

X + Y = \$ A Primer on Generational Philanthropy

Did you know that Generations X and Y constitute \$38.3 billion a year in charitable contributions?

By Renee C. Herrell

Generational philanthropy refers to the way each generation engages in donating their time, treasure, and talent. It's important to understand how and why each generation donates so that you can approach them through the proper vehicles and forge long-lasting bonds.

Research shows that over half of Baby Boomer and Traditionalist donors first learned about their top charity in their 30s.¹ So a strong case can be made for engaging Generations X and Y now to build future relationships.

Generation X

Generation X includes 62 million individuals born between 1966 and 1980. They make up 24% of the U.S. population and 32% of the workforce.²

They're a well-educated group, holding more degrees than their older counterparts. They're entrepreneurial and known for taking risks.

Gen Xers place great importance on finding a balance between work and home, choosing to "work to live" rather than "live to work." They tend to be pragmatic, skeptical, self-reliant, informal, diversity-minded, techno-literate, and focused on today.

Over half (58%) make donations; this translates into almost 36 million donors. The average Gen Xer contributes \$796 annually. Combined, that's \$28.6 billion per year.

They first learn about their top charities (in priority order) through:

- mainstream media
- word-of-mouth
- mail
- peer-to-peer events
- work
- product purchase.

When asked what they thought the most appropriate form of solicitation from a charity was, they noted (in priority order):

- a friend
- a letter mailed from the charity
- an e-mail from the charity
- a message on Facebook from the charity.

Generation Xers tend to give the same amount to their top charity every year, typically for seven years. Their giving is

influenced by their friends and family and often based on stories that move them.

Gen Xers have a tendency to be more loyal to a particular area of interest (such as animal welfare or the environment) than to a particular organization. Of all the generations, they donate the most through Web sites.

Generation Y

Generation Y is made up of those born from 1981 to the present, with a U.S. population of 83 million. Also known as the millennials, they're the fastest growing population in the U.S. workforce. With 40 million workers, they constitute 25% of all workers.²

They're digital natives and fully immersed in the online world. They're confident, comfortably self-reliant, entrepreneurial, success driven, inclusive, and environmentally minded.

It's a generation of strong-willed, passionate, and optimistic youth. They have great expectations and are known for expecting (and demanding) to get what they want.

Gen Yers are more ethnically and racially diverse than other generations. They're less religious, less likely to have served in the military, and are on track to become the most educated generation in American history.³

Over half of this generation (56%) are donors. The average Gen Y donor contributes \$341 annually for a total generation contribution of \$9.7 billion per year. These younger donors plan to increase their charitable contributions to their top charity next year.

They first learn about their top charities through:

- mainstream media
- word-of-mouth
- school
- peer-to-peer events.

Gen Y donors say that the most appropriate way for a charity to ask them for money is via:

- a friend

¹The statistics and lists of preferences in this article (unless otherwise noted) come from a survey reported in *The New Generation of American Giving: A Study on the Multichannel Preferences & Charitable Habits of Generation Y, Generation X, Baby Boomers & Matures* from Convio (convio.com).

²U.S. Census Bureau and AARP, *Leading a Multigenerational Workforce* (aarp.org).

³Pew Research Center, Current Population Survey (CPS) and *Millennials: A Portrait of Generation Next* (pewresearch.org).

- an e-mail from the charity
- a message on Facebook from the charity
- a text from the charity.

As philanthropists, they value volunteering as well as financial giving. They're more likely than any other generation to cite the "desire to make the world a better place to live" as a key motivation for their philanthropic giving.

Members of Gen Y respond positively to building a relationship with a nonprofit online. Nonprofits can use low-cost online relationship-building tools like e-mail, Web sites, blogs, Facebook, and Twitter to engage these younger donors. Not surprisingly, direct mail solicitations have little to no impact on Generation Y.

Gen Yers donate through a variety of channels: online, in person, through texting, and by check. They're more likely than other generations to raise funds for their favorite causes and ask for donations from their peers.

Six Ways to Engage Young Donors

How do you effectively engage Gen X and Y? Consider these strategies:

1. HOST EVENTS FOR YOUNG PROFESSIONALS.

Events are a popular way to engage young people and educate them about your organization while giving them a chance to socialize with their peers. There are a few easy steps to creating a young professionals' event:

- **Choose an evening mid-week** to host your event after work hours.
- **Select a location.** Your organization's offices are an ideal place to meet if you have the space. Otherwise, choose a cost-effective, up-and-coming, or trendy eating/drinking establishment.
- **Create an enticing focus for the event**, such as art or music, that will attract a young crowd.
- **Charge an entrance fee** between \$5 and \$15.
- **Spread the word** to Gen X and Yers using social media and other media outlets.
- **Provide tasty drinks** and food.
- **At the event, give attendees an opportunity to make donations** and get further involved with your organization.

2. RECRUIT FOR BOARD & COMMITTEE ROLES.

Volunteering is a favorite way for young people to give. They tend to have more time and less money, and they want to get involved in causes beyond just writing a check.

Diversity on boards is highly desired and often hard to obtain. Did you know that diversity includes age? Recruiting young board members is a great way to add new perspectives to your board.

Consider inviting younger individuals to join a board committee. It's a first step that will give you a chance to groom them and see how they might serve in a larger capacity in the future.

3. ENGAGE IN MULTICHANNEL COMMUNICATION.

The best way to engage young people is to use a variety of different communication channels, both offline and online. Use tools such as social media to share stories. Post pictures, and include quotes from people who have been helped by your organization.

4. ASK YOUNG PROFESSIONALS TO ENGAGE THEIR PEERS.

Young people like to raise funds for their causes and promote their favorite charities online. Provide these young fundraisers with tips and tools for raising money, sample solicitation letters, thank-you letters, individual online fundraising pages, and one-on-one training in fundraising.

Let them lead the process as much as possible and be ambassadors for your organization. Your investment in their efforts will pay off in the long run.

5. OFFER TIERED MEMBERSHIP STRUCTURES.

Provide a membership rate that's affordable to Gen X and Y, such as \$25 or \$35 a year. Furnish the same benefits as they would receive at higher-level memberships.

The idea behind membership is to encourage people to have contact with your organization on a regular basis. Generation X and Y will do so if you attract them with affordable memberships.

6. PROVIDE PHILANTHROPIC RESOURCES AND TRAININGS.

Host trainings for your up-and-coming philanthropists to provide them with resources and information to help them enter this new role. Many young people are eager to learn how to become philanthropic.

The training can be similar in style to hosting a planned giving luncheon or tea for your older donors. Provide participants with information such as developing a personal giving plan and researching causes that need help.

Ask your older donors if they have children or grandchildren who would like to learn more about philanthropy. Reaching out in this way will develop lifelong family giving to your organization and a continued investment across generations.



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Don't miss upcoming articles on how to talk to your board about fundraising, a questioning approach that will get donors to give, the best ways to seek (and not seek) corporate support, and how to get ready for the big generational shift that will transform everything in the coming years.