

Engaging the next generation: Philanthropy



Through our work with ultra-high net worth families, we have learned one of the most common values parents want to pass on to their heirs is the importance of giving back.

Many children of philanthropic families are raised in a consumerism culture, surrounded by affluence. Exposing them to the needs of the world can enhance their empathy for others and reduce judgment. From our experience, exposing children to philanthropic endeavors is an excellent way of demonstrating family values and attaching meaning to money. Philanthropy often brings family members together and helps them celebrate their family history and legacy.

Engaging in shared giving decisions, such as determining where shared charitable gifts will be directed, can enhance family members' ability to work together and develop leadership skills and financial responsibility in other aspects of their lives. Above all else, giving back allows children to experience the intrinsic benefits of helping others and making a difference in the world.

It just feels good.

Getting started

We believe the first step of engaging your next generation in philanthropy entails personal reflection around one's own experiences with giving. Consider the role philanthropy has played in your life. Talk with your significant other about his or her experiences. What childhood memories do you have around giving? What was the most meaningful charitable gift you have given and what made it so meaningful? Maybe it wasn't a monetary gift. Perhaps it was something you did for a charity or an event you planned.

Reflect on your values. What are the core values you (and your spouse) want to pass on to your children? Where did these values originate? How have they influenced your life? How do you live these values?

Once you have reflected on your personal values, explore your objective for involving and engaging your children in charitable giving. What do you see as beneficial?

**Investment and Insurance Products:
Are Not FDIC or Any Other Government Agency Insured • Are Not Bank Guaranteed • May Lose Value**



Exposure to some of the more difficult realities of life can be beneficial when trying to convey the impact philanthropy can have on the lives of others.

Recommendations

There are a variety of ways to achieve your objective(s) to pass along your values and teach the importance of giving to your children. The following suggestions and examples come from our years of working with philanthropic families:

1. Start early

It is never too early to start teaching children the importance of giving back. We recommend that parents provide an allowance, even early in elementary school. Divide the allowance into four buckets: save, invest, spend and give. Allow your children to determine what cause or organization will receive their "give" portion.

Another example is to encourage young children to be entrepreneurial by having them run a lemonade stand business and then donate a portion of the profit to a charity. Accompany your children to the charitable organization to make their donation and encourage a conversation on how their donations will be utilized to make a difference. Revisit the organization at a later date and check on the impact the donation is making. These types of activities begin teaching strategic giving and the importance of evaluating gifts to even young children.

2. Take advantage of teachable moments

Many children have no comprehension that more than half the world population lives on less than \$2.50 a day. Most of us are blessed to raise our children in a nice area of town, which can create a bit of a bubble. Exposure to some of the more difficult realities of life can be beneficial when trying to convey the impact philanthropy can have on the lives of others. Consider the opportunities for conversation you have when you drive past a homeless person, through a low income neighborhood or visit the local humane society.

Hardship doesn't create the only teachable moments. Opportunities avail themselves when you enter a library, art museum or hospital. People often don't recognize that it takes financial contributions to maintain these facilities for everyone's benefit or enjoyment. A teachable moment can even occur when watching a football game where players are wearing pink cleats in honor of Breast Cancer Awareness month.

A parent of two teenagers once shared how much he cherished time in the car with the kids because while they were "held hostage" he took the time to discuss the important topics not often discussed due to everyone's busy schedules.

3. Share stories

Celebrating your family's history is an excellent way to pass values from one generation to the next. Share childhood stories related to giving. Describe the impact your parents and/or grandparents made. Take your children to places where your parents' or grandparents' donated and describe how, thanks to their family, these organizations have benefited. This experience often sticks in children's memories and, not only do they feel pride, it inspires them to become givers.

4. Show and tell

The saying, "Do as I say and not as I do," tends to not work very well. However, the old adage "Children are great imitators. So give them something great to imitate" does. If you strive for your children to volunteer their time, donate a portion of their income and/or get involved with non-profits, then tell them and show them through your own actions.

A young adult client shared how her mother's action impacted her. For her mother's 50th birthday party, the mother requested that, in lieu of gifts, each guest should bring a toy to be donated to Toys for Tots. Initially, the daughter expressed shock. She later changed her mind when she helped drop toys off and realized the impact they would have on many children's holidays. This is further proof that some adages do contain a lot of wisdom, as in: "Actions speak louder than words."

