

Faith and values

Motivations for giving

UBS Social Impact and Philanthropy



Introduction

“Many of our clients are guided by their individual faith, and also want to give back and make a difference. We’re committed to helping these clients develop philanthropic strategies that are both financially impactful and spiritually fulfilling.”

*Iqbal Khan, President, UBS Global Wealth Management
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We all desire a better world, but the challenges facing the planet are too complex to face alone. By collaborating, combining skills, knowledge and resources, we have an opportunity to create lasting change. Philanthropy and charitable giving are key drivers to push this change and address our world’s challenges. Religion and faith values are motivators for many philanthropic initiatives, where the faith-inspired values of philanthropists drive the social impact and innovation that delivers the future we hope to see.

Donors who give based on their faith often attribute gratitude and a desire to make a difference as motivating factors. While wealth, income, education and marital status are all predictors of giving, religious belief and practice remain one of the best predictors of generosity.

According to *Giving USA: The Annual Report on Philanthropy*, the leading philanthropy report in America, religious contributions to charities, defined as giving to houses of worship, missionary societies and religious media, totalled \$135.78 billion. This total accounts for 28% or roughly one-third of all giving in the US in 2021. The report found that people who are religiously affiliated are more likely to make a charitable donation of any kind (religious or nonreligious).

Additionally, a recent study, *Connected to Give: Faith Communities*, found that among those who make philanthropic or charitable donations, more than 50% indicated their faith commitments were more important or very important for their charitable practices. This data suggests that a strong faith characterizes generosity and the causes one chooses to support.



The abundance of faith-based organizations in the charity sectors can be good conduits for this financial generosity as they promote aid to humanity along with promoting good resource stewardship. In order to navigate the sensitive role of faith and religion in philanthropy, it is helpful to clarify the language involved:

- **Faith-focused**—organizations that are aligned with, promote and aim to grow the number of followers within a specific faith.
- **Faith-based, but not faith-biased**—organizations that are aligned with a specific faith but serve people of all faiths, or none, without proselytization.
- **Faith-inspired or faith-influenced**—secular organizations founded by people with a strong faith background.

These three terms each help define the complex landscape of faith-based organizations.

To understand the values inspiring these organizations seeking impactful and systemic change through conscious investment, we must ask the following questions: How do values and religious teachings motivate donors? What can we learn from religious practice on stewardship of wealth to support a sustainable, just and environmentally balanced world?

This paper is designed to give you a foundational knowledge of the history of faith-based philanthropy and focus shared giving principles of religions around the world. We will explore motivations behind faith-based giving, and how they can manifest in both business and communities. There is also a practical guide to defining your own faith-based giving strategy. Our hope is that through real-life examples, you will enhance your understanding of the faith-inspired giving landscape and how to develop a framework to approach philanthropy and investing with a faith lens.

Influence of faith values on philanthropy

Faith and spirituality can drive our deepest instincts, desires and aspirations in life and become a spring of charitable motivations. Giving away personal wealth is strongly connected with people of faith finding inspiration, courage and resolve to make a positive impact by allocating resources to ideas, causes and people.

Historically, wealthy patrons have shaped society by supporting artists, institutions or social reformers in the development of schools, hospitals, libraries and instigating social movements. Another approach has been to use family enterprise to support causes owners care about.

The Quaker faith tradition pioneered this approach with famously benevolent families who used profits to change employment practices, employee benefits and the fair distribution of wealth. At the center of the different approaches are values, doctrines and beliefs systems that inform individuals on their approach to charitable giving.

Our spiritual foundation plays an instrumental role in influencing thoughts, behaviors and actions. Prioritizing our personal values through spending time in reflection is an important first step:

- How should we give: wealth, time or skills?
- What responsibility do I have for my community?
- Whose wealth is it and what is its purpose?
- Is there an obligation to give generously that leads to spiritual growth and happiness?

Religious texts and traditions help faith communities find answers to these questions while developing giving habits for generous hearts. “It is more blessed to give than to receive” is a concept mirrored in many faiths.

