

BAY AREA MILLENNIAL GIVING: CURRENT TRENDS, CHALLENGES, & OPPORTUNITIES



Stanford PACS

Center on Philanthropy
and Civil Society

—

Effective Philanthropy Learning Initiative

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I. EXECUTIVE SUMMARY

Today, we see more and more individuals wanting to do good. In 2018, Americans gave \$428 billion in charity, growing 13% in the last three years.¹ More than 200 of the wealthiest individuals in the world have signed the Giving Pledge to commit the majority of their wealth to philanthropy.² Even companies have expressed a desire to make a positive impact, with more than 8,500 companies committing 1% of their equity, time, product, or profit to philanthropy.³ We believe this increased desire to do good is in part driven by the exacerbation of the world's most pressing issues, including climate change, inequality, skills gaps, and political instability and polarization. Significant wealth transfer is also expected to happen, as the younger generations, namely millennials, inherit wealth from baby boomers and experience wealth accumulation through the continued tech boom. Broader research has shown that millennials care more about doing good than older generations.⁴

We see the millennial generation as a critical inflection for how we think about giving, but there is limited research on how they make their giving decisions. We launched this project to better understand how millennial donors, specifically those with significant resources living in the inequality hub of the Bay Area, make their giving decisions. What causes do they care about and why? How do they discover and decide on which organizations to support? Which giving vehicles, such as donor-advised funds, family foundations, LLCs, checkbooks, and credit cards, do they use? What do they think of each giving vehicle and how do they decide between them? Where do they receive their advice? How do they maintain their giving? Most importantly, what are their biggest pain points around giving effectively and potential ways to alleviate these pain points?

We partnered with The Effective Philanthropy Learning Initiative (“EPLI”) within The Stanford Center on Philanthropy and Civil Society (“PACS”) to explore these questions. For more than seven months from September 2019 to April 2020, we conducted 25 interviews with high-capacity millennial donors in the Bay Area, or their close proxies helping make their giving decisions, as well as over 40 interviews with advisors working in philanthropy. As millennials living in the Bay Area ourselves, we used our personal and professional networks, the Stanford PACS network, and the broader Stanford network, to find relevant individuals to talk to.

Our key learnings are summarized as follow:

- **High-capacity donors vary widely in their giving:** Some are only doing “reactive one-off giving” when asked for money by their networks or experiencing triggers like natural disasters and pandemics. Others think about “gratitude giving” to give back to organizations they personally benefited from. Still others spend the majority of their time and money doing “proactive strategic giving” which provides longer-term support to causes they care deeply about with more thought behind their theory of change.
- **Within “strategic giving,” donors vary in their philosophy, but share a focus on their “return on investment”:** Some want to give to where they believe each dollar will have the biggest impact

¹ See [Giving USA](#).

² See [Giving Pledge](#).

³ See [Pledge 1%](#).

⁴ See the [Millennium Impact Report](#) by the Case Foundation and [Millennial Survey](#) by Deloitte as examples.

based on research, aligning with effective altruism and using tools like [GiveWell](#) to find charities, primarily internationally. Others want to feel like their dollars are making a local impact or “moving the needle” on an organization’s budget, finding smaller local organizations to support in both monetary and non-monetary ways. In both approaches, however, millennial high-capacity donors want to understand and feel the “return on investment” of their giving (i.e., “How far can my dollar go?” “Can I make a dent in this organization?”). We believe that some of this focus on “return on investment” comes from the number of Bay Area-based donors who made their money through entrepreneurship.

- **Millennials give less to traditional causes and more to political, local, and “existential” causes:** Relative to the national average, our interviewees were less likely to donate to traditional causes like religion, education (specifically alma maters or children’s schools), and the arts. Instead, they supported causes they believed were more critical, systemic, and “existential,” such as climate change, future of democracy, inequality, criminal justice, and homelessness.
- **They are also less likely to be wed to “traditional” giving vehicles and methods:** Unlike the historical way of writing checks for smaller giving and establishing family foundations for larger giving, our interviewees highly preferred donor-advised funds (“DAFs”) for their tax benefits, convenience, and ability to set goals and track giving over time. People only used their checkbooks or credit cards for political giving, online fundraisers, or live events like galas. Our interviewees also expressed interest in giving methods outside of traditional 501(c)(3) nonprofits such as political giving and impact investing. A handful of “ultra-capacity” individuals with significant resources to give (over \$10 million per year) developed LLC structures to be able to use multiple tools, such as grants, impact investing, lobbying, political donations, and advocacy.
- **The broader stakeholder ecosystem (e.g., financial advisors, philanthropic advisors, and employers) can and should take actions to help inform, educate, and support donors:** Our interviewees, across giving levels and years of philanthropic experience, expressed discontent with the amount of information and advice they had access to. Most are unclear on the full capabilities of their DAFs, feel unsatisfied with their ability to evaluate a nonprofit or quantify its impact, and face difficulty in tracking their giving in one platform. Some have found good informal or formal peer groups, like Resource Generation, SV2, and First Principles Forum. Yet individuals expressed that these groups were good at either “personal development” of the donors on their giving philosophy or “tactical advice” on which nonprofits to give to, but not both. There seems to be a significant gap in the sharing of information, best practices, and benchmarking for high-capacity donors, especially as the nature of giving continues to evolve. In the report, we address this gap by making recommendations for relevant constituents: high-capacity donors, nonprofits, DAF sponsors, financial advisors, philanthropic advisors, and employers.

We recognize that these are qualitative observations and learnings based on 25 interviews. Nevertheless, we hope this report is one data point in a growing field of research about millennial donors, and we encourage others to continue this important work, especially as we have seen the power of philanthropic dollars in crises like the recent COVID-19. We make recommendations on areas for further research at the end of the report. If we are to tackle some of the world’s most pressing issues today and be ready for unexpected crises in the future, we need to leverage all available resources as strategically as possible. We hope you find something useful from this report and welcome you in joining us on this journey.

II. INTERVIEWEE OVERVIEW

Who did we interview?

We interviewed 25 individuals who are giving at least five figures per year (“high-capacity donors”) or their close proxies who help make their giving decisions.⁵ We defined giving inclusively to mean charitable donations but also political giving and impact investing, which have been recently gaining traction. We focused on the segment of individuals under the age of 40 (“millennials”) living in the Bay Area, to understand specific dynamics and pain points of this growing segment. Our interviewees were referred to us by our personal and professional networks, the Stanford PACS network, and the broader Stanford network. We used the snowball method to ask our earlier interviewees for introductions to other potential interviewees. Given the sensitive nature of the information, we have decided to keep confidential all interviewee names and other identifying information.

Of our 25 interviewees, 14 made their wealth through liquidity events as entrepreneurs or early employees in tech. The others’ wealth originated from inheritance, investing, sports, or nonprofit management.⁶ The net worths of the individuals ranged widely, from multi-millions to multi-billions.

As such, the giving levels and approaches of our interviewees also varied widely. While giving levels and net worth of our interviewees are clearly correlated, some individuals gave away less than 1% of their annual income, resulting in donating less than \$10,000 despite multi-million dollar income levels. This was primarily because they were not sure what to give to and did not feel they had the time to figure it out. On the other hand, one husband and wife make roughly \$370,000 per year and have committed to giving away at least 10% of their net income, resulting in a \$37,000 annual giving level.⁷ The level of sophistication around giving also varied dramatically, as explained further below.

How do our interviewees approach their giving?

In general, we saw three types of giving among our interviewees, with many interviewees falling into more than one category:

1. **Gratitude giving:** “Gratitude giving” gives to organizations that the donors have personally benefited from, mostly in education such as scholarship programs and alma mater universities and boarding schools. For example, a female interviewee and her husband give annually to two scholarship organizations that allowed them to attend private schools.
2. **Reactive one-off giving:** This type of giving is often triggered by an external factor or ask from another individual. This includes events like galas and fundraisers held by local schools, friends, or co-workers. It could also include giving to relieve specific natural or man-made disasters, such as earthquakes, hurricanes, pandemics, and terrorism.

⁵ Note one interviewee gave away less than five figures per year but had committed more than \$100,000 in her donor-advised fund.

⁶ We recognize that the sample is biased more toward business backgrounds relative to the average Bay Area high-capacity donor, given our networks. Our sample is also biased toward individuals who are open to talking about their giving.

⁷ The average person in the US gives 3 to 5% of income, with the rate generally decreasing as income increases ([source](#)).

3. **Proactive strategic giving:** This type of giving entails more strategic thinking from the donor around the causes they care about and their theory of change on a continuous basis. Giving will often be multi-year and recurring, and donors generally give non-monetary support by sitting on boards, fundraising, and attending meetings and events on behalf of the nonprofits.

