategic in their philanthropy, zeroing in on inclusive economic growth and marshaling a wider array of their assets —beyond just cash grants—to drive impact in this area.

Wall Street is viewed with distrust by many Americans, and for good reason. Its vast wealth is a symbol of today's extreme inequality and its practices have often directly exacerbated that inequality. But for nonprofit organizations raising money to tackle problems large and small, the financial sector has become an ever-more important source of funding. Fundraisers need to watch the givers from Wall Street closely.

[1] Based on available grantmaker data from Candid. Excludes federal funding, funding by higher education institutions and major donor advised funds (DAFs.)

[2] Based on available grant recipient data from Candid. Excludes government organizations.

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Feedback?

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