Evolution of religious-inspired giving



Ancient Greeks believed the Titan Prometheus's compassion for humanity motivated him to steal fire from the gods and gift it to humans. They also attributed the first technology gift to him—the skill of metal work. This early concept of compassion or duty to help the less fortunate set the tone for how philanthropy was conducted.

The original meaning of the word philanthropy is derived from the Greek words “philos” and “anthrōpos,” which can be translated as “friend” and “human being” respectively. The first recorded use of the word was by Socrates. In his book, *Philanthropy: from Aristotle to Zuckerberg*, Paul Valley reports, “His pupil Plato records the father of classical thought as insisting that he educated others, without charge, out of ‘philanthrōpía’—‘friendship for humankind.’” Valley suggests that early philanthropy was characterized by wealthy citizens using gifts to

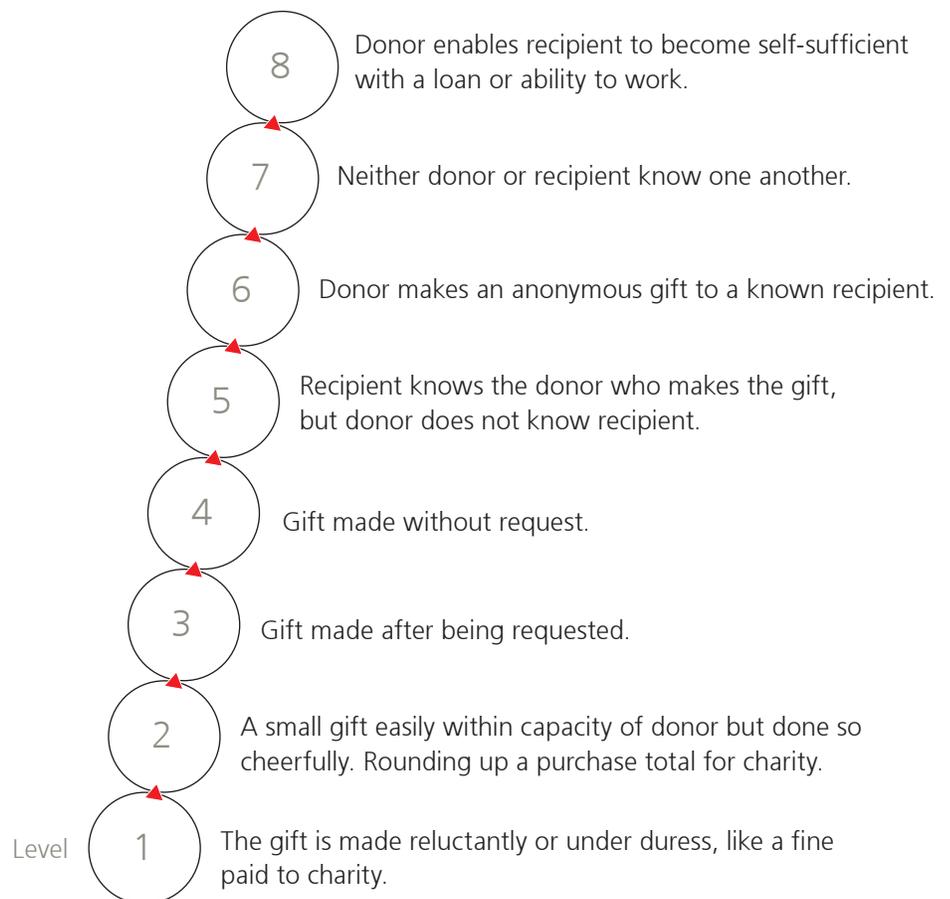
reinforce their status in society or as a method of political control and a vehicle for moral activism under the guise of doing good. It was not about the intended recipients or benefactors of the gifts. The revelation of the Hebrew narrative transformed this approach, presenting the concept of humanity being made in the image of God, also embraced in the emergence of Christianity and Islam.

This revolutionary idea of humans made in the image of God flipped philanthropy from the duty of the wealthy to a responsibility of everyone to help those less fortunate. These two different approaches to philanthropy remain extant today: the top-down control and outcomes-focused approach categorized as “strategic” philanthropy and the faith-inspired “reciprocal” philanthropy where all are expected to give without expectation of gain.

