

The power and potential of philanthropic investing

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We can all be philanthropists: How to do good through philanthropic giving

‘Philanthropy’ is a commonly misunderstood term, and it’s widely assumed that only wealthy people who give away significant sums of money can be accurately referred to as philanthropists. But at **Paradigm Norton**, we’re challenging that assumption by helping our clients align their finances with their purpose and values.

Most people think nothing of donating to charity, popping spare cash towards causes that are close to their hearts now and then. That’s what’s known as charitable giving. Philanthropic giving simply takes this a step further by helping you to be intentional, organised and strategic in the way that you give to the causes that matter to you, with a focus on impact.

Philanthropic giving is perhaps needed more than ever. Whether you’re dipping your toe into strategic giving for the first time, you’re looking to have more impact with your giving, or you’re ready to give a significant amount of your wealth away, this article will help you understand the concept of philanthropic giving in more depth.

To read about the urgent need for more philanthropic giving, jump ahead to ‘**Why invest philanthropically?**’.

But first, let’s start with the basics.

What is philanthropy?

Dictionary.com¹ gives us this definition of philanthropy, and it’s interesting to note that nowhere does it mention significant gifts, or indeed significant wealth. Instead, it’s all about doing good (in fact, the term’s etymology is rooted in “benevolence, humane feeling” - it has nothing to do specifically with money or wealth).

Philanthropy

noun

- *altruistic concern for human welfare and advancement, usually manifested by donations of money, property, or work to needy persons, by endowment of institutions of learning and hospitals, and by generosity to other socially useful purposes.*
- *the activity of donating to such persons or purposes in this way.*
- *a particular act, form, or instance of this activity.*
- *an organisation devoted to helping needy persons or to other socially useful purposes.*

When the term ‘philanthropy’ is reframed in the context of doing good, rather than significant gifts, it seems more possible for everyone to become a philanthropist. An intentional approach to life and giving can take many different forms, and almost everyone can give in at least one of the ways known as the ‘5Ts’:

1. **Time.**
2. **Talent** (your expertise).
3. **Ties** (your contacts and networks).
4. **Testimony** (championing the cause).
5. **Treasure** (your money).

What's the difference between charitable giving and philanthropic giving?

Charitable giving

usually refers to donations of money or goods to support charitable causes or organisations, often in response to an immediate need or appeal.

Philanthropic giving

usually implies a more strategic, long-term and proactive approach to giving, with a focus on addressing the root causes of social or environmental problems and perhaps measuring the impact and outcomes of the donation.

Philanthropic giving sits alongside **sustainable** and impact-driven investing on the far right-hand side of the 'Spectrum of Capital' (Fig. 1). It focuses on helping find long-term solutions to the problems that you care about most. This can mean greater impact, but with no expectation of financial return (although in some cases, there can be both).

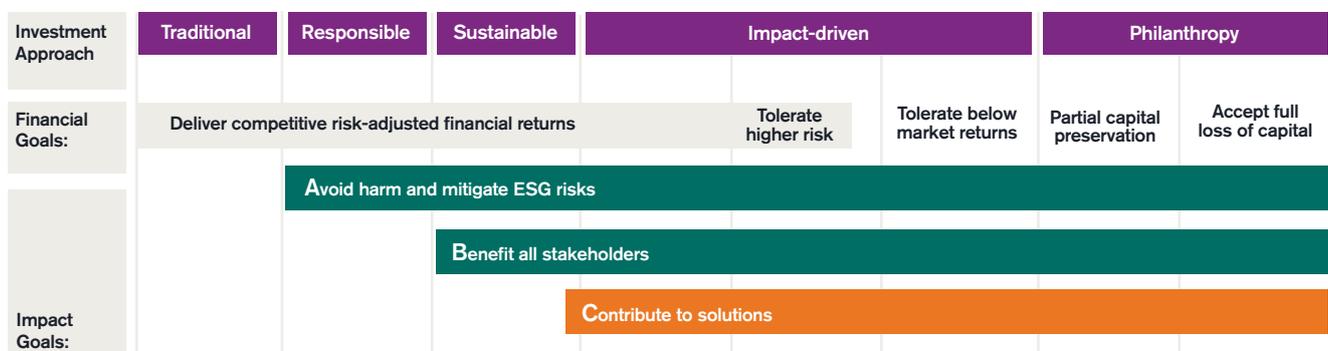


Figure 1. The Spectrum of Capital: a chart used in investing circles to show how different investment approaches and financial goals align with the impact they make on people and the planet.

