



Charitable Planning: How to Involve the Whole Family

For most people, charity and philanthropy are largely reactive. A telephone solicitor calls asking for a contribution; a business associate requests a financial commitment to support his or her pet cause.

However, it has become more common for clients to take a more active role in their philanthropy, and to share their time and talents as well as their treasure. In these cases, it makes sense for a family to adopt what we call a family contribution system. Such a system enables a family to be proactive in its commitments, and to reap the joyful benefits of making a difference with commitments that are meaningful to them. It also gives them a platform for teaching children the value of philanthropy, and how they can make a difference in the world as well.

Family contribution systems can range from the complex and expensive structure of a private family foundation to much simpler and cheaper programs. The important ingredient is not the amount given or the complexity of the tax planning involved, but the effectiveness of the plan in impacting and involving the entire family.

FAMILY FOUNDATION

One client with a net worth of about \$100 million, for instance, has shifted his focus from making money to using his wealth to improve the world and advance his philanthropic aims which he has done in a targeted, intentional way. With our help, he started a family foundation, which is run like a business. All of his children are involved.

His focus is on quality of life around the world, and in particular on how businesses can focus their services and operations to improve quality of life for all. Among other things, the foundation has endowed an institute to support academics studying the topic of quality of life improvements. The plan is to write a book and launch an advanced curriculum in this area.

CHARITY ACCOUNT

For a family of more modest means, we helped establish a family charity account, which is simply a bank account funded monthly with a small amount from the family's income.

The family gathers quarterly for a dinner at which all are called upon to act as stewards of the charity account. The family starts by discussing their obligation to share their blessings with others. Each child is given the opportunity to allocate a small amount from the fund for that quarter, to any cause or charity they choose. The only requirement is that the contribution relate to something personally meaningful, and that the giver believes it would make a significant difference in the world.

Discussing possible charitable contributions with each of the children has been fulfilling for the family. One quarter, a son made a donation to breast cancer research in honor of a teacher who had just been diagnosed. Another child decided to use his money to sponsor an ice cream truck to provide free ice cream for families staying at the local Ronald McDonald House. It's a win all-around: The recipients are touched by the children's thoughtfulness, the family coheres around a value that is important to them, and the children learn the importance of giving back.

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