



By engaging in meaningful conversations about their shared values, interests and priorities, families can establish a strong philanthropic legacy that transcends generations and makes a lasting impact on the world.

Chapter 6

Talking to Your Family

In this chapter we will discuss the unique challenges and options that confront philanthropic couples, multigenerational families and young inheritors of wealth in dealing with ancestral values and legacy. We will provide clarity around when family alignment is desired and necessary, and will also offer various options when certain desired philanthropic pursuits may differ from current thinking and are barred by familial baggage and disagreement.

Your commitment to philanthropy will have a bearing on how your resources are distributed and have implications for your family members and whether or not they are involved in decision-making or taking on management responsibilities.

Oftentimes, decisions about how much money should be set aside for philanthropic projects are part of a larger financial discussion including children's inheritances, lifestyle budgets and investment strategies. Perhaps more importantly, it is about who claims creation or ownership of the family's wealth, and who has the final say over how this wealth is allocated.

Here, we seek to highlight the effectiveness of couples as well as multigenerational families who collaborate on their financial and philanthropic goals, from combining their financial assets to dividing their philanthropic responsibilities.

It is anticipated that \$30 trillion in assets is expected to pass from North American baby boomers to their heirs in the next 30 years.²³ This transfer will happen against a modern-day backdrop of emotional isolation from family, community and heritage. Putting it bluntly, people with wealth share the same challenges all human beings face when looking for meaning and relevance. It is about finding your own way and your individual path toward meaning, while at the same time maintaining a connection to your past.

You, too, may view family philanthropy as a way to bind your family together. Or you may doubt the ability of disparate family members to agree to work together, much less come to a consensus in pursuit of a shared mission.

²³ <https://www.nytimes.com/2023/05/14/business/economy/wealth-generations>.



Reasons to Talk to Your Family About Philanthropy

Families should have open and ongoing conversations about their philanthropy to ensure that their giving aligns with their values and achieves the greatest impact, while also fostering family unity and a shared sense of purpose. Here are a few of the key goals when talking to family about philanthropy.

1. To inform

A family member who plans to implement a new philanthropy program or direction should share what is happening and why. You may hope for approval, enthusiasm or agreement, but this is not essential. By sharing details and decisions about giving, donors help family members understand what they value, what motivates them and how they make decisions. A commitment to philanthropy will have a bearing on how the family's resources are used. This decision may well have implications for family members, and may spark important, sometimes difficult, conversations around this topic.

2. To inspire

Donors who wish to inspire family members to engage in their own philanthropy will often tell the story of their giving as an example. They may focus on how they got involved, what they learned, and why it's so meaningful and rewarding. Donors often see philanthropy as reflective of their values, ideals and/or moral convictions. The giving is a vehicle for sharing values, as well as a contribution to society. Donors may want to provide seed funding or matching resources so family members can develop their own independent philanthropic inspirations and paths.

3. To involve

This may be nothing more than an invitation for your family to participate. You will need to explain your goals and engage family members by listening to – and incorporating – their values, causes, approaches and decisions. Donors sometimes decide to create a family giving plan. But no matter the vehicle, the process will require negotiation and active listening. Engaging family members in philanthropy, formally or informally, can be an important part of a giving strategy.

Challenges

Family philanthropy can be a fulfilling and impactful way for families to give back to their communities and support causes they care about. However, it also presents unique challenges that must be navigated to ensure the success of the family's philanthropic efforts. Here are some of the most common challenges in family philanthropy:

Communication is a significant challenge in family philanthropy, particularly in families with many members. Starting a family foundation is unlikely to make your family close if historical family dynamics and tensions suggest otherwise. Unfortunately, old habits of miscommunication and existing power imbalances can hamstring attempts to find joy and make a positive impact through charitable giving. As in any partnership, philanthropic engagement is driven by personal and emotional involvement, and that engagement can indicate which family members will take on the sense of responsibility that so many family philanthropies seek to teach.

Governance is another significant challenge in family philanthropy. Families must create structures and processes that ensure the efficient and effective management of their philanthropic activities. This includes developing policies, procedures and decision-making processes that enable the family to achieve its philanthropic goals while also minimizing conflicts.

Succession planning is essential in family philanthropy to ensure the continuation of the family's philanthropic activities across generations. Families must plan for the transition of leadership and management of their philanthropic activities to the next generation while maintaining the family's values and objectives.

Family members may have **different priorities and values**, leading to disagreements and misunderstandings. Whether or not you yourself are popularly labeled a "next-gen philanthropist" per your age or personal success, your descendants likely will embody this. Not only will they have to choose how to respond to the legacy they have inherited, but they will also have their own ideas about the "what" and the "how" of your family philanthropy being carried forth. If you want sustained engagement, you have to be willing to hear them out.

The key questions for next-gen philanthropists – whether they are inheriting an established approach to intergenerational philanthropy or creating a completely new approach – center around how they perceive their family's wealth and what role it should play in the public sector, often with a bias toward using their privilege to partner with organizations on the ground making real impact. Additionally, family members may have different communication styles or may not feel comfortable expressing their views openly.

