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Next Gen Donors: Respecting Legacy, Revolutionizing Philanthropy

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#NEXTGENDONORS

Respecting Legacy,

Revolutionizing Philanthropy

nextgendonors.org

Updated July 2013

A collaborative project of:



The Next Gen Donors research project is a collaboration of 21/64 (www.2164.net) and the Dorothy A. Johnson Center for Philanthropy (www.johnsoncenter.org).

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Grand Street
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Indiana Grantmakers Alliance
Jewish Communal Fund
Jumpstart
Liberty Hill Foundation
The Minneapolis Foundation
National Center for Family Philanthropy
Resource Generation

Next Gen Donors

Respecting Legacy, Revolutionizing Philanthropy

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#NEXTGENDONORS

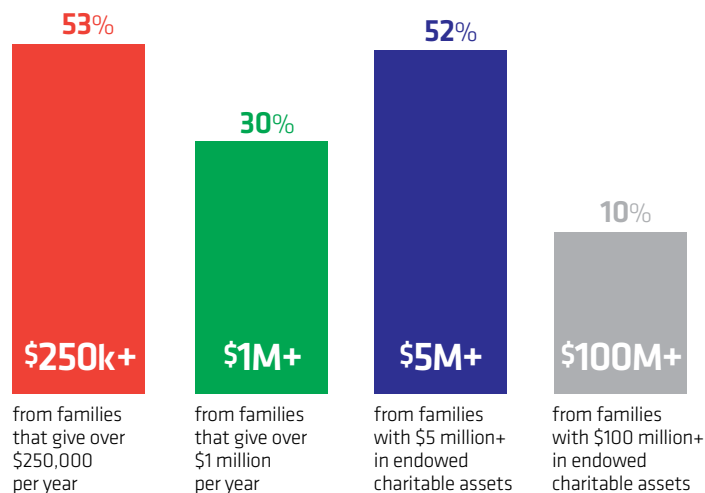
Today's younger generations have the potential to be the most significant philanthropists in history. But we don't know much about them.

A relatively small group of Gen Xers and Millennials are inheriting over \$40 trillion in wealth, much of that designated for charitable giving. Many are making their own wealth, too. They will be the major donors in America for decades to come; some already are.

These next gen donors will face immense, complex social problems in their lifetimes, requiring them to be both generous and smart in their giving. For example, after decades of decline in our underperforming education system, the United States needs new ideas and new energy to ensure good schools for all. Growing scarcity of clean water and other natural resources threatens to affect livelihoods and cost lives around the globe. A less homogeneous nation forces more people to engage with differences more often and in more corners of their lives.

The rising generations of high-capacity donors promise to have an outsized impact on these and other growing challenges in our world. And they hold the future of philanthropy in their hands.

Next Gen Donors in this Study



We find they have a lot to say, even while just beginning to develop their identities as donors.

About their parents and grandparents:

“ My family has taught me almost everything I know about giving and how to give.

About their excitement over changes in the field:

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

About their networks:

“ The peer-to-peer learning, talking to people, is invaluable.

About how they want to be involved as donors:

“ Give us a clear call to action, let's problem-solve together. Tell us what you are working on, and let's work on this together.

Therefore, we have undertaken the first major effort to understand what we can expect from them, and how they might affect everything about 21st century philanthropy.

We have experienced a long period of generational stability in the philanthropic world. The Greatest Generation and the Baby Boomers have created and guided almost all of our key institutions for years. But while we weren't looking, their children and grandchildren grew up.

We have conducted this study to begin a conversation – not just about a cohort of donors but about the issues and strategies that will guide major giving for decades to come. Please join us for this discussion: #NextGenDonors (www.NextGenDonors.org).



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Executive Summary

Who Are the Next Generations of Major Donors?

The next generations of major philanthropists, those who fit into “Gen X” (born 1964-1980) or “Gen Y/Millennial” (born 1981-2000) generational cohorts, will have tremendous influence on the direction of and support for efforts to improve local communities and solve global problems over the next several decades.¹

Corporations want to know how to hire and supervise these next generation members, parents want to know how to engage them, and everyone – nonprofit and for-profit – wants to know how to attract their dollars. However, we have not heard much from these high-capacity next gen donors themselves, outside of a couple of interviews with *Forbes* magazine or the occasional conference presentation.

Considering how much of our future is in their hands, we have set out to understand how next gen major donors think about philanthropy, what and how they want to learn about it, and how and with whom they want to be engaged in philanthropy. We need to know even more, but we hope this report offers a good starting place.

So, who are the next gen major donors of today and tomorrow? While there certainly are entitled, wealthy kids out there, we have discovered many people, mostly inheritors and some earners, who are serious and responsible, who work hard to educate and prepare themselves because they know they are poised to become the most philanthropic donors in history.

While they are not necessarily more charitably-minded than members of previous generations, the sheer volume of funds, foundations, and other giving among people from high-net-worth families is expanding to unprecedented levels. And the Gen X and Millennial members of those families stand to become the decision-makers for those unprecedented resources over the next several decades.

Even with the recent economic downturn, the trend of the last several decades toward increasing wealth concentration among the highest net-worth families in the United States has continued.

¹ We use the term “Millennials” throughout this report for ease of reference, but the name for that generation is still in flux. For descriptions of the general features of Gen X and Gen Y/Millennial members, see Howe and Strauss (1991, 2000).

Scholars calculate that the U.S. is currently undergoing a massive “wealth transfer” process, as historic amounts of accumulated assets pass from one generation to another. Scholars project that at least \$41 trillion will transfer as bequests to the post-Baby Boom generations over the first half of the 21st century. This large amount of wealth, along with assets passed to descendants through pre-bequest transfers and the amount of new wealth being created, has led some observers to predict a new “golden age of philanthropy” (Havens and Schervish, 1999) as much of this wealth becomes available for charitable purposes.

Alongside this expansion in philanthropic assets is a simultaneous expansion in philanthropic innovation and entrepreneurial passion. New social entrepreneurs attract people to philanthropy who might not otherwise dedicate as much time, talent, or treasure to doing good.

More money and more diverse ways to engage can grow and change philanthropy in ways we have not seen since the advent of modern philanthropy in the time of John D. Rockefeller and Andrew Carnegie. These major donors during the earlier golden age of philanthropic expansion and innovation focused on creating enduring institutions such as universities, libraries, and foundations, and devising “scientific philanthropy” techniques to guide their decisions.

What will the major donors of our current era of significant philanthropic change look like? What kind of philanthropists will they be or become?

This research seeks to understand who these next gen donors are and how they think. It aims to:

- Reflect back to these donors what we hear them saying about themselves in order to help them become more proactive donors, stewards, grantmakers, and agents of social change;
- Encourage and inform conversations among multiple generations involved in philanthropy today and in the future;
- Help those who seek to engage and assist these next gen donors to do so in more effective and productive ways, to inspire them and help them make change.

This report is based on first-of-its kind data, listening to members of the next generations of major donors, ages 21 to 40, in their own voices. A national online survey (310 total responses) and in-depth interviews (30 total) have revealed the following key findings:

1. Driven by Values, Not Valuables: Because these next gen donors come from families with wealth and philanthropic resources, are members of generations experiencing rapid social changes, and are currently in important developmental stages of their lives, many readers may expect them to be entitled by privilege, careless with legacy, and eager for change. However, we have discovered

quite the opposite. *Values* drive these next gen major donors, not *valuables* – values they often say they have learned from parents and grandparents. They are mindful of the privilege they have inherited or that comes with the wealth they are creating. They seek a balance between honoring family legacy and assessing the needs and tools of the day. They fund many of the same causes that their families support and even give locally, so long as that philanthropy fits with their personal values. They give using many of the same methods that their families use, but they want to explore new philanthropic and investing tools as well. They are eager to share in lifting the mantle of responsibility, along with other members of their families, and to put their resources to work for social good. Yet while they feel a commitment to philanthropy that comes from the past, they plan to meet that commitment in somewhat different ways in the future. Most of all, they are ready to be donors – and all that the term entails – now.

2. Impact First: The word “strategic” is used – probably over-used – in many different ways in the field of philanthropy these days. But these next gen major donors highlight the importance of strategy for the future of the field. They see philanthropic “strategy” as the major distinguishing factor between themselves and previous generations. They intend to change *how* decisions are made and how research and due diligence are conducted, utilizing multiple sources for information and all of the “tools in the toolbox,” as one of them describes it. They see previous generations as more motivated by a desire for recognition or social requirements, while they see themselves as focused on impact, first and foremost. They want impact they can see, and they want to know that their own involvement has contributed to that impact. They want to use any necessary strategies, assets, and tools – new or old – for greater impact.

3. Time, Talent, Treasure, and Ties: Once engaged, these next gen major donors want to go “all in.” Giving without significant, hands-on engagement feels to them like a hollow investment with little assurance of impact. They want to develop close relationships with the organizations or causes they support; they want to listen and offer their own professional or personal talents, all in order to solve problems together *with* those whom they support. They have grown up volunteering, and they still want to offer their time, but in more meaningful ways, not just holding a seat on a gala organizing committee. Like other Gen Xers and Millennials, these next gen donors are highly networked with their peers. They learn about causes and strategies from their peer networks and enjoy sharing their own knowledge and experiences with their peers. They believe that collaborating with peers makes them all better donors, and extends their impact. Put simply, they want to give their full range of their assets – their treasure, of course, but also their time, their talents, and even their ties, encouraging others to give their own time, talent, treasure, and ties.

4. Crafting Their Philanthropic Identities: As much as they discuss what and how they think about philanthropy and what they definitely want to do when they take over, these next gen major donors are still figuring out who they will be as donors. Many are in their twenties, experiencing a move from adolescence to emerging adulthood and developing a sense of self. All are from high-capacity families, where wealth does not always transfer easily to the next generation, and where many adolescents come of age feeling like children waiting to inherit independence on many levels. And lastly, events and conditions specific to these historical generations have left lasting impressions that must affect how they act as donors. How do you craft a philanthropic identity amid these three forces? Mostly, these donors say, through personal experience. They learn most from seeing and doing, or even hearing from others about their own authentic experiences of seeing and doing. Rather than waiting until the sunset of their lives to decide who they are as philanthropists and what legacies they want to leave, these next gen major donors actively craft their identities now and *actively* think about their own legacies.

The process of identity formation is important to all generations in all parts of society. But the process of philanthropic identity formation among these particular next gen major donors is especially significant, not just for the field of philanthropy, but for everyone affected by major philanthropy in our society. Again, these generations of major donors have the potential to become the most significant philanthropists in history. Providing a glimpse into their emerging philanthropic identities is the purpose of this study.

What we have found should help us all be less afraid as they take the reins. These next gen donors do not plan to let the legacies of philanthropy wither away. However, while they respect their families' legacies and continue to give to similar causes and in similar ways as their families, they are also eager to revolutionize philanthropy. They want to make philanthropy more impactful, more hands-on, more networked. While these next gen donors want to change things fundamentally, they want to do so in responsible ways, honoring the past while improving the future. They take their roles as major donors seriously. And as they grow into these roles, they are also eager to be taken seriously.

Our Approach - Listening to the Next Gen Donors

There has been little previous research on the powerful but very private group of young people who stand to become the major donors of the future. We know some qualities of the Gen X and Millennial generations in general, and even have some information about how they approach giving and social change (Achieve and Johnson, Grossnickle and Associates, 2012; Bhagat, Loeb, & Rovner, 2010; Center on Philanthropy, 2008, 2010; Davis, 2012). But previous examinations have not focused on these high-capacity next gen donors who can have such influence on the future.²

The Frey Chair for Family Philanthropy program at the Johnson Center for Philanthropy, and 21/64, a nonprofit consulting practice specializing in next gen and multigenerational strategic philanthropy, have partnered on this first-of-its-kind research to examine the next generation of major donors through careful, detailed study of philanthropic orientation, priorities, strategies, activities, and decision-making. This project studies this crucial group directly, rather than summarizing what others think about them.

Along with the active cooperation of a number of partner organizations (see the “Acknowledgements and Partners” section), this unique collaboration allows for both adequate access to this hard-to-reach group of donors and careful data gathering and rigorous analysis. After a literature review and research scan, throughout 2012 we have listened to the next generation of major donors by gathering data in two ways: a national online survey (310 total responses) and in-depth interviews (30 total).

In both cases, participants have been screened to ensure that they are 21 to 40 years old and that they fit our criteria to be considered high-capacity donors. We define “high-capacity” as people currently or potentially active in their families’ significant philanthropic processes, and/or who are wealth creators themselves and are currently or potentially active in their own philanthropy. See Appendix A for more detail.

² Some previous analyses that do focus on high-capacity next gen donors do so by examining the experiences of single organizations working with these donors (Goldberg, Pittleman, & Resource Generation, 2007; Lerner, 2011).

Note that this study includes, roughly, the latter half of the Gen X cohort (the younger ones), and the first half of the Millennial cohort (the older ones). That age range allows us to obtain information from both generations, while focusing on those people who are most likely to be settling into their roles as major donors. When comparing many survey answers for Gen Xers versus Millennials in the analysis, we find few notable differences. This gives us the confidence to combine these portions of the two generational cohorts under the single category of “next gen.”

The survey and interviews focus on answering the primary research question: What is the philanthropic identity of the next generation of major donors? To explore this question, we have asked these donors:

- How do you think about philanthropy?
- What are the similarities or differences in your views from those of previous generations?
- What are your preferred philanthropic strategies?
- How do you make decisions about giving, and with what kind of information?
- What sort of engagement do you seek in addition to giving money?
- What do you consider “good” philanthropy?
- Where and how have you learned this approach to philanthropy?
- What do you hope for the future of your philanthropy?

Throughout this report, we allow these next gen donors to speak for themselves by quoting them directly, though anonymously. Quotations come from either open-ended responses written by survey participants or verbatim transcriptions of in-depth interviews.

We do not attempt to assess the value or correctness of the perspectives these donors present in the data. However, we do highlight what seems most significant about our findings, given the preconceptions about these generations, and we also discuss the findings’ implications for the larger philanthropic community.

Also, in this project, we have not gathered data on the attitudes and behaviors of previous generations of major philanthropists. While we make occasional comparisons to what we know from previous research about older generations, most such comparisons in this report come from the next gen donors themselves – from what they have seen and what they think about their parents, grandparents, and other major donors who have come before.

A Snapshot

David and Jennifer

David is a financial advisor in his mid-20s.³ He grew up in a family that received honors for their commitment to local philanthropic campaigns. David's parents encouraged him and his brothers to give regularly, even just a few coins, and talked to the boys about the grants the family made from a donor-advised fund.

Now an adult, David has moved away from his hometown, and while he credits his parents with teaching him the value of giving, he chooses to give in ways that he sees as very different from theirs. He feels dissatisfied with the traditional organizations in his new town, groups that he says only want to talk to him about how he can be recognized as he moves from one donor category up to a higher category over time, and that only offer generic options for volunteering, for example, allowing him to “feed people at a homeless shelter” for a day, or “sit in the board meeting for no apparent reason.”

Looking for more, David has become involved with a local organization that allows him to give his time, talent, and treasure in more meaningful and fulfilling ways. He loves having the chance to offer financial and marketing advice, his skills and interests, as well as writing a check. He loves the deep engagement with one nonprofit at a time. “When I want to get involved in an organization, it is all in.... If I'm going to be involved with something, it is going to be 100 percent, until I feel like I have run my course in that organization, and I will move on to something else.” He loves that this hands-on engagement contributes to his own “personal growth” as a man, as a professional, and as a philanthropist.

Jennifer is in her mid-30s, and like David she actively takes charge of her own growth as a philanthropist. In fact, she has made it her career. Jennifer traces her family's wealth back through multiple generations preceding both her great-grandfather and great-grandmother. She says she has “a deeply responsible feeling of stewardship” toward that wealth and toward her family's legacy in the Southern town in which they have been prominent donors for many years.

But the legacy of giving that Jennifer has inherited is not what she would call “strategic” giving. Finding herself given a larger role in the family foundation at a relatively young age, she has worked hard to revamp the family's giving processes. She encourages them to conduct extensive “due

³ All names used for interviewees are pseudonyms, and some personal facts have been altered to protect their identities.

diligence” reviews and to make it a priority to fund smaller organizations, those nonprofits in need of “infusions of cash and a stamp of credibility,” where the foundation can have a real impact.

Jennifer has also started building relationships with and learning from her peers and other next gen donors around the country, going to conferences, and developing networks that she relies on for occasional collaboration and frequent inspiration. She spends her time “hanging out with a lot of social entrepreneurs” and brings her interest in innovation, such as program-related investments or boundary-blurring social enterprises, back to her work with her family’s foundation. She didn’t plan it this way, but philanthropy has become her full-time job, and she is excited to be part of the next gen group that is eagerly pushing the field in new directions.

David and Jennifer illustrate the type of major donors with whom we have spoken in our interviews and who have described their philanthropy in our national survey. They illustrate how these rising philanthropic leaders are hands-on, linked to peers, and focused on making an impact with innovative strategies. They also show how the next gen respects family legacy and values the lessons learned from parents and grandparents, even while moving on to new strategies or new hometowns.

