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## Generational Philanthropy White Paper

Philanthropy, as defined today, has existed for centuries. According to Webster, the first use of the modern term dates back to the 17<sup>th</sup> century<sup>1</sup>. It stems from a desire, which most people have, to improve the world around them. But like most things that survive it has needed to adapt throughout the ages. While its definition has been able to stay relatively the same, its connotation has been interpreted differently from one generation to the next. Today one can see the changes and preferences differ between the baby boomer generation and their children. Some of these adjustments may be small like creating a facebook and twitter account to appeal to larger audiences in the growing tech savvy world. But other changes are far more substantial such as a growth in short, impactful investments, and a decline in traditional planned giving.

The parenting generation today, which is looking to leave behind its legacy, are a part of the baby boomer generation. Having grown up in a post war economic boom they witnessed and lived through the development of our country's infrastructure. They lived through the civil rights movement, the Cold War, and the

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<sup>1</sup> <http://www.merriam-webster.com/dictionary/philanthropy>

tech boom. They appear to be less skeptical with their money and are more willing to donate by good faith, in order to help a charitable organization.<sup>2</sup>

What does traditional planned giving offer? One important advantage of traditional planned giving is its stability. The donor/investor is not giving a gift and expecting it all to be used immediately for instant results. What gifts, like trusts and bequests offer is a foundation. These gifts offer philanthropic organizations the chance to build a long term project or develop the necessary infrastructure to not just meet their mission, but continuously improve upon it.

Why are these types of investments still growing? There are several possibilities. A donor may see the potential in an organization and want to help it grow. Perhaps they are looking to leave behind a legacy. But one reason that cannot be ignored is that the parenting generation wants to leave a solid infrastructure behind for their children. Baby boomers were given a better world by their parents and now they are returning the favor to their children through long term philanthropic gifts.

But what is the next stage of philanthropy? While the baby boomers are looking towards their legacy, the millennials are looking to make an immediate impact as young professionals and philanthropists. They were not born in the same economic boom as their parents and have instead been exposed to the 2007 recession, the Bernie Madoff scandal, and over a decade of war. The millennials are entering the business world with the ability to answer any questions they may have,

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<sup>2</sup> Charitable Gifts,  
[https://www.blackbaud.com/files/resources/downloads/WhitePaper\\_ProspectResearchforPlannedGifts.pdf](https://www.blackbaud.com/files/resources/downloads/WhitePaper_ProspectResearchforPlannedGifts.pdf)

instantly, by pulling out their smart phone and using a search engine. Growing up with an unstable economy has had an effect on millennials; according to a study done by Merrill Lynch, "Millennials and Money,"<sup>3</sup> a large number of the millennial generation are financially skeptical and can be conservative with their money.

The effect this has on philanthropy by the younger generation is a shift from traditional planned giving towards a practice that is known as high impact philanthropy. Though at the moment millennials are still a minority in the philanthropic world, their decisions still affect the direction that charitable organizations are moving. Traditional gifts are not just an investment of money, but also trust; it is a long term solution that binds the donor/investor with the organization. The millennial generation, being more conservative with their money, appears to be more interested in having immediate and measurable results.

Though it does not offer the same stability and infrastructure that traditional planned giving offers, high impact philanthropy does come with a lot of unique strengths. One important positive is an increase in investment confidence. If the donor is able to see the developments that come directly from their pockets than they are more likely to donate again. Another important advantage is one of the main reasons that millennials donate to high impact philanthropy organizations. These donations lead to direct and measurable results. This not only creates transparency between the investor and the organization, but it also offers the benefit of quick success. Though small, measurable projects do not offer the same

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<sup>3</sup> Millennials and Money, page 4,  
[http://www.pbig.ml.com/Publish/Content/application/pdf/GWMOL/PBIG\\_Millennials\\_and\\_Money.pdf](http://www.pbig.ml.com/Publish/Content/application/pdf/GWMOL/PBIG_Millennials_and_Money.pdf)

infrastructure as traditional planned giving, it does offer small building blocks that can be used to develop larger projects down the road. But are small successes enough for non-profits to survive and sustain? Even if they are, will these organizations be able to grow?

One solution to sustainability of philanthropic organizations is the development and growth of hybrid philanthropy. Hybrid philanthropy is a for-profit organization with a charitable mission. An example of this is a New York City bakery named Hot Bread Kitchen.<sup>4</sup> According to an article by the *Stanford Social Innovation Review*, Hot Bread Kitchen is a for profit bakery that hires, mostly, low income, female, immigrants. In return for baking multi-cultural breads, these women are not just given employment but are also taught the necessary job skills required to become self-sufficient business professionals.

An example in Western New York of hybrid philanthropy is The West Side Bazaar on Grant Street. As stated on its website “The West Side Bazaar, a WEDI project, is a small business incubator supporting entrepreneurs on their path to becoming successful business owners.”<sup>5</sup> This organization helps the immigrant population in Buffalo, as well as the west side community, by giving them the opportunity to run their own small business.

What makes these two examples hybrid philanthropy organizations is that they combine a for profit business with a philanthropic mission. The reason hybrid philanthropy is appealing to donors/investors is that it not only provides an

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<sup>4</sup> In search of the Hybrid Ideal,  
[http://www.ssireview.org/articles/entry/in\\_search\\_of\\_the\\_hybrid\\_ideal](http://www.ssireview.org/articles/entry/in_search_of_the_hybrid_ideal)

<sup>5</sup> West Side Bazaar, [www.westsidebazaar.com](http://www.westsidebazaar.com)

important service to improving the community but it also generates revenue; hybrid philanthropy organizations have the potential to be self sufficient, which means donations can be used for immediate change and improvement; they are not just used for survival.

In conclusion, despite being philanthropic minorities, the millennial generation plays an important role in the future of philanthropy. As seen before, the practice, in philanthropic giving, changes between each generation. While the parenting baby boomers focus more on long term investments through traditional planned giving, their children practice a more fiscally conservative approach. And as the world becomes more transparent with the ever growing use of technology and social media, the younger generation will most likely want to keep a close eye on the money they invest, in order to make sure it is being used towards high impact changes and results. As mentioned earlier, while the baby boomers are focusing on their legacy, the millennials are eager to make a name for themselves. But one day, towards the end of their careers, the responsibility will fall on the millennials to leave behind the legacy of a better world for their children. And the endless cycle of giving can continue: "One must know not just how to accept a gift, but with what grace to share it."<sup>6</sup>

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<sup>6</sup> Maya Angelou

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