

Inspiring Philanthropy Across Generations



Conversations with the next generation about philanthropy shouldn't be a one-way street. It's important to encourage your children and grandchildren to ask questions, get involved, and express their own ideas about what philanthropy means to them.

Introduction

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While next-generation family members, such as children and grandchildren, often have a natural interest in the family's charitable endeavors, ensuring the family's philanthropic legacy is maintained and strengthened across multiple generations requires a thoughtful approach to engaging younger generations. We examine best practices for families to involve the next generation in philanthropy and how to lead charitable activities.

For Wealth Creators—Families Leading Philanthropy

Instill a Spirit of Philanthropy in the Next Generation

Creating a family-giving strategy that aligns with both personal and collective family values is important, as it serves as a focused purpose for the family's charitable intentions. Families may benefit from a roadmap when asking the next generation of philanthropists to interact with the family's work.

Start Talking About and Modeling Philanthropy Early

Encouraging your children to be compassionate and charitable not only benefits the world around them but also helps them grow into empathetic and responsible individuals. A Fidelity Charitable study shows that more than 80% of parents find success in modeling philanthropic behavior for their children—growing the next generation of givers.¹

Create a Clear Strategy to Lay the Groundwork

70% of intergenerational wealth transfers fail due to a lack of communication and preparedness, according to Wharton Executive Education.² Set aside time to outline the main elements of your philanthropic plan, including defining causes that reflect your family values, setting intentions, and choosing giving vehicles, like donor-advised funds (DAFs), foundations, or endowments. This initial planning helps ensure that your priorities are clear and lays a solid foundation for future generations to build upon.

A successful plan should also incorporate flexibility and regular check-ins to adapt as family priorities and external conditions evolve. By creating this structure early on, you allow the next generation to engage more naturally, understanding their roles and responsibilities without feeling rushed into leadership. A well-prepared plan fosters alignment across generations, ensuring smooth transitions and confident leadership.

Work Together

The best way for parents and grandparents to teach younger generations about the value of charitable giving is by modeling this behavior themselves. When you participate in philanthropy, it provides an opportunity for children to observe and truly understand the value of giving. They are more likely to explore philanthropy when they see others' passion firsthand, fostering a natural curiosity and desire to contribute.

Involving the next generation in charitable activities, such as volunteering, attending foundation meetings, or having conversations about charitable goals, creates valuable hands-on experiences. Having a shared purpose around philanthropy can be a valuable bonding experience for families.

Encourage the Freedom to Explore Interests

Giving the next generation the freedom to explore their interests helps create a strong, personal connection to giving. When children are old enough to start receiving an allowance, they are old enough to volunteer and learn about the power of giving. By finding their personal passions, children and grandchildren will be more empowered to choose causes they care about.

Set aside resources and time for your family's next generation to explore organizations, foster genuine connections to a particular organization, and try to introduce opportunities to build their leadership skills.

¹ Fidelity Charitable. "Study shows that more than 80% of parents find success in modeling philanthropic behavior for their children—growing the next generation of givers." <https://www.fidelitycharitable.org/about-us/news/study-shows-that-more-than-80-percent-of-parents-find-success-in-modeling-philanthropic-behavior.html>

² Wharton Executive Education. "Managing Family Wealth: Make it Last." <https://executiveeducation.wharton.upenn.edu/thought-leadership/wharton-at-work/2013/06/managing-family-wealth-2/>

Talking about philanthropy as a family shows the next generation that giving back to communities is a critical component of the family's long-term vision. Connecting wealth stewardship with giving back reinforces the idea that wealth isn't just for personal benefit—it can be used to support and sustain a broader social impact.

Integrate Philanthropy Into Wealth Transfer Conversations

A successful wealth transfer ensures that assets are passed on to the next generation smoothly and efficiently. Fundamental family values are instilled and passed down to children and grandchildren by discussing philanthropy as part of the wealth transfer conversation. Talking about philanthropy as a family shows the next generation that giving back to communities is a critical component of the family's long-term vision. Connecting wealth stewardship with giving back reinforces the idea that wealth isn't just for personal benefit—it can be used to support and sustain a broader social impact.