Appendix B provides demographic and other key summary information about the sample of next gen survey respondents and in-depth interview participants. Of the survey respondents, roughly half are in their 20s and half in their 30s, and 63.8 percent are female. Most (60.6 percent) are married, although only 38.8 percent have children, and they are distributed widely across the country. They are well educated; 98.7 percent hold Bachelor’s degrees or above and 54.2 percent hold graduate degrees. Seventy percent work full time or are self-employed; the rest are students, stay-at-home parents, or work part time only. The vast majority self-identify as white (95.6 percent), although 9.3 percent also identify with another racial or ethnic category or as mixed heritage – respondents can identify with more than one category. Most are either Christian (34.7 percent) or Jewish (32 percent), while 16.9 percent are agnostic or atheist, and 20.1 percent say they never attend religious services. Quite a bit more identify as liberal (55.1 percent) than as conservative (15.6 percent), and while the same is true of their parents, the numbers are not as far apart. Demographics for the interviewees, like David and Jennifer, are roughly similar, although the percentage of interviewees indicating some racial or ethnic category other than, or in addition to, white is slightly larger.⁴

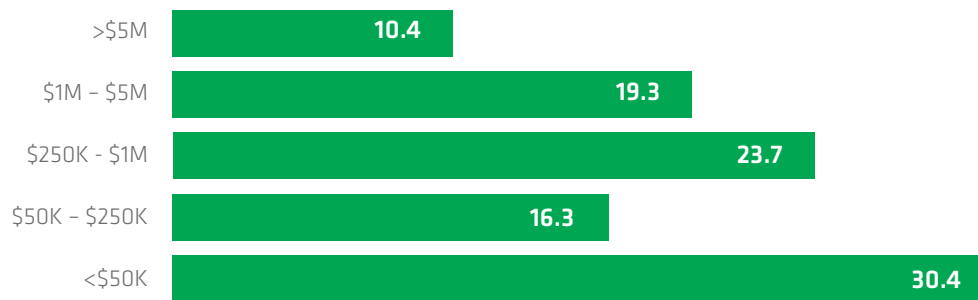
⁴ Because there are no good sources of data on the general demographics of 21- to 40-year-olds in high-net-worth, high-capacity philanthropic families, we cannot make an objective assessment of the representativeness of our survey and interview samples. We may have an oversample of women, Jews, and liberals, although younger generations tend to report more liberal political attitudes than older generations.

As noted, this study focuses on high-capacity donors in this age group, those who look to make decisions about an unprecedented amount of charitable resources in the next few decades. For most respondents, their capacities for major giving come from their families' assets rather than their own at this stage in their lives. As detailed in Appendix B, while 42.7 percent of survey respondents do report personal net worth over \$1 million, and 55.2 percent receive an annual income over \$100,000, most (72.9 percent) report under \$10,000 per year in personal charitable giving, and only 7.7 percent say they personally give \$50,000 or more per year.

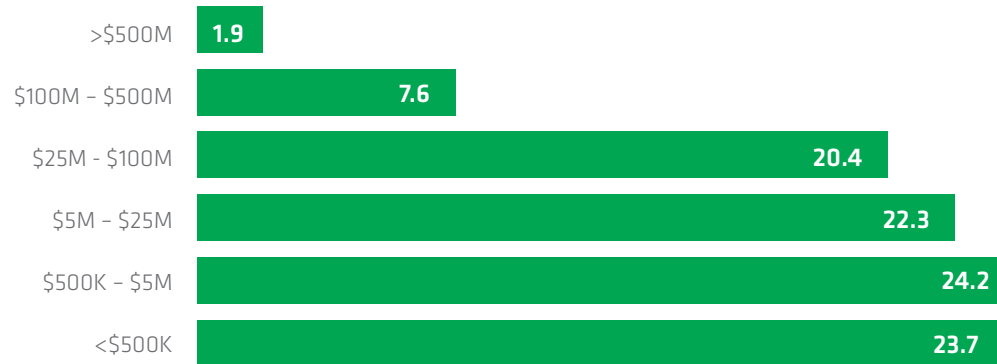
Survey respondents report that family giving is much higher, as Appendix B and Figures 1 and 2 show. Of those who know their levels of family giving, 53.4 percent say their families donate over \$250,000 per year, and 29.7 percent donate \$1 million or more. Of those who know their families' levels of endowed assets designated for charity, 52.2 percent say the family has \$5 million or more, and 9.5 percent have \$100 million or more.

On the whole, interview participants report higher personal income, net worth, and annual personal giving than survey respondents. Like the survey respondents, however, their personal capacities for giving remain lower than their families' capacities at this point.

Figure 1: Family's Total Annual Giving



percent of survey respondents, minus "Don't know"
n = 270 (33 "Don't know")

Figure 2: Family's Total Endowed Philanthropic Assets

percent of survey respondents, minus "Don't know"
n = 211 (92 "Don't know")

As detailed later in the report, over half of the participants in this study (53.5 percent) are part of a family with a private foundation, and 11.6 percent have their own personal foundations. About a quarter of respondents (27.4 percent) are part of families with donor-advised funds at community foundations, and 12.3 percent have their own funds. Many others have endowed family or personal advised funds at other institutions as well as a range of other philanthropic vehicles used by high-net-worth families. Many utilize more than one such vehicle in their personal and/or family giving, as well as giving by check or cash.

I - Inheriting Values, Looking to the Future

Their Values

“Those who have a lot must give a lot. It was ingrained in us that if you ‘have’ you must also ‘give back.’”

“Wealth is a privilege, not a right, and at the risk of sounding cliché, with great wealth, comes great responsibility.”

These next gen major donors carry deeply-held feelings of responsibility. Despite popular culture’s focus on the materialism of post-Baby Boomer generations, our data suggest that high-capacity donors are strongly driven by their values, not their valuables. In fact, many inheritors of wealth and philanthropy describe their social positions as one of “privilege.” They say that privilege carries with it a great sense of duty to give, and to give without a desire for the recognition that they feel previous generations have wanted to accompany their gifts.

As shown in Figure 3, when asked about personal reasons for engaging in philanthropy, “Supporting a mission or cause that I believe in, and that fits with my personal values” is deemed most important, with nearly all respondents identifying that reason as “very important.” “Fulfilling my duty as a person of privilege, to give back to society” is the second most highly rated. Helping the less fortunate and the disadvantaged also ranks high on the list. On the other hand, “Receiving some sort of sincere recognition or thanks” (like a mention on a donor list), “Having the chance to attend a social event,” and “Receiving some sort of tangible benefit” (like a tote bag or magazine subscription) are among the least valued.

Figure 3: Importance of Reasons for Engaging in Philanthropy

Supporting a mission or cause that fits with personal values	3.8
Fulfilling duty as a person of privilege, to give back to society	3.4
Seeing that contribution makes real difference and organization has real impact	3.4
Helping less fortunate help themselves, helping communities be self-sustaining	3.3
Addressing problems in local community or hometown	3.3
Supporting issues that have affected me or ones personally	3.2
Helping in times of crisis or emergency	2.9
Addressing the most pressing problems and helping the most disadvantaged	2.8
Giving back in return for help received in the past	2.7
Honoring and continuing my family's philanthropic legacy	2.7
Having an opportunity to give or volunteer together with family	2.6
Being asked to give by peers or respected others	2.5
Connecting philanthropic activities with professional activities	2.5
Supporting others who share my identity (e.g., race/ethnicity, gender, politics, etc.)	2.4
Giving to faith community, or in ways that reflect faith	2.4
Coordinating giving with political beliefs and activities	2.3
Having contact with the beneficiaries of the organization	2.3
Supporting alma mater	2.3
Fitting philanthropy into pre-determined giving or financial plan	2.3
Receiving some sort of sincere recognition or thanks	2.0
Establishing independence from parents and family	1.9
Having the chance to attend a social event as part of giving	1.8
Receiving some sort of tangible benefit	1.2
Other	2.2

KEY
4 = Very Important
3 = Somewhat important
2 = Minimally important
1 = Not at all important

n = 241

Responses to this survey question begin to give shape to the character of the next gen donors in our study. They are motivated by values, and they support causes in which they believe, rather than those from which they derive personal benefit or tangible reciprocity. In this focus on aligning giving with values and feeling an obligation to give back, these younger major donors are similar to older donors, as we know from other studies of high-net-worth donors (Bank of America & Center on Philanthropy, 2012; Noonan & Rosqueta, 2008; Ostrower, 1997; Schervish, 2005; Serafin, 2012). However, they are also different in other ways, as later sections of this report discuss.

Many stories in the interviews show how these supposedly materialistic, even entitled, next generations of wealthy individuals in fact feel a sense of moral responsibility to give and to live out important values. Their stories often describe how these sentiments are part of what they have learned growing up in philanthropic families.

One man, just becoming involved in his family's foundation, describes what he learned by watching his family give when he was a child.

“ Philanthropy matters. It is a part of how you engage with the world. It is a part of being a responsible member of a community. It is part of being an adult, doing it. Just doing it matters, doing it both with the funds you have and with the time you have given away.

Another young woman describes how her family cherishes and honors the origins of this sense of moral obligation.

“ The tremendous resources that we have and the ease that I have in my life has always been tied together with that sense of responsibility for the community. We actually have a letter – this is really cool – my great (maybe another great) uncle came to the United States by himself at age 15, or something like that. And he had a letter in his hands from his uncle about leaving his family and coming to the United States. And it talks a lot about, 'If you should be so lucky as to make great fortune in your new country, always remember that that comes with the responsibility and that is connected with turning it back around and being a part of a community.' It puts it in this sort of moral context. 'It is not your money but money you are a steward of, and it is your obligation of' – he even talks about God – 'and it is your spiritual and moral obligation to turn that back around.' I think that is very much a part of how I see my whole life and especially the foundation work that we do. So in terms of values, I think valuing that giving, that connection, keeping humility about the situation we are in... This isn't our money... The money doesn't belong to our family. We have the good fortune of being able to shepherd it to the programs that we are excited about, but this is the cool thing about the foundation, the money has already been given.

We hear similar expressions of responsibility, connected to family, values, and privilege, throughout the interviews.

Their Legacies

“ I think the family legacy issue is at the background, and it speaks to our values. So I think we have all agreed that the legacy is part of why we come together and why we continue to do this [family foundation giving]. That is a very unifying element and why we are all there.

“ My family has taught me everything I know about giving and how to give. I approach it very differently and, of course, bring different things to the table as a young person with a fresh perspective.... But everything that I do, my 'roadmap,' essentially, to giving is based upon what they have taught me.

In adolescence, parents and children struggle with conflict as young people attempt to individuate and discover who they are, brushing up against parental opinion. As adolescents move to emerging adulthood, they discover that with more perspective comes an ability to understand how their parents see the world, and an appreciation for their parents as people (Arnett, 2004).

In families where there is wealth and/or an existing family legacy of significant philanthropy, this process of reflecting on one's own life and beliefs can be intensified by looking toward parents, and even grandparents, especially in relation to philanthropy. In discovering who they are as adults and clarifying their own identities, the next gen donors in our study seem to look back at their legacies, the family stories and values they have inherited, and find some guidance as they think about their own giving. This leads them to feel strong connections to their families' giving traditions.

Figure 4 details how most of these next gen donors have inherited the family's wealth. For many (41 percent), their parents have created the wealth; therefore, the family legacy of major giving is fairly new to them, and some have spent parts of their childhoods without significant means.

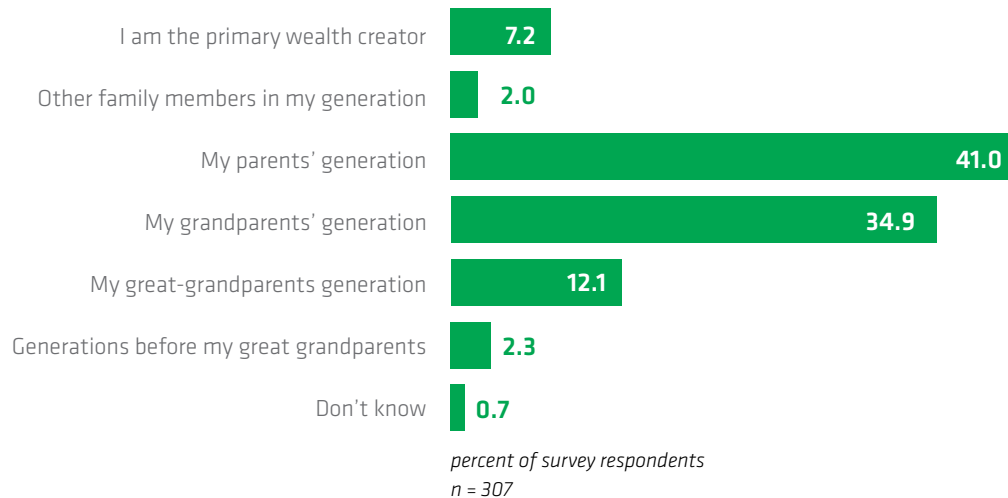
Figure 4: Generation that Created Majority of Wealth

Figure 3 in the previous section shows that all survey respondents consider “Honoring and continuing my family’s philanthropic legacy” to be relatively important when compared with other reasons for engaging in philanthropy. When directly asked about legacy in interviews, many donors explain that legacy is an important, although not *the* most important, reason for philanthropy.

These young donors say they are committed to being good stewards of their families’ legacies, even if, as we discuss in later sections, they intend to put their own stamps on those legacies when they get the chance. They say awareness of a legacy informs their involvement with their families’ giving processes, and some say they also intend to teach their own kids to carry it on.

“ My great-grandparents who came to this country over a hundred years ago... there’s something about that, it really guides us in some kind of subconscious way. And sometimes we are more aware of it, and we kind of point it out and discuss it, but it is almost an unspoken presence that I think serves as some kind of glue for what we are doing and how we function.

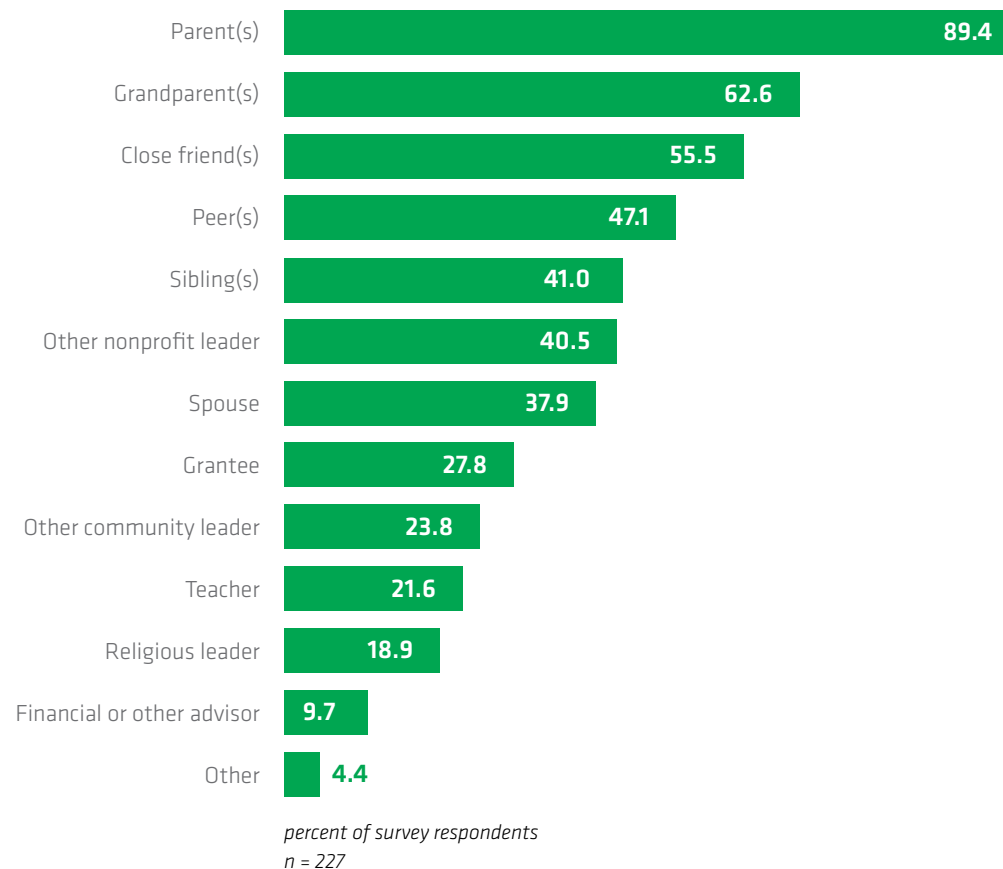
“ One of the purposes of this existence of the foundation is to engage us in philanthropy in our communities and, I think, to carry on the tradition that my grandfather really embodied of being a part of the community, being very generous with the money that he had earned, and turning it back around and putting it into the community.

“ I think we would try to teach our kids that you need to be respectful of the person that founded the foundation and make sure that the legacy is carried on to his hopes, if possible.

Clearly, then, most of these young donors are very aware of their philanthropic legacies and want to honor them, whether those legacies were created long ago or have been recently started by their parents or grandparents. Also, for most, the process of carrying on these legacies is an active process. It involves learning about philanthropy from their parents and grandparents and very early involvement in giving and volunteering, both on their own and with their families.

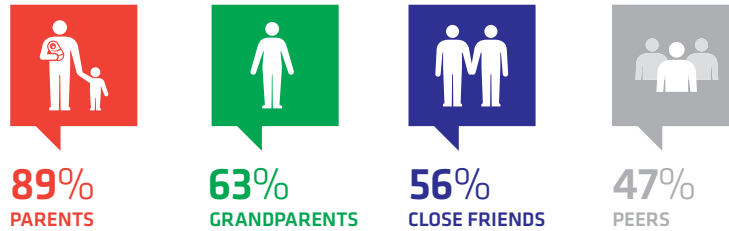
When asked about the people who might have influenced their learning about philanthropy, more next gen donors say they are influenced by parents and grandparents than by any another group. As Figure 5 shows, 89.4 percent cite their parents as an influence. Note that this question does not ask about the amount of influence of each group, but whether each group is an influence of some sort.

