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Philanthropy's Meaningful Middle

Good Practices for the Middle-Tier Donor

This paper explores the untapped potential of the “Meaningful Middle” of philanthropy—a diverse set of donors giving between \$1 million and \$25 million annually. Our research considers and attempts to define the unique role these donors play, the challenges they face, and the various strategies and structures they can employ to maximize their impact.

Meaningful Middle donors are vitally important to organizations.

Additionally, the information is intended to be useful for nonprofit leaders and board members who want to further or form relationships with Meaningful Middle donors.

Key Takeaways:

Making a Philanthropic Impact Is Complex

Managing wealth and charitable giving is complex and challenging. Limited staff support, lack of internal systems and isolation from “professional” philanthropic networks make giving back harder than it should be. Most Meaningful Middle donors are operating with **0–5 staff**. Strategies exist for philanthropists and strategic partners with service providers—investment advisors, philanthropic advisors and tax specialists. There is no ‘right way’ to thrive as a Meaningful Middle donor—but there are existing strategies.

Tremendous Impact, Less Attention

Meaningful Middle donors are individuals, families or foundations giving **\$1–25 million** annually. They bridge the gap between mass-market donors and mega-philanthropists and often support local initiatives and medium-sized organizations. Many Meaningful Middle donors hold DAFs, which give out **20% annually** versus the average 5% that foundations distribute.

Megadonors Are Often Inaccessible to Nonprofits and Vice Versa

Most nonprofits are seeking new donors but don't know where to look. **Seventy-five percent of US** charitable giving comes from individuals and yet, most organizations can't identify or access megadonors. Supporting local initiatives is one area where Meaningful Middle donors play a crucial role and have significant leadership opportunity in the broader philanthropy ecosystem. This type of **place-based philanthropy** is often a poor fit for megadonors, who frequently have little or no connection with specific local communities. But Meaningful Middle donors—who focus on communities where they built businesses, where they raised families, and where they currently invest—do.

Next Gen Philanthropists Need a Roadmap

As we enter into a historic **\$30 trillion** wealth transfer across the United States, much of this transfer will be in the form of assets for which the next generation may not have ready use. Engaging in an assessment of potential philanthropic value of less obvious balance-sheet line items is worthwhile for any donor seeking to expand their philanthropy.

Nonprofits Need the Meaningful Middle

Meaningful Middle donors can bring the best of both worlds to social change work. They bring **relational capital** to help local actors and organizations grow and diversify, often have interest in exploring structures and strategies beyond traditional grantmaking, and the ability to give at levels beyond the mass market donor.

ADDITIONAL NOTES: Strategy List at a Glance

- Donor Advised Funds (DAFs): flexible, low-cost giving vehicles
- 501(c)(4) Organizations: allow for political activities and lobbying
- Charitable LLCs: provide flexibility for grants and investments
- Social Enterprises: allow donors to create their own impact-driven businesses
- Operating Foundations: enable donors to directly implement social change work
- Trust-based Giving: emphasizes unrestricted funding and reduced bureaucracy
- Pro Bono Strategy Support: leveraging donors' expertise to help organizations
- Relational Capital: using networks and influence to support grantees
- Place-based Giving: focusing on specific local communities
- Donor Collaboratives: joining forces with other donors for greater impact
- Effective Altruism: using data-driven approaches to maximize impact
- Learning Mindset: emphasizing monitoring, evaluation and continuous improvement
- Double Bottom Line Approach: aligning commercial investments with social impact goals
- Nontraditional assets: thinking outside the box to marshal a donor's full suite of assets

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