



How To Appeal to Today's Engaged Giver

It's a page straight out of the dusty old book of nonprofit legend: The old guy on his deathbed leaving his estate to his foundation.

Well, turn the page because there's a new chapter beginning.

Indeed, there's a new breed of giver out there — "fully engaged" philanthropists, if you will. Instead of leaving bequests, they're handing over the bulk of their fortunes *during* their lifetimes — and playing an active role in the process.

And it's not just the Bill and Melinda Gateses of the world — it may very well be the business owner next door. You can thank an unprecedented wealth-creation boom that made many ambitious 30-somethings astonishingly rich.

Rewriting the Rules

This new breed of giver is breaking many of the traditional models we hold dear in the nonprofit world. A recently updated report by the Philanthropic Initiative examines this evolution of donors from largely uninformed givers to highly engaged and involved philanthropists who are passionate about "giving while living." Profiles of these new donors reveal the following characteristics:

- **They're young.** Five of every 100 people in the top 1 percent of the wealthiest Americans are 35 years old or younger. Thus, they've come by their wealth quickly and may not be quite comfortable with it. They also have limited

experience with philanthropy.

- **They're hands-on.** They have a hands-on style and a tendency to direct or restrict their gifts. In many cases, they want to make sure their money goes to their causes efficiently, rather than trusting future foundation heads to follow their vision.
- **They're suspicious.** They're skeptical of the philanthropic establishment and large institutions. Likewise, there seems to be a keen awareness of the downside of wealth and its negative impact on family members.
- **They want to make their mark ... now.** In some cases, they don't even plan to leave a permanent foundation as a legacy, choosing instead to spend their charitable organizations out of existence — or close to it — to accomplish the maximum good during their lifetimes.

So What's a Nonprofit To Do?

As you can see, appealing to today's engaged givers requires a specific strategy — one that satisfies their need for accountability, provides some degree of control and provides a measurable and visible return on their investment.

Know thy donors. Figuring out why the donor is motivated to give (it could range from tax benefits to giving back to the community) takes research. Develop and implement long-term survey and data collection plans. Make data collection an ongoing effort, not simply a meet-and-greet project. Know how a donor fits into a giving category.

Offer some control. Here, a donor-advised fund might provide the answer. Your donor makes an irrevocable contribution (typically into a mutual fund) and receives an immediate tax deduction. The money invested then belongs to the fund, and the account can grow over time, making additional money available for charitable purposes. Another benefit of the donor-advised fund is that gifts of appreciated stock, bonds and mutual fund shares that are held in the fund for more than a year (as opposed to being granted out) are deductible at fair market value and are not subject to capital gains taxes.

Although the money belongs to the fund, donors can recommend when and where their contributions are

disbursed. While the provisions vary somewhat from one fund to another, many donor-advised funds allow donors to make grant recommendations of both principal and interest to any 501(c)(3) charity.

Ensure proper stewardship. Stewardship begins the moment the donor agrees to make the gift. This involves ensuring proper use of funds for the intended purpose, yearly reports and updates, and continuous communication, education and involvement.

Our firm is committed to providing the resources you need to write a new chapter in fundraising by reaching out to today's new breed of engaged giver. Please contact us to see how our accounting and consulting professionals can help.

Lessons from the Boardroom

It should come as no surprise that this new breed of philanthropist is also bringing novel tricks of the trade to their philanthropic efforts. For many, philanthropy becomes a second career — and they bring to it the same discipline and talent they used to accumulate their fortunes in the first place, including their insistence on:

- Measurable results
- Efficiency
- Transparency