Within “proactive strategic giving,” we saw five (not mutually exclusive) approaches to how individuals thought about the causes they care about:

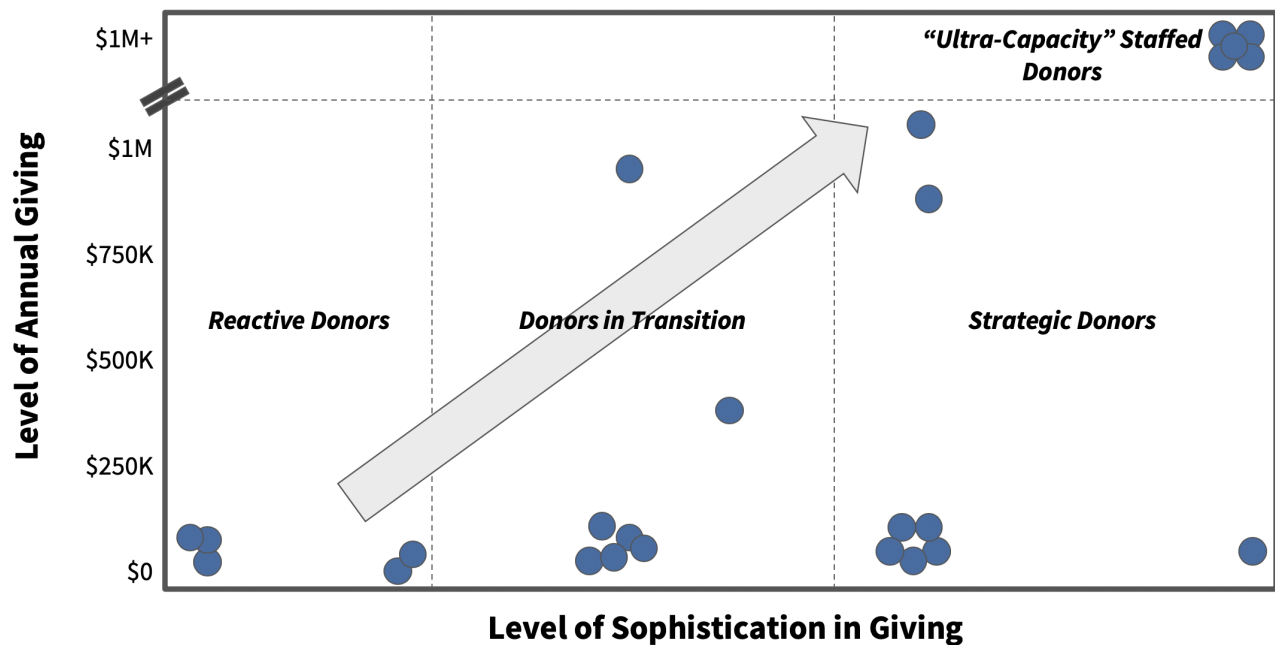
1. **Effective altruism/international:** Three interviewees cited effective altruism in identifying which causes to give to. These individuals were focused on the “return on investment” of their giving and found comfort in the extensive research that effective altruist tools have done to figure out where their dollar can have the “highest ROI,” often defined as most lives saved or impacted per dollar. Most of this giving goes to international organizations where “a dollar goes a longer way” than domestic organizations (i.e., the top charities on effective altruist tool [GiveWell](#) currently address malaria, vitamin supplementation, deworming, and giving cash to the impoverished in sub-Saharan Africa).
2. **Local impact/involvement:** In contrast, a number of interviewees explicitly disagreed with the effective altruism approach, because they did not like thinking about their impact in a “quantitative way like lives saved” and “it feels passive.” They wanted to feel “more involved in the organizations rather than just writing checks.” Many of them wanted to feel like their dollar and involvement were making a significant impact on the organization. In fact, one interviewee preferred not to give to organizations unless her giving accounted for at least 10% of the total budget. Another interviewee mentioned looking for organizations with six-figure operating budgets, because this made his four-figure gift more meaningful. An interviewee also prioritized giving to organizations who had less than a \$1 to 2 million operating budget, because those organizations were so resource-constrained that “they aren’t going to use the money badly.” Some causes that these individuals cited as key issues included local schools, hunger, or homelessness in the Bay Area.
3. **Political giving:** Many interviewees pursue political giving as a strategic part of their philanthropy. More than 80% of our interviewees participated in political giving or causes related to saving democracy, with many explicitly citing the 2016 election as triggering this giving.
4. **Critical national or global issues:** In a similar vein, individuals also gave to critical and systemic issues that they believe were not being solved today. The most popular causes among our interviewees were education (with nine interviewees, even excluding gratitude giving to alma maters) and the environment (with seven interviewees). Our interviewees also mentioned immigration, criminal justice, inequality, gender, social justice, and science as key national or global issues they cared about.
5. **Personally meaningful causes:** Individuals also gave to personally meaningful causes based on their experiences and values. For example, a handful of individuals gave to their church and another gave to a meditation center where he attended a retreat. People also gave to identity groups such as LGBTQ, Jewish, Latinx, and Asian American causes. One interviewee had a personal experience that incited her to give significant time and money toward issues of sexual assault. These causes often intersected with the above categories.

Based on their giving levels and philosophies, we segmented our interviewees into three archetypes:

1. **Strategic donors:** “Strategic donors” varied in their net worth and giving levels but were consistent in their passion for ensuring their giving is proactive, thoughtful, and impactful. These donors invest significant time and mindshare in their annual giving and often provide non-monetary support to the organizations they give to. They generally picked a handful of causes that are personally meaningful to them and have multi-year relationships with handpicked nonprofits under each cause. Many of these individuals seek advice from established organizations like Resource Generation, First Principles Forum, and SV2.
 - **“Ultra-capacity” staffed donors:** A subset of strategic donors that is worth identifying are individuals who have significant wealth (hundreds of millions or more) and have hired staff to design and execute their giving strategy. We talked to five individuals who had set up their own LLCs or foundations for giving, or are in the process of doing so. Most have chosen to focus on three to five key causes based on a mix of their personal values and critical issues where their resources could make an impact (e.g., criminal justice, saving democracy, environment, housing, and education). These individuals are more likely to use tools beyond charitable grants, such as political giving and impact investing. They are also more likely to put significant thought into how their giving might impact their personal brands or reputation.
2. **Reactive donors:** “Reactive donors” generally give in the “reactive one-off” way at events, galas, or asks by personal networks. They cited being very busy with work and feeling embarrassed that they have not thought about giving as much as they want to (“When my wife and I retire, we’ll start thinking about this more.” “We got introduced to a philanthropic advisor but haven’t had time to meet with them.”). They are in the process of figuring out which causes they care about but are unsure where to start.
3. **Donors in transition:** This group of donors is in the process of transitioning from reactive to strategic donors. They have put thought into what their top causes are, have done independent research or sought advice from established groups, and are starting to get more involved in the organizations they are supporting beyond monetary support. They may have just started a donor-advised fund, personal giving spreadsheets, and involvement in giving groups, but are still looking for ways to learn more.

This segmentation is demonstrated in the visual below, where each dot loosely represents an individual we interviewed. Interestingly, while levels of giving and sophistication correlated, a number of interviewees giving at lower levels (\$10,000 to 100,000) showed high sophistication, sometimes even more so than those giving at higher levels (\$750,000 to \$1 million):

Donor Segmentation



Our hope is that through this report and the continuous work of others, individuals can shift up and right in this diagram, with increased levels of annual giving and sophistication in giving. We recognize that not everyone will have the capacity to create customized solutions or hire staff like the “ultra-capacity” donors, but we have seen how individuals giving at five-figure levels can exhibit deep thoughtfulness and impact in their giving approach. This report seeks to provide more information and resources to donors across this spectrum so that they feel more educated and empowered in their giving.

What specific dynamics did we see among millennials in the Bay Area?

Despite a small sample size, we saw a number of trends among our interviewees that we believe point to a larger dynamic of millennial high-capacity donors in the Bay Area:

1. **Growing awareness and desire to give:** Broader research has shown that millennials are more likely to give than older generations.⁸ We have generally been impressed by the passion and enthusiasm of our interviewees for wanting to give back to their communities and contribute to a better future. Individuals cited contemporary issues like climate change, criminal justice, and saving democracy as drivers for their work.
2. **Giving journey often triggered by liquidity events:** As mentioned earlier, 14 of our 25 interviewees made their wealth through significant liquidity events such as an IPO or sale of the company they or their spouse started or worked for. This was the first time that many individuals thought strategically about giving, often triggered by a conversation with wealth advisors or peers. Some have taken this responsibility seriously, calling their philanthropic giving their “part-time” or “full-time” job. Yet many expressed being too busy to invest in their giving, especially if they continued their jobs after the

⁸ See the [Millennium Impact Report](#) by the Case Foundation and [Millennial Survey](#) by Deloitte as examples.

liquidity events. For individuals with very high resources, they have gotten around this by hiring staff in an LLC or foundation.

