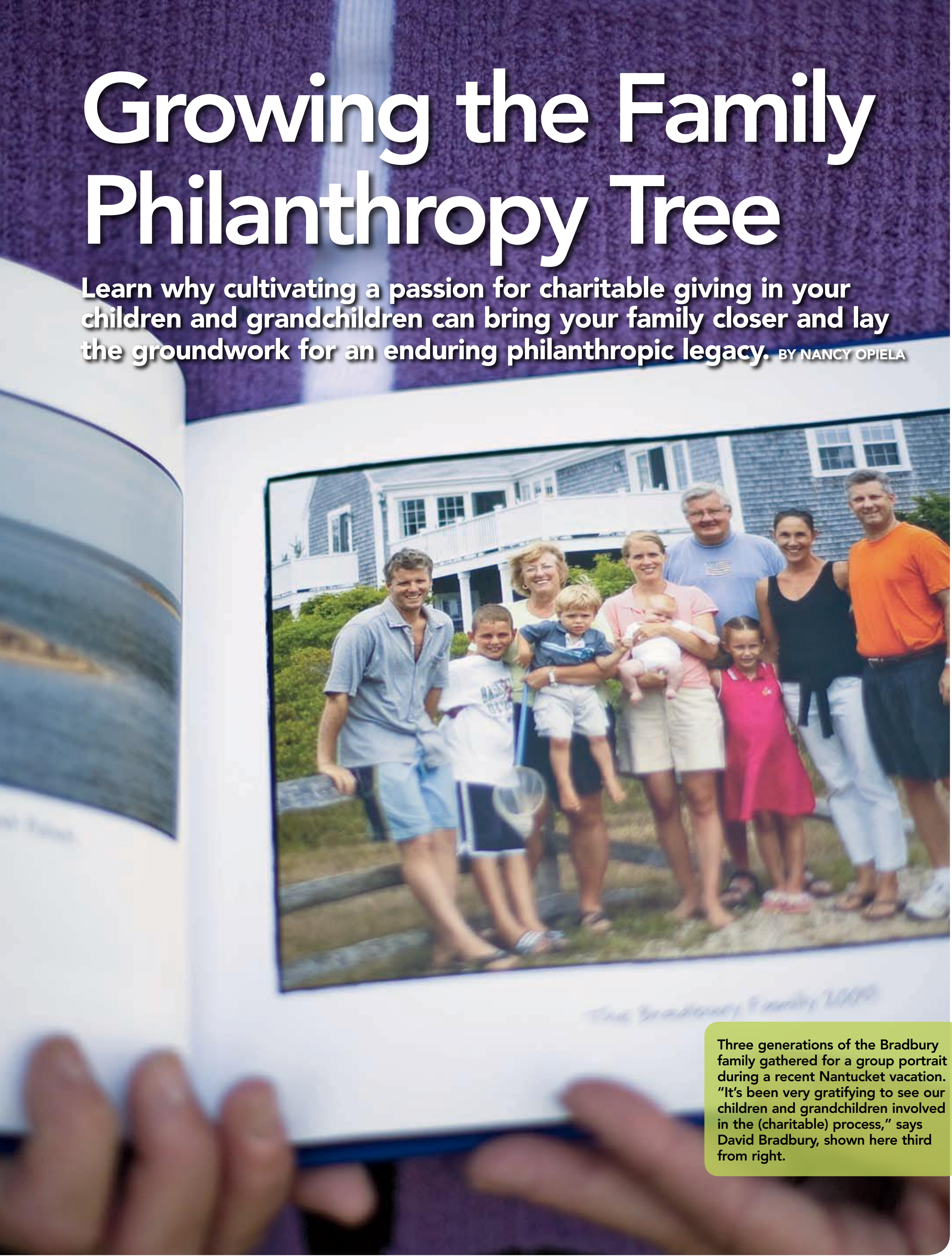
Growing the Family Philanthropy Tree

Learn why cultivating a passion for charitable giving in your children and grandchildren can bring your family closer and lay the groundwork for an enduring philanthropic legacy. BY NANCY OPIELA



Three generations of the Bradbury family gathered for a group portrait during a recent Nantucket vacation. "It's been very gratifying to see our children and grandchildren involved in the (charitable) process," says David Bradbury, shown here third from right.

