

## Engaging Adult Children in Philanthropy

*Adult children can play a pivotal role in your clients' philanthropy. By engaging grown children, you'll help build greater family unity while strengthening your firm's ties to clients and their kids—potentially securing new business in the process.*

When it comes to family philanthropy, adult children are often overlooked. "Parents sometimes find it easier to bring grandchildren into their philanthropy, because they communicate better with them than their children," says Mike Hartley, chairman and CEO of DKE, Inc., a wealth management firm in Venice, Fla. "But adult children can be extremely valuable resources in the giving process."

Consider Sally Alspaugh, owner of Clarus Consulting, a family wealth planning firm in Cincinnati, Ohio, who created a donor advised fund with her son and daughter-in-law through the Greater Cincinnati Foundation. Although the couple now lives elsewhere, they recently chose to recommend a gift of \$5,000 to a local inner-city elementary school. "They've used their giving to benefit the community and keep close ties to it," says Alspaugh.

### Benefits for Clients and Advisors

There are several reasons why you should encourage your clients to engage their adult children in their philanthropy. "It's a way to create deeper relationships with your clients' children, and also introduce them to younger members of your firm who might take over one day," says Hartley. "That can help you attract younger family members and ensure continuity between family and advisor for decades to come."

There are many benefits for your clients as well. These include:

- **Strengthening family bonds.** By teaming up to contribute to social causes, parents and their adult children can grow closer as they gain a deeper understanding of each other's values and beliefs. "Parents often assume that their kids know their values, but when you ask the kids, they say, 'we have no idea,'" says Hartley. "Working together on giving helps communicate those values."
- **Providing financial education.** Adult children are most likely to come into contact with great wealth through gifting and inheritances, says Hartley. Yet despite being adults, many of them don't understand important financial issues that could affect their wealth, such as estate taxes and managing finances. Charitable giving is therefore one way for parents to impart financial education to their kids. "Philanthropy can serve as a lifelong learning system that will help children be better prepared to deal with their money—both their own and the money they might receive from parents," says Hartley.
- **Creating a legacy.** By involving adult children in their giving, philanthropically inclined parents can encourage their kids to continue supporting favorite causes and charities after they're gone. In addition, grandchildren are more likely to become interested in philanthropy if they see their own parents taking part. "In many ways, we model our behavior based on our parents, and that extends to giving as well," says Alspaugh.

## Enhancing Family Philanthropy Through Your Advisory Relationship

When making philanthropic decisions, parents and children may be uncertain about how to work together smoothly. As an advisor, you can add value for your client families by facilitating discussions on important issues such as:

- **Agendas and beliefs.** Consider meeting first with the parents to identify and document how they feel about their wealth and their philanthropic philosophy. Use that information as the basis for an advisor-led family meeting with adult children and parents to review and discuss the group's charitable intentions—where they overlap and where they differ.
- **Roles and responsibilities.** Help family members decide how decisions will be made about which charities to fund, how much money to disperse, and so on. The decision will depend largely on family dynamics and how much control the parents wish to retain. Some families allocate a certain percentage of assets to the adult children and allow each to make unrestricted gifts, for example, while others use family voting systems to decide which charities receive money.
- **The appropriate charitable vehicle.** Charitably minded investors typically need guidance to find the right type of vehicle for their needs. Hartley singles out donor advised funds through community foundations for their flexibility in terms of which family members are named in the fund, the level of responsibility that each adult child can choose to assume, and which causes to fund, as well as in-depth research on local organizations. "Donor advised funds are extremely effective because of the due diligence, support, and flexibility they offer families," he says. "What's more, community foundations offer robust educational programs to help donors make the most of their giving."

The key is to help clients understand the important role that their entire family can play when it comes to philanthropy. By helping clients engage their adult children in the giving process, you'll help ensure that family philanthropy continues for many generations to come.

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