THE NEXT GENERATION OF PHILANTHROPY

JANUARY 2025

LILLY FAMILY SCHOOL OF PHILANTHROPY
INDIANA UNIVERSITY

WRITTEN AND RESEARCHED BY:

Indiana University Lilly Family School of Philanthropy

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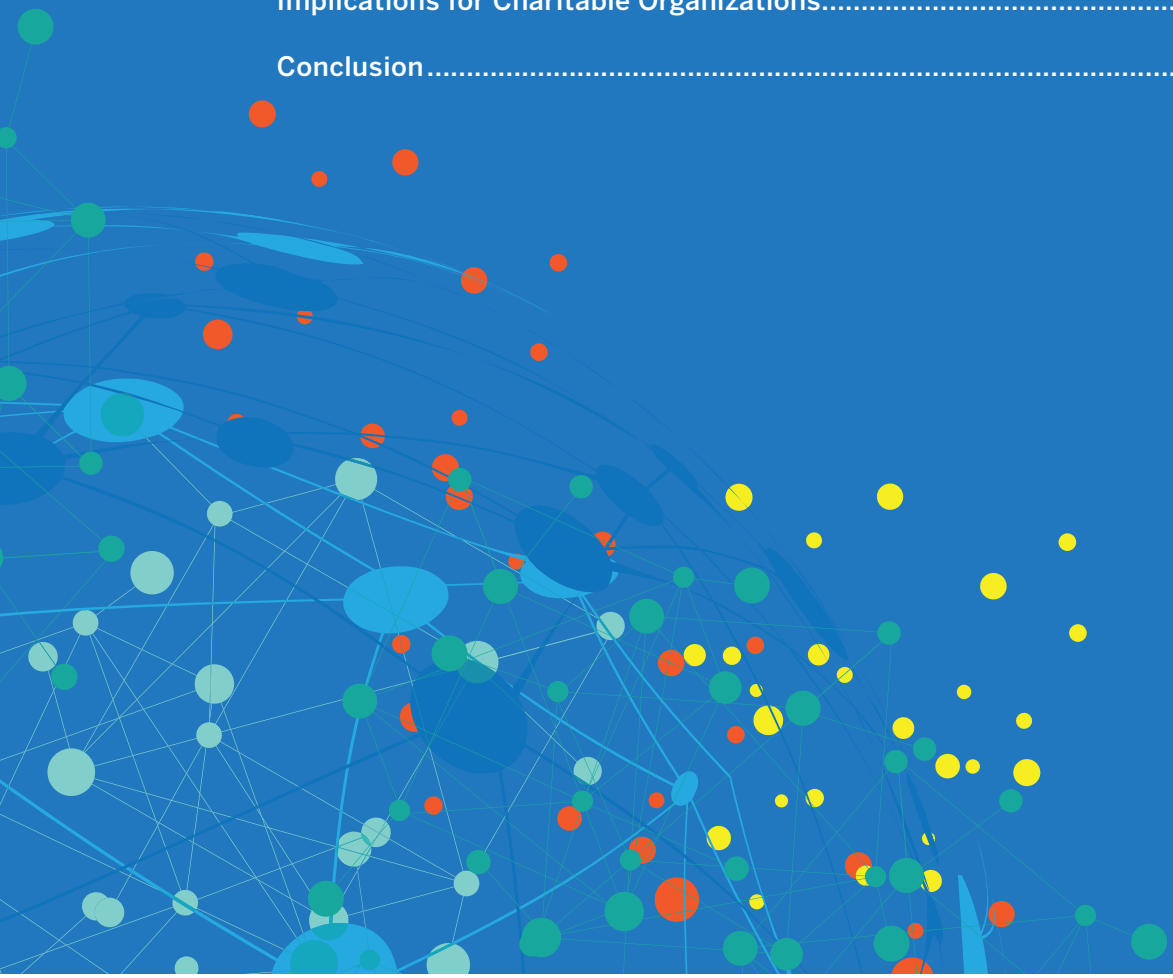


EXECUTIVE SUMMARY

There is growing interest in understanding how Generation Z (also known as Gen Z) and Millennials will reshape the future philanthropic landscape. Often referred to as the next generation of donors, their story is still being written. Nonetheless, we already know that this unique group of young donors is influencing the sector in discernible ways. The Next Generation of Philanthropy report takes a close look at how the next generation approaches giving differently than the generations that came before them.

The analysis provided for this study was derived using the Indiana University Lilly Family School of Philanthropy's Philanthropy Panel Study (PPS), a module of the University of Michigan's Panel Study of Income Dynamics (PSID), which has been tracking households since 2000. By following the same households over time, this longitudinal approach provides unique insights into changes in giving behavior by individuals and within households and families.

Key findings from the analysis are:

1. Religion and basic needs are top causes for philanthropic giving across all generations from 2003 to 2021, while giving to education is less of a priority for younger donors.
    a. Religious giving remains steady as a share of total giving. Religion is also consistently favored by larger donors, especially those in the Generation Z and Millennial generations.
    b. Generation Z and Millennials are becoming increasingly interested in donating to basic needs. Giving to basic needs also remains steady among older generations.
    c. Giving to education is becoming less popular with each younger generation.

2. Generation Z is giving to secular causes at a rate similar to what Millennials gave at the same stage of life.

3. Compared to Millennials who gave to religious causes, Generation Z donors who gave to religion were significantly less likely to also support secular causes. This finding challenges the historical trend of religious donors being more inclined to also contribute to secular causes.

4. Giving across all generations has declined since 2008. In each stage of life, individuals are less likely to give than they were in 2003.

Next generation donors are deeply issue-driven, and prefer flexible approaches to philanthropy with fewer strings attached. Young donors also seek trustful, long-term relationships with the causes and organizations they support. Generation Z and Millennial philanthropy often transcends traditional giving methods to encompass activities such as ethical purchasing, impact investing, and leveraging social media to create change.

Younger donors favor environmental and social justice issues more than older donors, and are less likely to give to education and the arts. They are also highly responsive to current events and global issues through both domestic and international giving.

Seeing themselves as active participants in their philanthropy, next generation donors often first get involved with causes and organizations through volunteering, utilizing their time not only to serve, but also to learn more about nonprofit organizations.

Generation Z and Millennials lead all generations in online giving, and rely on technology for many other aspects of philanthropy. Young donors participate in collaborative online exchanges with organizations, learn about and advocate for causes on social media, and turn to online resources to access information on nonprofits, giving vehicles, and impact results.

INTRODUCTION

The dynamic social, economic, and political shifts of the last twenty years have reshaped—and continue to influence—the giving patterns of the next generation of donors. Globalization and technological advancements are just a few of the many changes that have transformed how household giving decisions are made. Economic fluctuations have also played a significant role.

These changing dynamics have created an opportunity to take a deeper look at how next generation donors engage with the philanthropic sector. Young donors desire close involvement with the causes that mean the most to them. Nonprofit organizations and philanthropic advisors seeking to engage younger donors will need to adopt a long-game mindset toward building meaningful relationships with them. This report analyzes the needs and interests of next generation donors, the evolving patterns of giving by younger donors, and the opportunities those challenges may present.

Who are next generation donors?

Next generation donors are defined in this report as donors from Generation Z and the Millennial generation. Generational groups are defined by the birth years of individuals within each group, and often vary from one study to the next. For the purposes of this report, Generation Z includes individuals born from 1997 to 2012, and the Millennial generation includes individuals born from 1981 to 1996 (Dimok, 2019).

In addition to young adults in their 20s, Generation Z also includes teenagers. Generation Z is widely recognized as the first generation of digital natives and is known for maintaining continuous digital connectivity to the world. These young people grew up with instant and constant access to communications, global cultures and worldwide events. Generation Z is also the most diverse generation in the U.S. today.

The Millennial generation is now the largest generation in the country and includes America's mid-life adults in their 30s and early 40s. They adapt rapidly to technological change and are currently the most educated generation in the U.S., while also carrying the highest amount of student loan debt.

Some sociologists have subcategorized the Millennial generation into groups of microgenerations in order to acknowledge the differences within this large segment of the population. The oldest microgeneration includes those Millennials born between 1981 and 1984, who have been referred to as the Older Millennials. This group tends to have more in common with Generation X than other Millennials, coming into technology a bit later in life than younger Millennials and entering the workforce during the moderate economic conditions of the early 2000s. While the nation did experience an economic downturn after the dotcom bubble burst in 2000, it was mild compared to the financial crisis of 2007 to 2009 (Hoffower, 2024).

Millennials born between 1985 and 1989 have earned the moniker of The Great Recession Millennials. Launching into the workforce during the Great Recession, this microgeneration has had an uneven path toward building careers and wealth due to starting their careers either underemployed or unemployed for a period of time (Hoffower, 2024).

The Peak Millennials are the largest subgroup of Millennials, born between 1990 and 1993. As such, they have been responsible for driving many cultural trends and have faced significant competition for resources within their own microgeneration, such as college admission, jobs, and housing (Smialek, 2024). While they benefitted from launching their careers just as the economy was recovering from the Great Recession, they struggled as the cost of living, especially the cost of housing, increased around the country (Hoffower, 2024).

