

Motivations for Giving

By Sharna Goldseker

Why do high-net-worth people give? During my 15 years in the field, I've witnessed three primary impulses for giving:

- Tax efficiency—clients have enough for themselves and their descendants, and philanthropy becomes part of tax planning
- Altruism—a values-driven motivation to give back or to make a difference
- Legacy—the desire to engage the next generation in the family's enterprises

Tax Efficiency

During tax planning, accountants, trust and estate attorneys, and other financial advisors recommend that individuals make charitable contributions for the tax benefit it affords them.

"Philanthropists do stand to benefit financially from their generosity," said Aliya Sahai, principal of Bernstein Global Wealth Management. "Lifetime contributions to qualified charities, including family foundations, are income-tax deductible subject to limits. By leveraging these deductions, and not deferring charitable transfers until death, a donor can often increase the size of the charitable legacy and may in some circumstances benefit herself or her family."

Two-thirds of high-net-worth individuals would give less if the tax deduction were taken away, according to Bank of America's Claire Costello, national practice executive for philanthropic management. Regardless, "charitable planning for tax purposes is an expression of one's financial security," Costello said. "People who feel they have enough wealth for themselves and their descendants begin to figure

charitable vehicles more prominently in their tax planning."

Values-Driven Approach

Donors' prime motivation for giving is likely their values-based desire to give back or to make a difference.

"With privilege comes responsibility" is the mantra of Beatrice Cummings Mayer, daughter of the late Nathan Cummings, owner of the Sara Lee Corporation and founder of a multigenerational family foundation that bears his name. For many like Mayer, philanthropy is motivated by a desire to give back to one's community, to educational institutions, and to society at large in return for the opportunities life has afforded them.

Jeffrey R. Solomon, president of the Andrea and Charles Bronfman Philanthropies, takes this values-driven approach one step further by describing philanthropy as the "passing lane" for society, where funders can invest in research and new ideas that will benefit all the drivers on the road. Curing diseases, developing public health infrastructure, building educational institutions, and supporting social entrepreneurialism provides society with innovation capital, and the values-driven funders behind it feel they are supporting betterment for everyone.

Engaging the Next Generation

Perhaps the most personal incentive of the three is the desire to engage children and/or grandchildren in family philanthropy. From our experience at 21/64, a nonprofit consulting practice specializing in next-generation and multigenerational philanthropy, older generations want to pass along legacies,

prepare younger generations for future stewardship of family foundations, or simply bring the family together around the activity of charitable giving. While the desire for family unity is strong, especially as adult children marry and begin families of their own, working across multiple generations can be as challenging as it is rewarding.

Generational Personalities

Brain research has taught us that the events and experiences people take in to configure how they see the world. By extension, the generational events and experiences people have also form the lens through which they view their philanthropy. Four generations or cohorts now populate U.S. society:

Traditionalists—those born between 1925 and 1945—were shaped by the invention of movies, cars, and airplanes as well as the experiences of the Great Depression, segregation, and two world wars. Their values were forged in an era when loyalty, patriotism, and faith were rewarded, so their legacies focus on contributions to family, community, church, and country.

Baby boomers—those born between 1946 and 1964—were shaped by the post-World War II economic boom that brought opportunity for upward mobility, the invention of television (which brought pop culture to their living rooms), moon landings, civil rights, women's rights, the Vietnam War, and the anti-war movement, all of which empowered people to participate in democracy and feel like they could change the world. With new-found freedoms—whether from the Pill or *Brown vs. Board of Education*—also came unrest, which some thrived on



and others feared. The range of ideology spanning the traditionalists to the baby boomers nurtured new tensions within families. Baby boomers, however, competed for and secured leadership roles in family philanthropic enterprises, then began resisting the next generation that was eagerly awaiting a turn.

Generation X—those born between 1965 and 1980—grew up amid the Watergate and Iran Contra scandals, as the free love of Woodstock transformed into the AIDS epidemic, as the War on Drugs added crack to its list, and as the divorce rate tripled among Americans. Gen Xers learned to be skeptical of every institution—government, business, even the institution of marriage. How does this affect their view of perpetual family foundations? How does this affect their view of the large institutions that their grandparents founded and their parents have led? As the smallest of the four generational cohorts, gen Xers never had to compete for leadership in their fields. They entered management positions in their 20s and 30s, and their ambition to lead family philanthropies sometimes comes across as a disrespectful affront by those who earned their stripes through years of service. Gen Xers' skepticism, independence, resourcefulness, and adaptability show up in their social enterprises, which include Teach for America, KIPP schools, Dress for Success, and Donorschoose.org.

Generation Y or Millennials—those born between 1981 and 2000—have lived through Columbine, Oklahoma City, hurricanes Katrina and Rita, and 9/11, which have catalyzed civic participation and resulted in higher rates of voting and volunteerism. Perhaps as a result, gen Yers already are boasting strong legacies of giving. Technology has given them tools to convene, communicate, and advocate for change by pushing a button or typing a tweet. It's also enabled them to research and learn the machinations

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of their families' philanthropies more quickly than older generations anticipate; they are up to speed and ready for real involvement. This generation is tolerant of people of other races, religions, ethnicities, and sexual orientations because their schools and workplaces are more diverse than those of previous generations. This combination of experiences made gen Yers a voice of reason among the multiple generations at family philanthropy tables.

With knowledge of these distinct generational personalities, advisors can work with clients to find opportunities for philanthropic giving that align with experiences and values.

Discovery

Advisors often build relationships with clients through a process of discovery. In our practice, we begin by asking clients about their histories, values, goals, objectives, and so on. Understanding someone's generational personality—the lens through which they see the world—can be an important component of discovery.

