



THE GIVING JOURNEY

Guiding New Donors to Actualized Philanthropy

By Heather McLeod Grant and Kate Wilkinson, Open Impact

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Introduction

Philanthropy is a journey. This journey begins long before an individual makes a financial commitment to giving or even has the resources to give. It has both outer and inner layers, requiring donors to give not just with their wallets but also with their hearts and their minds. And yet, despite decades of research, so little is known about those inner layers of the journey to and through philanthropy.

The field of philanthropy has primarily been built around the more tactical aspects of giving—the *how*—while taking the *why* for granted. It has made the assumption that a purely rational approach—i.e., providing donors with more information or metrics—will unleash more giving, without exploring the often nonrational, psychological journey on which most donors embark. Admittedly these more personal aspects of giving are complex to analyze, let alone influence. But we would argue that understanding the inner layers of the journey to and through philanthropy—the *why* of giving, influenced by a donor’s most deeply held values and beliefs—is critical for anyone hoping to catalyze more philanthropy, especially among emerging ultra-wealthy donors.

In 2017, Open Impact, with support from the Bill & Melinda Gates Foundation, launched a six-month study into the key motivations and barriers to giving among ultra-wealthy donors (a.k.a. Ultra-High-Net-Worth Individuals), focusing on emerging donors in the Bay Area of California. While wealth has enabled these donors to begin giving, we had observed in our earlier research for *The Giving Code: Silicon Valley Nonprofits and Philanthropy* that becoming fully actualized philanthropists was often harder than they expected. (We use the term “actualized philanthropy” in this report to indicate giving that is intentional, strategic, and psychologically rewarding for the donor.) We hoped our new research would help identify key roadblocks to greater giving, as well as specific ways for philanthropic support organizations (PSOs) to help donors overcome these barriers—thereby unleashing more, and more effective, giving.

During the course of our research we interviewed key philanthropy experts and wealth advisors, and conducted interviews and small-group conversations with more than 50 ultra-wealthy individuals based in the Bay Area. We accessed these individuals via our personal and professional networks, and promised them anonymity in order to encourage honest conversations. These individuals hold between \$10 million and \$1 billion in net assets and their giving ranges from \$100,000 to more than \$10 million per year. We focused on individuals whose wealth is self-created rather than inherited, who have been engaged in philanthropy for less than a decade, and who do not already have large, staffed foundations. Most of these individuals are in their 40s, 50s, or 60s; most are white (a few are

Asian-American), and two-thirds are women. Given our small sample size, we did not make any effort to segment our responses, nor did we interview many “millennial” donors or much older donors.

In our interviews, we asked a range of questions designed to get at both the *how* and the *why* of giving (see table). The more interviews we conducted, the more the “journey” metaphor became a way for us to organize the insights emerging from our conversations. When prompted to tell us about their philanthropy and *motives* for giving, many donors pivoted to telling us more about their lives, their values, their careers, and the experiences that helped shape what they care about most deeply. In other words, talking about philanthropy was like opening a door for people to reflect on their lives more broadly, musing on money, meaning, and purpose—the *why* questions.

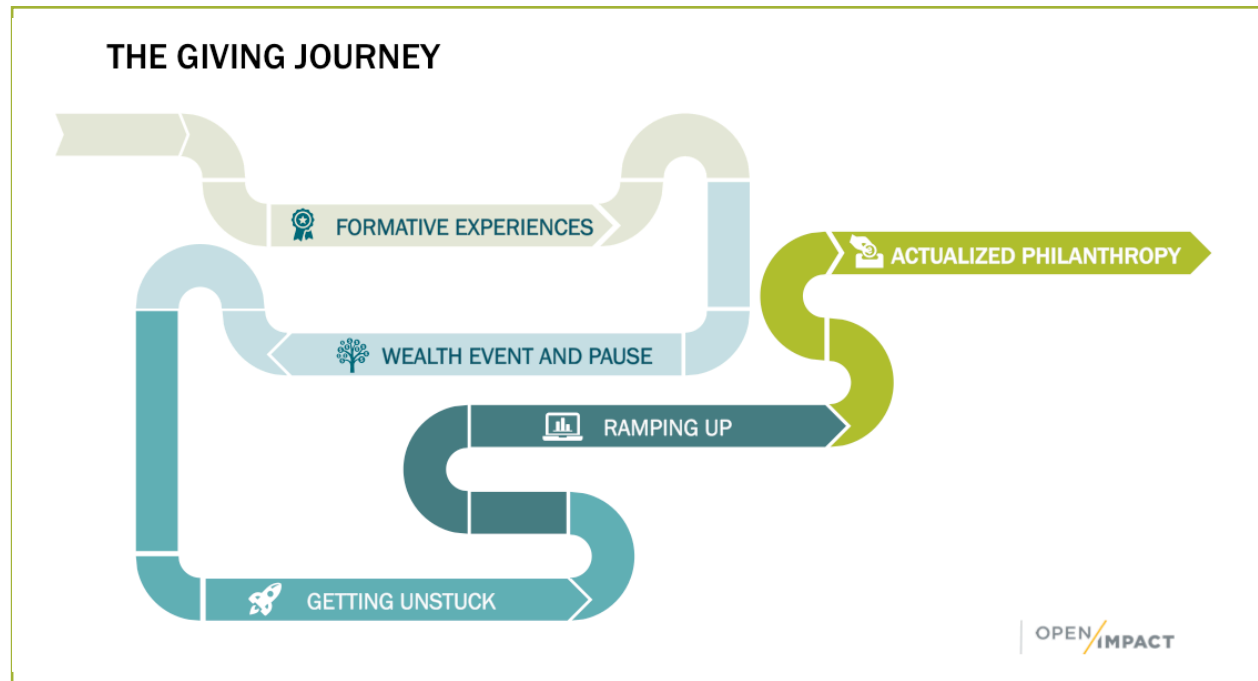
WHY: INNER JOURNEY	HOW: OUTER JOURNEY
What life experiences have you had that motivate you to give?	How do you move beyond giving only to the institutions with which you’re familiar?
Why does your story, or your values, lead you to philanthropy?	Which issues should you focus on? What does impact mean to you?
What is your relationship to money and what does your wealth mean to you?	How involved should you get? How do you give time, talent, and treasure?
How might philanthropy help you become more self-actualized?	How do you become a more strategic and actualized philanthropist?