3. **Insufficient peer conversations about doing good:** Despite each interviewee citing desire to do good, most felt that there was not enough conversation about doing good in their networks and circles. Many expressed feelings of insecurity and frustration around this, and in fact, wanted to participate in interviews with us so they could learn more about what their peers are doing. Some interviewees found good formal groups, such as Resource Generation or First Principles Forum, or informal groups. Others expressed, “I don’t really talk about philanthropy with my co-workers or peers... It feels awkward to bring it up.” One interviewee went as far as to initiate her own giving circle with friends, but discontinued it after she found it awkward to continuously ask her friends with various wealth levels to give money.
4. **Focus on convenience, flexibility, and efficiency:** As one might expect from the millennial generation, especially in the innovation hub of the Bay Area, our interviewees were highly focused on convenience, flexibility, and efficiency. Many individuals expressed frustration that there is no clear database or information where they could get advice on what to give to and how to do it. The amount of time required to “do giving well” was a barrier for many of the busy individuals. This focus also affected the types of giving vehicles individuals were using, with most interviewees using donor-advised funds for their convenience and flexibility and fewer using family foundations. Individuals were also interested in the flexibility to do things outside of 501(c)(3) giving, such as political giving and impact investing. Even among the most “ultra-high-capacity” donors hiring their own staff, many of them preferred LLC structures for this flexibility, rather than traditional foundation structures.
5. **Causes skew less “traditional” and more political, local, or “existential”:**
According to [Giving USA](#), 29% of giving goes to religious causes and 14% goes to education including alma maters and local schools (see full table below). In contrast, only three of our interviewees referred to giving to their churches, while one gave to a meditation center and another to the local Jewish organization. While education was cited by a handful, much of the framing was around how to close systemic opportunity gaps rather than merely giving back to organizations they personally benefited from. Relative to the average population, our interviewees expressed more interest in political or local giving (e.g., campaign donations, Bay Area homelessness, etc.). They also had a higher interest in “existential” causes that point to the future viability of our world, such as climate change, science, or saving democracy. In fact, the environment was one of the most cited causes, mentioned by seven, in contrast to only 3% of charitable dollars going to the environment across the country.

Giving USA Charitable Giving Breakout

	2018 Charitable Giving (in \$B)	% of Total
Religion	124.5	29.1%
Education	58.7	13.7%
Human services	51.5	12.1%
Foundations	50.3	11.8%
Health organizations	40.8	9.5%
Public-society benefit organizations	31.2	7.3%
Arts, culture, and humanities	19.5	4.6%
International affairs	22.9	5.3%
Environment and animal organizations	12.7	3.0%
Other	15.6	3.6%
Total	427.7	100.0%

6. **Search for high “ROI”:** Perhaps influenced by their working in Silicon Valley, many interviewees approached their giving as they might a venture investment in a company. Many times, interviewees either explicitly or implicitly mentioned the “return on investment” of the dollars they were donating. With the exception of gratitude or one-off giving, individuals were highly focused on where they thought their “dollar would go a long way” and “make a meaningful impact to the organization.” In true Silicon Valley fashion, individuals were more drawn to “high-risk, high-reward” causes like new innovations to tackle climate change.

7. **Either very local or very international:** While the search for high ROI was consistent, interviewees approached this differently. For a couple of individuals, this meant that they aligned themselves with effective altruism, supporting causes on platforms like GiveWell. In other words, they defined ROI as “impact to the world or lives impacted per dollar donated.” Many of these individuals did not feel their gifts would make a dent in Bay Area challenges (e.g., housing crisis) and thus chose to focus their efforts abroad. For others, they did not believe it was meaningful to write checks to large organizations abroad. They preferred to get involved in a handful of local organizations where they can contribute a significant portion of the total budget and potentially keep the organization going. They were also keen to give non-monetary resources like their time, advice, and networks. They defined ROI as impact to the organization and its beneficiaries per my involvement (both monetary and non-monetary). Some explicitly cited reports like [The Giving Code](#) and organizations like [Magnify Community](#) for encouraging them to look at local giving. Overall, we observed a tension between donor interest in ROI and the causes that these millennial donors care about—the causes skewed longer-term and more systemic (e.g., climate change, social justice), which are harder to measure and report “ROI” on in the short-term.

8. **Trust in organizations with unrestricted giving:** Among this younger population, we see almost exclusively unrestricted giving, with donors trusting the nonprofit to select the best possible use of the dollars, instead of restricting the dollars to specific initiatives. The primary examples of restricted giving were in the context of giving to educational institutions, especially alma maters, with a desire for the money to go to a particular department or project. People also reported giving to special projects as a reaction to key triggers like COVID-19 response.

⁸ See [Giving USA](#).

9. **Focus on effect of philanthropy on personal brand:** Finally, our interviewees were focused on how their philanthropy might affect their personal brand or reputation. Many are well-known in the tech industry and wary of the criticism that tech is contributing to inequality, across the world but specifically in the Bay Area. They have either experienced direct criticism or witnessed other tech executives being criticized for not doing enough in philanthropy. For some, this meant that these individuals invested significant time and resources to pick their causes and organizations to support, as well as a PR effort around how to communicate what they are doing. For others, they simply wanted to stay anonymous (“I don’t necessarily want my name associated with this.” “I don’t like when people keep asking me for money.”) and leveraged donor-advised funds to do so. One individual explicitly criticized this anonymous approach saying, “Anonymity protects rich people. I want to give people the opportunity to follow up.”

III. DYNAMICS AND PAIN POINTS FOR GIVING VEHICLES

How do donors select their giving vehicles?

Those who we interviewed all have more than one giving vehicle, or the mechanism they use to give, including donor-advised funds (“DAFs”), family foundations, LLCs, checkbooks, and credit cards. Interviewees generally made their giving vehicle decisions based on the following criteria:

1. **Convenience and time efficiency:** Especially for one-off reactive giving, checkbook and credit card are the simplest ways to execute on a gift in a timely manner. For strategic giving, individuals noted the convenience of setting up and using DAFs.
2. **Tax advantages:** Vehicles offer different advantages with various appeal. For example, a DAF allows the tax advantage at time of transfer, while a family foundation allows for staff to be paid with tax-advantaged dollars.
3. **External advice:** Financial advisors and companies have been encouraging individuals to set up DAFs, especially in advance of liquidity events. For example, a number of tech companies have hosted philanthropic advice sessions with DAF sponsors like Charles Schwab.
4. **Flexibility:** LLCs offer the most flexibility for those who can afford them. Family foundations are perceived to be the most onerous, given the restriction to 501(c)(3) entities, the administrative burden, and the 5% minimum payout rate.
5. **Public relations:** Giving vehicles like DAFs allow people to maintain anonymity while giving vehicles like a family foundation or LLC allow people to develop a public narrative around their giving. This is accomplished, for example, through an overview of their giving philosophy or theory of change on a foundation or LLC website.

There are specific advantages and disadvantages that donors perceive with various vehicles, as discussed below.

What do donors think about the “LLC” giving vehicle?

Donors do not consider LLCs as an option unless they have significant giving capacity (over \$10 million per year), given the investment of time and money required to set it up. The perceived advantages with LLCs are that they maximize flexibility (e.g., no required 5% payout) and allow for more integrated methods of doing good across grant-making, impact investing, political giving, lobbying, and advocacy. They also allow for a level of anonymity in ways that are not possible through a family foundation. For instance, LLCs are not required to disclose staff compensation or impact investments.

With LLCs, staff are not compensated with tax-advantaged dollars, unless they allocate staff time across LLC and foundation vehicles. This requires accurately tracking staff time across tax-deductible and non-tax-deductible activities. As a result, an LLC is the most ideal when there is a nimble staffing model. We had an interviewee talk to us about how the growth of employees has negatively impacted

the benefits of an LLC. They are now paying “hundreds of millions of dollars” for staff and thinking about a potential opportunity to house employees in different entities (i.e., move some staff to the family foundation). However, this creates a potential legal concern, administrative burden, and a cultural division between the entities.

What do donors think about the “family foundation” giving vehicle?

Family foundations were not popular among our interviewees. They believed that they either were not giving enough to merit establishing a foundation or wanted a more flexible option like an LLC. A couple of our interviewees mentioned they would consider developing a foundation as they accumulate more wealth or get older, especially for the sake of their children, but as of now, they feel content using their DAFs.

The ones that had a family foundation either inherited one from older family members or created one before thinking more strategically about giving. All of our interviewees who had foundations did not have staff beyond family members. Those who were interested in a staffed vehicle opted to create an LLC as their umbrella organization. They created a foundation within the LLC as a checkbook to receive the tax advantage of 501(c)(3) giving.

One advantage named for family foundations was that it can help professionalize someone’s giving and offer a physical barrier between organizations that request donations and high-capacity donors. One interviewee mentioned how a foundation can be a way to filter donation requests. When an organization makes a donation request to the individual, he or she can refer the organization to the foundation to complete the due diligence process. This makes it easier to say no, especially when there is a personal relationship, since the foundation staff are responsible for evaluating and deciding on donations.

What do donors think about the “DAF” giving vehicle?

DAFs were the most popular vehicle for this audience. The majority of our interviewees had set up a DAF because either their financial advisor or employer had advised them to do so. The timing of setting up a DAF was typically around a liquidity event. Donors did very little research in selecting a DAF sponsor, and all of our interviewees went with the first sponsor they heard about. The most popular DAF sponsors from our interviewees were Silicon Valley Community Foundation, Fidelity, and Charles Schwab. Some individuals looked at the fees, but they generally believed the fees were all “low enough.”