Discuss how a wealth transfer includes both financial stewardship and a responsibility to invest in society. Frame philanthropy as part of the family's legacy during these meaningful discussions and make it a central theme when planning for the future.

Set Aside Time to Foster Family Unity

Family philanthropy can serve as a unifying force, bridging generations around shared values and goals. Having shared objectives can strengthen family bonds and create long-term traditions. Hands-on volunteering opportunities can be powerful in helping children or grandchildren grasp not only the needs of others but also their contributions' influence. Organize family retreats or "giving days" focused on philanthropy, where everyone participates in discussions around charitable priorities. It's essential that the next generation feels like they have a voice within the family, and these events can deepen family bonds and help children and grandchildren gain more confidence in the family to find their place in philanthropic efforts.

For Next-Generation Wealth Inheritors—Finding Your Purpose

You have valuable talents that can be applied to your family’s philanthropic effort or a nonprofit to optimize operations and bolster their effect. Philanthropy is about much more than just giving money—gifts of time, energy, and expertise can be as influential as monetary gifts.

Identify and Lead With Meaningful Causes

Next-generation inheritors have the power to shape their own philanthropic journey. By pursuing causes that are meaningful to you and align with the family’s broader mission, the next generation becomes personally connected to philanthropy. Ask questions about topics you’re interested in, and express your individual ideas about what giving means to you.

According to the *NonProfit Times*, to improve the execution of missions, it’s crucial for leaders of nonprofits to cultivate the next generation of board members.³ This includes increasing the age diversity of officers sooner rather than later. Get engaged with your grantees, consider joining a board, network with nonprofit leaders, and show your family how you are involved in the community. Personal passions and commitments can help expand the family’s impact, making philanthropy both personal and transformative.

Connect Directly With Organizations

There’s nothing quite like seeing the real results of your efforts, and according to BNY Mellon, 82% of next-gen philanthropists want to stay involved and continue working on a specific cause when they see the direct effect of their giving.⁴ Younger generations’ philanthropic engagement extends beyond direct giving to include involvement and participation in the work being done, per Candid.⁵ Take time to connect with the organizations you support. Spend time in the community you are contributing to, listen to the community members about their needs and priorities, and visit the locations of the charities you fund to meet the citizens impacted by your work. Personal involvement will help show the difference you and your family are making and emphasize the authenticity of your philanthropy.

Consider How Your Skills Can Create Impact

How can your expertise or skills help make a difference in your philanthropic impact? You have valuable talents that can be applied to your family’s philanthropic effort or a nonprofit to optimize operations and bolster their effect. Philanthropy is about much more than just giving money—gifts of time, energy, and expertise can be as influential as monetary gifts. By discussing your strengths and interests with your family, you can identify areas where you can help solve problems to drive change. Consider how your talents can enhance your family’s philanthropic mission. Whether through marketing, technology, finance, or other means, you have the power to strengthen the effectiveness of your family’s giving.

- ³ The NonProfit Times. “Attracting, Keeping Next Generation Board Members.” https://thenonprofitimes.com/npt_articles/attracting-keeping-next-generation-board-members/
- ⁴ BNY Mellon Wealth Management. “Next Gen Philanthropy: The Future Is Now.” https://uat2.bnymellonwealth.com/content/dam/bnymellonwealth/pdf-library/articles/nexgen_%20philanthropy_v5.pdf
- ⁵ Candid. “Generational change in giving and philanthropy.” <https://blog.candid.org/post/next-generation-donors-future-philanthropy/>

Explore Impact Investing

In a study by BNY Mellon, 68% of next-generation respondents believe environmental and social impact is now a permanent feature of the investment landscape.⁶ Impact investing is a specific investment strategy in which investors' values align with their investments. This investment approach can drive social change, balancing financial goals and long-term community influence. It's one of the many ways the next generation invests while desiring innovative, hands-on philanthropy.

Various social and environmental factors have created new opportunities for investors to think creatively about their capital using charitable and non-charitable assets to make a difference. The rising awareness of social influence brings new issues to the forefront for next-generation donors.

