Passing values on to younger generations through philanthropy can help maximize charitable impact and extend a donor’s legacy. Many donors are looking for ways to introduce these conversations and to connect their family in a meaningful giving strategy that involves the whole family.

### Reasons for making charitable giving a family affair

Personal values are the leading factor in the decision to contribute to a particular cause or charity. Involving children and grandchildren in philanthropy is a way to share and pass on a donor’s values. Having the feedback of younger generations in giving decisions can also make the giving experience even more joyful.

A simple way to initially connect with children and grandchildren is to tell stories and share memories about the giving traditions of their parents and grandparents. This storytelling shows them role models, and research confirms that parental role models have a profound effect: 81% of adult children give when their parents give.

“I look back on why we are so passionate regarding philanthropy,” said Ralph B., who uses a Schwab Charitable donor-advised fund account for his giving. “I can trace it to the ‘teach by example’ of my mother. She kept me informed of what she was doing, and I would go with her when she was invited to a thank you event or special meeting. While I never asked her, I believe she knew I was learning and sometime in the future I would follow my own path in this area. That is the same line of thinking we use today with our own children.”

### Importance of offering younger generations a voice

Parents and grandparents can lead giving conversations and lead by example through stories, but children may be more engaged if they are also asked about their core values and how they would approach researching and selecting causes and charities that reflect their values. This activity provides them with an opportunity to be more than passive participants in the conversations and process, and an outcome may be children requesting charitable gifts to be made in their own name.

An additional result may be parents and grandparents obtaining insights that change how they make their giving decisions.

“Our kids are aware of the organizations we contribute to,” said Mary Therese D., a donor with a Schwab Charitable account. “Their perspectives have taught us information from a broader perspective.”

Donors engaging other family members in charitable conversations may also experience that some core values differ among individuals. This is completely normal and should not stop or inhibit the conversations. The objective is to have a forum in which values are openly shared and translated into family or individual donations.
Breakdown of generational giving

Parents and grandparents hoping to instill a charitable mindset in children and grandchildren may take satisfaction in knowing that significant populations of younger generations already give to charity. Baby Boomers have the largest population of donors, but philanthropy in the U.S. spans across all generations of adults.

Giving by generations in 2018


continued on next page
Importance of having a charitable legacy plan

An estimated $36 trillion will be left to heirs and $6.3 trillion will be left to charities between 2007 and 2061 through estates and estate planning strategies. While donors may have charitable legacy intentions tied to this wealth transfer, execution of legacy intentions is best ensured with a legacy plan.

What are the motivations behind a charitable legacy plan? Half of Schwab Charitable donors view charitable giving as a key aspect of their overall legacy. These donors say it is important to leave a lasting impact on charitable causes close to their hearts and set children or grandchildren up to continue their giving beyond their lifetime.

A legacy plan typically is part of an overall estate planning strategy, and the plan’s primary objective is continuing donations with maximum charitable impact while reducing estate taxes. In general, legacy plans either identify organizations as beneficiaries of charitable assets or allow surviving individuals to use charitable assets for grants to the organizations of their choice. Plans may exist within a will, another legally binding document, or a charitable giving vehicle. The structure or depth of a plan will vary based on philanthropic goals, including the frequency and amount of giving as well as the number of individuals who might be involved in implementing the plan.

As donors identify and evaluate their plan options, they should consult any family members who are involved in their giving and consider consultations with financial, tax, and estate planning advisors. Their review of plan options may also be preceded by answering these questions:

1. What values or interests define my charitable legacy?
2. Which causes or issues are most important to me?
3. Which causes or issues are most important to my family?
4. What role do I want family members to have in continuing this legacy?
5. Would charitable organizations addressing these causes or issues benefit more from a one-time gift or a recurring series of gifts?
6. Do I need to have charitable assets allocated for use in multiple ways?
7. How will this plan integrate with my estate planning strategy?

Benefits of using a donor-advised fund

Donor-advised funds are giving vehicles offered by public charities. Donors open an account, make irrevocable and tax-deductible contributions to the fund, and recommend grants to charities at any time. The contributed assets can also be invested for potential tax-free growth with the objective of having more to give to charity.

