



PASSAGES Issue Brief

EXPLORING KEY ISSUES IN FAMILY GIVING

Engaging the Next Generation

How to inspire a
philanthropic legacy for
your donor-advised fund.

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Your donor-advised fund, like the Giving Account from Fidelity Charitable®, is more than just a smart and flexible vehicle for charitable giving.

It also provides an opportunity to teach your children and grandchildren valuable lessons about giving and financial responsibility — and it offers a chance to create a philanthropic legacy that spans generations.

Study after study has found that children who are engaged in philanthropy early in their lives have higher self-esteem, are more adept at teamwork, and have stronger analytical, financial, and listening skills.

Getting the next generation involved has other benefits, too.

“It’s a way for family members to get to know one another in a way that they might not have if they did not have the donor-advised fund,” said Ginny Esposito, president and founder of the National Center for Family Philanthropy. “Most of us don’t really get to know our family members in terms of what they are good at, what they care about, and how they choose to spend their time and money. Participation in a shared donor-advised fund really gives you a chance to work with, to appreciate, and to learn from your family in some unique ways.”



But engaging the next generation is a difficult process for many philanthropic families. Varying generational perspectives and family differences can sometimes make it hard for parents to communicate effectively with children, teens, and young adults. In some cases, parents feel as though they have the “right ideas” about where and how to give — and end up being dismissive of the goals and tastes of the next generation. In others, the next generation may be resistant to the idea of getting involved in their family’s philanthropy because of privacy concerns, disinterest or discomfort with the focus of the giving, or simply a lack of time to participate.

Despite these natural barriers, there are a number of steps that you can take to encourage your children or grandchildren to get actively involved in using your donor-advised fund and teach them important skills that will make them lifelong givers. In the same vein, next generation family members can also take steps to ensure that they are getting the most out of their experience while also adding valuable perspective to the family’s philanthropy.

This guide explores how your family can effectively engage the next generation in its philanthropy.

Having Tough Conversations

As you engage multiple generations in your family’s philanthropy, it’s likely that there will be some difficult conversations — and possibly even disagreements — about the priorities and choices you make.

Disagreements aren’t necessarily a bad thing. But they can cause hard feelings and distract you from your goals if they aren’t addressed and managed in a productive way.

Here’s some advice on how to manage tough conversations productively:

- * **Aspire to develop a consensus during conversations.** Rather than having one side “win,” see decisions that provide mutual benefit for everyone. Your family can make decisions — even difficult ones — where everyone feels as though they have had a proper say in the outcome.
- * **Encourage each other to cultivate and express individual tastes and preferences.** If you truly want your donor-advised fund to serve as a vehicle for shared family philanthropy, it’s important that each person has a say in the direction of your philanthropy. If someone is staying quiet, ask him to share his thoughts — and be ready to offer a constructive response, even if you disagree.
- * **Handle authority and agreements with a spirit of partnership, rather than having one person exercise power.**

Start Young

It's never too early to begin engaging your children in your family's philanthropy! Even if they are too young to formally participate in the management of your donor-advised fund, you can still find ways to include next gen family members in your philanthropy and teach them about the value of giving to your community.

No matter their age, you can initiate a number of practices in your day-to-day activities to help introduce them to the concept of giving. These practices include the following.

Modelling philanthropic behavior

Adults can show children how to act philanthropically by involving them in their own charitable activities and in discussions about their giving. This helps show that philanthropy is natural and important, and helps young people understand how money and action can make a difference. Philanthropic activities can also help instill in your children pride for the way your family is helping the community.

Volunteering together

While many children are exposed to charity through school or religious activities, volunteer experiences with their families can be particularly profound in helping them learn about the value of philanthropy. One way to engage the next generation is to find volunteer opportunities that allow both adults and children to take meaningful actions to help their communities.

Leveraging 'teachable moments'

Use everyday experiences to illustrate the importance of philanthropy and charity. These experiences can be as simple as pointing out a charitable organization that is making a difference in your community or showing your children how people are coming together to give time and money to help after a natural disaster.

Providing a 'giving allowance'

The National PTA recommends every child have an allowance to help teach them about charity, saving, and responsible spending. Some parents give their children allowances with the stipulation that a third is allocated to charity and the other thirds are for saving and spending.



Allocating funds for grant recommendations

While it is important for young people to give away their own money, some families go a step farther by designating a portion of their donor-advised funds each year for children to support a charity of their choice. This not only gives children the opportunity to learn how to be philanthropic, but offers them an opportunity to learn how to research nonprofits and causes.

Creating personal mission statements

One exercise that helps teens learn about philanthropy is having them draft personal mission statements. In doing so, they reflect on the needs in their community and identify what skills they have that can help fill those needs. Parents (and grandparents) can create mission statements as well!

