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JOURNAL REPORTS: WEALTH MANAGEMENT

What's Behind the Surge in Giving Circles

This collaborative approach to philanthropy is being driven by millennials and women



The San Diego Latino Giving Circle gathers four times a year to discuss social-justice issues. PHOTO: ADRIANA LOSON-CEBALLOS

By Veronica Dagher

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Adriana Loson-Ceballos wanted to help support nonprofits serving the Latino community in San Diego. But as a doctoral student, she didn't have much money to donate and worried that her gift wouldn't be large enough to make a real impact.

After she posted her concern on social media, a friend suggested she start a "giving circle," where like-minded individuals can pool their money and collectively decide where to donate it. About a year ago, the 32-year-old launched the San Diego Latino Giving Circle, recruiting members from within her social and professional networks via word-of-mouth and asking others to do the same.

The circle now has roughly 10 members, each of whom pledges to give \$1,000 annually to support a cause the group selects. The circle's members gather four times a year to discuss social-justice issues, as well as charities they may want to support.

"We realize we can multiply the impact of our gifts if we give together," says Ms. Loson-Ceballos.

Appeal to women

Giving circles have been around for decades, but a recent study by the Collective Giving Research Group (a group of researchers who study collaborative giving) and published by the Women's Philanthropy Institute suggests this type of philanthropy is growing. Between 2007 and 2017, the number of giving circles in the U.S. tripled, the study found, and there are now more than 1,500 across the country, the researchers say. Younger givers who favor a more collaborative approach to philanthropy than their parents, and women in particular, are fueling the current growth.

Ms. Loson-Ceballos says her circle is a natural fit for millennials who grew up with school service requirements and long for the social and community interaction that provided. "You leave the giving-circle meetings feeling like you made a difference in the world, which is way better than just going to another happy hour," she says.

Groups made up entirely of female donors account for 49% of the giving circles in the U.S., according to philanthropy consultant Jessica Bearman, one of the co-authors of the giving-circle study. And although many such groups have mixed-gender memberships, some 70% of all giving-circle participants are female, she says.

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Women who felt largely ignored by the philanthropic community in the past because they weren't primary earners or big givers may be especially drawn to the giving-circle concept, Ms. Bearman says. Women also may be interested in the social and networking element that accompanies giving circles, and enjoy the ability to learn from and make decisions with other women, she says.

About 18 months ago, Jennifer Freeman joined Dining for Women, a national giving circle with 443 chapters across the country, because she wanted to meet other women who were passionate about helping women and girls around the world. The New York City writer says she also wanted to provide meaningful support to small nonprofits by pooling resources with other women.

Each month, Ms. Freeman gathers in an apartment of one of the New York City chapter's roughly 15 members to watch a video and hear a brief presentation about a charity that Dining for Women has vetted for a grant.

At a recent meeting over a potluck dinner, she and other members learned about Wisser International, a charity that helps girls in rural Kenya. Ms. Freeman made a donation that ultimately became part of a nearly \$50,000 grant the national Dining for Women organization made to the charity.

"Being part of a giving circle is nicer than writing a check alone in your room," she says.

Not for everyone

Giving circles are active in all 50 states, though the structure and level of donor commitment among groups can vary. Some circles meet informally a few times a year over dinner, while others are far more structured and may even be registered charities with sizable donation minimums and a volunteer commitment. Some, like the San Diego Latino Giving Circle, are affiliated with a community foundation that serves as their circle's administrator, vets the end charities and, ultimately, makes grants on the circle's behalf to those charities.

Those interested in starting a giving circle can find "how to" information at the Amplifier, a network of Jewish giving circles, that has "terrific resources," Ms. Bearman says.

To be sure, the democratic nature of a giving circle isn't for everyone, philanthropy experts say. "A shared interest in giving doesn't always mean the group agrees 100%," says Henry Berman, chief executive of Exponent Philanthropy, an association of small staffed foundations.

Members need to accept that their first-choice charity may not be selected for the group's donation. Be patient with the process, Mr. Berman advises younger givers, especially those who may want the group to fund their favorite charity immediately.

Giving circles also can be labor and cost-intensive to administer, says Melanie Schnoll Begun, head of philanthropy management for Morgan Stanley . An informal group may realize it needs a paid administrator to coordinate meetings and vet charities. It also may need legal help if it seeks 501(c)(3) nonprofit status. The costs of hiring someone to handle these matters may outweigh the potential benefits of maintaining the circle, she says.

Despite those concerns, giving circles can provide an opportunity for members to come together, learn from each other and work on important issues, says Ms. Schnoll Begun. They also provide women a community where they can ask questions and become more educated philanthropists.

Ms. Dagher is a reporter for The Wall Street Journal in New York and is host of the Secrets of Wealthy Women podcast. Email: veronica.dagher@wsj.com.

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