

The New Generation of Philanthropists

**Women in
Development
Boston**

Bob Dietrich
Associate Dean for
Development and External
Relations
Harvard Divinity School
March 28, 2007



The New Generation of Philanthropists

- **Generational Cohorts:**
 - Shared experiences, values, views on family, money, education, staying connected and philanthropy
 - Generation X and Millennials
- **What Harris Interactive Survey says about the college graduates of 1980-98**
- **Latest research on Minnennials (born after 1982)**
- **What does it all mean for you and your programs?**

The New Generation of Philanthropists

Rocking the Ages, The Yankelovich Report on Generational Marketing, J. Walker Smith, Ann Clurman, 1998

Harris Interactive Young Alumni Survey, Oct. 2000

Millennials Rising: The Next Great Generation, Neil Howe, William Strauss, 2000

The Fourth Turning, N. Howe, W. Strauss, 1996

Chronicle of Philanthropy, Fall 2001, Feb. 2005

AARFRC Trust for Philanthropy, December 2001

CASE Currents, January 2002, February 2007

Richard A. Hesel, Susan Basalla May, the Art & Science Group

The Cooperative Institutional Research Program (CIRP), UCLA

Research Network on Transitions to Adulthood (RNTA)

The Boston Globe

Indiana University Center for Philanthropy

Boston College Center on Wealth and Philanthropy, Paul Schervish and John Havens

Judith Nichols, PhD, CFRE

US Census Bureau

Generational Transfer of Wealth

- Estimated transfer 1998 - 2052
 - \$41 trillion to \$136 trillion (up from \$10.4 trillion estimate in 1990)
 - Covers all Americans at least 18 in 1998 and the youngest of whom will be age 73 in 2052
 - Estimated charitable bequests
 - \$6 trillion to \$25 trillion
- Boston College Center on Wealth and Philanthropy Paul Schervish and John Havens

*“Men resemble the times
more than they resemble
their fathers”*



Ancient Proverb

Generational Cohorts

- Members of a generation linked through the shared life experiences of their formative years.
- Shared Experiences develop values and life skills
- Other influences
 - Life stages
 - Gender
 - Race
 - Socioeconomic conditions
 - Geography
 - Education

Generational Cohorts

- Depression (born 1912-21)
- World War II & Eisenhower (born 1922-45)
- Baby Boomer 1 (born 1946-54)
- Baby Boomer 2 (born 1955-65)
- Generation X (born 1966-81)
- Millennials (born 1982 – present)

Business

F

THE BOSTON GLOBE THURSDAY, SEPTEMBER 8, 2005

Markets

By [Gregory Wallace](#) and [Robert Whalen](#)

44.36 PTS	5.17 PTS
SEN 10,633.50	NIHQ 2,772.03
NYSE	NASDAQ
SP500	COMP
INDICES	INDEXES
10.633.50	2,772.03
10.633.50	2,772.03
10.633.50	2,772.03

STEVEN SYRIS Boston Capital

Choking on a low-carb bet

Investors in a small biotech firm are chomping on a low-carb bet for a while. The company's stock price has fallen 40% since it went public last year.

The firm is Capital Biotech, which is trying to sell its biotech drug, but it's not getting any takers. The company's stock price has fallen 40% since it went public last year.

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Novartis finds biotech deal nearby

Drug giant to pay up to \$700m for Alnylam accord

BY JENNIFER L. HARRIS
Novartis AG, the Swiss pharmaceutical giant, has agreed to pay up to \$700 million for Alnylam Pharmaceuticals, a biotech firm that specializes in developing drugs to treat liver disease. The deal, announced Tuesday, is the largest in the history of the pharmaceutical industry.

The deal is expected to be completed by the end of the year. Novartis will acquire Alnylam, which is based in Cambridge, Mass. The deal will give Novartis access to Alnylam's pipeline of drugs, including Alnylam's lead drug, which is in phase 2 clinical trials. The deal is expected to be completed by the end of the year.

Loc al parties

Pharmaceutical giant Novartis, which has been active in the biotech market, is looking for a local partner to help it develop its pipeline of drugs.

Company	Location	Deal
Novartis	Cambridge, Mass.	Acquired Alnylam Pharmaceuticals for up to \$700 million.
Amgen	Cambridge, Mass.	Agree to pay up to \$1 billion for a biotech firm that specializes in developing drugs to treat liver disease.
Roche	Cambridge, Mass.	Is a local partner of a biotech firm that specializes in developing drugs to treat liver disease.
Novartis	Cambridge, Mass.	Novartis is looking for a local partner to help it develop its pipeline of drugs.
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BRAND ON THE RUN

Struggling Fidelity turns to ex-Beatle to lure boomers

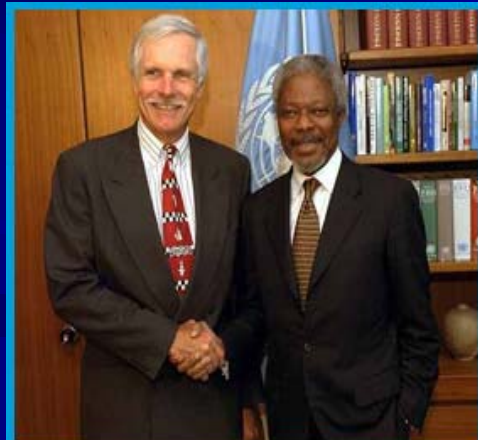
BY JENNIFER L. HARRIS
Fidelity Investments, a struggling investment manager, is turning to Paul McCartney to lure boomers. The firm is offering a new fund, the Paul McCartney Fund, which is named after the ex-Beatle. The fund is expected to be launched in the next few months.



Rolling Stone magazine has ranked Paul McCartney's album 'Abbey Road' as the greatest of all time. The album is a double CD that was released in 1969.

Baby Boomers Philanthropic Role Models

**Oprah
Winfrey**
\$100 Million
•Scholarships
(black women)
•Pediatric AIDS
•Girls School in
South Africa



UN/DPI Photo No. 195059C
by Milton Grant

Ted Turner
\$1.3 Billion
•Environment
•Global Health
•Women's and
Children's
Health



Melinda and Bill Gates
\$31.5 Billion
•Education/Literacy
•Global Health
•Africa

Women - A BIG Factor



- IRS: 41% of the 3.3M Americans with incomes of \$ 500,000 or more are women
Business Week, 10/30/00
- Control 60% of wealth, 70% in 8 years

“ The Power of the Purse”

Chronicle of Philanthropy

February 14, 2005

Oprah Winfrey

- Age: 51
- Entertainment magnate
- Gifts:
 - \$50 million to create her foundation
 - \$50 million to establish a girl's school in South Africa



