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Tips for Getting Gen Xers to Make Planned Gifts

By Heather Joslyn

Boston College’s Center on Wealth and Philanthropy made a splash with its first estimate of the "wealth transfer": Trillions would flow to charities through bequests over the next several decades, the center’s researchers wrote in 1999. In their most recent estimate, published in 2014 before the center closed the following year, they predicted the figure would reach $6.3 trillion by 2061, assuming an average growth rate of 2 percent.

Though those estimates offered a bright outlook for planned-giving officers, a cloud has emerged, in part because of Generation X. The 2014 report showed that 12 percent more money was being given away by living donors than the initial 1999 study found. Compared to previous generations, today’s donors are creating foundations at a faster clip, says Paul Schervish, who retired last year as the center’s director. "They're filling up their foundations, and they’re giving more money from them."

But Generation X and millennials are also putting lots of money into vehicles like trusts and limited-liability companies, or LLCs, which may not have a charitable mission. Their ranks are also filled with immigrants who are sending money to family members and communities back home. The latest estimate from the World Bank says nearly $58 billion in remittances was sent from the United States in 2015 — but the real amount could be at least twice that, experts say, because the World Bank figure only counts money sent from banks and other businesses.

Because so much more wealth is being transferred during donors' lifetimes, Mr. Schervish says, it’s not clear just how much money will be available for bequests in the coming years, especially since economic growth is unpredictable.

The researcher uncorks a vintage *Saturday Night Live* reference older Gen Xers can appreciate: "It's like Father Guido Sarducci said, 'Whether it’s sunny or cloudy tomorrow depends on the weather.' "

While fundraising experts say charities should focus planned-giving efforts most heavily on baby boomers for the next few years, they offer some ideas for pivoting to the next generation.

Start planned-giving conversations early

"Most organizations don’t even talk to you about it till you're in your 60s, and I think that’s a real lost opportunity," says Jeff Lydenberg, vice president for consulting at PG Calc, which advises charities on planned giving. He points to a survey by Russell James, a researcher at Texas Tech University, that found only about 10 percent of charity supporters ages 50 and up had included nonprofits in their estate plans.

Mr. Lydenberg urges fundraisers to educate donors regularly about their options — in other words, to plant seeds that may sprout earlier than expected. "We know it is not marketing and contact with development professionals that drive people to their estate planner," he says. Instead, life events — selling a company, for instance — precipitate bequest decisions.

Promote planned giving at events

At charity walkathons, bike-athons, and golf tournaments, with crowds likely dotted with Gen Xers, fundraisers "have a captive audience ready to make a gift," Mr. Lydenberg says. Yet fundraising materials at such events rarely mention planned giving. "It would be very simple to add a message: ‘Have you ever wished you could do more?’ "

Tune in to supporters’ financial needs

Generation X started settling down and buying homes in earnest just before the Great Recession. When the housing bubble burst, it took a lot of their household wealth with it. Gen Xers have reported losing an average of 45 percent of net wealth during the recession, the biggest percentage loss of any generation, according to the Pew Research Center.

People in this age group are nervous about retirement, says Robert Wahlers, a vice president for development at Meridian Health and co-author of *The Philanthropic Planning Companion.* "They don't tend to be very trusting that the government programs [like Social Security] are going to be there," he says. As a result, they are generally more receptive than boomers to planned-giving vehicles that will help them meet expenses during their lifetimes. One example: charitable lead trusts, in which a charity collects the interest from donated money for a time before the principal is turned back to the donor.

Ask about Mom and Dad

In addition to caring for young children or ponying up college tuition, Gen Xers may also be helping support their parents or other older relatives. Giving vehicles like charitable remainder trusts provide income for a beneficiary for a period of time before being turned over to a nonprofit. Naming elderly parents as beneficiaries can alleviate financial pressure and the tax burden on the younger generation while ultimately helping the charity.

Bring backup

Gen Xers, says Mr. Wahlers, tend to trust their friends more than institutions. "If I'm going off on a major-gift ask or to have a conversation about planned giving, I often bring a peer along who's already made that gift."

Get in the donor’s first will

People usually create their first wills in their 40s or 50s, according to research from the Stetler Company, a planned-giving consultancy. Other studies indicate that "the earlier you get into the will, the larger your share is at the end," Mr. Lydenberg adds.

He counters the common wisdom among fundraisers that only the donor’s final will matters. "The pie gets sliced thinner and thinner near the end" as the number of groups added grows, he says. "Now all of a sudden, they're like, 'Well, I’ve always cared about animals,' so they put in the Humane Society."