Finally, those born on the edge of both the Millennial generation and Generation Z between 1994 and 1996 are often referred to as Cusper Millennials, or Zillennials, yet many of them do not feel like they belong in either group. They are not quite the digital natives that Generation Z has become, yet they did not experience many of the formative economic or cultural experiences that older Millennials did, such as the 9/11 attacks (which they are too young to remember), the Great Recession (which occurred when they were just 15 years old or younger), or fierce competition for getting into college or first jobs (Hoffower, 2024).

DATA AND METHODOLOGY

Analysis on generational differences in giving that is unique to this study was derived using the Indiana University Lilly Family School of Philanthropy's Philanthropy Panel Study (PPS), a module of the University of Michigan's Panel Study of Income Dynamics (PSID).

The PSID is the longest-running longitudinal household survey in the world. The study began in 1968 with a nationally representative sample of more than 18,000 individuals from 5,000 families in the United States. The PSID tracks the same families' charitable giving biennially. In order to keep the PSID representative of the U.S. population, a refresher sample of post-1968 immigrant families was introduced in 1997. The PSID is based at the Institute of Survey Research at the University of Michigan, and the data are publicly available to researchers. The PPS module of the PSID dates to 2000.

The study follows the same households over time, which allows researchers to examine changes in giving behavior within individuals, households, and families. Therefore, young adults who have newly started their own families are included in the PPS study, and, in addition, the study allows for families to be linked across generations. The PPS also records information about donors' racial and ethnic backgrounds. Participants answer biennial surveys during odd years about giving behaviors from the previous even year. For example, the 2003 wave of PPS focused on charitable giving in 2002. In each wave, the PPS asks respondents various questions regarding charitable giving. Questions include whether they donated to charitable and nonprofit organizations in the previous year, how much they donated, and to which causes they donated. Donations include money, assets, property, or other goods. Political contributions are excluded.

Charitable organizations include both religious congregations and secular organizations. Religious congregations include places of worship and other organizations that are specifically focused on religious or spiritual development. In this report, giving to religious congregations is referred to as religious giving. In contrast, the primary mission of secular organizations is to help communities and people in need, provide healthcare, education, youth services, arts and culture, improve communities, provide international aid, and preserve the environment. While religious congregations may also provide these resources, their primary mission is a religious one.

The data also provide multiple measures of the respondents' demographic and socioeconomic information, including gender (limited to binary male/female), age, marital status, number of children, race/ethnicity (Asian, Black, Hispanic, Native American, White, and other), education (less than high school, high school, some college, college and postgraduate), religious affiliation (Catholic, Protestant, Jewish, or No religion), employment status and duration of unemployment if unemployed, real family income and wealth (including/excluding home), indicator for residence in a metropolitan area, and giving history (overall giving rates, average giving amount, and share and amount of religious and secular giving).

The data include family survey weights to ensure state and national representativeness by adjusting for sample demographic characteristics. Results presented in this report are generally descriptive statistics derived from the weighted data for each available year of the Philanthropy Panel Study.

Scope of the report

The Next Generation of Philanthropy report analyzes the data related to giving patterns of Generation Z and Millennial donors who participate in the Philanthropy Panel Study. To provide a deeper understanding of those patterns, the report highlights similarities and differences in giving behaviors between these two generations, while comparing their behaviors to donors from older generations, including Generation X (also known as Gen X), Baby Boomers, and generations older than Baby Boomers. For the purposes of this study, Generation X comprises donors born from 1965 to 1980, the Baby Boomer generation includes donors born from 1946 to 1964, and donors considered older than Baby Boomers are those born in 1945 or earlier.

The report also provides a review of other research on topics related to giving by next generation donors. This review analyzes the motivations that prompt younger donors to give, their attitudes toward giving, the causes they support, their preferred methods for making donations, and their approaches to evaluating the impact of their donations.

DEMOGRAPHICS OF THE NEXT GENERATION OF DONORS

Age range and socio-economic status

In the 2019 U.S. Census, Generation Z accounted for 20 percent of the American population, totaling 67 million individuals (Frey, 2020; Kids Count Data Center, 2019). As of 2025, Generation Z includes teenagers ranging from 13 to 19 years of age, and young adults from 20 to 28 years of age (Fry, 2020). Estimates from the nationally representative data from the Philanthropy Panel Study indicate that the average age of Generation Z is 22.1 years (PPS, 2021).

The Millennial generation constitutes 22 percent of the American population and includes early to mid-life adults who currently range from 29 to 44 years of age (Frey, 2020) (PPS, 2021). About 62 million Millennials were born in the U.S., but the Millennial generation continues to grow as the number of young immigrants increases. By 2019, the number of Millennials in the U.S. had grown to 72.1 million, outnumbering the 71.6 million Baby Boomers in the country that year. The Millennial generation is now the largest living adult generation in the nation. The number of Millennials in the U.S. is expected to peak in 2033 at 74.9 million (Fry, 2020).

While many Generation Z individuals are still teenagers living at home with their parents, the older members of Generation Z are young adults in their 20s who have entered the workforce, college, or career training programs. The typical Generation Z young adult earns an average income of $33,352 a year and has accumulated a net worth of $19,685. Just over 10 percent of Generation Z own a home (PPS, 2021).

Having reached mid-adulthood, those Millennials in their 30s and 40s have more experience in the workforce and have had more time to build wealth. The average Millennial is 32.8 years of age, earns an income of $82,851, and has achieved a net worth of $89,561. More than 40 percent of Millennials own a home (PPS, 2021).

Education levels

Younger generations are attaining post-secondary education at higher rates than older generations achieved. Fifty-one percent of Generation Z donors have completed at least some college coursework, with 23 percent completing a bachelor's degree or higher (PPS, 2021). As more members of Generation Z graduate from high school and choose career paths, this percentage may change over the next several years.

Nearly 67 percent of Millennial donors have attended at least some college. Among them, a remarkable 42 percent have completed a bachelor's degree or higher, a larger proportion than the roughly 35 percent of both Generation X and Baby Boomers who attained a similar level of education. Around 19 percent of Millennial donors hold an education beyond a bachelor's degree, which is currently more than any other generation (PPS, 2021). However, Generation Z is quite likely to become the most educated generation, as 57 percent of those 18 and older had started college by the time they reached age 21, compared to 52 percent of Millennials who started college by the same age (Hanson, 2024).

Geographic and cultural diversity

Nearly 8.1 million Generation Z individuals call California home, which is the largest number of that generation living in any state. Texas is home to the second largest number of Generation Z individuals, with 6.9 million living within its borders (Kids Count Data Center, 2023).

Across the country in 2023, half of the Generation Z population was white, with 25 percent identifying as Latino or Hispanic, 15 percent as Black, six percent as Asian or Pacific Islander, five percent as multiracial and two percent as American Indian or Alaskan Native (Kids Count Data Center, 2023).

Up to 44 percent of the Millennial generation is racially and ethnically diverse. Racial and ethnic minorities comprise more than half of the Millennial population in many states, including California, Texas, Arizona, Florida, and New Jersey, and over 40 percent of the Millennial population is minority in states such as New York, Illinois, and North and South Carolina. The 15 metropolitan areas with the highest share of Millennials are found in the South and West, which include Austin, San Diego, and Los Angeles. The lowest numbers of Millennials are found in Florida, particularly Tampa and Miami, in the Northeast, such as in Pittsburgh, and in certain Midwest cities, including Cleveland and Detroit (Griffin et al., 2023).

According to data from the Philanthropy Panel Study, almost 37 percent of Generation Z respondents reside in southern states, along with 33 percent of Millennials. More than 21 percent of Generation Z respondents live in western states. One quarter of all Millennials in the country

are located in the western U.S., which represents the largest portion of respondents of any generation living in western states (PPS, 2021).

Next generation donors are a diverse group, and view themselves as global citizens (Blackbaud Institute, 2024; Millennial Impact Report, 2019). With 1.5 percent of American Generation Z respondents living in foreign countries, Generation Z has the highest number of individual respondents living abroad of any generation, followed 0.8 percent of Millennials (PPS, 2021). The number of next generation donors living abroad may reflect the increasing cultural and ethnic diversity of younger generations. Data from the 2021 Philanthropic Panel Study shows that 37 percent of Generation Z donors and 43 percent of Millennial respondents identify as Black, Asian, or Hispanic. Sixteen percent of Millennial respondents and 8.3 percent of Generation Z respondents identify as immigrants.

MAIN FINDINGS

Shifting Giving Preferences

Next generation donors share many qualities with their older counterparts, however, our analysis of the Philanthropy Panel Study data on the giving patterns of Generation Z and Millennial donors from 2003 to 2021 revealed trends that are unique to younger generations.

Finding #1: Religion and basic needs have retained popularity as top causes of philanthropic interest across all generations from 2003 to 2021, while education has become less appealing to younger generations.

