

“Next-Gen” Philanthropists Are Coming Into Their Own. Here’s How They Approach Giving

By Katherine Don

There is a massive intergenerational handoff of wealth underway in the U.S., and it will impact philanthropy for decades to come.

The consulting firm Accenture estimates that today’s boomer and Silent Generation wealth-holders will gift their heirs up to \$30 trillion by 2030, and a large proportion of that wealth will be concentrated in a small upper class. Today’s wealthy heirs are richer than ever, and are more likely to be billionaires than ever (according to Forbes, between March 2020 and April 2021, a new billionaire was minted every 17 hours).

This means that what some are calling “next-gen” philanthropists, heirs of mega-wealthy donors, are coming into money at an earlier age, and are more likely to inherit very large sums. New philanthropic heirs often come into vast wealth in their 40s, 30s, or even younger, and in many cases, become active in philanthropy right away. They also tend to approach philanthropy differently than their parents did. This growing wave of young philanthropists has caught our eye at Inside Philanthropy over the past few years, as we’ve increasingly been

studying how intergenerational wealth is unfolding across the sector. Back in 2020, we compiled our first list of philanthropic heirs, and soon after, realized that there was a lot more ground to cover. The result is a brand new list of the most powerful heirs in philanthropy, an expansive survey covering everything from sprawling old-money families to young activist-philanthropists.

While the list includes heirs of all ages, we felt the younger representatives required a closer look. Some are giving wealth away at a fast pace while experimenting with newer giving vehicles like impact investing, or moving large sums out the door via DAFs. They often favor networked or collaborative giving, and back more progressive causes than older donors. With this tendency for speedy and variegated giving, it’s important to recognize the rapidly growing impact and power of this new generation of philanthropists.

To get a better sense of giving patterns among next-gen donors, we spoke with Jason Franklin, the former executive director of Bolder Giving and the founder of Ktisis Capital, as well as Nicholas Tedesco, president and CEO at the National

Center for Family Philanthropy. Tedesco and Franklin work closely with this younger set of philanthropic heirs and have their finger on the pulse of giving trends and tendencies within this group.

According to Franklin, the simple fact that next-gen donors tend to inherit at a younger age impacts the direction they take with their philanthropy. “Many are coming into wealth 10 or 20 years earlier than their parents,” says Franklin. “The accelerated wealth through tech—early inheritance and early accumulation—is putting hundreds of millions and billions into the hands of young people. The result for philanthropy is, you see more of a willingness to take a risk. You see more learning while doing: take a risk; if it doesn’t work out, go on to something else. Whereas there used to be a predisposition to incrementalism or funding the big, tested organizations.”

Franklin says this growing cohort of super-wealthy, younger donors will impact philanthropy in myriad ways, some of which we’re just beginning to understand. Philanthropic heirs tend to be more collaborative and more willing to blur the boundaries between politics and charity.

Compared to their parents or grandparents, who often funneled money into existing family institutions, younger heirs are more likely to create their own foundation or experiment with giving via DAFs, private investments, LLCs, 501(c)(4)s, or large, anonymous contributions. While these offer flexibility and more opportunities for impact, they are less transparent, which can be concerning, especially when such large sums are involved.

“Culturally, we have not caught up yet to the scale of wealth in philanthropy today,” says Franklin. “When did \$1 million stop being a transformational gift? What is it now? Is it 50? 500?”

The growing size of these mega-donations is testament to the rapid wealth generation of billionaires. As Inside Philanthropy writer Philip Rojck recently explored, the Giving Pledge, which once seemed so revolutionary, has been largely unsuccessful in prompting its signatories to give away most of their wealth before their death. The problem is part stinginess, part lack of true intent, and part scale: Many of today’s fortunes are so large that billionaire givers struggle to shed them quickly enough. The 2020 Gilded Giving report found that the wealth of the original 62 billionaire signatories of the Giving Pledge has doubled since 2010.

The skyrocketing rate of top-level wealth accumulation has corresponded to a shrinking middle

class with less spending power. For philanthropy, this translates into a situation where total gross giving has increased, but the proportion of people who give has shrunk: As of 2016, the percentage of U.S. households making charitable donations had dropped to 53%. According to recent Giving USA data, increases in total year-over-year philanthropic giving are not attributable to more people giving, but to mega-donations topping \$300 million.