Figure 5: People Who Influenced Learning About Philanthropy



Still, in this information age, in which Millennials in particular spend much of their waking hours on social networking sites and texting, this prominent role for parents and grandparents in teaching philanthropy should not be taken for granted. Well-educated and well-traveled, these independent adults still say that parents and grandparents matter. Of course, “close friends” and “peers” are the next most common groups cited as influences, and the importance of peers is a major finding of this research, which we discuss later.

Who Influences Next Gen Donors



But just what and how are parents and grandparents teaching these next gen major donors? How might that teaching influence the next generation’s view of the family legacy and the approach to philanthropy going forward?

Interviewees and survey respondents talk mostly about how their parents teach them, either directly or indirectly, by modeling the value and duty of giving. They often credit family with teaching the sort of philanthropic values discussed in the previous section.

“ I would say that... without question, my obligation and duty to do this, came from my parents and the childhood that I had. They were working on boards when we were young. They were giving money away before I could talk. That was the ‘m.o.’, that is what we do.

“ One of the strongest values came from my grandfather and my mother. Because my grandfather started with nothing, grew up in the Great Depression, and was a war veteran. [He] was very successful and lucky and built up this very successful business, but always said, ‘Don’t forget where you came from.’ ‘Take care of those less fortunate than you are.’ And, ‘We need to help the neediest in the community.’

The data show that a commitment to philanthropy is instilled in these next gen donors very early on. As Figures 6 through 8 show, most of them develop their philanthropic habits initially through volunteering as pre-teens or teenagers, and more than half begin giving their own money before becoming adults. In most cases, both of these activities take place while living in their parents’ homes. They are also brought into their families’ philanthropic activities early on, with 40.9 percent saying their families have involved them in some way before the age of 21.⁵

⁵ Wuthnow (1995) has shown how these early experiences prove to be extremely important in teaching young people about philanthropy.

Figure 6: Age when Started Volunteering

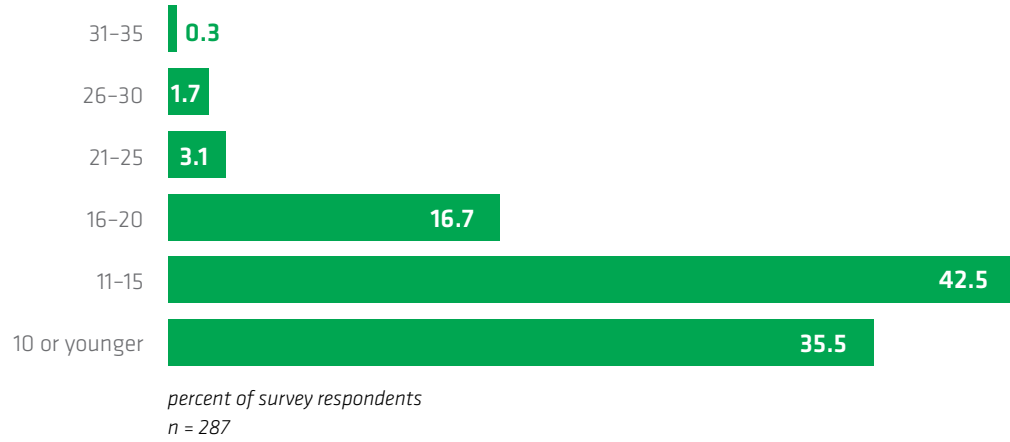


Figure 7: Age when Started Charitable Giving with Own Resources



Figure 8: Age when First Included in Family's Philanthropic Activities



For some with these early philanthropic experiences, encouraged by parents and grandparents, their involvement has created a commitment to philanthropy as a part of a privileged life. For others, it has shaped the specific approaches to philanthropy that they pursue today.

“ It was the norm and a part of life. I don't even remember actively thinking about what I was doing [that I was volunteering]. It was just what you do.

“ These experiences, at an age when my mind was still forming, have completely shaped my view of the world and my priorities.

“ I think the legacy these early experiences left were the need to volunteer my time and be 'hands-on.' I am blessed by the opportunity these days to participate in philanthropy on a much larger scale, but this feeling of wanting to be connected on the ground to some of the organizations we work with has persisted.

In general, parents and grandparents have been more influential in teaching next gen donors the *why* of philanthropy more than the *how*, transferring values more than strategy. In a way, this could be an expression of the next gen donors' needs as emerging adults to balance their legacies with their own adult identities. Many laud the lessons they have learned from their families while consciously wanting to evolve, to innovate, to bring new tools to the practice of giving, both to make it their own and to meet the emerging needs of today.

This dynamic balance of the past and the future comes through in many of the findings of this report. Next gen donors feel a commitment to philanthropy that comes from the past, but they seek to meet that commitment in somewhat different, maybe even revolutionary ways in the future.

Their Causes

“ Because of my family's extensive history with certain organizations, I know the people involved. I know the causes that they do. I have been intimately involved with them with my family and so I trust them.

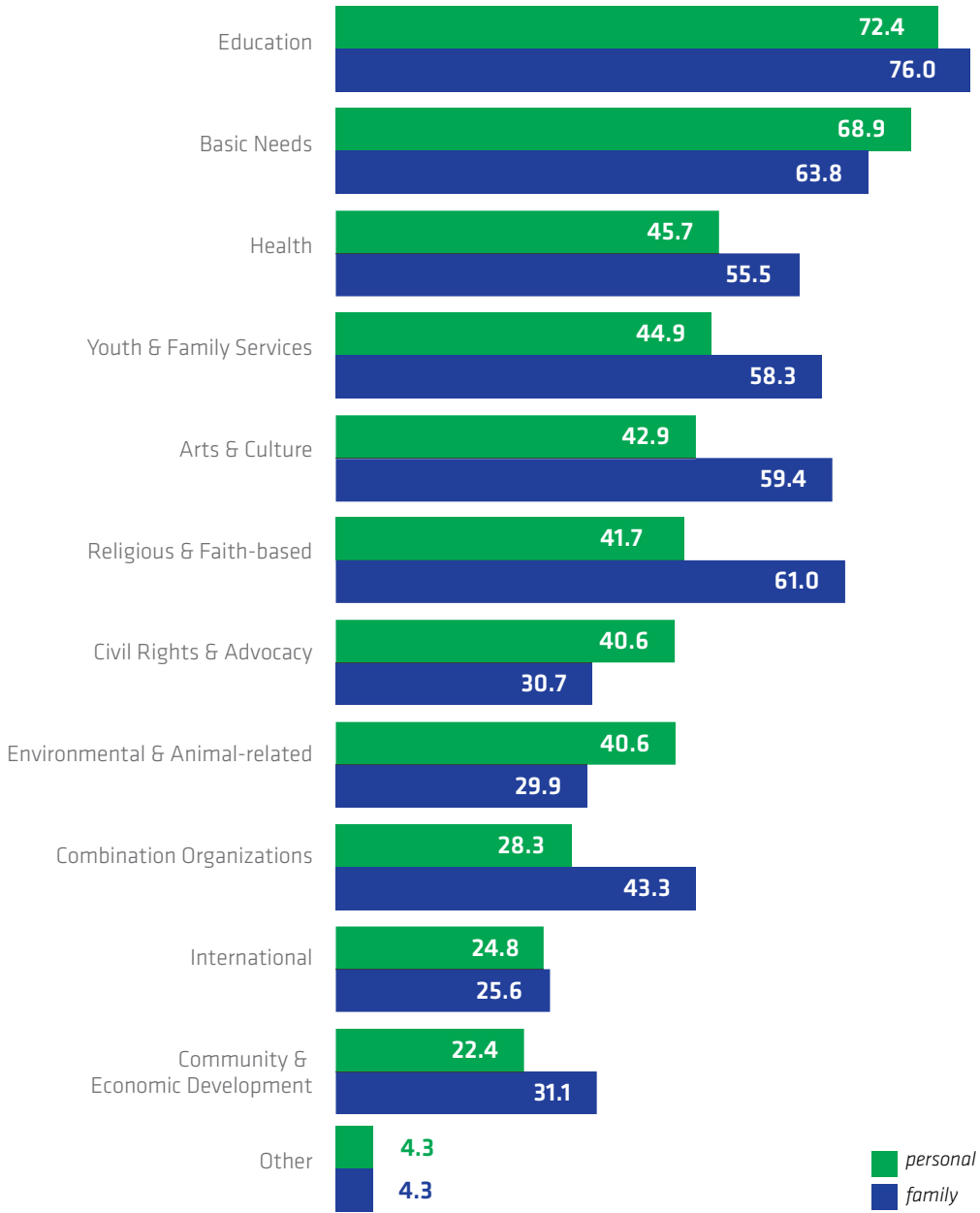
“ I actively seek out different kinds of organizations to support - smaller ones especially, and ones doing innovative things - while my family supports larger organizations and institutions.

Will the next generation of major donors give to the same causes as previous generations? Organizations working in specific cause areas certainly want to know, as they look to engage Gen X and Millennial donors.

Older members of philanthropic families also want to know if younger donors will continue to give in the same issue areas, if not to the same specific organizations, as part of continuing the family's legacy of giving.

Figure 9 shows what the next gen survey respondents say are the issues they support personally, along with those areas their families support. For the two most popular areas - education and basic needs - there is little difference between their giving and their families' giving. They are more likely than their families to give to civil rights/advocacy and environment/animal causes, and less likely to give to arts and culture, religious, youth and family, health, community development, and “combination” organizations, such as the United Way or Jewish Federations. And perhaps the most surprising similarity is in giving to international organizations, as the next generations are thought to be relatively more focused on global causes versus domestic.

Figure 9: Family and Personal Giving to Issue Areas



percent of survey respondents
n = 254

The survey also poses a comparative question directly to these young donors: Do they support similar or different causes than their families, and do they give in similar or different ways? Figure 10 shows, again, that these next gen donors feel they are more similar to than different from their families. Only 32.9 percent say they give to different causes. However, the fact that more see a difference in *how* they give rather than *what* they support is very significant. This is something we explore more below when discussing how next gen donors want to adopt new strategies of giving in the future.

Comparing Generational Priorities: Next Gen Vs Families

..... Shared



EDUCATION



BASIC NEEDS

..... Emergent



ANIMAL WELFARE



ENVIRONMENT



CIVIL RIGHTS



ADVOCACY

..... Divergent



HEALTH



RELIGION/FAITH



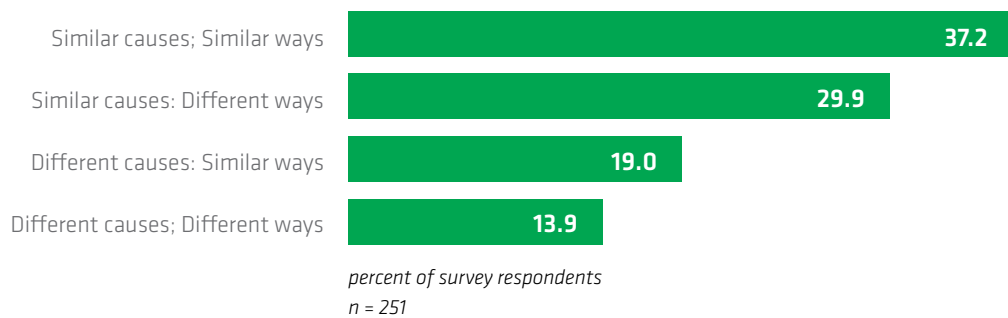
ARTS/CULTURE



YOUTH/FAMILY

Additional analysis of the survey data shows this is one area where the two generations in this study diverge a bit. A higher percentage of the Gen X cohort notes a difference between personal and family philanthropy than does the Millennial cohort, suggesting that similarities decline as next gen donors age, and as they become more confident and/or independent in their giving. Not surprisingly, analysis also shows that those who say they are not involved in their families' giving are also more likely to note differences in their causes or strategies.

Figure 10: Personal Causes and Strategy Compared to Family



We know from previous research that certain causes have particular appeal to older major donors, and this seems to fit with the findings here (Bank of America & Center on Philanthropy, 2012; Noonan & Rosqueta, 2008; Ostrower, 1997; Serafin, 2012; Tobin & Weinberg, 2007). Health causes, especially hospitals and medical research, are popular with older major donors because health is usually a more personally relevant cause as people age. Older donors are also core patrons of the arts and often have leadership roles in traditional community organizations. We also know that Gen Xers and Millennials are less engaged in formal religious practices, and they are more environmentally conscious than their parents and grandparents, having grown up exposed routinely to messages about recycling, climate change, and finite natural resources.⁶

Given the chance to explain why they describe their philanthropy as similar to or different from their families', many survey respondents who note similarities attribute them to their close integration into the family's giving. Those who note differences sometimes cite religious or political differences that lead them to give to different causes from their parents. Others offer reasons that point more to differences in the types of organizations rather than in the issue areas per se.

⁶ Because of the important connection of religiosity and giving, the difference in religious beliefs and practices of the younger generations can potentially explain a lot about their different levels and types of giving. See Center on Philanthropy (2010) and Greenberg (2005).

“ [My father] has a list of a dozen nonprofits that are well-meaning and do great things, but I might come at a problem differently. Where he’s got a list of actual nonprofits, I may have a list of problems I’m interested in and then try to research what is the best way to attack that problem.

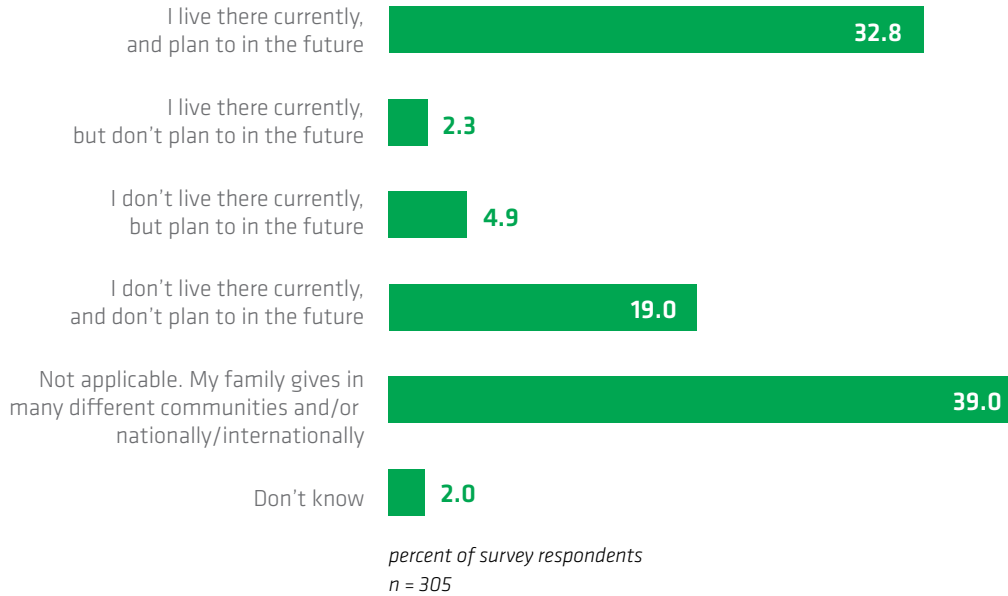
“ We [the next gen] are more excited about projects than we are about place. I think if there is a project that we could choose to fund, we would do it in several locations.

These views suggest that next gen donors focus more on issues, while they see the older generations in their families as focused on *institutions*. Like David, profiled at the beginning of this report, they are not interested in funding community institutions just because that is expected of them. They want to engage with organizations with which they can connect in personal ways. This desire for close, hands-on engagement utilizing personal interests and skills is a major finding of this study that we discuss more later.

Finally, we need to explore how these next gen donors approach local giving. Many family foundations and community foundations that host family donor-advised funds face difficult challenges in our highly mobile world. The next gen family members often no longer live in the community where the foundation’s giving is focused, and this makes carrying on the family’s legacy difficult, if that giving legacy is place-based (McKittrick & Hirt, 2011). However, despite the salience of this concern over geographic dispersion in the field, Figure 11 shows that this is not a problem for over 70 percent of survey respondents because they live in the same town as their families’ giving, or their families give beyond one local community.

Also, recall from Figure 3 earlier that many survey respondents cite “Addressing problems in my local community or hometown” as an important reason for giving. For some respondents, the local community and “hometown” may be different places, however, it appears that many next gen members *are* interested in funding local institutions and causes, although perhaps not in traditional ways. For example, we find that the next generation is less interested in giving to combination organizations like United Ways or Federations that raise money for local communities.

Figure 11: Family’s Geographic Giving Focus and Personal Residence



Those respondents who are part of a place-based family giving process, but who do *not* live in that place, mostly say they have resolved to continue the focus of the foundation on that local community.

“ The family business has been in my hometown for five generations. My generation is the first to leave and probably never move back, but I feel we should still support the town in some ways.

“ We are pretty spread out geographically, so we have decided to focus on the city where my mother and her generation grew up and where the money was actually made and created.... It has been nice for keeping us focused on something that we all love and care about and also not splintering the focus of the foundation.

Overall, the causes supported by these next gen donors are more similar to than different from their families’ causes. However, there are also important differences to explore, differences that could persist as these next gen donors acquire more decision-making power in their family enterprises.