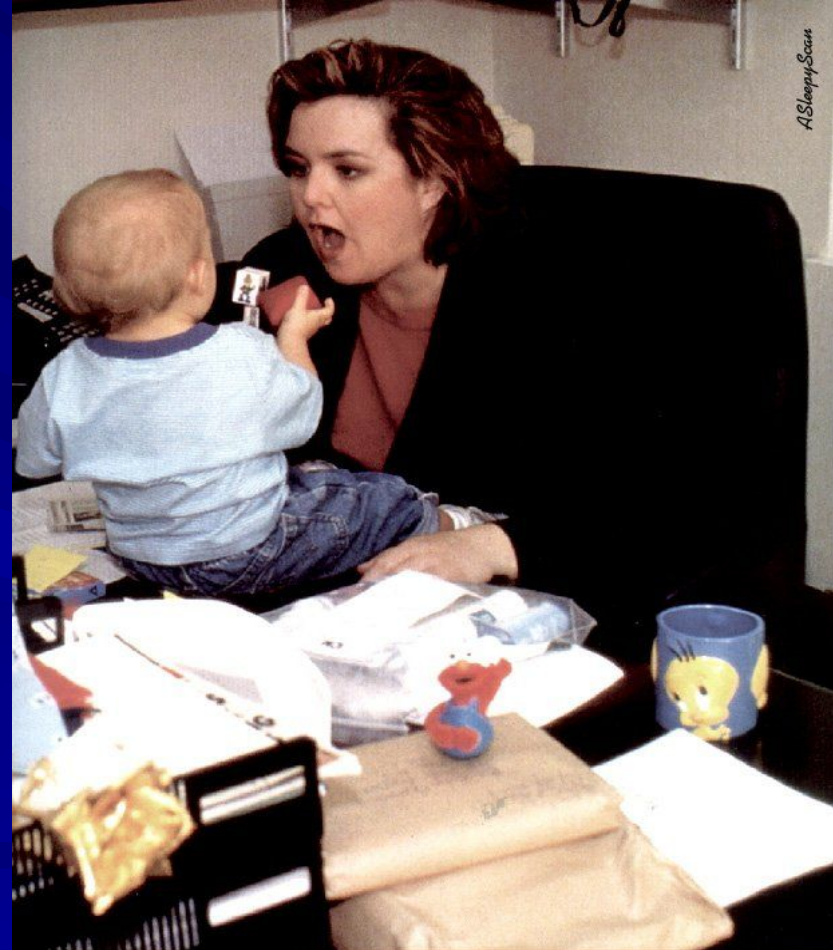
Meg Whitman



- Age: 49
- President of eBay
- Gift: \$30 million to Princeton University

Rosie O'Donnell

- Age: 42
- Entertainer and Activist
- Multiple donations of \$ 1 million or more to her Rosie's For All Kids Foundation
- Donates promotional fees to Foundation (\$58M since 1997)



The Power of the Purse

- A new generation of women who have made their own fortune.
- Few serve on non-profit boards
- United Ways and community-based social service organizations are leading the way
- Hands-on philanthropists
- Many in corporate finance and banking – impatient to get things done.
- More willing to put their names on gifts

On giving \$25 million to name the University of South Carolina's Business School



“ The very idea that a bastion of capitalism would be named for a woman appealed to me and the fact that this is Strom Thurmond country, well, it was just a home run.”

- Darla Moore, 49

Generation X

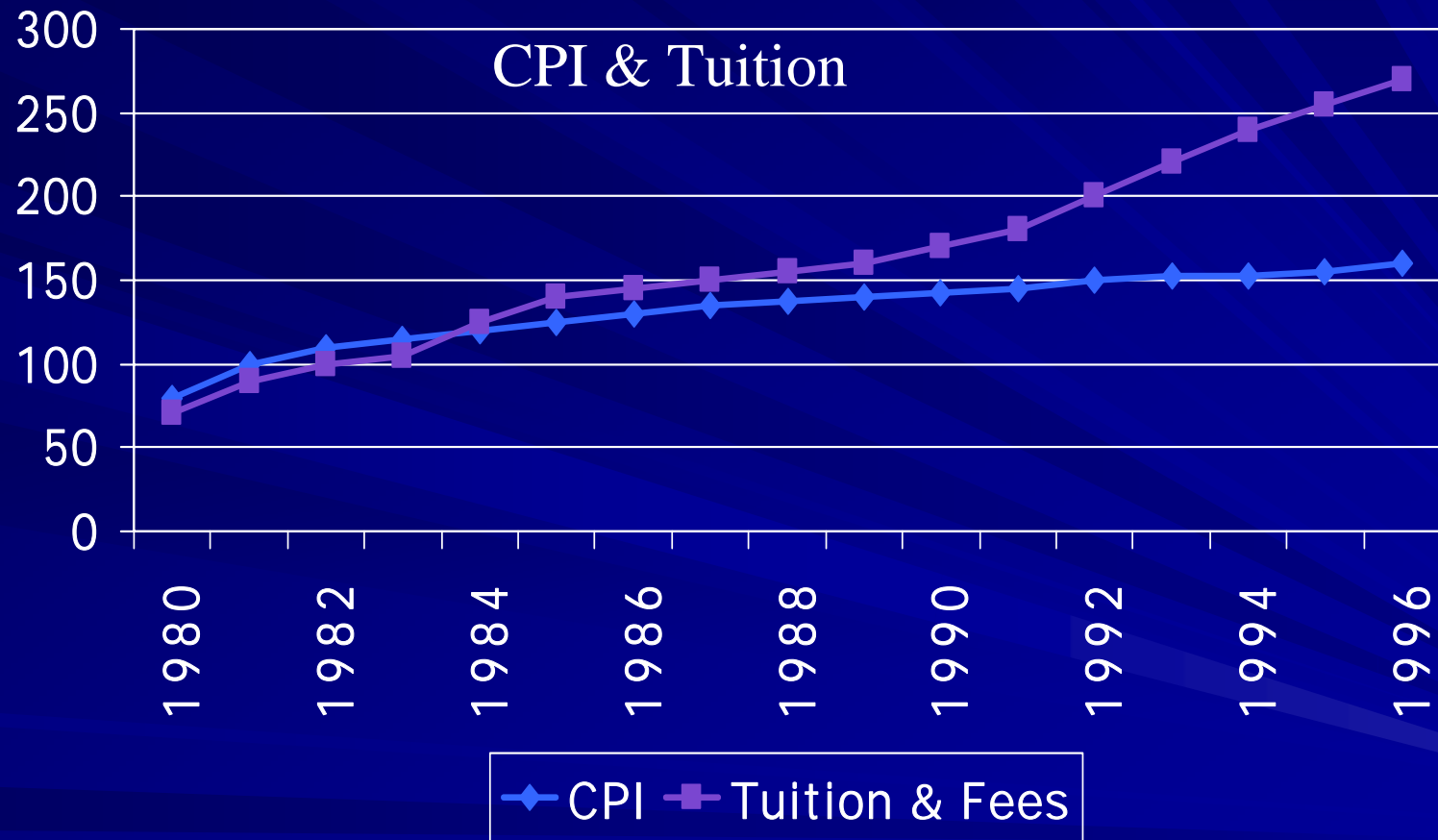
- Born: 1966 - 1981
- Ages: 26 - 41
- Classes: '87-'02
- 44 Million Strong