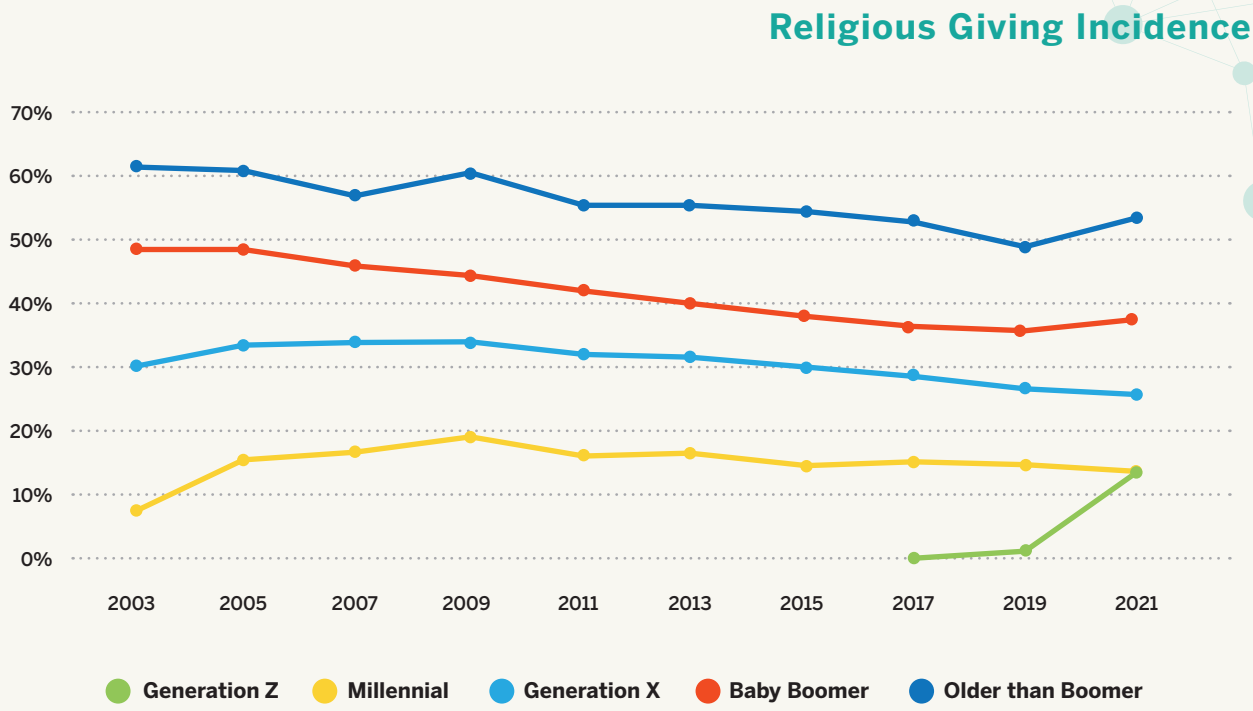
a. Religious giving remains steady as a share of total giving. Religion is also consistently favored by larger donors, especially those in the Generation Z and Millennial generations.

Giving to organizations with a primary mission of religious and spiritual development continues to be the top cause across all generations. Although overall rates of giving to religion have decreased over the years, peaking in 2008, Figure 1 shows that giving to the subsector has remained relatively steady. Our analysis of Philanthropy Panel Study data also indicates that giving to religion is consistently favored by larger donors, particularly those in the Generation Z and Millennial generations.

Figure 1 illustrates an intriguing increase in giving incidence by Generation Z in 2021. The Generation Z giving rate to religion rose from just 1.4 percent in 2019 to 13.5 percent in 2021, matching the same rate of giving to religion as Millennials that year.

Because 2021 data reflect giving in the midst of the COVID-19 pandemic, it is difficult to tell if Generation Z will continue to give to religion at a similar rate in post-pandemic years. The full impact of the pandemic remains to be seen, so 2019 data may be more indicative of general giving trends than 2021 data.

FIGURE 1: Giving incidence to religion by generation from 2003 to 2021



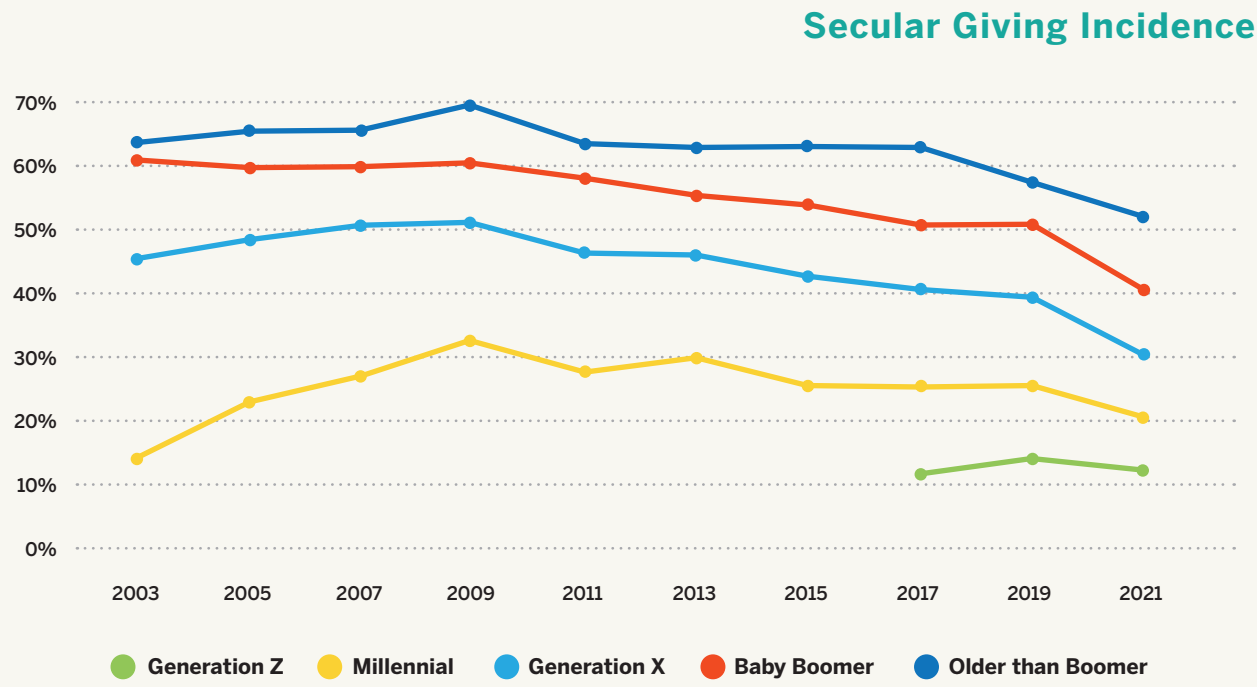
Like religion, overall giving to secular causes also peaked in 2008, followed by steady declines since then. Secular giving includes gifts to any charitable organization whose primary mission is not focused on religious or spiritual development (such as a house of worship). Compared to the gentle downward trend seen in giving to religion, declines in secular giving have been more pronounced, as can be seen in Figure 2 below.

Secular giving rates by Millennials reached 32.3 percent in 2009, and then gradually dropped down to 21 percent in 2021 during the COVID-19 pandemic. Generation Z giving to secular causes was first tracked in 2017, when the oldest members of that generation reached about 20 years of age. Their giving rate to secular causes reached 11.7 percent that year. The Generation Z giving rate grew to 14 percent in 2019, only to drop back to 12.6 percent in 2021.

Secular giving rates by all older generations have followed the same pattern, with donors older than Boomers maintaining the highest rate of giving to secular causes of 52 percent in 2021, followed by Baby Boomers at 40.7 percent, and Generation X at 30 percent.

The pronounced drop in secular giving is most likely reflecting the challenging economic environment, whereas religious giving tends to be more stable due to the tradition, culture and expectations related to giving to places of worship, even during economically challenging times. Because many religious organizations distribute funding across several areas of need, including basic needs and health, donors may consolidate giving to their place of worship during times of crisis such as the pandemic or during economically challenging periods.