Engaging Young Adults

As the millennial generation continues its march into adulthood, many families are looking to provide a more hands-on role in their philanthropy.

Your family's donor-advised fund provides wonderful opportunities for working with your adult children to guide your family's philanthropy – and their involvement can not only bring a fresh perspective to your grant recommendations, but also provide an opportunity for your family to build stronger relationships and advance its philanthropic legacy.

What's more, by engaging young adults in your family's philanthropy, you can help them become more actively involved in their communities and more financially responsible while also encouraging them to assume leadership roles within the family.

But while the opportunities are great, there are a number of barriers that might prevent young adults from getting actively engaged in your philanthropy.

- Young adults may lack time and flexibility in their current stage of life. This is especially true as they are building their own careers and starting their own families.
- Young adults may experience significant culture shock when first becoming involved in their family's philanthropy. Some young adults can feel isolated and uncomfortable with wealth and their role as philanthropists. This is especially true if they do not yet have their own wealth.

Additional suggestions for families seeking to involve young adults

- **Determine why you want the next generation to get involved.** Explain your reasons, and ask what their own reasons are for wanting to become involved.
- **Discuss your philanthropic finances openly.** Give young adults a full picture of the scale of giving they are becoming involved in today and over time.
- **Make sure young adults have the information they need to stay current with philanthropic activities.**
- **Be clear about the roles that they can play.** Give young adults clear structures that they can fit into.
- **Allow young adults the opportunity to become trustees when they are young.** Don't wait until they are 35 or 40 years old.
- **Consider allocating discretionary funds.** Discretionary funds can offer the opportunity for young adults to connect grantmaking to their communities and interests.
- **Encourage them to contribute personally, either through the family giving vehicle or on their own.**
- **Create a network of other family philanthropists for support and guidance.** Connect young family members with other young adults involved in philanthropy.
- **Listen and respond to their ideas.** Do not discount young adults because of age or if they don't contribute financially to the foundation. Ask questions of them, and encourage them to ask questions of you. Trust them to make good decisions.
- **Create a youth-friendly environment.** Try to hold meetings at times and locations that are accessible to them.
- **Pay attention to generational succession.** Welcome and orient new advisors to your fund. Talk about generational differences and commonalities.
- **Make philanthropy accessible to young adults.** Make philanthropy fun, rewarding, and relevant to their lives.
- **Clarify decision-making processes.** Provide mediation tools and training. Consider the use of non-family facilitators.

Source: *Opportunity of a Lifetime* (NCFP, 2002)

- Young adults may bring divergent interests, different values, and conflicting points of view to the family’s grant recommendation process.
- Young adults who have moved away from their hometown may not feel a connection to the family’s philanthropy, particularly if it is focused on a specific place.
- Young adults may feel uncomfortable with family dynamics and relationships.

These barriers, however, are by no means impossible to overcome. There are a wide variety of tactics your family can employ to help prepare young adults to become engaged in family philanthropy. Here are several suggestions:

- **Discuss your philanthropy and provide learning opportunities.** Find time to talk informally about your family’s mission, your donor-advised fund’s grant history, and your goals. Provide your children with resources to attend local conferences or workshops about philanthropy and the issues you care about.
- **Bring them along. Invite young adults to join you for site visits to or meetings with organizations that you are considering supporting or incorporate a site visit into a family trip.** Have them suggest their own potential grantees. Debrief after each meeting or visit.
- **Talk about legacy.** Discuss your family’s history and what it means for your shared family legacy. Tradition can often influence giving. Some families even encourage teens to create videos or oral histories of the donors and other family members.
- **Define their roles.** Teach them about how you make decisions about your philanthropy and offer them a scope of responsibilities and decision-making authority.
- **Prepare yourself for difficult conversations.** The opportunity to become a philanthropist will prompt your young adult family members to reflect on their political, economic, and social



beliefs. Be prepared to listen, answer questions, and help your young adult think through complicated issues as they arise.

- **Provide background.** Teach them how to read non-profit financial statements and other technical information they might encounter.
- **Give them a voice.** Invite young adults to explore and articulate their values, experiences, and giving goals. Generate lists of activities they are interested in becoming involved with and work with them to take next steps to incorporate these goals into your family’s giving practices.

What to Do If They're Not Interested

Sometimes, despite your best intentions, teenagers or young adults may not express an interest in philanthropy. In those cases, it could be a matter of time or of finding an activity that best matches their interests.

Here are some suggestions for how to handle situations in which the next generation isn't receptive to getting involved in philanthropy:

- **Be patient.** Often someone who is not interested in philanthropy in their teens or 20s will become interested at a later date.
- **Be creative.** Look for opportunities to find activities that tug at their heartstrings, even if they do not necessarily correspond to your family's philanthropic activities. For some,

their reluctance isn't about giving back — it's about not being interested in the causes you personally support.