Why invest philanthropically?

A better question might be to ask, 'Why give at all?' It's widely agreed that giving is good for you, and there are plenty of studies that back this claim up². Giving philanthropically (i.e., strategically and proactively) as opposed to charitably scales the impact of your giving. It also means you and your family can be involved in driving the changes you want to see in the world, all within your lifetime.

Any type of giving gives us the feel-good factor. Being able to make a tangible difference to the causes that matter most to you can make life more fulfilling, give you a new sense of purpose, and even help you meet like-minded people and feel part of a community.

Here are just some of the benefits of philanthropic giving:

- An increased sense of individual wellbeing.
- Learn more about a topic that's close to your heart.
- Help tackle root causes, rather than symptoms.
- The chance to see your money spark positive change.
- Consider how tax reliefs can support your giving.
- A more fulfilling financial planning journey.
- Financial goals that are aligned with your values.
- Inspire others, including your children, to embrace a culture of philanthropy.

According to the Charities Aid Foundation³ (CAF), fewer people than ever are giving to charity. One reason for that might be rooted in the 'scarcity mindset'. With a 24/7 news cycle endlessly reinforcing the cost-of-living crisis and global poverty, people can constantly feel they don't have quite 'enough', so giving goes to the bottom of the priority list. While a culture of philanthropy is fairly embedded in certain countries like the United States, in the UK we are lagging behind⁴. Something needs to happen to buck that trend.

A solution to this decline is for more people to embrace philanthropic giving in their wider financial planning. This approach brings confidence that you are only giving away what you can realistically afford, allaying the 'scarcity mindset' that holds us back from doing good with our money. You'll know that you and your family are provided for, and that you can comfortably provide for retirement, while also understanding how much you can afford to give, not just now but into the future.

We all have the power to be philanthropists

While belts may be tighter at the moment, over 50% of the UK's adult population possesses wealth above the global top 10% threshold.⁵ Many people in the UK, particularly in the higher income/wealth brackets, have the potential to give more money than they currently do.



² Motley Fool Money: It Pays to Be Generous Study - www.fool.com/money/research/study-it-pays-be-generous/
 BNY Mellon Wealth Management Charitable Giving Study 2022 - www.daffy.org/docs/charitable-giving-report-final.pdf
 The Science of Generosity white paper ggscc.berkeley.edu/images/uploads/GGSC-JTF_White_Paper-Generosity-FINAL.pdf
 Volunteering, Charitable Donation, and Psychological Well-Being of college students in China pmc.ncbi.nlm.nih.gov/articles/PMC8777250/

³ CAF UK Giving Report 2025 - cafonline.org/insights/research/uk-giving-report

⁴ www.cafonline.org/home/about-us/press-office/uk-falls-out-of-top-20-most-generous-countries#:~:text=In%202014%2C%2075%25%20in%20the,this%20downward%20trend%20from%20continuing

⁵ equalitytrust.org.uk/scale-economic-inequality-uk/

The global context: The UK is a wealthy country relative to most of the World.