Their Activities

“ I think it's a very exciting time to be involved in this.... People are just thinking differently about philanthropy. They are not just writing checks to established nonprofits, to the United Way or the Red Cross. They're saying, 'Well, there are these Kiva loans and there are these social businesses and there are these double-bottom-line, triple-bottom-line investments.' There are a million different ways to be philanthropic in 2012 that there weren't in 1985.

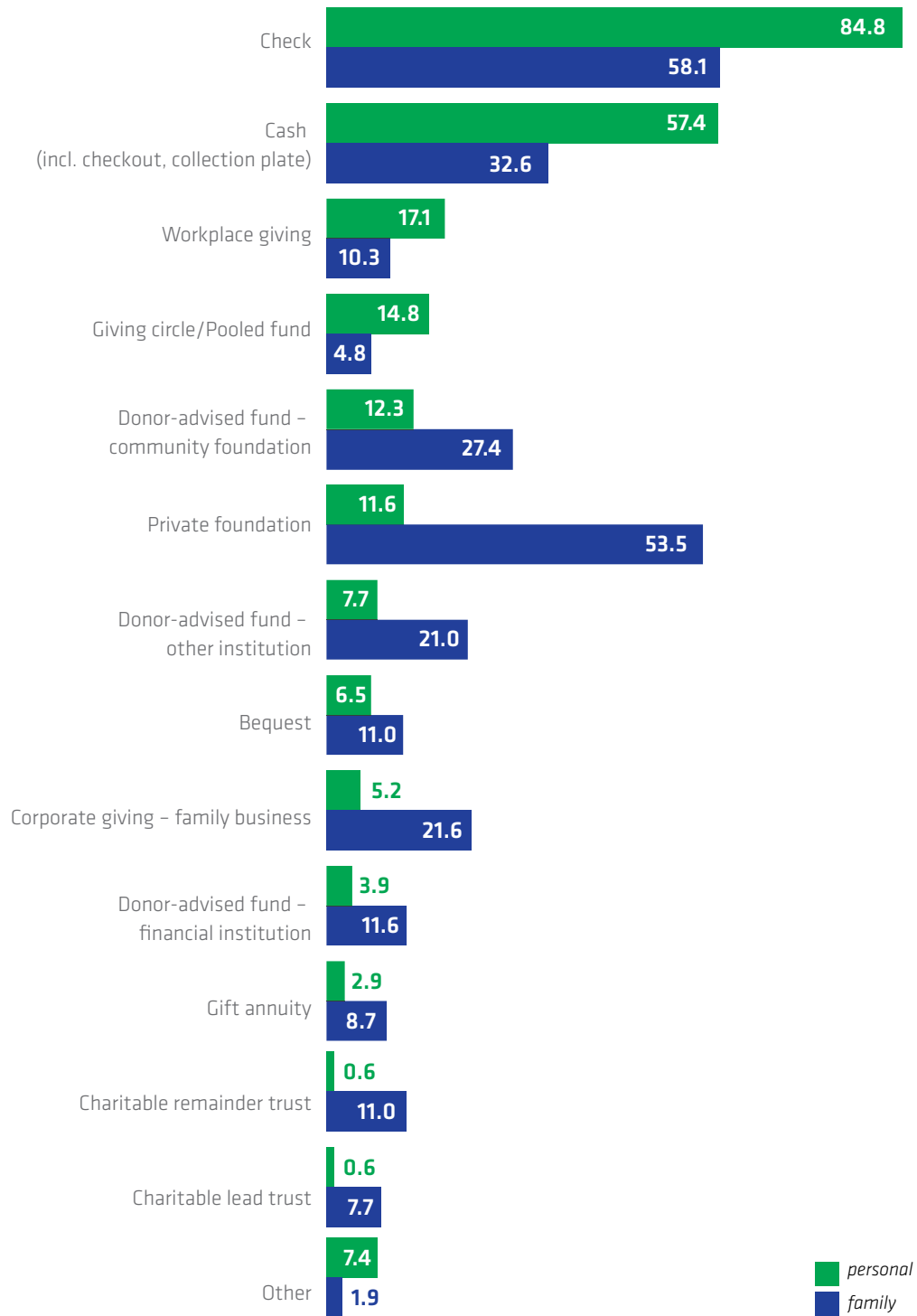
While the causes that next gen donors support remain similar to those funded by their families, their activities and interests in new ways of giving suggest the potential for a very different, more diverse array of philanthropic activities in years to come. The invention of new “vehicles” and expansion of sector-blurring methods for pursuing social change give fuel to the argument that this is a historic philanthropic age.

In this study, we attempt to understand not just *what* next gen donors support but *how* they engage. We examine what philanthropic vehicles and methods next gen donors utilize, as opposed to the ones their families use, and in what other activities they engage. To explore the potential of what lies ahead, we have also asked interviewees and survey respondents to speculate about what they plan to do in the future as they step into greater philanthropic responsibilities.

Figure 12 shows the vehicles used by these next gen donors in their personal giving so far, as well as those used in their families' giving. Next gen donors clearly use a range of vehicles, including many traditional ones. In fact, more of them say they give by check, cash, or workplace deduction personally than their families do (at least to their knowledge). This is likely due to the fact that in these high-capacity families, philanthropic giving is very institutionalized, as the number of family foundations and family donor-advised funds demonstrates.

There is some indication of interest in new vehicles among next gen donors, as indicated by their greater use of giving circles or pooled funds. Also, younger donors are more likely to have donor-advised funds, while their families are more likely to have foundations, but this is most likely due to the current size of their assets to endow.

Figure 12: Current Personal and Family Use of Giving Vehicles

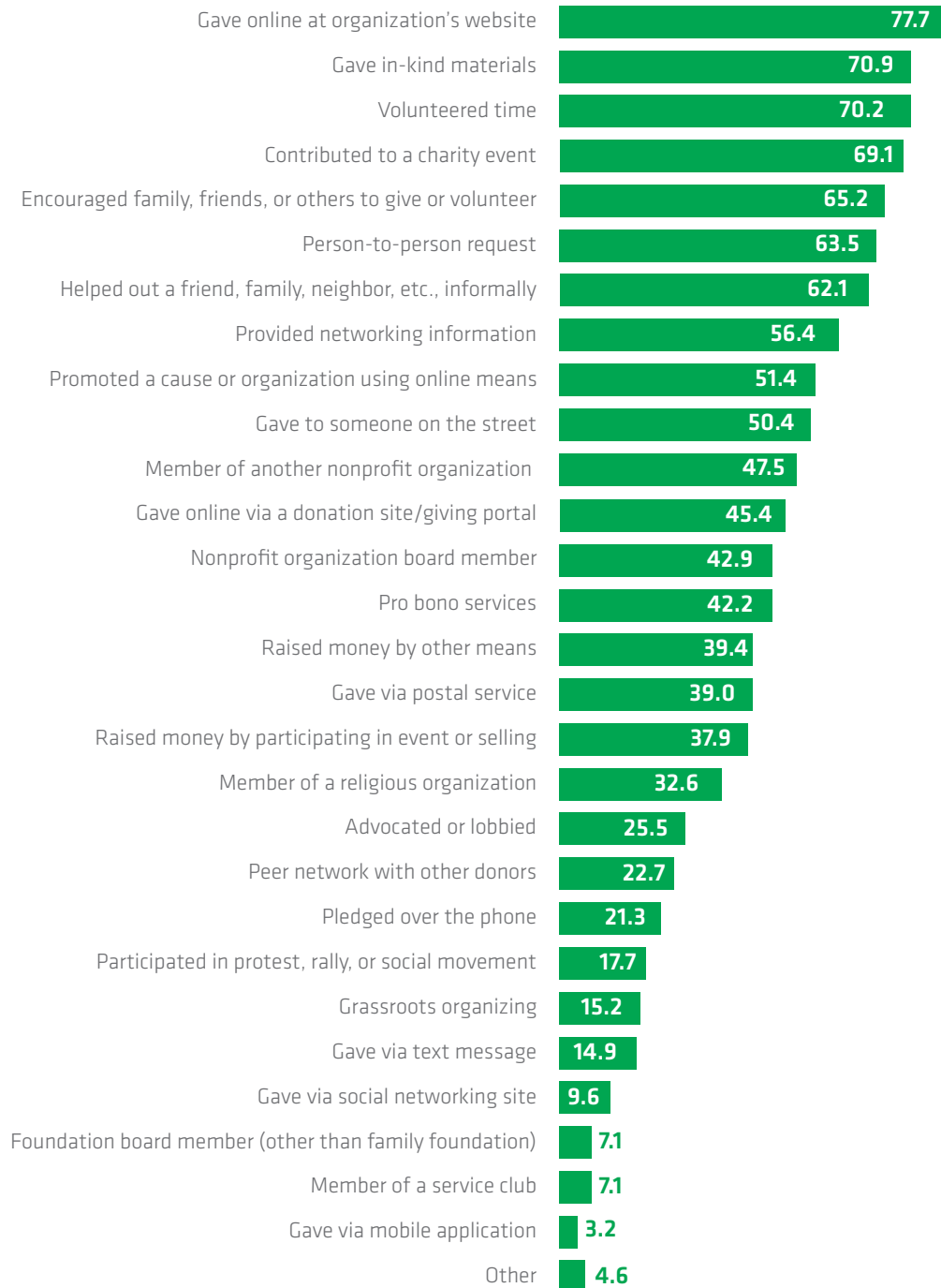


percent of survey respondents
n = 310

We see clearer evidence of these rising generations' interests in new means of giving when we ask about the more specific range of their formal and informal activities in the last year, focusing on when and where they give rather than what giving vehicle they use. Giving online directly to an organization is the most common activity among these next gen donors, practiced by 77.7 percent of respondents, and quite a few people give online through giving portals as well. Giving via text message, mobile app, or social networking sites, however, is relatively uncommon. While the next gen is associated with technology in general, and next gen high-capacity donors do give online, they do *not* give through texts or Facebook, as might be suspected. These numbers match those found in other research studies conducted on giving by Gen Xers and Millennials of all economic levels (Achieve and Johnson, Grossnickle and Associates, 2012; Bhagat, et al., 2010).

Asking about recent giving activities also shows clear evidence of considerable involvement in giving time as well as treasure. Volunteer engagements and informal helping (of friends, of people on the street, in person-to-person ways) are very common. This is to be expected from donors who have been encouraged to volunteer early on.

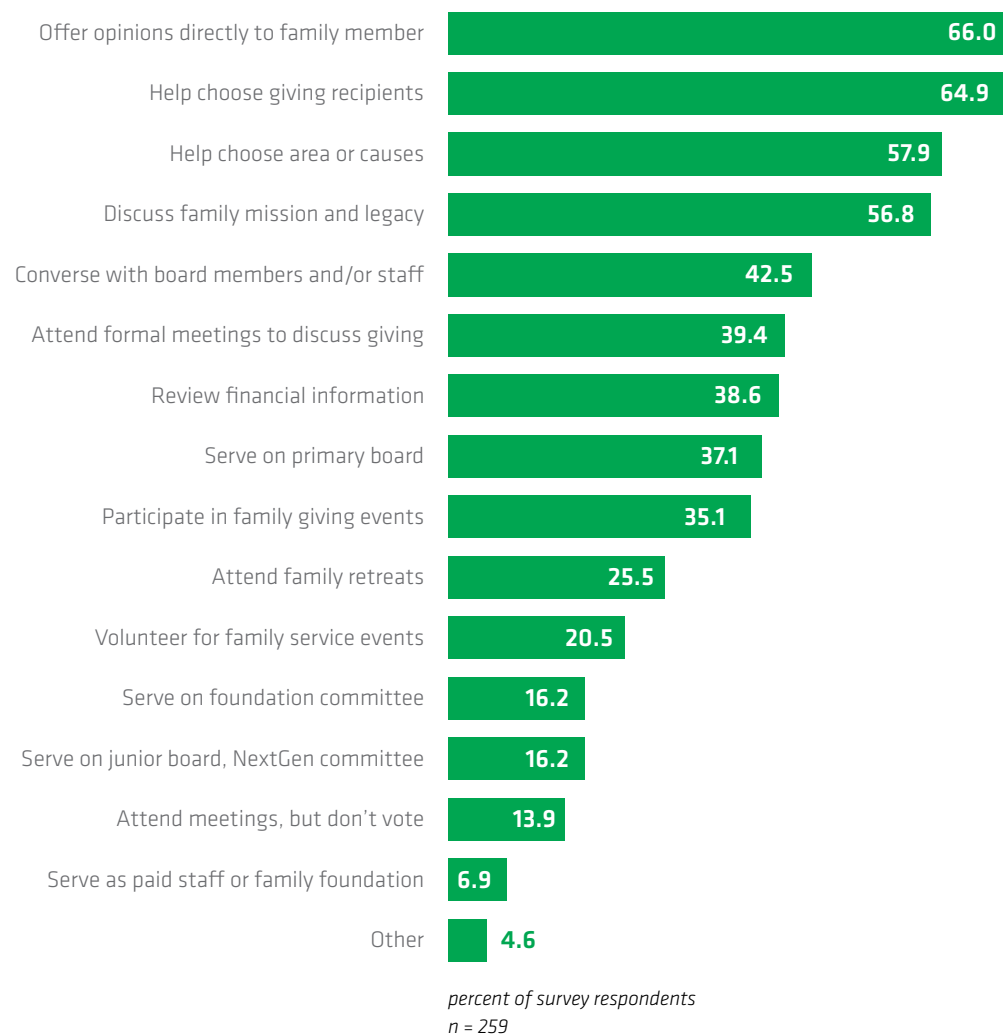
We also find that network connections play a significant role in next gen donors' activities. Many in our study spend time encouraging or helping others to do their own philanthropy. Encouraging others to give, providing information, and promoting a cause or organization online are all very common activities. In fact, promoting a cause online ranks higher than actually giving online. This interest in helping others to give, especially peers, and seeing the engagement of one's networks as a valued "philanthropic act" are key findings that we explore more later.

Figure 13: Types of Philanthropic Acts in Past 12 Months

percent of survey respondents
n = 282

Most of these high-capacity next gen donors are also involved in their families' giving as well, though a majority of respondents engage with their families in informal and advisory ways, as shown in Figure 14. However, recall that over half of respondents are part of a family with a foundation. This means that about 70 percent of those next gen donors with a family foundation sit on the board of that foundation, more if we include committees, junior boards, or "next gen" committees. Therefore, these are not just donors of the future, they are donors in positions of decision-making authority now.

Figure 14: Current Means of Involvement in Family's Philanthropy



It is through these personal and family activities that these next gen donors bring their values, experiences, and opinions to the table. In turn, it is also a training ground where they develop

opinions about the vehicles and strategies they want to pursue in their own philanthropy throughout their lives.

Interviewees concur that they are still fairly limited in their own personal giving, give more with their families, and are not necessarily doing philanthropy in the ways that they *really* want. They learn from their families' giving activities while exploring other philanthropic methods that appeal

“ There is a difference between what I think is important and what is actually reflected in my current giving. There are many ideals I strive for that I have not yet hit. For instance, I think that giving collaboratively and involving others in decision-making is critical, but I haven't done a lot of it yet.

“ My personal giving is influenced by my family's history of giving, and much of my experience of giving comes from models I have learned from my larger family. That is changing, however, as my personal giving increases yearly.

to them, which tend to be more collaborative, peer-oriented, or online. Where they are now is not where they want to be, or think they will be in the future.

Many also relate their excitement about specific new innovations, about the current “million different ways to be philanthropic” versus the fewer options of the past. Some, like the person quoted above, mention collaborative approaches. Others discuss “social businesses,” “social enterprises,” microfinance, and other new models that blur the boundaries between for-profit and nonprofit. There is also considerable interest in what has come to be called “impact investing” – investing endowments and personal assets in ways that advance social, not just financial, goals. This makes sense given that this question of how best to invest is a very real one for this particular group of Gen Xers and Millennials. Not everyone speaks about these new approaches, but those who do – those who have been exposed to them, perhaps through peer or professional networks – are often very passionate about them and want others to know of this passion.

Their Eagerness

“ There is some trepidation, but I would be excited just to be brought to the table and to be able to talk.

“ When is the right time for me to step up at my foundation, when is the right time for me to have a trustee seat... or try and prove my worth?

“ [I’m] 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 own – going forward.

Next gen major donors are eager to be more involved in philanthropy, both their own and their families’. They yearn to pursue their own preferred ways of doing good, some traditional, some new. They want to be taken seriously as thoughtful, engaged donors, like the woman above who wants to “prove [her] worth.”

While some parents and grandparents worry about involving the next generation in the family’s giving vehicles, this study shows that we should not fear giving next gen donors the proverbial “keys to the car.” In fact, respect for their predecessors leads them to be responsible stewards of family legacy and philanthropy, even if they want to reinterpret their families’ giving values in ways that better address today’s challenges.

As shown in Figures 15 and 16, these next gen donors fully expect to be more involved in their families’ philanthropy in the future. They also feel that their early training in volunteerism and giving makes them experienced in philanthropy and ready to take on that responsibility. Over half say they are “very” or “fairly” experienced, and they are eager to bring that experience to bear on their families’ giving.

