Preparing for the Next Generation of Donors

WHEN SHOULD NONPROFITS START THINKING ABOUT THE NEXT GENERATION?

The Great Wealth Transfer is on the horizon – it’s time to start preparing. While nonprofits are greatly familiar with the philanthropic habits of Baby Boomers and Generation X, they may be less familiar with the giving habits of up-and-coming Millennials and Generation Z. Baby Boomers, those born between 1946 and 1964, currently hold the largest share of wealth in the United States. This concentration of wealth is reflected in donors, with 43% of total charitable giving coming from the Boomer generation. That’s about to change.

Despite wealth concentration in older generations, Millennials and Generation Z are the two largest generations within the United States population. As Boomers grow older, an anticipated $84.4 trillion in assets is expected to transfer to Millennials and Generation Z through the year 2045, which includes $72.6 trillion going directly to the heirs of Boomers. Inevitably, nonprofits will see this transfer reflected in their donors.

With the Great Wealth Transfer comes a major change in the philanthropic landscape. New donors bring with them new perspectives and new giving priorities. Longtime, reliable donors will have different values from their children – even if wealth stays within a family, giving priorities and personal values may not.

It’s time for nonprofits to start preparing for this shift. What are they doing to prepare for the Great Wealth Transfer? Where is the next generation, and how can nonprofits encourage them to give? How can nonprofits begin building relationships with the next generation now?
WHO ARE THE NEXT GENERATION OF DONORS?

The majority of the wealth will be transferred directly to heirs of current donors. Nonprofits can begin to establish themselves with their next generation of donors by learning about the descendants of their current donor base. It’s essential to take the time to get to know them as individuals, with interests and values separate from the family name.

Philanthropic parents raise philanthropic children⁵. Family foundations make up over half of all private foundations and often stay within the family for several generations⁶. Only recently have we begun to see more instances where family foundations stray from this standard and hand management over to a non-family member.

The Great Wealth Transfer provides opportunities to discover new donors, as well – those whose interests and values suddenly align with your organization in a way other generations did not. Who are these donors – and where can you find them?

WHERE CAN YOU FIND THE NEXT GENERATION OF DONORS?

Young donors are online. Specifically, young donors are on mobile devices, having moved away from desktops in the last decade⁷. As the world becomes increasingly virtual, so does the philanthropic landscape. Even in direct mail campaigns, which are still popular among nonprofits, donors will often choose to give online in response. Millennials and Generation Z are also more likely than their predecessors to give online.

The COVID-19 pandemic helped fuel the recent increase in online giving. It also helped to create a significant shift towards crowdfunding, proven by the popularity of sites such as GoFundMe and Kickstarter⁸. Small-scale, collective aid efforts like crowdfunding help cultivate young donors by introducing philanthropy – planting the seeds to one day become consistent donors. The sudden increase in crowdfunding, fueled by 24- to 35-year-olds⁹, makes us ask – what about direct aid attracts younger donors?

CCS INSIGHT

Engage with family foundations now – and don’t be afraid to include the whole family. Build relationships now with those who will one day be making the decisions. Find out what the differences in values are, if any, and begin conversations that will set you up for success with young donors.

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Not only should your nonprofit use social media for outreach, but you should also invest in online giving platforms that are mobile-friendly and easy to use. A frustrating website can deter potential donors, despite the outreach that brought them in there the first place. Millennials and Generation Z are well known for their technology use – use this to your advantage! Draw donors in with well-crafted online messaging and keep them there with intuitive, clean websites. Consider undertaking a website optimization assessment to see how you can improve searchability, branding and design, user experience, security, content, and more¹⁰.
HOW CAN YOU ENGAGE THE NEXT GENERATION OF DONORS?

So, you know where to find young donors, have built out your website, and created an easy path for online donations. Now what?

Over two-thirds of young, high-net-worth Americans feel that their wealth should be invested into the betterment of society. Be it funding to combat climate change, improve education systems, support overwhelmed healthcare systems, or stand in solidarity with those fighting for racial equality, Millennials and Generation Z have responded to current events with fundraising, directly supporting the causes most important to them.

For organizations not in the social services or advocacy sectors, younger donors also put high value on authenticity and transparency – organizations that not only promise a better, more equitable society, but can also produce tangible outcomes and measurable results. Like generations before them, the next generation of donors has a wide range of interests and will give across sectors. It’s important for organizations to stand out using clear missions, values, and outcomes.

Additionally, the next generation values transparency. Public financial statements are often sought out by potential young donors, who grew up in a world where most public records are easily accessible.

**CCS INSIGHT**

Never underestimate the importance of an annual report. Be proud of the work your organization has accomplished – and show it off! Be it through social media, email outreach to your current database, or an event celebrating your end-of-year impact, make sure people know that their donation, no matter how small and no matter what type, made an impact beyond your organization. Millennials and Generation Z live for the “now” – don’t make them wait for it.
HOW CAN YOU KEEP THE NEXT GENERATION OF DONORS COMING BACK?

You have access to young donors through social media. You know what organizations they want to give to and how to market your work to them. Why aren’t they donating? Unfortunately, a shift in values is not the only difference between generations. Millennials and Generation Z are more likely to experience affordability challenges, such as delayed homeownership. Millennials are also the generation most likely to live paycheck to paycheck. Despite lack of resources, however, Millennials and Generation Z are the most likely to volunteer their time with organizations they care about.

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When donors do not have the means to give financially, ask for time and talent. Junior boards are a great way to involve young donors in an organization. Not only do they create interest and investment in your organization’s goals, but having a junior or youth board encourages other young donors to give. People like to see themselves represented – an organization that shows genuine interest in the next generation’s opinions will attract more young people.

No junior board? Consider ways to make your board more inclusive for young people. Ask yourself – why aren’t there Millennials and Generation Z in my organization’s leadership? Is there anything we can do to make our board more inclusive? Explore ways to break down financial barriers to involvement – such as sliding scale contributions, non-traditional give-and-get policies, and mentorship or sponsorship programs. Boards provide great exposure to philanthropy – include younger generations now and you will create lasting relationships.

You now have the resources to cultivate young donors ahead of the Great Wealth Transfer. By actively engaging the next generation, your organization can harness the opportunities of the current and continued changes in the philanthropic landscape. The best time to plan for the future is now!

Looking for a thought partner? CCS’s fundraising experts are available to help. Contact marketing@ccsfundraising.com or visit ccsfundraising.com to access additional resources on digital fundraising, donor and board engagement, gift planning, and more.
SOURCES


5 Fidelity Charitable, "Parenting and philanthropy: Growing the next generation of givers" (2023).


7 Giving USA, Giving by Generation (2023).


10 Neon One, “Website Optimization Assessment” (2023).