- **Avoid pressure.** While you want to make sure future generations understand and appreciate the value of philanthropy, it's important not to make giving or participating in your family's philanthropy an obligation. Doing so undermines the spirit of giving — and it might turn off those who don't like to be pressured.
- **Keep the door open.** Some next-generation family members have an interest in philanthropy, but have other priorities or interests that prevent them from getting involved immediately. Make sure you communicate that the door is always open for them to get involved whenever they are ready.



Advice for the Next Generation

If you are a member of the next generation of your family that is getting engaged in its philanthropy, you bear your own responsibility for ensuring that you work effectively with the senior members of your family. Here is some advice to help you navigate the transition:

- **Respect and honor the senior generation.** You may choose to make changes over time, but doing things differently today doesn't mean that what was done yesterday was wrong. Build on the strengths of the past and acknowledge them.
- **Gain outside experience.** One of the best ways to be an effective philanthropist is to understand how nonprofits and foundations operate. If possible, look for opportunities to volunteer at a nonprofit, serve on a nonprofit or foundation board, or gain professional experience by attending a workshop or conference or joining a peer network/community
- **Set realistic expectations.** Be clear about the time you have available and be responsible about doing what you agree to do. Make specific suggestions about the leadership you and your siblings are willing to take on.
- **Make personal gifts.** There's no better way to learn about effective philanthropy than by contributing your own time or money to a cause that matters to you. Even a small contribution can teach you quite a bit about how to be an effective giver.
- **Share your perspectives and passions.** Don't be afraid to explore and express your own thoughts on giving and what's important. You might be surprised how willing others in your family are to hear your ideas.



Conclusion

It's important to have open and regular conversations across generations about how you'd like to jointly approach your family's philanthropy.

Because each family is different, there is no one recipe for ensuring that multiple generations work together effectively. But by following the advice outlined above, your family can begin to chart a path that works best in the context of its dynamics and its goals.



As you move forward with your efforts to engage the next generation of your family with your donor-advised fund, you may find the following National Center for Family Philanthropy materials helpful. While many of these resources are available only for NCFP Funders, through a special arrangement with Fidelity Charitable®, Fidelity Charitable donors may receive a complimentary copy of these materials by filling out a short publications request form at ncfp.org/contact/fidelitycharitable.

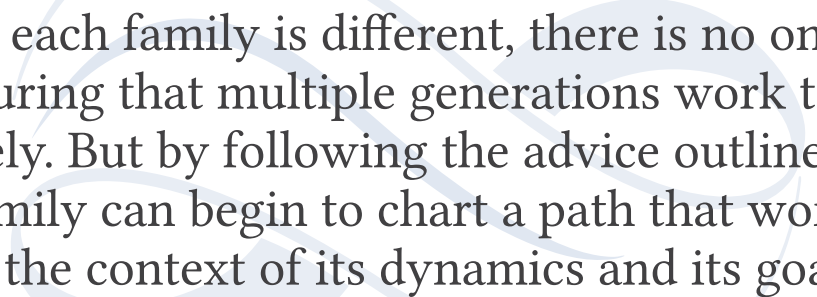
- *Generations Together*: a series of interactive, online modules that families can draw from as they walk young people through the process of learning about their family's history, understanding their values and traditions, and developing the skills and talents they need to become effective philanthropists.

- *Growing to Give: Instilling Philanthropic Values in Teens and Preteens*
- *Choosing and Preparing your Grantmaking Successors*
- *Passing the Baton? Generations Sharing Leadership*
- *Successful Succession: Inspiring and Preparing New Generations of Charitable Leaders*
- *Estate Planning as a Family: A Collaborative Approach*

- *Family Philanthropy Transitions: Possibilities, Problems and Potential*

You may also be interested in other guides in this special series:

- *Family Dynamics and Giving Together* (Available October 2016)
- *Transitions in Family Philanthropy* (Available December 2016)



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*About the National Center
for Family Philanthropy*

The National Center for Family Philanthropy is the only national nonprofit dedicated exclusively to families who give and those who work with them. We provide the resources, expertise and support families need to transform their values into effective giving that makes a lasting impact on the communities they serve. Together, we make great things happen.

About Fidelity Charitable

Our mission is to further the American tradition of philanthropy by providing programs that make charitable giving simple, effective, and accessible. The Giving Account, a donor-advised fund, was introduced in 1991 when Fidelity Charitable was founded. Today, we work with over 100,000 donors to support more than 200,000 charities and make more of a difference every day.

www.fidelitycharitable.org

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