Donors found a range of advantages associated with DAFs. For those who were newer to giving, a DAF offered an easy way to set goals around giving and comprehensively track gifts. While most of our interviewees did not care about being anonymous, for two interviewees who did not want nonprofits to spend “a lot of money courting [donors] for only a little bit of money,” the DAF offered anonymity. DAFs also helped cover administrative burdens for lower five-figure donors. One interviewee described this as her primary benefit and that it was “one portal to track giving.” Those who used Fidelity and Charles Schwab as their DAF sponsor also appreciated the convenience that DAFs offered. One interviewee mentioned that a DAF actually made her want to give more money, because she could see a large balance and wanted to get that number as close to zero. Another individual noted, DAFs “have been one of best things for philanthropy, because it’s not my money anymore. If I don’t donate it, it’s not like I can buy a car with it.”

Finally, some individuals, especially ones who experienced IPOs, appreciated the ability to transfer stock to DAFs.

Donors did not seem aware of the full range of services offered by their DAF sponsors and simply used it as a “charitable checking account” through which to hold and give money. For example, many did not know one could transfer stock or tangible assets like artwork into DAFs. They did not look deeply into how their DAF balances were being invested and did not think critically about ESG-screens or impact investments. No one we talked to received any advice from their DAF sponsors on which causes or organizations to give to; donors treated their DAF exclusively as an execution tool. No sponsor had rejected a giving request, although one donor mentioned that his DAF sponsor took a longer time to complete international donations than domestic due to international diligence requirements. There seems to be an opportunity for DAF sponsors to offer and more clearly state their value proposition, in order to more holistically service donors and develop differentiation against competitors.

Without being prompted, many interviewees mentioned that they had read criticisms about DAFs in the news and felt that their experience was contrary to that coverage. For example, one primary criticism associated with DAFs is the lack of a 5% payout requirement. There are concerns that individuals would hoard money in their DAFs and not distribute these dollars to charities. In our interviewee pool, this criticism did not hold true. Most did not use their DAFs as a method for accumulating funds, giving away far more than 5%, with some even going as far as wanting to spend down their entire DAF in a given year and then accumulate new funds the following year. They often set up their DAFs after large liquidity events and used them to set annual goals on giving. Only one interviewee had a high DAF balance (six-figures) and had not deployed the money yet, because she did not know what to give to. Nevertheless, she expressed desire to spend down her DAF.

Donors perceived the two primary downsides associated with DAFs as: 1) the perceived inability to give at online fundraisers and events like galas and 2) the inability to give quickly in reaction to giving requests. One interviewee stated that she always gave through credit card to friends participating in marathons, because she was not sure how to give quickly to the cause through her DAF. This seems to be another opportunity to better facilitate the use of DAFs during such scenarios. Further, one individual noted that DAFs were slower to approve some international giving, while another noted that she had not set up a DAF yet because she wants the flexibility to shift her resources around, especially as her children are young.

What do donors think about the “checkbook” or “credit card” giving vehicle?

Checkbook and credit card giving are fairly interchangeable. Most donors try to give a check, when possible, to avoid credit card fees on the part of the nonprofit. The most common use cases for checkbook giving are the following:

1. **One-off reactive giving** (e.g., when an email request comes in for a donation)
2. **Time-critical giving** (e.g., giving as a response to a natural disaster)
3. **Event giving** (e.g., gala)
4. **Political giving**

These use cases are all situations in which a DAF does not currently work well. Interviewees mentioned that when nonprofits make them aware of credit card fees, they always switch to direct deposit or check. Some donors set an upper bound for their checkbook or credit card giving, with one person never giving over \$250 and another never giving over \$1,000 per transaction (excluding political giving).

Venmo is a growing payments service for small, one-off giving. One donor cited giving to individuals directly using the platform. Another donor said she would “Venmo” friends when they were raising money for a given cause. Individuals are foregoing the tax benefit in this situation.

Summary Analysis of Giving Vehicles

Generally higher levels of giving and sophistication →

	Checkbook/ Credit Card	Donor-Advised Fund	Family Foundation	LLC
Description	<ul style="list-style-type: none"> Used for smaller levels of giving Often used for reactive giving, esp at galas or online fundraisers 	<ul style="list-style-type: none"> Account enabling a donor to commit dollars for charity and receive tax benefits at transfer Most widely used for strategic giving 	<ul style="list-style-type: none"> Org set up by donors committing significant charitable dollars Typically hire staff > 5% of assets required to be used for charity per year 	<ul style="list-style-type: none"> More recent innovation allowing individuals to use other tools beside grant-writing E.g., Blue Haven, Omidyar Network, CZI
Key Advantages	<ul style="list-style-type: none"> Instantaneous, especially for in-person events Easily received by all nonprofits 	<ul style="list-style-type: none"> Upfront tax benefits w/ flexibility on giving timing Convenient to set up and give from Plan/ track giving in one platform 	<ul style="list-style-type: none"> Ability to hire experts/ staff Easier to say no to one-off giving requests Can control public narrative 	<ul style="list-style-type: none"> Incorporates foundation capabilities with flexibility to use other tools (impact investing, political, advocacy, etc.)
Key Disadvantages	<ul style="list-style-type: none"> Fees for credit card Have to track manually Have to report for taxes manually and receive benefits later 	<ul style="list-style-type: none"> Difficult to use at live events like galas Difficult to give quickly to requests Cannot take out money once put in 	<ul style="list-style-type: none"> High set-up costs 95% of assets in endowment not generating impact (some innovation here through MRIs) Limitation to charitable activities 	<ul style="list-style-type: none"> Very high set-up costs Forego tax benefits or need to track deductible activities Potential conflict of interest/ culture across functions

IV. DONOR ADVICE

Where are donors getting their advice on giving?

Overall, our interviewees sought out little advice on giving. They tend to make more reactive decisions and find that existing giving circles and resources are not the right fit. People experience some shame or awkwardness in talking to peers and co-workers about giving strategies, partly because the conversation relates to wealth and partly because they were not spending as much time on giving as they wanted to.

Among those who seek advice, there are five primary sources:

1. **Hire your own people:** Those who are giving away millions per year are able to hire staff to develop a giving strategy and conduct cause- and organization-specific diligence. Some LLCs have upwards of more than one hundred staff members.
2. **Multi-family offices and wealth advisors:** Multi-family offices like ICONIQ Capital and Jordan Park are often a starting place for advice for high-capacity donors, primarily on vehicle selection in service of tax-advantages. Some of these financial advisors refer donors to specific DAF sponsors, most regularly the local Silicon Valley Community Foundation.
3. **Peer groups:** Individuals have either leveraged formal peer groups – such as Resource Generation, First Principles Forum, and SV2 – or created informal groups to support giving decisions. One tech company employee said a group of similarly aged co-workers came together through a group chat, to discuss what their giving strategy should be in advance of a liquidity event. Another interviewee started his own giving circle that he runs every two months or so, saying that existing giving circles “either have a lot around personal development or around giving tactics” but not both. A third interviewee started her own giving circle focused on researching and donating to local causes as a way of building a learning community around philanthropy.
4. **Informal kitchen cabinet:** Some donors have found go-to friends as advisors on a cause-by-cause basis. One donor asks friends with expertise before giving to any climate or healthcare causes.
5. **Desktop resources:** The most popular desktop resource was GiveWell. Only one donor cited using Charity Navigator and GuideStar, each. Some interviewees acknowledged the existence of local giving lists that recommended charities, but none mentioned using any locally-specific sites to identify effective organizations.

What kind of advice do high-capacity donors want?

Our interviewees desire access to more high-quality information. Some mentioned that their motivation for participating in this study was a desire to understand how others were thinking about their philanthropy. When interviewees were asked about what kind of advice they would like, their responses fell primarily into four categories:

1. **Biggest “bang for your buck” locally:** Donors want something comparable to a “GiveWell” ranking for their local communities. They do not have a sense of where their dollars would go the furthest.
2. **Access to information “on the ground”:** One donor mentioned how giving circles tend to be “elites” discussing where they are giving the money. They wanted more opportunities to hear and learn from the people directly involved in the work.
3. **Personal development and tactical giving:** One donor talked about how existing giving circles either focus primarily on personal development (i.e., discovering your giving philosophy or causes) or on tactical giving (i.e., specific organizations to give your money). He wanted a place to get advice on both of these simultaneously.
4. **What others are doing:** Many donors said they did not have a good sense of what others were doing around giving. There is a lack of transparency around giving amounts, strategies, and tactics, resulting in few opportunities for individuals to “benchmark” against peers. As one donor put it, she just wants to know: “am I doing this right?”

V. GIVING MAINTENANCE & ONGOING PAIN POINTS

How do individuals maintain their giving?