Figure 15: Current and Expected Future Involvement in Family's Philanthropy

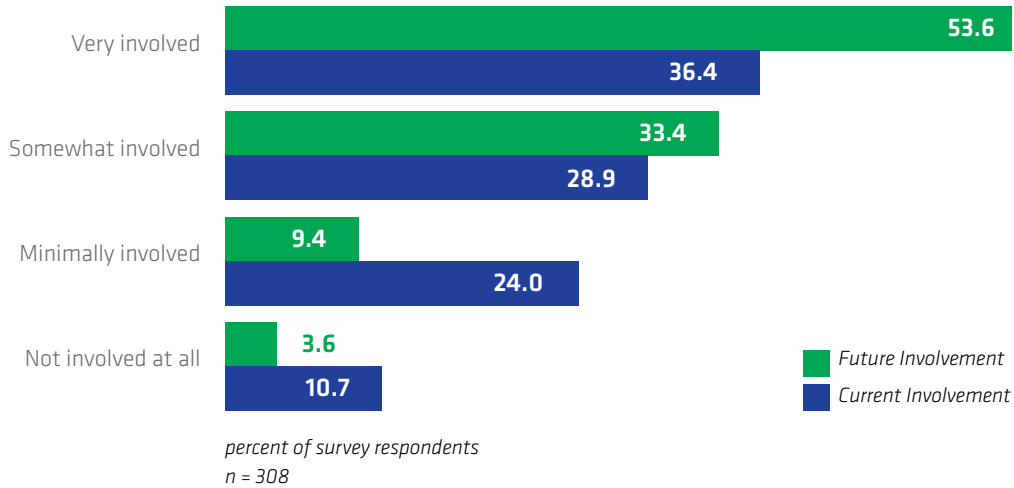
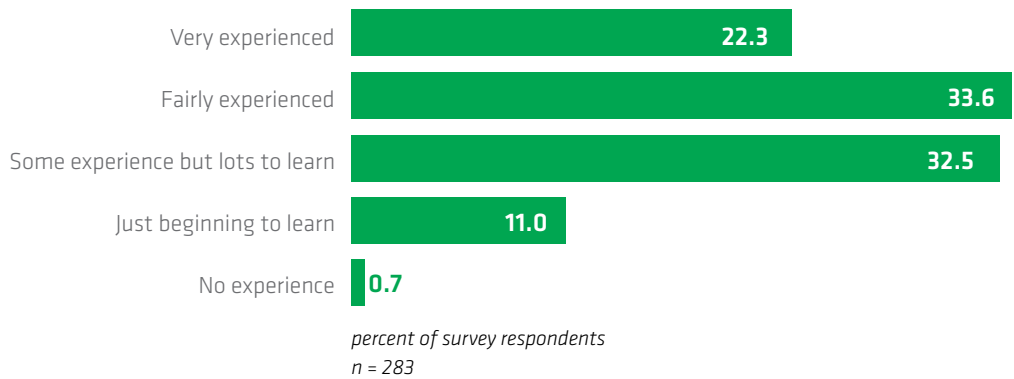


Figure 16: Level of Experience with Giving and Volunteering



This eagerness to be more involved in their families' giving processes is often expressed in interviews in terms of frustration and uncertainty.

“ A lot of the [other young donors] whom I have spoken to,... they don't have a seat at their family foundation table, and they don't know if they're going to have [one].... They all seem to be struggling with the same kind of [question], 'Where do I fit in?'

“ I'm learning about all these amazing things that we could and should be doing. If I had time, I would bring them to the family, but it is not really my role, I don't want to step on any toes.

Still, this eagerness seems to come from a positive place, from an appreciation of the benefits and potential rewards of being involved. Many in this next generation feel a strong desire to help their families improve their giving processes, to make these processes more participatory and rewarding for everyone. This suggests that involving the next gen might very well lead to change, but change that they believe would be advantageous to donors as well as beneficiaries.

“ I think everyone really gets a lot out of the process of being involved [in the foundation] and staying connected to that community, and also just working together and getting to have this project that we do as a family.

“ The feedback from that [older] generation has always been, ‘Well, that is not what we’ve always done, so why should we do it now?’ What I find in the younger generation, 30 to 50 [years old], there is a much more collaborative dialogue. There is much more openness to new ideas and doing things a little bit differently.

“ What I am trying to do right now is to create new habits within our family of talking with each other about giving, which we have not done in the past. I want us to be more comfortable talking through our personal and collective giving and figuring out together how we want to go forward.

What we have learned about these next gen donors so far, however, suggests that they do not want to change everything. As they move from adolescence to adulthood, these young donors find a delicate balance between the past and the future, between appreciating and stewarding the philanthropic legacy of their families and pursuing their own interests, between learning the value of giving back from their parents and grandparents and learning about new innovations in the field, between giving to traditional causes in traditional ways and starting to create their own traditions.

In the next sections of the report we further explore how next gen donors want to change and improve their families’ giving and also evolve their personal giving as they learn and grow.

II – Strategies for Impact

Their Strategies

“ I feel like, generation-wise, we are really blazing a trail that is very different from the generation that came before.

“ It is okay to be passionate about giving, but it is important to do your due diligence on organizations and hold people accountable.

“ I wish they would just knock down all the walls at the foundation and put drafting tables in the middle of the space and everyone just work together.

As we’ve seen, Gen X and Millennial major donors are similar to previous generations in their philanthropic values, many of their causes, and their current (if not anticipated future) activities. Where they see the most difference from their parents and grandparents, and where they talk most about a desire to change things, is in terms of the strategies they and their families use for giving. As these generations take more control of their own and their families’ philanthropic processes, they intend to change how decisions are made and to make use of more and newer “tools in the toolbox,” as one of them puts it.

When we ask these next gen donors how they differ most from their parents or grandparents, and what they would “retain” or “enhance” if and when they have the ability to change their families’ giving, they routinely point to strategy changes they want to make. They see this as the primary generational divide. They are also excited to be part of this generational shift because they see it as necessary for making philanthropy more effective.



But what specific strategies do these rising donors want to pursue? What will they change when they have the chance? Figure 17 shows what survey respondents consider the most important components of philanthropic strategy, and some of the strategic elements at the top of the list fit well with the model of “strategic philanthropy” that has emerged in the field of giving and grantmaking over the last few decades.

Top 5 Most Important Components of Philanthropic Strategy



Figure 17: Importance of Strategic Components in Personal Philanthropy

Next gen donors are most interested in conducting “due diligence,” being proactive rather than reactive in finding recipients for goal-driven giving, and searching for information about organizational impact, efficiency, and leadership to inform decision-making. They also consider it vital to fund efforts to “address root causes and attempt systemic solutions.” In this, they echo the “scientific philanthropy” of major donors of the past such as Carnegie and Rockefeller, although many respondents feel that these strategic elements are not emphasized enough in traditional philanthropy.

Here again we see the interest in helping peers or others to improve their giving by recommending causes or organizations. These networked, linked-in generations clearly find this process a smart mechanism for doing good, sharing what they have learned and experienced with others who are looking to do good.

In interviews and survey comments, many speak about this desire for informed, outcome-driven, proactive, and focused philanthropic strategy.

Three callout boxes are arranged in a cluster. The top-left box is blue and contains a quote about being strategic and thoughtful. The top-right box is green and contains a quote about generational expectations of nonprofits. The bottom box is red and contains a quote about personal strategic planning for a foundation.

“ I believe in being strategic and thoughtful, doing your due diligence, getting educated about the issues, trying to understand the theory of change of the grantees that you are looking at and trying to find new groups that may be related.

“ We see a major transformation in the way that our generation will expect nonprofits to act and the results that I think we expect them to gain.

“ Personally, if I had my own foundation and was controlling it with nobody else, I would be very strategic about what I was interested in and narrow it down,... educate myself in that area, and make some plan that I felt was going to accomplish some sort of result, regardless of scope.

There was also a fairly strong interest in supporting “new, innovative approaches,” which suggests a higher risk tolerance among these younger donors, something reinforced by many in their comments. They often say that risk involves giving to smaller organizations.

Three callout boxes are arranged in a cluster. The top-left box is blue and contains a quote about the need for risk in high-impact philanthropy. The top-right box is green and contains a quote about setting aside a portion of annual giving for 'risky' giving. The bottom box is red and contains a quote about continuing the trend of taking risks on small, grassroots organizations.

“ You need the appetite for risk to do high-impact philanthropy, I think.

“ I'd set aside 10 percent of our annual giving for 'risky giving,' experimental or small organizations where we could make a huge difference but with no guarantees.

“ I would continue the trend – pushing further – of taking risks on small, grassroots organizations

However, many survey responses suggest this focus on the new and innovative is not because these donors feel strongly about the limits of traditional approaches. Instead, they want to *add* new approaches while retaining what works.

It is curious that respondents rate collaborating with others as lower in strategic importance, but this could be due to the fact that many of these donors are not yet involved in collaborative giving processes. Alternately, many interviewees discuss how participation in collaborative giving efforts, especially peer networks of young people with wealth, has been a transformative learning and engagement experience for those involved.

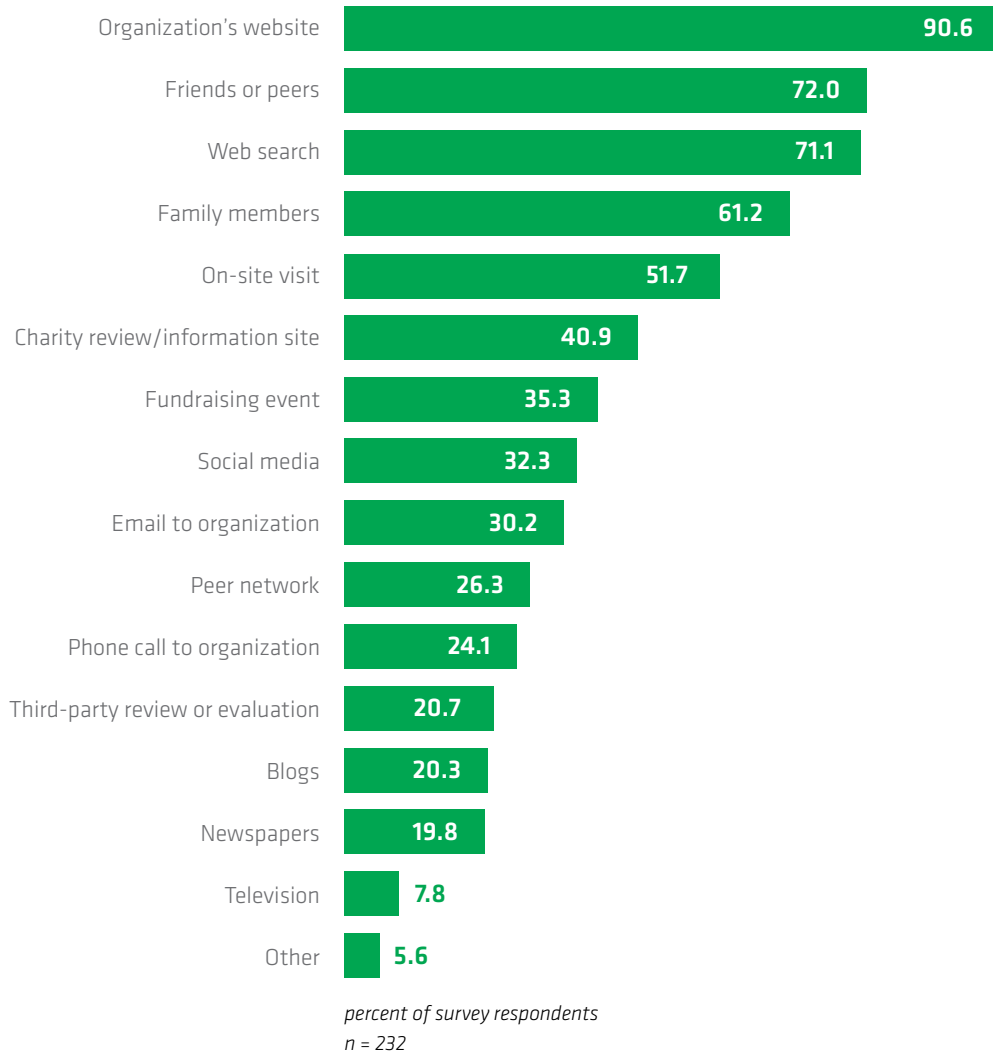
“ [Giving] is so much better when there are 20 other people around the table. And on the conference call then, you have to be strategic. You don't have a choice. You have to present an objective reason as to why an organization should get your grant as opposed to the next organization on your pile. So 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.

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

Given the importance of due diligence as a strategic component of giving for these next gen donors, we need to know what kind of information, and what sources, they find valuable.⁷ Figure 18 shows the sources where these donors “try to get information” when “searching for information about a cause or organization” they might support.

⁷ As other studies have shown, donors who say that information is important to them, and who can give their preferred sources of information, do not necessarily actually get and use that information when making giving decisions (Hope Consulting, 2010). However, there is some evidence in the qualitative data collected for our study to suggest that these next gen high-capacity donors *do* in fact search for and use information on a regular basis.

Figure 18: Sources Used when Searching for Information on a Cause or Organization

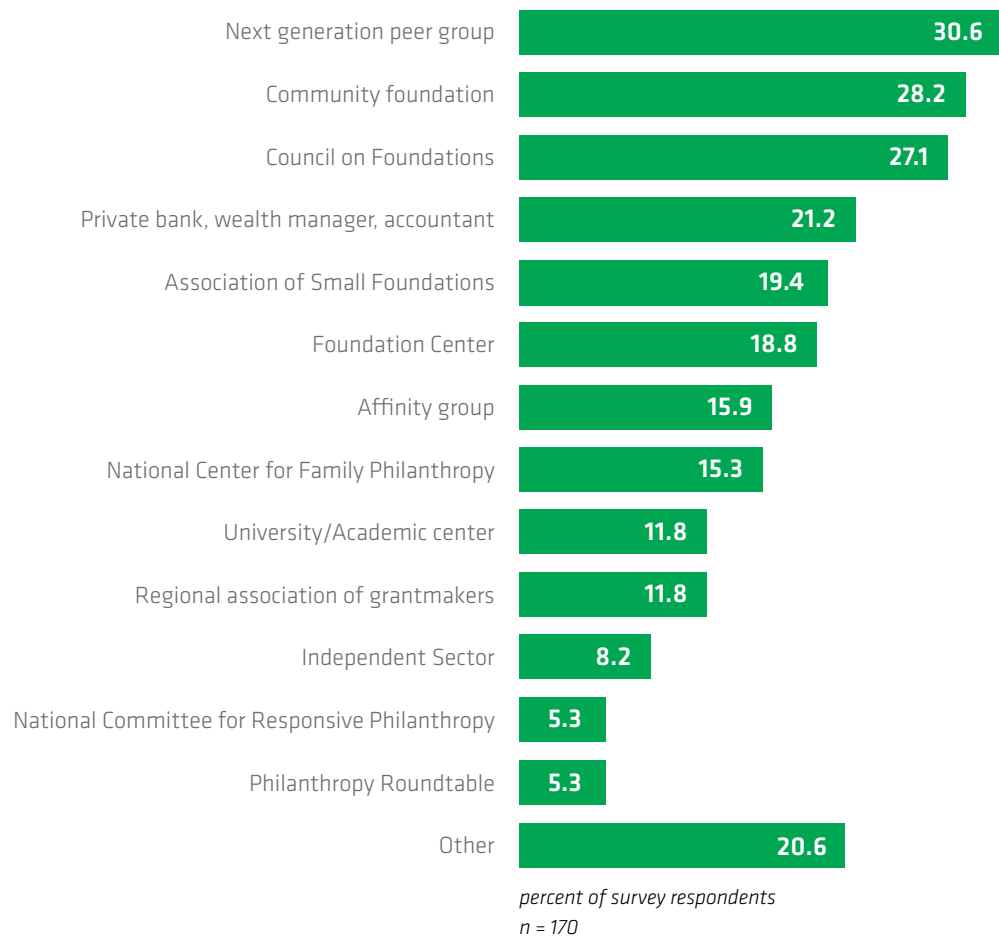


It is no surprise that nearly every donor in these web-savvy generations searches for information on the internet, either from the organization's website (90.6 percent), a web search (71.1 percent), or, to a lesser extent, from a charity review/information site such as GuideStar or Charity Navigator (40.9 percent), or social media (32.3 percent). This confirms other surveys regarding the information appetite of donors from these generations (Achieve and Johnson, Grossnickle and Associates, 2012; Bhagat, et al., 2010). The first place they turn when researching a nonprofit is to that organization's website, and they are shrewd judges of what a website communicates about the legitimacy and quality of an organization. We even find that those who are involved with staffed family foundations, which provide them with ample information about a potential recipient, still routinely go to the organization's website to see for themselves.

We also see confirmation of a difference between Gen Xers and Millennials that has been noted in previous research on their uses of information. Of the 32.3 percent of survey respondents who say they seek out information using social media, roughly two-thirds of those are Millennials, who are known to be even more social media-focused than Gen Xers. In fact, this is one of the few places where we see a notable difference between the survey responses of the two generations.

When asking these next gen donors about a set of more specific resources in the field that they might use for “donor education, useful information, or other funders with whom to discuss your philanthropy” (Figure 19), we find that none are used by a majority of the survey respondents. However, we again see the importance of next gen peer groups for sharing information and providing a place to discuss philanthropy.

Figure 19: Sources Used for Donor Education and Networking



Impact First

“ Number one, impact is important.... I am more of a mile-wide, hundred-mile-deep guy where you just get to know everybody very well, you have a very close relationship, you really believe in the organization, and your money just makes a big impact on that organization.

“ I don't know if this is strictly a philanthropy thing, but I feel like it is a generational thing, the feeling of wanting what we do to have a bigger impact and so trying to figure out that meaning for yourself.