The Economics of Generation X

- Tuition increases outpaced inflation
- Student loans larger and more prevalent
- Indebtedness growing

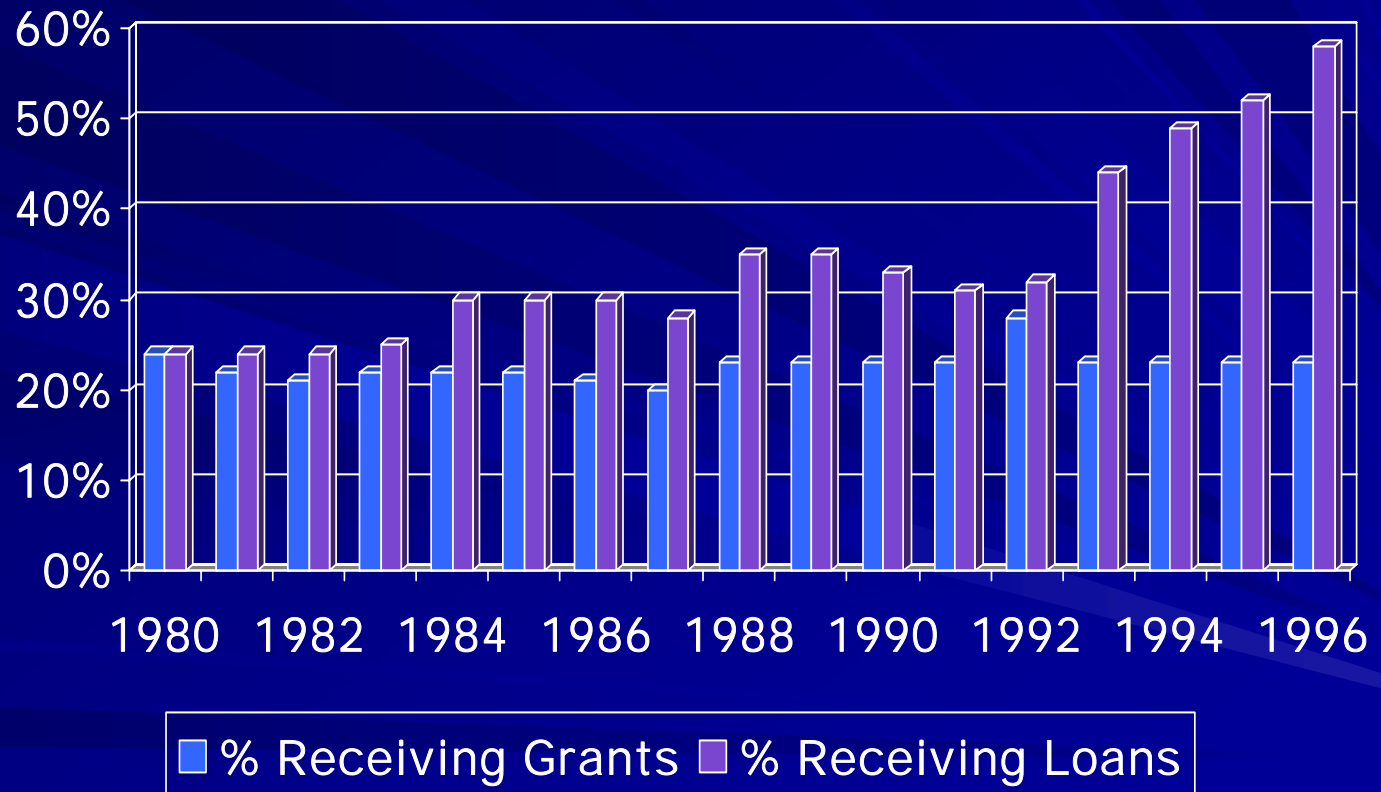
Tuition Outpaces Inflation



Source: U.S. Census Bureau

Student Loans Become Prevalent

Percent of Students Receiving Grants and Loans

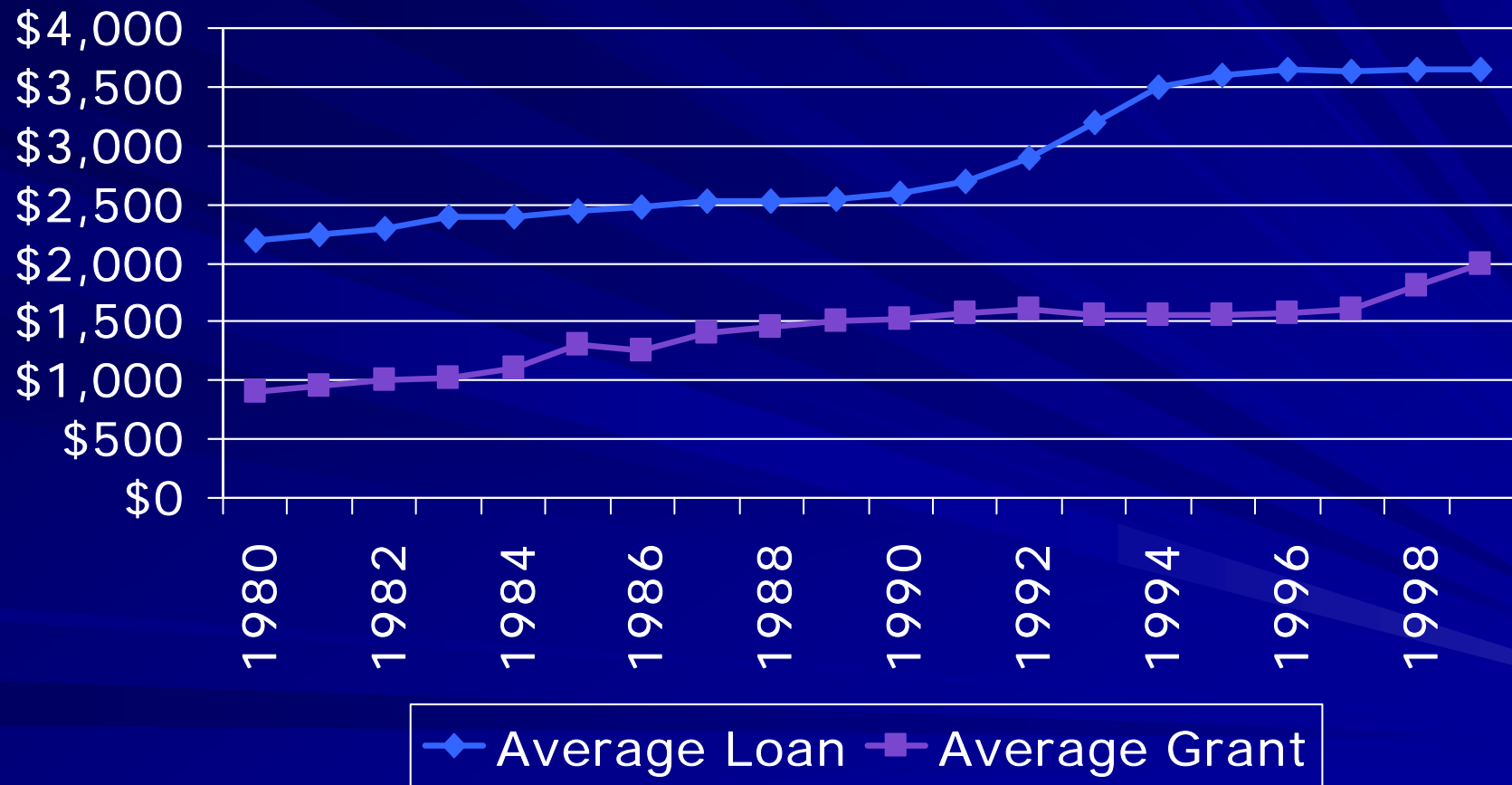


Tuition Soars; Grants Decline

- Tuition: 2006-07
 - Public - \$5836 (up 268% since 1977)
 - Private - \$22,218 (up 248% since 1977)
- 2004 – 67% of HS grads go to college vs. 49% in 1972
- 2007 Grants make only 39% of cost vs. 80% in mid-70s.