PHOTOGRAPHY BY MICHAEL PIAZZA

THE RESORT TOWN of Branson, Mo., has much to offer vacationers: world-class entertainment, championship golf courses, and easy access to the Ozark Mountains and pristine lakes. But for Johnne Syverson, his best vacation memory wasn't about taking advantage of those amenities—it was the time his family spent discussing philanthropy one evening after dinner.

"It was amazing to see how not only our kids, who are in their 30s and 40s, but their kids were engaged by the idea of pooling our charitable donations in an donor-advised fund to support a charity that helps needy families in Africa," says Syverson, a certified financial planning practitioner at Syverson Strege & Company, a wealth coaching firm in West Des Moines, Iowa.

Besides the obvious benefit of engaging the different generations of his family in a philanthropic effort, Syverson says the discussion yielded an added bonus: It brought the family closer.

"Because it's a nonconfrontational, feel-good topic, discussions of philanthropy lead to other family discussions that never would have otherwise taken place," he says. "Philanthropy provides a basis for improved communication within the family, and most families are eager to do better in that area."

In a Nutshell

- Philanthropy does not always come naturally to young people—it is a concept that typically needs be taught.
- Consider setting aside time to have a formal family discussion about your philanthropic values.
- A donor-advised fund can encourage family involvement and help ensure that your charitable legacy continues with future generations.

A family affair

Like Syverson, David Bradbury, 61, has included his family in the giving process. He and his wife, Nancy, have established a donor-advised fund and invited their two grown sons and their families to make annual recommended grants.

The Bradburys' sons and their families recommend grants from their donor-advised fund to "Operation Smile," which provides dental reconstructive surgery and related health care to indigent children and young adults in developing countries and the United States. They also support the Vermont Food Bank and charitable organizations that protect battered women.

The Bradburys also have supported a program administered by Lawrence Academy in Groton, Mass., their sons' alma mater, that provides financial aid to students. Each year, two students from the Bradburys' former hometown of Littleton, Mass., receive financial support from the school. "We've heard some particularly gratifying and rewarding stories from some of the students who have participated in the program, several of whom have achieved great academic success," says Bradbury.

5 Steps to Engage Your Family in a Giving Strategy

When deciding how to involve family members in your giving strategy, you will need to consider their ages, levels of independence, strengths, and interests. Working through the following five steps will help you start giving as a family.

1 **Have Family Members Articulate Their Giving Goals.** Ask family members to express their charitable giving priorities in writing, rank them, and indicate the timing, amount, and mode of giving they would like the family to consider.

2 **Develop a Family Mission Statement.** Discuss family members' individual statements, and identify common goals and priorities among them. You might also want to identify competing goals during the discussion and prioritize them as new opinions are offered. Incorporate top goals into a philanthropic mission for your family as a whole.

3 **Decide Where to Give.** Begin to make choices about where and when to give, and set ground rules for making these decisions as a group.

4 **Select a Giving Vehicle.** Consider what level of involvement each family member would like to have in the giving process, and choose a vehicle that not only furthers the family's goals but also allows individuals to be as active in the charitable process as they want.

5 **Assess Your Impact.** Make time to regularly review the effect of your family's giving strategy. Devoting even a small amount of time at family events or holidays to this activity will allow you to enjoy together the results of your giving.