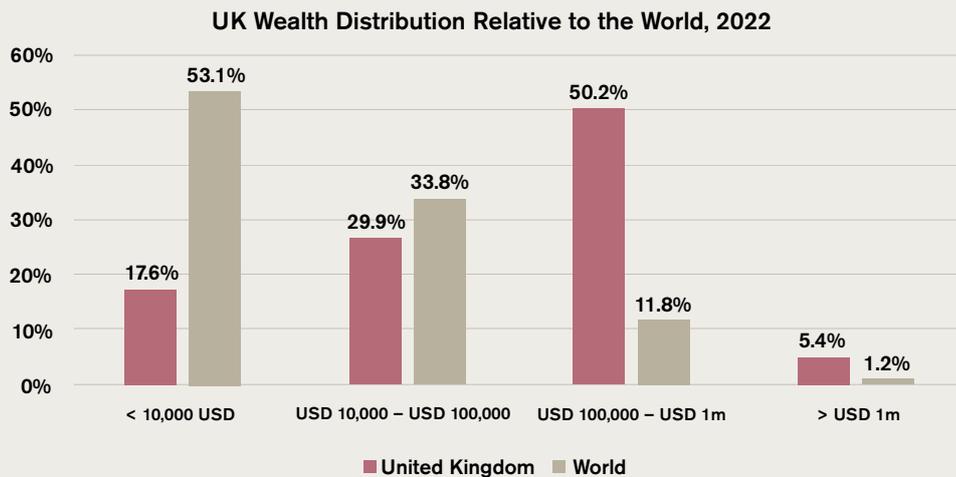


Figure 2. UK wealth distribution relative to the world, 2022 [Source: Equality Trust]

And it's easier than you'd think to consider yourself a philanthropist. A survey by CAF found that 90% of charity donations were under £100 and that "giving a donation of £500 or more to a single cause would put a donor in the top 1% of givers"⁶. This dispels the conception that you have to give tens of thousands of pounds to be unusual in your generosity.

The UK context: A growing giving gap

Inequality continues to widen, exacerbating the existing affordability crisis. Poverty and social issues are on the rise (for example, 18% of children in Bristol are living in poverty, according to 2024 DWP data⁷, and around 25% of children are expected to remain in absolute low income after housing costs⁸). Meanwhile, government austerity, the aftershocks of Covid-19 and the cost-of-living crisis not only drive greater need for charitable support, but have also left many on lower and middle incomes unable to give as much to charity, if at all.

We are at a tipping point. The challenges are immense, but so is our capacity for good. When done thoughtfully and strategically, philanthropy

can transform lives, communities, and systems. It can help to address poverty, and it can also be a transformative force in areas such as nature and biodiversity, human rights, climate change adaptation or campaigning, health and science, the arts and education.

The UK remains a country of extraordinary wealth. Those with resources have a unique opportunity and, one could argue, a moral imperative to drive change.

What can you do?

- Seek out experiences that connect you with real stories and issues - through articles, podcasts, videos, or charity events.
- Reflect on your values and the legacy you want to create.
- Engage with trusted advisers and peer networks to maximise your impact.
- Support organisations that are transparent, evidence-based, and committed to learning.
- Remember, the days of our lives are our most valuable resource. Use them to help build a world where everyone has the chance to thrive.

⁶ CAF UK Giving Report 2024, All donors in the past four weeks www.cafonline.org/docs/default-source/uk-giving-reports/uk_giving_report_2024.pdf

⁷ www.bristolpost.co.uk/news/bristol-news/more-half-kids-bristol-area-10116449

⁸ www.gov.uk/government/publications/low-income-poverty-projections-for-children-fye-2025-to-fye-2030-november-2025

The urgency of now

Historically, many people gave away their wealth posthumously (leaving money to their favourite causes in their will). But these days, there are so many urgent challenges that exist in the world that many people are motivated to begin a lifetime of giving and begin leaving their legacy now, rather than postponing the impact they can have.

We are living in a pivotal moment in history, and the challenges facing our communities, our country, and our world are urgent and unprecedented. The need for bold, strategic philanthropy has arguably never been greater.