The journey metaphor was also a useful construct because the path to giving unfolds in a developmental fashion, albeit with detours along the way. Fully understanding how ultra-wealthy individuals move from an abstract concept of “philanthropy,” or reactive check-writing, to *actualized giving* (intentional, strategic, rewarding) requires a deeper look at the developmental journey they take in moving from one stage to the other, navigating both *how* and *why* questions over the course of a decade or more. Further below is a diagram that captures this journey, broken into five distinct phases that we explore in this paper.

Much has been researched and written in the past few decades about the path to philanthropy and the obstacles and opportunities donors meet along the way. And much of what we heard in our conversations has been explained in greater detail in other reports, including how hard donors find it to discuss philanthropy, how personal giving can be, and how we need to think creatively about engaging wealth managers and other trusted advisors in order to inform these donors. And yet there is much about today’s field that is new too: the unprecedented wave of money coming from younger donors; the number of donors giving while living; the rise of strategic philanthropy and the expectations this sets for new donors; and the greater ambitions of many of these philanthropists. These realities create new barriers—or new versions of old barriers—and also new opportunities to redefine how we engage a new generation of givers.

This report outlines our key findings from these conversations, framed around the “giving journey,” with an exploration of the motives and barriers to giving, including the pause that occurs between earmarking funds for philanthropy, beginning to give, and ultimately becoming an actualized

philanthropist. In addition to highlighting findings within each of the five stages of the giving journey, we call out “Implications for Action”—ways that others in the field can unleash more philanthropy by serving emerging donors’ unmet needs. This report is primarily written for an “insider” audience: funders like the Bill and Melinda Gates Foundation, intermediaries, and other philanthropy support organizations seeking to catalyze more, and more effective giving. It is not written for individual donors, though we are hoping to take the insights from this report and develop further products for donors themselves.



The Giving Journey

1. Formative Experiences

The most actualized philanthropists we interviewed had a strong sense of their values and the issues they cared about when starting their giving. In other words, they were already philanthropists in the broader sense of the term—which suggests that the emotional roots of effective giving begin long before donors actually come into wealth or commit to giving money away. Many interviewees also had some understanding of how to navigate the social sector based on prior volunteer or work experiences, which helped activate their philanthropy once they acquired wealth. While philanthropy (money) and volunteering (time) are different ways of giving, they are deeply interconnected and mutually reinforcing. Here are some of the various formative experiences that can shape an individual's giving from earlier in life.

Family, Faith, and Core Values

As with any journey, the beginning of the philanthropic path is strongly influenced by where an individual started out: their culture, faith, and family of origin. We rarely prompted participants to discuss their families and childhoods, but these came up in almost every interview when they were asked *why* they give. As one donor told us, “I was raised without a lot of financial resources but with a deeply embedded value set. As I have come into having more financial resources, that has become my north star.” Many interviewees shared early formative experiences, including being raised by parents who participated in community activities or emphasized giving back. “I had idealistic parents who went to marches and served on volunteer boards,” one interviewee said. Or, “Even though [my parents] didn’t have wealth, they made a big deal of giving to charity—as kids, we needed to give out of our allowance.”

Similarly, many donors talked about the importance of modeling their values for their own children—and how engaging the next generation helped cultivate gratitude and kept wealth in perspective. As one donor put it: “I want to encourage empathy and generosity in my kids. I want to show them that the world is bigger than our block.” Clearly family—at all stages of life—is a critical motivating factor for giving, as values get passed from generation to generation. Many individuals also cited the role of faith in influencing their philanthropy. Some donors discussed their desire to “do the right thing,” their focus on gratitude, or their sense of being blessed. A number said their spiritual values were important to their giving, a finding well-supported by philanthropic literature.

Volunteering and Early Experiences

When asked *why* they give, many donors also shared a transformative experience that led to their desire to give back, even if their philanthropic giving didn’t occur until much later. Several described a key emotional moment or mobilizing event—like growing up poor, volunteering at a soup kitchen, surviving a life-changing accident, or visiting a developing country—that motivated them to become

much more intentional about their philanthropy. One couple we spoke with chose to live in two developing countries with their children to better understand local issues. “It was a deep spiritual epiphany that really awakened us to our priorities for giving as a family,” they reported, leading to a ramp up of more focused and strategic philanthropy.

Career and Entrepreneurship

For many ultra-wealthy donors—especially those who have made their money in business or in high-tech—the tools, skills, and business mindsets they have developed through their work often carry over into their philanthropy. This finding reinforces the work of scholar Paul G. Schervish, director emeritus of Boston College’s Center on Wealth and Philanthropy, who studied philanthropy among high-tech entrepreneurs in the 1990s and 2000s and coined the term “agent-activated philanthropy.” As Schervish discovered, just as ultra-wealthy individuals seek to shape the world through their companies, they bring a similar entrepreneurial mindset and “hyper-agency” to their giving. These findings also align to some of the basic tenets of the “strategic philanthropy” and “venture philanthropy” movements of the last two decades.

We spoke with several philanthropists in this next generation who not only donate money but also set up operational projects to solve a problem or meet a market need. This theme resonates with our own research for *The Giving Code: Silicon Valley Nonprofits and Philanthropy* and other recent explorations of new high-tech donors. These donors seek to both innovate and disrupt traditional social problems while being highly focused on ultimate impact and scale. This means they demand metrics and measurement, and prefer to invest in leaders who bring a “business-like” approach to social change. Unfortunately, many nonprofits aren’t prepared to deliver what these new donors demand, leading to greater disconnects between the two sides of this social market. (For more exploration of this theme, see our report, *The Giving Code*.)