Donors have developed a range of tactics to maintain their giving year-over-year:

1. **Goal-setting:** Donors often set annual giving targets. These are done as a percentage of salary (e.g., 5%) or through a fixed dollar amount (e.g., \$10,000). As a forcing mechanism, many donors move that set amount into their DAFs at the beginning of the year with the goal of spending down that whole amount by the end of the year.
2. **One consolidated tracker:** Donors prefer having one place where they are tracking all of their giving activity. Many raised DAFs as their preferred source of accounting; however, because not all giving can happen through a DAF (e.g., political giving), people have resorted to basic spreadsheets on Excel. Others admitted they were not sure exactly how much they were giving and to which organizations.
3. **Consistent checkpoints:** Donors are spending time reviewing their giving on a routine basis, ranging monthly, quarterly, or annually depending on how much time the donors spend on their philanthropy. One donor has a scheduled quarterly check-in with her partner. Others, especially those with generational wealth, have annual meetings with their extended families, using this opportunity to have important conversations and educate less knowledgeable family members on giving. This time is used to review current giving and make changes as needed.
4. **Using the previous year as a starting place:** Donors are using their previous year's giving activity as a starting point for giving decisions for the current year, subtracting or adding recipients as needed. Donors acknowledge being anchored on previous giving; one donor mentioned that if she were starting her philanthropic strategy from scratch, she would not want to look at where she had given previously. Instead, she would conduct a more holistic search to choose the ideal organizations, as she has realized how difficult it is to end a relationship with a nonprofit.

What are pain points that donors experience for overall giving?

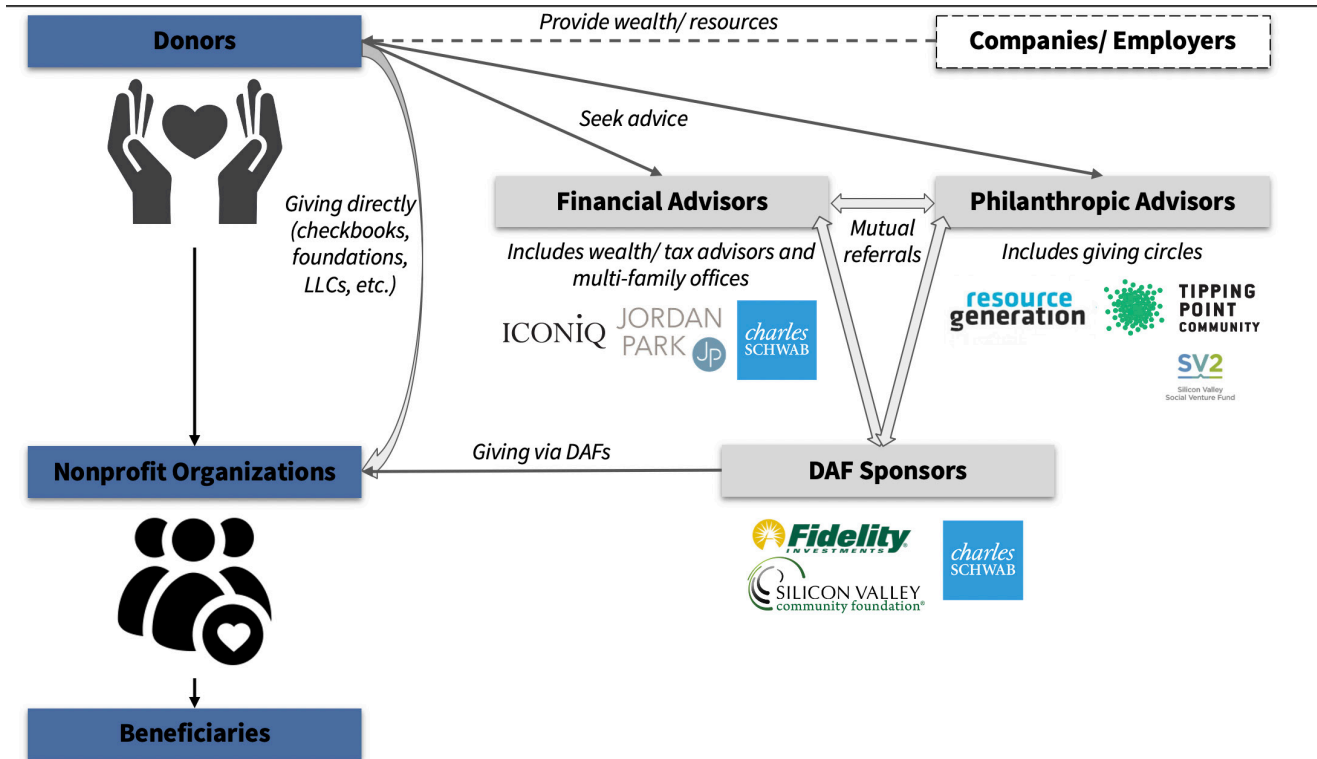
1. **Picking causes:** Donors who are earlier in their philanthropic journey do not know what causes to focus on. Some struggle between picking causes that they have a personal connection to (e.g., identity groups, public education) versus causes that they think are important for either their community (e.g., housing in the Bay Area), the country (e.g., saving democracy), or the world (e.g., public health in Africa).
2. **Size of philanthropic gifts:** Donors do not know what the appropriate amount of money is to give away each year. Many feel that they have set their giving targets somewhat arbitrarily, and many asked us during the interview what a good benchmark is around annual giving. This does not seem to be something that individuals discuss openly among their friends. Donors also do not know what an appropriate check size is for an organization. They expressed worry about not being able to make a dent in an issue like housing in the Bay Area.

3. **Diligence around organizations:** Donors struggle with the time and process to diligence organizations. A donor mentioned that he struggled to meet the 5% payout for his family foundation because he cannot find enough quality organizations to give the money to. Another donor mentioned not knowing which local organizations were doing good work. As a result, some donors default to causes where they have a personal relationship, either with the issue or an organizational leader, or give internationally due to the prevalence of useful data through websites like GiveWell.
4. **Multi-year planning:** Most of our interviewees are making philanthropic giving decisions on an annual basis. Even though some have been giving to the same organization annually, they have been reluctant to give with a multi-year commitment. On the flip side, nonprofits greatly benefit from multi-year gifts, because they guarantee a portion of revenue and the ability to plan for longer-term activities. Many of our interviewees admitted they never even thought of multi-year giving, though would be inclined to consider it if asked.
5. **Inefficiency around execution:** Once a donor makes their giving decision, there are inefficiencies around executing on that decision. For example, donors are not aware of all of their DAF functionalities (e.g., being able to give during a gala) and thus turn to credit card and checkbook as a quick fix.
6. **No effective or comprehensive way to track giving:** As mentioned above, most individuals are using self-made tools like Excel spreadsheets to track their overall giving, or are not doing so at all. As such, individuals are not able to see how their giving levels and strategies have changed over the years.
7. **Lack of community:** Many donors feel alone in their philanthropic giving. They have to work hard to cultivate community and do not have a clear group for education and brainstorming. Those who felt the most conviction in their giving approaches had spent significant time with a giving group, such as Resource Generation. There are more opportunities to increase information sharing and give donors the resources and networks they need to be more supported and effective.

VI. RECOMMENDATIONS

We recommend some initial solutions for further exploration to make philanthropic giving more efficient and effective, broken out by the following constituents:

High-Capacity Giving Systems Map



High-capacity donors

As confirmed by our interviews, giving journeys are highly personalized and individual. Nevertheless, we have collected the following best practices and recommendations throughout each phase of the journey. We note that this is not meant to be a comprehensive guide to giving, but rather a synthesis of what we heard in our interviews. In Appendix B, we offer a curated selection of online resources across the giving journey and in particular recommend the [Stanford PACS Guide to Effective Philanthropy](#) as a starting point for donors.¹⁰

1. **Getting started:** This is arguably the most critical stage of the journey, as how you start sets the tone for future years, and investing time and effort upfront is likely to pay off significantly in the years to come. During this phase, we recommend that you reflect and seek help on the following questions:

¹⁰ In this section, we intentionally write in the second person to address donors directly and encourage their reflection.

