

ATLANTIC TRUST

PRIVATE WEALTH MANAGEMENT

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FOUNDATION  
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# ENGAGING THE FAMILY IN YOUR PHILANTHROPY:

*Creative strategies and practical approaches  
to involving the next generation*

Making More Foundations *Great Foundations*™





## Introduction

If you're reading this, you've probably begun thinking about establishing (or continuing) a philanthropic legacy that will extend into the next generation and beyond. In the following pages, we will share what we have learned from our clients about raising a philanthropic family and provide practical ideas of how you can get children of all ages involved in charitable giving.

First, let's look at the reasons family foundations are established and how these may lay the groundwork for a foundation's mission. Beyond the tax advantages, families create foundations for one or both of two reasons—to create positive change in the world *or* to achieve some outcome within the family. Ideally, a family foundation can accomplish both.

A foundation can also embrace dual missions. You've heard of an *external* mission—what the foundation does as well as why, how and for whom. Many foundations also create an *internal* mission—to specify how the foundation will function as a vehicle for family building, education and the transfer of family values from one generation to the next. You might choose to focus on increasing family participation and cohesiveness, perpetuating family traditions, building core abilities, preserving family history and/or training future generations.

In the next few pages, we offer concrete examples of how some donors are engaging their families in support of their internal missions. As the nation's leading provider of outsourced support services for private foundations, we've been privileged to observe how many families use their foundations to make a difference *within* the family as well as in the external world. We are pleased to share what these families have taught us.

**Page Snow**  
*Senior Vice President,  
Foundation Services*

**Kim Foreman**  
*Director of Client Services,  
East Region*

## Family Philanthropy: What are the possibilities?

A family foundation is a unique vehicle that provides opportunities for the kind of family-building activities that might otherwise be difficult to accomplish. Listed below are some of the ways our clients have used their foundations to create change and growth within their families. As you review this section, take a few minutes to think about what you'd like your foundation to accomplish for your family.

### **Instill Values and Traditions**

Involving children in your philanthropy is an essential part of ensuring that your family's charitable legacy endures. The process of working together as a family can instill philanthropic values that last a lifetime. The family foundation can produce generation upon generation of individuals who are committed to making a difference. When we asked a committed philanthropist who comes from several generations of inherited wealth about the roots of his passion for giving, he explained:

*"It's simple really...that's how my brother and I were brought up. We were taught that caring for the welfare of others was part and parcel of being a good citizen. Over time, giving back just became a habit...as natural as brushing our teeth."*

### **Maintain Family Ties**

In our increasingly mobile society, the family foundation can be the glue that maintains connections as family members scatter across the country, or even the globe. Annual and quarterly meetings provide a non-Thanksgiving "reason" for the family to meet, talk and share how they might make a difference. As one client in her 70's told us:

*"If Dad hadn't left us the family foundation, I would never see my brother at all! Now we have an excuse to meet and work on things that are meaningful. The foundation has enabled us to connect with members of our family that we barely even knew existed."*

## Deepen Social Consciousness

Contemporary life offers few opportunities for families to work together on significant issues that are meaningful to them. Competing priorities—work, kids’ activities, social activities, exercise, entertainment and travel—make it difficult for families to find time to talk about things that matter, let alone take action on those issues. For many families, the private foundation becomes the “hearth” around which multiple generations gather to discuss problems they would like to see solved. In the process, family members get to know each other on a whole new level—moving conversations beyond “what did you do today?” to discussing what’s really important to the family. This is precisely what happened when one grandfather took his grandchildren on a site visit:

*“My grandkids didn’t have a clue what child abuse was...they thought it was when their mom and dad yelled at them for being late to school. I took them on a site visit to a children’s crisis center. When the executive director told them about cigarette burns, being locked in a closet over the weekend, they couldn’t stand it...they INSISTED that we do something to help these kids with our foundation.”*

## Increase Personal Fulfillment

The accepted logic has always been that a more highly functioning family is more likely to engage in significant and effective philanthropy. A recent study demonstrated that the inverse is often true as well: good philanthropy spawns healthy families.<sup>1</sup> What is more, the act of giving can actually make us happier. In a classic exercise, psychologist and researcher Martin Seligman asked his students to engage in one pleasurable activity and one philanthropic activity and then write about both. According to the students’ accounts, the perceived aftereffects of the fun activity (watching a film, eating ice cream) paled in comparison to the altruistic venture (volunteering in a soup kitchen). Why was this? Because giving took the students outside themselves. The total engagement