Advisors who take time to ask thorough historical questions in discovery can get a fuller picture of what clients are trying to achieve and gain a better sense of how to help them fulfill their motivations for giving.

We ask questions such as:

- What was your life like growing up?
- What were the historical/economic/social events that shaped you during your formative years?

- Who were the people in your life who loom large because of the messages that they taught you?
- How have those messages left a lasting impression on how you behave in the world?
- What is the legacy you'd like to leave?

These conversations can take place with clients of all ages. A 39-year-old Italian American woman I work with recently sold the clothing company she began 10 years ago and is planning the next chapter of her life. She's decided to embrace what she learned running a woman-owned business and to promote a legacy that includes messages of empowerment and achievement to women worldwide, so we are looking at educational and micro-loan opportunities for her to invest in.

An 80-year-old Jewish woman I worked with talked about her experiences surviving the Holocaust, then starting a food and beverage company with her husband in the United States. She recalled how her education was the only thing that couldn't be stripped from her during the war. Now her family foundation supports scholarships for young women as part of her legacy of giving.

Navigating Generational Differences

Discovery with a client family where each generation brings a different perspective can be a daunting conversation.

A man born in the United States in 1900 could have expected to live until



the age of 47, but today's average life span has increased to 79 for men and 82 for women. No longer do we see family philanthropy vehicles—or family enterprises generally—being passed from one generation to the next like a baton in a relay race. Instead, we see multiple generations living longer and staying in the game longer—including the family's philanthropy.

As advisors, how can we help families navigate those generational differences and reach consensus?

Oxygen in an airplane. Advisors often forget to remind the person who is initiating the philanthropy about the message that every flight attendant announces at the beginning of every flight: “In case of emergency, put on your own oxygen mask before assisting others.”

Advisors must help the initiating client to develop his or her own philanthropic identity before inviting other family members to engage in the process. If the founding donor doesn't articulate his or her motivation for giving, values, and vision, other family members will only complicate the philanthropic enterprise.

Consider them peers. While parents always will see their children as youngsters, the kids who are participating in family philanthropy are really adults. As advisors, we must address them as adults and peers in the decision making and invite them to bring their values, generational personalities, and skills to the table. In this way, the kids can engage as active participants and the family can model how adults can discuss philanthropy and other issues even among differences of opinion.

Motivational values. In our practice, we've noticed that a candid conversation about generational differences can be hard for many families and difficult for advisors to facilitate. Therefore, we created some simple yet powerful tools that advisors can use with families to make these conversations easier.

A deck of motivational values cards, for example, contains 25 cards, each representing a value that motivates individuals personally and philanthropically. Users sort the cards by the values that motivate their philanthropic decisions. The cards help individual donors prioritize values and provide a common vocabulary for discussing values across generations.

One family we worked with included a traditionalist grandfather who funded scholarships in his local community and his gen-Y granddaughter who wanted to fund rebuilding efforts in the Gulf of Mexico. They thought they had different funding interests; but after sorting the motivational values cards, they realized they both valued justice and opportunity and were motivated to give back and support those in need of a leg up. In fact, the granddaughter said she learned those values from her grandfather. These two might have remained at a stalemate without a tool that uncovered their common ground.

Picture your legacy. Based on the success of the motivational values cards, we developed *picture your legacy* cards to help users articulate their philanthropic visions. This deck contains 52 colorful images designed to evoke greater understanding of an individual or groups' philanthropic aspirations.

We recently worked with two generations of a family where baby boomers and gen Xers from four family branches were trying to create a vision statement. Each family member chose three images from the deck that best depicted the philanthropist he or she aspired to be. One father selected a photograph of redwood trees and expressed a desire to root the foundation's vision in his parents' tradition of giving to local arts and social service organizations. His gen-X son chose an image of a colorful box of pencils and expressed a desire for their philanthropy to foster growth and enrichment through the arts.

As the advisor, I captured all their choices and facilitated a small working group of family members to write a vision statement that wove the strands of vision into a guiding document for the foundation. When disagreements about what to fund arose in the future, family members could point to the vision statement as the memorandum of understanding they agreed to abide by.

Field a team. It used to be that people had to “put in their time” to achieve positions of authority. Leaders were seasoned only through years of experience. Today's next generations already possess valuable experience by having grown up with a global perspective and information technology. Rather than seeing new people and new ideas as rocking the boat, families want to think about their foundations as teams. As advisors, we can help families both honor the generations that established the foundation and simultaneously engage the different types of expertise of younger family members.

When fielding a team for any sport, managers don't look for the players who have been playing the longest. They look for the best people with different talents to play different positions. When it comes to philanthropy, traditionalists may have the most years of wisdom; boomers may have years of experience stewarding organizations; gen Xers may have financial expertise to bring to bear on the investments of the foundation's assets; and gen Yers may have suggestions about using technology to pass information around to geographically dispersed family members. As advisors, we can help our clients work on fielding the strongest team possible.

Whose motivation is it anyway? Family matriarchs and/or patriarchs must come to terms with their underlying motivations for giving. Is the family philanthropy about the family or is it about the philanthropy? If family is the prime motivator, and the

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intention is to bring the family together through philanthropy, then advisors must help create room for values and visions of multiple generations of family members. If the real motivation is to carry out the interests of the matriarch or patriarch, then advisors must help the family see that the philanthropic motivation trumps all others. This distinction can be an important clarification that frees family members from conflict about the family foundation.

Conclusion

As advisors we must help clients clarify whose motivation—and what kind of

motivation—for giving is driving the decision making. With an individual client, our role is to help that person see the opportunity for philanthropy and fulfill the motivation for giving. With a client family, after thoroughly exploring motivations during discovery, we often can help family members get on board to achieve any or all of the three motivations for giving—receiving a tax benefit, making values-driven gifts to organizations, and engaging younger generations. 

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