

Young donors changing the meaning of 'giving'

From crowdfunding to volunteering, young donors are changing what 'giving' means to them.

There is a subtle but distinguishable difference between charitable giving and philanthropy. Charitable giving is often an immediate one-time cash donation or donation of time, made in response to a specific request or an impulse that is personally and emotionally driven. While philanthropy is more complex and involves a long-term strategic gifting approach that often focuses on issues or causes that reflect an individual's interests and values. However, from a generational standpoint, to millennials (or "Gen Yers"), those born between 1980-1995, and Generation Z ("Gen Zers"), born between 1996-2010, 'giving' may mean something totally different.

Millennials are fearlessly changing what it means to be philanthropic, and precisely how they give charitably. As Gen Zers mature into their careers and hit their earnings stride, they are likely to do the same with their giving. These younger generations of donors aren't content to just give to organizations and let them take the reins. They want a meaningful experience to accompany their giving. Their charitable choices are driven by their own preferences and causes they passionately believe in. Also, their entrepreneurial spirit helps them see new avenues for doing good in the world that older generations may never have considered, such as supporting creative fundraising efforts and starting businesses that can help address issues while also turning a profit.

Getting involved

Young consumers are less interested in material goods, and keener on experiences and causes that connect with their own personal experiences. This is evident in their affinity for services like Uber rather than car ownership. Philanthropy is no different. Traditionally, galas and annual fund drives were the opening to get involved with causes. But, millennials aren't content to let organizations do the heavy lifting for causes that are important to them; they want to roll up their sleeves and get to work as well.

Volunteering time helps donors connect with a cause on a different level, giving an "on-the ground" view of what the key issues are and what type of assistance works best. Volunteering can be the first step in a donor's philanthropic journey, and

getting involved can lead them to open their wallets (or digital wallets) later on.

If making a financial contribution isn't feasible, volunteering is a good way to make a difference. After all, younger generations are often saddled with substantial student debt. What's more, volunteering also provides compelling social media content. Sharing the experience helps millennials and Gen Zers promote causes they care about online, potentially prompting their peers to get involved too, either through volunteering or donations.

Fundraising, not giving

When younger donors do give to charities, how they give may look different too. Because of their penchant for experiences, they may prefer group fundraising (i.e., crowdfunding), which may require a smaller cash outlay from each individual, but combined has a much greater impact.

Group fundraising has a social component, too, allowing participants to "post" their passion for a cause and get friends and loved ones involved. Through the power of social media, fundraising efforts can amplify the message and help to raise greater awareness for a cause, not to mention more money. After all, 30 people pitching in for a cause can bring in significantly more money than one person doing it on their own.

Younger generations are most adoptive to new, innovative ideas and are more likely to be drawn to charities and not-for-profit organizations that do things differently. For example, a few years ago the infamous Ice Bucket Challenge raised money

for ALS, while also providing a fun and social experience for participants and donors; beyond just giving money alone. These types of experiences allow younger generations to connect with others who are like-minded. This affinity for sharing experiences has spawned the emergence of crowdfunding sites like Crowdrise or Indiegogo that allow young donors to organize their networks and collect small donations for the causes they collectively support.

Tell me a good story

Changing consumer tastes have pushed the power of storytelling to the forefront. It's no longer enough for not-for-profits to just ask for money to support a worthwhile cause. Millennials and Gen Zers want to know why they're being asked to donate. Their passion or desire to help and stay loyal to a cause is fueled by wanting to know or understand why the charitable initiative was started, who it benefits, and real stories of how it has made an impact. It's all part of this generation's

emphasis on authenticity. Some not-for-profits deliver by highlighting videos of the people who benefit from donations on their websites or incorporating their stories into their annual reports.

These stories also make for great content to share, further creating a virtuous cycle of giving and promoting these causes. Corporations can play a role, too. Baby Boomers may have been suspicious of anyone trying to turn a profit, but millennials and Gen Zers believe that companies — especially mission-driven start-ups — have a role to play in solving environmental, social and corporate governance issues.

Millennials and Generation Zers are deeply passionate about many causes, but they have different expectations about how they'll give their time and money. In the process, their outlook is changing the face of philanthropy and calling for greater involvement from corporations and non-government organizations to do good.



For more information about maximizing your potential to giving charitably, speak with your BMO financial professional.



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