Philanthropy in action: Peter and Helen Wilde

Peter and Helen Wilde's philanthropic journey⁹ demonstrates the power of intentional giving. In Bristol, they became prominent advocates for strategic local giving. After successful careers (Peter in the NHS, and Helen in marketing and the charity sector), they approached retirement determined to use their "baby boomer advantage" to support those less fortunate. With guidance from Paradigm Norton, they balanced personal security with impactful philanthropy, enabling them to support their daughters and also become significant benefactors to local charities.

Helen's leadership is well recognised in Bristol's charity sector. As High Sheriff (2016/17), she helped raise over £25,000 in a single evening for local causes through Funding Network events she initiated, which went on to collectively generate over £250,000 for nearly 60 charities. Together, Peter and Helen established an endowment fund with Quartet Community Foundation, backing grassroots projects and ensuring sustainable funding.

Beyond financial support, Helen has also served as a trustee for several charities, and they even travelled to India to visit the Hannah Memorial Academy, seeing first-hand how charitable funds were being used. Their strategic, personal approach to philanthropy is an example of the personal fulfilment and lasting change that people can achieve.

What do we mean by a life of congruence?

It's not a new idea; 'living a life of congruence' has deep philosophical roots, and means making choices that align with your thoughts, values and beliefs. We use it to help **our clients** make sound financial decisions that feed into the overall sense of 'a life well-lived' (and not just money well-preserved).

How does a typical giving journey work?

Every client is different, with a different set of financial goals and giving priorities, but you can expect a process similar to this to help you get up and running

1

Explore your giving aims and priorities.

2

Establish your timescale and budget for giving.

3

Provide further support and/or specialist help if needed.

4

Identify the most appropriate route for giving.

5

Implement your giving plan.

6

Review your giving plan regularly.

What is Paradigm Norton's approach to philanthropic investment?

At Paradigm Norton, we help you think about money differently, and our holistic **financial planning services** help you consider your money in the context of your whole life. Our approach is always led by your goals, with the ultimate aim of financial freedom and a fulfilling relationship with your money.

Our starting point is always around building financial safety, which can involve helping you manage your spending, invest for the future, ensure you pay your taxes and avoid debts with smart cash flow planning.

Once that's in hand, the next step is to develop your financial plan into something that is both reassuring and fulfilling (because money matters, but life matters more). That can mean introducing a philanthropic element to your investing, encouraging you to lean into your interests and consider where you want to make the most impact with your giving.

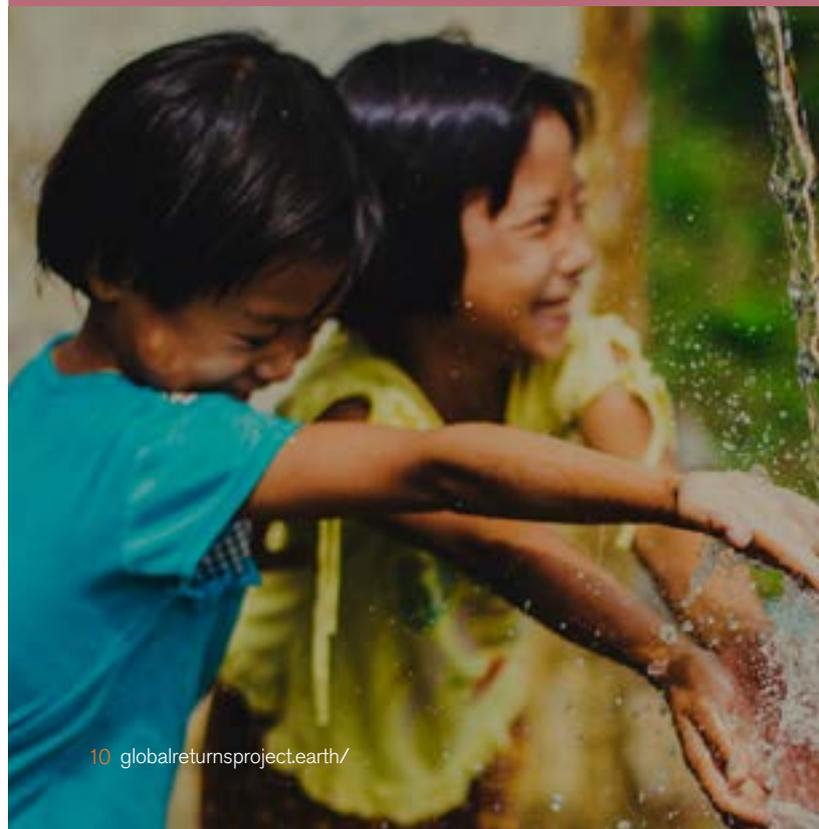
To do this, we intentionally ask deep, thoughtful and reflective questions to challenge you and get really clear on your giving goals. We gain a thorough understanding of the causes close to your heart and the future you want to see in the world. Then, we help you work out how much you could comfortably afford to give away, and devise a giving plan that aligns not only with your financial goals but also with your values and worldview.

