High-net-worth individuals and families frequently have three well-established legs of their philanthropic planning table. The first leg is a tax expert who advises them about the tax consequences of their donations and tax-advantaged charitable strategies. The second leg is a wealth manager who guides their investments, manages their endowments, and helps them decide how much they can afford to contribute to their charitable initiatives. The third leg is an estate planner who helps them create the structure for giving during their lifetimes and establishes legacy vehicles such as trusts and family foundations.

Each of these three experts plays an essential role in the development of their clients’ philanthropic plans. Rarely, however, are they experts in philanthropy. Increasingly, the fourth leg of the table is an experienced philanthropic advisor who works alongside a client’s other trusted advisors and helps organize, strategize, and maximize the impact, meaning, and joy of the client’s philanthropic initiatives.

Many families may understand how much they can afford to donate to worthy causes and the tax impacts of doing so, and they may even have established a donor-advised fund, family foundation, or trust vehicle. Philanthropic advice, however, can be the difference between being a generous donor and becoming an effective philanthropist with even greater impact.

Philanthropic advisors often serve as the choreographers of a team of experts who inform their clients on various aspects of their philanthropic journey. Too frequently, clients’ advisors don’t work collaboratively and decisions are made in piecemeal fashion, sometimes with conflicting strategies and results. A philanthropic advisor can ensure that the client’s tax, financial, and legal advice is coordinated to achieve the client’s highest objectives and philanthropic goals consistent with long-term wealth management, tax, and estate planning strategies.

If a client is missing one leg of the advisor table, the philanthropic advisor also can help ensure that a qualified professional is found to meet those needs.

**Developing a Strategy for Giving**

Creators or inheritors of wealth need to examine the reasons for their decisions to share it, whether with people less fortunate or with inspiring causes. What are they hoping to accomplish with their social investments? Are they driven by long family histories of charitable activities, desires for recognition or to gain access to influential people, hopes of passing values to their children and future generations, urges to “pay it forward” to the community or groups that helped them succeed, theologically based inspirations to repair the world, or other impulses to transform some aspect of their communities or the planet? The answers to these questions form the building blocks of a philanthropic strategy.

Many other questions need to be answered, including:
- From whom did they first learn about philanthropy?
- What members of their immediate families are involved in their philanthropic decisions?
- If their children are young, are they teaching them about being philanthropic?
- If their children are older or grown, are they discussing their philanthropic visions and goals with them?
- Have they established a family philanthropic values and mission statement?
- Do they have a clear strategy for achieving those goals?
- Are they interested in giving to charities that treat symptoms (e.g., hunger) or would they rather work to alleviate causes (e.g., poverty, education)?
- What research have they done to find the charities that align with their values and goals and are also efficient and making a difference?
- How do they measure the impacts of their philanthropic initiatives?
- Where does volunteering fit into their charitable strategy?
- Who negotiates on their behalf and monitors the performance of the charities they support?
- How do they organize, manage, and evaluate the many requests they receive for funding?
- Do they prepare annual reports of their giving—including their progress toward achieving their goals—to inform their giving in the following year?

The answers to these questions can begin to shape the strategy for a meaningful philanthropic journey.

**Involving Children in Family Giving**

If children are going to play a role in a family’s giving plan, a philanthropic advisor can help the family craft a careful...
approach by interviewing each family member, convening family meetings, and making tailored recommendations. Consistently and meaningfully involving children in a family’s philanthropy can strengthen family connectedness and communication, teach kids to appreciate what they have, transmit values to future generations, and leave a lasting family legacy, all while addressing important societal needs.

Children as young as three can be encouraged to donate gently used toys, books, and clothes to less-fortunate kids. Letting children select what to donate and accompany a parent when making the donation creates a lasting impression. If the kids already have enough “stuff,” they can ask that friends make donations to local charities that help kids rather than bringing gifts to birthday parties. The same approach can be taken during the holidays and for other events such as confirmations, bar or bat mitzvahs, and graduations. Adults can set examples by asking others to make donations instead of giving them gifts on holidays or special occasions.

Once children start receiving an allowance or earning money, they can set up three separate funds: one-third for spending, one-third for saving, and one-third for giving. They should select the charities or causes to receive their donations and should follow their donations to see what impact they have on the lives of others. Family volunteering also engages children in philanthropy and creates a unique way of spending time together.

As kids and parents get older, the focus will be different. Honest and bold communication between parents and grown children about the family’s money, philanthropy, estate planning, and charitable legacy is essential. The way in which parents introduce the idea of sustained family giving is critical for success. The leadership and vision of family philanthropic ventures should be shared among all family members rather than imposed by parents upon children. Explicit discussions about how the children will be empowered to transmit the family’s charitable legacy to future generations are important.

Involving kids at the earliest opportunity, encouraging their meaningful participation, and valuing their perspectives will greatly increase the likelihood that philanthropy will be a positive family bonding experience.

Selecting Effective Charities

The 1.5 million charities in the United States are doing remarkable work to transform lives, communities, and the world. Too many of them, unfortunately, suffer from waste, lack of focus, little impact, and even dishonesty. Sophisticated donors want to assure that their donations are well-spent and actually achieving results. A philanthropic advisor can examine the efficacy and stability of nonprofits and make recommendations to clients about which charities are hitting the mark and which are not.

“Honest and bold communication between parents and grown children about the family’s money, philanthropy, estate planning, and charitable legacy is essential.”

Philanthropic advisors can facilitate communication between donors and nonprofit leadership to assure goal alignment and a clear understanding of expectations. Negotiating appropriate reporting of results and donor recognition is also important. Finally, the philanthropic advisor can actively monitor the nonprofit’s activities to provide direction and assistance where needed and ensure that the donor’s expectations are being satisfied. All this must be done without burdening the nonprofit organization and maintaining an appropriate balance between the donor’s need for information and responsiveness and the nonprofit’s need to do its important work without undue interference.

Using Business Tools to Increase Donation Efficacy

Some philanthropists check their business acumen at the door when making charitable decisions. A philanthropic advisor can help bring the same type of resources and approaches to social investments that the wealth creator used to earn money in the first place. Research, analysis, expertise, strategy, careful and organized implementation, and evaluation are all tools used by the successful entrepreneur or investor to generate wealth. When people apply those same tools to their philanthropic investments, they generate larger and more satisfying philanthropic returns.

Charitable donations can save or change people’s lives. They can help endangered species survive, feed the hungry, fight poverty, offer opportunity, and provide sustainability. They also can be wasted if, like any investment, they are not made wisely. Engaging a philanthropic advisor to help guide the process and work alongside the client’s other trusted advisors helps to ensure that donations change the world according to the donor’s vision, and that donors see the true impact and experience the real meaning and joy of their philanthropic endeavors.

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