Source: USA Today, 11/22/06; College Board

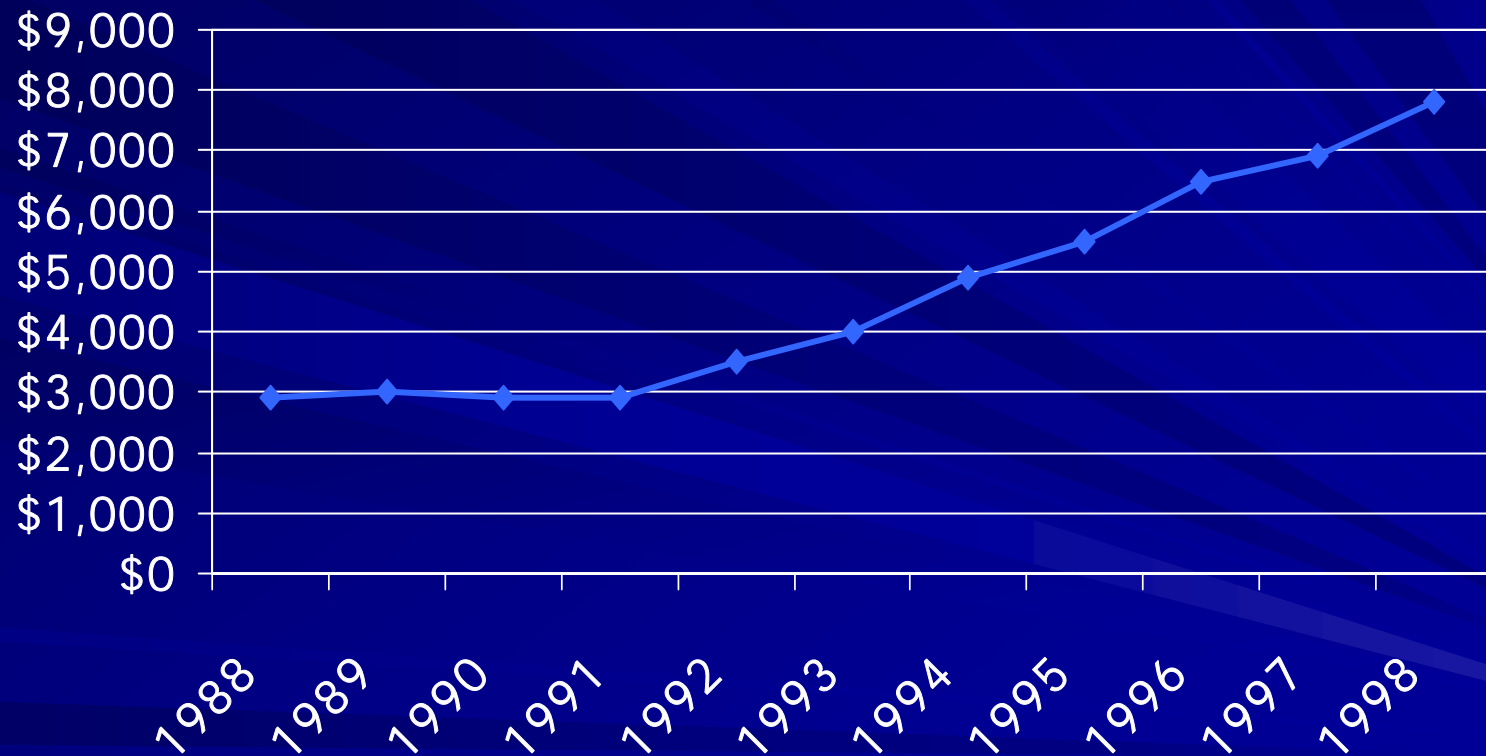
Student Loan Size Growing



Source: U.S. Census Bureau

Indebtedness Growing

Median Indebtedness by Class Year



Source: Texas Guaranteed Student Loan Corporation

Debt: The Class of '93 – 10 years later

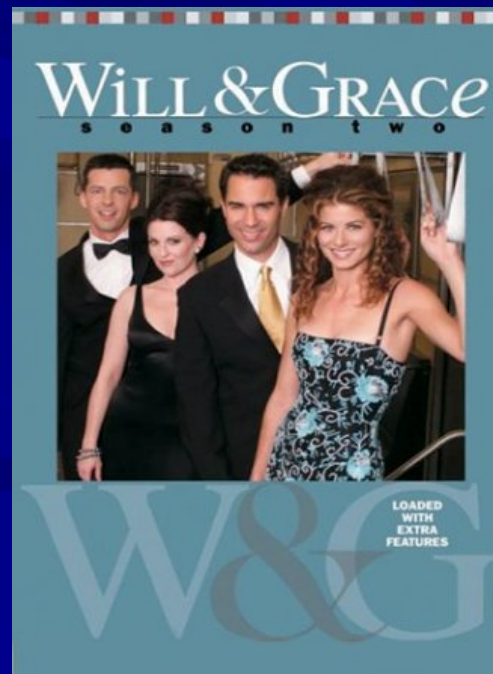
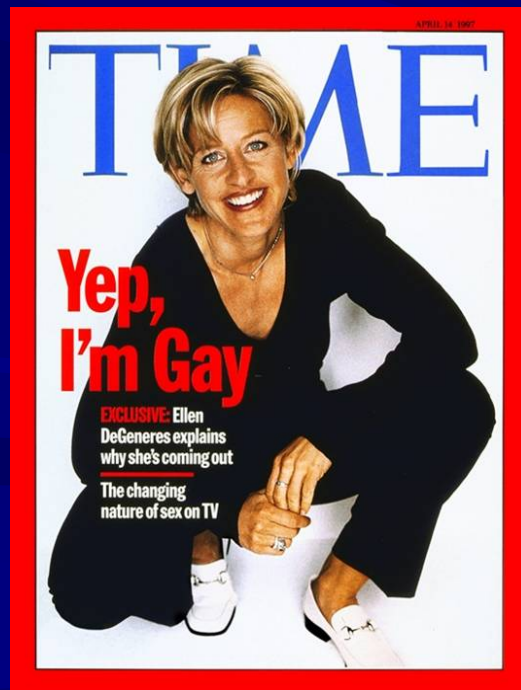
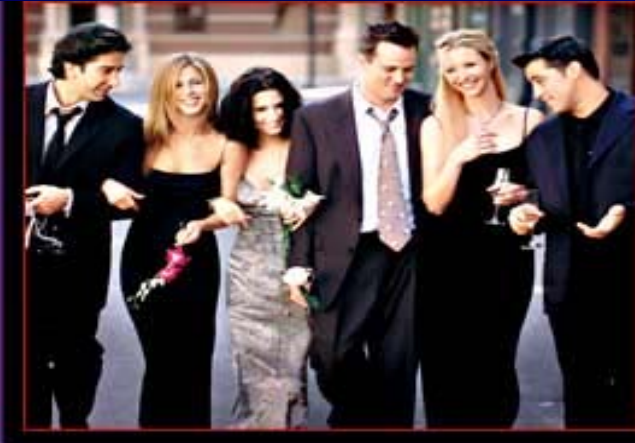
- Most of undergraduate debt paid off in 10 years (if not pursuing advanced degree)
- 41% enrolled/completed graduate degree
 - 45% borrowed for education
 - \$41,700 in debt for both undergraduate and grad school
 - Source: National Center for Education Statistics, June 2006

Generation X ... Shared Experiences



- The Sesame Street Generation
- Cable TV, PCs and Internet
- Witnessed downsizing of 1980s and its impact on their families
- Information unlimited - choices plentiful
- Children of divorce and 2 career families

Generation X... on Values



Generation X... on Values

- Relationships are important
- More tolerant
- Do not define themselves by career
- Simplicity - make important decisions and stick to them – brand loyal
- Cynical and suspicious of all advertising
- Hype does not sell
- Individuality- Entrepreneurs

Generation X ...on Family

- Children of divorce - determined to make a better go of it
- 54% married, 11% divorced; 35% single
- Reluctance to put off family for career
- Family may be defined differently
- Approaches balance between family and career differently

Generation X ... On Money

- See no one is going to take care of them
- New Economy - Sudden Wealth Syndrome
- Buy Saturns - its about relationships not cars



- Baby Boomer parents saw success as an entitlement - see they will have to work.
 - 46% mutual funds
 - 88% seek financial advice

Generation X ...

On Staying Connected

- No Hype
- Give them facts and data - but filter first
- Relationships important - socially and strategically
- Web

Generation X ... On Philanthropy

- Average giving - \$ 791/year
- About 50% give nothing
- 56% plan to give or increase giving in next 5 years
- 54% will make a philanthropic bequest vs. 40% for baby boomers and 26% for seniors

■ Source: Junior Achievement Poll, 2003

Generation X ... on Philanthropy

	Pre-war (PW)	Baby Boomers	Generation X
Giving % who give	80%	75%	53% (34%<PW)
Median gift	\$1080	\$928	\$400 (63%<PW)
Giving to religion % who give	62%	51%	31% (50%<PW)
Median gift to religion	\$1000	\$960	\$300 (70%<PW)