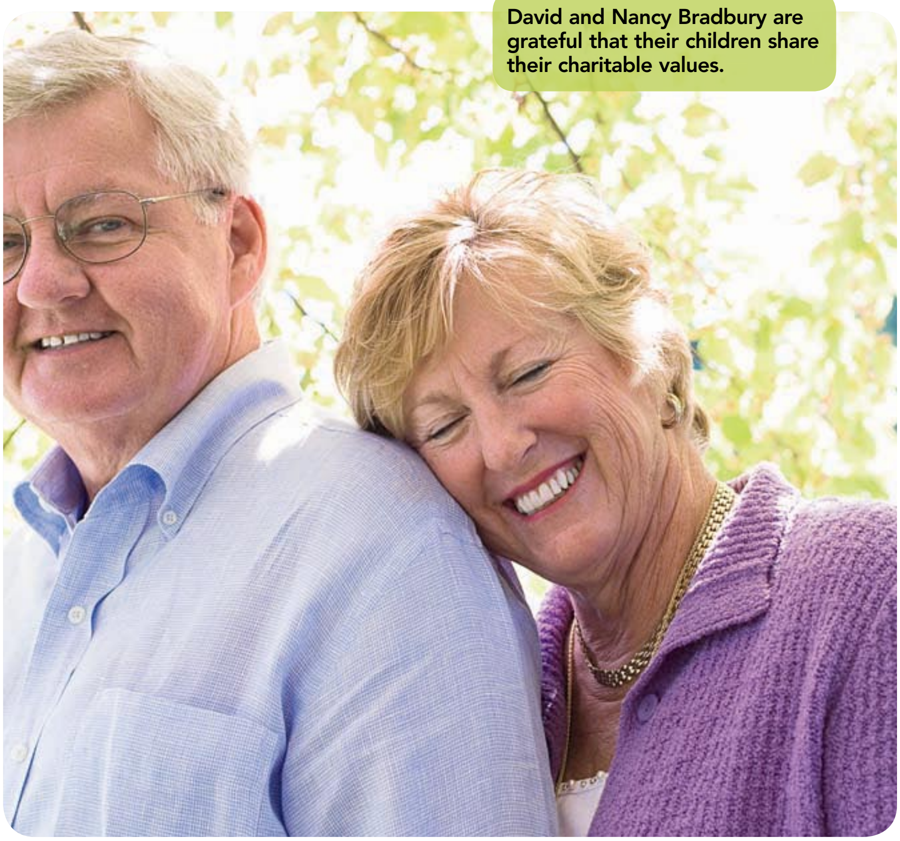
Source: Adapted from CharitableGift.org

"It's been very rewarding to see our children and our grandchildren become involved in this process," says Bradbury, who has devoted more time and money to charitable endeavors since selling his business a few years ago. "We're thankful that we're in a position to help. We're also very thankful that we have sons and daughters-in-law who have the same values and want to do the same types of things."

Raising good wealth stewards

According to Giving USA 2007, charitable gifts by Americans reached an all-time high of $295 billion in 2006. However, if this "Golden Age of Philanthropy" is to continue, it is imperative that many of those who are due to inherit an estimated $41 trillion over the next 50 years learn to appreciate the benefits of family philanthropy.* Like helping them ride a bike or learn how to swim, "parents may need to teach children how to be philanthropic," suggests Louise Cole, a managing partner with the Heritage Group Company, a Toms River, N.J.–based estate planning firm.

Many of Cole's clients belong to the "Greatest Generation," those Americans who grew up during the Depression, fought in World War II, and went on to create the baby boomers. "Brought up to understand values, faith, and tradition as the most important things in the world, this generation would always reach out and help their neighbor," she notes. "And because they wanted to give their families all the things they never had, the baby boomers generally had everything they needed in terms of material goods. Now, however, many of these parents worry they haven't fully conveyed to their children the values and work ethic that were instrumental in achieving their wealth, or their spirit of giving to others."



David and Nancy Bradbury are grateful that their children share their charitable values.

Cole's work often ends with a family retreat, where parents can teach family members how to work with the money they eventually will inherit. The key to teaching children to be good stewards of wealth, she says, is to put the family's wealth in context. "There's a point in the family retreat at which Mom and Dad tell their stories," explains Cole. "Maybe they didn't grow up with money. They worked really hard and saved 30 percent of everything they made. We talk about causes that are important to the parents—and why. By the end, the kids come to understand that their real inheritance is family values and traditions. I haven't worked with one family that hasn't come together in a very positive way."

Sow the seeds early

It helps for parents and grandparents to teach their kids from a very young age about the importance of giving back. If giving back has already been a part of their development, philanthropy is often an easier topic to discuss with teenage and adult offspring.