Implications for Action: Recommendations for Building the Field

- **Encourage family giving:** PSOs can encourage families to involve their children in giving as early as possible as well as prompt multigenerational conversations about philanthropy. The more that families embrace giving—of time, talent, and treasure—the more they will pass on these values to new generations.
- **Cultivate faith and gratitude:** Many religious faiths have strong giving traditions. PSOs could tap into faith-based networks to elevate philanthropy or explore faith-based giving circles. They could also help cultivate gratitude by asking donors what they are thankful for, what resources have enabled them to be successful, and how they might create similar opportunities for others less fortunate.
- **Support volunteering and service:** To reach and influence future donors, PSOs and others could support community service in schools and on college campuses, and support volunteering more broadly. These experiences provide a foundation for later philanthropic giving and engagement. The earlier that individuals get involved, the earlier they awaken their altruism and their understanding of complex issues.

- **Channel entrepreneurship:** Many ultra-wealthy individuals made their wealth by being successful business entrepreneurs or investors; it's not surprising, then, that they apply this entrepreneurial approach to their philanthropy. PSOs could develop offerings that harness this innovative energy and channel it toward solving complex social problems, updating the "venture philanthropy" movement for today's donors and context.
- **Develop learning experiences:** Learning journeys, or shared explorations of social problems, can significantly impact a family's desire to activate their giving more quickly and more strategically. Increased awareness of how others live can inspire a greater sense of knowledge and compassion, thus increasing donors' commitment to philanthropy. PSOs could curate and design these learning journeys for ultra-wealthy families.

2. The Wealth Event and “Pause”

For donors who are self-made, the ultimate inflection point in their journey is a “wealth event”—the moment when they suddenly acquire significant wealth via an IPO, an exit, the vesting of stock, or similar event. Suddenly, a primary goal in their lives—to earn money, provide for their family, or make a career mark—has been achieved. But this milestone also triggers a cascade of complex questions about money and meaning, and a rapid move upward through Maslow’s hierarchy of needs (see diagram below). Once an individual’s more basic human needs have been met, attention naturally turns to more psychological needs for self-actualization—including altruism, or giving back to humankind. While many ultra-wealthy individuals choose to keep working, others start exploring different ways to achieve their full potential, including via their philanthropy.



How Much Is Enough?

One of the first questions an individual or couple ponders after gaining significant wealth is: *How much money is enough?* Soon after a wealth event, they work with their financial advisors to assess their future needs, using a financial modeling tool. Many of the individuals we interviewed felt that their wealth advisors were helpful in calculating various future scenarios based on invested assets under management, expected financial returns, and the estimated future cost of living. However, most wealth management firms only project these financial scenarios 20 years into the future. For younger wealthy couples in their 30s and 40s who expect to live into their 80s or 90s, this means there's still a fair amount of uncertainty around how much they'll need in total. This also raises interesting questions about when to engage younger donors in conversations about giving, when so much remains uncertain and when it is too early to address longer-term estate issues.

The arrival of wealth also forces these donors to grapple with a host of new questions involving their standard of living and material aspirations. *What kind of education should our children have? How much will we need to live on each year, and for how many years? How much wealth do we want to leave to our children?* Given the complexity of these questions, individuals and couples don't always

agree on how much to invest, which then determines how much they are able or willing to give away. This is complicated by the fact that many individuals and couples keep working and earning while their companies continue to grow, making their total wealth a moving target.

Regardless, some donors want to make a bold move into philanthropy, safeguarding what they will need and making plans to give the rest away. Others are more fiscally conservative, choosing to activate less for philanthropy—at least for the time being. Clearly there is no right answer here: this is a highly personal decision that involves subjective perceptions of need versus want, as well as judgments about how much wealth to share with children and family. Meanwhile, these individuals and couples are required to pay capital gains tax on their earnings—or allocate a significant amount to philanthropy to reduce their tax burden. When faced with this choice, almost all the individuals we spoke with chose to earmark their money for philanthropy rather than give it to the government.

But this choice can create stress of a different sort. As one donor told us: “I didn’t want to give it all at the end of life, and I didn’t want to give it to Uncle Sam, so I created a family foundation. However, then I had immediate pressure to get money out the door because of the 5 percent payout requirement. For example, an \$8 million foundation has a \$400,000 payout. But when you first start out in philanthropy, you only want to give small grants of \$10,000 to \$15,000, which means you are now giving 40 grants a year. This immediately creates a lot of stress on how to do philanthropy and do it well.”

Navigating Money in Marriage

Decisions about wealth and philanthropy are often made by a couple. This requires navigating the complex emotional dynamics in a marriage or, in the cases of donors who inherit, within a larger extended family. This terrain is so complex that sometimes couples or families turn to counseling to help sort it all out. “Being thrown a whole bunch of money can be very distracting and can get you very off course,” said one donor. “You might have a lot of money, but you don’t have a lot of meaning. These situations are ripe for transformation.”

Many wealthy couples we interviewed seemed to divide their roles and responsibilities along more traditional gender lines. [Note: we did not interview any same sex couples.] Among the individuals we interviewed, the men were more involved in creating the family’s wealth, running companies, or working full time, while the women were often involved in managing the family’s household and its philanthropy—sometimes by choice, sometimes by default. One interviewee told us: “My wife and I agreed that I would bring in the financial capital, and she would bring in the social capital.” In this aspect, these new donors aren’t that different from earlier philanthropists of the past century.

Sometimes this is a practical decision, where couples divide and conquer based on who is earning more and who has more time—similar to decisions about which partner should spend more time parenting. Other couples approach their philanthropy in a “50-50” manner, finding unique ways to make shared decisions about their giving. “We give together and make decisions jointly in our philanthropy,” one donor explained. “We both want to be involved and see it as an opportunity to do things together.” Another couple allocated funds separately based on their different interests: “My husband and I each have our own philanthropy portfolio. He gives to the causes he is passionate about, and I do the same.”

While it may represent a bias in our social networks, we found many more women overseeing a couple’s philanthropy than men. As one interviewee even said outright: “Most Silicon Valley giving is done by women.” Despite the prominence of ultra-wealthy male donors in the media, it is often the wives who are helping set up and drive the family’s initial giving, a topic we think is worthy of deeper exploration.

The Influence of Wealth Advisors

One of our more significant findings is that most ultra-wealthy individuals first turn to their wealth advisors for help with their philanthropy. This makes sense, as these firms (e.g., Morgan Stanley, JP Morgan, Merrill Lynch, Charles Schwab) are already advising them on their investments, wealth preservation, and tax strategies. They are the first point of contact, and often the only point, for sensitive conversations about money.

