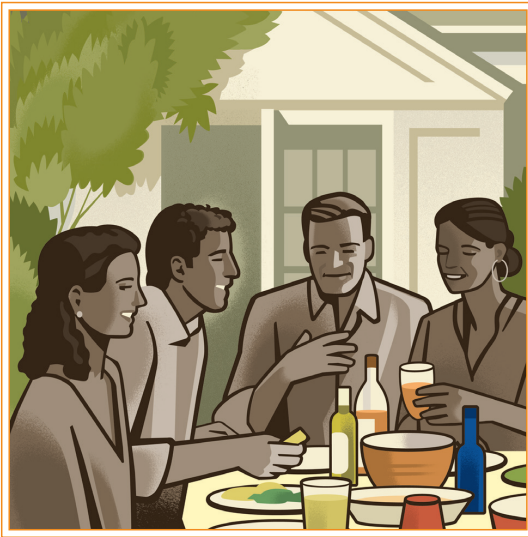


TALKING TO YOUR FAMILY ABOUT PHILANTHROPY



ROCKEFELLER PHILANTHROPY ADVISORS
PHILANTHROPY ROADMAP

Giving can create,
strengthen and
define relationships.
But because philanthropy is
often a deeply personal act,
many donors may feel
reluctant to talk about
their motivations and
convictions — even with
their families.

They may worry that starting a conversation about their own giving will be seen as self-important, or even worse, feel threatening to the family. Nothing could be further from the truth. To discuss philanthropy with loved ones is to share one of life's most fulfilling activities with them.

Of course, expectations should be realistic. Such conversations initially can be awkward and can lead to honest disagreement. And though sharing philanthropy has proven meaningful for many families, starting a foundation is unlikely to make a family close if family dynamics suggest otherwise. Still, philanthropy usually reflects genuine commitment and values. And when family members understand such heartfelt goals, relationships have the opportunity to grow.

This guide briefly reviews why you might consider talking with family members about philanthropy and when it might be appropriate. It also looks at how to prepare for such a dialogue and what topics might be covered. As with all the guides in the Philanthropy Roadmap series, key questions provide an avenue for reflection and engagement.

INFORM, INSPIRE, INVOLVE

THREE REASONS TO TALK TO YOUR FAMILY

Let's look at three major reasons to talk with your family about giving. These reasons play a very practical—some would say critically important—role in planning a talk with family members. Clarity is the key. Donors should take time to be clear with themselves about which of the reasons motivate this talk—and what in life motivates their giving. Then that motivation can be communicated to family members.

TO INFORM

A donor who plans to implement a philanthropy program independently seeks to share what is happening and why. The donor may hope for approval, enthusiasm or agreement, but such reaction is not essential.

By sharing details and decisions about giving, donors help family members understand what they value, what motivates them and how they make decisions.

A commitment to philanthropy will have a bearing on how the family's resources are used. This decision may well have implications for family members, and may spark important, if difficult, conversations around this topic.

TO INSPIRE

Donors who wish to inspire family members to engage in their own philanthropy will often tell the story of their giving as an example. They may focus on how they got involved, what they learned, and why it's so meaningful and rewarding.

Donors often see philanthropy as reflective of their values, ideals and/or moral convictions. The giving is a vehicle for sharing values, as well as a contribution to society.

Donors may want to provide seed funding or matching resources so family members can develop their own independent philanthropic inspirations and paths.

TO INVOLVE

This may be nothing less than an invitation to participate: donors will need to explain their goals and engage family members by listening to—and incorporating—those family members' values, causes, approaches and decisions. Donors sometimes decide to create a family giving plan. But no matter the vehicle, the process will require negotiation and active listening.

Engaging family members in philanthropy, formally or informally, can be an important part of a giving strategy.

WHEN SHOULD THE CONVERSATION START?

In some philanthropic families, giving is not only a conscious legacy, it's the subject of everyday conversation. Parents can involve even very young children in bringing canned goods to food pantries, or winter coats to shelters. A portion of allowances may be allocated for donations. Families do volunteer service together and discuss giving choices during the holiday season. As children become teenagers, they get support as they search for causes they can become involved in personally. Young adults become part of the family foundation or guide grantmaking through a donor-advised fund. In these families, talking about giving is a natural expression of shared interests.