FIGURE 2: Giving incidence to secular causes by generation from 2003 to 2021



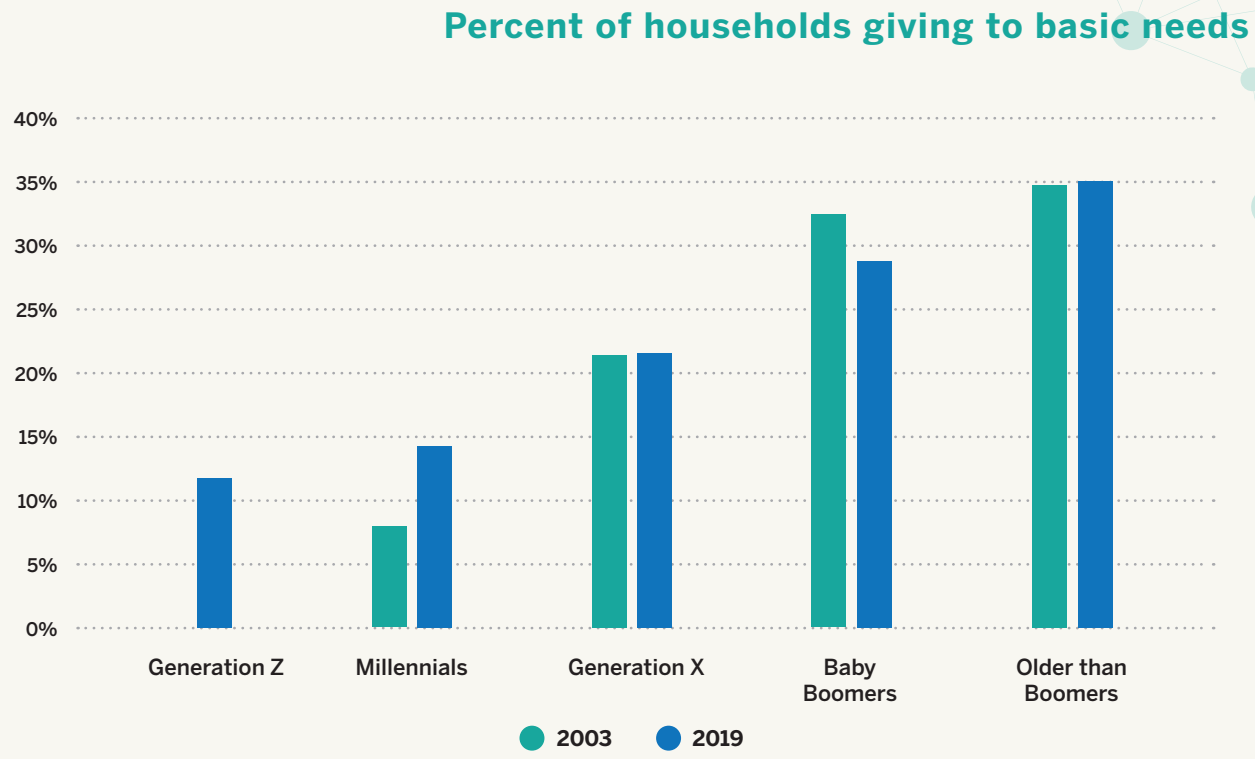
b. Generation Z and Millennials are becoming increasingly interested in donating to basic needs, while giving to basic needs remains popular across older generations too.

Next generation donors showed more interest in supporting basic needs in 2019 than in 2003. Basic needs giving includes donations that provide support for housing, food, clothing, and other necessities. While only 8 percent of Millennials gave to basic needs in 2003, more Millennials supported the subsector by 2019 when 14 percent contributed to basic needs. It appears that basic needs may be a growing area of interest for Generation Z also, as a higher proportion of Generation Z donors (12 percent) donated to basic needs in 2019 than did Millennials (8 percent) at the same age in 2003.

Giving to basic needs remained steady from 2003 to 2019 among Generation X and donors older than Baby Boomers, with 21.3 percent and 35 percent giving to the subsector, respectively. Baby Boomer giving to basic needs fell slightly from 32 percent in 2003 to 29 percent in 2019.

While older generations have a longer history of supporting basic needs, growing awareness of social inequities in recent years may be driving interest among younger donors in supporting basic needs.

FIGURE 3: Giving incidence to basic needs by generation in 2003 and 2019



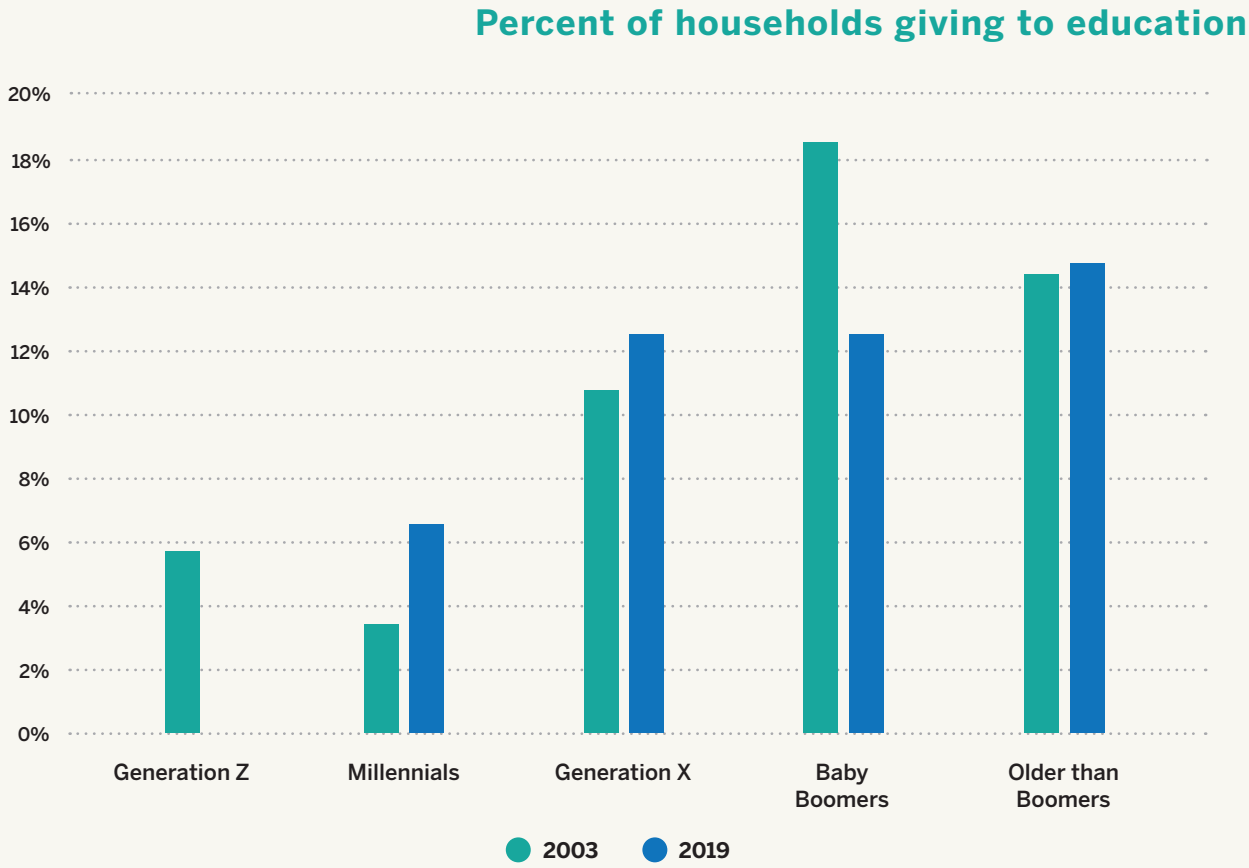
c. Giving to education is becoming less popular with each younger generation.

Millennial giving rates to education were around 3.5 percent in 2003, rising to only 6.3 percent by 2019. Only 5.8 percent of Generation Z gave to education in 2019.

While education is still among the top ten causes preferred by all donors, a much smaller percentage of next generation donors support education compared to older generations. This is likely due to the high level of student debt held by younger donors, and the economic downturns they have endured as they entered early adulthood. Many Millennials carried large student loans into early adulthood just as the Great Recession began in late 2007. In 2020, a similar scenario occurred as Generation Z graduates with high student debt entered a challenging job market due to the pandemic. Many young donors continue to be burdened with student loan debt today. As of the first quarter of 2024, over 25 percent of Millennials had student loan debt—the largest share of any generation—with an average balance of $40,438. Nineteen percent of Generation Z holds student loan debt, with an average balance of $22,948 (Hanson, 2024).

On the other hand, Baby Boomers have been the staunchest supporters of education over the last 20 years, yet giving to education among the Baby Boomers has also declined. In 2003, 19 percent of Boomer households gave to education, but that rate dropped to 13 percent in 2019.

FIGURE 4: Giving incidence to education by generation in 2003 and 2019



Finding #2: Generation Z is giving to secular causes at a rate similar to what Millennials gave at the same stage of life, despite an overall drop in secular giving.

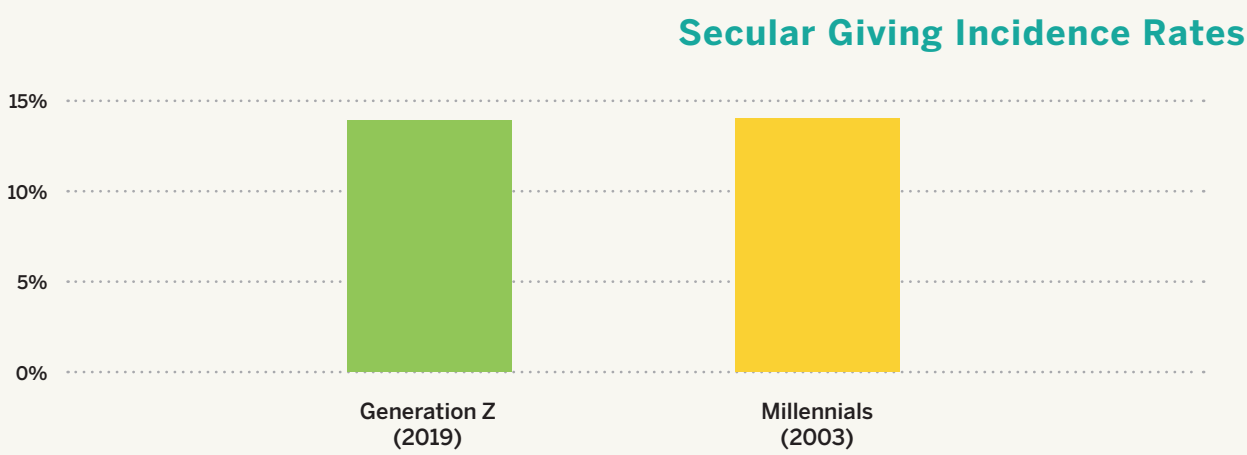
Given the general trend toward fewer individuals giving today, it is encouraging to see that Generation Z is giving to secular causes at a rate similar to Millennial giving at the same life stage 16 years earlier. In 2019, 13.9 percent of Generation Z donated to secular causes, nearly matching the 14.0 percent of Millennials giving to secular causes in 2003 at their same life stage.

