

# Fledgling philanthropists

**Valerie Remoquillo-Jenni** offers insights from her work preparing next-generation givers for the responsibilities of wealth

Today's philanthropic landscape has been made more dynamic, innovative and ambitious by a younger breed of major donors, the 'next-generation givers' (NGGs).

The Johnson Center for Philanthropy and philanthropy advisory firm 21/64 helpfully define 'the next generation' as including Generation X (people born between 1964 and 1980) and the Millennials (those born between 1981 and 2000).<sup>1</sup> As a philanthropic group, they are a force to be reckoned with, with USD20-30 trillion available for charity, according to Devex, a media platform for the global development community. Many NGGs are heirs to family fortunes, and often to long-standing traditions of philanthropy. Another group of NGGs are self-made. In 2015, 12 of the 50 top donors in the US were technology entrepreneurs, and many were under 40, with some giving over USD500 million each.<sup>2</sup>

Advisors to families of wealth face a challenging yet exciting opportunity to serve NGGs. We have been warned that only 2 per cent of wealth inheritors keep their inheritances with their parents' financial advisors.<sup>3</sup> Clearly, much can be done to ensure that younger clients have confidence and trust in our advisory services and believe their unique needs are being heard and met. How can we not only retain NGGs, but actually add value?

## ADVISORS' ROLE

In its 2015 white paper *Born to Give*,<sup>4</sup> Nexus, a global movement of young wealth holders, reports that NGGs prefer to give collaboratively, mobilising their family and

peers, building partnerships and utilising networks. As advisors, we add value to NGGs in our role as connectors of the dots, keeping abreast of what is going on in our clients' philanthropic area and linking them to like-minded individuals and organisations. Meaningful and targeted matchmaking is our key asset.

The need to demonstrate impact is a recurring theme for NGGs. Donors have always been concerned about making an impact but put an even greater focus on this today, as we enjoy better access to technology and information to monitor and evaluate results. We can compare best practices from a wide range of organisations with greater ease. Never before has it been more relevant to discuss efficiency, transparency and goal-setting in philanthropy. As advisors, we need to be well versed in how development organisations and their programmes work, even creating a dialogue with the recipient charities ourselves. In this way, we can help our clients better assess the impact of their contributions. We need to be more familiar with impact-measurement tools and development benchmarks.

More importantly, we need to be skilled at guiding mission-finding conversations with NGGs, helping them to answer key questions such as: 'What change do I want

## 'Next-generation givers approach philanthropy in a more innovative way, harnessing the power of networks and technology'

to see in the world?' and 'How would I measure success?'. The happiness quotient of their giving can make all the difference in the NGGs' philanthropic journey.

## THE NGG METHOD

NGGs approach giving in a more innovative way. They are harnessing the power of networks and technology and have wholeheartedly embraced concepts like crowdfunding via micro-lending platforms such as Kiva, and crowdsourcing ideas and solutions. In the sharing economy, they see their philanthropy as part of a large and engaged movement. They are not going it alone.

### ➤ KEY POINTS

#### WHAT IS THE ISSUE?

The global philanthropy landscape has changed significantly, due to a new class of donors who are redefining their engagement with wealth and giving – the next-generation givers.

#### WHAT DOES IT MEAN FOR ME?

Practitioners need to meaningfully engage and serve young philanthropists.

#### WHAT CAN I TAKE AWAY?

Next-generation givers are not necessarily more charitable than the generations before them. But they are more socially connected, impact-orientated and innovative in their philanthropy. To inspire the trust and confidence of next-generation givers, our advice must add greater value to their philanthropy.

## PHILANTHROPY ADVISORS SPECIAL INTEREST GROUP

This group focuses on enhancing the strategic nature of giving and social investing to raise the status of private client philanthropy advisory and help encourage further professionalism. If you are interested in joining or would like further information, please visit [www.step.org/sigs](http://www.step.org/sigs)

Beyond grant giving, NGGs take a holistic approach to philanthropy. For instance, they might apply social and environmental criteria to their private investing, ensure their charities' portfolios are aligned with their stated missions, or be keen to provide seed funding, start-up loans and expertise to social entrepreneurs, in the spirit of venture philanthropy.

### MOVING WITH THE TIMES

All these innovative ways to use wealth for social purposes mean philanthropy now encompasses a wide range of new ideas. We advisors find ourselves navigating new territory as we are confronted with emerging concepts like impact investing, and with hybrid organisations such as social enterprises and B Corps.<sup>5</sup> I believe openness to learning and experimentation is crucial, whether we are helping a next-generation client customise their investment strategy or looking closely at business proposals for an early-stage social venture. There is also a growing amount of expertise on sustainable finance on which we can draw.

For advisors offering financial services, digital enablement is an important element of service for next-generation clients. Digital platforms for online trading, monitoring and transactions are ideal for next-generation, tech-savvy clients who consume information in real time and on the go. Advisors must adapt to this, while ensuring their systems are secure and protected.

Those of us in the STEP community who advise multi-generational families recognise that the partnership with the NGG starts early. Next-generation wealth inheritors are often inspired by and proud to be a part of their family's legacy of giving. Through education and coaching programmes, we can encourage them to find their own expression of family values and form their own philanthropic identity.

Families that provide members of the next generation with ample room for personal growth ensure they become grounded and confident philanthropists. As young adults, they can become involved in their family foundation or giving

committees, which will expose them to decision-making and leadership roles within their own family. Advisors can help this process by organising immersion activities for teenagers and young adults, such as volunteering and field visits, so they can learn about real-world challenges and meet people from different walks of life, outside their homes and social circles.

The Nexus paper emphasises that empathy, compassion and social connection are the roots of philanthropy for many young wealth holders. Advisors can offer the most value to next-generation clients by bringing them closer to these three very personal elements, to motivate and sustain their giving.

- 1 #NextGenDonors: *Respecting Legacy, Revolutionizing Philanthropy* (July 2013)
- 2 Molly Anders, 'How to attract a next-gen philanthropist', *Devex* (1 April 2015)
- 3 Michael Sisk, 'How to Keep the Kids', *Barron's* (4 June 2011)
- 4 K Greenman and J Wittkamper
- 5 B Corps are for-profit companies that have been certified (by the non-profit B Lab) to meet rigorous standards of social and environmental performance, accountability and transparency



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For details, see the enclosed flier.