"This can be as simple as having children divide their allowance into three jars marked 'Spend,' 'Save,' and 'Share,'" says Ellen Remmer, vice president at The Philanthropic Initiative, Inc., a nonprofit consulting firm in Boston. Remmer also suggests families adopt simple giving rituals, such as donating a book to the library on each family member's birthday or hosting an annual holiday party to which guests bring coats to donate to a local shelter. Some children today are even forgoing birthday presents and asking their friends to make donations to a charity instead.

A hands-on approach often works best with children. "When your children are young, they can help pick up trash at the local beach or help build the new school playground,"

Ways to Help Make Giving a Family Effort

DONOR-ADVISED FUND: To facilitate charitable giving in your family, consider establishing a donor-advised fund, often referred to as a DAF. A donor-advised fund is an account you establish at a sponsoring organization, which is a public charity. Donors may be eligible for an immediate tax deduction for amounts they contribute to the sponsoring organization, while enjoying the freedom to recommend grants to eligible charities on their own timetable.

For example, the *Fidelity*® Charitable Gift Fund, an independent public charity, created in 1991, offers a donor-advised fund program. The Gift Fund's DAF is called a Giving Account®. To establish a Giving Account, you make an initial irrevocable contribution to the Gift Fund of at least $5,000 in cash, securities, or other complex assets. You and your family can then recommend grants to qualified charities when it will benefit them the most. In the meantime, the assets you contributed are invested, professionally managed, and have the opportunity to grow tax free. You can even name successor donors who will assume all Giving Account privileges after your death, recommend charitable organizations to receive the Giving Account assets, or choose a combination of the two.

A DAF offers a convenient way to pass your charitable giving values on to your children or grandchildren. Johnne Syverson suggests giving young children the power to recommend charities to receive grants of $100 to $500 from the family's DAF account. "The kids can recommend a charity that they care about based on knowledge that they've gained on their own," he says. "It's essential to involve children in the process. Simply seeing Mom and Dad sitting down and writing checks during the holiday season doesn't teach core philanthropic values."

PRIVATE FAMILY FOUNDATIONS: Families with substantial financial resources sometimes establish a private family foundation. The administrative responsibilities in maintaining a private foundation are more complex than those of a donor-advised fund. However, they also present a different kind of opportunity to involve teens and young adults, allowing you and your family more control over charitable grant-making.

You might consider forming a junior board of family members, ages 12 to 21, as an ad hoc charitable committee, with the authority to disburse a subset of the foundation's total grants each year, says Philip Flynn III, of Philanthropic Focus, a Vero Beach, Fla., company specializing in private foundation governance and legacy planning.

"It's not the size of the gift that is important, but rather that the kids have control and responsibility," Flynn says. "In addition to feeling part of the philanthropy, kids learn valuable skills, from how to read an annual report to how to set disbursement policies and benchmarks."

suggests Remmer. "As they grow, you might reach out to the broader community, by chopping vegetables at a soup kitchen or spending weekends building a house in a low-income community."

These early volunteer experiences have a powerful impact on philanthropic interests later on, says Tim Walter, CEO for the Washington, D.C.-based Association of Small Foundations. "When we work with trustees in their early 20s who are starting to work on a family foundation's board, they have a picture in their minds of a time when they volunteered as young children," he says.

Involving children in philanthropic activities is a rewarding way to pass on your deeply held personal values—and to help prepare adult children to manage their future inheritance. Yet the demands of daily life can make it difficult to find the time to hold a conversation about giving.

"You may have the best intentions to talk about philanthropy over a holiday dinner, but the conversation never surfaces," says Syverson. "Philanthropic discussions need to be initiated in a formal way. We drive our kids back and forth to basketball practice and music lessons. Then they head off to college. And before we know it, they're married with kids of their own, and we haven't talked to them about the values most important to us." •

*Millionaires and the Millennium: New Estimates of the Forthcoming Wealth Transfer and the Prospects for a Golden Age of Philanthropy, (1999)

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