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LEAVING A LEGACY OF PHILANTHROPY

By Robert G. Blue

One of my clients recently sold a family business for a handsome amount, and for the first time he and his wife had to consider these questions when revising their estate plan: ***How wealthy do we want our children (and grandchildren) to be? What are our family's values concerning charitable giving? How can we best share these values with our children and future generations?***

While in this case it took a special event to prompt such thinking, I expect that most clients would benefit from pondering these questions as they consider lifetime and testamentary planning. In the course of planning discussions, the practical goal of minimizing estate taxes often takes precedence over more ethereal issues about the consequences, both good and bad, of inherited wealth, so the subject of developing strategies to encourage responsible use of wealth doesn't get the attention it deserves. Yet most clients, when asked, say that one of their greatest fears is that inherited wealth will erode their child's work ethic or serve as a disincentive to personal or professional achievement.

Of course, it is impossible to predict how beneficiaries will react to inherited wealth. One way of improving the odds for the better, however, is to educate and involve children in your estate planning and charitable giving goals while you are still living and able. For instance, Charles W. Collier, senior philanthropic advisor at Harvard University, suggests that families that succeed in accomplishing their personal and charitable goals openly discuss the family's wealth and its shared vision for use of that wealth.[1] If the shared vision includes charitable giving, philanthropy experts suggest the following:

- ✓ Develop a family mission statement which articulates the family's charitable giving goals.
- ✓ Decide on the vehicle that best achieves those goals, e.g., a donor-advised fund at a community foundation or a private family foundation.
- ✓ Draft a document which establishes how the family will make decisions about charitable giving within the chosen vehicle.
- ✓ Involve children and grandchildren (when of a suitable age) in deliberations about amounts to be given to charity and which organizations should be selected.

The last step is important. Not only does it serve to educate children and grandchildren about the impact of charitable giving, but it also provides other benefits such as teaching children and grandchildren about investment management (how to invest the charitable fund), due diligence (which charitable organizations most efficiently and effectively serve their intended beneficiaries), problem-solving, consensus-building, and public speaking. In this respect, family philanthropy can be what Collier refers to as a "competency experience."[2]

Philanthropy professionals such as the well-qualified staff at the Baltimore Community Foundation are able to facilitate forming a family mission statement and coordinating family meetings to carry out the mission. The message from leaders in philanthropic giving and respected sociologists and psychologists alike seems clear: don't wait until your death to create a family legacy of charitable giving. When family members reach appropriate ages, talk openly with them about the family's financial and charitable goals and involve them in the decision making. In addition to leaving a charitable legacy, you may well end up perpetuating your family's core values.

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[1] Charles W. Collier, *Wealth in Families* (Harvard University, 2001), pp. 7, 37–38.

[2] Id. at p. 81.