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<sup>1</sup>Gersick, Kelin E., et al. *Generations of Giving: Leadership and Continuity in Family Foundations*. A Study Commissioned by the National Center for Family Philanthropy. Lexington MA: Lexington Books. Page 239.

and loss of self-consciousness they experienced when helping others had a stronger and more lasting impact than the stimulation of a “fun” activity.<sup>2</sup>

This principle is perfectly illustrated by a story, told to us by a client whose family had an annual tradition of adopting a needy family and giving them a Christmas tree and gifts:

*“We started this tradition when my daughter was 9. At age 12, she turned to me and said, ‘Mom, instead of giving me presents for Christmas this year, can you use that money to adopt a second family?’ I was pleased but surprised, so I asked her why. She said, ‘It felt so good last year hearing that little boy tell his parents that it was the best Christmas they’d ever had. I just want to feel that way again!’”*

### **Develop Skills, Knowledge and Awareness**

Involving the younger generation in the foundation can build real-life practical competencies such as leadership, teamwork, investment management, facilitation skills and social awareness. While the family foundation can provide significant opportunities for career development to young adults, even school age children can benefit from the opportunity to apply their developing skills. Another of our clients was thrilled to see her eleven-year-old daughter adopt the popular idea of donating her birthday gifts and then take it to the next level. Here we see a young girl’s enthusiastic foray into philanthropy simultaneously touching on the areas of leadership, fundraising, collaboration, financial planning and even results measurement—not bad for the fifth grade!

*“After the rewarding experience of donating one of her gifts from her 10th birthday, my daughter’s 11th birthday found her not only wanting to give ALL of her gifts to charity, but leading her own fundraising effort. She spoke at her school and raised funds for additional gifts. Then, she wrote to her grandmother asking her to match the over \$400 she had raised at school and, with almost \$900, went shopping with us for toys*

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<sup>2</sup> Honigsbaum, Mark. “On the happy trail.” *The Observer* 4 April 2004. <http://www.guardian.co.uk/society/2004/apr/04/mentalhealth.observermagazine>. April 2008.

*for the pediatric cancer ward of a nearby hospital. I took her to a toy store that was going out of business in order to make the most of the funds raised. Together, we brought a gigantic load of toys to the hospital. Later, she was thrilled to receive a letter from the hospital that included pictures of children enjoying the gifts, as well as the news that some of the toys were now riding in ambulances for children involved in emergencies.”*

## Getting Started

So what is the right age to start exposing your children to philanthropy? Some say it’s a good idea to start as early as possible, that life’s lessons are taught early “across the dinner table,” so that by the time children grow old enough to join the foundation, philanthropy is already an integral part of their lives. Others say it’s better to wait, that a heavy-handed approach can backfire and lead to resentment or rebellion. Many believe that waiting until a child is ready to take on the responsibility of foundation involvement can foster a genuine desire that comes from a place of maturity. There is no right choice—each family must make its own decision. Which-ever path you choose, engaging the next generation should be an ongoing process that is constantly reinforced—not a one-time event.

This is not to suggest that you should follow a step-by-step script. Certainly, this guide is not meant to be prescriptive. Families that seamlessly incorporate the next generation into the foundation are often the most successful in engaging them. As one third-generation member of a highly active family foundation recalls:

*“We didn’t exactly have a step-by-step formal introduction into our foundation. We were in diapers crawling around underneath the table of the board room! Our parents, aunts, uncles and grandparents were reviewing proposals and having heated discussions about the important social issues of the day while jiggling us on their knees. By osmosis, my generation became social activists. I guess you could say we grew up in the board room.”*

Of course, there can be challenges to getting the next generation involved and excited. Busy schedules and geographic distances aside, there is also the issue of generational differences that are expressed in differing styles of communication, life perspectives and interests. A successful family foundation needs to integrate multiple generations of family members—a delicate balance between preserving the foundation’s philanthropic legacy while bringing in new ideas to adapt and build upon that legacy. According to Sharna Goldseker, who runs 21/64, a network for philanthropic 18–28 year olds (see page 13), families should show a willingness to accommodate the next generation’s perspectives. Younger people truly have a lot to offer, so it can’t simply be a matter of incorporating these new members into old ways of doing things. Ultimately, the goal must be to renew and reinvigorate the foundation itself.

