

Giving as a Family

Helping clients and their families fulfill their charitable goals will strengthen your relationship and extend your reach to the next generation. With a deep understanding of local needs, community foundations are an ideal resource for family giving.

Just as parents can bequeath their wealth to their children, they can also pass down a legacy of philanthropy and community service. Creating donor advised funds for children at a community foundation is an excellent way to start building that tradition.

“Setting up a donor advised fund for the children is a powerful way for families to gather around an activity that will contribute to community-building,” says John G. Davies, president and CEO of the Baton Rouge Area Foundation. “Philanthropy can become a connective tissue of their family structure.”

An invaluable partner in this group effort is the local community foundation. It can transform a young person’s fledgling interests into lasting charitable behavior. By talking to your clients about family philanthropy at a community foundation, you can expand your offerings and develop a strong relationship with the next generation.

Introducing Young People to Philanthropy

Donor advised funds offer families a meaningful way to talk about community responsibility “in terms that aren’t just father preaching to daughter,” according to Kevin Lyle, a Louisiana donor. Lyle’s daughters were 15 and 12 when he set up donor advised funds for them through the Baton Rouge Area Foundation, where Lyle, his sister, and his father already had funds. “We can talk about how important it is to give back if you’re fortunate enough to have the resources,” says Lyle, who is also a technology consultant at the foundation. “It creates a good avenue for dialogue about a topic that may otherwise have to be conveyed in a preachy way.”

For some families, philanthropy begins even earlier. “With one of our funds, the grandparents gave donor advised funds to six of their grandkids, ranging in age from 6 to 16,” says Heather Larkin Eason, executive vice president of the Arkansas Community Foundation. Another family includes donors who are 8, 9, and 10 years old. “Each child has to bring one idea to the table and make an argument for why the family should fund it, and then the family decides as a group,” Eason explains.

The Advisor’s Role

Some advisors may be hesitant to raise the question of family philanthropy with their clients. “[But] the benefit to the advisor is that the relationship in a comprehensive family plan will continue through the generations,” Davies says. It is also an opportunity for advisors to share their expertise. “These are big, thorny, difficult issues that people have to wrestle with, and the financial advisor has unusual insight into the questions and some of the answers,” Davies says.

When starting the discussion about family philanthropy, you can guide and shape your client's thinking by asking a range of questions:

- What are your charitable objectives? Do you want to pass those goals on to your children?
- How old are your children? What is the level of responsibility you would like the children to have? How can those responsibilities grow and change over time?
- What, if any, type of administrative work is your family willing to handle?
- What are your hobbies, interests, and passions? What areas of charitable opportunity do you feel are most important to your community?

Many families find that starting a donor advised fund at a community foundation—as opposed to creating a family foundation—can be the easiest and most effective means to put their charitable goals in action.

Still, Eason points out, misperceptions about community foundations may persist among some professionals. “Many advisors don’t understand that a community foundation is a neutral type of giving vehicle for a family, and not an end in itself,” she says. “They think that if they bring a community foundation into the discussion, then they are promoting a specific nonprofit or cause.”

The Benefits of Community Foundations

According to Eason, community foundations offer three major benefits to donor families.

- **Expertise:** With their deep knowledge of local charities, community foundations can identify the giving opportunities that best suit a family's interests.
- **Structure:** Community foundations provide an established framework for the giving process.
- **Simplicity:** Families don't need to worry about incorporating or filing tax returns or applying to the IRS for tax-exempt status using Form 1023.

Community foundations are also well-equipped to accommodate the ever-changing interests and complicated schedules of children and teenagers. “The children's interest in recommending grants may come and go, especially in the teenage years,” Eason says. “But that's another role of the community foundation. If we don't hear from them for a while, we contact them to ask, ‘Have you thought about your fund?’ We try to keep it in the back of their mind.”

With the youngest donors, the community foundation's local know-how becomes especially important. “The child might say something like, ‘What about animals?’” Eason explains. It's then up to the community foundation to recommend local shelters and humane societies with a good reputation.

The First Step to Lifelong Giving

Animal welfare was an early philanthropic concern for Kevin Lyle's younger child, while his elder daughter, now in college, has become interested in African relief efforts. Family philanthropy "gets them engaged in finding their passions," Lyle enthuses. "At their age, they haven't found passions yet; they've found things that they're interested in that may grow into passions. It's an evolutionary process."

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