With the rate of wealth accumulation accelerating, the bounties inherited by top heirs are larger. This makes the rate of giving an interesting challenge for the new generation of wealthy philanthropists, and one encouraging trend is that these heirs—at least the philanthropically minded ones—seem to recognize the importance of giving a lot, giving now, and experimenting with how to give faster and with greater impact.

According to Tedesco at the National Center for Family Philanthropy, the COVID-19 pandemic has further energized young, wealthy philanthropists, many of whom were already donating their money rapidly and with intent.

“It has galvanized a new generation of philanthropic leaders and families across the world,” says Tedesco. “There is a new generation who feel compelled to act, to do more, to contribute, and there is a shift in the pace, practice and purpose among next-generation philanthropists.

There is an impatience for social change. They want to see solutions now, and are willing to invest accordingly.”

According to both Franklin and Tedesco, the next-gen heirs active in philanthropy are also more attuned to how networking and collaboration can increase the impact of their giving. It’s therefore not just raw wealth, but also influence that’s an important factor in this world. A younger heir like Lukas Walton inherited billions in his mid-30s, and is already influential and involved in philanthropy, while others, like Justin Rockefeller or Liesel Pritzker Simmons, have less wealth by today’s standards but an outsized influence among their peers.

In other words, the younger set of mega-wealthy philanthropists recognize that collaborative giving—where knowledge and strategies are shared and coordinated via networks, pooled funds and philanthropy-serving infrastructures—are more likely to create impact and success. The enthusiasm for networking among younger philanthropists tracks with the move to collaboration overall as a trend in philanthropy across age groups.

“The earliest donor networks were around 40 years ago, so their parents could not have given this way, because it did not exist,” says Franklin. “Now there is such a range of donor networks and communities... there is an entire

donor support infrastructure.” Franklin adds that these networks are a good sign for philanthropy. “These communities and networks are providing a space for inheritors to grapple with questions of equity and justice through conversations with their peers,” he says. The networks are also necessary to solve the incredibly complicated challenges of today’s world. “The idea that you will solve the climate crisis or democracy crisis by yourself is just ludicrous.”

Tedesco adds that while next-gen philanthropists tend to be attuned to the potentials of partnership and collaboration, the “how” of building these networks can be challenging. “So we must ask ourselves, as a sector, how to promote greater partnership, and how we provide the infrastructure to promote relationships and networks.”

Donor networks and giving communities that are popular among heirs in philanthropy include Solidaire, Threshold Foundation, Co-Impact, the Next Gen Giving Pledge and the Maverick Collective. Particular pooled funds—such as the Climate and Clean Energy Equity Fund, the Equality Fund and the Movement Voter Fund—have become popular locations for progressive heirs to move large gifts.

In the book “Generation Impact: How Next Gen Donors are Revolutionizing Giving,” authors Sharna Goldseker and Michael

Moody argue that strategic collaborative giving is one of the defining features of next-gen philanthropists. “For Gen Xers and millennials, peers influence not just where they give or how much, but also how and how effectively,” Goldseker and Moody wrote. “Peers are a primary source of learning, inspiration and strategic advice, and some donors prefer to give with their peers rather than alone.”

Younger heirs also tend to lean more progressive than their boomer parents. Goldseker and Moody polled a cohort of younger donors and found that compared to their parents, younger donors were more likely to give to environmental concerns, animal-related causes, civil rights and advocacy. They were less likely to give to religion and faith-based issues, education, and arts and culture. This tracks with research showing that millennials in general, at least in some regards, are more progressive.

Whether donating to a pooled fund, moving millions via a DAF, or coordinating socially conscious investments with other wealthy donors, the wealthiest next-gen donors are dynamic and strategic with their philanthropy.

At the same time, often through no fault of their own, they are emblematic of some of the thorniest questions and concerns about big philanthropy and its top-heavy concentration of money and influence. There is something about

dynastic wealth in particular that feels in conflict with the health of democratic institutions, and it gets even stickier when many heirs are channeling funds toward urgent topics like climate change and the integrity of democracy itself. As this next generation’s philanthropy accelerates, so will renewed questions about the problematic power of the mega-wealthy, even in well-intentioned hands.