To that end, we offer these ideas as stepping stones in the path you create for your family.

## **BLUEPRINT FOR FAMILY ENGAGEMENT**

### **Start Young**

Children as young as 3 or 4 can learn about the value of doing good works. Kids this age are just beginning to realize that the world extends beyond “me” and even beyond “Mom and Dad.” This is the age when children develop a sense of empathy and awareness of other people’s feelings, so it’s important to take advantage of this. The exciting discovery of their expanding world can be a magical time—a perfect opportunity to begin teaching the joys of helping others.

■ **Model Philanthropic Behavior.** Young children look to their parents for clues about how to interact with the world, taking careful note of how we respond to the elderly or homeless people in our community, or interact with disabled people or the seriously ill. Watching Mom and Dad engage in charitable activities reinforces that acts of generosity are valued by the family. Bring your children along when you provide books to a homeless shelter, shovel an elderly neighbor's driveway or donate used toys and clothing to the poor. The more the notion "this is what our family does" is reinforced, the better.

■ **Read Books About Giving.** The activities described above can be supplemented at story time by reading stories about giving. Kids need role models and examples that inspire them. Stories with a theme of "giving" such as B.G. Hennessy's book, *Because of You* (Candlewick Press, 2005), underscore the importance of helping others:

*"When you were born, there was a new person for your family to love and care for...and because of you there is one more person who can love and care for others."*

You can also use books to answer young children's questions about social issues, using the opportunity to clear up any misconceptions about what they've seen or heard: "Why did that man ask you for money? Why is that lady sleeping on the park bench?" At Foundation Source, we have an extensive reading list of age-appropriate books with the themes of giving that help raise children's social understanding.

■ **Draw Pictures.** You can encourage young children's charitable instincts by asking them to create pictures of what they would do to make the world a better place. Begin by asking them questions: "What things are you thankful for? What makes you happy? What makes you sad? What can you do for people who aren't as lucky as you?"

- **Share Family Stories.** Children love to hear about the family's history of giving. Share family stories from your own childhood or even further back in your family's history. Any experience where a family member learned something about giving—how Grandpa helped neighbors down on their luck or Aunt Lila planted a community garden in the inner city—can be shared in the form of a story that will help children feel a sense of belonging to something bigger.

## Growing Up

For school-age children (7 – 12 years old), family is key. This is the age when they truly want to do things with their parents and siblings, so take advantage of this opportunity to bond with them. Find areas of giving that genuinely excite them so the whole family can participate together.

- **Start With Their Interests:** The willingness to give to others usually starts with a child's own interests. Encourage children to talk about what makes them happy or what is important to them personally, and then to think about ways to share these things with others. One might choose to donate a favorite shirt or blouse that she has outgrown to disaster relief. Another might give toys to a hospital where he had his tonsils out. The more they personally identify with their donations, the more you'll cultivate their charitable impulses.
- **Family Projects and Volunteering:** Family volunteering can foster a larger sense of community participation and commitment. Choose an activity that matches your family's interests—whether you like to participate in athletic activities like bike-a-thons, swim-a-thons or charity races—or prefer to work on community projects such as cleaning up a playground, beach, or park. Participation in a community project allows kids to do good while meeting and working alongside those who will actually benefit from their efforts.

■ **Create Family Rituals:** Whether it's cooking a meal for the homeless on Sundays or sharing a moment from the week where someone made a difference, regular rituals that are shared by the entire family help create a tradition of giving. Carol Weisman, the author of Raising Charitable Children (F.E. Robbins and Sons, 2006), recommends using birthdays, anniversaries and other special occasions as opportunities to teach children the joys of giving. You can have your child phone an uncle on his birthday and ask what charitable act he'd like her to do in his honor. Or you could set aside a day to celebrate a relative's special accomplishment or commemorate tragedy that has touched the family. The idea is to create activities that become part of the family legacy.

■ **Include Children in your Grantmaking Decisions:** Since children learn best by imitation, set aside a special time to discuss whom you plan to give to and why. To make this activity more meaningful, you can point out organizations that hold special significance to the family—the hospital where Grandma stayed, or the wildlife refuge where the family hikes in the summer. Let children in on topics you are personally concerned about such as the plight of an endangered species or the demolition of a local historical landmark.