Historically, these conversations often focused more on the financial side of the house and didn’t explore the role that philanthropy can play in helping individuals express their values or find meaning. However, there is a growing awareness among leading financial institutions that they should incorporate philanthropy into conversations with their clients. Increasingly, wealth advisors frame financial conversations around investor values, which is a natural segue to discussing philanthropy as well.

While advisors may know that philanthropy poses a unique opportunity to deepen client relationships, many are unsure how to start the conversation. While they might give very good financial investing advice, they are often at a loss when it comes to advising their clients on *why* or *how* to give money away. Indeed, we talked to many individuals who felt that their wealth advisors didn’t know much about philanthropy. As one donor shared: “My wealth advisor was not really helpful with my philanthropy. It was hard for her to tell me how much I should give, or what to give to, and I didn’t know what to ask.”

Additionally, while most firms have a handful of in-house philanthropic advisors, these small teams are often deployed across hundreds of wealth managers and thousands of families. They don’t always have the bandwidth to do much beyond running group events, or referring clients out to external resources. As more firms recognize their unique position as influencers to these ultra-wealthy families, they are working to meet the needs of their clients across both financial and philanthropic strategies.

This creates an interesting opportunity. Because of their privileged relationship with their ultra-wealthy clients, wealth advisors—if connected with the right information—could be very helpful partners in guiding these clients to more strategic philanthropic advice or resources. Expanding their sphere of advice might also facilitate deeper, more meaningful conversations between advisors and their clients, helping to build even more trusted relationships.

Stuck in “the Pause”

Given the complex issues and relationships that must be navigated to set up philanthropy, it is not surprising that most newly wealthy individuals pause for at least several years before actively starting to give. While they may set aside money in a donor-advised fund (DAF) for tax purposes, they are currently under no pressure to start allocating it to issues or organizations. And many know that as

soon as they start to give, they will be confronted with a whole new set of questions that can seem overwhelming. These individuals often don't yet know *why* to give, *what* to give to, or *how* to give, barring prior experiences with nonprofits. This complexity is one of the biggest contributing factors to the “pause” that often occurs.

Meanwhile, there are other reasons why it can take these individuals time to get going on their giving. Other areas of their lives can take priority, such as finding the right home or the right schools for their children, or continuing to build their careers and social networks. In previous generations, philanthropy was something done near the end of one's life, as part of estate planning. But these days, with so many individuals acquiring their wealth while still relatively young, philanthropy coincides with the prime of their lives. In addition to being busy, many are still navigating the new responsibilities and challenges of having great wealth—working through their issues around money and all the ways it can distort relationships and identity.

Indeed, much like the average donor's rush to donate at the end of the year, ultra-wealthy individuals may also avoid philanthropic decisions out of a sense of pressure. Some feel pressure to get their philanthropy “right” and therefore avoid it. An unintended consequence of “strategic philanthropy,” and the greater visibility of philanthropy in the media, is greater anxiety among some individuals that they won't live up to their peers or may very visibly “get it wrong.” They worry they don't know how to be philanthropists—and might fail. Or they worry that they don't have as much money as other donors, and therefore can't make as much of a difference. As one wealth advisor said, “The whole thing is really intimidating.”

Other Barriers to Giving

As if that weren't enough, additional external barriers also contribute to the “pause.” In our interviews, we heard a lot about the kinds of gaps explored in *The Giving Code* that keep new donors from connecting with nonprofit causes, such as gaps in knowledge, networks, or empathy. Sometimes these gaps are barriers on the donor's side—being busy and overwhelmed while navigating new wealth. But often they are barriers unintentionally created by the structure of the nonprofit sector or by nonprofits themselves. Many donors look at this fragmented landscape and can't distinguish between organizations. They are overwhelmed by the possibilities and don't yet have a way of discerning which groups to support. “There are too many nonprofits to weed through,” said one donor. “They aren't systematic, they aren't at scale, and they don't collaborate.” Said another donor: “There are hundreds of homeless nonprofits all chasing the same amount of funding, all with staff, and boards, and back office. There's so much fragmentation, duplication of effort, and process talk.”

We also heard stories of new donors being confused by vague or unaligned “asks” from nonprofits, or disappointed by the nonprofit's inability to deliver on promised outcomes or offer an explanation. Other donors talked about nonprofits' inability to conform to their idea of a well-run organization, often because they don't have clear business plans or metrics. Time and again, we heard that nonprofits need to have strong leadership and capacity—and take time to understand what donors want—to inspire both donor confidence and greater giving.

Finally, the more donors give, the more they are recognized as philanthropists and sought out by other organizations, to a point that can quickly become overwhelming. Some seek to avoid this by

conducting their philanthropy quietly, which can also inhibit greater giving. Said one donor: “I was given advice by a peer to stay under the radar, to avoid people’s expectations when they invite you to events. You could get stuck in quid-pro-quo philanthropy instead of doing something strategic.”

Implications for Action: Recommendations for Building the Field

- **Develop training for wealth advisors:** There is clearly a market need for more philanthropy training and tools for wealth managers and advisors. Leveraging technology for high-level training or simple tools would enable these advisors to have conversations with their clients about giving—not just investments and wealth preservation. There is also a need for more philanthropic teams within these firms, and/or partnerships with external philanthropy advising firms.
- **Increase the capacity of donor networks:** Donor education networks and giving circles are typically run with small staff and few resources to test new ideas or reach new audiences. Providing these groups with additional funding to create tools for wealthy clients or wealth advisors, or expand their marketing, could drive greater philanthropic giving.
- **Create decision-making tools for emerging philanthropists:** PSOs should consider providing practical, accessible tools for emerging philanthropists that guide them through their giving journey, including actionable resources for each stage. In addition, they could create resources for couples to make joint decisions about their money and their philanthropy, including examples of the choices that other couples have made around giving.
- **Get more data on women and giving:** Additionally, it would be interesting to do a deeper dive on understanding how gender influences giving among this new generation of ultra-wealthy donors. As women increasingly become the key decision-makers for a family’s philanthropy, it will be important to figure out how to support them most effectively and what approaches resonate.

