COMMITTEE REPORT:
HIGH-NET-WORTH FAMILIES & FAMILY OFFICES

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FAQs for #NextGenDonors

The shifting behaviors and attitudes of the under-40 crowd

Last year, three of the five biggest philanthropic gifts came from donors under the age of 40.1 The faces of philanthropy and family wealth are changing in the United States, as the small group of individuals who stand to inherit $40 trillion comes into their own.2

The wealth transfer numbers aren't news anymore, and neither is making a fortune and, subsequently, a generous gift. But, what do we really know about the young people with these kinds of resources? Frankly, very little. The under-40, high-capacity donors (the next-gen major donors) are relatively unstudied. What's important to them? How do they make decisions about allocating resources? What role have their families had in shaping their views and opinions? Where do they source information, and what role can advisors effectively play?

The Study
Our company, 21/64, and The Johnson Center for Philanthropy partnered to study this cohort of hard-to-reach, busy, 21-to-40-year-olds, releasing the findings in their report, Next Gen Donors: Respecting Legacy and Revolutionizing Philanthropy. (We call it #NextGenDonors).3 Borrowing from social media, the hash tag symbol (#) is a way to organize a topic of conversation. "We decided to do this study to ask these next-gen major donors to tell us, in their own words, how they want to give and engage and what they envision for the future of philanthropy," said Michael Moody, co-researcher and co-author of #NextGenDonors. Of the 310 qualified surveys, 52 percent of respondents are from families giving away in excess of $250,000 annually, and 30 percent are from families giving away more than $1 million annually. Fifty-two percent are from families with more than $5 million in endowed charitable assets, and 10 percent are from families with more than $100 million in endowed charitable assets.

We asked a group of busy 21-to-40-year-old next-gen donors a series of questions that we often asked about them by advisors. Below, you'll hear from next-gen major donors in these aggregated frequently asked questions (FAQs). These are actual quotes from the interviews we conducted and highlight the findings advisors are often most curious about.

Next-gen donors had a lot to say. Their answers may surprise you, or, possibly, affirm your experience. Either way, you'll hear their passion for change and their respect for the legacies they've inherited.

Involvement
FAQ: What role did your family play in developing your philanthropic sensibilities?

Driven by values, not valuables—89 percent of these next-gen major donors say they learned about giving from their parents, and 63 percent credit their grandparents. They want to be able stewards of the philanthropic legacies they stand to inherit, seeking to strike the right balance between honoring the past and improving the future. One interviewee articulated:
My family taught me everything I know about giving and how to give. I approach it differently and, of course, bring different things to the table as a young person with a fresh perspective. But everything that I do, my giving 'roadmap' is based on what they taught me.

While they may look and sound different from previous generations, they fund many of the same causes that their families support. However, they're motivated by their values, not by relationships or obligations; therefore, they often want to approach their philanthropy in a new way.

I really want my assets to reflect my values and to impact the world.

Plan for Change
FAQ: You say you want to change things and be more effective and efficient. What's your plan?

This generation of rising donors has its own approach to giving and isn't waiting until later in life to put it to work. While these donors perceive their parents and grandparents as driven by obligation, tradition and recognition, they see strategy and impact as the key drivers to their own giving.

I believe my parents give much more for the 'feel good' feeling that comes along with giving, whereas I am dead-set on maximizing the impact of my philanthropic dollars.

Next-gen major donors want to use any necessary strategies, assets, information and innovative tools to achieve this impact. If making a difference requires taking risks on start-up organizations, boundary-blurring hybrids or nontraditional vehicles, they're prepared to take those chances. If it requires impact investing, microloans or collaborative giving circles alongside traditional grantmaking, they're ready for and excited by the possibilities. As one respondent noted:

There are these Kiva loans, social businesses and double-bottom line, triple-bottom line investments. There are a million different ways to be philanthropic in 2012 that didn't exist in 1985.

They want visible impact, and they want to know that their personal involvement has contributed to that impact.

Giving Now
FAQ: What manner of relationship would you like to foster with the recipients of your philanthropy?

These next-gen major donors want to have significant, hands-on engagement with the causes and organizations they fund.

Ninety-five percent of next-gen major donors grew up volunteering before the age of 20. Their parents, grandparents, places of worship and schools all created ways for them to know that, as young people, they had something to offer and that they could make a difference. It's no surprise that giving their time is still an important and precious asset. But, sitting on a board or a gala committee may not be the type of involvement they're looking for. These next-gen major donors want to have significant, hands-on engagement with the causes and organizations they fund.

I want to relate to the work that is happening. I don't want to be standing on the sidelines.

They want to develop close relationships, become a partner and employ their full range of assets—their
wealth, of course, but also their time, their talents and even their connections—in encouraging others to give. Partnership is paramount to achieving success.

I'm trying to create a two-way dialogue with our grantees, as opposed to them being just a receiver of our grants every year. I want to make it sort of a two-way street and a partnership. [To hear from our grantees] what's best for the nonprofits to help them grow and where they are going.

Making Connections
FAQ: What role does social media play in your giving?
Twenty-one to 40-year-olds grew up in a culture

Engaging with these 20-year-olds and 30-year-olds on a professional level, while they're in the thick of forming their philanthropic identities, can be extremely gratifying.

that advocated for learning in groups and graduated into a management culture structured around teams. Connections and networks are hard wired into the way they move through the world, and philanthropy is no exception.

You learn so much from your peers: realizing that you're not alone, that it's okay to be involved when you're young ... The peer-to-peer learning, talking to people, is invaluable.

Peer networks are where next-gen donors gather and share information on the causes they care about and the organizations responding strategically to those causes. They're more discerning donors precisely because they have to justify an organization's impact:

Giving is so much better when there are 20 or more people around the table. On the conference call then, you have to be strategic. You don't have a choice. You have to present an objective reason as to why an organization should get your grant, as opposed to the next organization in the pile. So, the communal and conversational aspect of [a next-gen funding collaborative] has forced me to do what I don't have to do when I am by myself.

Advisors
FAQ: What is your support structure?
Engaging with these 20-year-olds and 30-year-olds on a professional level, while they're in the thick of forming their philanthropic identities, can be extremely gratifying. Advisors want to cement their relationships with the next generation of their clients. And, next-gen major donors are often looking for trusted advisors, who aren't their parents, to help them find their purpose and value in the world.

[They] paying respect to the opportunities that I had, paying respect to the philanthropy that I learned, but taking that and evolving it into something that will be more uniquely my own—meaning mine and my husband's—going forward.

Rather than waiting until the sunset of their lives to live intentionally and give back to society, these next-gen major donors are crafting their identities and actively thinking about their own legacies. But their hunger for new and effective strategies, strong relationships and connections and two-way learning requires apt partners. This eagerness presents opportunities for the professional community, as well as society at large.

Endnotes
3. Released in 2013, Next Gen Donors: Respecting Legacy and Revolutionizing Philanthropy captures the shifting behaviors and attitudes of the rising generation of philanthropists and reveals implications for both the field of philanthropy and the professionals who serve and guide these individuals and their families. See www.nextgen donors.org.