■ **Encourage Their Own Charitable Donations:** To reinforce the idea of saving some of their own funds to help others, some families create a “Spend, Save and Give” box with three compartments that allow children to allocate their allowance accordingly. If you match their dollars, they can do even more. Some of our Foundation Source clients use our online “Grant Certificates” so children can access a limited view of the family foundation web site, research favorite charities and make grants to the organizations they choose, up to a specified limit.

## Teens

Teens want to be with their peers at this age, but charitable pursuits don't have to go on hiatus. As teens begin to assert their independence from the family and their personalities blossom, they also begin to develop a more expanded world view and may discover differences between their own views and those of their parents. This can lead to curiosity about the family's roots and interest in learning about the family legacy. Even though family involvement may now be less important, there are still many ways a teen can play an active philanthropic role.

- **Community Service and Social Activism.** You can take advantage of the growing desire to be with peers by encouraging teens to join social venture organizations with friends, or to make new friends by getting involved in causes they would like to explore. Many high schools require students to fulfill a civic service requirement in order to graduate (and college entrance authorities look positively on such activities). Help teens find volunteer opportunities that satisfy these requirements while helping them discover their own interests, like building a skateboard park or lobbying local officials to clean up a hazardous waste site. The idea is to find activities that help them develop confidence that they can make a difference.
- **Star Power Philanthropy.** Celebrities like Bono and Brad Pitt & Angelina Jolie are helping to make social action seem not only important, but exciting. Sports figures like Tiger Woods and Lance Armstrong are great philanthropic role models for teens who may be looking to idols for inspiration. For a generation brought up in a media-saturated, brand-conscious world, don't discount cause-related marketing efforts such as the ROCK for DARFUR campaign or (PRODUCT) RED™, which set aside a portion of their profits for social good. Granted, they

are commercial, but by raising teens' global awareness, these efforts can be a springboard for their participation on the foundation.

- **Establish a Junior Foundation Board.** Rather than putting teens officially on the foundation board, let them first function on a junior board that has its own projects, site visits and meetings. Some junior boards are given their own funds and allowed to develop and define their own mission. Others are asked to present grant recommendations to the foundation board for final approval. Whatever you decide, this is a wonderful way to introduce the next generation to the foundation's processes for making its funding decisions.
- **Site Visits.** As teens explore new levels of independence, send them on fact-finding missions. Encourage them to visit local charities that pique their interest. Before they go, talk to them about the foundation's guidelines or what information the board (or other family members) might need to consider an organization for funding. For funded projects, ask them to act as "evaluators," reporting back on project results and whether the foundation's grant made a difference.
- **e-Philanthropy.** This is the first generation to grow up in a digital world, so it makes sense to engage their charitable instincts through technology. Web-savvy teens may be enticed to get involved in the family foundation when they realize that they have something unique to bring to the table—their already strong skills with the latest methods of bridging distances: blogs, forums, podcasts, video-on-demand, etc. Foundation Source's web-based platform enables teens and their parents to collaborate online in managing the foundation's activity.

## College Age and Young Professionals

The training process for becoming an adult member of the foundation should begin with a gradual increase in responsibility. Young adults are branching out at this stage, often living far from home. Time is often the most precious commodity for this age group, so take advantage of times when you are already together to make it easier for them to be involved.

- **Formalize and Celebrate.** When it's time for a member of the next generation to join the board, issue a formal invitation. It's important to make this a significant event, instilling a sense of consequence and meaning. Some families invite the next generation to join the foundation board at a certain age. Others wait until particular milestones have been achieved, like attending a specified number of board meetings or volunteering for a certain number of hours. Whatever you choose, make this celebration something the next generation really looks forward to.
- **Foundation Apprenticeship.** To prepare the next generation for board duties, many families begin with apprenticeship programs, pairing young people with more experienced board members who can act as mentors, guiding them through established processes. One-on-one relationships with people they admire and respect can provide a meaningful introduction to the foundation. The mentors can teach the protégés about the foundation and its work, while helping them to explore how their unique contributions can enliven and invigorate the foundation itself.