3. Getting Unstuck

Eventually, most individuals or couples do get “unstuck” from their pause and start giving—often in response to an external mechanism, such as being approached by an institution with which they are already familiar. This might mean giving to an organization to which they have a strong attachment, such as their child’s school or their alma mater. It could mean giving to a hospital where a family member was treated, or giving to their church or synagogue—areas where they have existing relationships, social networks, and deep trust. Typically, a donor’s first grants are quite small as they test the waters and begin to learn the art of philanthropy. But giving to what is familiar and making small bets are critical developmental steps toward getting donors “unstuck” and helping them move toward more sophisticated philanthropy.

Giving to What Is Familiar

We often think of philanthropy as being about pure, unbridled altruism—giving to those who are in need or who are less fortunate. However, this may not be true for donors just starting out, and for whom giving to the neediest causes, such as homelessness, might feel completely overwhelming. In fact, most ultra-wealthy donors initially begin by giving to what is already familiar, and to organizations and causes they know are safe bets, even if doing so indirectly benefits them or their family. Giving to a child’s private school benefits that child, as well as the institution, and is often a response to peer pressure among a donor’s social networks. Donating to an alma mater is seen as low risk, because the relationships and trust are already existent. Giving to a hospital where a loved one was treated is a way of thanking that institution—and ensuring quality care for one’s family and loved ones in the future.

We detected several variations on this theme in our conversations with donors. Becoming a philanthropist may provide additional value to the donor, beyond the feeling of internal gratification and meaning that comes from helping others out. For some donors, becoming a philanthropist exposes them to a new set of stimulating people and ideas. As one said, “The exposure to the people I’ve met, the ideas they have, and the networks they are involved with explodes my whole paradigm.” In other cases, the value exchange is more about influencing larger systems or gaining “soft power.” As one donor said, “I want to use my philanthropy to be in the room with the people making decisions, with the leaders and influencers.” It is not necessarily a bad thing for philanthropy to involve mutual value exchange; in fact, tapping into this might be a good way to help donors get unstuck and start moving in the right direction.

Making Small Bets

We discovered a similar theme around the magnitude of initial gifts: most new donors start small and only ramp up their giving over time. No matter their total net worth, almost everyone we interviewed started out by making small gifts of about \$5,000 to \$10,000. We did not meet anyone who began giving with a larger gift of \$25,000 or \$50,000, unless they already had an established relationship with the organization. This suggests an important initial hurdle to giving away large amounts of money, even for billionaires. An inner confidence around giving takes time for nonprofits to earn, and time for donors to develop, as does trust. As one donor told us, “I generally start small and build up over time with a nonprofit. I want to know a lot more before I make a major commitment.”

These donors also typically start by giving reactively, because they are asked by a friend or someone at a familiar organization, as noted previously. Unfortunately, most ultra-wealthy donors are soon besieged by “asks” from friends, and friends-of-friends, which can lead to long periods of reactive giving and the onset of “giving fatigue.” Feeling overwhelmed can cause donors to pause or slow their giving, as they have not yet established boundaries or developed a decision-making framework to help navigate the complicated ecosystem of the nonprofit world.

For many this reactive giving is not emotionally satisfying and can sometimes lead them to initially back off from their philanthropy or feel unmotivated to ramp up. As one donor said, “People in my network would reach out in a haphazard way, and I would feel obligated—so I would give because they were friends or acquaintances, not because they were strategic gifts.” As another woman donor put it, “I am constantly being hit up by the people in our community. We each give to each other’s causes, but it doesn’t add up to meaningful philanthropy.” While reactive giving will almost always be a part of a donor’s portfolio, most experienced givers create a budget for their reactive giving, thereby separating it from their more meaningful philanthropy.

Implications for Action: Recommendations for Building the Field

- **Harness the value exchange:** Rather than seeing an initial “value exchange” as negative, PSOs should find ways to make philanthropy engaging and rewarding for new donors. How can nonprofits and donor education programs provide positive experiences—making sure that donors are benefiting, even while helping others?
- **Encourage small bets:** To get unstuck, donors just need to start somewhere. Making small and active bets gives donors a chance to learn, which then allows them to begin ramping up. Also important: encouraging nonprofits to understand the lengthy donor cultivation pipeline. Even very wealthy donors will start with a small gift and build trust before giving more.
- **Help connect donors and nonprofits:** Donors often need guidance from nonprofit leaders to help them structure their gifts. Consequently, development directors should tailor their requests to a donors’ overall philanthropic goals, rather than just the nonprofit’s needs. Teaching fundraisers how to start with the “why” questions, and to understand donors’ values, may lead to better relationships between donors and nonprofits, and ultimately, to larger financial commitments.

4. Ramping Up

Over time, as donors become exposed to more complex issues, many of them begin moving out from their more familiar world to become more other-oriented, strategic, risk-taking, and actualized in their philanthropy. They become interested in issues and nonprofits that they don't already know, and start shifting from reactive to proactive giving—wanting to make a difference on important causes. Regardless of how long this journey takes, it typically starts with small bets and then slowly ramps up. This can happen in a matter of months, but more often it unfolds over years, as donors begin to reflect on their experiences, get in touch with their core values, and start to make intentional choices, set boundaries, and give greater focus to their philanthropy.

There are a few key accelerators we uncovered that can help ultra-wealthy donors progress from reactive to proactive giving more quickly. Interestingly, it often takes experimenting and learning, and the intervention of others—mentors, advisors, peers, and friends—to help donors make the leap to the next level of their philanthropy.

Philanthropy Mentors

In addition to talking to their wealth advisors, these donors often reach out to close friends who are further down the path for advice—which can help them get unstuck. These “philanthropy mentors” can have a significant impact on how an individual's giving takes shape. We heard many stories about trusted peers intentionally, or serendipitously, advising new donors on their giving. One donor talked about the impact of having a more experienced philanthropist share a list of critical questions with her. “It included questions like: *How much do you want to give? Will it be local or national or global? What's the impact you want to have? What subject or issue areas do you care about? What role do you want to play? Do you want to take a board seat?* It was an amazing decision chart and really helped me.”

