

Wealth Planning Update

From donation
to philanthropy

How charitable giving has evolved generationally



The pandemic has changed the way we all view and experience giving. There's also a new generation in control of wealth and more socially motivated generations aging into discretionary spending incomes.

What used to predominately exist as a charitable transaction has now evolved into a philanthropic relationship rooted in long-term impact goals for all generations—from Boomers to Millennials.

This shift in how we think about giving is not a consequence of the pandemic but has been intensified by it. In fact, it's been a slow progression over decades, heavily impacted by the larger changes in social values from generation to generation. Looking back to the 1950s, society valued authority, organized religion, and order over ideals such as autonomy and liberty. As a result, giving practices were often motivated by guilt, a sense of duty or obligation and often took the form of regular checks to well-known organizations, without any questions.

Twenty-first century giving more greatly emphasizes personal choice and measurable impact. At the same time, social causes like climate change and intensifying political divides have caused donors to become more hands-on with their giving. This trend is counterbalancing, shrinking government funding of charities relative to increasing societal needs. The bottom line? Donors are no longer content to simply contribute to good causes. They want more involvement with the organizations they support—including more say in how their money is spent.

And it's not just high net worth individuals who want to dictate the action of their charitable donations. From a \$60 polar bear "adoption" to a \$100 million hospital donation, individuals of all backgrounds are researching the organizations they want to support online, often getting involved with the institution first, and then ultimately dictating exactly how they want their donation to be used.

The ultimate of all these examples is the venture philanthropist. Venture philanthropists seek out organizations they deem both good opportunities based on performance and good causes to support

based on their social and environmental impact and then turn their gift into investments. For example, a venture philanthropist opens or invests in a restaurant that trains and employs at-risk youth, or offers loans to nonprofit organizations at a lower rate of return.

The nature of giving has changed—and it follows a generational pattern

How and when individuals interact with nonprofit organizations depends on how they view and interact with the world. Whether you're a person looking to give or an advisor to one, it's helpful to understand generational giving motivations and processes. Let's look at each generation and the considerations they typically take before giving.

Traditionalists (1925–1945). Traditionalists lived through cornerstone events such as the Great Depression, World War II and the advent of movies. This generation tends to value patriotism, responsibility, and faith in community and organizations. Their loyalty and faith extend to their giving practices, as they usually give to the same organizations from year to year, trusting the organizations to best use the donated funds. Traditionalists are no longer the most impactful giving generations in terms of total dollars.

Baby Boomers (1946–1964). More idealistic than their predecessors, the Baby Boomer generation began turning the ship of social opinion away from blind trust in authority. Shaped by events such as the Cold War and the Civil Rights Movement, this generation is more likely to want to be involved in fixing societal issues. Highly pragmatic and often activists in their formative years, Boomers may be more concerned their gift is spent wisely and that the organization is well-respected, demonstrated by approximately 31% of Baby Boomer donors checking third-party nonprofit evaluation websites.¹



Marvi Ricker is the Managing Director of Family Philanthropy & Legacy planning at BMO Family Office, an integrated wealth management provider that serves ultra-affluent individuals, families and family offices across their tax, estate, investment, philanthropic, risk and family capital needs. She provides clients with strategic guidance to help give meaningful expression to their wealth.

Generation X (1965–1980). Generation X ("Gen X") donors do their research before giving and are often looking for social proof of impact before committing to an organization. Influenced by events such as Watergate, the HIV/AIDS pandemic, and the tripling of divorce rates, this generation can be seen as skeptical. For this reason, they tend to be more actively involved in their communities than previous generations and are more tuned in to the activities that non-profit organizations support. In fact, two of the top reasons Gen Xers stop giving to an organization is a bad experience with the organization or they don't think their money is being used wisely.²

Millennials (1981–1999). Millennials are driving the future of giving practices. While they may not yet give more dollars than the generations that came before them, approximately 84% of Millennials give to charity and approximately 40% are enrolled in a monthly giving program.³ As their wealth and investments grow over time, their gifts will grow as well. Millennials wholeheartedly believe in the organizations they support. Giving has become immensely personal and many Millennial donors view their philanthropic activities as central to their identity, funding issues rather than organizations. This is demonstrated through their willingness to tackle philanthropy through entrepreneurship, approaching societal issues on their own rather than looking to existing organizations to provide leadership.

Our values shape our actions

Taking into consideration the experiences, and consequently, the values of each generation, makes it possible for advisors to begin to understand how clients may wish to help their communities and our larger society. Thus, Millennials will not necessarily assume their Boomer parents' donation habits. Each generation behaves differently as donors, reflecting their collective histories and values.

Feel confident about your future

BMO Wealth Management—its professionals, its disciplined approach, its comprehensive and innovative advisory platform—can provide financial peace of mind.

For greater confidence in your future, call your BMO Wealth Management Advisor today.

www.bmowealthmanagement.com



¹ Qgiv "Generational Giving: Baby Boomer Fundraising Trends, Preferences, and Patterns."

² Qgiv, "Generational Giving: Generation X Fundraising Trends, Preferences, and Patterns"

³ Nonprofit Source "The Ultimate List of Charitable Giving Statistics for 2018"

BMO Private Bank is a brand name used in the United States by BMO Harris Bank N.A. Member FDIC. Not all products and services are available in every state and/or location.

"BMO Wealth Management" is a brand delivering investment management services, trust, deposit and loan products and services through BMO Harris Bank N.A., a national bank with trust powers; family office services and investment advisory services through BMO Family Office, LLC, an SEC-registered investment adviser; investment advisory services through Stoker Ostler Wealth Advisors, Inc., an SEC-registered investment advisor; and trust and investment management services through BMO Delaware Trust Company, a Delaware limited purpose trust company. These entities are all affiliates and owned by BMO Financial Corp., a wholly-owned subsidiary of the Bank of Montreal. BMO Delaware Trust Company does not offer depository, financing or other banking products, and is not FDIC insured. Not all products and services are available in every state and/or location. Family Office Services are not fiduciary services and are not subject to the Investment Advisors Act of 1940 or the rules promulgated thereunder. Investment products and services: **ARE NOT A DEPOSIT-NOT INSURED BY THE FDIC OR ANY FEDERAL GOVERNMENT AGENCY-NOT GUARANTEED BY ANY BANK-MAY LOSE VALUE.** Capital Advisory Services are offered by a division of BMO Harris Bank N.A.

Estate planning requires legal assistance which BMO Harris Bank N.A. and its affiliates do not provide. Please consult with your legal advisor.

This information is being used to support the promotion or marketing of the planning strategies discussed herein. This information is not intended to be legal advice or tax advice to any taxpayer and is not intended to be relied upon. BMO Harris Bank N.A. and its affiliates do not provide legal advice or tax advice to clients. You should review your particular circumstances with your independent legal and tax advisors.