



The Growing Power of Giving: An Outlook from Foundation Source CEO Joe Mrak

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For more than 20 years, Foundation Source has partnered with the wealthiest families and most philanthropic organizations to create change in the world. Our work with clients has given us a unique window into the state of charitable giving, enabling us to become a source of expertise in a changing sector.

We regularly step back from our clients' day-to-day activities to understand how their approach to grantmaking and the composition of their endowments changes from year-to-year and over longer cycles. In the past few years, foundations continued to give at increased levels despite periods of economic headwinds. This commitment underscores the critical role that funders play in supporting nonprofits and driving impact, especially when individual giving is down.

Generosity in 2024 has been notably impressive to date with our foundation clients granting more than \$865 million to nearly 19,000 recipients through the end of September – on pace to match or exceed giving in previous years. We predict that the combination of market performance and the high volumes of grantmaking that occur in November and December will generate strong overall giving for the year.

Our recent acquisitions of [Vennfi](#) and [PG Calc](#) have also deepened and expanded our understanding of donor-advised funds (DAFs) and planned giving while building our suite of capabilities to offer a more complete philanthropic toolkit for our clients and their trusted advisors.

As the only provider to deliver scalable, end-to-end digital solutions across private foundations, donor-advised funds, planned giving, and charitable trusts, we have an unparalleled vantage point on charitable giving, its drivers, and the trends that are poised to impact the philanthropic ecosystem in the year ahead. As clients get their final dollars out the door for 2024 and plan their giving for 2025, we're watching:

- **The growing popularity of organized giving** and the power of a varied philanthropic toolkit
- **The rising influence of the next generation** and the ways they are redefining philanthropy
- **The potential of advanced technologies** to tackle challenges and make giving easier

Growing Popularity of Organized Philanthropy

The [Giving USA Foundation](#) found that grantmaking organizations, including foundations and donor-advised funds, experienced the strongest growth as wealthy donors invest in the future of the nonprofit sector. While individual giving is shrinking as a percentage of total giving, foundation giving is up to 19% of overall giving, and it crossed the \$100 billion threshold for the second consecutive year. DAFs have also gained popularity among donors and advisors for their ease-of-use and tax advantages—and because a growing number of donors (particularly Millennials and Gen Z) want to align their investment choices with their core values and charitable interests.

We also see clients using a combination of vehicles and approaches to drive impact and meet their philanthropic goals. There are [several advantages to harnessing more than one charitable vehicle](#), including increased tax benefits and greater balance of simplicity and flexibility with autonomy and personalization. There are opportunities to diversify giving strategies within vehicles, too. For example, we often discuss with private foundation clients the latitude they have to run their own charitable activities, like a clothing drive or tutoring program, or invest in for-profit mission-aligned companies, and give directly to individuals in the form of hardship grants or scholarships.

Having a flexible philanthropic toolkit enables donors to customize their giving to maximize charitable impact, create better financial synergy, and enjoy greater tax savings and tax-free asset growth. We look forward to enhancing and expanding the way our clients can give in 2025.

Rising Influence of the Next Generation

With the “great wealth transfer” well underway, it will not be long before the next generation drives trends in spending, saving, investing and, importantly, giving. We recently [surveyed 1,000 Gen Z and Millennial donors](#) to understand their attitudes, perceptions, and preferences around charitable giving as they continue to play a larger role in shaping the future of philanthropy. Among our key takeaways:

- **Younger generations aspire to be seen as “givers,” “volunteers,” “advocates,” “changemakers” and “humanitarians.”** Their preferences imply a generous and caring mindset and a desire for direct involvement in giving back. They are acutely focused on the plight of individuals and communities and Gen Zers, in particular, desire to be seen as catalysts for systemic change and want to see evidence of progress.
- **They don’t limit their charitable activities to financial contributions.** They see a range of activities as an expression of their commitment to social change, including donating items, volunteering time, helping with fundraising, and sharing expertise/knowledge.
- **Their financial contributions are influenced by their respective financial resources; high earners donate greater amounts.** As the next gen matures and hits their peak earning years, their potential to contribute more financially to the causes they care about will grow, too.
- **So far, their giving has been informal and direct but they show interest in learning more about formal charitable vehicles and other giving approaches.** Giving circles and trust-based philanthropy are among the top approaches of interest, and DAFs and family foundations see the most traction among formal charitable vehicles. Next gen may be interested in more tax-efficient ways of giving as their taxable income increases as well.
- **Their inspiration to get involved in charitable activities is primarily driven by family, having a passion for a specific cause, and wanting to help their local community.** Millennials who engage in charitable activities started at an average age of 18; Gen Z started even younger, at age 14. This early start is likely to inform their lifelong commitment to social change.

Many high-net-worth families care deeply about building a legacy that spans generations. At the same time, the next generation thinks about wealth and giving differently than their parents and grandparents. They're eager to be active participants in charitable work and feel connected to the impact that nonprofits have on communities and society at large.

Ultimately, newer donors are eager to find ways to optimize their contributions by forging funding partnerships, leveraging giving circles and highlighting the work of their nonprofit partners. Financial advisors and philanthropic leaders, therefore, play a crucial role in bridging the generational gap to strengthen family legacies and impact well into the future. Their success depends on their ability to resonate with the next gen.

Potential of Advanced Technologies

Like many industries today, the philanthropic sector is evolving with the growing global use of artificial intelligence (AI). In [a recent survey](#), the Technology Association of Grantmakers (TAG) found that 81% of foundations report some degree of AI usage within their organizations. Individuals are the most likely to be leveraging AI, while it's still early days for adoption on the organizational level.

This year, we partnered with TAG to explore how AI can enhance grantmaking processes and address systemic challenges in our sector. Industry experts and grantmakers believe that AI will help foundations find charities faster that align to their goals and desired impact, streamline the grant application process and reduce administrative costs by providing efficiencies throughout the granting process. The potential here is enormous, and we are excited to be at the forefront of this exploration.

On the wealth management side, PhilTech – software that supports charitable giving – will continue making philanthropy a more practical, cost-efficient offering, particularly for financial institutions and their high-net-worth clients. For example, advisors can rely more on white-label technology offerings that simplify back-office work like opening accounts, tracking grant requests and payments, managing expenses, and producing reports, so that they can spend more time with clients on strategic planning for their philanthropic missions.

It's an exciting time for the philanthropic sector and the various advisors who support clients' efforts to create impact. The increasing popularity of organized philanthropy, insights into the rising generations, and the potential for technology promise to make charitable giving easier and more efficient for donors, nonprofits and charities, and the advisors and financial institutions serving wealthy clients.

We are inspired by the volume of activity we have seen during the giving season so far. In 2025, with new leadership in the White House, we will continue to watch this space closely to help our clients navigate the changing economic and regulatory landscape and the potential implications on their giving. We look forward to another promising year of empowering people and companies to create a better world through philanthropy.