The alignment of the secular giving by these two generations may allude to the possibility that future giving to secular causes by Generation Z will follow a similar pattern to that of Millennial secular giving over time.

Millennial giving to secular causes increased steadily after it was first measured in 2003 to a peak of 32.3 percent in 2009, before stabilizing at around 25.2 percent by 2019. It is promising to see

that secular giving by Generation Z decreased only slightly to 12.6 percent in 2021, while secular giving by Millennials dropped to 20.5 percent. It is important to remember that giving in 2021 was impacted in many ways by the pandemic, and giving to secular causes was no exception. As such, the secular giving data for 2021 may be anomalous, not necessarily indicating that secular giving by next generation donors will continue to decline.

FIGURE 5: Comparison of incidence rates for secular giving by Generation Z and Millennials at same life stage



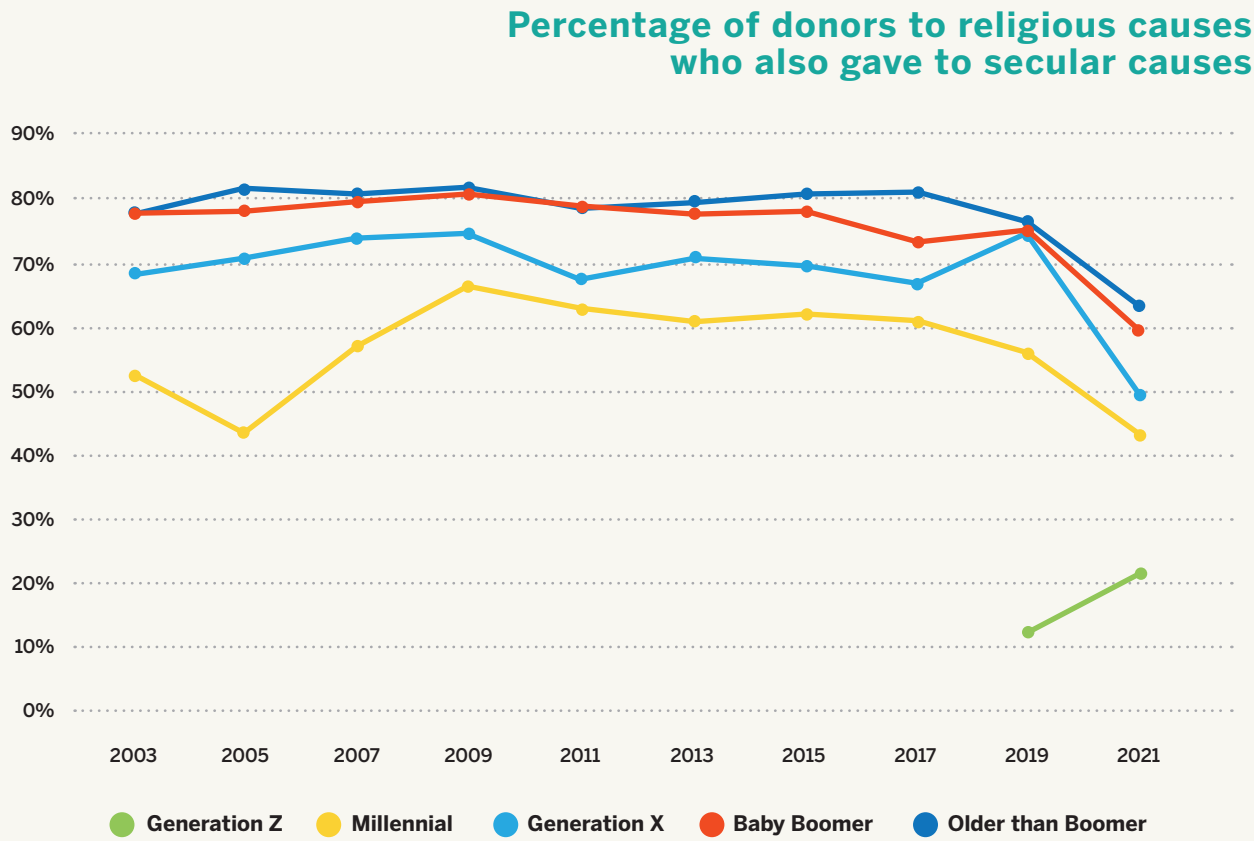
Finding #3: Compared to Millennial donors giving to religious causes, Generation Z donors who gave to religion were significantly less likely to also give to secular causes. This finding challenges the historical trend of religious donors being more inclined to also contribute to secular causes.

Historically, research has shown that donors who give to religion also give to secular causes at higher rates (Philanthropy Daily, 2017). Scholars believe this may be because religious donors often have belief systems that encourage giving, and they develop the habit of giving to charity regularly, both at their place of worship and throughout their community (Giving Institute, 2017). Older generations who donated to religious causes continued to give to secular causes at high rates in 2019, including 74.2 percent of Generation X donors, 74.7 percent of Baby Boomers and 76 percent of individuals older than Baby Boomers. In 2019, 56 percent of Millennials donating to religious causes also gave to secular causes.

However, the data shows that this trend may be changing with Generation Z donors. In 2019, only 12 percent of Generation Z donors giving to religious causes also made donations to secular causes. When compared to the 52.2 percent of Millennials who donated to both religious and secular causes at the same age and life stage in 2003, it seems that a dramatic shift may be occurring.

Even though it appears that the pandemic and social unrest of 2020-2021 brought dramatic declines across every generation in the number of donors giving to religious causes who also gave to secular causes, the proportion of Generation Z donors giving to both types of causes remained substantially lower that year, at just 21.1 percent.

FIGURE 6: Percentage of donors who gave to religious causes and to secular causes, by generation, from 2003 to 2021



Finding #4: Giving incidence across all generations has declined since 2008. In each stage of life, individuals are less likely to give than they were in 2003.

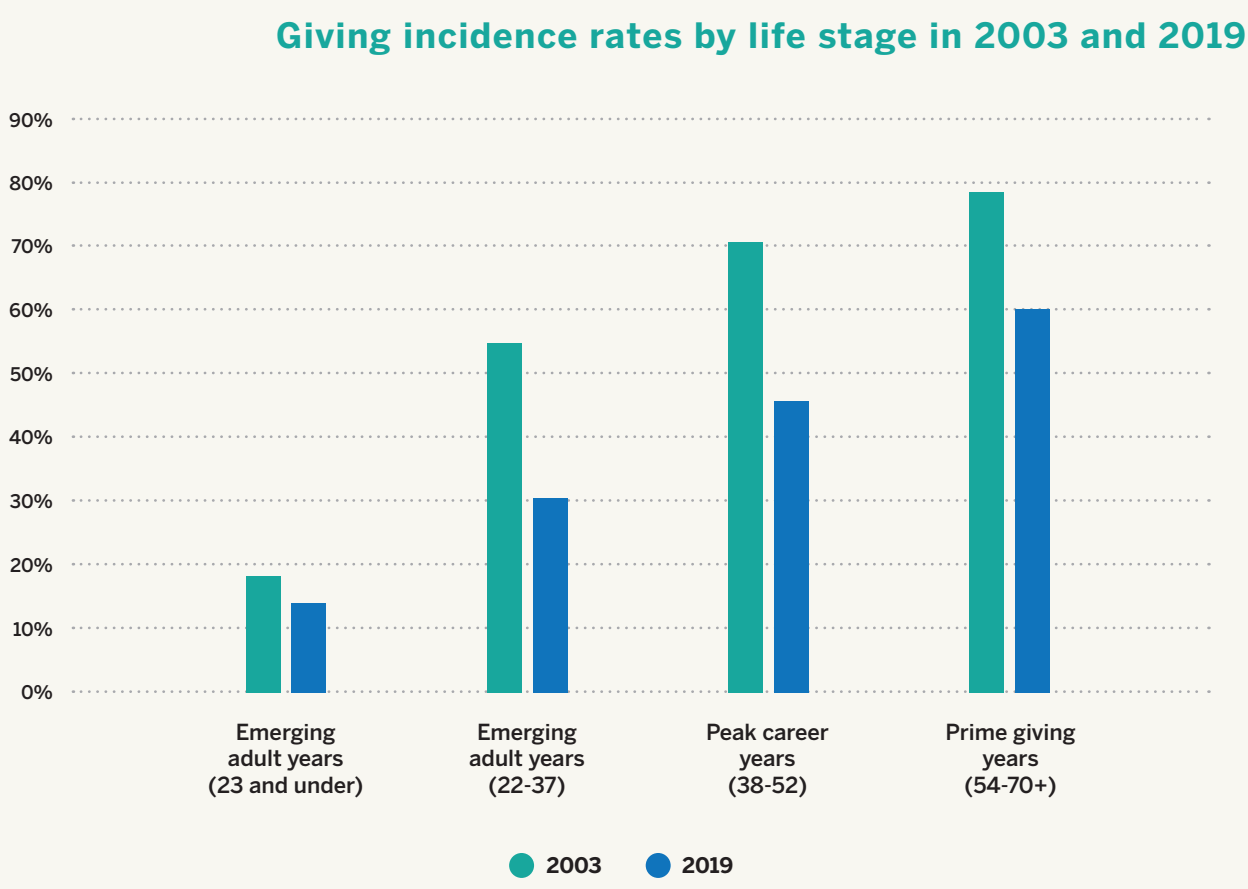
The Great Recession, which began in December 2007 and continued until June 2009, was the longest recession in the U.S. since World War II (Federal Reserve History, 2013). The recession impacted philanthropic giving across all generations, and individual giving has yet to return to the levels seen prior to 2008.