5. Get dirty

Make the giving of time and money a family tradition. Help younger children run a lemonade stand to raise money for a local animal shelter and volunteer when you visit the facility to deliver the donation. Take children to stock shelves at a community food bank (perhaps during the holidays) or to pass out food at a soup kitchen. Team up as a Big Brother or Big Sister and involve your children in those interactions and activities. Volunteer with your older children to help build a home for Habitat for Humanity.

There are many more volunteering opportunities for children over 10 years of age. Some families are choosing to engage in philanthrotourism, including volunteering as part of their family's vacation. Looking back, a young adult shared: "Those (volunteer) experiences, at an age when my mind was still forming, completely shaped my worldview priorities."

6. Let them decide

Several of the biggest mistakes that can be made when trying to involve children in a family's shared giving are: 1) forcing involvement (no one, at any age, enjoys something they are forced to do); and, 2) ignoring children's own giving interests and suggestions. A best practice is to encourage children to conduct research on organizations that interest them and then make a family presentation on what and why they want to give. Note that children who complete this process successfully can become frustrated and discouraged if the family doesn't follow through with a donation.

If you strive for your children to volunteer their time, donate a portion of their income and/or get involved with non-profits, then tell them and show them through your own actions.

7. Make it formal

Take the time to create a formal Philanthropic Mission Statement. While this statement is invaluable in guiding a family’s giving decisions, the process of developing the Philanthropic Mission Statement is equally rewarding for the family. The Truist Wealth’s Center for Family Legacy’s Values and Mission process not only encourages every family member to assess his or her own personal core values, but also identifies the family’s shared values. Through a discussion of the family’s shared values, members determine the areas or causes where the family wants to focus their giving. They then work together to develop a Philanthropic Mission Statement, which will help direct their giving in years to come.

8. Teach financial responsibility

Teaching children the value of giving provides an excellent forum for education in money management. Unfortunately, schools do not provide sufficient education in this area and, too often, financial responsibility is not formally taught at home. Having the financial freedom to give requires prudent budgeting. We encourage starting the budgeting process when children are in elementary school (as discussed in 1. Start Early).

Also, for families who use giving vehicles such as foundations or donor advised funds, it is helpful to share the financial details of the vehicle with your children and use the financial management of the vehicle as an opportunity to teach about investing. An additional opportunity comes with instilling the importance of conducting due diligence on charitable organizations. The Center for Family Legacy’s recommendation is to review non-profit’s financials with children to help them learn what to look for when evaluating where to give.

Not all smooth sailing

More than likely there will be situations when you completely disagree with your child’s giving decisions. This is normal! Often due to generational differences, varying values and attitudes developed during formative years will help drive individual giving interests. For example, children ages 12-31 have grown up surrounded by technology and globalization. The way they define their “community” may be very different than the way parents and grandparents define theirs. Having grown up surrounded by an emphasis on diversity and environmental sustainability has also likely made an impact on the causes they are inclined to support.

Traditionalists / Silent Generation	Baby Boomers	Generation X	Generation Y / Millennials
Born: 1900 - 1945	Born: 1946 - 1964	Born: 1965 - 1980	Born: 1981 - 1999
Shaped by: Great Depression & World Wars	Shaped by: Woodstock & Civil Rights	Shaped by: Watergate, Layoffs & Divorce	Shaped by: 9-11 & Internet
Values & Traits: Giving out of obligation and duty Formality & Privacy	Values & Traits: Equal Rights Connect with causes, not institutions	Values & Traits: Independent Skeptical	Values & Traits: Diversity Global Sustainability

Source: *Generational Differences in the Workplace*. University of Minnesota, Research and Training Center on Community Living, Anick Tolbize, 2008

There are other challenges you may face. Many adult children are starting careers and/or raising families and may not consider involvement in the family's philanthropic efforts a priority. Rather than dictating, our recommendation is to have the family decide together the format for giving, the goals and where and when meetings should take place. The difficulty of geographic dispersion can be mitigated through use of technology such as FaceTime or Skype. Flexibility and patient consideration of busy schedules and individual life-stage challenges can drastically reduce the feeling of being pressured or required to do something, and will pay off in the long run.