Some donors reach out to their personal networks and to people they know who are already involved with social causes and nonprofits. “I called up the best people I knew to figure out what to do,” one donor shared. Again, these are individuals with rich social networks and a strong sense of agency. For them, reaching out to experts for advice is second nature—and, it turns out, a great way for them to learn.

Donor Education Programs

Several of the individuals we spoke to sought out or were referred to a formal donor education program—such as The Philanthropy Workshop (TPW) or a giving circle like Silicon Valley Social Venture Fund (SV2). For some, these programs become a great way to learn and ramp up their giving. One donor talked about the power of TPW's approach, saying, “They really helped me understand the sector.” We also talked to several donors who are members of SV2. “I started giving more because of SV2,” said one donor. “It kept broadening my awareness of what philanthropy was and how to be effective.” Added another: “It's a great place to meet high-performing local nonprofit leaders and like-minded donors with resources.”

It's worth noting that there may be a selection bias in our sample: we identified several interviewees through the SV2 network, which also overlaps with TPW. Many more of the individuals we spoke with outside of these networks—especially wealth advisors—had never heard of TPW or SV2, suggesting

a big information gap. Indeed, of the 76,000 millionaires and billionaires in Silicon Valley, fewer than 1,000 partners (200 current, and 600+ alumni) are being served by SV2, and another 175+ (current and alumni) are being served by TPW. Thousands more donors would benefit from these programs, yet the majority don't know they exist. Similarly, the field could do a better job of helping donors ramp up through workplace giving programs or piggy-backing on the due diligence of institutional foundations. As one donor said, "I'm much more likely to give if a nonprofit is vetted and matched by my employer or a trusted foundation."

Finding a Tribe

Part of the journey to philanthropy involves finding one's tribe. Donors become more active and more strategic when they find others on similar journeys and team up. This can mean joining a giving circle such as SV2, where there is intentional donor education, or just finding informal groups of peers with whom they can have honest and reflective conversations about their giving or the issues they care about. Among the women we interviewed, we heard this desire for peer advice and conversations multiple times. While not a new theme—others have explored the role of peer networks in catalyzing philanthropy—it is an important one and should not be overlooked as a critical strategy for activating new giving. We spoke with several donors who had not yet found their giving tribe and lamented the loneliness of their journey. They often feel isolated in their wealth, don't feel they can talk to many other people about it, and crave a safe and energizing space for talking about philanthropy. "It's easier to talk about your sex life with your friends than it is your giving," one interviewee told us.

Giving Beyond the Dollar

Another accelerator happens when donors get more involved with social issues and organizations by volunteering, joining boards, or mentoring nonprofit leaders. This is what SV2 calls "beyond the dollars"—the giving of time and talent, not just treasure. From a pedagogical perspective, this makes sense: adults learn best experientially. By getting directly involved with issues, they can act, reflect, learn, and develop. They also get to personally experience the impact they are having, which creates a virtuous cycle of giving and is more emotionally rewarding. Many donors we spoke with talked about this being an important motivator to giving—the ability to engage with issues, organizations, and leaders. In fact, they framed their wealth as what enabled them to give of their time and talent. As one donor said, "Money gives me a platform to be a force for good to the world. But the other things I do [time/talent] are far more important for creating change."

Others talked about finding their unique value proposition and the satisfaction that comes with sharing their non-financial gifts with the world. As another donor said, "If I were only a grant-making philanthropist, my main value would be my money. But I have a lot less money than other philanthropists. If I try using an advantage I specifically have instead, maybe I could make a bigger difference in the world."

Implications for Action: Recommendations for Building the Field

- **Cultivate coaches and mentors:** The philanthropic field needs to do a better job of explicitly cultivating philanthropy mentors and coaches among donors who are further along in their giving journey. PSOs could create formal mentoring or coaching programs for early stage philanthropists, matching them with people who have been giving (and giving strategically) for longer.
- **Scale donor education programs:** Donor education programs do work—but they are far from being at scale. PSOs could help fund and scale these programs and help them reach a much broader audience. Donor education programs should also explore convening people by developmental stage of their journey.
- **Nurture peer networks:** PSOs should help donors find or create their own giving tribes. Peer networks help donors develop a giving culture and give more strategically, while connection can unleash new levels of giving. In particular, PSOs could fund women's giving circles as safe places where women can go to discuss and learn about philanthropy, and explore issues related to family, wealth, careers, and more.
- **Give beyond the dollar:** PSOs need to encourage donors to get engaged with organizations in a hands-on way. Engagement increases giving and the intrinsic psychological rewards of philanthropy. PSOs can help build the field by encouraging donor engagement beyond check-writing, including supporting organizations focused on building nonprofit board leadership, as this often draws from the same talent pool.

5. Actualized Philanthropy

In most cases, by the time a donor has moved through the developmental stages above—over a period of years or even decades—they’ve become intentional, strategic, and actualized in their giving. This is more beneficial both for the world and for the donors themselves: it’s the ultimate virtuous cycle. When donors are more engaged, and giving more intentionally and strategically, they feel more satisfaction and fulfillment, and nonprofits receive the highest and best social and financial capital from these philanthropists. If this is where we hope to move the field, then it is worth understanding the signs that suggest a donor has become an actualized philanthropist. We discovered a few indicators, shared below.

Developing a Giving Portfolio

As they move through each stage of their journey, donors hone their unique approach to giving and their own personal “investment thesis.” They begin to understand which issues they care most about and which nonprofits they believe can make a real contribution. They start to recognize what stage of organization they like to give to—early stage startups or more mature groups—and what kinds of leaders they like to support. They understand more about what is fulfilling to them as philanthropists and have more clarity on their own giving goals—all of which makes their interaction with nonprofits more satisfying on both sides.

At a certain point, once donors have found their “voice,” guiding values, and purpose as philanthropists, they develop a more sophisticated approach to giving. They start to think of their philanthropy as a portfolio—much as they think about their investment portfolio. They allocate “buckets” of funding for their reactive and more strategic giving, sometimes employing different vehicles for each, such as a DAF or a foundation. Regardless, they become much more strategic about how they allocate their funding: how much to which issues and which organizations each year, from which vehicle.

