

by Dolores A. Laputka, Esquire

“Soft side” of philanthropy — what does that mean?

Generally, significant charitable giving is prefaced with and motivated by technical tax terms and benefits, but there is a side of charitable giving that changes with the times, particularly with the nature and inclination of future generations. As “baby boomers” approach retirement with accumulated wealth, many were raised with charitable giving and volunteering as a part of their weekly activities, whether it be with their religious organization, a college or university, or, perhaps, the local United Way.

As a non-profit looking to the future, however, Generation X (those born from 1964 to 1981) and even more so, Generation Y (those born since 1982), have a very different perspective toward charitable giving and not one with which charities may be satisfied.

In focusing on the future trends of philanthropy and the ingredients needed to address those trends, the good news is that donors are more sophisticated and more educated thanks, primarily, to the Internet, as well as other communication vehicles. The bad news is that donors are more sophisticated and more

The Soft Side of Philanthropy What Does the Future Hold?

educated, thus, more demanding, with the expectation that charities will be more transparent and accountable.

According to **Jason Born**, written in the *National Center for Family Philanthropy Newsletter*, January 2011, there are certain trends that are evolving in philanthropy for 2011. Some of these trends include:

- **Internet giving**, or what is commonly being referred to as “flash giving” triggered by international conflicts or such events as famine, natural disasters, and extreme hardships.
- **Racial and ethnic diversity**, which affects both the giving trends and requests for distributions, having the effect of focusing the funds on very specific needs or different segments of the population.
- **International giving**, with the advent and broad exposure of the Internet, has become a significant portion of the annual giving that takes place in the United States, as much as 40-50 percent.
- **Disappearance of center of communities**, with young adults leaving the communities in which they were raised, moving to another location, having no connection to their old community and little to their new community, causing them to be less supportive to their communities than their parents and grandparents had been.
- **Accountability** — Donors are requesting increased accountability from charitable organizations, both in the giving as well as in the effectiveness of the programs being operated.
- **Longer lifespan** — Indi-

viduals are living too long and are either using their funds for their own care or, alternatively, they are becoming susceptible to unscrupulous caretakers, relatives or vendors selling services that are not needed.

- **Decrease in faith-based giving** affects many programs that are supported by the religious organizations.
- **Tax law changes** have become increasingly less favorable to incentivize charitable giving by reduced income tax rates and increased exemption amounts from federal death taxes.

To understand the ingredients that impact of these trends, organizations should appreciate that 75 percent of the \$325 billion of annual charitable giving that takes place in the U.S. comes from individuals, and the balance comes from foundations and corporations. The difficulty, of course, is that many of those individuals are growing older. Are communities replacing those individuals with the next generation?

One of the most significant points in the ingredients for giving is educating donors on the impact of a particular program or organization while impressing the accountability of the organization, both from a program perspective, as well as that of the transparency of dollars being spent.

It is important for charities to know what their clients’ hot buttons are. Where do their interests lie? Is it education, is it children, is it technology? An expression that has become somewhat familiar in recent times is “giving while living,” which refers to the understanding of whether donors want to give

and whether they will be recognized while they are alive or wait until death.

The gathering of this information further underscores the importance of knowing donors and knowing if there is a major event impacting their lives, such as the sale of a piece of real estate property or business, or an illness or death of a family member, with which you can become key and interact.


Lastly is the importance of social networking, such as Facebook, Twitter, LinkedIn, smart phones, texting, etc. Consider the amount of funds that were raised during the Haiti flooding emergency with the simple texting of \$5 and \$10 donations.

Philanthropy is not simply a lifeless transaction that transfers money from one hand to another; it is an act of creation or imagination that provides substance to mankind’s highest ideals.

Remember, donors are

idiosyncratic and are motivated by a range of needs and desires that even they do not fully understand, but it is this very nature that makes individuals far more willing than institutions to give money to causes that involve experimentation, risk taking, and new ideas. Individuals, particularly younger ones, are the future of our philanthropy.


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