



The Benefactor®

SPRING 2011

FURTHERING THE TRADITION OF PHILANTHROPY

GENEROSITY SPANNING GENERATIONS: Creating a Tradition of Family Giving

Fidelity® Charitable Gift Fund donors continually demonstrate their generosity and dedication to charitable giving. Increasingly, donors are involving their families in the philanthropic process, ensuring that charitable giving is a priority for future generations as well.

To learn more about how to create a charitable legacy and achieve family giving goals, we spoke with nonprofit professionals who specialize in family philanthropy. They shared their perspective on current trends, how families can work together effectively and what to avoid.

CREATE GIVING TRADITIONS

Philanthropy is a wonderful way for parents to empower their children, teaching them that they can truly make a difference. According to the nonprofit professionals with whom we spoke, establishing a tradition of philanthropy within a family is one of the best ways to encourage giving in future generations.

“Smart families bring in the next generation at an age when they can identify causes that are important to them...”

Ginny Esposito is the founding president of the National Center for Family Philanthropy, an organization devoted to understanding and supporting charitable giving in families. Esposito says many families who work with her organization tend to have long-standing giving traditions. These families focus on charitable causes important to them and help in ways that interest them the most; they nurture these values, considering them part of their family’s overall culture.

“If you want a legacy, you need to build the will and capacity to do more within your family,” says Esposito. “Involving children—both young and adult—and finding interesting ways to make them aware of giving is helpful. Reinforcing the idea that charity is not about what is left over, but something thoughtfully done in advance, is also important.”



Lauren Katzowitz Shenfield is principal and senior advisor at Philanthropy Advisors, LLC, a firm that counsels families on how to best pursue their philanthropic goals. She has spent 20 years advising philanthropists and observing what works well for charitably inclined families.

Shenfield says parents who are philanthropic tend to have families with strong convictions about giving. Children who watch parents’ involvement in their communities and with nonprofit organizations are more inclined to follow their lead.

“Smart families bring in the next generation at an age when they can identify causes that are important to them,” says Shenfield. “Using resources to foster family members’ interests and encourage learning is also worthwhile; this can include travel to countries in need, site visits to charities or inviting professionals to educate family members.”

It is worth noting that it is not too late for families with adult children to begin a tradition of giving. However, because adults may not share the same interests, the experts encourage discussions when creating a giving strategy.

COMMUNICATE AND BE FLEXIBLE

Our discussions with philanthropic professionals revealed that family philanthropy is an enormously rewarding experience for those participating, but can also present some obstacles.

Families need to clarify their philanthropic goals and discuss what they hope to achieve. This includes parents or family leaders sharing their interests and being receptive to others. Determining how charitable endeavors will be shared, discussing roles and respecting barriers is also important.

“Talk openly with grown children about participating in a family effort, and be clear about your expectations upon your death,” says Shenfield. “I encourage clients to allow future generations to choose how they can make a difference and have an impact; a charitable tradition will be sustained if it is exciting for the individuals responsible for it.”

Building flexibility into your family giving efforts is tantamount to clear communication and makes it easier to deal with unpredictable future events. Effective families are open to changing direction, refocusing their goals, and evolving their giving strategy. Shenfield’s clients, Brewster and Deanna Waddell of Dallas, TX, embody these characteristics.

In 2003, after Deanna gave birth to twin boys, one succumbed to necrotizing enterocolitis. The couple established the Stone D’Arcy Waddell Memorial Fund, a Giving Account® at the Gift Fund. The Waddells initially used the fund to support medical research, but later changed their focus to improve the lives of children. This change enabled them to see the impact of modest gifts in their own community.

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FROM THE PRESIDENT: Sarah C. Libbey

Dear Fellow Donor,

Donors' continued commitment to philanthropy resulted in more than 353,000 grants totaling over \$1.2 billion

to charities in 2010. These totals represent the strongest year for donations in the Gift Fund's history. Congratulations to all donors on this achievement; your dedication *truly* makes a difference.

I speak with many donors about the charities they support and their longer-term philanthropic goals. Donors' enthusiasm is apparent in each conversation, and the inspiration that fuels their generosity is always palpable.

Many Gift Fund donors are involving family members in their philanthropic endeavors. This is a wonderful way to foster your dedication for giving in others.

Building a legacy is a theme throughout this issue of *The Benefactor*®, and an important topic for the future of philanthropy. Leaving a legacy may be as simple as naming a successor to your Giving Account® and having a conversation about how to continue your charitable plan beyond your lifetime. Other donors may wish to engage family members now, laying the groundwork for a charitable legacy that can endure for generations.

I am an advocate of family philanthropy. My family and I approach charitable giving together. Discussing with my husband and children how we can support a cause and collectively making decisions has allowed us to form new family bonds based on a common purpose. It has been so fulfilling.

In this newsletter, donors and philanthropic influencers share their perspectives on the topic of creating a legacy. Addressing the opportunities, and potential challenges, the articles outline what to expect and how to create lasting philanthropic intentions.

In closing, it is with a heavy heart that I share some sad Gift Fund news with you. All of us at the Gift Fund mourn the death of Melvin R. Seiden, a dedicated Trustee from 2002 through his retirement in 2010, who passed away on January 14, 2011, at age 80. Mel was a champion of the Gift Fund's mission, and through his participation the Board was inspired to continually evaluate policies, procedures and programs, and to reflect and evolve innovative approaches for donor-advised funds.

I look forward to continuing to update you on Gift Fund news and will do so again in the coming months. Thank you again for your generosity and continued support.

Sincerely,

Sarah C. Libbey
President
Fidelity® Charitable Gift Fund

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Shenfield says, "Families must be open to making changes to their charitable goals. Regardless of the changes that present themselves, flexibility is critical."

AVOID THESE OBSTACLES

Family dynamics can sometimes be a web of complexities. Existing rivalries or long-standing bitterness may thwart well-intentioned philanthropic goals. Families who do not have a history of working together will need to build the capacity to do so in order to be effective.

Shenfield suggests that families who struggle with complex dynamics should consider inviting an outside facilitator, such as a trusted advisor, to keep the agenda focused, maximize participation and reach a successful outcome.

Not having a common purpose, or failing to recognize the interests of those participating, can also potentially derail family giving efforts.

"Family leaders should avoid making early allocations solely at their discretion, but should introduce shared concepts and common goals from the beginning," says Esposito.

HARNESS THE FUTURE

Family philanthropists who wish to create an effective legacy will need to take a thoughtful approach and communicate clearly. Establishing traditions is important and will inspire future generations to follow. Traditions will undoubtedly vary from family to family. It does not matter what a tradition is per se; what is important is the consistency and involvement of those participating.

Clear communication is another critical step in ensuring future family giving. Having candid conversations will help family members get invested in the philanthropic process. Given the unpredictability of future events, it is also worthwhile to build flexibility into your family giving plan at the outset. Doing this can help family members stay on track, while providing them with broader guidelines to personalize a legacy.

Regardless of how Gift Fund donors and their families approach their philanthropic endeavors, they have the opportunity to have a great impact on nonprofit organizations today and in the years to come.

According to Esposito, "When the fundamentals are strong, families can deal with the changing world and are more likely to have a lasting legacy." ❖