We're with you every step of the way: alongside our **in-house team of experts**, we also have a network of trusted external advisers for specialist needs where necessary, for example, philanthropy advisers.

Types of philanthropic giving

There are lots of different ways to give charitably and philanthropically, each with its own set of pros and cons. As part of our expert philanthropic giving advice, we will help you explore which route is the best fit for your needs. Here are some ways to invest philanthropically:

- **Direct gifts:** small one-off or recurring donations to specific charities.
- **Community foundations:** to support local causes effectively.
- **Donor-Advised Funds (DAFs):** pooling donations, potential for growth, community focus.
- **Charitable trusts:** high control, suitable for larger gifts, set up costs involved.
- **Collaborative giving:** e.g. giving circles/events for shared impact, community engagement, learning.
- **Grant-making foundations:** good for long-term, strategic giving.
- **Giving to specific causes:** e.g., climate change and nature, the Global Returns Project¹⁰, etc.





Where do I begin?

Ultimately, it's all about just making a start. We'll help you take that crucial first step towards doing good with your money and doing your bit to address some of the world's most urgent problems.

Together, you and your family could be able to witness the impact of your giving within your lifetime, know that you're doing good in the world and inspire others to do the same. And that's a great feeling.

Our Key Principles for Giving

Giving is varied	People give time, expertise, networks, and money, varying at different stages of life. Financial planners can help guide clients in utilising all their various 'assets' for impact.
Giving is good for you	Research shows giving enhances wellbeing.
Learn and listen to stories	Exposure to other people's diverse life experiences helps to broaden our worldview and may prompt a personal response.
Giving is personal	Align giving with personal values and passions, ensuring thoughtful engagement. PN will respect clients' values, whilst being willing to provide challenge.
Give soon	Don't delay giving; urgent challenges exist today. Begin a lifetime legacy of giving rather than postponing.
Inequality is widening	Asset growth is outpacing income growth, exacerbating wealth inequality. ¹¹
This is bad for everyone	Income inequality creates societal issues affecting all, not just those in poverty. ¹²
So pay tax first	Whilst imperfect, taxes address issues that charities tackle, offering a significant 'impact return.' Paying taxes is a civic duty; some view it as a source of pride.
Assess impact	Consider the varying impacts of different causes when selecting charities.
Trust the experts	Do research but then trust charities' expertise to use funds effectively. Direct cash transfers are often the most efficient form of aid in developing countries.
Just make a start	If affordable to do so, begin giving, no matter the scale; seek advice if overwhelmed.

¹¹ McKinsey Global Institute – The future of wealth and growth hangs in the balance – May 2023 report

¹² High levels of inequality are linked to economic instability, financial crisis, debt and inflation, lower scores in maths, reading and science, and can be linked to increased levels of crime and poorer health – <https://equalitytrust.org.uk/impacts/>

Get in touch

We'd be delighted to help you take that all-important, exciting first step on your personal journey of philanthropic giving. **Get in touch** today to learn more.



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