Even as they inherit values and respect legacy, next gen donors want to change some things about philanthropy. According to them, this interest in new strategies for giving and making change emerges for one primary reason: greater impact. They want impact they can see, and they want to know their own involvement contributes to that impact.

In their desires to have “real impact” and for their donations of time and money to “make a difference,” next gen donors are very similar to many other donors, major or otherwise (Schervish, O’Herlihy, & Havens, 2006). But these young donors consider the *emphasis* they place on impact as something distinctive and valuable about their generations. In fact, they see the prioritization of impact as the primary definition of good philanthropy. As one survey respondent explains, unlike previous generations, they want to be “more impact-based rather than who’s-who-based.”

“ Generational differences lie primarily in that much of [my] parents’/grandparents’ giving was socially motivated (gain/maintain social status, participate in certain social circles, be recognized for contributions). I’m interested in many of the same causes but much less concerned about the recognition and more about participation and impact.

“ [I want] proof of impact. 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.

This desire for impact also causes next gen donors to move away from traditional approaches to philanthropy and toward being more focused, more willing to take risks, and more willing to be collaborative and try other new strategies for giving.

“ I just think getting away from that kind of traditional, big institutions, big universities and getting more toward a portfolio of grants that really move the dial on an issue.

“ We have also worked with other foundations to kind of support bigger projects than we could really have an impact on.

“ The impactful nature of it, that is really important, to make sure that... [the money] actually is going to provide an added benefit to a user, a community, a school, or something, and to be able to see that happen. Whereas, sure you could give gobs and gobs to the national organizations, and it is hard to quantify how that is going to have an impact.

This last quotation also illuminates another facet of this “impact-first” orientation of next gen donors. They want to *see* the impact their contributions make. For some, like David, introduced at the beginning of this report, this means developing a close, hands-on working relationship with one organization. For others, it means creating a “hundred-mile-deep” relationship with a smaller organization, rather than just putting a drop in a big bucket.

“ This is a generation that likes to see things, likes to see and feel, likes to use all of their senses to really know what’s going on.

“ I see the older generations as institution building.... They support institutions that either they see as very important... [or that] changed their lives and so have the potential to change [other] lives.... I think that the next generation is a bit more kind of hands-on.... I want to know what is going on on the ground.... I think everyone has this feeling, for the most part; they want to see where their money is going. And so for my grandfather, that is like seeing the bricks and mortar on the building with his name on it, because that is tangible, and he knows it happened. I think the younger generation's seeing is being on the board or being involved or seeing the person that I helped.... How they feel that they are having an impact is different.

“ It was a fundamental experience for me both to see need and to see the nonprofit community step in and make... an extremely concrete, real difference in people's lives. That this stuff works, that this stuff matters, and that this stuff is effective.

“ I also look at how big the organization is and how much of an impact I can make.... If I work with a small organization, I can make a significant impact, and I can help them drive the change that they need.

This desire for having an impact, and seeing that impact, cannot be underestimated as a key characteristic of these next gen donors. Many even talk about how this provides the most meaning and satisfaction for them personally as philanthropists. They want to see how they personally have made an impact.

“ When I'm getting involved in an organization, there is a clear understanding of what I am getting in return. I know who I'm helping, how I'm helping them, and what that is. I guess [this is] a sense of meaning and purpose.... The work I'm involved with and the work I'm engaged with feels meaningful to me.

III - Time, Talent, Treasure, and Ties

Hands-On Engagement

“ I would like our philanthropy not only to be something that we give financially, but that permeates our everyday life, that we give of our time, of our intellect.

“ Give us a clear call to action, let’s problem-solve together. Tell us what you are working on, and let’s work on this together. Tell me what you need me to do.

“ It is important to be in long-term, sustainable relationships with the people and organizations you give to. The communities that are experiencing injustice or systemic issues are the ones who best know how to solve those issues. And as people with resources, our call is to deeply listen to those people, not try to dictate their actions.

If you ask one of these next gen donors to describe “bad philanthropy,” the answer would likely include “lack of impact” (as we’ve seen) or “mere checkbook philanthropy.” In fact, for them, giving money without engagement is often a sure path to giving money without impact. The best philanthropy is hands-on, engaged philanthropy, when donors develop close relationships with and listen to the recipients of their philanthropy, when donors contribute their unique and valued talents to solve problems *with* those recipients.

We have seen this focus on a hands-on approach in some of the survey and interview findings reported so far. These next gen major donors highly value volunteering and have been involved with it since a young age. They also value helping in informal ways and engaging in “person-to-person” giving. They want close relationships with organizations that allow them to “see” their impact.

Interviews and survey comments provide a richer picture of the kind of hands-on engagement these donors value and why this matters to them. The number and detail of such comments highlight the great importance of meaningful engagement.

Most simply, these next gen donors emphasize that giving money alone is insufficient and perhaps ineffective.

“ I think it seems to be that in older generations,... [they have] a very hands-off approach to funding, like, 'We write checks, or we give money, but we are separate from the work that is happening.' I want to be very much in relationship to the work that is happening. I don't want to be standing on the sidelines. I want to be part of that work for social change.

“ I'm saying what do I care about, what do I believe in, what do I want to put my time and energy and resources and everything into? And that becomes the primary focus, and then bringing the money is a piece of it.

“ We feel like we can do it in a way that is not just about giving philanthropy, but it is a way of getting out our tool belt and just going out there and doing it.

“ It is being an ally, helping them fundraise, providing whatever kind of support I can to them beyond just writing a check.

Many donors talk about how being directly involved and engaged with the organizations they support helps them make better, more responsible decisions. This is particularly the case for next gen donors who think about how to improve their family foundations' giving.

“ I've learned to be very actively involved in those organizations I give to. I want to see financials, know the staff, and know the board. There is no substitute for direct involvement. Without it, without your time and energy, you cannot give responsibly.

“ I think that the family foundation could work to cultivate more personal engagement, not in terms of money but in terms of personal experiences. Going to meet/see areas/communities that are in need, and volunteering time together to be closer to the work that it is supporting monetarily.

“ I would push greater hands-on involvement among family members with all of the organizations that we give to, whether through grant research or board membership. I think that since we often give large sums to organizations, we should be there, more actively representing and involving ourselves.

But not all “engagement” and “involvement” is equal. And these next gen donors have strong opinions about wanting only meaningful engagements, in which they help with important tasks and are taken seriously as partners in solving problems or advancing the core mission.

“ I was going to all these cocktail parties with my family and just lamenting.... You go to a cocktail dinner two or three times a year, have some drinks, but I kept saying, 'I want to get more involved with something that actually does something.' ”

“ Young people are often relegated to... a committee that plans a party for young people. Awesome. That is fun to do for a year or two, but... many of my friends [say,] 'I spent three years at McKinsey. I have worked for three years at Goldman Sachs. Did you know that I am much smarter than throwing you a damn party? I have more to offer than that.' And [it is] feeling that our time is valued. Because our time is actually, I think, for Millennials in particular, time is a much bigger resource, or more core resource than money. ”

“ I don't make my contribution by choosing the colors for a party or by figuring out what the gift bag is gonna be. That is not exciting to me. I haven't gone to stuff envelopes in this stage of my life because they make it into a big ladies' luncheon tea thing.... and I'm like, I don't need this tea party. I don't have time to be here right now and do this. [I'd rather be] more involved, maybe as a very modest, humble thought-partner. ”

Notably, the hands-on, meaningful involvement these donors want as philanthropists is often the most time-intensive kind of involvement. This is a challenge that many next gen donors describe, though they are unwilling to say the solution would be to not be so hands-on. The key, they say, is to find ways to use their valuable time well, to engage with their time and their talents. They want to be taken seriously as leaders now, not just in the future. They want to use their unique skills and take on clear and responsible roles as partners, working together with others to get significant accomplishments done.

“ I’m very much valued in terms of who I am, what my experiences are, what I bring to the table, and on my own merits, rather than on the merits of what my last name is or what my family’s name is. Although that does help, and I can tweak that to my advantage at some points, but for the most part, it is more about me, that I was able to do this here.

“ What is satisfying to me about that relationship is not just that we give a lot of money to them but that I also, on a regular basis, have what I think of as pro bono consultations with their ED where I advise her on major donor fundraising. That is something that is totally outside of her skill-set and her comfort level, and so she will call me.

“ I really don’t want to go out and volunteer a day to go feed people at a homeless shelter. It is just not where my skills are best used, it is not what I do best. That is not where I feel like I am making an impact.... What I’m very good at is selling, marketing, and also at communication. Those are areas that organizations need a lot of help with.

On the other hand, these donors also want to recognize the expertise of the recipients of their engaged giving and skill-based volunteering. Part of developing the meaningful relationships they want with recipients, in which they work together to solve problems or become “thought-partners,” is listening to those with whom they partner. Again, doing this helps them become better philanthropists.

“ 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 them] what is best for the nonprofits to help them grow and where they are going. Simply writing a check every year for a regional theater company may be good thing but it [may] not. They may need challenge grants and programs for students in trying to get the community involved at a much deeper level so that they can survive longer.

“ It’s about... listening to what people really need who are in communities that are more removed from power and disenfranchised and all of that. Not just saying that we think we know what they need.

“ I think what I have always loved most about being a donor is when I am able to engage, whether it is site visits or helping with fundraising, really engaging with the grantees because that is what gets me excited.... And that is what I always tell other young people who are getting involved in philanthropy or asking me about getting involved in philanthropy. I am like, ‘You have to go see the groups you are working with.’ Because you can read the most compelling, amazing proposal in the world, and you can go to their website and you can look at pictures, but if you don’t actually meet the people and talk to them and hear their stories, there is this disconnect.

Linked-In with Peers

“ I am continually trying to find my peers and set up ways to be in conversation with them on a regular basis so that I continue to forge the path I want to.

“ Relationships and networks of people are very important. So it is not just time, talent, and treasure, but there is also this relationship piece.

The networked nature of younger generations, especially Millennials, has been noted in other research. This is the Facebook generation, the generation that thinks of “friends” as the extended network they connect with daily around the country, not just the people they hang out with in person (Barton, Fromm, & Egen, 2012; Howe & Strauss, 1991; Pew Research Center, 2010).

The question is whether high-capacity members of these generations share this peer orientation – our findings indicate they do – and whether this orientation affects how they go about their philanthropy. These donors want to be more collaborative in their giving strategies, as we’ve discussed, and those who are active in the growing number of peer networks find them to be rewarding and instructive giving experiences that affect their growth as philanthropists (Goldberg, Pittleman, & Resource Generation, 2007; Lerner, 2011).

“ Being a networker, and being networked, is now seen as something being really respected. Whereas, in the previous generation, it was something that was respected but people were a little dubious of it. If you were pushing too much and networking too much, we looked at you with disdain, but now it is something that is heralded. There is a cultural shift in how we view people who are networkers or who are connected.

“ My excitement, my involvement, my joy in this [peer giving collaborative] – why I put in so much time – was the process by which we did it. I loved the group of people that I was doing this with, meaning my peers. So to be able to think about things, do things with a group of my own sort of philanthropic peers really meant a lot.... It is important for me in terms of my leadership to be able to feel both like my voice is valued and I’m giving something, and that around that table I am also continuing to learn new skills.

Gen X and Millennial major donors value giving time and especially talent in addition to their treasure. But these generations add something new to this classic set of contributions, and it sets them apart from previous generations as much as any other finding in this report. Along with time, talent, and treasure, they also give their *ties* – their peer networks, their connections to others. Among these major donors, this connection to peers who can also give is particularly powerful.⁸ If they work and give together, as they like to do, they can be a significant force.

We have seen quite a few indications of this peer-orientation throughout this report, for example, in answers to survey questions about how these next gen donors want to give, where they get their information, and how they like to share information about causes or organizations in which they believe and encourage others to give as well. We bring these findings together here to highlight this key feature of their generational identities.

By discussing philanthropy and giving with peers, next gen donors can achieve some of what we see they want from their hands-on engagement approaches. Working with peers means they are taken seriously, they can learn skills, and they can work together on real problems and solutions.

Survey responses also show how friends and peers are important sources of information and learning. There is a high value placed on sharing information across networks, and these next gen donors seem to trust information from their peers more than many other sources of information, especially if those peers are themselves young donors looking to make change. Contact with and support from peer donors becomes a sort of touchstone as well as a reliable source of information and learning.

“ You learn so much from your peers, realizing that you're not alone, that it is okay to be involved when you're young.

“ I need those connections with people who can both understand what I'm trying to do and keep me accountable to the values I'm trying to base it in.

One interviewee distinguishes how she connects with peer donors from how her mother does. When her mother meets other donors at a philanthropy conference, she does not look to keep them in her close peer network, “These people don't live in her community, she doesn't have any other

⁸ Older generations of donors certainly consult and collaborate with philanthropic peers as well, but these next gen donors seem to seek out and trust a broader and more active network of peers than previous generations. Previous research on high net worth donors has provided mixed findings about the relative importance of peers versus other sources of information and advice such as financial advisors (Bank of America & Center on Philanthropy, 2012; Noonan & Rosqueta, 2008; Ostrower, 1997; Serafin, 2012).

connection with them, why would she keep in touch with them?” By contrast, this next gen donor sees new peer contacts from conferences or elsewhere as essential additions to her valued, trusted, expanding network.

This support and connection among peers is not a one-way process. These next gen donors often share their own experiences with their networks, encourage others to give and volunteer more, and recommend causes or organizations. In this way, they see their ties as another asset they can offer, and in fact, this asset might end up being more valuable than the time, talent, or treasure each can give individually. When these donors find organizations they believe in, they consider it good philanthropic practice to share that information and encourage others to join in. They ideally want to do something together with their peers and collaborate in giving time, talent, or treasure.

The hands-on orientation of these next gen major donors makes them “DIY” (Do-It-Yourself) donors, but add their peer orientation, and we might more properly call them “DIO” (Do-It-Ourselves) donors.

“ I’m also very passionate about getting other people involved, and I feel I have gotten so much out of it that I want to give it back to people.

“ With peers, it is a very different dynamic always. We are all in a very similar boat. We are using money that we raised communally, and we all have a similar motivation for being there.

“ Listening to the people in [a next gen peer network] talk about their philanthropy has been really interesting because... some have been sitting on their family foundation [boards] and are also on other boards. They are the only kind of younger people I know in this world. So that has been really influential, just to see how much responsibility they have taken at a very young age.

IV - Crafting Their Philanthropic Identities

Experiential Learning

“ I traveled [to Central Africa] with a small team... to kind of see the situation in person and to... come face to face with what we have been discussing in what I thought was a more abstract way, sitting around the board table in a Manhattan office. That appealed to me. It was an incredible experience. Coming face to face with what I hoped we would support more in the future.

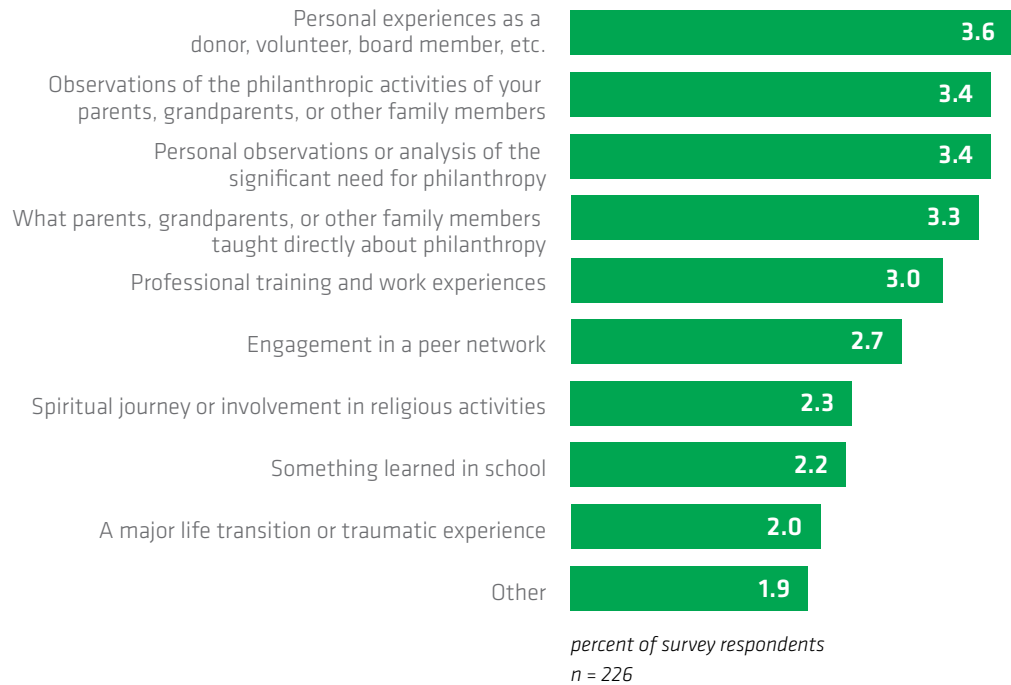
“ I’ve had all these experiences that have really helped me form a set of values and approaches.... Now I just have to have the wherewithal to figure out how to implement them.

Given the magnitude of the philanthropic inheritances these next gen donors are in line to receive, we need to examine *how* they learn about philanthropy, and who or what influences the development of their approaches to giving. We have already examined how parents and grandparents are important sources of learning, and the previous section shows how they also learn from peers, especially others in similar high-capacity positions. We also know that they turn to the web for information on causes and organizations, and to help them make better choices in their giving.