Moses Maimonides, a rabbi and philosopher from the 12th century, further developed this concept by articulating a hierarchy of charity. Based both on Jewish theology and Aristotelian philosophy, his hierarchy of virtue drew from both concepts of philanthropy. The Golden Ladder sets out a code of charitable motivations, where virtues increase as you ascend each rung.

The highest level of charity would today perhaps be considered a social enterprise, as Maimonides identifies facilitating self-sufficiency through interest-free loans or business partnership as the peak of charitable endeavors. This could be considered sustainable charity as the recipient no longer needs to request demeaning handouts.

The Golden Ladder



Faith motivations



Faith has the power to shape behavior, inform the values we use to navigate life and construct the lens through which to interpret life experiences. These beliefs or philosophies can perform as a basic operating system silently running through one's life.

The different religions or faiths significantly influence philosophical thinking through records of ancient wisdom and personal revelation written in sacred texts. These sacred texts testify to the character of their gods, the nature of humanity and provide instruction on how to live. The different worldviews or faiths share similar ideas, particularly among the three Abrahamic traditions of Judaism, Christianity and Islam. The following orthodoxies provide a key to understanding how adherents might choose to live and give.

Shared orthodoxies

View of humanity—The Abrahamic faith traditions set out the belief that we are made in the image of God. This belief underscores the intrinsic value of each human life and the idea that worth is not a factor of social status, ability or ethnicity. Psalm 139:14: *"I praise you because I am fearfully and wonderfully made; your works are wonderful; I know that full well."*

View of wealth—Each of these three faith traditions teach that we are stewards of wealth, that wealth does not belong to us and cannot be taken with us when we die. They also put forth the belief that we are ultimately held accountable for the gifts that we are given in life. Chronicles 29:14: *"But who am I, and who are my people, that we should be able to give as generously as this? Everything comes from you, and we have given you only what comes from your hand."*

View of community—Connection and community are an integral part of these faith traditions, where worshiping together and supporting one another is a central tenet. This is reflected in the Islamic Hadith: *"The believers in their mutual kindness, compassion and sympathy are just like one body. When one of the limbs suffers, the whole body responds to it with wakefulness and fever."*

These three themes underpin the Abrahamic faith traditions and are reinforced through moral teaching and application to "do unto others that you would do to yourself" and the Golden Rule to "love thy neighbor" common to most religious traditions. Giving and serving are practical interpretations of these commands in action and a visible sign of an internal faith. It's quite simple: Do what is fair and just to your neighbor, be compassionate and loyal in your love. And don't take yourself too seriously—take God seriously.

The practice of faith giving



The Abrahamic faith traditions set out specified practices that build a disciplined habitual pattern to giving. Although the terminology differs, the ritual of regular giving to targeted recipients remains the same and is a point of unity across the three faiths.

Giving practices

Tzedakah—Is the Hebrew word for charity and justice, and is a religious or moral obligation that everyone must participate in and follow. It is a commandment to help the less fortunate. The emphasis focused on establishing loving relationships in the community and sometimes referred to as “*tikkun olam*,” which translates to “repair or heal the world.” The Torah has a number of commandments and notes “*mitzvot*,” the Hebrew word for good deeds.

Tithing—Is a Christian tradition of giving 10% of your income to your church or house of worship. The practice is first mentioned in the Hebrew bible, and was developed by the teachings of Jesus, who encouraged followers not just to give out of abundance but to the point of discomfort, as exemplified by the widow in Luke’s Gospel who gave her last two coins. Tithing remains a central tenet of the Christian faith.

Zakat—Is one of the five pillars of Islam and is considered a spiritual duty, instructing believers to contribute 2.5% of their disposable wealth each year to help other Muslims who are in need. It is a form of almsgiving to purify earnings, discourage selfishness and provide social support to the community. Many Muslims engage in extra acts of charity, referred to as *Sadaqah*, which can be offered in different forms—helping someone in need, passing on valuable knowledge, providing food for a family, showing kindness or simply smiling at others.

At the heart of religious giving is a vision of community where humanity interacts peacefully for the good of all. The last non-Christian Roman emperor Julian (361-363) attributed the rapid spread of Christianity to the devotion to the poor by the Galileans who “devoted themselves to philanthropy.”