- **What is your giving philosophy?** Giving encompasses a wide range of philosophies. Some believe in giving back out of gratitude or providing charity out of sympathy, while others believe in giving as a form of social justice or redistribution. There is also a difference between immediate relief (e.g., clothing for the homeless) and addressing structural issues (e.g., increasing the number of affordable housing units). One of our interviewees, for example, stated, “The money I made is because of structural capitalism, it’s not what I earned. . . I want to give to people that are left out of this system and think about it as ‘giving up’ instead of ‘giving back.’” It might be useful to think through the root causes of your top issues and identify exactly which level of the problem you wish to address. We recommend creating a personal theory of change on how you will exactly affect each of your issue areas.¹¹
- **What causes do you care about?** This may start with a deeper introspection on your values.¹² How do you think about depth versus breadth of impact? Would you rather have impact on your local community or abroad? Have you had personal experiences that shape the causes you care about (e.g., supporting education as a recipient of scholarships, supporting the arts as a practitioner of music, supporting the environment as a lover of nature or animals)? Are there issues where you believe you can make a differentiated impact? Focus is of the essence here, and we would recommend starting with one to three issue areas. If you have multiple causes, could you differentiate them into primary versus secondary or short-term versus long-term?
- **What resources can you provide?** This involves setting targets for your annual giving levels, ideally thinking through how this might change as your resources grow. It is more effective thinking about this as a percentage of income or assets instead of a flat dollar amount. Further, it is critical to think through this as early as possible, as it does not get easier with time and we have seen a number of donors procrastinate on this. Also remember that money is only one of the resources you can provide—are there skills, knowledge, networks, and/or advice you can provide that might be just as, if not more, valuable?
- **Where can you find valuable advice, support, and accountability?** We have found that a sustainable accountability network, ranging from informal peer groups or even family members to formal giving groups, is critical to individuals’ success. This is an important topic to engage relevant family members about, including partners, parents, and children, not only as an important financial decision but also an opportunity to discuss how the family will support causes they care for. Our interviewees have found success in developing informal groups with peers and co-workers. If you feel it is awkward to bring the topic up, know that many of your peers also feel uncertain and alone in their giving journeys. Formal groups that our interviewees have pointed out to us include Resource Generation, SV2, and First Principles Forum.
- **How will you measure your success?** You should think about both your inputs (total amount giving, organizations supported, etc.) and your outputs and outcomes. Are there certain outcomes you would like to see for each issue area? What kind of information do you need from nonprofits in order to measure your success? Where will you track this information? Additionally, we have noticed a tendency of our interviewees to demand quick, short-term impact, in the same way they may be used to in private industries such as technology.

¹¹ See examples of effective theories of change [here](#).

¹² For a list of values to get started, Brene Brown has a fulsome list [here](#).

We recommend remembering that tackling highly complex, systemic issues requires a patient, long-term, systemic approach. Your measures of success might be longer-term than you are used to. Furthermore, a hyper-focus on measurement can create a significant burden for nonprofits that might even hinder their main work. We recommend you focus on a few success measures and metrics that matter to you.

2. **Giving:** Once you have determined your causes, giving philosophy, resources, and support and accountability network, you are ready to take action:

- **Which giving vehicle(s) make sense for you?** DAFs are a good starting point, due to their up-front tax advantages, convenience, and flexibility. We recommend having a conversation with various DAF sponsors to understand their full set of tools and develop a personal relationship with an individual. We have learned through our interviews that donors still do not understand the full services offered by their DAF sponsors and have never had a live conversation with them. We believe it is critical that you feel educated and empowered with your DAF. Top DAF sponsors we have found in research include Schwab, Fidelity, Silicon Valley Community Foundation, and National Philanthropic Trust.
 - For individuals with very high resources or a brand image to upkeep, you might want to consider developing a foundation or LLC alongside a DAF. This would entail in-depth discussions with your financial and tax advisor, as well as hiring a trusted and knowledgeable individual to help you get started.
 - Finally, understand that you may still need to use your checkbook or credit card, especially for one-off events and political giving. Have a plan for how you will track such types of giving and obtain tax advantages for all your 501(c)(3) donations.
- **How will you find which organizations to support?** This is a good time to look back at your personal theory of change and list the ideal characteristics you might look for in an organization. For example, if you care about the environment, it would be wise to think through how you think about the different types of sub-problems (animal welfare, forestry, carbon emissions, etc.) and potential solutions (policy, technology, direct service, education/awareness, etc.). You also want to think through if you want the organizations to be more local or international, as well as if you prefer to support larger, well-established organizations or smaller, newer organizations. One interviewee sought organizations with a six-figure operating budget so that his four- to five-figure gift would make a meaningful difference.
 - There are tools like [GuideStar](#) that allow you to conduct due diligence on an organization, including its financials. Tools like [GiveWell](#) offer evaluation of international nonprofits using an “effective altruism” lens. In the due diligence phase, it is critical to be as efficient as possible when interacting with nonprofits, as completing due diligence requests can be a significant drag on nonprofit resources. This is also a good time to leverage your advisor network and bring them along in the journey. For more information, we recommend reading the “Due Diligence” section of the [Stanford PACS Guide to Effective Philanthropy](#).
- **How will you support the organizations you have found?** How will you support the organizations you have found? Here, you should think about matching your resources identified in the previous stage with the needs of the nonprofit. It is critical that you have an open conversation with the organization on the resources and gift structures that are the most helpful to them. We found that too many of our interviewees do not realize the value of unrestricted, multi-year funding to nonprofits. It is also critical to ask how you can help beyond monetary support.

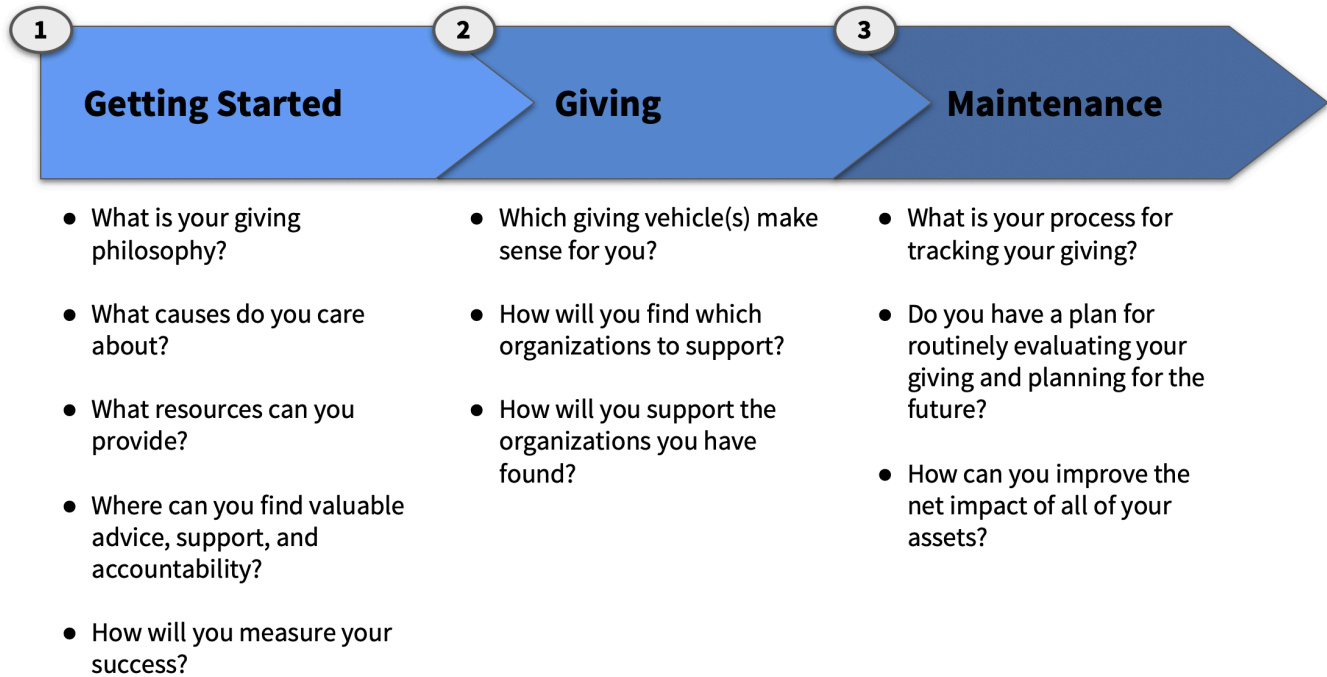
3. **Maintenance:** Donors have gone through their first year of strategic giving—now how will they maintain it and make key decisions going forward?

- **What is your process for tracking your giving?** For giving done through DAFs, understand what type of routine reporting your DAF sponsor will provide. For giving done outside of DAFs (i.e., through your checkbook or credit card), record each transaction right away in a consolidated spreadsheet. It is easy to lose track of them, which negatively affects your ability to evaluate your giving and receive tax benefits. We believe basic analyses should include giving by organization and cause over time to ensure that your actual giving reflects your original intention.
- **Do you have a plan for routinely evaluating your giving and planning for the future?** You might consider scheduling annual, quarterly, or even monthly meetings with your family and/or network of advisors. This should be an honest and open conversation about what has worked well, what has not, and what you wish to change going forward. Do not feel compelled to give to an organization again just because you have done so previously; make changes that work for your giving philosophy and theory of change. If you are planning on halting support to a nonprofit, ensure that you have given them ample notice with any helpful feedback so they can create a plan to maintain sustainability. Revisit your giving goals for the next period.
- **How can you improve the net impact of all of your assets?** While you may be giving away a significant portion of your assets, the majority is still likely to be invested in public or even private assets to grow your wealth. You should consider how your investments support or potentially undermine your philanthropic activities. For example, you may realize that you are spending 5% of your assets each year to support the environment, but 95% of your assets are invested in a portfolio with significant fossil fuel exposure. You could consider talking to your financial advisor about ESG screens or even incorporating impact investing into your strategy.¹⁴ Notable philanthropists like Liesel Pritzker Simmons have committed 100% of assets to values-aligned philanthropy and investing.¹⁵

¹² See [this article](#) for an introduction to impact investing.