Giving (not including religion) % who give	66%	63%	44% (33%<PW)
Median Gift (not including religion)	\$350	\$400	\$200 (43%<PW)

Source: Tracking Giving Across Generations, R. Steinberg, M. Milhem, Center of Philanthropy at Indiana University, Nov. 2003

Generation X ... On Philanthropy

- Seek personal involvement
- Looking for relevant data - not hype and platitudes
- Control is important
- Social Services are big interest
- Wealth accumulation stage - yet interested in estate planning

BOSTON SUNDAY GLOBE AUGUST 16, 2005



THE PLANNERS As a crowd of 200+ gathered, Maggie Clark sang by 20, took over the stage.

They're young, they're connected, and they're coveted by Boston's museums

MEET THE DONORS

They're young, connected, and they're coveted by Boston's museums

BY CHRISTOPHER
WILSON

As the guests start on the dinner during last month's "Maggie Clark & The Wildcats" concert, the stage is lit. The lights of the Museum of Contemporary Art's annual gala. Now the music is on, and the night is young.

The key to the 20th anniversary, a festival of the arts, is to have fun. It's not just the museum's staff, who see their job as

to make the world a better place, but also to make it a more fun place. It's not just the museum's staff, who see their job as to make the world a better place, but also to make it a more fun place. It's not just the museum's staff, who see their job as to make the world a better place, but also to make it a more fun place.

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THE PARTY

Guests take to the dance floor and socialize during the gala at the Museum of Contemporary Art, a group of supporters and staff.

Generation X Philanthropic Role Model



The One Campaign

- Not about money
- About advocacy and rallying Americans to combat
 - AIDS
 - Extreme Poverty
 - Starvation
- Selling wristbands,
- t-shirts and promoting concerts



Bono

“ Beating AIDS and extreme, stupid poverty, this is our moon shot. This is our civil rights struggle, our anti-apartheid movement. This is what the history books will remember our generation for – or blame us for, if we fail.”

- Bono, Time Magazine, November 7, 2005



Implications

- Annual Fund?
- Major Gifts?
- Planned Giving?



Harris Interactive Survey

- Conducted October 2000
- Harris Poll Online of Graduates of the last 2 decades
- Completed on-line surveys – 1553
 - Attended 725 different colleges or universities
 - 85% white
 - 51% household incomes of >\$50,000
 - 84% employed
 - 91% were full time students
 - 29% hold graduate degrees

