

Paying It Forward

Some families are hiring “wealth coaches” to transfer money to the next generations



The family patriarch, in his 70s, is an up-by-the-bootstraps, Horatio Alger-type success story. He soon plans to sell two privately held businesses he built from the ground up, and wants to put 90 percent of the proceeds, in the low-nine figures, into his family foundation. He has five adult children between the ages of 35 and 47 who are all active and successful. Before he acts on his intentions, however, he wants to be sure his children support this plan and are prepared to perpetuate his legacy.

Therefore, well in advance of the sale, the patriarch hired a wealth coach to interview each child individually. Then he brought the coach and all the children together for a half-day conclave to share the content of those interviews. The children appreciated being included and having a neutral facilitator talk about the transition. The patriarch now sleeps better

knowing just how involved each child wants to be going forward.

The patriarch is in step with several current trends in philanthropy: the transfer of wealth from Greatest Generation parents to their Baby Boomer children; the use of specialist wealth consultants to encourage open dialog within families about the often taboo subject of money, and the desire to leave a philanthropic legacy.

Never has the adage “charity begins at home” been truer than it is today. Both the aggregate amount of charitable dollars available and the number of family foundations are on a steep rise. A 1999 study by the Boston College Center on Wealth and Philanthropy predicts that between \$41 trillion to \$136 trillion is in the process of being transferred from pre-World War II parents to their children, and \$6 trillion of it will probably go to charity. Further, some 20,000 family foundations have been set up in the last decade and roughly

1,000 new ones incorporate annually, says 21/64, a division of New York-based Andrea and Charles Bronfman Philanthropies, experts in intergenerational philanthropy.

Being awash in a sea of money, charitable options can be daunting. But introducing the family’s values and philanthropic inclinations early on will help your children—and theirs—keep your intentions afloat.

Sharna Goldsecker, 21/64’s director, says there is no optimum age at which to launch a dialog about family philanthropy. Many families require their children to set aside a portion of their allowance for philanthropy. Doug Bauer, senior vice president of Rockefeller Philanthropy Advisors in New York, suggests parents guide children to spend a third, save a third and give a third of what they have to charity.

Susan Crites Price, managing director of family

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—Susan Crites Price
Council on Foundations,
Washington, D.C.



Carol Lippert Gray

\$41
trillion to
\$136
trillion:

The intergenerational wealth transfer expected to take place between 1998 and 2052, of which \$6 trillion is likely to be devoted to philanthropy.

—Social Welfare Institute at Boston College

foundation services at the Council on Foundations in Washington, D.C., and author of *The Giving Family: Raising Our Children to Help Others*, advises starting young, perhaps in preschool, with the *Aesop's Fable* of the lion and the mouse. "Be a role model," she says. "You have to tell kids and show them." Work once a month as a family at a soup kitchen or take your children with you to make a donation to an animal shelter. "Tell them that this is what you do when animals are needy and don't have people to help them," says Fredda Herz Brown, a family philanthropy consultant with the Metropolitan Group of Cresskill, N.Y. "Tell them that some people don't have people to help them, either."

Young people also are becoming attuned to giving back as more high schools and colleges mandate a community service component in their curricula. "We make [children] brush their teeth. We should make them give and serve," Price says. She suggests parents let children "have a say in where they spend their time and treasure.... The values may be the same from generation to generation, even if the implementation is different." She cites the example of a grandfather who endows scholarships while his granddaughter prefers giving microgrants to female entrepreneurs. The common ground? Enabling people to get ahead.

But starting those conversations isn't easy. Many families are turning to third-party mediators, and the

trend is growing. Citigroup, JPMorgan Chase and others are establishing what Bauer calls "safe spaces" for parents to talk with each other and with their teen-aged or young-adult children. "It's an emotional issue," says RPA's Bauer. "Each family has its own set of dynamics. There are soft psychological issues that become very hard." These issues may include doubts about the children's capabilities—"Can Johnny or Mary really handle this?"—as well as personality conflicts between parents and their children. Philanthropy may be a lesson in how to handle wealth, he says, but "there has to be a coming together of the minds about how you view the world."

Handling Sudden Wealth

Some parents hire a family coach to help them sit down with their financial advisors and children, to discuss the dynamics of wealth, financial management, the family foundation—and even basics like checkbooks and stocks. Bauer says some of the coaches are psychologists who specialize in helping children handle sudden wealth, or "new money" burdens. Bauer says many private banks "keep [coaches] on retainer or in their Rolodex and can make referrals." Trust and estate lawyers also may suggest coaches.

Some families, however, forgo legacy talk altogether. Metropolitan Group's Brown says it's not uncommon for grandparents to work directly with their grandchildren, skipping a generation (and parent-child conflicts). Other families create separate funds or junior boards to let children make small grants before joining the full board.

While there's no question that wealth can be a burden, Price says philanthropy lets young people learn new skills and expand their worlds. "In foundations, one of the things that is sometimes stifling is that the mission is narrow," she says. "If there's not some flexibility there, some [children] say they're not going to be that interested. And if the kids aren't introduced to the foundation until they're adults, they may not be interested. Involving them early helps them see it as an opportunity rather than a burden." ▲

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intergenerational resources

The Foundation Source developed *The Gifting Game* to help parents teach children about philanthropy. Players can find causes important to them and common ground with other family members. www.foundationsource.com.

The Giving Family: Raising Our Children to Help Others by Susan Crites Price and published by the Council on Foundations, is available through the Council, www.cof.org, and on www.amazon.com. The Council's 2007 Family Foundation Conference will be held Feb. 25-27, 2007, in Baltimore.

21/64 helps young people explore questions about what they have inherited, who they are and what to give. It developed a stack of motivational values cards, each printed with a different value that drives decision-making. By prioritizing the cards, players clarify what motivates them personally to give, and facilitates conversation. www.2164.net.

Resource Generation offers peer networking and retreats for young, wealthy adults. For information, visit: www.resourcegeneration.org.

The National Center for Family Philanthropy encourages families and individuals to create and sustain philanthropic missions, and offers information and counseling on intergenerational issues. www.ncfp.org.