But for many families, conversations relating to philanthropy and public service are sporadic and sometimes stressful. For still others—emerging philanthropists—the conversations may not have happened at all. For these families, it's fair to ask: when is it appropriate to discuss philanthropy?

What we do know is that putting off the discussion generally makes it harder. The rare ideal situation is one in which members have been raised since childhood with an open understanding of philanthropy and its role in the family. Ideal is hard to come by, of course, but coming into the conversation with an understanding of how everyone might react can better prepare the donor for planning the discussion.

Here are a few critical junctures:

WHEN A DECISION CREATES A NEED TO INFORM

The donor decides philanthropy, rather than heirs, will get the majority of the wealth. This type of decision needs to be communicated thoughtfully and carefully.

The donor funds a giving program by selling a long-held asset, like a vacation property or a collection, to which family members have grown attached.

The donor takes on a controversial issue that will potentially expose the family name and reputation to greater public scrutiny and criticism.

The donor dramatically alters a well-established pattern of giving. For example, the donor may have decided to focus resources on one major issue rather than a wide variety of nonprofits, or to spend down rather than preserve principal.

The donor decides that one or more family members (but perhaps not others) will play special roles in the philanthropy.

The donor wants family members to be clear about how philanthropy should be carried out in the future.

FAMILY GIVING WHEN THE DONOR RETAINS CONTROL

José is a hard-charging entrepreneur. He approaches philanthropy with a similar dynamism. He and his wife Darla engaged professional advisors to help research and define their giving focus. They decided on an educational area that had not received much philanthropic attention, where they felt their giving could have maximum impact. Though José makes all final decisions about the philanthropy, he also wants to include his family. He joins with his wife to publicly promote their cause, seeking to catalyze support among experts, foundations and individual donors. José and Darla also want their giving to be a unifying force for their family, so they regularly meet with their children and grandchildren to inform them about the progress of the main project. They also invited the younger generations to pursue interests of their own—but José was clear with family that he would seek rigor in family members' grant recommendations and areas of interest. He encouraged his adult children and grandchildren to make presentations, go on site visits and even recruit other donors as partners. The approach worked well for some

family members but the children decided they were not at a point in their lives where they could devote the amount of time necessary to research charitable interests. José accepted this but hoped over time the children would engage again. "It's about understanding what it means to give it your all to make a difference," José said.

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WHEN A DECISION REFLECTS A PLAN TO INSPIRE

The donor decides that philanthropy will now be a full-time commitment.

The donor makes a significant donation with a naming opportunity, and the family name will now be prominently attached to a well-known organization or place.

The donor makes it a personal mission to raise awareness about a specific issue and has become a highly visible advocate for the cause.

The donor creates philanthropic resources that family members will allocate individually.

LISTENING TO FIND A WAY TO ENGAGE

Jan and Charlie, who have two young adult children and one child from Jan's earlier marriage, are the sole trustees of a substantial foundation. They began to gradually inform their busy daughters and son about the foundation's work. They established discretionary giving capacity for each daughter, along with professional advisory services to help educate their daughters, on their own schedule, through research, due diligence and site visits. After several years, each daughter had an active giving program and had become deeply interested in a part of the foundation's work. Jan and Charlie found, though, that their

son was not as engaged; after some exploration with him about his interests, they discovered that he cared about a program area that was not part of the foundation's focus. They asked him to develop a plan for supporting the issue he cared about. He enthusiastically developed an approach that opened up their thinking on a new issue.

WHEN A DECISION REFLECTS A PLAN TO INVOLVE

The donor requests that one or more family members help implement the donor's philanthropic program now.

The donor wants to start a giving vehicle in which family members will be making joint decisions.

The donor wants to add family members to the board or decision-making body of a giving program.

The donor plans to pass the reins for a foundation (or other entity) to the next generation.

FAMILY TRADITION AND TRANSITION

Sam, a successful entrepreneur, created a foundation that initially made grants in his areas of interest. As his children became adults, they joined the board and began to focus on their own areas. Over a period of years, the foundation's allocation of grants has begun to shift toward the interests of the younger generation. Sam watched the progression with joy. He felt his children's involvement was thoughtful and informed by both the head and the heart.

