The next generation will transform the financial and philanthropic landscape

Over the next few decades, $41 trillion in wealth will be transferred to the next generation. With this massive wealth transfer process already underway, it’s crucial that you build relationships with the next generation to continue growing your practice. One way to engage this group is to integrate charitable planning into your practice. Then, make sure you understand the needs of the next generation and how you can support them as they work to fulfill their philanthropic goals.

What makes the next generation different?

Your younger high-net-worth clients have a uniquely hands-on style of philanthropy—taking on more significant volunteer roles within the organizations they support.

This group of individuals, born after 1965 (Gen X from 1966 to 1976 and Gen Y from 1977 to 1994), are results-oriented, interested in data and outcomes, display less institutional trust, and have a global worldview. Many fall into one of three categories: Entrepreneurs, Financiers, and Heirs.

The charitable conversation can help you reach Generations X and Y

Show these young philanthropists a smarter route when it comes to giving. While many are using a combination of charitable vehicles, nearly 88% are still giving via cash or check. In order to maximize their giving, a donor-advised fund may be the better solution.

The Giving Account®, the Fidelity Charitable® donor-advised fund, lets your clients donate:

- Cash
- Long-term appreciated securities
- Complex assets, including non-publicly traded securities and seemingly illiquid assets

The Giving Account® investment options also allow them to have the charitable dollars invested, which could potentially result in more money for grants to their favorite charities.

Once your client establishes a Giving Account, there are a variety of charitable strategies you can offer and implement for these clients to make their giving simpler and more effective.

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1 John Havens and Paul Schervish from the Center on Wealth and Philanthropy at Boston College
2 National Philanthropic Trust 2013 Donor-Advised Fund Report
Charitable strategies that align with the next generation’s philanthropic approach

The strategies below will likely appeal to a myriad of clients, including the majority of next-generation clients.

<table>
<thead>
<tr>
<th>Strategy</th>
<th>How Fidelity Charitable Can Help</th>
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<tbody>
<tr>
<td><strong>Donation of publicly traded assets</strong></td>
<td>Help your clients maximize their giving by identifying the best asset to give. Long-term appreciated securities are one of the most tax-efficient ways to give. When these securities are donated rather than sold, capital gains taxes no longer apply, and the full value of the securities can be contributed—allowing your clients to give more.</td>
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<td><strong>Donation of complex assets</strong></td>
<td>Your clients can leverage the value of a seemingly illiquid asset and provide immediate and ongoing support to multiple charities on their own timetable. There is a growing trend of contributing complex assets, such as privately held C- and S-corp stock, limited partnership interests, and restricted stock.</td>
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<td><strong>Impact investing</strong></td>
<td>This allows you to invest clients’ charitable dollars where there is a measurable “social return.” This investment strategy is a growing trend in philanthropy and is particularly attractive to many high-net-worth donors because it provides them the opportunity to make a greater impact towards achieving change around social or environmental issues. For your clients with larger Giving Account balances where you have been designated to manage their charitable assets through the Charitable Investment Advisor Program, you have the ability to help them participate in many socially responsible funds available on your firm’s platform. Additionally, you may use sub-advisors who specialize in managing impact investing portfolios for a portion of your client’s assets. For clients with lower Giving Account balances, Fidelity Charitable now offers an impact investing pool to help meet client needs in this area.</td>
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<td><strong>International granting</strong></td>
<td>Help your global-minded clients give to charities outside the United States. There are a number of ways they can recommend grants in this space, including granting to U.S.-based charities with a global mission or U.S.-based intermediary charities. Fidelity Charitable’s Private Donor Group will help you guide your clients through the process when recommending international grants.</td>
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<td><strong>Complementing or collapsing current charitable vehicles</strong></td>
<td>Your clients can use a national donor-advised fund in addition to their private foundation. They can also consider collapsing their foundation or terminating their Charitable Remainder Trust and establishing a Giving Account. Our Charitable Planning Specialists can help guide you as you make a recommendation to your clients.</td>
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3 All investments must conform to the investment guidelines set forth in the Charitable Investment Advisor Program.

For more information, please call a Charitable Planning Specialist at 800.682.4438 or visit FidelityCharitable.org.