

The Next Generation of Philanthropists ©

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One family collects books and clothes for needy kids; a second volunteers on weekends at a local animal shelter; a third lights a candle and prays for those less fortunate. Simple as they sound, these family rituals help wealthy kids build a base not only of compassion, but also of self-esteem, that cannot be tarnished by any amount of money.

"A lot of my clients would like to put their head in the sand, hoping that their children will not find out that they are privileged," says Wes French, executive vice president with Atlanta-based wealth management firm Balentine & Company. Such well-meaning approaches often backfire, he says: uninformed kids may fall prey to ill-willed hangers-on or lose direction as adults.

It is better to teach kids about the opportunities and responsibilities of wealth from a very early age. Starting young, he says, gives kids the tools and the confidence they need. And providing training in philanthropy to young children is easy and fun -and also lends many opportunities to discuss values.

Teach by Example

Teaching children about giving should be a daily affair, says Marilyn Dimitroff, CFP, president of Capelli Financial Services, Inc., in Bloomfield Hills, Michigan. "The goal is to cultivate empathy in their outlook and behavior," she says.

"The first way to do that is through simple stories," says Dimitroff. "For example, you can explain that some children do not have books or that a child is sick and the family has no money for medicine. You create that awareness, and discuss with them; say, 'What can we do?'" Keep the stories simple, straightforward, and age-appropriate. "If you're at the zoo, explain that some people provide donations to keep up the grounds and feed the animals, while others work and volunteer so that we can enjoy the zoo."

Children learn the most from their parents' example, so parents should only support organizations that they really believe in, says Laura Tarbox, CFP, of Tarbox Equity, Inc., in Newport Beach, California. For example, a busy executive might drop a few corporate boards that are very time-consuming and focus on child-friendly causes such as those concerned with animals, the environment, or children. "The point is to convey to children that you are fortunate, so that they develop a sense of gratitude instead of entitlement."

Creating a Plan

At this point, children may be involved and excited enough to participate in creating a family mission statement. "This document essentially states that an important part of what it means to be in this family is to share our good fortune with others by giving back to our community," French says. You can use the

mission statement as a means to connect and get on the same page with kids during follow-up family meetings. And you can create a more detailed mission by focusing on those causes that are especially important to you as a family.

Another fun family activity is the dinner philanthropy meeting. After the dinner plates are cleared, brochures from several charities are laid on the table and discussed as part of the giving plan for that year. Your local community foundation can help you research local charities and also set up a donor advised fund to manage your giving budget.

For a simple family meeting, you obviously won't want to lay your whole budget on the table, says Lawrence Jones, vice president for the Philanthropic Services Group at Wilmington Trust Co., in Delaware. You might start with \$1000 or \$100 that can be divided into two or three charities. And with children under six, you'll want to keep your presentations short and the entire meeting no longer than 20 minutes.

For those in private foundations, there are new options too, Jones advises. For example, his company offers IRS-approved charitable "gift certificates" for young kids. "Basically, I can give my young child \$500 to give away without disrupting the foundation. It's a way to help your child learn how to research and practice without busting the bank."

Minors are not normally allowed to become involved in the grantmaking process for a private foundation, but such "gift certificates" permit children to make small grants legally. While they require a certain amount of administration on the part of the private foundation, they can provide an excellent real-life lesson in giving for young children.

Volunteering and Gifting

Once children become involved in a charity, nothing takes the place of actual volunteering and site visits. If the child is very young, simply take him or her along when you drop off clothes at the Salvation Army or food for the food bank. Perhaps your child can choose and drop off a toy or book that is special to him or her, Dimitroff says. Even if you intend to volunteer without your child, a simple explanation of where you are going and why it is important to you will stir your child's imagination, she says.

Some children like to do specific tasks for cash that they can then contribute to charity. For example, after 9/11 the government called on each child to donate \$1 to rebuild Ground Zero, and many of the kids of Dimitroff's clients eagerly sought odd jobs to help the country.

By the age of eight or nine, your child may be ready for an allowance. Tarbox gives her clients Moon Jars (<http://www.moonjar.com/>), specially designed containers with three compartments and an old-fashioned passbook. If the allowance is \$8, the child can use \$5, save \$2 as long-term savings, and have \$1 to share. Learning how to save, budget, and make room for charity teaches vital lessons at an early age. Such allowances also let children control a portion of their money by giving to a charity of

their choice and deciding how to spend their long-term savings.

By making family mission statements, having dinner-table meetings, volunteering, and making allowances memorable and fun, you have taken a huge step toward creating family rituals around wealth and good works. "Repeating your familys mission not just on paper but verbally creates a family culture," French says. The more memorable your rituals are around giving as a family, the more fondly theyll remember them, and the more likely they are to pass these caring rituals down to their own children too. The hope is that these efforts will nurture your children to become creative, responsible, giving adults who are also able to manage their own finances.