¹⁵ See Blue Haven Initiative's [website](#) for more information.

The Giving Journey



Nonprofit organizations

While this was a donor-focused study, here are a few recommendations for nonprofits based on our interviews. We recognize that catering to donor needs and preferences can be a burden. We offer these insights so that nonprofits have more awareness of donor preferences. Ultimately, nonprofits should weigh the cost and benefit of various recommendations when making changes. Through all of this, we also recommend transparent communication with donors to help them understand limitations:

- 1. Be clear about needs and preferences:** Donors want to help nonprofits, but often do not know the best way to do so. As an example, most of our interviewees did not even think about the value of multi-year or unrestricted donations to nonprofits. Many of our interviewees plan to give to the same organization every year and have already committed charitable dollars to a DAF—they would not mind committing to a multi-year pledge. Some also do not fully understand the negative repercussions of restricted donations to your organization. Further, nonprofits should be clear about the types of giving vehicles they accept and prefer. For example, individuals often do not have a preference between checkbook and credit card, even though credit card transactions have fees that reduce the total impact of their gift. If individuals are using DAFs, they can donate stocks to their DAFs, which become liquidated and can then be donated to any number of nonprofits. This can be a great way to support nonprofits that cannot otherwise directly accept stocks. Finally, be clear about the non-monetary ways donors can help, through their skills, advice, and networks. While nonprofits might be afraid they are bothering the donors, non-monetary support is an effective way to help donors feel engaged and valued. Donors who have a deeper involvement with a nonprofit also end up giving higher levels over time.
- 2. Help people understand their impact:** More and more, donors are looking for ways to understand, measure, and communicate their impact. We recognize that this creates a significant burden on nonprofits, and experts disagree on the value and methodology of measurement in the social sector.

We recommend that nonprofits be transparent with donors on what they can and cannot do. Not all nonprofits can or should conduct a randomized controlled trial. But it may be possible to provide anecdotal data or easy soundbites, even if estimates (e.g., \$1,000 feeds X meals for our children, your donation contributed X% of our organizational budget and allowed us to hire X number of people). Nonprofits should consider answering GuideStar’s [five charting impact questions](#) to further crystallize how they think about impact. Our interviewees lamented that most of the time, they give to an organization and do not hear enough about the impact that the organization has had. We believe simple periodic emails or other engagements could help donors understand their impact. Yes, our donors expressed annoyance at repeated asks for donations, but they welcomed reporting of impact. When in doubt, ask donors for their preferences. Also, ask key donors how they think about their impact and the success of their donations—people think about this in various ways.

- 3. Understand target donors:** Even among millennial donors in the Bay Area, people’s giving philosophies, approaches, and causes varied widely. As companies have understandings of their “target customers,” nonprofits could consider developing a view of their “target donors.” For example, this could be individuals working in tech looking for cutting-edge, high-risk but high-return innovation. Or, it could be individuals who want to have local impact in their communities. This should feed into who nonprofits target for fundraising, as well as how nonprofits approach them (e.g., using “ROI” type language for donors who care about this).
- 4. Build relevant relationships with intermediaries:** Many of our interviewees find out about nonprofits through informal and formal giving groups like Resource Generation, First Principles Forum, and SV2. They relied more on word-of-mouth referrals rather than online resources like Charity Navigator and GuideStar. Building relationships with such giving groups is an efficient way for nonprofits to reach donors at scale, especially if nonprofits want to mobilize donors in the Bay Area.
- 5. Are there resources nonprofits can provide to donors in return?** One key takeaway from this study is that most donors, even the high-capacity ones, feel uninformed, unsure, and alone. Can nonprofits help donors on this journey by providing them with information, sharing best practices from other donors, and introducing them to other donors who might mutually help each other?

DAF sponsors

Overall, current DAF users would like to consolidate all of their giving through DAFs. They are only using their checkbook or credit cards because of either lack of functionality or lack of awareness of functionality. DAF sponsors should consider the following steps:

- 1. Educate clients on the full range of possibilities and flexibilities with a DAF:** Some specifics to focus on include: giving complex assets, making multi-year donations, and applying ESG screens to assets.
- 2. Improve current offerings:** DAF sponsors should look into developing solutions or educating donors on the existing solutions to the following challenges: a) enable on-the-spot giving, in response to gala or individual fundraisers, b) provide tools or recommendations on which causes or organizations donors should support, and c) help individuals set annual goals and periodically remind them about how they are tracking.

3. **Develop relationships with intermediaries:** Individuals do very little research on potential DAF sponsors. Rather, people are finding out about potential DAF sponsors through their employers and financial advisors. DAF sponsors should be educating intermediaries about their value proposition and services and should be offering more B2B support and resources.
4. **Build a competitive advantage:** Right now, donors have expressed limited interest or education in the differences between DAF providers, and thus are choosing sponsors more passively. As donor sophistication around DAFs increases, donors will be looking to DAF sponsors that meet their personal needs. DAF sponsors should work to better understand donor needs and develop a competitive advantage.
5. **Debunk DAF myths and shape public narrative:** Multiple interviewees mentioned that DAFs have a negative reputation, in particular citing that they have heard donors hoard money in their DAFs. When possible, DAF providers should release more data on donor giving levels and help shape a more positive narrative around DAF giving.
6. **Provide more reporting to clients:** Donors are eager for better tracking and benchmarking on their giving. DAF sponsors can increase the sophistication of their reporting, including how individuals' giving levels, support across causes, and organization choices have trended over time, as well as benchmarking against peers and the national average.
7. **Support nonprofits:** DAF sponsors have unique insight into what donors want to give to. They should use this information responsibly, taking into account privacy concerns, to support nonprofits, especially locally, and help them better appeal to target donors.

Financial advisors

Financial advisors are often the first touch point for high-capacity donors around philanthropy. Thus, whether or not they think of themselves as philanthropic advisors, they are shaping what giving looks like. Financial advisors should consider the following:

1. **Offer millennials advice on how to “do good”:** The younger generations care a lot about the impact of their giving. If financial advisors are not educated and informed, millennials might move on to a different advisor. Millennials are finding comments from financial advisors like “no need to give so much money away now” as off-putting.
2. **Help millennials to think about doing good across philanthropy and investments:** Millennials are interested in thinking about “doing good” broadly across their consumption, philanthropy, and investments. The majority of our interviewees expressed interest in ESG or impact investing. Help them think about ways to do good through their investment portfolio.
3. **Ask questions around philanthropy:** Rather than putting the burden on clients to ask first, financial advisors should engage in more holistic questioning (e.g., what percentage do you want to give, what causes do you care about). Financial advisors should also have a perspective on norms and best practices, as well as a comprehensive set of referrals for advisors, peer groups, and online information. PACS offers a [Wealth Advisor's Philanthropy Toolkit](#).

Philanthropic advisors and giving groups

We believe philanthropic advisors and giving groups have the ability to change the way donors approach their philanthropy. As such, we recommend them to:

- 1. Develop relationships with donors early, especially at companies approaching liquidity events:** Most of our donors did not use giving groups or philanthropic advisors. We believe it is critical for philanthropic advisors and giving groups to increase their awareness and to do it as early as possible in individuals' giving journeys. We recommend approaching companies that are on the brink of liquidity events, similarly to how financial advisors hold trainings at companies during these times.
- 2. Think about how to support donors throughout their giving journey:** One interviewee, despite a very positive experience with a giving group, lamented that such groups were good at either "personal development" for donors about philanthropy, or "tactical advice" on where to give, but not both. We believe philanthropic advisors and giving groups should think through how to support donors throughout their giving journeys, from developing their personal giving philosophy and theory of change to helping find organizations and maintain their giving. These groups do not have to specialize across all of these areas, but can develop partnerships with relevant advisors and networks.
- 3. Incorporate on-the-ground perspectives:** One interviewee critiqued giving groups for focusing heavily on the perspectives of privileged donors and expressed a desire for more "on-the-ground perspectives" from the nonprofit staff themselves. We recommend philanthropic advisors and giving groups develop more relationships and knowledge sharing between donors, nonprofit staff, and even beneficiaries.

Companies and employers

More and more, people, especially millennials, are demanding that companies stand for values and support giving. People are often choosing where to work or spend their money based on the perceived values of the companies. We believe companies can play a critical role in supporting employees in philanthropic giving. Some specifics:

- 1. Be proactive around liquidity events:** Especially in the Bay Area, more strategic giving can be triggered by a liquidity event. In advance of such events, companies should bring in relevant DAF sponsors, philanthropic and tax advisors, and local nonprofits in order to offer philanthropy 101 education.
- 2. Encourage ongoing giving:** Outside of liquidity events, companies should look for ways to incentivize giving. In the same way an employer may encourage employees to open an IRA and offer matching funds, employers should encourage individuals to open a DAF and offer similar matching opportunities.
- 3. Increased communication and involvement on corporate giving:** Companies should have more of a perspective on what giving they stand for and who they are giving to. They could consider tools, like [Benevity](#), to involve employees in these decisions.

