

KEY TAKEAWAYS

Ask the Experts:

Retaining NextGen Clients with Philanthropy



Advisors are facing a defining moment: as trillions of dollars prepare to change hands through The Great Wealth Transfer, a recent statistic suggests that less than 50% of advisors continue to work with the next generation of clients. Philanthropy offers one of the most powerful, yet underutilized, strategies for building lasting, multi-generational relationships.

Foundation Source’s **National Philanthropy Executive Gillian Howell** and **BNY Wealth Senior Wealth Strategist Boryana Zamanoff** hosted a webinar discussing how and why philanthropy creates a natural way for advisors to engage the next generation, retain clients through wealth transitions, and help younger donors turn their values into impact.



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Susan Lipp, editor in chief of Trusts & Estates, moderated the discussion. Here are seven key takeaways from the presentation.

#1 Understand How the Next Generation Thinks About Giving

Gen Z and Millennials approach philanthropy fundamentally differently from their Boomer and Gen X counterparts—and advisors who recognize this distinction will be better positioned to serve them.

- **Baby Boomers** tend to focus on legacy-building wealth that spans generations; Gen X favors pragmatic, research-driven, community-based giving.
- **Millennials and Gen Z** focus on social justice, environmental causes, and direct impact—acting as activists, advocates, and changemakers, not just donors.
- **Across all generations**, the top motivation for giving is passion for a cause, and the top three goals are improving their community, creating a better world, and driving measurable impact.
- **Younger generations** assign equal value to time, talent, and treasure—not just financial contributions—and often prioritize volunteering, crowdfunding, and advocacy.

#2 Meet the Next Gen Where They Are

To earn the trust and loyalty of younger clients, advisors should reframe their engagement strategies around what motivates the next generation.

- 63% of younger donors cite family as a primary motivator for giving—making family-level conversations a powerful entry point.
- Younger clients are influenced by peers, giving circles, and collective action; they engage with causes rather than institutions.
- Advisors don't need to be philanthropic subject matter experts—it is appropriate and expected to engage specialists.
- Facilitate family philanthropy discussions. Help current clients accept that their children may share the same values but express them in completely different ways.
- Advisors are playing the long game. These next-gen donors are just starting their journeys, and early engagement builds the kind of trust that survives generational wealth transitions.

#3 Philanthropy Is a Bridge Across Generations

Philanthropy creates a natural context for multi-generational conversations—one that’s often easier and more emotionally safe than direct discussions about wealth transfer.

- Advisors can use philanthropic discussions as “training wheels” for introducing financial stewardship concepts to heirs as early as their teenage years.
- A successful philanthropic conversation within a family often lays the groundwork for more complex wealth planning and inheritance discussions later on.
- Avoid the common mistake of treating philanthropy as an obligation versus an exploration. Forced participation—such as requiring next-gen members to allocate a set amount without context or interest—can backfire.
- Equally, don’t wait too long. Next-gen family members who inherit a leadership role in a foundation without prior exposure face an enormous and unnecessary burden.

#4 Know The Giving Vehicles—and When to Use Each

Advisors who understand the full range of philanthropic vehicles—and can explain the tradeoffs—add significant value for clients at every stage of their giving journey.

- Private foundations offer control, naming rights, legacy-building, and the ability to establish junior advisory boards to engage the next generation. They may be best for clients with significant assets (typically \$1–2 million minimum) who want to perpetuate a family giving mission, although some foundations are established with less than \$1 million in assets.
- Donor-advised funds (DAFs) are quick to establish, inexpensive to administer, and uniquely suited for anonymous and international giving. Many platforms offer low minimums, making them highly accessible.
- Many philanthropically inclined families use both—leveraging the public-facing legacy of a private foundation alongside the anonymity and flexibility of a DAF.
- Charitable remainder trusts (CRTs) remain widely used for clients with low-basis, highly appreciated assets, offering income tax deferral and a charitable deduction—and the remainder can flow to a DAF.
- Giving circles—informal associations pooling funds for greater collective impact—align naturally with younger donors’ collaborative instincts and are typically hosted by a DAF or community foundation.
- Emerging vehicles like non-charitable LLCs and a renewed interest in tax-exempt 501(c)(4) organizations (such as most rotatory clubs) offer additional flexibility for clients interested in advocacy, policy work, or social enterprise—without the disclosure requirements of a private foundation.

#5 Shift the Conversation From Tax Strategy to Impact Strategy

With older clients, charitable planning conversations often begin and end with tax optimization. With the next generation, advisors need to be fluent in both tax strategy and impact.

- Gen Z and Millennials want to know how their giving will create measurable, demonstrable change—not just generate a deduction.
- Impact investing extends this philosophy to portfolios: responsible investing strategies allow clients to align their investments with environmental, social, and governance values alongside their philanthropy.
- A private foundation can double its impact by pairing mission-aligned grantmaking with a portfolio constructed around similar values.
- Note that applies to both contributions to private foundations and DAFs: As of 2026, under the OBBBA, the first half of a percent of a donor's adjusted gross income is non-deductible, and new caps apply to deduction values for high earners—advisors should factor this into giving strategy recommendations.

#6 Address The Knowledge Gap Around Giving Tools

While younger donors are highly engaged in charitable activities, their awareness of structured giving vehicles is limited—and that gap represents a significant advisory opportunity.

- Gen Z and Millennials have the most interest in learning about tax-efficient, high-impact giving tools—but also have the lowest awareness of them, including DAFs, impact investing, giving circles, and trust-based philanthropy.
- Advisors can step in to educate clients on these vehicles, help them identify causes aligned with their values, and connect them to the right specialists and platforms.
- Strategic giving through a vehicle—rather than reactive, direct donations—enables clients to be more thoughtful, mission-aligned, and intentional with their philanthropic dollars.
- For donors who give sporadically, bunching contributions into fewer years can help maximize deductibility under the current legislative environment.

#7 Leverage Technology To Stay Relevant

Given the next generation's digital-first orientation, advisors need to expand their suite of technology tools to incorporate philanthropy alongside core financial planning.

- Philanthropic software, platforms, and mobile apps can facilitate everything from making a gift or opening a charitable vehicle to more complex activities like grant proposals and impact measurement.
- Charitable giving should be visible within the same client portal or dashboard used to manage investing, retirement, banking, taxes, and estate planning, not siloed.
- Clients should have their own access to philanthropic technology so they can conduct research, view accounts, and initiate gifts independently and consistently with how the next gen prefers to operate.

Portfolio performance alone will no longer retain the next generation of clients. Advisors who express genuine interest in their clients' passions and values—and support their philanthropic aspirations through intentional planning—are best positioned to survive and thrive through The Great Wealth Transfer.

Helping clients turn their assets into impact is not just a differentiator. As these socially conscious generations enter their peak earning years, it may be the single most important thing an advisor can do.

To learn more about these key takeaways and other important insights, [check out the full conversation here.](#)

ABOUT FOUNDATION SOURCE

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