CBS.com

LATE SHOW
with David Letterman

LATE SHOW
Top Ten

THE LATEST TOP 10



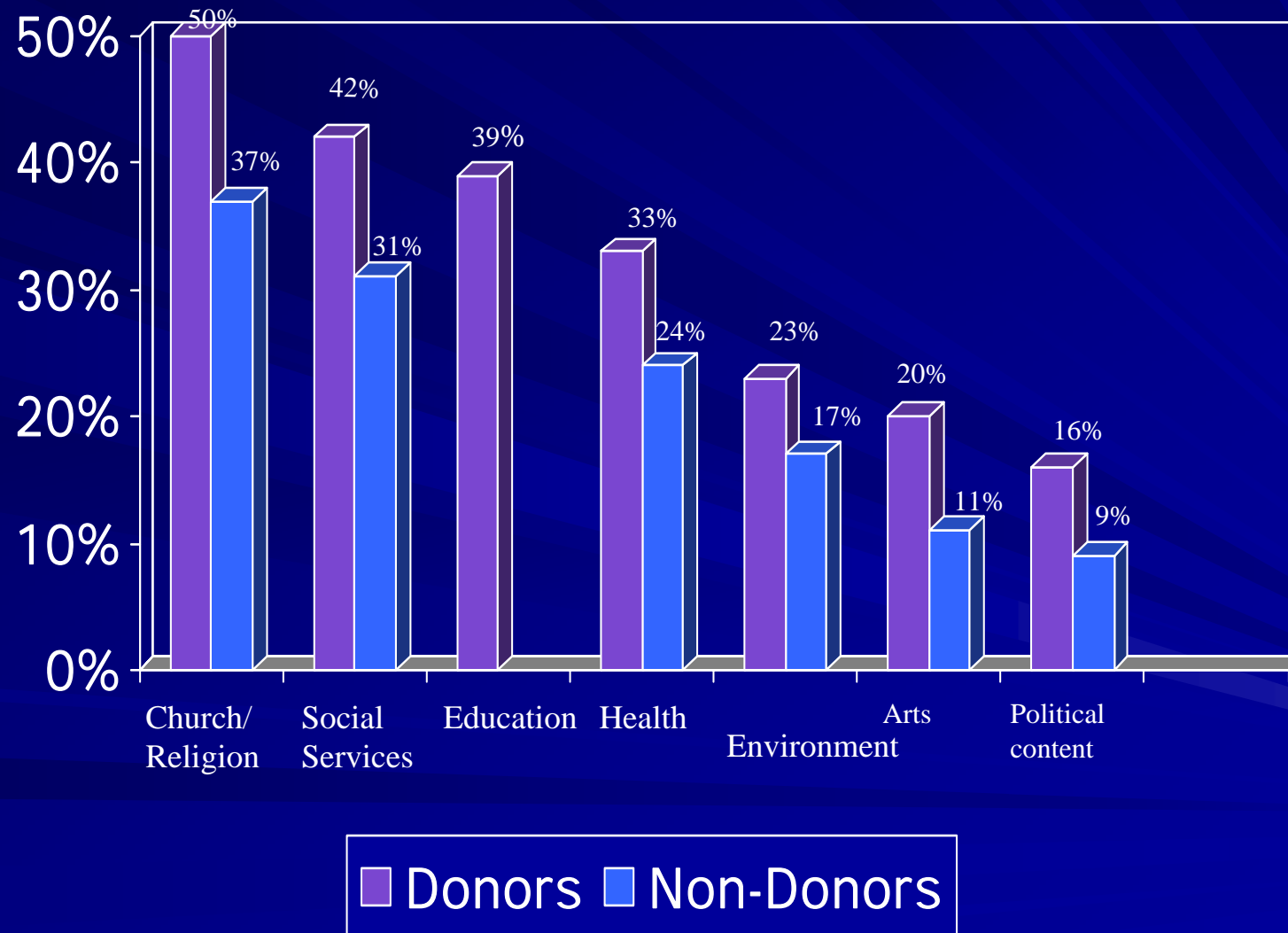
Why alumni don't participate in activities

10. Poor health (2%)
9. Don't care (18%)
8. No one asked me (18%)
7. Too Expensive (19%)
6. Do not appeal to me (21%)
5. Unaware of activities (36%)
4. Lack of interest (36%)
3. Didn't know others attending (38%)
2. Geographic location (44%)
1. Lack of time (57%)

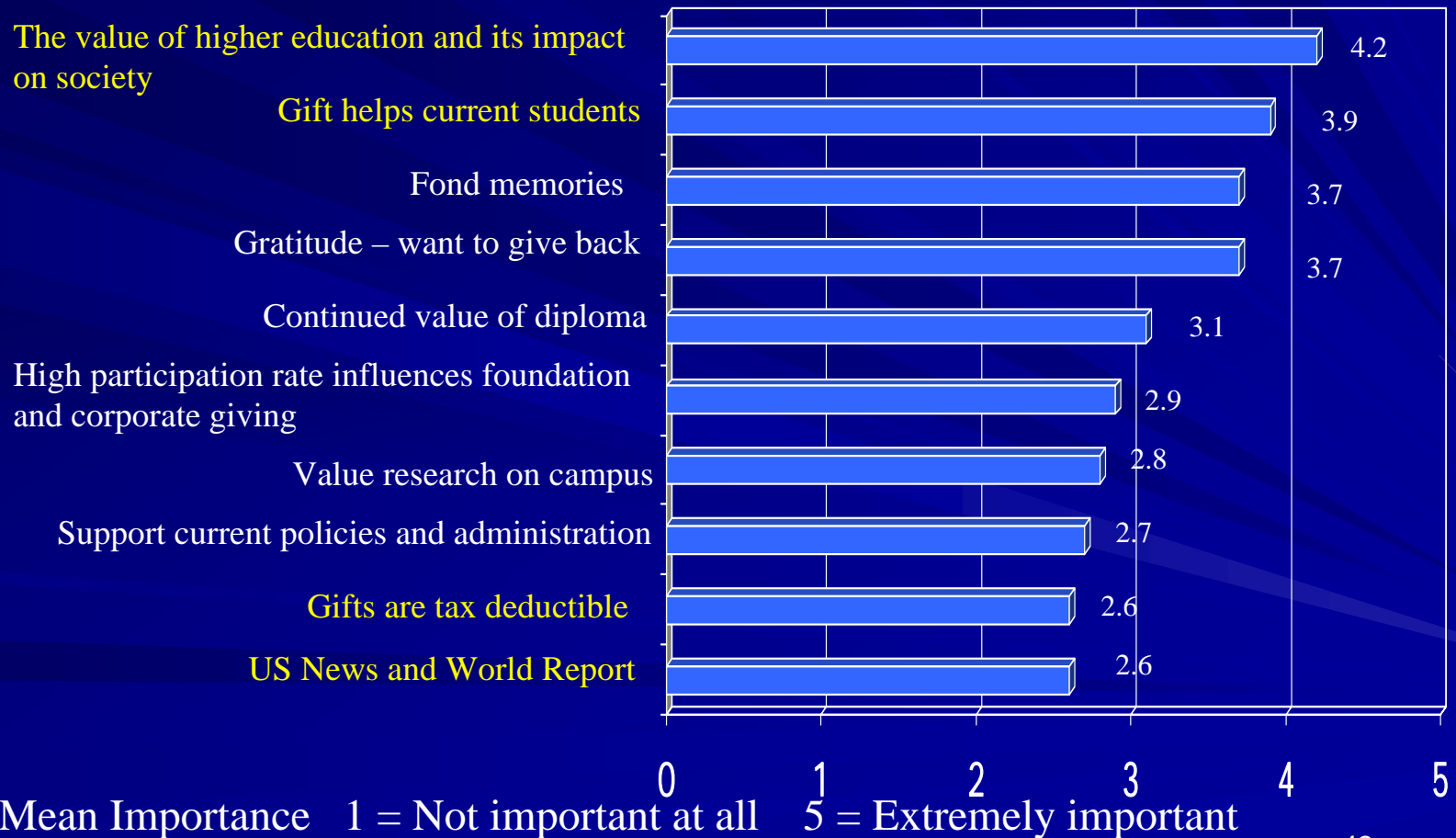
The Competition... other non-profits

- 68% of young alumni support causes other than education
 - 39% are donors
 - 58% are non-donors