The First Big Gift

An important milestone for donors in this developmental phase is making a “big gift.” Big is relative to one’s net worth, but most donors talked about donations of \$100,000 or more. Many shared how momentous it was to make a large gift: it signaled a sort of arrival and an ability to “play bigger.” With this milestone come a lot of complex emotions. As one donor recounted, “It was our first big gift, and it felt really scary, even though it didn’t impact our financial well-being.” Another donor used very similar language about overcoming initial fear and uncertainty in making a large gift: “It was a moment of panic and of jumping off.”

A big gift can also be a donor’s “coming out” as a philanthropist—a signal of both their commitment to giving, and their particular interests and passions. From a developmental point of view, making a big gift is often a sign of the donor coming into their own: they have typically spent five to ten years getting to this point, ramping up and learning. They now have clarity of vision, a deeper sense of agency, and have overcome some important internal barriers to letting go of significant wealth.

Mentoring Others

As philanthropists come into their own as leaders, they typically reach a point where they want to start sharing what they have learned. As donating ramps up, involvement does too, moving from simple volunteering to much more committed board leadership. As one donor said, “We want to be more involved rather than just writing a check. We started as volunteers and now are on their boards. We enjoy getting closer to the work of the organization—playing an advising and mentoring role, and having a personal connection to the people the organization is serving. That personal connection is really important to us.”

Often, ultra-wealthy donors also have a strategy for their deeper engagement with specific leaders and organizations—a way of actualizing their values in the world. As one donor said, “My giving revolves around organizations I am involved in. If I am on the board, I give most of my money there. I give where I am involved.”

Finding Meaning and Purpose

For the ultra-wealthy, philanthropy is only one component of a lifelong journey toward self-actualization. And while some view giving as an integral expression of their identity, others choose different tools to self-actualize, including their career, family, or faith. Regardless, at its core, philanthropy has great potential to become an essential step in an individual’s quest for meaning and purpose. One donor very eloquently captured this theme in our conversation. Her goal now is to “help people to lead more deeply engaged lives.” She is focused on big social issues and wants to know how to make change happen more broadly: she wants to practice transformational philanthropy.

Another donor shared her advice to support organizations and nonprofits for engaging donors on this journey: “Help them figure out what is important to them,” she said. “Introspection is key, and putting people in touch with their own values. The answers that are unlocked when they do the deep asking and thinking are what inspire action and giving. So much generosity emerges from getting people to think about their lives, their legacies, and their core values.”

Scholar Paul G. Schervish also touched on the importance of inquiry when we interviewed him. He shared several questions that he felt were critical for unlocking reflection, thereby putting donors in touch with their core values and unleashing more of their giving:

- *How do you want to use your wealth for deeper meaning and purpose?*
- *What have you experienced that brought you great happiness? What would enable you to give that happiness to others?*
- *Is there a gap between where you are now and where you’d like to be as a donor?*

As we learned again and again in our interviews, ultra-wealthy donors seem to crave meaningful conversation about these questions—in fact, several reflected out loud how helpful it was to be interviewed by us, as it forced them to reflect on their philanthropy, sometimes for the first time. But the tools and the thought partners they need can seem impossible to find. Without them, donors can have trouble converting these questions into an action plan.

Implications for Action: Recommendations for Building the Field

- **Design portfolio and style tools:** PSOs can develop simple frameworks, tools, and case studies to help donors begin thinking of their philanthropy as a portfolio. They can pose questions that help donors develop their own unique style and encourage them to think about where their resources (both financial and human) can be catalytic or “world changing.”
- **Encourage big bets:** There has been much recent attention on “big bets” in philanthropy. Across the field, PSOs and others need to encourage donors to make the leap from giving many small gifts—which is a natural place to start—to eventually making more sizeable donations. Part of a donor’s portfolio should include the opportunity to make more transformative gifts, whatever that might mean for each donor: \$100,000, \$1 million, \$10 million, or more.
- **Cultivate coaches and mentors:** As we wrote in the previous section, the philanthropic field needs to explicitly cultivate philanthropy mentors and coaches. Philanthropists learn best from peers who are further along in their journey. PSOs could recruit “actualized” philanthropists to help mentor and coach those at earlier developmental stages.
- **Promote meaning and purpose:** Lastly, PSOs have an opportunity to highlight the psychological elements of philanthropy, framing it as an inner, not just outer, journey. While this is harder to make actionable, we think paying more attention to the behavioral—and nonrational—aspects of philanthropy, has potential to unlock much greater giving.

Conclusion

We started this research curious to dig into the mind-sets and behaviors of ultra-wealthy philanthropists: *What motivates them to give? What gets in the way of their giving, and what would activate more of it?* Much of the social sector depends on funding from individuals to do its work, yet there are many disconnects between the supply and demand for philanthropic capital. We believe there is a significant opportunity to help strengthen these connections and to build the larger philanthropic field by meeting donor needs and expectations more effectively.

As our research reflects, the supply of philanthropic capital among ultra-wealthy donors is driven by their personal values and interests—not by “rational” economic behavior. What motivates donors to give often has more to do with their own development, their inner life, and what they care about than with external needs. This points to a potentially flawed assumption underpinning the sector: that philanthropists are rational actors, and that funds will seek their highest and best use according to market (nonprofit) needs. Donors must first want to give, and get in touch with the *why* of their giving, before they can consider what to give to or *how* to allocate their funds. Indeed, the fields of behavioral science and economics—which explore people’s motivations, attitudes, abilities, and triggers—might be a useful lens with which to explore donor behaviors, shedding light on some of the complexities inherent in actualizing givers.

Our research also illustrates what fundraisers have long taken for granted: giving is a highly *relational* project. New donors often start by giving to “friends and family” causes or the churches, schools, universities, and institutions where they already have relationships. In other words, they start where they can see immediate impact or where social ties and reciprocity influence them to give. Indeed, peers and close colleagues seem to have more influence over their giving than marketplace demands for capital or signals on returns (e.g., nonprofit requests or impact measures). Choices around renewing or ramping up financial support are also relational, correlated with donors’ relationships with the *leaders* of the nonprofits to which they give and the amount of trust they have developed. In other words, philanthropic giving scales at the speed of trust—a finding that has important implications for the larger field. While information and tools are important, equally important are cultivating trusted relationships within donor networks, and between donors and nonprofits, that can help unlock greater giving.