As a result, giving incidence rates for Millennials, Generation X, Baby Boomers, and older generations peaked in 2008 and have declined since then. Although fewer individual donors made gifts in 2019 compared to 2003, the average dollar value of gifts has increased. This trend is likely a reflection of the growing concentration of wealth at the high net worth and ultra-high net worth levels since the recession (Congressional Budget Office, 2024).

Figure 7 shows that while giving rates for emerging young adults in 2019 were fairly similar from 2003 to 2019, rates of giving across all older life stages decreased over that timeframe.

Giving rates between the years of 2003 and 2019 dropped most dramatically by households in their Early Adult years (ages 22 - 37), which declined by 42 percent. The Peak Career life stage (ages 38 - 52) experienced the second largest drop of 35 percent.

FIGURE 7: Giving incidence rates compared across life stages in 2003 and 2019



How Next Generation Donors Engage with Charities

We conducted further analysis of next generation donor giving data from the 2021 Philanthropy Panel Study to gain more insight into how younger donors contribute to the causes they support, and how their giving compares to that of older generations.

Top causes for next generation donors are similar to those of older generations

In many ways, the causes preferred by younger donors in 2021 were similar to those preferred by older donors. The highest rates of giving by Millennials in 2021 were to religion, basic needs, combination purpose organizations (which include organizations such as the United Way and Jewish Federations that distribute donations to an array of nonprofits), and health, in that order. Top causes by giving incidence for Generation X, Baby Boomers and generations older than Baby Boomers, were the exact same causes as those preferred by Millennials, in the same order of preference.

Generation Z generally followed the same pattern too, with the exception that more Generation Z donors contributed to international causes than to health—but because the gifts Generation Z made to health were of larger dollar amounts than those given to international causes, health ranked as the fourth top cause for giving by Generation Z as a percentage of overall giving in 2021. Because the nation, and indeed the world, were reshaped by the COVID-19 pandemic from 2020 to 2021, contributions to pandemic-related issues became the fifth most popular cause for giving by both Generation Z and Millennials that year, as well as for Generation X and Baby Boomers.

FIGURE 8: Top 10 causes of Next Generation giving in 2021 by giving incidence

GENERATION Z Giving cause:	Giving Incidence %	% of Overall Giving	MILLENNIALS Giving cause:	Giving Incidence %	% of Overall Giving
1 Religion	13.5	76.6	1 Religion	13.5	57.6
2 Basic needs	5.6	5.5	2 Basic needs	9.9	7.6
3 Combination purpose orgs.	4.6	8.6	3 Combination purpose orgs.	7.0	10.0
4 International	4.2	1.2	4 Health	5.8	2.1
5 COVID-19 Pandemic	3.5	1.3	5 COVID-19 Pandemic	5.7	1.6
6 Environment	2.6	2.0	6 International	4.0	2.6
7 Health	2.1	3.3	7 Education	3.5	2.2
8 Education	0.6	0.5	8 Environment	2.9	3.7
9 Art	0.6	0.2	9 Art	2.9	5.6
10 Youth	-0-	-0-	10 Youth	1.3	1.0

Giving to religion

Younger donors gave to religion at substantially higher rates than any other cause in 2021, with nearly 14 percent of both Generation Z and Millennials contributing to the subsector. Religion commanded a staggering 76.6 percent of overall giving by Generation Z that year, and 57.6 percent of Millennial giving. By far, the largest next generation gifts that year went to religion. The average amount given to religion by Generation Z was $130, whereas the average amount donated to religion by Millennials was $376. Gifts to religion comprised 76.6 percent of overall giving by Generation Z and 57.6 percent of overall giving by Millennials.

Giving to basic needs & combination purpose organizations

Nearly six percent of Generation Z and 10 percent of Millennial donors made gifts to basic needs in 2021. Although a higher number of next generation donors gave to basic needs than to combination organizations, the donations made to combination organizations tended to be of larger dollar amounts. Gifts to basic needs accounted for only 5.5 percent of Generation Z donations overall as compared to combination purpose gifts which constituted nine percent of giving.

Giving to international causes

Giving to international causes ranked as the fourth most common area of giving by Generation Z in 2021, with a giving incidence of 4.2 percent. Generation Z giving to international causes comprised only one percent of overall giving (PPS). This indicates that although many Generation Z donors were motivated to give to international causes, those donations were of lower dollar amounts compared to much of their domestic giving.

Although international giving did not rank among the top five causes for Millennials, it ranked fifth as a percentage of their overall giving. In contrast to the Generation Z trend of many individuals making smaller donations to international issues, fewer Millennials gave to the subsector, yet those who gave internationally donated higher average dollar amounts than Generation Z.

Giving to health and pandemic-related causes

Millennials were more likely to give to health issues and pandemic-related concerns than to international causes. Nearly six percent of Millennials gave to each of these two causes. Comparatively, Generation Z gave to health and pandemic-related causes at lower rates of two and 3.5 percent, respectively. Still, Generation Z donations to health constituted over three percent of overall giving, illustrating that the average dollar amounts of gifts they made to health were higher than those directed to international causes.

Giving to environmental causes

Environmental issues ranked as the fifth most preferred cause by Generation Z donors as a percentage of overall giving, and the fourth most preferred cause of Millennials by the same measure. Once again, while fewer Generation Z and Millennial donors gave to environmental causes than to international causes, donations to environmental causes were more likely to be larger.

Giving to education

The most notable differences in giving between younger and older generations surround gifts to education. Interestingly, education ranked successively higher as a preferred cause by each older generation. Compared to other top causes, education fell relatively low in giving priority for Generation Z, ranking as their eighth most common cause for giving. Education was slightly more popular among Millennials, ranking as their seventh most popular cause. Giving to education ranked as the sixth top cause for Generation X giving, and peaked as the fifth most popular cause for giving by both Baby Boomers and those older than Baby Boomers in 2021.

Generation Z giving to education was low in every respect, especially compared to other generations. With an incidence rate of just 0.6 percent in 2021, a small number of Generation Z individuals made gifts to education. Generation Z giving to education accounted for less than one percent of their overall giving, with donations averaging less than one dollar.

Despite the fact that Millennials currently carry the highest amount of student loan debt of any generation, 3.5 percent of them donated to education in 2021. Like Generation Z though, the donations Millennials made to education were relatively low. Only 2.2 percent of their overall giving in 2021 went toward education.

The trend of lower giving by next generation donors to education may have a great deal to do with the fact that many Generation Z donors are still attaining their education. Also, many young adults in both Generation Z and the Millennial generation carry student loan debt.

As mentioned earlier, Baby Boomers and those older than Baby Boomers have long been strong supporters of education. Given their current life stage, they may feel compelled to give to education to support younger generations as they prepare for their adult lives in a changing world. It will be interesting to see if Generation Z and Millennials become more supportive of education as they move into later stages of life.

Differences in how next generation donors are giving

Generation Z and Millennials base their giving on issues that are deeply meaningful to them. They favor social justice, sustainability, and climate action issues. Because of this, they create giving strategies based on issues rather than prioritizing giving to organizations or directing their gifts to specific geographic areas (Bank of America, 2023). Through their continuous digital connection with people, events, and issues around the world from a young age, younger donors are well-informed about and responsive to global concerns such as gender and racial inequality, poverty, natural disasters, and international conflicts.

Next generation donors also enjoy using online donor platforms such as crowdfunding and peer-to-peer funding that make giving more transparent and personalized. Crowdfunding's efficiency and decentralized features create a platform that allows donors to quickly and directly impact the causes they care about. Crowdfunding platforms also build a sense of community by sharing real time data on campaigns and the impact of the gifts.

Crowdfunding donors tend be younger, less religious, and more educated. They also tend to come from diverse backgrounds. The average age of crowdfunding donors is 44, compared to 50 for traditional donors (Indiana University Lilly Family School of Philanthropy, 2021).

Generation Z is the most likely of all generations to give to a crowdfunding campaign, while Millennials are the most likely to contribute to a friend's Facebook birthday fundraiser (Papandrea et al., 2021). Younger donors often feel inspired to support causes through their trusted personal connections. Peer-to-peer fundraising, such as a Facebook birthday fundraiser, can effectively leverage these relationships to foster deeper engagement and drive acquisition of new next generation donors to a cause.

