

# Reserve

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## The Next Generation of Charitable Giving

For millennials, it's all about  
hands-on giving.

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# GIVING

# BACK

For the next generation,  
charitable giving isn't about  
affluence. It's about influence.



**I**n his cover story for the May 20, 2013, edition of *TIME* magazine, journalist Joel Stein declared that the millennial generation — those born between 1980 and 2000, sometimes known as Generation Y — “could be a great force for positive change.” Sure, he said, millennials are products of reality television and social media, sometimes prone to streaks of narcissism and materialism. They’ve also been influenced by recession, technology and terrorism, which makes them uniquely informed, pragmatic, resilient, optimistic and entrepreneurial.

All of this adds up to a generation that not only wants to change the world, but also has new ideas about how to do so.

According to the “2013 Millennial Impact Report” — by Achieve, a creative agency for social causes — 83 percent of millennials made a financial gift to a charitable organization in 2012, and 52 percent said they would be interested in monthly giving. Likewise, a 2013 survey by Christian relief organization World Vision found that 56 percent of men ages 18 to 34 have given a charitable gift, compared to 36 percent of men 35 and older.

Millennials’ approach to charitable giving is like that of no other generation. For them, the question isn’t if they will give, but rather why, how and to whom.





## Why Millennials Give

Millennials give because they want to affect change.

“Younger generations want to make an impact. They care very much about changing the world and making it a better place,” says Sally Godfrey, Manager of the Twin Cities Charitable Services Group of U.S. Bank, which assists philanthropic families in engaging younger generations in their family foundations. “Young people have always been that way. They’re very optimistic.”

Optimism, however, shouldn’t be misconstrued as naiveté. “This generation is skeptical,” says Bill Dolan, Senior Trust Officer with the Charitable Services Group of U.S. Bank. “They grew up and came of age after September 11, 2001, in a different world than their parents. I think that’s had an impact on their values. They’re more concerned with the impact of their money rather than getting recognition. They want to physically see how their money is helping.”

## How Millennials Give

Technology affects not only how younger generations socialize and learn, but also how they give. “Online giving is huge. Giving through texting has really taken off,” says Dolan.

Because they’re quick and convenient, online and mobile giving are especially popular in the wake of a major event, like

a natural disaster. When it comes to giving that’s more substantial and sustained, however — like the giving that takes place through family foundations — millennials use the Internet less for transactions and more for research. For example, information-rich websites that clearly communicate organizations’ mission, vision and values are key to engaging millennials.

“When a private/individual foundation can communicate about itself to the public, it makes it easier for nonprofits to learn about it,” Godfrey says. “Likewise, when a nonprofit has a good website, especially smaller entities that might not be known otherwise, it’s easier for philanthropic people in a position to make giving decisions to find it.”

Digital communication saves paper and enables interactive storytelling, both of which speak to millennials’ impact objectives — the former because of its environmental benefits and the latter because it facilitates relationship building.

In fact, getting to know each other is often a requisite of millennial giving, says Mike Penfield, National Director of the Charitable Services Group of U.S. Bank. “Millennials are

## Strength in Numbers

Although it’s hard to paint an entire generation with a single brush, most millennials have a few things in common: One, they love technology. Two, they admire entrepreneurship. And three, they’re social beings. Together, these traits have given birth to a new wave of digital fundraising known as crowdfunding.

Crowdfunding websites like Kickstarter and Indiegogo leverage the Internet and social media to raise money for creative projects in a number of fields, ranging from art to food to fashion to technology. Individuals pool their money toward a product, a

business or a cause, making small gifts that in some cases add up to hundreds, thousands and even millions of dollars.

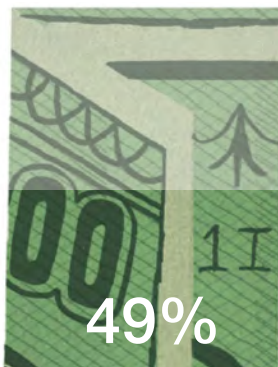
According to the 2013 “Next Generation of American Giving” study by Blackbaud, a software provider for nonprofits, 17 percent of people aged 18 to 32 have given to a crowdfunding campaign in the past, and 47 percent say they would consider doing so in the future.

“The appeal of crowdfunding appears to align well with many of the values that set [millennials] apart,” the study says. “It’s cool, it’s social and it establishes a direct link between the

giver’s gift and a concrete charitable outcome.”

Because most projects are entrepreneurial — not philanthropic — money given to crowdfunding campaigns count as gifts rather than charitable contributions. However, there are exceptions. According to Kickstarter’s website, some U.S. projects started by or with a 501(c)(3) organization may offer tax deductions. Keep in mind that U.S. Bank and its representatives don’t provide tax or legal advice; you should consult your tax or legal advisor for information concerning your situation.

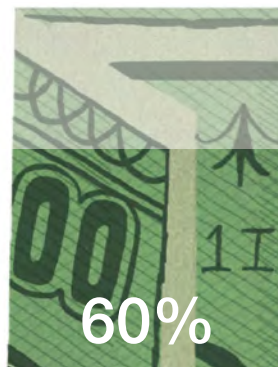
## Millennials Go Social



of millennials actively follow one to five charitable organizations on social media sites.



donated as a result of a social media post.



like it when charitable organizations share stories about successful projects or the people they've helped.



dislike it when charitable organizations constantly ask for money or help via social media.

Source: "2013 Millennial Impact Report," Achieve

very specific about what they want to fund," he says, adding that millennials often put grant recipients through a rigorous application process to ensure their money will be spent on things they care about. "They're not comfortable making a grant to an organization they don't know well. Due diligence is top of mind."

## To Whom Millennials Give

Why they give (e.g., impact) and how they give (e.g., diligently) greatly influences to whom millennials give. Recipients of millennial giving often are:

- **Small:** "Millennials often want to give to smaller entities with smaller budgets where they believe their dollars will make a significant difference," Godfrey says.
- **Startups:** "Younger generations tend not to be as interested in typical arts organizations — operas, museums, symphonies — and other established organizations," says Dolan. "Startup organizations often reflect the energy and new ideas that resonate with millennials."
- **Local:** "Millennials often give more locally than globally," Penfield says. "It's not that they're not aware of the needs of the world — they are — but they're very pragmatic. They want to see their grants move the needle, and local causes

are something they can more easily see, study and feel."

- **Progressive:** "The kind of person who's attracted to charitable giving often is someone who's an activist at heart," Godfrey says. "You can be an activist in a lot of different areas. A lot of young people I work with today are most passionate about environmental or social justice causes."

For all the generalizations made about millennials, the only one that's truly applicable is this: They can't be generalized. Families and foundations that want to engage millennials in charitable giving must build on family values and traditions as well as be inclusive of what's important to individual children and grandchildren.

"For example, the family foundation might give a millennial a chunk of its distribution amount and say, 'Here's \$20,000. Who do you want to give it to?'" Dolan says. "Leaving that decision entirely up to that child gives them some stake in it."

For the generation that has managed the family's wealth to date, giving up control can be challenging. But the result is often a stronger family unit and a more impactful family foundation.

"Foundations need to grow and evolve so that over time they aren't stale, but are dynamic entities with new ideas, many of which are bound to come from millennials," Penfield says. ■