That trust can be hard to establish when the larger social sector (i.e., institutional philanthropy and nonprofits) is extremely fragmented and lacks scale. The sector as a whole is much more complicated for donors to navigate than the private sector or the financial marketplace, where there are clear platforms and pathways for capital to find its highest and best use. The nonprofit marketplace, by

contrast, can seem overwhelming, messy, and out of step with how the private sector works. How can donors match their own personal desires for actualization and altruism with the right nonprofit or cause? From the donor's perspective, it can feel like looking for a needle in a haystack. They need easy on-ramps or aids to help them navigate the larger market of philanthropic services—even a working map of the field's network of providers. Supporting efforts to compile various disparate philanthropy resources into a shared portal—such as the new Giving Compass website—could also be helpful.

The field also needs similar tools for better understanding donors in a more nuanced way. There are multiple segments of donors, defined by demographics (age, gender, ethnicity) and psychographics (e.g., aspirations, stage of philanthropy). The field needs a more sophisticated market segmentation that reflects where donors are in the *why* stages of their philanthropy, rather than just the *how* stages. Products and services could then be mapped to these more targeted groups. For some donors, higher-touch models like giving circles, donor education cohorts, or board service programs might help meet their needs to experiment and learn. For other donors short on time (e.g., busy CEOs), the idea of a “philanthropy mutual fund” or a compiled investment portfolio might resonate. For donors who respond to rational and data-driven decision-making, pointing them to effective altruism resources may be what they need. We heard from several wealth managers that some clients are just seeking “deal flow” to move money out of their donor-advised funds. These donors could be encouraged to piggyback off of more established foundations through sidecar funds. Or they could support intermediaries, like Blue Meridian, New Profit, Draper Richards Kaplan, etc., that assemble cohorts of high-performing organizations across a spectrum of issue areas and geographies. We're seeing a rise of intermediaries in the field, no doubt driven by this phenomenon.

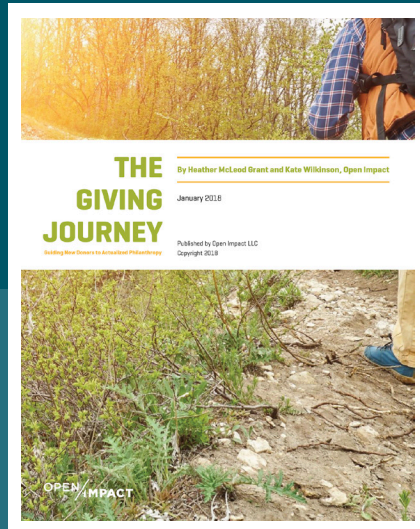
Often times, the field expects these donors to seek out philanthropic information on their own—and occasionally they do. But many of the busy, younger donors we spoke with want highly curated information from a trusted source. This idea of trust is crucial—building mutual relationships that help donors be open to the right information. Instead of more materials published in industry publications that new donors may not read, the sector needs to reach donors where they are, via the networks they are already in, with the right information at the right time. This could include creating simple tools and frameworks that a donor can use to start their giving, available to them in the places they are already going, like their wealth management firm or their family office. The issue is not a lack of information in general but rather the lack of digestible, easy-to-use, highly curated information available from trusted sources and distributed via their close relationships.

Trust must not only be built between donors and social sector leaders but, and probably most importantly, with oneself as one learns, makes mistakes, grows, and develops confidence in giving. Therefore, donors also need opportunities to gain this information experientially and explore their own inner giving journey. While there are some donor education programs in existence, they are extremely small in comparison to the total addressable market. As we noted above, both Silicon Valley Social Venture Fund (SV2) and The Philanthropy Workshop (TPW) reach only a tiny segment of the total giving population. And these programs face a paradox of their own: donor giving evolves with this type of education, but donors don't always want to pay for it, preferring more of their philanthropy goes directly to issues and causes. PSOs and others in the field can help scale some of these models—or invent new ones—to help donors better understand the nonprofit sector, social issues, and philanthropic investment options, and to become clear on their own inner motivations

and interests. We also need nonprofits to understand how to communicate with these new donors more effectively—but that is a topic for another paper, one we hope to address down the road.

Finally, perhaps the most leveraged thing that the philanthropy field could do is to create more overall social pressure to give—specifically to causes that aren't just in donors' existing comfort zone. Philanthropic support organizations could lift up and illuminate the giving journey in compelling ways by providing stories, case studies, inspiration, and even a call to action for the wealthy. Donors need to hear the stories of their peers' giving-breakthroughs, the barriers overcome, the opportunities taken, and the intrinsic rewards of making a real difference. They also need to hear the urgency of the need: while billions of dollars already allocated to charity through donor-advised funds sit waiting to be invested, our problems continue to scale much faster than our organizations and solutions. Imagine something like JFK's call to action in the 1960s ("Ask not..."), and how that might activate the desire to give—taking the well-known Giving Pledge and extending it to millionaires, not just billionaires. We are convinced that the field has a significant opportunity to make giving back seem second nature and as important as meeting one's own needs.

One thing is certain: this moment in time is a critical one for the field of philanthropy. The constant and astounding wealth creation, the massive wealth transfer to the millennial generation, and the ever-increasing inequality in our world demand that we unleash more social capital to solve the most difficult problems of our era. However, this field is also plagued by an ahistorical perspective on how to activate more giving. In order to respond to the challenges facing us, the field needs to do a better job of systematically learning from the past about what has been tried, what has worked and hasn't, and what has already been learned about donor needs and behaviors. Additionally, just as the nonprofit sector is fragmented, so too is the philanthropic field; it could benefit from more deliberate attempts to share information, set shared goals, and coordinate the actions of various actors seeking to transform philanthropy. In so doing, the field can help these donors progress on their giving journeys, become more self-actualized in the process, and unleash important financial and social capital to help solve society's most pressing problems.



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