The marriage of regular giving and a compassionate vision of community has resulted in a high percentage of faith-based humanitarian organizations providing emergency relief, health care, education and poverty alleviation. A study conducted by the Religious Freedom & Business Foundation reported that 40% of the top 50 charities in the US are faith-based with a combined operating revenue of \$45.3 billion.* Many other organizations today have moved away from their religious founders' focus, but they remain faith-inspired, meeting community needs and serving as examples of love in action.

The practice of faith through giving, serving and following sacred instruction leads to a purposeful, meaningful and fulfilling life for billions of people around the world. The theology of religious identity is divergent, but the practice and application share two intertwined themes that point to collaboration and hope for a better world. First the shared wisdom of the religion, the Golden Rule for example, and second, the business of religion.

The wisdom of religion and the business of religion can play a vital role in solving the world's most pressing social and environmental problems.

Faith communities believe the wisdom in their religion is a gift from God, providing divine guidance on how to successfully navigate life's challenges and joys. This also applies to faith-based companies that put their religious values at the heart of their company and business practices.

The business of religion provides necessary funds to support community needs (medical, educational, social care responsibilities, houses of worship), and instructs followers to be good stewards of assets.* The same study mentioned earlier identified that \$1.2 trillion each year is contributed to the economy by religion in the United States. This breaks down to congregations contributing \$418 billion in gifts, \$438.4 billion through businesses inspired by faith and \$418 billion faith-based institutions such as charity, higher education and health care.

How can one be a steward of their wealth to leave the world a better place than they found it? The role of faith-based organizations is particularly important for international development and international aid.

These organizations take a community building focus with different faiths, leveraging a strong indigenous network based around places of worship, hospitals, schools and infrastructure to work through. These established networks can act as an efficient conduit to address macro problems and quickly deliver focused support in cases of emergency.

Through our understanding and awareness of the faith values that drive the business of religion, we are better placed to develop sustainable, just and environmental initiatives that drive systematic change through positive investment.

*Brian J. Grim (Georgetown University) and Melissa E. Grim (Newseum Institute), "The Socio-economic Contribution of Religion to American Society: An Empirical Analysis," *Interdisciplinary Journal of Research on Religion*, Volume 12, Article 3, 2016.

Designing a faith-driven giving strategy

1 Faith purpose

Develop a short narrative that illustrates the motivation of your giving based on your faith-driven identity (e.g., “The resources I have been blessed with are from God and our family are stewards of those resources to bless others in our community.”).

- What sacred text instructs and inspires us?
 - What principles resonate with me and my family?
 - What values are we communicating through our giving?
 - Is it important that our gifts are anonymous or acknowledged?
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2 Legacy

What legacy do I feel called to live within my family and community?

- What are our family values?
 - What is our family mission statement?
 - How much is enough to leave to my heirs and how much to give?
 - Is this mission for my life only or do I expect my heirs to continue it?
 - Do my investments reflect my faith-driven values? Does my estate plan reflect my faith values?
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3 Focus

What breaks my heart and where can my giving bring me joy?

- What causes break my heart (addiction, poverty, health or education inequities, etc.)?
 - What is my Big Audacious Goal—Where could I have the greatest impact with my giving?
 - Can one large gift either solve a problem or make a significant impact?
 - Do we want to be part of a giving community and work in partnership or alone?
-

4 Gifts

What and how much can I give?

- How can I maximize my giving using my business, assets or estate plan?
- What is my financial finish line?
- Should we give away all our wealth in our lifetime?
- What skills do I have that can be of service to my community?
- How can my network bring value?
- How can I prioritize time serving our community with my family?

Faith and values inform our investment decisions

Investing alongside one's faith is predicated on knowing one's values and the meaning of those values. How we see the world impacts our decisions—with our families and communities but also within our portfolios. Our spiritual identity can define how we live out our lives. The intersection of our faith and values is where impactful investment opportunities are possible.

“Impact investing is extremely topical and all the rage, but it is a modern approach of an old concept—investing with our values to improve the world and minimize harm. Faith communities were the earliest proponents of impact investing.”