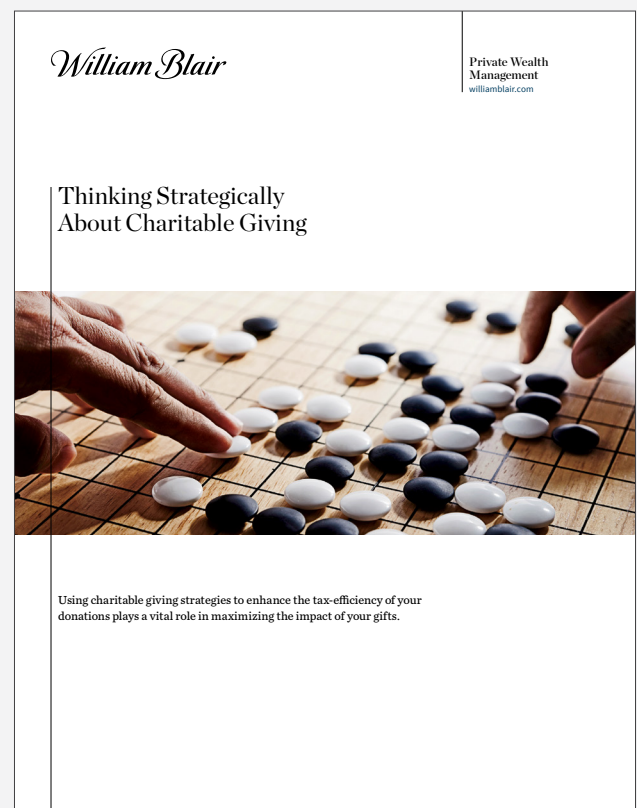
Decide How You Can Support Your Family's Long-Term Goals

Are there areas in your family's giving strategy that reflect your personal interests? It's important to think strategically about when you should start gaining responsibility in your family's philanthropic efforts. In many cases, having an active role will help you better understand your family's long-term goals and values. You have the opportunity to make your own mark on your family's mission while creating a lasting change in the world. Identify areas where your interests and your family's priorities intersect. Take on leadership roles within your family's giving structure to shape the future of your family's long-term philanthropic legacies and focus on areas where you can make the most significant impact.

⁶ BNY Mellon Wealth Management. "The Next Generation of Wealth Holders in the United States." Page 55. PDF.

Choosing the Right Charitable Giving Vehicle

To learn more about the relative strengths and limitations of private foundations, donor-advised funds, trusts, and other charitable giving vehicles, see our analysis, "Thinking Strategically About Charitable Giving."



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Thinking Strategically
About Charitable Giving

Using charitable giving strategies to enhance the tax-efficiency of your donations plays a vital role in maximizing the impact of your gifts.

New Trends in Philanthropy

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For families focused on fostering a spirit of philanthropy in the next generation, it is crucial to remember that philanthropy is not a static endeavor. The ways people give and the causes they want to support are constantly evolving, and these changes seem to have reached an inflection point over the past decade.

The rise of social media and mobile devices has created exciting new ways for people to learn about causes, make contributions, and encourage their friends to get involved. The growing importance of impact investing; microfinance; and environmental, social, and governance (ESG) factors have blurred the lines between investing and philanthropy like never before. ESG factors have created opportunities for investors to think creatively about their capital using charitable and non-charitable assets to make a difference. In addition, the ongoing and rising awareness of economic, racial, and human rights inequality has brought new issues to the forefront for next-generation donors and society at large.

If a family's tradition of philanthropy is to endure for the next generation, and for generations to come, the family needs to understand these changes and think about how they can be used to strengthen their philanthropic mission.

About Philanthropy Strategy at William Blair

William Blair offers custom and personalized services to families, business owners and entrepreneurs, family offices, corporations, and nonprofits to establish and strengthen their philanthropic purpose. Please contact your wealth advisor to learn how you and your family can inspire and continue philanthropic pursuits across generations.

See How Philanthropy is Changing

To learn more about the trends that are reshaping the way people give, see our paper on "Philanthropy in the Age of Constant Disruption."

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Philanthropy in the
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Trends and forces that are creating new opportunities to
maximize the charitable impact of your wealth

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