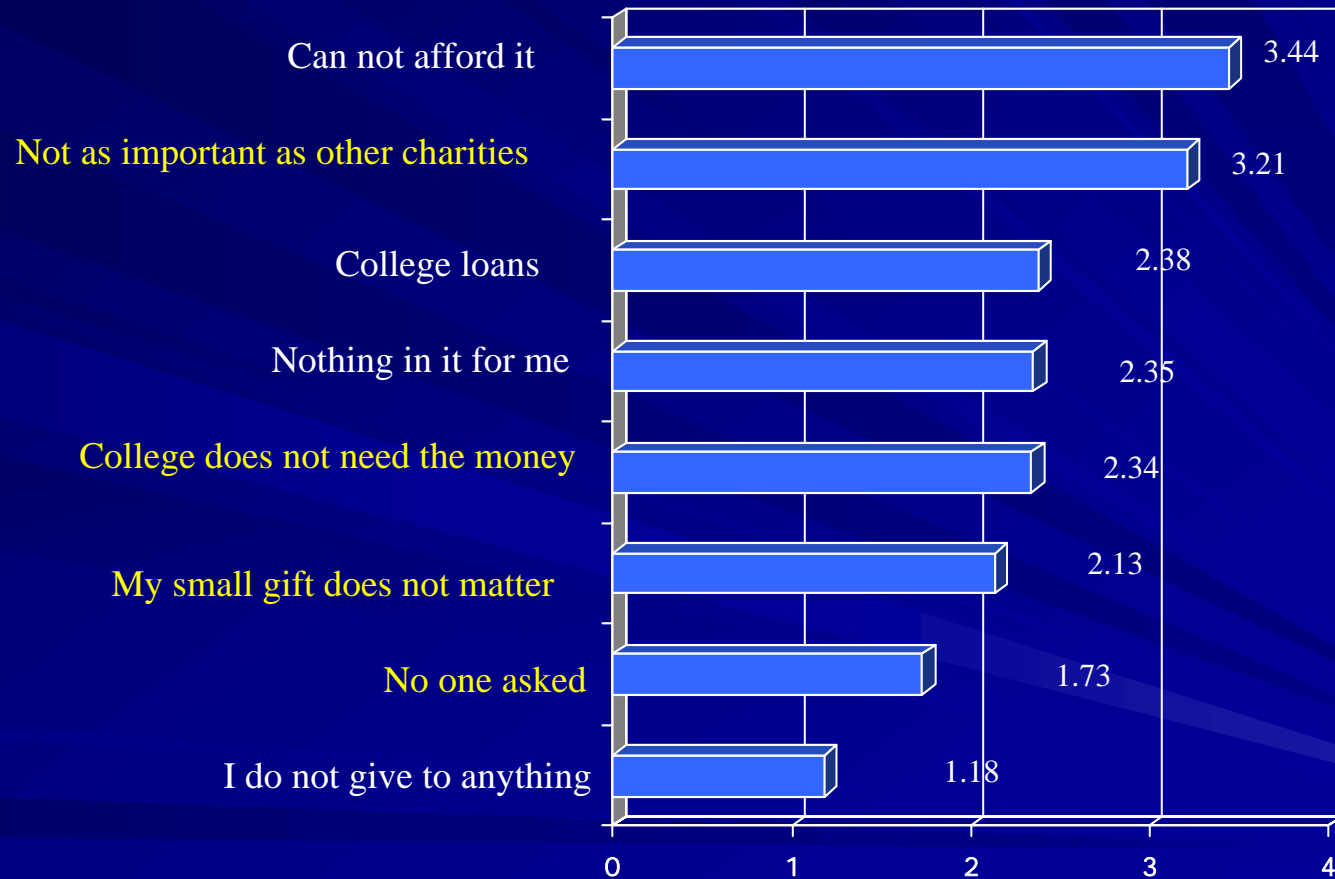
Young Alumni Giving Priorities



Why do they give?



Why don't they give?



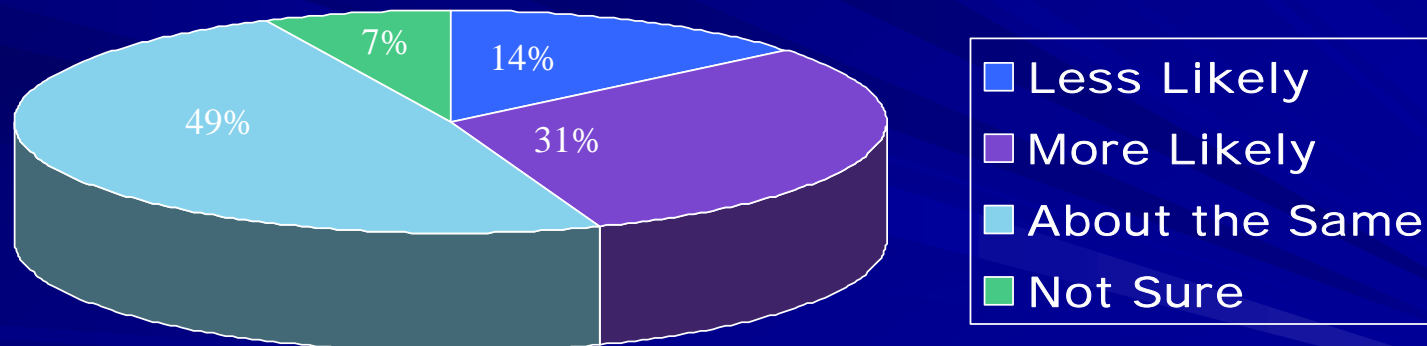
Mean Importance

1 = Not important at all

5 = Extremely important

Non-donors prefer specific programs over general fund

Nearly 1/3 of non-donors say they would be more likely to give to a specific program over an unrestricted gift