Like other donors, the learning and development of next gen major donors seems to be affected by multiple influences. However, when we ask about the relative importance of these many influences, we begin to see how these donors consider *experiential* types of learning the most powerful and consequential tools for evolving their understandings of philanthropy.

Figure 20 captures the importance of multiple influences, yet “personal experience” sits at the top of the list; 72.3 percent of respondents consider this “very important,” and most others view it as “somewhat important.” “Personal observations or analysis” of the need for philanthropy – a related sort of influence – is also powerful for these donors. In fact, the only respondents who do not think personal experience is that important are ones who report elsewhere in the survey that they have little such experience.

Figure 20: Importance of Influences on Learning and Developing Personal Philanthropy



These findings show how these next gen donors are, first and foremost, experiential learners. Interview explanations support this and show how young donors are very eager for experiences from which to learn. We hear many stories like the one above, and others below, about transformational site visits that can teach more than grant proposals reviewed at the board table. The Gen X man quoted above continues his story about what he learned from his trip to Africa.

“ Meeting the people directly that have benefited from [our grants] was a really profound experience and something that had me thinking about how you learn and educate yourself and connect with the philanthropy that you are doing, day-to-day, month-to-month.... One of the differences I see between generations is that the younger generation... has an interest in what I think the older generation has less of, in hands-on experience in confronting issues in people and things that need help in these situations face-to-face. It is a very different kind of form of education and exposure on learning and collecting information than presenters and speakers and conferences and things like that. I have the sense that there is a desire and a need for more direct contact with these things in the younger generation.

Others echo this suggestion that learning from seeing is better than learning from reading. They learn from but are also inspired and motivated by these experiences. They want more exposure to this kind of learning and feel it is a key component of developing the respectful, two-way working relationships with grant recipients that we have seen are so important to these next gen donors.

“ I learned so much [during site visits] about the process of how philanthropy works and how grantmaking works really. And I got to know my community so much better than I had before that. I had known a lot of these organizations by name or by involvement on the fringes, but I really started to understand a lot of the big issues that were going on.

“ I am really proud of the way we have chosen to go about working with our grantees,... developing personal relationships through the site visits.... I remember we were in New Orleans, and that, for me, was one of the most moving site visits we have ever, ever done. Driving around the lower Ninth Ward and getting out of the car and talking to these people, who with their own hands were rebuilding their houses. And there was nothing there, but they were just determined to come back.

This learning from experience is not just a matter of inspirational site visits or seeing successful grants. Many of these young donors acknowledge that failure can teach as much as success. This is part of their willingness to take risks. They know that with risk comes the possibility of failure, but that it can be instructive failure, especially for people born into privilege who are not expected to fail.

“ I think that we only learn from our experiences, and we learn best from our failures. So [donors] have to go out there and have the experiences on their own, learn from their own actions, learn from their own mistakes. And hopefully [that is] done in ways and at a level that the mistakes aren't catastrophic.

They also see value in bringing in what they have learned from other non-philanthropic experiences and training. This echoes the earlier findings about hands-on engagement and next gen donors' desires to have their skills put to use.

“Those of us who have gone out and had our own careers and passions and are successful in our own right, and then come back and have something to offer at the board meeting is very, very different.”

As we note, though, personal experience is not the only source of learning. We know the influence of parents and grandparents is very strong, for instance. However, there is a key element of experiential learning in this as well. These donors find the influence of observing older family members more significant than direct teachings about philanthropy from those family members. We know from evidence reviewed earlier that what next gen donors learn most from their families are values and philanthropic orientation, and these are often taught through modeling and observing the experiences of their family members. The older generations teach by doing what they say, more than by saying what they do.

“It is not that [my parents] have ever said, it is by their doing, their role-modeling. It has never been said. It is interesting. It has really gone unspoken. It has been really through my watching them do what they do.”

Finally, as we have seen, next gen donors who are active in philanthropic peer networks find those to be powerful learning experiences as well. Interviews show how this learning from peers is important, even outside of organized networks.

“I was in my mid-20s when I started doing all this stuff. I didn't feel like I knew what I was doing, and the ability to... learn from my peers, I mean, I can't begin to tell you how much respect and how amazing I think some of these people were in the early conversations that we had around the table. And I felt pushed to think harder and better.”

Moreover, these next gen donors extend the value they place on experiential learning to also include the experiences of *peers* they trust. These donors trust authentic and direct experience, even if it is not their own personal experience, more than they trust other traditional sources such as annual reports or third-party evaluations. They connect with a linked-in network of peers who share their hands-on experiences, and they see this sharing of experiences as the best way to learn and become better philanthropists.

Their Identities

“ Philanthropy is not just something that you do; it is very much a part of who you are. And I feel very strongly that the work that I do in philanthropy is a huge part of my identity.

“ I’m constantly in contact with new people and models, and hopefully that will continue to inform what we do. What is interesting is I think about that all the time. I am constantly, like, having this conversation in my head about, ‘What can we do? How can we do it differently?’

Throughout this report, we have touched on three distinct forces influencing how these next gen major donors think about, learn about, and engage in philanthropy. First, there are the events and conditions that have molded the “generational personalities” of the Gen X and Gen Y/ Millennial cohorts in general, influencing how people growing up between 1965-80 or 1981-2000, respectively, see and act in the world (Goldseker, 2006; Lancaster & Stillman, 2003). The second force is how growing up in families with wealth and/or significant philanthropy influences the attitudes, behaviors, and meanings made by these individuals. Third, personal experiences in the developmental stage of “emerging adulthood” provide additional influences as our survey respondents and interviewees formulate their adult identities (Arnett, 2004).

Rather than attempting to decipher which particular force most strongly influences which particular trait of the next gen donors in our sample, we posit that all three forces interact and mix. All three play roles in influencing and informing not just personal identity but also the “philanthropic identity” of the next gen major donors whose philanthropic choices are critical to our collective future.

We return here to our overarching research question, “What is the philanthropic identity of the next generation of major donors who will be so important to our future?” We can only know as much about these generations as they know about themselves. And we have learned that many of these rising high-capacity donors are still developing as individuals and as philanthropists. In fact, they are currently and *actively* crafting the philanthropic identities to guide their giving for decades to come. One donor describes how she is working hard to develop her philanthropic identity, and doing so in a typically next gen fashion, “I’m trying to talk to as many people and go to as many conferences and follow as many different foundations on Twitter as possible.”

Many interviewees see themselves as part of a larger generational personality and highlight traits of that generation to characterize their philanthropic identities.

“ We are a generation that... we are all go-getters. To get where we are right now, we had to kick ass in college and get into the best grad school, and then be protégées out of the gate, and storm the gates of where we wanted to work, and get in and rise to the top and then be the next whatever. I am always amazed when people don't take that same attitude to their philanthropy and that same chutzpah.

“ My generation doesn't think you need to sacrifice positive social impact for earning money. Those two things don't just coexist together but are actually, like, inherently aligned, and that is actually the way the world should work, that I should be adding both social value and financial value to me and everyone else.

“ It feels more important than maybe it did for previous generations who saw social life as very social, professional life as professional, and then family life as family. We, I think, see those way more integrated into the self. It is all like a line, and all of that should be on this trajectory of whatever it is that we are heading towards as people.

Others assert that their families of origin, and families of privilege, inform who they are and how they see philanthropy as part of that identity. As adults with considerable means, often in families with significant and perhaps daunting philanthropic legacies that they know are being passed on to them, this question of philanthropic identity is even more pressing than it might be for other Gen X and Millennial peers (Ostrower, 1997). Our evidence suggests that most of these donors have thought quite a bit about who they are and who they want to be as philanthropists. They also take steps to explore, form, and refine those identities, often doing so quite early in life.

“ I think what stands out most to me [that I learned from my parents, is] the importance of philanthropy and service being something that shapes your life, plays a very important role, rather than just something that you tack on as an afterthought.

“ I feel it is very important to give back now, not wait until later to start doing something significant philanthropically, though I certainly view it as an ongoing activity that we will carry forward in our lives.

“ I served on the grants committee of the community foundation for four years in high school as well, and that really got me engaged, starting at the age of 15, with the philanthropy world.

In their identity-formation experiences, we again see the intense peer-orientation of these generations of donors. Understanding their identities as high-capacity philanthropists is helped by contact with peers in the same positions.

“ The work that I do in philanthropy is a huge part of my identity. It is how I grew up. It is how I was raised. It is the values I was raised with and how I see myself and my place in the world.... But for a long time, I didn't have any way to relate that to the people around me who were not in that world. So as I got older and had expanded beyond the world of my family's foundation and the philanthropy we did as a family,... the broader network gave me the ability to connect that sort of personal identity I felt with the people around me.

“ The more I am learning that it is okay to talk about [philanthropy], and learning how to talk about it, I feel like it is strengthening who I am and also just making me more comfortable with myself.

Lastly, many talk about their lives as journeys and note how philanthropy fits into a sense of emerging adulthood. These next gen donors are very intentional about their processes of learning and self-discovery as philanthropists. They speak about searching for educational experiences and taking active control of their own development. In particular, they crave direct, hands-on, meaningful engagement, and they see these time-intensive experiences as major influences on their emerging identities.

“ The kind of vision, the values that I want to see us work from, and the vision I have for how this might work, takes a lot of time; it takes a lot of energy. It is more labor-intensive than the sort of traditional models of philanthropy. I am really committed to putting in that time. It feels like my calling in life right now.

“ I get a lot of joy and engagement and fulfillment from my giving. I am also really clear that I spend a lot more time thinking about giving [a modest personal total] away than might be justified, but partly that has been in preparation for the dollars coming into my life in the future.... I'm being really thoughtful, and that way as future dollars come in [from inheritance], I will be much more prepared.

“ I feel like engaging young people to start thinking [about philanthropy]... throughout their lifetimes will allow them to learn more and be more effective stewards of both just the overall financial picture as well as the philanthropic picture. I feel like what happens too many times is that people just have a for-profit career, retire, and then try to reinvent themselves as philanthropists. And I feel like that is not the best way to do it. I feel like engaging as early as possible, so you can learn and grow like a person does throughout their lives, is what will make for more effective stewardship.

This process of actively forming a philanthropic identity is not separate from the other parts of these next gen donors' identities. They see philanthropy as a central part of their lives and identities, not a segmented, isolated piece of those lives and identities. Some next gen donors, like Jennifer, described at the beginning of this report, pursue philanthropy as vocation as well as avocation. Others are concerned with making sure their philanthropic activities align with the values they espouse in other parts of their lives, as professionals, consumers, parents, citizens, activists, and so on. Some interviewees even take the lead in their families and manage up, encouraging the family to set up donor-advised funds or foundations, create new nonprofit partnerships, or try out Kiva loans, impact investing, or other new approaches.

“ As much as [the next gen] may have heard from parents or investment advisors or whatnot while they were growing up that, 'Oh, this is how it works. You make money with this hand, you give away with the other hand,' I think that has been teased out by folks.

“ I really want my assets to reflect my values and... to be impacting the world in a way that makes me feel like I'm having the kind of impact I want to have.

“ I've had some very good financial years the last couple years that allowed me to create a donor-advised fund through [a community foundation]. One of my real life goals that my wife and I worked out, before we got married, was to get into the nonprofit and the philanthropy scene and just try to figure out how to give back and be part of that.

“ I decided to set up a foundation to work on issues of sustainability... My parents, I give them a lot of credit, showed us what a foundation looks like when we were kids. But the family foundation that they set up when we were kids was very informal. We were told we were on the board. It was just the four of us in the family meeting at the end of every year as dictated by tax policy to determine, 'Well, where's the 5 percent gonna go?' But once I was in my 20s, I was like, 'Wait a minute, as a family, we have way more that we could be doing. I'll go first. I will take all the assets that are under my control, and I will start thinking about an aggressive giving plan for pretty much all of that.'

In the field of philanthropy, we often hear people saying that the “next” generation should really be called the “now” generation. Similarly, the findings of this research show that many next gen donors are not only in preparation to lead but are leading at present. They set up foundations and donor-advised funds, serve as trustees on established family giving vehicles, and make their own personal gifts.

What we have discovered in this study is that in the course of these current experiences, experimentations, and explorations, these next gen major donors are currently forming their philanthropic identities. And the process of identity formation itself is as fulfilling to them as the results of that process. The becoming is as meaningful as the being. Rather than waiting until the sunset of their lives to decide who they are as philanthropists and then to leave their legacies, these next gen major donors are actively crafting their identities now, actively thinking about the legacies they want to leave.

Take the Next Gen Seriously

Given the unprecedented wealth transfer upon us, members of the Gen X and Millennial generations are poised to inherit significant wealth and the responsibility of stewarding tens of trillions in philanthropic dollars, in addition to the new personal wealth being amassed by some in these generations. Because of this imminent reality, and because of the magnitude of global challenges the next generations will face, we need to take these next gen donors from high-capacity families seriously.

We need to hear from them, in their own voices. We need to know who these next gen major philanthropists are, and who they are becoming.

As we have discovered in the course of this research, this is a key moment in the lives of many of these emerging adults and emerging high-capacity philanthropists. They are, right now, actively forming their adult philanthropic identities, influenced by generational, familial, and developmental forces as well as by their own experiences and those of peers they trust.

While such a process of identity formation is important to all generations in all parts of society, the process of these particular next gen donors is particularly significant for the field of philanthropy, and for those parts of our society affected by major philanthropy. How these donors go about stewarding the exceptional amount of wealth they will control will affect all of us.

Many readers of this report have the potential to help these next generation donors along their journeys, to become their partners in changing the world. In attempting to understand who they are and how they see the world, we, as parents, grandparents, siblings, cousins, friends, advisors, grantees, and partners, can better work with them to maximize the good they can create through their philanthropy. We can inspire and help them grow, while learning from them and changing the world with them.

These next gen donors, more than previous generations, value, seek out, and learn from meaningful, hands-on engagement in their philanthropy. They are eager for experiences that can help them become more strategic philanthropists. They want to be proactive, to build new skills, and to develop greater leadership capacities. They are not only willing but also enthusiastic about learning new and non-traditional ways of creating change in today's fast-paced and evolving world.

Given this, we know that the kinds of experiences and engagement these next gen donors currently explore, and will begin to pursue in the near future, will shape their evolving philanthropic identities. Therefore, the field must think about what those experiences are, or might be.

While our primary intention for this project is not to provide recommendations or prescriptions for how organizations and advisors might engage next gen donors in high-capacity families, we do hope the findings here can illuminate how these donors want to be engaged. We ask readers to utilize the website we have set up (www.NextGenDonors.org) to help us begin a conversation about the data, to share how it has helped with experimenting with other strategies for engaging the next gen, and to provide other feedback that can help all of us improve family philanthropy.

We know that this talk of change may be difficult for many people who have been in this field a long time. Be it in a family foundation, community foundation, family office, or other philanthropic institution, there are established ways of accomplishing the important work at hand, and the next generations certainly challenge the status quo. However, along with the desire we all share to engage the next generations in charitable missions must come the realization that their generational milieu, their philanthropic and wealthy families, and their developmental stages cause them to see the world differently from previous generations.

Fortunately, what we have discovered about these next gen donors, in the majority of cases, should not give anyone who cares about philanthropy reason to fear. Instead, we have found that rising next gen donors have, in fact, inherited the values of their parents and grandparents to a significant extent, and they honor the legacies of their predecessors with great respect. We should be pleased that they are so earnest about learning what they can, that they are willing to give 100 percent of themselves to nonprofits or new approaches to giving about which they feel passionate, and that they eagerly grapple with the problem of how to maximize the contributions of their time, talent, and ties, as well as their treasure. They take their philanthropy *personally*. They want to give all of themselves and to see the real impact of this personal giving, even if they don't necessarily want to see their names on buildings.

This research shows that Gen X and Millennial donors are not so eager to revolutionize philanthropy that they plan to throw out all that has gone before. But they are cognizant of the pressing social, economic, and cultural issues of today, and they feel excited about the revolutionary possibilities offered by new approaches. They are prepared to make changes and take risks, if they feel those changes can improve the impact of their philanthropic works.

The extent of revolution versus mere evolution that these next gen major donors actually bring is something we will only see by looking back a generation from now. But what we know today is that these generations will be driving any changes from their positions of philanthropic power, so we must take them seriously now and try to understand them better. This report is one step toward that goal.

Appendix A - Details of Research Methods

From the beginning, this research was intended to be exploratory, inductive, and applied, in part because of the lack of prior research on this particular population, let alone on its philanthropic orientation and strategies. The research questions and data collection instruments reflected this broad and open-ended focus.

To frame the research questions and inform the specific content of the survey and interviews, we first conducted a literature review on any previous research about generational identities and how these might affect philanthropic orientation and behavior. We also reviewed related topics, including traditions and innovations in family philanthropy, the wealth transfer, and giving and generational dynamics in high-net-worth families. We then collected data over the course of several months using two main methods: an extensive online survey and in-depth, semi-structured interviews.

The survey instrument was deliberately designed to yield considerable depth of information from each subject, rather than a little information from many respondents. It included a number of open-ended questions as well as detailed, fixed-choice questions. The full survey questionnaire is available on the project website: www.NextGenDonors.org.

We sent the survey to a pilot group of 20 respondents using the SurveyMonkey online system and revised based on their feedback. We then sent partner organizations an invitation with a survey link to distribute to their networks, with specific instructions to focus recruitment on 21- to 40-year-olds from high-capacity philanthropic families, or individuals with high giving capacity themselves. The two main research organizations also distributed survey invitations to their networks.