Accounts may be opened with multiple account holders and account users, all of whom must be at least 18 years old. An account can have a special name, such as the Smith Family Philanthropy Fund, and individuals on the account may have contributing, investing, and granting privileges. These features make the accounts fitting for family engagement, and two thirds of Schwab Charitable account holders say they involve family members with their fund.

continued on next page
Donor-advised fund accounts also have legacy or succession planning features. At Schwab Charitable, donors may select any one or combination of three options:

1. Recommending family members or other individuals as successors on their account
2. Recommending charitable organizations as beneficiaries of final grants of their account balance
3. Recommending charitable organizations for recurring grants over a specific timeframe (the Schwab Charitable Legacy Program)

Schwab Charitable donors can establish legacy or succession plans for their accounts when or after the accounts are opened. Changes to a plan’s goals, actions, individuals, or grant recipients are easily made.

Examples of family involvement

Involvement and engagement are centered around giving conversations, and the frequency and formality of conversations vary from family to family. Some Schwab Charitable donors say they encourage adults, children, and even grandchildren to present on the causes most important to them and the charities to which they want to recommend grants. These virtual or in-person presentations often are during year-end holiday celebrations and are in preparation for charitable giving in the year ahead.

One great example of this is Teresa’s story. Her family has an annual tradition that involves the whole family in giving through their Schwab Charitable account. Every year, before Christmas, each member of the family is allocated an amount to grant from the account. Each family member then recommends charities to receive the funds, based on their personal values and experiences over the past year. On Christmas Day, before they open presents, they talk about their choices and explain why they selected those charities. The family includes younger children, and this tradition emphasizes the idea that to help someone else is a gift for them as well.

A similar example is an annual family gathering at Thanksgiving, a time of values-based conversations. A common Thanksgiving tradition is to have each family member express gratitude for something or someone. Many Schwab Charitable donors supplement this tradition with follow-up questions about the reason for the gratitude and how a charitable gift could be made based on that reason.

Other Schwab Charitable donors say they initiate more frequent engagement, such as weekly family calls with printouts of grants recently made in honor of a family member. This type of discussion provides a sense of grant ownership and accountability.

“We want to ingrain in them the idea that giving should have a purpose...”
- Donors Thomas and Loddie F.

A less formal but memorable event is to have giving discussions at the annual birthday celebrations of family members. A donation can then be made in an individual’s name to one of the person’s favorite charities.

Donors interested in a more structured approach to involving family in their philanthropy may download the Schwab Charitable Giving Guide, available below. The Giving Guide’s module on family involvement defines potential roles family members can play and includes three interactive activities.
What donors can do next

Schwab Charitable has tools, information, and other resources available online to inform and guide donors throughout their philanthropic journey. Donors seeking resources related to this article may:

- Download the Schwab Charitable Giving Guide for the Involve Your Family module
- Watch the Family Tradition video featuring Schwab Charitable donors Milt and Judi
- Watch the Four Generations of Giving video featuring donor Elizabeth
- Listen to our Giving Across Generations podcast episode
- Learn about succession plan options with a Schwab Charitable account
- See how a donor-advised fund works

Giving is good. Giving wisely is great.

For questions or assistance with philanthropic planning or charitable giving:

Visit www.schwabcharitable.org
Call Schwab Charitable at 800-746-6216
Contact your advisor or Schwab Charitable relationship manager

Follow Schwab Charitable

Listen to our podcast Giving with Impact

1 Study of High Net Worth Philanthropy, U.S. Trust, 2018
2 Women Give, Women’s Philanthropy Institute, Indiana University Lilly Family School of Philanthropy, 2018
4 What Does Legacy Mean to You, Schwab Charitable Donor Forum, 2021
5 Teachable Moments, Schwab Charitable Donor Forum, 2020

Schwab Charitable™ is the name used for the combined programs and services of Schwab Charitable Fund™, an independent nonprofit organization. Schwab Charitable Fund has entered into service agreements with certain subsidiaries of The Charles Schwab Corporation.

A donor’s ability to claim itemized deductions is subject to a variety of limitations, depending on the donor’s specific tax situation. Donors should consult their tax advisors for more information.

©2021 Schwab Charitable Fund. All rights reserved. REF (0S21-I1L3L) MKT11512S-00 (05/21) 00262310