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HOW TO PLAN THE CONVERSATION

1

BEGIN BY ASKING YOURSELF SOME QUESTIONS

What's my primary goal—to inform, to inspire or to involve? Many situations involve some combination of these goals, but it's wise to understand the most important impetus.

What do I hope to achieve through this conversation or communication?

How will I listen and respond to family members' reactions, even if I am informing rather than involving?

What are the next steps? How will I make them clear to everyone?

2

CONSIDER YOUR FAMILY'S UNIQUE CIRCUMSTANCES

How do we generally communicate about important family matters? If it's informal, will that comfortable method work for a conversation about giving? If the family is far-flung, is an in-person gathering feasible? If not, or if there is some urgency, might video-conference be used?

What dynamics will likely surface? Just because the topic is charitable and future-oriented doesn't mean that personal issues and the past will be left behind. Who will be part of this conversation? Will you include your children's spouses? How will step-family members be involved? What's the right age minimum for a family member to be part of this discussion?

SET THE STAGE

Make a careful decision about when you will communicate, how you will introduce the subject, and where this will occur (if it is to be in person). Will this be at a family gathering, or is communicating with family members individually or in smaller groups more natural? How can it be made positive or interesting, or at least relevant, for family members?

Clarify your expectations in advance. Let family members know whether this is a conversation to inform them or to involve them. If at all possible, provide some background to reduce the element of surprise, which many people find disconcerting even when the news is good.

Decide if anyone else will be involved besides family members. For some families, having a trusted professional advisor or family friend be part of the conversation can ease tensions and create a buffer.

WHAT SHOULD BE COMMUNICATED?

IF YOUR GOAL IS TO INFORM

Explain how you reached your decision, and why you feel the time is right—even if you are not involving your family. Invite comments and reactions, if at all possible.

Make clear who the decision-maker(s) will be so no false expectations are created.

Anticipate the sense of loss various family members might experience. Acknowledge it.

If you want to communicate your intent as a donor, explain that you will provide a written or video statement.

A BLUEPRINT FOR GIVING

Abby Rockefeller Mauzé (1903–1976), known as “Babs,” was the oldest child and only daughter of John D. Rockefeller, Jr and Abby Greene Aldrich Rockefeller. The strikingly beautiful Babs grew up glamorously (and racked up many a speeding ticket) in the shimmering Great Gatsby era, but generally kept out of the public eye. She discovered what would become a lifelong love

of philanthropy during WWII. Her giving was notable in its steadfast commitment to causes and organizations she cared about, many of which remain prominent institutions today. She founded the Greenacre Foundation and was also a trustee of the Rockefeller Brothers Fund, and a major benefactor of MOMA, Memorial Sloan Kettering, the Asia Society, Planned Parenthood,

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Rockefeller University, Metropolitan Museum of Art, and many other notable organizations.

Babs established a Charitable Lead Trust to continue support to these groups upon her death in the Trust’s primary term. Her guidelines for the trust were clearly laid out so that trustees would have an easy blueprint to follow. She also gave trustees the flexibility to make decisions based on any of the inevitable changes that come with time. “I do not mean to restrict the Trustees to the charities mentioned above. Medical science, the problems of population control and programs directed towards the preservation and improvement of the environment all deeply interest me, and it is my desire that the Trustees contribute to worthy projects in these fields.” She also made clear what types of organizations she wanted the trust to support, not just which issues: “It is my wish that the Trustees avoid innovation for the sake of innovation and that they take care to support charitable projects of recognized worth, which are making a solid contribution to the resolution of problems in their areas of concern.” It was through these guidelines, simple and straightforward, that Babs’ philanthropic legacy lived on many years past her death.

IF YOUR GOAL IS TO INSPIRE

Don’t just explain your decision—tell stories about your upbringing and experiences that illuminate your commitment and its meaning to you.

Ask family members to share some of their experiences and enthusiasm, bearing in mind that younger generations have less life experience than you.

If you plan to become a full-time philanthropist, explain specifically what that will mean. Will you be going to a foundation office? Will you be working independently, with family members, with staff, with expert advisors?

