

Giving Like a Billionaire

By Karah Lindsey

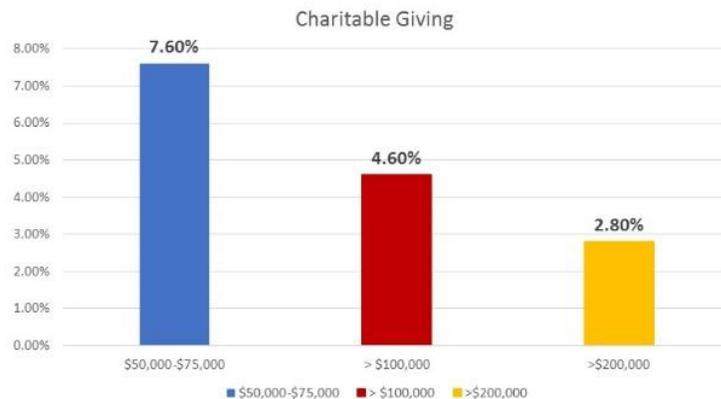


Billionaires are often featured in the news for their gigantic donations. People watch and read with fascination and sometimes envy as millions and billions of dollars are donated to their cause of choice. Then, some people praise the donation while others criticize. They wonder if billionaires could give more because sometimes, the amounts they give are a relatively low percentage of their estimated net worth. They also raise questions about how cost-efficient the cause donated to is.

According to an article by Business Insider, The United States of America's top 10 richest people only gave 0.94% of their net worth in 2018, or approximately \$7.51 billion dollars, which is 1.76% of the \$427.7 billion dollars donated by Americans. That may seem like a lot, considering that these 10 people only make up 0.00000031% of the United States' population. However, their collective estimated net worths make up 3.55% of America's GDP (gross domestic product). If everyone on that list doubled their giving, the amount donated would go up to \$15.02 billion dollars, and they would bring America's total giving to \$435.21 billion dollars. That would bring the billionaires' percentage donated to 3.45% of the total amount of American giving, which would be about the same as their percentage of the country's GDP.

As more wealthy people's philanthropy is examined, the news gets worse. According to an article by Fox Business News, the top 20 richest Americans gave approximately 0.8% of their wealth in 2018, which is about \$8.7 billion dollars, or 2.03% of total American donations. Dropping the two highest philanthropists, Bill Gates and Warren Buffett, the percentage drops to 0.33% and the dollar amount decreases to \$2.8 billion dollars. American households donate about 0.32% of their wealth. Comparing that with the 0.33% that 18 of the top 20 richest people donate, people in America already give like billionaires! We could triple the amount that we donate and still give less than 1% of our total household wealth away.

Middle Class Philanthropy



It is surprising that members of the middle class actually donate a higher percent of their annual income than billionaires. If we look more closely, we see that those on the middle class actually donate more of their discretionary income. According to an article by CNBC, people who make between \$50,000 and \$75,000 give away 7.6% of their discretionary income, versus 4.6% for people who make over \$100,000, and 2.8% for those making over \$200,000. 7.6% of \$50,000 is \$3,800 and 2.8% of \$200,000 is \$5,600. So, in truth, those who make more tend to donate less.

With the rich giving away little of their wealth to help the poor, a solution must be reached. Billionaires should give more of their wealth away, but that is easier said than done because 92% of Americans who are in the wealthiest top 10% of the population own stocks, which means that most of their wealth most likely can't be spent as easily as it would if it were liquid (cash or in a checking account). Take Jeff Bezos for example. He has an estimated net worth of \$148 billion dollars but only earns about \$1.7 million dollars a year. The other portion of his wealth comes from Amazon stock, which he holds over 57 million shares of. His shares are worth \$137.26 billion dollars. To donate billions of dollars, Bezos would have to sell some of his stock. The fact of the matter is that he owns enough stock to sell tens of billions to donate. To date, he has not sold off stock to make donations. Should he?

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