Next generation social media presence: key platforms

Social media is deeply embedded in the daily lives of younger donors. Today, philanthropic giving is distributed across more channels than ever before, but social media platforms have proven to be younger donors' preferred way to connect with nonprofits. In fact, research indicates that younger individuals prefer that charitable organizations contact them via social media

(Bank of America, 2023). Young people rely on social media to connect with friends and family, keep up with causes and issues, and collaborate with others. Social media nurtures peer-to-peer charitable activity, appealing to the collaborative nature of Generation Z and Millennials (Blackbaud, 2018).

Next generation donors have been found to spend much more time on social media than older generations, but donors at different ages and life stages prefer different platforms. Pew Research recently found that Generation Z individuals aged 18 and over spend more time on YouTube than any other social media platform, followed by Instagram and Facebook, with Snapchat and TikTok closely vying for third place. TikTok is currently facing an uncertain future due to political concerns. This situation may create opportunities for other social media platforms to command more attention from younger donors in the future.

The largest number of Millennials use YouTube also, followed by Facebook and Instagram. Millennials are in the prime years of their careers, so they compose the largest number of users on LinkedIn, but Generation Z and Generation X commonly use LinkedIn as well (Faverio and Sidoti, 2024).

An estimated 20 percent of social media users utilize the Twitch platform. Twitch provides charity streaming that allows creators to host fundraising streams, set fundraising goals, offer incentives, track results, and facilitate donations through the PayPal Giving Fund which verifies the charitable status of recipient organizations (Vogels, 2022; Carnes, 2023).

Next generation donors carefully curate their online personas, and they expect charitable organizations to invest time in developing their online profiles as well. As such, these tech savvy donors turn toward online resources to gather information on charitable organizations. Blackbaud found that search engine results, social media, and organizations' websites are the top sources young donors turn to for information on nonprofits (Blackbaud, 2018). Even after giving, young donors continue to turn to online resources to evaluate whether the gifts they have made are creating the impact they intended (Bank of America, 2023).

Expectations for transparency, accountability, and trustworthiness

In addition to monitoring and assessing the effectiveness of their donations, next generation donors have higher expectations for the transparency and accountability of the charitable organizations they support. Younger donors frequently visit the social media pages and websites of the nonprofits they fund, both before and after making donations. They look for tangible signs of transparency, such as publicly available financial statements, annual reports, and other sources of information that demonstrates the effectiveness of the organization's work (Bechtel et al., 2024).

A Bank of America study found that over 88 percent of next generation respondents said it was important to them that organizations spend only a reasonable amount on administrative and fundraising expenses. More than 90 percent of next generation donors from the same study

claimed that it was important to them that the organizations they fund uphold sound business and operational management practices (Bank of America, 2023).

Next generation donors also want to support organizations and people they can trust. If Generation Z and Millennial donors provide a request for how they want their charitable gift to be used, it is important to them that the charitable organization honor that request. It is also important to younger donors that they are able to trust that organizations respect their privacy and/or anonymity by not distributing their name to others (Bank of America, 2023).

Interest in Micro-donations

Micro-giving involves making small charitable donations to drive positive change and can be directed to causes worldwide. Examples include adding a donation to a purchase at a retail store, a crowdfunding site, or a small recurring donation set up on a nonprofit's website.

Although micro-donations are very small, the collective impact of these donations can be profound. A significant benefit of micro-giving is that it fosters a sense of inclusivity by lowering the financial barrier to entry. Micro-giving is especially appealing to Generation Z and Millennial donors who often prefer to give via digital platforms. Micro-giving makes participating in philanthropy convenient, accessible, and affordable (Reis, 2023).

Micro-donations may also be recurring donations that can be made on a regular basis. This allows donors to make small donations over time rather than making a large gift all at once. Micro-donations benefit nonprofit organizations by providing a way to engage younger donors with their mission while also creating a sustainable revenue source (Reis, 2023).

Desire for direct engagement

Generation Z and Millennial philanthropy reaches well beyond making financial donations. Next generation donors often perceive themselves as changemakers and advocates, meaning they want to actively participate in creating change (Goldseker & Moody, 2020). Young donors take many forms of action to further the causes that are important to them. They may create and share posts on social media to increase awareness of a cause, practice conscious consumerism to support companies that create a positive social impact, sign petitions, participate in rallies and marches, contact elected representatives, and volunteer their time and skills (The Millennial Impact Report, 2019).

Younger donors also want to develop long-term relationships with organizations that align with their personal values (Foundation Source, 2024). They often do this by carefully selecting organizations with which they can volunteer. New research indicates that 43 percent of donors ages 21 to 43 donate their time through volunteering (Bank of America, 2024). Next generation donors are motivated to volunteer for many reasons, such as responding to a need or because they believe they can make a difference. Some are motivated to volunteer in ways that relate to their personal values, such as their religious, philosophical, or political beliefs. Others volunteer

due to a concern about a particular cause or group. Many consider social interaction and collaboration in their charitable work to be important, so they often do their volunteer with friends (Bank of America, 2023).

Influence of celebrities and influencers on giving

According to Classy's 2022 report Why America Gives, Millennials and Generation Z donors are four times more likely than older donors to find out about a philanthropic cause from an influencer or a celebrity. Today, famous actors, musicians and athletes are publicizing their philanthropy and leveraging their influence to support their favorite causes. Examples include professional football and baseball player Tim Tebow, a Millennial with three million Instagram followers. Tebow created the Tim Tebow Foundation to promote the adoption of international children with special needs and to support children living with life-threatening conditions. Alix Earle, a Generation Z University of Miami graduate, uses her five million TikTok followers to promote diversity and inclusion in business. Earle established a scholarship to fund promising business students (Classy, 2023; Bishop, 2023).

As avid consumers of movies, music and sports media, younger generations tend to follow their favorite celebrities on various social media platforms and may be heavily influenced by celebrities' philanthropic involvement (Collins, 2024). Next generation donors tend to trust the celebrities and influencers whom they follow on social media (Classy, 2022).

Over the past ten years the presence, scale, and effectiveness of influencer philanthropy have risen substantially. Influencers are particularly appealing to Generation Z, who grew up with social media, and Millennials, who were quite young when social media platforms first emerged in the early 2000s.

Platforms like TikTok have increased the opportunities for influencers to engage their followers in supporting causes they believe in (Brenner and Martin, 2024). Much of the appeal of the platform is that it democratizes philanthropy. TikTok creators are relatable, everyday users who create a sense of immediacy for a cause related to financial need. The videos are personal, impactful, and often raise funds for grassroots causes (Hoekstra, 2024).

An approach gaining popularity among influencers to generate support for a charitable cause is known as a "charity stream". Charity streams are live fundraising events held on a social media platform that last for several hours. These attention-grabbing fundraising events are designed to be highly entertaining, often attracting large audiences as well as brand deals and merchandise sales that benefit both the charity and the influencer (Brenner and Martin, 2024).

BARRIERS AND CHALLENGES TO NEXT GENERATION GIVING

Economic challenges

Compared to older individuals, next generation donors face unique economic challenges that may at times impact their ability to give. The primary financial challenge facing young Americans today is that costs of living outweigh their earnings. Research indicates that cost of living is the biggest worry for one-third of Generation Z individuals (Laramore, 2024). Since many next generation individuals and families are in the early years of their careers and financial lives, they tend to be less prepared to withstand economic challenges. As a result, they often experience more serious financial impacts during economically challenging periods.

For example, during the pandemic, high inflation and market instability dampened giving by next generation donors substantially. Younger donors were more likely than older donors to make significant changes to their daily lives due to the economic constraints they experienced. Generation Z and Millennials often carry debt due to student loans and other first-time major purchases such as cars and homes, have less in savings, and experience lower job stability than older generations. As a result, they may not be able to withstand financial setbacks as easily as donors of older generations who are likely to be more financially secure. This was demonstrated when many older donors continued to give at the same rate throughout the years of the pandemic, even when stock markets became volatile and inflation increased in 2022 (Classy, 2022).

Nonetheless, young donors are often willing to cut back in other areas of their personal budget to continue to give or to find ways to support their favorite causes that don't involve financial contributions (Classy, 2022). This includes volunteering or promoting awareness of an issue across their network. They may also choose to make smaller donations to a limited number of causes.

Lack of trust in traditional charities and institutions

All generations are becoming less trusting of every type of institution. Although nonprofit organizations have a higher rate of trust by younger individuals than other institutions such as corporations or government organizations, research shows that less than 40 percent of all people have complete trust in nonprofits. Only 14.3 percent have a great deal of confidence in nonprofits' ability to solve societal or global problems, and 17.6 percent of people believe the philanthropic sector is moving in the right direction to solve society's challenges (Clark, 2023).

A Give.org report found that 64 percent of Millennial respondents and 53 percent of Generation Z respondents felt that trust in a charity was highly important. Donors tend to look for specific factors that signal that a charity is trustworthy, including organizational accomplishments, independent third-party evaluations, financial ratios, and opinions shared by friends and family (Give.org, 2024).

