



LEGACY LESSONS: A CONVERSATION WITH HARVARD UNIVERSITY'S CHARLES W. COLLIER

*As a nationally recognized expert in planned giving and family philanthropy, Harvard University's Senior Philanthropic Advisor Charles W. Collier has worked with hundreds of individuals and families to help them discover the meaning of legacy and encourage the principle of generosity beyond the family unit. His book, *Wealth in Families*, is the culmination of years of research and experience exploring such questions.*

In the conversation that follows, Collier discusses how advisors can better serve their clients by helping them focus more on the "whys" than the "how-tos" of their charitable giving.

What are high-net-worth donors looking to achieve through their philanthropic endeavors?

I think high-net-worth clients are looking for philanthropy to serve both a public purpose and a personal value. First and foremost, they want their resources to have an impact on society and effect positive change to make the world a better place. Secondary is the goal of using philanthropy as an activity in which their family works together and through which their children can come together after they are gone. For some families, family philanthropy is indeed a family enterprise.

How can financial advisors, attorneys and other professionals help their clients achieve more optimal outcomes with their philanthropy?

These advisors can do two things. First, they can help a client or family uncover and articulate their philanthropic impulses. I think that is often best done by asking such questions as, "Are you a family that cares about others beyond the family?" and "Do you care about passing on to your children and grandchildren a legacy of philanthropy and volunteerism?" From there, an advisor needs to make a decision as to whether he or she is going to handle a deeper engagement with the client or hand it off. If the advisor decides to hand it off, there are many wonderful resources to which they can steer their clients. The local community foundation is a great resource—many provide a quite thorough engagement around family philanthropy and grant making.

Second, one of the most important conversations advisors can have with wealthy clients is helping them define and quantify what is an appropriate inheritance for their children. If you can do that, wealthy clients can begin to understand that they may have sufficient financial assets such that they can give more to charity.

Every donor has a different appetite for charitable giving, ranging from writing a check at the end of the year to employing planning giving vehicles. How can advisors work with clients to determine and then focus their charitable impulses?

One way to begin is to ask your clients to write down every institution that they gave money to last year and the amounts that they gave. Then, divide those donations into three categories: social or obligation giving; passionate giving, which may include payback to educational institutions or hospitals; and finally, strategic giving.



In many cases wealthy clients will be giving more money to the first two and realize that they don't have a thoughtful, long-term strategy for dedicating part of their charitable money to affect real change in society.

What key questions need to be answered before beginning the process of building a family legacy of philanthropy?

Two questions need to be answered. First, "Do I have enough money on an inflation-adjusted basis to maintain my current lifestyle?" And second, "What is an appropriate inheritance for my children?" Until your client can quantify those two issues, they will not be comfortable giving away substantial financial assets.

Advisors are very good at helping people think about the types of vehicles available for giving away their assets and which assets should be used for charitable giving. But deciding how to give the money away should be the last piece of the puzzle.

I think advisors can best serve their clients by first helping them define the scope and scale of their philanthropy, and then finding the giving vehicle that suits the family. Too many donors set up a foundation when it may not be what they truly need.

How can financial advisors help families address the often-delicate issues of balancing charitable giving with the expectations of inheritance?

Money can be an object of anxiety in a family. Many advisors will encourage their clients to be more open with their children about their inheritance and the role philanthropy can play in their lives.

One way to engage children early on in the process is to have the parents dedicate some of their own charitable dollars to their children's favorite causes. Parents can provide discretionary grant money or matching grant money. That encourages the principal of generosity in the next generation, helps children work together, and teaches the next generation various financial concepts by learning how philanthropic capital is managed.

I like to encourage parents to include their children while they are still in their teens to capture their idealism. Then, when the children are in their 20s, if there is a foundation, they come on the board of the foundation.

Do you have a final thought to help guide advisors as they counsel clients on these issues?

If parents are clear and open around their money and their philanthropic values, that will help develop these values in their children. That's perhaps the most important connection that parents need to understand.

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