Dr. Meir Tamari, Jerusalem's Business Ethics Center*

At UBS, sustainable investing is not an investment product or an asset class. Sustainable investing strategies seek to achieve competitive investment returns while contributing to environmental and/or social outcomes and helping

to address global sustainability challenges. Additionally, impact investing strategies look to generate measurable and verifiable positive environmental and social impacts, alongside competitive financial returns. Investors are increasingly seeking to personalize their investment solutions for their values and passions. Sustainable investing offers a variety of ways to do this, such as investing in companies demonstrating leadership on Environmental, Social and Governance (ESG) topics or helping to finance the transition to a more sustainable world. See *The New Continuum: Aligning interests, investments and impact*, UBS 2022.

As highlighted earlier, each religion has a charge to give. Investors can look to build a portfolio that aligns with their personal values. This is highly bespoke and based on values and views of an individual or family. It is important to ensure your values are woven throughout your financial plan, including your charitable plan.

Investment styles vary depending on personal views, values and investment objectives, and your

UBS Advisor has the tools to help you navigate this space. Sustainable and impact investing empowers investors to express their sustainable goals through their capital. UBS has identified investment opportunities that align to this style of investing so that you can invest in what matters most to you.

“The motivations that drive our clients to sustainable investing are wide, and often deeply personal. For many individuals, their faith can inform their interest in focusing on how people are treated, how resources are distributed and whether our planet can support current and future generations. Sustainable and impact investing often serves as one way to express this focus, enabling families to align their personal views, their giving and their investment portfolios to their targeted objectives.”

Andrew Lee, Global Head of Sustainable and Impact Investing, UBS Global Wealth Management Chief Investment Office

* ZUG Guidelines to faith-consistent investing, Alliance of Religions and Conservation, 2017.

Important Information About Sustainable Investing Strategies: An increasing number of products and services are using terms or labels related to sustainable investments. However, industry standards and terminology related to sustainable investments will differ and are evolving. Therefore, you should carefully review the offering materials to understand why a particular product or strategy may or may not be classified as a sustainable investment and if their approach aligns with your goals and objectives. At UBS Financial Services Inc., we continue to develop our own standards and a framework for sustainable investing. However we do not review every product to determine consistency with our standards, nor do all products that we make available align with our approach. Your UBS Financial Services Inc. Advisor can assist you in identifying products that we have reviewed and determined to be consistent with our standards.

At UBS Financial Services Inc., we serve as a distributor of sustainable investment strategies. We believe sustainable investment strategies should have an explicit focus on sustainability objectives or outcomes. Sustainable investments across geographies and styles approach the integration of environmental, social and governance (ESG) factors and other sustainability considerations and incorporate the findings in a variety of ways. Sustainable investing-related strategies may or may not result in favorable investment performance and the strategy may forego favorable market opportunities in order to adhere to sustainable investing-related strategies or mandates. Issuers may not necessarily meet high performance standards on all aspects of ESG or other sustainability considerations. In addition, there is no guarantee that a product's sustainable investing-related strategy will be successful.

Faith and philanthropy at home



Ways to activate your faith and philanthropy

- Seek out leaders in your faith community—learn how they are delivering on their mission.
- Research organizations—read mission and vision statements and history to see if there is alignment with your values.
- Connect with faith-based community foundations—know how their giving and their programs support your values.
- Use a faith-inspired values lens with your investments—share with your advisor when discussing your portfolio.
- Look inward for discernment on how best to use gifts to serve others.
- Participate in faith-focused giving funds and investment funds—consider your financial situation and commitments.
- Use your time and talent in supporting faith-influenced organizations—teach a program, participate in a mission trip, provide spiritual support.
- Support businesses that give back to worthy causes. Practice conscious consumerism—supporting companies that support your values.

Just as our faith is often learned and practiced at home, values around how we give also begin at home. Families that regularly practice the rituals of their faith through giving to their place of worship or volunteering in the community provide a tangible way for money values to be caught by the onlooking eyes of the following generation.

The regular contribution to the weekly collection, displaying information about the organizations you support on the family refrigerator and volunteering in the local community are very tangible ways to pass on values. Family giving around religious holidays is a powerful way to help raise awareness of those who are in need. This might be the practice of shopping for a child on an angel tree at Christmas, making one night of Hanukkah a night of gifting to charity, or volunteering with a local food pantry to help neighbors break their fast during Ramadan.