Alignment to Maximize Impact: C. Hoare & Co. and the Golden Bottle Trust

Established in 1672 at the Sign of the Golden Bottle and owned continuously by the Hoare family for 12 generations, C. Hoare & Co. is the UK's oldest privately owned bank and a certified B-Corporation (B-Corp), after being assessed against and meeting B-Lab's high standards for social and environmental performance, transparency, and accountability. The bank's partners today are stewards of a unique and evolving culture built on personal trust.

The partners of the bank donate up to 10% of profits each year to the Hoare family's charitable trust, the Golden Bottle Trust (GBT). Grants made by the GBT reflect the interests of family members, while the UN's Sustainable Development Goals (SDGs) are used to help identify areas for strategic giving. This year, the GBT focused on SDG 3: Good Health and Wellbeing, SDG 10: Reduced Inequalities; SDG 13: Climate Action, and SDG 17 Partnerships for the Goals.

C. Hoare & Co.'s Head of Philanthropy, Rennie Hoare, explained that the family developed a profiling tool named "Care For Most" to help determine these key focus areas to ensure "a match between actual and desired impact." Hoare explains that this tool comprises "12 sliders that go from zero to 100, indicating how interested you are in each charitable area." Data generated from the sliders populates into a pie chart, which paints a picture of what the collective philanthropic vision should be. The tool allows family members to quantify their philanthropic interests easily and the insights they gleaned prompted the family to consolidate their individual snapshots into a collective philanthropic vision. Hoare emphasizes that while the tool, "seems incredibly simple, you're actually asking people to do a complex relative value assessment."

Ultimately, the first time this assessment was completed, it resulted in a third of the entire philanthropic budget going to just ten causes to ensure that, "that they're absolutely aligned with the things that are most strategic and important to us." Pairing this approach with tools such as unrestricted giving to maximize efficiency and going beyond traditional grantmaking to leverage impact investing for the past twenty years, C. Hoare & Co. is a great example of using strategic applications to accelerate philanthropy towards a more just world.



Impact evaluation – measuring the impact of philanthropic activities can be challenging. Families must determine the most effective ways to evaluate their impact and track progress toward their philanthropic goals. This includes identifying appropriate metrics and gathering and analyzing data.

Family dynamics can significantly impact the success of family philanthropy. Family members may have different priorities, values and communication styles, leading to conflicts and disagreements. Additionally, issues such as sibling rivalry, jealousy and power struggles can further complicate family philanthropy.

Collaboration with non-family members, such as nonprofit organizations or other philanthropic entities, can also present challenges. Family members may have different expectations or may not be familiar with the norms and practices of the nonprofit sector.

How to Hold the Conversation

Starting a conversation about your family's philanthropy requires a safe and inclusive environment. Such an environment encourages open and honest communication, identifies shared values and goals, and establishes a clear decision-making process for effective and impactful giving. This section will dive into the steps needed to plan the conversation and topics that will be beneficial to discuss.

Planning the Conversation

Planning the conversation is a critical step in initiating a productive and constructive dialogue about your family's philanthropy, and involves setting clear goals and expectations, selecting an appropriate time and place, and identifying strategies for effective communication and conflict resolution. The following questions will help ensure you are prepared for the conversation:

1. Begin by asking yourself some questions

- What's my primary goal – to inform, to inspire or to involve? Many situations involve some combination of these goals, but it's wise to understand the most important impetus
- What do I hope to achieve through this conversation or communication?
- How will I listen and respond to family members' reactions, even if I am informing rather than involving?
- What are the next steps? How will I make them clear to everyone?

2. Consider your family's unique circumstances

How do we generally communicate about important family matters? If it's informal, will that comfortable method work for a conversation about giving? If the family is far-flung, is an in-person gathering feasible? If not, or if there is some urgency, might video-conferencing be used?

What dynamics will likely surface? Just because the topic is charitable and future-oriented doesn't mean that personal issues and the past will be left behind. Who will be part of this conversation? Will you include your children's spouses? How will stepfamily members be involved? What's the right age minimum for a family member to be part of this discussion?

3. Set the stage

Make a careful decision about when you will communicate, how you will introduce the subject and where this will occur (if it is to be in person). Will this be at a family gathering, or is communicating with family members individually or in smaller groups more natural? How can it be made positive or interesting, or at least relevant, for family members?

Clarify your expectations in advance. Let family members know whether this is a conversation to inform them or to involve them. If possible, provide some background to reduce the element of surprise, which some may find disconcerting even when the news is good.

Decide if anyone else will be involved besides family members. For some families, having a trusted professional advisor or family friend be part of the conversation can ease tensions and create a buffer.