- **Formal Training.** In addition to creating training opportunities within the foundation, consider giving young people a chance to learn with their peer group, independent of the foundation. Listed below are a number of good training resources devoted to youth philanthropy:
  - **21/64** ([www.21/64.net](http://www.21/64.net)) is a non-profit organization that specializes in intergenerational transitions. They bring young philanthropists together to discuss their family legacies and next-generation issues.
  - **Resource Generation** ([www.resourcegeneration.org](http://www.resourcegeneration.org)) is a network of young people of wealth that provides education and resources to philanthropists and activists with progressive values.
  - **The Council on Foundations** ([www.cof.org](http://www.cof.org)) runs Next Generation retreats for foundation members ages 18 – 35 at its annual family foundation conference.
  - **Emerging Practitioners in Philanthropy** ([www.epip.org](http://www.epip.org)) provides peer support, mentoring and social events for young foundation professionals, foundation trustees, staff at philanthropy support organizations and graduate students studying philanthropy.

- **Expose Them to Investment Management.** Letting young adults see how the foundation assets are managed and talking to them about the board’s intentions for the future can be a powerful tool for teaching financial basics. Investment expert Paul Comstock points out that the family foundation is the only estate planning tool that allows parents to observe their offspring’s proficiency in managing money firsthand.<sup>3</sup> How well young adults manage foundation finances can be a yardstick of how well they’ll handle their own funds once they are on their own.

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<sup>3</sup>Paul L. Comstock. “Financial Parenting Through A Family Foundation.” *TRUSTS & ESTATES* August 1992/Vol. 131, No. 8.

- **Give Granting Authority.** Providing a small amount of money in the form of discretionary funds offers the opportunity for young adults to connect grantmaking to their community and interests. Having their own funds to contribute not only teaches them *how* to make grants, it incubates new program ideas for the foundation. Foundation Source makes discretionary granting easy. Young people can make grants up to their allotted amount from any locale and, as soon as they've reached their discretionary limits, they're automatically stopped from granting any more.

## Conclusion

The current philanthropic climate is one of exciting changes and huge leaps forward. The next generation will play a critical role in bringing philanthropy into the 21st century and ensuring that family foundations have a significant impact in the future. In closing, we share a final story that we feel captures the next generation's evolution from passive observer to engaged, passionate philanthropist.

In a city with a rapidly growing homeless population, one client found a way to directly involve his family in his efforts to help. He took his children shopping for basic supplies, using that opportunity to talk about what might be needed and appreciated by people who don't have ready access to showers, laundry facilities, etc. Together, they assembled kits that contained soap, shaving cream, razors, deodorant and other toiletries that most of us take for granted. They kept these kits in the car and, whenever they drove by someone who was living on the street, the family personally presented a kit. He told us:

*“At first, I gave out the kits while the children watched wide-eyed from the car. Over time, my kids began to yell, ‘Dad...Dad, stop the car...there’s a homeless person on the corner.’ They would then jump out and offer the kits themselves. The recipients were thrilled by their genuine concern and attention. I was delighted to see the social awareness this activity provided my children. I have no doubt that they’ll grow up to make a real difference in people’s lives.”*

In our view, this is what family philanthropy is all about: bringing family members together to make the world a better place. With your family foundation as the chosen tool, you are already making a difference in your world now. By involving the next generation in the foundation, you are giving them the desire, confidence and skills they will need to extend your family’s legacy of good works and generosity into the future.





## **WORKING WITH ATLANTIC TRUST AND FOUNDATION SOURCE**

Atlantic Trust has partnered with Foundation Source, the number one provider of management and advisory services for private foundations.

Foundation Source runs over 1,000 private foundations, of all sizes, nationwide. Running foundations is what separates us from consultants and software companies, and it's why our clients turn to us. We step in to operate, advise and strengthen all working aspects of the foundation, while Atlantic Trust manages the foundation's assets. This combined approach frees donors and families to enjoy their philanthropy with total ease and confidence while we handle the details.

We work with both established foundations and individuals interested in starting a new foundation. For every foundation, we provide complete back-office administration, award-winning online systems and experienced philanthropic advisors. The result is a foundation that always runs smoothly, engages the family, and has the impact every client wants.

### **CONTACT ATLANTIC TRUST TO LEARN MORE**

Atlanta .....	404.881.3400
Austin .....	512.651.7800
Baltimore .....	410.539.4660
Boston .....	617.357.9600
Chicago .....	312.368.7700
Denver .....	720.221.5000
Houston .....	713.214.7640
Newport Beach .....	949.660.0080
New York .....	212.259.3800
San Francisco .....	415.433.5844
Washington, D.C. ....	202.783.4144

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