Find something that feels authentic to your family. Your faith and values can drive and inspire philanthropic activities and allow for families to flourish for generations to come.

Client story: faith and giving



A UBS client family with two young children under five had learned of UBS’s capabilities for families, including the expertise available through our UBS Social Impact and Philanthropy Team. They chose to work with UBS, knowing that they would be fully supported while navigating important topics such as family values, faith and giving, and maximizing philanthropic impact.

In speaking about how their faith guides their charitable giving and how they hope to instill those values in their children, the client shared, “My father didn’t have access to the same opportunities that I did. I know how things can change from one generation to the next, and am cognizant of the struggle my parents went through and how it was very different than the struggles I faced, and that those will be very different than whatever struggles my children may face in the future. But the concept that we can all look to our religion as a resource and lean into that to help support us and navigate through those struggles is what we want to teach our children.”

“ Giving in a responsible and thoughtful manner is a tremendous responsibility. There is so much need in this world, and there are so many international organizations doing good work that it can be overwhelming. If someone asks you to help and you can afford to give, you should, that’s guidance provided to us in our faith. But you want to do it in a thoughtful, responsible and strategic way. I find it so helpful to have a resource to give me the confidence that I’m giving responsibly, thoughtfully and strategically.”

UBS client

Hadiths are sayings or traditions of the Prophet Muhammad that Muslims seek guidance from on living their daily lives. The clients expressed their appreciation for having that guidance provided by faith on how much to give and where to give. They explained that the principle in Islam that inspires them to give is the Hadith, “The more that you give and spend on those in need, the more that God will spend on you in return.” The inspiration comes from the Quran, the Holy Book for Muslims, where it explains that those who give in charity are essentially loaning money to God. The clients attribute their success in this world to their ability to lean into this guidance, believing that the reward will be multiplied by helping others, whether it is in this life or the hereafter.

Together, the clients help instill these values in their two young children through simple ways. In addition to celebratory milestones and giving during major holidays like Ramadan and Eid, they have implemented the concept that if their children would like new clothes or toys, they must give away some of their old clothes or toys first, creating the habit to be constantly giving back to those in need from a young age.

Our team met with the clients to create a philanthropic road map and strategic plan for their giving. This involved discovery meetings to understand motivations behind their giving, patterns in historical giving, passions and focus areas, familial involvement, charitable giving vehicle discussions, goals and legacy planning. As faith was a strong motivator, they benefited from fulfilling their Zakat obligation through the UBS Optimus Foundation. In order for a program to be eligible to

receive Zakat funds, it must meet exacting criteria detailing how the funds are transacted to ensure those truly in need are direct recipients. The UBS Optimus Foundation has vetted and onboarded the selection of Zakat-eligible programs. The clients are now able to offer support during Ramadan and throughout the year, to fulfill their obligation in the safe knowledge all contributions are directed to thoroughly scrutinized programs where impact is closely monitored.



For many of the families that we work with, faith plays an extremely important role in shaping their values and informing their decisions about how to make a difference. It can be one of the deepest, most important motivators behind not only why someone gives, but how they give. It's very simple—what's important to our clients is important to us.

At UBS, we work hard to connect people for a better world. We provide services and resources to help you manage the interpersonal, cultural, social and emotional aspects of wealth and help you achieve your philanthropic goals through comprehensive advice, insights, experiences and execution services.

To learn more about our Faith and Philanthropy Network or our UBS Social Impact and Philanthropy Team, please reach out to your UBS Advisor.

How may we help?

Our team can assist you in defining your philanthropic goals, increasing your impact and making a lasting difference in the world. In broad strokes, we can help you and your family:

- Articulate shared values and purpose.
- Uncover, refine or expand on philanthropic interests.
- Activate philanthropic aspirations.
- Give for maximum impact.
- Ensure that giving is effecting change.
- Engage the rising generation in your family's philanthropy.
- Connect you with like-minded, philanthropic peers motivated by faith and values in our Faith and Philanthropy Network.

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