If you are going to become a public spokesperson, or take a higher profile, offer some specific examples of what that might entail, and why you hope it will be effective.

If you are explaining a major gift or naming opportunity, provide some background about the organization so family members can answer questions.

If you are providing resources for individual family members to use as they wish, make sure they get the information they need to proceed, including the legal structure, process, timing and any constraints.

MULTI-GENERATIONAL GIVING
SHARING VALUES, OPEN TO INNOVATION

A multi-generational family foundation established a donor-advised fund for its fourth generation, completely independent of the foundation. The siblings and cousins needed to make joint decisions on focus, strategy and grants. Their parents had no voice in the process. For the fourth generation, the experience built deep interest in organized giving and prepared them to join the foundation's board. The family's approach to philanthropy was at once traditional and non-traditional. The philosophy was as follows: to engage and inspire the next generation, you must share values while at the same time being open to different styles of giving.

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IF YOUR GOAL IS TO INVOLVE

What decisions have already been made, and what decisions will other family members be making?

Exactly how will family members be involved? Do they have fiduciary responsibility or an advisory role?

If you're expecting family members to help you implement your philanthropic plan, what specifically are you asking them to do?

How much time are family members expected to give to the philanthropy?

Is this voluntary? Can family members adjust their involvement according to their preferences or their situation?

How much decision-making latitude will family members have? Does the head of the family have veto powers? Are some issue areas off-limits? Are some types of support off-limits? Are there geographic restrictions?

What role will in-laws/partners play?

How will decisions be made?

How will the philanthropy be implemented? What resources are available?

How much time do family members have to develop their own giving programs? How will that happen?

To further his family's philanthropic goals, Bernard van Leer, a Dutch shipping magnate and philanthropist, disinherited both his wife and his two children — with their consent — to fund his foundation. Son Oscar grew the business and expanded his father's good works, creating a legacy of philanthropies that today promote early childhood development worldwide and a democratic homeland for the Jewish people. Father and son had worked together to preserve Bernard's vision for his company and philanthropy while allowing Oscar to find his own specific interests and strengths. Bernard's acute business sense and risk-taking defined his philanthropy, while for Oscar it was more about unearthing the potential in each child and in himself as a successor to his father's astounding business career. Their shared philanthropic vision was one of consensus building, cultural dialogue and openness.

Father and son had worked together to preserve Bernard's vision for his company and philanthropy while allowing Oscar to find his own specific interests and strengths.

MOVING FORWARD

Being open about philanthropy provides an opportunity for family members to learn about, and perhaps even to appreciate and engage with, a donor's vision for a better world.

For parents and grandparents in particular, family philanthropy can present an attractive combination of present and future. A meaningful experience with loved ones can be shared in the here-and-now while a legacy of giving is built for future generations.

Of course, that goal may not be straightforward to achieve. But opening lines of communication — being ready to listen as well as talk — is an indication of respect and an invitation to connect. And discussing philanthropic projects with family members is an end in itself whether or not it results in their involvement.

It's worth remembering that conversations are not static things, nor do they depend on any particular end result. They have as much potential to develop as we do. The biggest part is getting started in a thoughtful way. Once begun in a respectful fashion, the conversation often can be continued that way. Philanthropists might well note that family communication conducted with this kind of mutual respect is itself a form of giving.

ROCKEFELLER PHILANTHROPY ADVISORS

is a nonprofit organization that currently advises on and manages more than \$200 million in annual giving. Headquartered in New York City, with offices in Chicago, Los Angeles and San Francisco, it traces its antecedents to John D. Rockefeller Sr., who in 1891 began to professionally manage his philanthropy “as if it were a business.” With thoughtful and effective philanthropy as its one and only mission, Rockefeller Philanthropy Advisors has grown into one of the world’s largest philanthropic service organizations, having overseen more than \$3 billion to date in grantmaking across the globe.

Rockefeller Philanthropy Advisors provides research and counsel on charitable giving, develops philanthropic programs and offers complete program, administrative and management services for foundations and trusts. It also operates a Charitable Giving Fund, through which clients can make gifts outside the United States, participate in funding consortia and operate nonprofit initiatives.

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