Philanthropy Reshaped

SUMMARY: Demographic and political changes, loss of trust in institutions, and the growth of donor-advised funds and impact investing will drive shifts in the channels, targets, and geographic focus of American philanthropy. These shifts will offer opportunities for associations to access new resources, engage new members, and create new partnerships.

Forecasts

- Charitable giving will continue to grow, although big donors will contribute an increasing percentage and will often prefer to fund their own foundations and direct philanthropy.
- A growing share of givers will be women and people of color.
- Donor-advised funds, venture philanthropy, and impact investing will grow, potentially blurring lines between sectors.
- Growing distrust of institutions will affect philanthropy; a 2015 *New York Times* op-ed described it as a sector with too much secrecy and too little oversight and outside accountability.
- Millennials—who often seek to integrate values, investment, entrepreneurialism, and careers—will want to go beyond donation to engagement and launching social enterprises.
- Social media and data analysis will continue to affect charitable giving, enabling transparency, donor engagement, and peer-to-peer fundraising.

Key Uncertainties

Performance of the economy

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Political climate and potential legal and regulatory changes—e.g., to the charitable giving deduction, rules for donor-advised funds, or rules for political contributions

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Evolving role of government at all levels in addressing educational, social, and environmental issues

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Evolving relationship among philanthropic institutions and endeavors, corporations, and government entities

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Supporting Trends

- **Waning trust in philanthropy.** Philanthropy is falling victim to the growing public distrust of institutions and elites.
- **New forms of philanthropy.** Donor-advised funds and impact investing are expanding channels for philanthropic activity.
- **Philanthropy growth.** U.S. charitable giving is rising, though headwinds could develop.
- **U.S. wealth concentration rising.** The share of wealth in the hands of the most advantaged 1 percent of Americans has been rising since the late 1970s.
- **Intergenerational wealth transfer.** As the U.S. baby boomer generation dies, a massive amount of wealth will be transferred to their heirs or donated to charity.
- **Ethics and transparency.** Growing transparency spotlights organizational ethics.
- **The ethical economy.** Younger U.S. consumers are pushing a trend toward more ethical and values-driven spending.
- **Millennials now the largest U.S. generation.** Millennials have surpassed baby boomers in numbers.
- **Millennial doubts.** Millennials mistrust large institutions—transparency and compelling stories are more important than organizational reputation in their decision making.

Related Drivers of Change

- American Inequality
- Declining Trust
- The Splintered Society
- Ethical Consumption
- Aging World

Notable Data Points

GROWTH IN GIVING

Total U.S. charitable giving is **forecast to grow 3.6% in 2017** and 3.8% in 2018.

Source: Indiana University's Lilly Family School of Philanthropy and Marts & Lundy, The Philanthropy Outlook

TOP-HEAVY GIVING

From 2003 to 2013, **itemized charitable deductions** from those making $100,000 or more **increased by 40%,** but itemized charitable deductions from those making less than $100,000 declined by 34%.

Source: Institute for Policy Studies, Gilded Giving: Top-Heavy Philanthropy in an Age of Extreme Inequality

DONOR-ADVISED FUNDS

Between 2010 and 2015, contributions to donor-advised funds **grew from $9.4 billion to $22.3 billion.**

Source: 2016 Donor-Advised Fund Report, National Philanthropic Trust

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Strategic Insights

- As charitable giving grows, associations have an opportunity to expand their capacity for generating and effectively using gifts. One key will be to leverage the latest IT-enabled strategies to crowdfund research and charitable causes.
- There is an opportunity to build partnerships across associations and among associations, foundations, corporations, and government bodies to carry out philanthropic work most effectively.
- Initiating or expanding philanthropic work could be a means to attract millennials to associations by engaging them in "doing good."
- At the other end of the demographic continuum, retiring baby boomers can form a cadre of volunteers in association philanthropy.
- Philanthropy makes wealthy individuals strategic actors on issues of importance to associations—actors who can single-handedly shape the landscape in their area of interest.
- Given calls for more openness in the world of philanthropy, charitable work done transparently could be a way to build trust in associations.

Timing

- **Stage:** U.S. philanthropy on a long-term growth track after a pause during the Great Recession
- **Speed:** Slow, relatively steady growth in giving; slow to moderate growth for most other changes impacting philanthropy

Potential Alternative Futures

- **The mighty fall:** A reversal of fortune for tech-industry giants has a negative effect on major philanthropy efforts.
- **Regulatory shift:** Changes in the status of the charitable-giving tax deduction and of other regulations curb giving and restrict how gifts may be used.
- **Scandal:** A highly publicized misstep by a respected foundation puts downward pressure on giving.
- **Transformation:** New relationships across the for-profit, not-for-profit, and government sectors create an entirely new philanthropy landscape.

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Take Action

- **Update your association foundation's purpose.** If your historic mission and funding priorities don't excite donors, it's time for a reset. Redefine your purpose, rebrand, and engage top volunteer leaders and new types of donors in work that matters to your community.
- **Practice frictionless donating.** Maximize every transaction, especially online, as an opportunity to give. Aim for sustaining or multiple micro-gifts to build your base and grow your major gift potential.
- **Make donors part of a great story.** Use social media to draw people into an exciting story and make them visible participants in organizing and generating the momentum to do great things.
- **Mind your data and mind your donors.** Use predictive analytics to discover new donors, identify their interests, and match them to their preferred mode of giving. Use targeted marketing to increase your stewardship communications to reinforce what their gifts accomplish.
- **Enable directed giving within mission.** Let donors put their money where they want to have an impact. Have a clear mission and policies that lower the temptation to take money attached to pet projects. Partner with industry to seed work in new arenas. Be forewarned that when billionaires bankroll selected institutions and people, they may create tensions and disparities among your members.
- **Partner for greater impact.** Many association foundation staffs tend to be small or dual-purpose association employees. Increase your foundation's impact by collaborating with other nonprofits. Increase their capacity by turning to consultants and freelancers for campaigns and special projects.

Keyword Search

To continue researching this change driver, use these search terms:
impact investing, donor-advised funds, venture philanthropy, social enterprises, peer-to-peer fundraising, high-tech philanthropy, data-driven philanthropy, social innovation

Who Will Be Affected

Association foundations are following leading philanthropic and charitable organizations in reshaping how they conduct fundraising and promote philanthropy. Billionaire philanthropists are setting priorities in healthcare, science and research, and the environment. Associations allied with education as well as art, humanities, and culture work closely with foundations and an array of nonprofit organizations with the power to shape priorities.

About ASAE ForesightWorks

ASAE ForesightWorks is a deliberate, evidence-based research program and emerging line of products to provide association professionals with a continual stream of intelligence about the changes facing the association industry, including:

- regularly updated action briefs;
- tools for applying insights from the research in your association;
- guidance in performing environmental scans; and
- opportunities to engage with peers around the research.

Ultimately, the program's mission is to empower association leaders to create a culture of foresight.

Check **asaecenter.org/ForesightWorks** and follow **@ASAEfdn** on Twitter for updates on new findings and events.

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