The Conversation

Now that you've finalized the planning process, it is time to plan the actual conversation. The agenda of the meeting will look different for every family, but these topics outline key considerations for your family's conversation:

- 1. Identify shared values:** identifying shared values is essential when discussing philanthropy with your family. You can ask questions about what values are important to them, what causes they care about and what they would like to see change in the world.
- 2. Decide on decision-making structures:** consider discussing how philanthropic decisions will be made, including who will be involved in the decision-making process, what the decision-making process will look like, and how to ensure that everyone's voice is heard and considered. The family should also establish clear guidelines and procedures for resolving conflicts and adjusting their decision-making structures as needed.
- 3. Set philanthropic goals:** once you have identified your shared values, you can set philanthropic goals that align with those values. This can help your family focus on a common purpose and have a more significant impact.
- 4. Create a mission statement:** a mission statement can help your family articulate its philanthropic goals and values. It can also serve as a guide for future giving decisions.
- 5. Develop a giving strategy:** developing a giving strategy can help your family make informed decisions about where to donate their money. This can include creating a budget, researching charities and considering the impact they want to have.
- 6. Involve the next generation:** it is important to consider involving the next generation in philanthropic discussions. This can help them develop a sense of ownership and responsibility for the family's philanthropic activities. Alternatively, if the next generation is not interested in philanthropy or has different values, it can shed a light on this tension early on so the family can plan accordingly.
- 7. Avoid conflicts of interest:** conflicts of interest can arise when family members have different philanthropic goals or priorities. It's important to address these conflicts early on and to work together to find a solution that everyone can agree on.
- 8. Emphasize the importance of reflection and re-evaluation:** it's important to take time to reflect on your family's philanthropic activities regularly. This can help you determine whether you're meeting your philanthropic goals and if there is a need to adjust your giving strategy.
- 9. Keep the conversation going:** philanthropy is an ongoing conversation, and it's important to keep the conversation going. This can help your family stay focused on its philanthropic goals and continue to have a positive impact on the causes you care about.

The Rockefeller Family – Recognizing the Privilege of Philanthropy and the Value of Community Engagement



Starting with John D. Rockefeller in the late 1800s, the Rockefeller family has been engaged in philanthropy for 150 years. In this time, it has greatly expanded its philanthropy to the arts, social justice and beyond – but the core and most frequent engagement remains with climate and environmental issues.

Overview of the Family Philanthropy

As a person who built wealth from the oil industry, John D. Rockefeller, perhaps incongruously, became a strong proponent of the environment, using his wealth to make beautiful places accessible to everyone – from Jackson Hole, Wyoming, to the Hudson Valley in the New York metropolitan area, to Williamsburg, Virginia, and beyond.

Today the family has over 300 members, and consequently, the ability of individuals to make significant gifts has decreased. Additionally, many of the more recognized Rockefeller philanthropic vehicles – the Rockefeller Foundation, for example – are completely independent of the family, even while still bearing the family name.

Three philanthropic entities, however, still have significant family involvement: the Rockefeller Family Fund, the David Rockefeller Fund and the Rockefeller Brothers Fund, each of which has a tradition that half of the board, and the board chair, are family members.

Valerie Rockefeller, a sixth-generation member the Rockefeller family (defined as the direct descendants of John D. and Abby Aldrich Rockefeller), chairs the board of directors of Rockefeller Philanthropy Advisors. She firmly believes that the inclusion of diverse perspectives is mandatory for effective philanthropy.

The Need for Inclusive Leadership

She notes that while the tradition of board representation has been beneficial for the family in terms of enabling it to be deeply involved in addressing society's challenges, there has been a growing recognition that its perspective is skewed based on its position of privilege.

To be effective, she says, philanthropies need to have community representation in meaningful ways. "That can include board membership, positions of leadership within the philanthropic organization, or other ways of closely collaborating."

Recently, the family has been reducing the historical power balance of family members on the boards of related philanthropic entities, moving away from the traditional practice of 50% family representation.

She says that without this change it is very challenging to ensure significant diversity of economic privilege, race, experience and more. "That diversity of background and perspective, particularly when it includes representatives from communities most impacted by the circumstances the philanthropy is working to address, is what makes the work significantly stronger and more impactful."

How Inclusion and Diversity Impact Family Dynamics

The Rockefellers who choose public service recognize the privilege they have. While many family members don't have the capacity to start nonprofits or make large gifts, they have found individual ways of expressing their values through philanthropy. One of these ways is board service, an area where, for many philanthropic families, disagreements about the direction, strategy, focus and approach of the philanthropy can surface.

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Rockefeller notes that this hasn't been a significant issue for her family. She attributes this to a continuous focus at family meetings on the power of the foundations resting with the board of directors rather than the family. "Once you've given the money away, the power is in the hands of the independent organization that welcomes feedback from everyone. It would be self-dealing for there to be family control."

She also cites the importance of the nominating process for ensuring familial alignment on the direction of the foundations. "I can't stress enough the importance of thorough vetting of all candidates by a nominating committee composed of family and non-family members." She notes that the process can reveal the degree of collaboration, the interest level in the work of the organization, and alignment in terms of the approach of the work of the organization.

This process minimizes the potential for significant disagreements and enhances family alignment. One of the best parts of this, Rockefeller notes, is that philanthropy has been the way she's gotten to know and grow close to several family members.

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