If you encounter challenges, go back to your original objectives in trying to involve your children in your family philanthropy and try not to allow frustrations to take over. If one of your goals was to bring the family together through giving, then make certain you do not let it push you apart. If you want to raise aware, generous children who value helping others and giving back financially, then remember the actual causes they choose are not as important as the act of giving.

Conclusion

There are many benefits to involving children in family philanthropy. One of the most important is for them to realize the impact their own participation has on the world (no matter how small) and for them to be excited about making that difference. While there will likely be challenges over time, we encourage families to get started, have patience, be flexible and foremost, have some fun. As evidenced by your decision to read this white paper, you are conscious about wanting to pass down your value of charitable giving to your children, and in all likelihood you are doing so already.

Author: Truist Wealth's Center for Family Legacy

Giving opportunities & resources

There are numerous organizations and websites dedicated to helping individuals and foundations pursue their philanthropic goals. We have compiled the following list of resources to help guide your giving endeavors.

Researching Non-Profits

The following websites provide ways to search for non-profit organizations in a variety of categories. These search engines put a wealth of knowledge about the world of non-profits at your fingertips.

United States Organizations

- **GuideStar** – www.guidestar.org
This searchable database of non-profits reproduces filings such as information on the organization's mission, financials, leadership, staff, etc.
- **Independent Charities of America** – www.independentcharities.org
A charitable database searchable by focus and geography. Its sponsors claim to "represent charities that meet the highest standards of public accountability and program effectiveness."

International Organizations

- **Action Without Borders** – www.idealists.org
The website allows users to search or browse nonprofit and community organizations in 180 countries by name, location or mission. The database also lists volunteer opportunities in local communities around the world.
- **Global Giving** – www.globalgiving.org
From this site you can learn about and fund locally-run social and environmental projects from around the world.
- **Virtual Foundation** – www.virtualfoundation.org
This is an internet-based philanthropy vehicle that allows donors to become actively involved with worldwide grassroots initiatives. Donors can contribute to projects posted on the website and gives progress reports.

Charity Rating Organizations

The process of selecting which organization or individual to give to can be a daunting task. The following organizations provide a rating system that ranks charities based on a variety of factors. These resources can be very helpful when analyzing where to give.

- **BBB Wise Giving Alliance** – www.give.org
An alliance of The Better Business Bureau, the site rates charities based on each charity's voluntarily disclosed information concerning their activities, finances, fundraising practices and governance.
- **Charity Navigator** – www.charitynavigator.org
The website lists more than 5,000 of the largest charities in the U.S. and rates them based on an analysis of their financials. The site also provides tools and resources for donors.
- **Charity Watch** – www.charitywatch.org
This site provides a charity rating guide to maximize the effectiveness of every dollar contributed to charity by providing donors with the information they need to make more informed giving decisions.

Know more. For more information, please call 866.506.1989
or visit us on the web at **truist.com/wealth**.

Comments regarding tax implications are informational only. Truist and its representatives do not provide tax or legal advice. You should consult your individual tax or legal professional before taking any action that may have tax or legal consequences.

Truist Wealth's Center for Family Legacy is a marketing name used by Truist Financial Corporation. Services offered by the following affiliates of Truist Financial Corporation: Banking products and services, including loans and deposit accounts, are provided by SunTrust Bank and Branch Banking and Trust Company, both now Truist Bank, Member FDIC. Trust and investment management services are provided by SunTrust Bank and Branch Banking and Trust Company, both now Truist Bank, and SunTrust Delaware Trust Company. Securities, brokerage accounts and /or insurance (including annuities) are offered by Truist Investment Services, Inc., and P.J. Robb Variable Corp., which are each SEC registered broker-dealers, members FINRA, SIPC, and a licensed insurance agency where applicable. Life insurance products are offered through Truist Life Insurance Services, a division of Crump Life Insurance Services, Inc., AR license #100103477, a wholly owned subsidiary of Truist Insurance Holdings, Inc. Investment advisory services are offered by Truist Advisory Services, Inc., GFO Advisory Services, LLC, Sterling Capital Management, LLC, and Precept Advisory Group, LLC, each SEC registered investment advisers. Sterling Capital Funds are advised by Sterling Capital Management, LLC.

©2021 Truist Financial Corporation, Truist, Truist purple, and the Truist logo are service marks of Truist Financial Corporation. All rights reserved.

CN2020-2367