There were quite a few potential respondents who were older or younger than the designated age range, and they were disqualified from the survey. Other respondents dropped out of the survey early on, and their responses were also eliminated. Finally, we set specific criteria for defining “high-capacity,” and any respondent not meeting at least one of these thresholds was eliminated from the sample. Respondents had to meet at least one of the following requirements:

- Personal net worth of \$500,000 or more;
- Personal income of \$100,000 or more;
- Annual personal giving of \$5,000 or more;
- Annual family giving of \$10,000 or more;
- Endowed family philanthropic assets of \$500,000 or more.

The majority of respondents qualified on more than one of these criteria, and many far exceeded these minimum levels.

After these eliminations, there were 310 valid respondents, although some specific questions received fewer answers than this total because of attrition or skipped questions. All responses were recorded anonymously, and participants were promised that no identifying information revealed in open-ended responses would be reported.

The survey sought to gather information about “personal” philanthropy as well as each respondent’s “family” philanthropy. The survey offered definitions of each category early on. Essentially, the term “personal philanthropy” covered the giving and volunteering of the respondent and his or her immediate household (spouse or partner and children), while the term “family philanthropy” covered the giving and volunteering of extended family, either on their own (e.g., parents) or together as part of a family giving vehicle.

Potential interviewees were identified by the two main project organizations and our partner organizations. The interviews probed further into the research questions, gathering examples and stories to illustrate what became the major findings of the study, and helping to interpret the findings by providing detailed explanations of the reasons behind observed patterns. The interview guide is also available on the project website: www.NextGenDonors.org.

Roughly half of the 30 interviews were conducted in person, at a family philanthropy conference or in one research organization’s offices, while the others were mostly conducted using the online video meeting service Skype. Two were conducted by phone. Interviews took from one to two hours and were recorded and professionally transcribed. In most cases, two researchers conducted the interview together, with one of the interviewers being a high-capacity donor as a way to help the respondent feel more comfortable. Interviewees were assured of confidentiality and that no quotes from the interviews would be attributed to them by name or by identifying information.

In selecting the samples for both the survey and interviews, intentional efforts were made to ensure representativeness and diversity along several key dimensions, including age, gender, race or ethnicity, and geographic distribution. The survey remained live for several extra weeks in order to diversify the sample further, and repeated inquiries were made to partner organizations to identify potential interviewees with certain characteristics, including those who were wealth creators themselves rather than inheritors. Note also that this research was limited to next gen high-capacity donors based in the United States, although it did include donors from across the country and many individuals with global philanthropic interests.

There was some inevitable selection bias in the samples, due to the fact that this group of high-capacity next gen donors were already known to the research or partner organizations, and therefore were either personally active or were part of families who were active in those organizations in some way. Compared to other next generation members of high-net-worth families, or those who had created their own wealth, the respondents in our sample were probably disproportionately active in philanthropy already, and/or more proactive about defining their philanthropic identities. We found this selection bias acceptable, however, because we felt that this more active group of donors was likely to continue being active, and to take the lead in defining the philanthropic paths taken by these rising generations.

Survey data was cleaned and analyzed using Excel and SPSS statistical software to generate frequencies and cross-tabulations. Chi-square significance tests were conducted on cross-tabs to determine reliability.

Interview transcripts, as well as open-ended responses to the survey, were coded using NVivo qualitative research software. Coding focused on general themes tied to the research questions, as well as emergent subthemes and topics. Two members of the research team did the coding, with initial tests showing high inter-coder reliability.

All findings were discussed in regular research team meetings and interpreted carefully in light of the primary researchers' extensive experiences in this field and experiences working with this population. Qualitative and quantitative sources of data on specific questions were compared to ensure consistency of major findings.

Appendix B – Demographic and Other Information about Survey and Interview Samples

Table B-1:

Summary of Survey and Interview Samples

	SURVEY	INTERVIEWS
GENDER	n = 224	n = 25
Female	63.8	64.0
Male	36.2	36.0
AGE	n = 310	n = 25
21-25	13.5	4.0
26-30	31.0	44.0
31-35	31.9	28.0
36-40	23.5	24.0
RACE/ETHNICITY*	n = 225	n = 25
Caucasian/White	95.6	96.0
Asian American	2.2	8.0
Mixed Racial/Ethnic Heritage	1.8	12.0
African American/Black	0.9	0
Native Hawaiian or Other Pacific Islander	0.9	0
Latino(a)/Hispanic	0.4	4.0
Native American or Alaska Native	0.4	0
Other	2.7	4.0
EDUCATION	n = 227	n = 25
Professional Degree or Doctoral Degree	8.8	8.0
Master's Degree	45.4	40.0
Bachelor's Degree	44.5	52.0
Associate's Degree	0.4	0
High School Degree/GED	0.9	0
MARITAL/PARTNERSHIP STATUS	n = 226	n = 25
Married or long-term partnership	60.6	64.0
Single, never married or partnership	34.5	36.0
Single, divorced	4.0	0
Separated	0.4	0
Other	0.4	0

**Respondents could choose more than one Race/Ethnicity category.
(percent of respondents)*

Table B-1:

Summary of Survey and Interview Samples continued

	SURVEY	INTERVIEWS
CHILDREN 18 OR UNDER IN HOUSEHOLD	n = 227	n = 25
0	61.2	84.0
1 to 3	38.8	16.0
RESIDENCE	n = 194	n = 24
Northeast	31.4	45.8
Great Lakes	8.8	12.5
Midwest/Plains	11.9	0
South	5.2	8.3
South Atlantic	18.0	12.5
Mountain	6.2	4.2
Pacific	18.6	16.7
EMPLOYMENT STATUS	n = 227	n = 25
Full-time (40 hours a week or more)	61.2	56.0
Part-time (fewer than 40 hours a week)	13.2	4.0
Self-employed	8.8	24.0
Student, not also employed	8.4	12.0
Stay-at-home parent, not also employed	5.3	4.0
Other	3.1	0
RELIGIOUS AFFILIATION	n = 225	n = 25
Christian	34.7	24.0
Jewish	32.0	32.0
Agnostic	12.0	12.0
Unaffiliated	12.0	4.0
Atheist	4.9	16.0
Buddhist	1.3	0
Other	3.1	8.0
RELIGIOUS ATTENDANCE	n = 224	n = 25
More than once a week	2.2	0
Once a week	13.8	0
Once a month	25.0	24.0
Once a year	10.3	12.0
Less than once a year	4.5	8.0
Only on holy days	24.1	40.0
Never	20.1	16.0

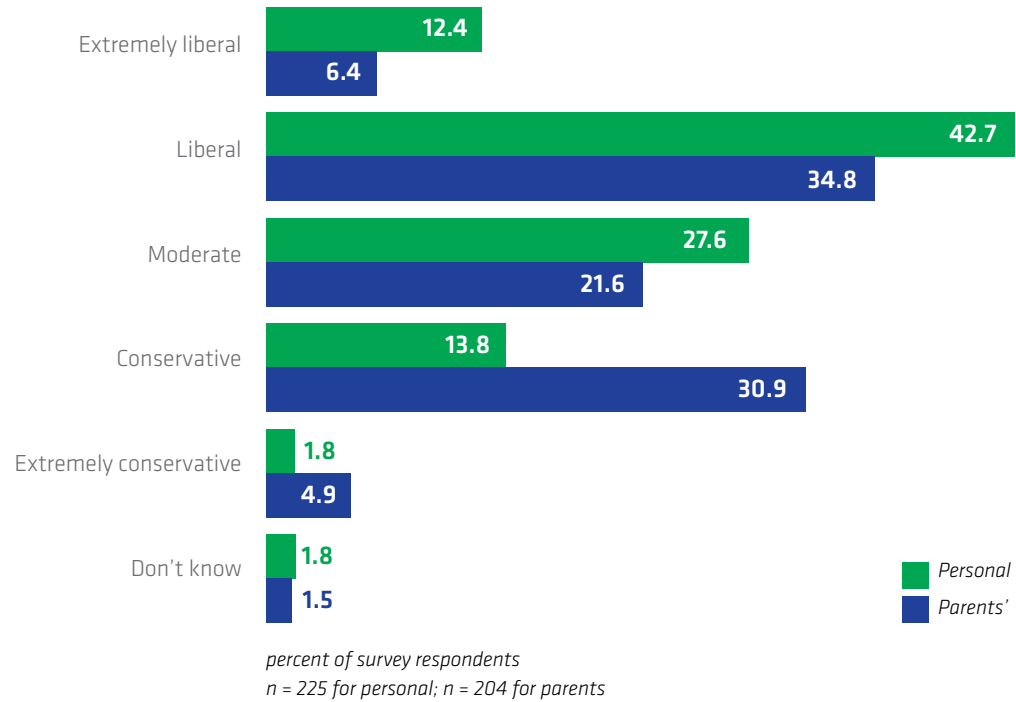
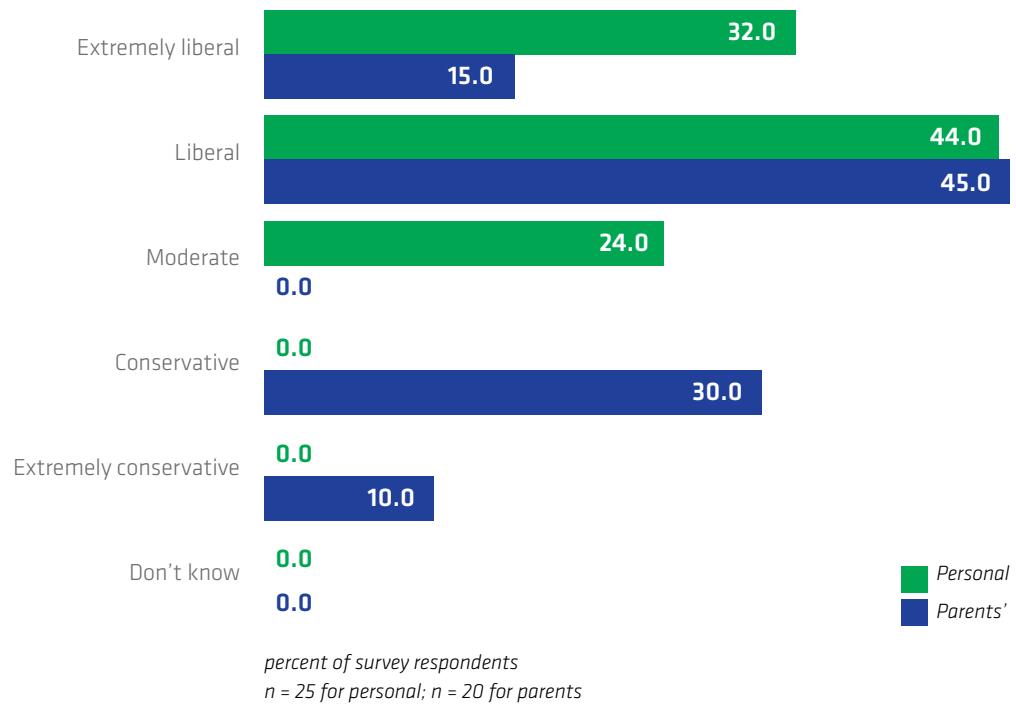
(percent of respondents)

Table B-1:

Summary of Survey and Interview Samples continued

	SURVEY	INTERVIEWS
PERSONAL ANNUAL INCOME	n = 272	n = 24
\$50,000 or less	23.5	8.3
\$50,000 - \$100,000	21.3	20.8
\$100,000 - \$500,000	47.8	62.5
\$500,000 - \$1 million	4.8	0
More than \$1 million	2.6	8.3
PERSONAL NET WORTH	n = 274	n = 24
\$100,000 or less	17.9	4.2
\$100,000 - \$500,000	24.8	16.7
\$500,000 - \$1 million	14.6	20.8
\$1 million - \$10 million	34.3	29.2
More than \$10 million	8.4	29.2
PERSONAL ANNUAL GIVING	n = 310	n = 25
Not currently giving personal money	2.6	0
\$1,000 or less	29.0	4.0
\$1,000 - \$5,000	26.2	16.0
\$5,000 - \$10,000	15.1	16.0
\$10,000 - \$50,000	19.4	36.0
\$50,000 - \$100,000	3.5	8.0
More than \$100,000	4.2	20.0
FAMILY ANNUAL GIVING	n = 303	n = 25
\$10,000 or less	12.5	0
\$10,000 - \$50,000	16.9	16.0
\$50,000 - \$250,000	15.9	20.0
\$250,000 - \$1 million	27.8	8.0
\$1 million - \$5 million	10.9	40.0
More than \$5 million	12.2	8.0
Don't know	4.0	8.0
FAMILY ENDOWED PHILANTHROPIC ASSETS	n = 303	n = 24
\$500,000 or less	16.5	12.5
\$500,000 - \$5 million	16.8	16.8
\$5 million - \$25 million	15.5	16.7
\$25 million - \$100 million	14.2	29.2
\$100 million - \$500 million	5.3	4.2
More than \$500 million	1.3	4.2
Don't know	30.4	16.7

(percent of respondents)

Figure B-1: Personal and Parents' Political Affiliation of Survey Sample**Figure B-2:** Personal and Parents' Political Affiliation of Interview Sample

Acknowledgements and Partners

This project is a collaboration between 21/64 and the Johnson Center for Philanthropy. Our two organizations, although different in form and scope, share a focus on understanding and improving family philanthropy. We are delighted that this partnership has been such a productive and enriching experience. We are each grateful to the other for showing the mutual respect, goodwill, and patience required for such a partnership to be successful and rewarding.

About 21/64

21/64 (www.2164.net) is a nonprofit consulting practice that specializes in next generation and multigenerational strategic philanthropy. Initially founded as a division of the Andrea and Charles Bronfman Philanthropies, 21/64 is built on the premise that next generation funders have their own values, visions, and voices to bring to the philanthropic table. As families engage the next generation in foundations, donor-advised funds, and family offices, there is an increasing need for clarity, communication, and multigenerational collaboration.

While these endeavors are wonderful opportunities for families to work together, challenges can and often do arise when multiple generations and family members begin to make decisions together. 21/64 offers coaching, consulting, speaking, training, and uniquely-developed resource tools to assist families and their advisors during these times of generational transitions, and education to help next gen donors prepare for their imminent responsibilities.

About the Johnson Center for Philanthropy and the Frey Chair for Family Philanthropy

The Dorothy A. Johnson Center for Philanthropy, at Grand Valley State University in Grand Rapids, Mich. (www.johnsoncenter.org), utilizes a systems-based approach to serve foundations, nonprofits, and others seeking to transform their communities for the public good. One of the largest such university-based centers in the U.S., the Johnson Center operates a comprehensive mix of programs, including the Community Research Institute, *The Foundation Review* journal, The Grantmaking School, Philanthropic and Nonprofit Services, and the Frey Foundation Chair in Family Foundations and Philanthropy.

The Frey Chair is the nation's only endowed chair focused on family philanthropy. The Chair works with a network of national partners to pursue a program of applied research, professional development, convening, and public teaching and writing, all designed to advance and promote the field of family philanthropy.

Our Funders

21/64 would like to thank the Andrea and Charles Bronfman Philanthropies and, in particular, Charles R. Bronfman, Jeffrey R. Solomon, and John Hoover for their philanthropic leadership. They have shown a strong commitment to investing in the next generation in many ways over the years and demonstrate that dedication again through their joint underwriting of this research.

The Frey Chair for Family Philanthropy would like to thank the supporters of the Johnson Center for Philanthropy – including the W.K. Kellogg Foundation, the Grand Rapids Community Foundation, the Dyer-Ives Foundation, and the Doug and Maria DeVos Foundation – as well as supporters of the research activities of the Chair – especially the Frey Foundation and Grand Valley State University.

Funding for the dissemination of this study's findings comes from the Max M. and Marjorie S. Fisher Foundation, the Eugene and Agnes E. Meyer Foundation, and an anonymous donor. We thank them deeply for helping to make sure this new and useful knowledge is widely distributed and utilized by the philanthropic community and many other audiences.

Our Partners

The breadth and depth of the samples we have obtained for the survey and interviews in this project would not have been possible without the help of a network of partner organizations across the country. These partners have recognized the value of this research, circulating the survey to their constituents and connecting us with potential interviewees. Now, they are working with us to disseminate the findings, and we are grateful for their involvement on behalf of the field. While we appreciate the roles they have played, we take full responsibility for the contents of this report.

Our organizational partners are: Association of Small Foundations, Association of Baltimore Area Grantmakers, Bolder Giving, Council on Foundations, Council of Michigan Foundations, Emerging Practitioners in Philanthropy, Forum of Regional Association of Grantmakers, Grand Street, GrantCraft, Indiana Grantmakers Alliance, Jewish Communal Fund, Jumpstart, Liberty Hill Foundation, The Minneapolis Foundation, National Center for Family Philanthropy, and Resource Generation.

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Most important, thanks to those next generation donors who make up the backbone of this research and who have contributed valuable time taking the survey or sharing perspectives in interviews. You will remain anonymous, as promised, but know that we are grateful for your willingness to tell your stories and, in doing so, helping us to capture the larger story of next generation major donors in your own voices.

We sincerely hope that you, the reader, find the insights in this report both interesting and useful, whatever your connection to family philanthropy may be.

Michael Moody

Frey Foundation Chair for
Family Foundations and Philanthropy
Johnson Center for Philanthropy

Sharna Goldseker

Managing Director
21/64

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