

Why giving to charity is the height of fashion

A healthy dash of competition between the world's wealthiest has pushed philanthropy to the fore, writes

Marion Dakers

'The man who dies rich, dies disgraced." This was the sentiment that drove the Scottish industrialist Andrew Carnegie to pledge his fortune to building libraries in America at the turn of the 20th century, leaving him a legacy long after the steel mills he founded fell silent.

A yearning to create an impact beyond their business empires, plus a dash of peer pressure, has driven more than 150 of the world's richest men and women to join Bill Gates and Warren Buffett in a pledge to give away the majority of their wealth.

Like Carnegie's "gospel of wealth",

the hope of the four-year-old project is to create a wave of philanthropy.

The motivations of the signatories beyond this are as broad as their businesses. Buffett, known as the Sage of Omaha for his investment prowess, has not used his stock-picking abilities to single out particular charities, but expects his fortune to be used within a decade of his death. "I want my money spent on current needs," he has said.

Mark Zuckerberg, on the other hand, used the giving pledge last year to commit to long-term projects "that will take a decade or longer to reach their goals". The Facebook founder and his wife Priscilla Chan recently set up an initiative to cure diseases.

Elon Musk, Richard Branson and George Lucas are among the other super-rich who have signed the giving

pledge. Many signatories said they were already giving away money quietly, but the billionaire's call persuaded them to set an example.

Blockbuster donations to charity are relatively rare, but their impact can be enormous. According to the banking firm Coutts, there were 355 donations in Britain that broke the £1m barrier last year – up from 298 in 2014. These gifts brought a total of £1.83bn to 267 different institutions, with about a

third going to universities. This is a significant slice of the £10bn that the Charities Aid Foundation estimates individual Britons gave away last year.

One of the biggest donors, Lord Sainsbury, gave more than £60m to his long-running Gatsby Charitable Foundation. The supermarket scion, who has also signed the giving pledge, cites his time as a Cambridge undergraduate for his commitment to investing in neuroscience research.

Other philanthropists use their time to gather others around them in their charitable work. Michael Spencer, who founded the trading firm ICAP, helped to raise £8.2m last week during the firm's annual charity day. ICAP hauled

in everyone from Prince Harry to Tom Hardy to work alongside fancy-dressed traders for the day, before donating the proceeds, amounting to 4pc of the last year's pre-tax profits, to various causes. Over the past 24 years, the charity day has cast its net wide, supporting 2,200 different causes from cataract surgery in India to a missing persons hotline in Europe.

Some in the world of finance tie their companies to philanthropic work in an even more direct way. The Children's Investment Fund was set up to donate a portion of its proceeds every year to a charitable foundation aimed at tackling childhood poverty. The charity has amassed \$4.6bn

(£3.7bn) in assets, making it one of Britain's largest trusts, and although the hedge fund is no longer contractually bound to contribute, it still donates on a discretionary basis.

"I want to solve problems, not make grants," says founder Sir Chris Hohn of his charitable work. Sir Chris, another of the giving pledge signatories, was among the speakers at last week's Sohn Conference, which offered talks on stock tips along with a chance to network with Mayfair's hedge fund elite. By allowing wealthy financiers to combine work and charity, the event has raised \$1m in three years for cancer causes. For those who graduate from a City job into the realm of multi-

millionaire, philanthropy is often a big part of their financial planning.

Having such resources – at least "a couple of million to make it fly", says Jean-Philippe Krafft, senior wealth planner for Pictet Wealth Management – enables wealthy families to set up their own trust and target donations.

"Families tend to want to do direct investments, avoiding big structures and intermediaries, with a big admin apparatus. They like to help directly and have direct contact with the beneficiaries or organisers," he said.

This task of pairing causes with willing donors is a problem that occupies most charities. The City of London Corporation, which runs the Square Mile where many of the wealthiest work, set up City Philanthropy in 2010 to link future business barons with good causes.

Charitable giving spreads through the participants' businesses, aided by networking bankers and a dose of healthy competition over who can be the most generous. Abseiling down skyscrapers in the Square Mile has become a popular way to raise money for thrill-seeking financiers, including the Lord Mayor of London, who raised £1.1m in his charity appeals last year.

City Bridge Trust, the charitable wing of the City that dates back to the

13th century, has also been going skyscraper to skyscraper, holding an event recently for staff in numerous businesses in the Walkie Talkie tower.

"Although these people probably share a lift together most days, they never speak. But they can come together for this giving agenda and recognise what others are doing," said David Farnsworth, the trust director.

He said the examples of enormous donors such as Buffett and Zuckerberg are helpful, albeit remote, ways to encourage giving. "I think that raising the profile of the giving agenda is positive. But it's important it's not just seen as the preserve of the wealthy. We're trying to encourage a sense of democratic ownership in projects.

"I think the pendulum has swung and businesses realise the increased business case for it. Some of their recruits ask in interviews about what role the business plays in the community, and the partners realise they need to have a good answer."

This year's Telegraph Christmas Appeal is supporting the Blue Cross, Heads Together and Roald Dahl's Marvellous Children's Charity.

To make a donation call 0151 284 1927 or see telegraph.charitiestrust.org

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