

family foundations: benefits stretch beyond charitable giving

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challenge. In addition to providing a means for gaining insight into the importance of charitable giving, a family foundation can create an ideal platform for heirs to hone their financial management skills.

Heirs can be involved in a family foundation as volunteers, employees, and/or board members. As a volunteer or employee, an heir can gain valuable business management skills, as well as witness firsthand the positive impact charitable giving can have on the community. Heirs who are selected to become board members may further delve into the decision-making and grant-making process, which can foster greater accountability and further expand knowledge of financial matters.

If the donor already has several grown children who are regularly involved in the family foundation, he or she may consider making all of them board members. If this is logistically impractical, it may be wise to establish a rotating seat on the board. For instance, every two years, a different child could occupy a seat on the board.

Additionally, one might suspect that the age of a younger heir might limit his or her overall participation in the foundation. On the contrary, many donors welcome the opportunity to start heirs early when it comes to financial and philanthropic education. How young is too young?

That depends on each individual set of circumstances. Generally, twelve- and thirteen-year-olds are certainly not too young to volunteer some of their time and begin to gain an understanding of charity.

In fact, it is fairly common for many donors to encourage their entire families to participate, to some degree, in their foundation's activities. To enhance the learning experience, some donors have initiated creative methods for promoting life skills development, in addition to more traditional foundation activities. For instance, a donor could set up a contest in which each heir is responsible for managing \$10,000 of the foundation's assets. After a specified period of time, all portfolios can be analyzed and discussed. Or, when younger, school-aged heirs are involved, a donor could establish an essay contest asking each heir to write about a charity

they would wish to benefit. Again, all essays, when complete, can be reviewed and discussed. In both cases, modest prizes can be awarded to heirs whose portfolios yielded positive returns or whose essays were well written and topical. The benefits of such programs can be immeasurable for the participant, the donor, and ultimately, the foundation.

A Lifetime of Dividends

Without question, philanthropy is extremely important to many affluent individuals. At the same time, many wonder how they can instill in their children and/or other heirs a similar passion for philanthropic pursuits. In addition, many affluent individuals may be concerned about how they can teach future generations to handle wealth. When properly established, the family foundation can provide the means to accomplish these goals. ■



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