Difficulties in tracking the impact of donations

Understanding the impact of gifts is a challenge for all generations, including next generation donors. Generation Z and Millennial donors are concerned about seeing the impact of their donations in outwardly obvious ways, both in data-based outcomes and through beneficiary stories. They are also concerned that their gifts go to organizations that are well-managed. Younger donors carefully investigate the organizations they are interested in supporting, often through volunteering before making a gift. If they have difficulty finding data on an organization and its activities, are unable to observe the impact made by their donations, or find it challenging to track donations, next generation donors are more likely than older donors to discontinue their support for an organization (Millennial Impact Report, 2019).

Role of Advisors

While all families are primarily concerned with providing for their loved ones in the present and the future, many also have philanthropic aspirations. Between these two goals, donors often have difficulty understanding how much they can afford to give to charity, and the best approach for doing so (Bank of America, 2023). This creates a need for well-informed financial advisors to assist next generation donors with their charitable planning. While next generation individuals report that they would like to discuss strategic philanthropy with an advisor, many claim that they are either not currently doing so or not discussing the topic thoroughly enough (Bank of America, 2022). This may be indicating an unmet need for financial advice among younger investors.

Younger donors are often interested in integrating their values and charitable goals into their overall wealth management plan. Research indicates that young donors may also have an interest in designing a strategic giving plan, creating a mission for their philanthropy, finding well-matched volunteer opportunities, and incorporating impact investing into their overall financial management plan (Bank of America, 2023). However, most next generation donors say they are not interested in taking the same approach to achieving their philanthropic goals as their parents did (Bank of America, 2021). This may indicate that younger donors could benefit from counseling on how to successfully implement their new ideas for giving.

A 2024 Bank of America study discovered that younger generations are more apt to want to discuss philanthropy with their financial advisor earlier in the financial planning process than their older counterparts. The study reported that 46 percent of next generation investors discussed philanthropy during initial conversations with their advisor, well before developing an investment plan. Another 20 percent of younger investors began discussing philanthropy with their advisor as their investment plan was being created (Bank of America, 2024).

There are many ways in which advisors can provide valuable assistance to next-generation donors. Advisors can support young donors as they navigate family discussions about their investment and philanthropic plans, and help them understand how to access their assets to make philanthropic gifts. Even once giving strategies have been designed, the need for supporting inexperienced donors continues as making philanthropic gifts is time-consuming and complicated (Dale & Azizi, 2023).

When working with the next generation, it is critical that advisors understand and are prepared for the more influential role that technology plays in younger donors' giving, investment, and overall financial decision-making.

Younger investors have grown increasingly interested in using robo-advisors in recent years. In 2022, robo-advisor firm Wealthfront reported that 90 percent of its clients were under age 40 (Iacurci, 2022). Robo-advisors may be attractive to younger individuals with less sophisticated financial needs, but that may change as their wealth increases. Also, robo-advisors do not currently have the capacity to assist investors with decisions related to charitable giving.

Importantly, research shows that the next generation appreciates the human connection with financial advisors. Despite their affinity for technology, Millennials report that they "strongly prefer" in-person communication with their advisors, with a remarkable 98 percent agreeing that communication with an advisor is important—the highest percentage of all generations responding to a Bank of America survey (Bank of America, 2022). These points allude to the fact that it is important for financial advisors to lay the foundation for long-term relationships with younger donors now rather than waiting until later.

Technology has also created access to a plethora of additional sources of investment advice. An online survey by Forbes found that nearly seven in ten Millennial and Generation Z adults encountered financial advice at least once a week on social media, and 33 percent received information from internet searches (Egan, 2023). Accessing financial advice from a large number of sources can often lead to a feeling of information overload and confusion. In this environment, financial advisors can serve as a reliable confidant to younger donors, helping them make sense of the wide array of financial perspectives they may be exposed to.

Finally, next generation donors are more likely than older individuals to donate non-cash assets, including closely held or non-publicly traded business interests, real estate, and cryptocurrency. Young affluent donors are also more likely to make donations from a family foundation or charitable trust (Bank of America, 2023). All non-cash donations and complex giving vehicles involve complicated tax and legal implications, further reinforcing the need for professional guidance throughout the entire process.

IMPLICATIONS FOR CHARITABLE ORGANIZATIONS

In today's digital landscape, online giving has emerged as the primary vehicle for charitable giving and engagement for younger donors. Next generation donors want to have immediate access to insights about global challenges and the nonprofits that solve these problems. Nonprofit organizations must integrate technology-driven fundraising strategies that embrace this next generation's digital-first approach.

Social media is a key vehicle where online-centric nonprofit organizations are taking center stage. The 2023 US Consumer insights survey revealed that 75 percent of those who spend over five hours daily on social media are Generation Z and Millennials, while 81 percent of those who spend less than one hour are older generations (Nissen, 2023). Most next generation donors (69 percent) prefer to hear from organizations on social media platforms like YouTube, Facebook, and Instagram (Classy, 2022). Digitally native generations, accustomed to daily social media use, are often more receptive and influenced by current social media trends, including those driven by influencers.

As discussed earlier, new types of philanthropy that use streaming platforms led by influencers and celebrities have gained significant momentum in recent years. Social media influencers can reach millions of followers, amplifying attention to important causes. Next generation donors are four times more likely to learn about causes from influencers and celebrities than older generations (Classy, 2022). Followers often view these influencers as trusted advisors with a unique ability to shape their opinions and buying decisions. To maximize this potential, nonprofits should seek collaboration with influencers who align with their organization's mission and values.

Crowdfunding campaigns and social media stories can bring a cause to life by showing younger donors the direct impact of their generosity. These digital campaigns streamline the giving process, enabling organizations to respond quickly in the face of a crisis or an emergency. Young donors often engage in crowdfunding campaigns, inspiring their friends and family to join them in supporting the cause.

Remaining relevant in the digital age will require investment in staff development and staying abreast of the latest tech tools and trends. This will entail understanding emerging technologies such as blockchain and other advanced online engagement tools to improve transparency and accountability. (Vogel & Kurak, 2019). By equipping teams with the knowledge needed to be successful with these innovations, nonprofits are better positioned to meet the expectations of tech-savvy next generation donors.

Although fundraising should prioritize a digital-first approach, a multi-channel, personalized strategy is still needed. Direct mail remains a crucial channel for charitable giving, as donors across most generations typically make online contributions in response to physical mail solicitations. To maximize impact, campaigns should also leverage multiple digital channels,

including email, crowdfunding platforms, digital advertisements, and social media. The success of fundraising campaigns further hinges on effective messaging, careful selection of communication channel selection, and the intentional tailoring of messages to ensure relevance.

Continuing to meet the philanthropic needs of donors will require nurturing long-term relationships across multiple generations in families. Nonprofits may consider developing legacy giving programs and offering workshops or one-on-one sessions to assist donors in pursuing their philanthropic goals. This approach strengthens intergenerational giving and ensures that next generation donors are empowered to develop giving strategies that align with their values. By supporting donors as they embark on their philanthropic journey, organizations can build trust and connection.

Next generation donors are focused on impact and often enjoy hands-on involvement with their philanthropy. To create meaningful connections, nonprofits will benefit from offering immersive social experiences to donors that showcase the tangible impact while also fostering a sense of community and connection. Nonprofits will need to be receptive to ideas and feedback from younger donors, and make efforts to provide opportunities for deeper involvement, such as serving on a board or participating in service projects.

By incorporating a diverse set of tools and strategies backed by a knowledgeable and tech-savvy staff, nonprofits will be better able to meet the changing trends and expectations of the next era of philanthropy.

CONCLUSION

The Next Generation of Philanthropy report shows that although giving by younger generations is similar in many ways to that of their older predecessors, Generation Z and Millennials are approaching their philanthropy in new ways.

The current philanthropic environment is one where fewer individuals are giving compared to previous years, but religious causes, basic needs, and health issues remain just as popular among younger donors as for Generation X, Baby Boomers and older generations. However, all young donors are becoming less supportive of education, and the young donors giving to religious causes appear to be breaking from tradition by becoming less likely to also contribute to secular causes. On the other hand, next generation donors are bringing their concerns for international causes, social justice, and the environment to the forefront.

Next generation donors take a decidedly tech-forward approach to all aspects of philanthropy, including collaborative online exchanges between donors and organizations, learning about and advocating for causes on social media, making online donations, and accessing resources.

Next generation donors focus their support on issues rather than specific organizations, and consider themselves to be active social change agents. In addition to making monetary donations, they volunteer, post on social media, practice conscious consumerism, sign petitions, participate in rallies, and contact elected representatives. Younger donors may also give to many organizations working on the same cause.

Equally important are the relationships Generation Z and Millennial donors build with the organizations they support. They look for long-term relationships with authentic and trustworthy organizations that share their values. Given these goals, they hold nonprofit organizations to high standards for accountability and transparency and look for signs of positive impact. If younger donors are not convinced their gifts are generating the impact they hoped for, or if they lose trust in an organization, Generation Z and Millennial donors are more likely than older donors to stop their donations.

As the story of philanthropy's future unfolds, it will likely include a more tech and data-driven focus on transparency and accountability. Young leaders will also be strong advocates for challenging and redefining how donations are made and what causes are supported. As digital natives, next generation donors will be well-positioned to adapt to changes such as artificial intelligence and digital currencies that will shape 21st century philanthropy.

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