

Philanthropy *should* be centered around a family, its members, and their goals for themselves and the larger world. Philanthropy should be about what you give for rather than whom you give to.

For many people, the question of “What do you care about?” can be challenging, so it is important that your advisors provide help, but not answers.

I have used a very simple exercise for years, which I call the Green Pen/Red Pen Exercise. Start with any newspaper and begin circling in green the stories that contain something you want to see more of in the world. Circle in red the stories that reflect something you want to see less of in the world. You might see a theme. For instance, you might continuously make vigorous red circles around stories of child endangerment.

This exercise allows you to begin searching for local or global community foundations that address the issues you identified. (You can use a free service like Charitynavigator.org to find and research global organizations focusing on your concerns, though local organizations might offer a more visible opportunity for you to change your community.)

The Green Pen/Red Pen Exercise can become a great family project for parents of children of most any age. This exercise gives the next generations a chance to feel what is likely to impact something they care about. It shows the power of financial wealth in an extremely positive way.

I have found that coupling the Green Pen/Red Pen Exercise with a simple giving strategy is an easy way to begin a family philanthropic plan. I have a fund that I call the 1040 Foundation.

My 1040 Foundation works like this: Let’s say that last year, you gave a total of \$20,000 to a variety of charities, and therefore deducted that amount on your 1040 Form. You plan on giving about the same total amount this year.

With the 1040 Foundation, you still donate \$20,000. The only thing that changes year-to-year is how you decide on the allocation. For example, if you have three children, you could allocate control to each of them in the amount of 10 percent of your total charitable contribution, or, in this case, \$2,000 per child. The exact numbers are irrelevant, but three conditions are important:

1. The entity receiving the funds has to be a qualified charity (a 501(c)(3)) for tax purposes.
2. Each child has to explain why he or she cares about the

particular cause.

3. Each child needs to deliver the check/funds in person, so the charity needs to be local.

If you use a 1040 Foundation, you still write the checks and take the deduction as usual, but you have added one big difference to the philanthropic giving: You have created a marvelous experience for your family members.

As you probably sense, infinite variations exist to this idea.

I have seen matching plans where the parents will match \$2 for every \$1 their children are able to contribute. The activity can be between a grandparent and a grandchild instead of parent and child. I have seen families keep a journal of their 1040 Foundation's donations, reviewing these charities at family meetings.

These activities also help build and strengthen family relationships in what may be unexpected ways. As we saw in an earlier story in the discussion of social capital:

For several years, the eldest son had been distant from his siblings. His two sisters in particular had previously demonstrated great disrespect for him, his lack of formal education, and his seeming lack of interest in any family events involving money.

When it was his turn to announce his charity, he spoke about the importance of maintaining Civil War memorials so that we remember how America once found itself pitting brother against brother. His passion about the consequences of that war and the lessons to be remembered came through so clearly that both his sisters changed their minds and decided to donate to his cause instead. The girls saw him in a new light, and he learned that money can be deployed in ways to keep families together rather than in ways that divide them.

While many families make more formal arrangements and structures for philanthropy, using a simple strategy allows a family to "sample" philanthropy without complexity and expenses. In fact, the simple 1040 Foundation has become a tradition, with many of my clients' children beginning to have their own children.

Whether you prefer a tax-favored way to give or not, family philanthropy should always be based first on generosity. Only then can you decide which strategy to use.



*"Depression Breadline", George Segal,
Franklin D. Roosevelt Memorial, Washington, DC.*