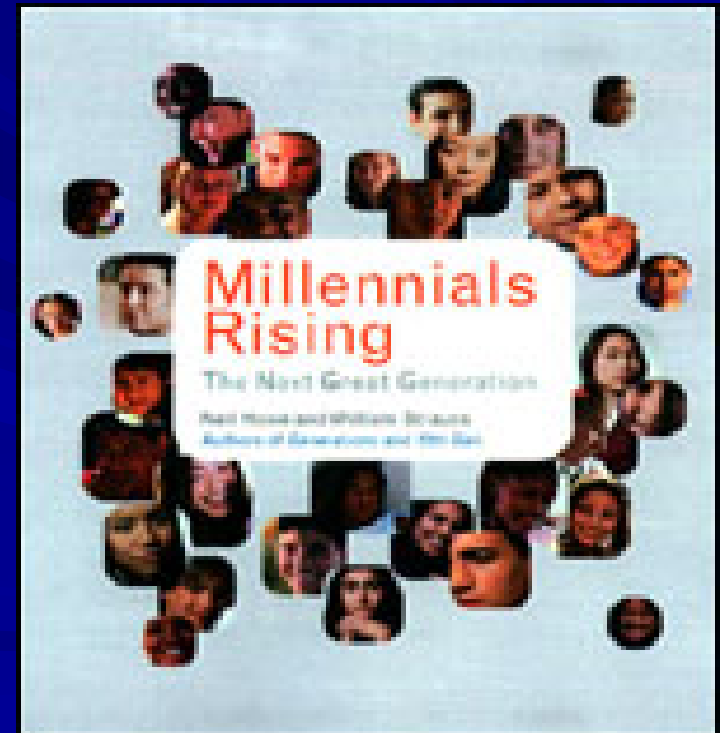


“ When a generation moves on, don’t follow it. Focus on the next one coming along.”

Tom Freston
CEO, MTV

Millennials

- Born: After 1982
- High School Class of 2000
- Strauss and Howe
- Other sources:
 - Research Network on the Transition to Adulthood (RNTA)
 - Co-operative Institution Research Program (CIRP)



Millennials...On Family

- Raised by Baby Boomer 2 and early Gen Xers
- Sheltered – parents obsessed with safety (helicopter parents)
- Family time a priority
- Most day cared generation ever





 **myspace**[®]
a place for friends





Millennials – Shared Experiences

- Columbine
- Oklahoma City Bombing
- Princess Di's death
- Clinton scandal
- September 11
- Tsunami and Katrina

Millennials.. A Study in Contrasts

■ Howe and Strauss

- “Will rebel against protective and perfectionist parents by behaving better, not worse...”
- “The kind of generation that does great deeds, constructs nations and empires..”
- Based on survey of students in Fairfax Cty., VA (household income 2xs national average) and diversity = Caucasian and Asian Americans

■ Richard Hesel and Susan Basalla May, Art & Science Group, a strategic marketing firm

- Dispelling the Millennial Myth, CASE Currents, February, 2007

On the Next Great Generation

■ Strauss and Howe Conclusion

- “...the inheritors of the mantle of the upbeat, team winning WW II-winning GIs – they will be a generation capable of rebuilding powerful political and economic institutions and reenergizing a sense of community and public purpose”

■ Strauss and Howe Survey Says..

- Students say when they become adults they expect that religion, family life and crime would be the same or worse

■ RNTA says...

- more disconnected from society than previous generations
- Less likely to read newspaper, attend church , vote for president
- More cynical and negative about other people

On Sex and Violence...

- Howe and Strauss Conclusion:
 - “less violent vulgar, and sexually charged”
- Howe and Strauss Teacher Survey Says:
 - Compared to 10 -15 years ago, more problems
 - Profanity (86%)
 - Gangs (85%)
 - Sex (81%)
 - Fighting (48%)

Millennials...On Values

■ Howe and Strauss

- Pressured to Succeed – Strong work ethic, trophy schedules
- Accept authority and follow rules
- Return to Church, prayer groups in school
- Tolerant
- Savings rate as high as 25%

■ CIRP/RNTA

- Less time on homework
- Trend toward counseling – emotionally needy
- Less likely to go to church
- Liberal attitudes about homosexuality, racial equality and civil liberties
- Trend to return home – “save the world from their parent’s basement”

Millennials....on Optimism

- Strauss and Howe Conclusion:
 - “a new confidence about the future and a new trust in parents and authorities... today’s teens are more upbeat about the world ...”
- Strauss and Howe Teacher Survey Says (Compared to 10-15 yrs ago):
 - Less trust in public institutions (77%)
 - Less positive about America (59%)
 - Less faith in personal future (42%)
- RNTA
 - Less likely to believe people are trustworthy, helpful, are fair
 - Expect there will be another world war

How do we figure all this out?

- CIRP – Intergenerational Profile of your own institution
- Regularly survey your own constituency
- Beware of the Forer Effect; accepting vague, generalized positive personality traits applicable to themselves. Human nature to accept answers that simplify and order our world.
- Avoid “pop” sociology
- Utilize longitudinal studies and facts

Millennials...on Careers and Money

- 50% receive financial report from parents/family
 - Source: American Association, 2004
- 60% of college students plan to move back home
 - Source: American Demographics, 2003
- Remaining in school longer and taking longer to enter workforce
- Starting businesses at an unprecedented rate
- More business oriented – caring for little but the bottom line
- Economically conservative
 - Source: The Futurist Magazine, June 2005

A Disturbing Trend in Debt

Source: Condition of Education 2004
National Center for Education Statistics

	1992-93	1999-00
% Borrowing	49%	65%
Avg. loan	\$12,100	\$19,300 (>50% incr.)
Avg. Monthly Payment	\$160	\$210 (<50% incr.)
Avg. Monthly Salary (01 \$)	\$2400	\$2800
Debt/Salary (01 \$)	7%	7%

Millennials – On line

- Ages 9-17
- 63% prefer Web over TV
- 55% prefer e-mail over the phone



Minnennials... on Service and Philanthropy

- Interests – homelessness, environment, elderly, global poverty
- Committed to community and team based approach to solving society's problems
- www.kidcredits.com allows kids to make gifts to their favorite cause
- Walks for charity and on-line sponsorship on the rise

Millennials....On Philanthropy



- **Invisible Children** – founded in 2004 by 3 college students – raised \$6 M from 10,000 donors
- **Red Nose Day** – Comic Relief - \$ 125 M from 60% of UK citizens
- **United Nations Foundation** – Mosquito nets (\$10) - \$4.2 M from 4000 donors
 - Source: Chronicle of Philanthropy, 3/19/07

Millennials – Implications

- Avoid hyperbole and clichés
- Don't dwell on history – what is happening today at your school is more relevant
- Appeal to honor and integrity – standards matter
- Build trust
- Use humor
- Crave community and relationships (emotionally needy)
- Express progressive views on gender, racial equality and civil liberties
- Not brand loyal - cultivate interest and loyalty now.
- Use customized approaches

A Defining Moments – September 11

- What lies ahead for this generation?
- What does it mean for philanthropy?
- **23%** of 18-22 year-olds cite living in freedom as the most important part of the American Dream; only **5%** cited financial security
 - Source: Demographic Alert, 10/12/04



In Conclusion ...