VII. QUESTIONS FOR FURTHER EXPLORATION

This research offers our initial hypotheses around giving practices and decision-making among high-capacity, millennial donors in the Bay Area.

- 1. Further segmentation by donor type:** Earlier in the report, we sub-categorize our population into four donor types (“ultra-capacity” staffed donors, strategic donors, reactive donors, and donors in transition). We recommend conducting additional interviews within each donor group to develop more conviction behind this segmentation and the characteristics of each group.
- 2. Additional deep-dive donor questions:** From this research, we recommend probing on a couple of spaces with donors, which could lead to additional proposed solutions:
 - **Advice:** What specific information or advice do high-capacity donors want? Is the problem that this information is not available and/or that donors do not have access to it? What works and does not work around existing giving circles and advisor networks?
 - **Giving philosophies:** How do donors think about short-term versus long-term strategies? How do donors think about multi-year giving? Is it merely a lack of awareness or a real hesitation about committing on a multi-year basis?
- 3. Interviews with other stakeholders:** While we talked to a number of advisors as background research, this report focuses on interviews with high-capacity donors. We recommend conducting focused interviews with other stakeholders including nonprofit organizations, DAF sponsors, financial advisors, and companies/employers. Some sample priority questions:
 - **Nonprofit organizations:** How are you educating donors about the importance of unrestricted or multi-year giving? How have you thought about the profiles of your “target donors” and how to best approach them? How do you communicate your nonprofit’s impact?
 - **DAF sponsors:** What do you perceive your customers want from you? What is currently preventing clients from understanding the full suite of services? How do you think about your competitive differentiation, if any?
 - **Financial advisors:** What are you doing right now to offer philanthropic giving support for your clients? What else would you like to be doing, and what prevents you from doing so?
 - **Companies/employers:** How are you supporting your employees around philanthropy? What else would you like to be doing?

APPENDIX A: ABOUT THE WRITERS, RESEARCHERS, & ADVISORS

About the Writers



Judy Park is a Stanford MBA student with a deep passion for systemic ways to do good. She is passionate about improving not only the impact of people’s philanthropic dollars, but also the impact of their financial investments and professional journeys. Before Stanford, she helped start Bain Capital’s impact investment fund and led the fund’s first investments in education, healthcare, and wellness. At Stanford, she is the Co-Chief Investment Officer of the student-run Impact Fund and Course Assistant for “Strategic Philanthropy and Impact Investing.” Judy obtained her summa cum laude B.A. in Social Studies with a focus on “Inequality in the U.S.” at Harvard College, where she met Kavya at a social justice

pre-orientation program. Judy was born in South Korea and immigrated to Southern California with her parents in search of the American Dream – she is committed to helping others have equal access to the incredible opportunities and generosity she has received during her time in America.



Kavya Shankar is a Stanford MBA student who has dedicated her career to tackling pressing societal problems across the private, public, and philanthropic sectors. She’s interested in helping the three sectors re-channel their passion for criticizing each other into collaboration. Her motivation for this project was to think about ways to reshape the philanthropic sector to more effectively, efficiently, and comprehensively support tackling systemic social issues. Before Stanford, she worked in the Obama White House on the National Economic Council on policy areas like technology, transportation, and innovation. Most recently, she helped develop the program strategy at The Obama Foundation. She started her career at

McKinsey in New York. She can be found wearing a “Bham” t-shirt or eating breakfast tacos, in honor of her time in local investing and philanthropy in Birmingham and Austin. Kavya obtained her summa cum laude B.A. in economics and psychology at Harvard College, where she met Judy at a social justice pre-orientation program. Kavya is originally from San Jose, CA, and is passionate about directing more funding towards Bay Area causes.

About the Researchers and Advisors

The team at the Effective Philanthropy Learning Initiative (EPLI) at Stanford's Center on Philanthropy and Civil Society (PACS) was exploring a similar set of research questions as the writers were proposing. As such, the teams joined forces to develop a vision for the research, design the interview protocol, and source and conduct the interviews. Erinn Andrews lead the research effort and both she and Paul Brest served as advisors on this project. EPLI continues this research effort and has expanded the scope of the research to include individuals over the age of 40, as well.



Erinn Andrews is the Director of Research and Education for the Effective Philanthropy Learning Initiative (EPLI) at Stanford's Center on Philanthropy and Civil Society (PACS). In this capacity, she leads EPLI as well as drives all philanthropy education programs at Stanford PACS. As the Chief Operating Officer of Philanthropedia, and later as the Senior Director of Nonprofit Strategy at GuideStar, Erinn has long been a proponent and practitioner of effective philanthropy. She has spent several years researching and developing metrics and methodologies to evaluate nonprofit outcomes and impact. At Philanthropedia, she developed a methodology to identify high-impact nonprofits and at GuideStar, she developed the bronze, silver, gold, and platinum levels of recognition that nonprofits can earn based on the level of data they publicly share. Erinn is also an alumna of Stanford University, having received an undergraduate degree in History, as well as a graduate degree from the School of Education at Stanford.



Paul Brest is Former Dean and Professor Emeritus (active), at Stanford Law School, a lecturer at the Stanford Graduate School of Business, the Faculty Director of the Effective Philanthropy Learning Initiative at the Stanford Center on Philanthropy and Civil Society, and co-director of the Stanford Law and Policy Lab. He was president of the William and Flora Hewlett Foundation from 2000-2012.

He is co-author of *Money Well Spent: A Strategic Guide to Smart Philanthropy* (2nd ed. 2018), *Problem Solving, Decision Making, and Professional Judgment* (2010), and articles on constitutional law, philanthropy, and impact investing. His current courses include *Problem Solving for Public Policy and Social Change* and *Advanced Topics in Philanthropy and Impact Investing*. He also is the instructor in an online course, *Essentials of Nonprofit Strategy*, offered by Philanthropy University. Professor Brest is a fellow in the American Academy of Arts and Sciences, and holds honorary degrees from Northwestern University School of Law and Swarthmore College. Before joining the Stanford Law School faculty in 1969, he clerked for Judge Bailey Aldrich of the U.S. Court of Appeals for the First Circuit and Justice John M. Harlan of the U.S. Supreme Court, and did civil rights litigation with the NAACP Legal Defense and Education Fund in Mississippi.

APPENDIX B: RESOURCE GUIDE

Based on our interviews and additional research, we have come across online resources, communities, and DAF providers that can be helpful across the giving journey. This list is not meant to be comprehensive, but a helpful starting place for resources.

Advice on Giving Philosophies

- **The Stanford Center on Philanthropy and Civil Society** has released a [Guide to Effective Philanthropy](#) to assist high-capacity philanthropists through their funding journey
- **Fidelity** offers four steps to [boosting your “giving IQ”](#) with worksheets around creating a mission statement, developing an action plan, selecting nonprofits, and amplifying impact
- **“The Giving Code”** (link to [executive summary](#)), funded by The David and Lucile Packard Foundation, researches why more Silicon Valley donors aren’t directing their dollars towards local organizations and issues, as opposed to national or global causes

Nonprofit Evaluation

- [GuideStar](#) offers comprehensive, up-to-date data on nonprofits
- [Silicon Valley Give Lists](#), posted by Fidelity and written by Magnify Community and The Sobrato Family Foundation, offer researched local giving opportunities across the following topic areas: impact lab/data-driven, essential needs, housing and homelessness, and social justice
- [Momentum](#) offers a curated collection of trustworthy and impactful charities, integrating across seven leading evidence-based charity evaluators
- [GiveWell](#) researches and shares the effective charities they’ve found globally for saving and improving lives
- [Founder’s Pledge](#) evaluates charities based on: scale, tractability, and neglectedness; they offer a summary report on fifteen issue areas
- **The Laura Arrillaga-Andreessen Foundation** offers a “nonprofit assessment guide” that helps givers through conducting [nonprofit organizational assessments](#)
- **The Hewlett Foundation** offers a [tool](#) for nonprofit evaluation

Giving Communities

- [First Principles Forum](#) supports technology company founders and early employees who want to use their wealth for good
- [SV2](#) is a community of more than 200 individuals and families who have come together to learn about effective giving and pool their resources to support innovative social ventures
- [Resource Generation](#) is a multiracial membership community of young people (18-35), with inherited wealth, committed to the equitable distribution of wealth, land, and power; they also offer a series of [books and detailed guides](#) on social justice philanthropy and wealth management
- [Magnify Community](#) helps inspire and guide Silicon Valley philanthropists to invest significantly more in nonprofits located where the donors live
- [Tech Equity Collaborative](#) is mobilizing tech workers to make their communities more equitable places to live
- [The Philanthropy Workshop](#) is a membership-based network of global leaders committed to solving the world's most pressing social issues
- The Laura Arrillaga-Andreessen Foundation offers a "[giving circle guide](#)" to support anyone starting, leading, or joining a giving circle

DAF Sponsors (Mentioned by Our Interviewees)

- [Fidelity Charitable](#)
- [National Philanthropic Trust](#)
- [Schwab Charitable](#)
- [Silicon Valley Community Foundation](#)



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