

Foundations

Mitigating Challenges in Multigenerational Giving

Multigenerational philanthropy offers opportunities for strengthening personal bonds and creating social impact, but families must be aware of common challenges and have a plan to address them.

By [Jennifer Wegbreit](#), [Deborah Dauber](#), & [Ali Sirkus Brody](#) | Apr. 27, 2018

There are times when philanthropists decide to include younger generations of their family in their philanthropic giving. This multigenerational giving provides meaningful opportunities to bring family members together to support common causes, give back to communities, and create lasting change. Including children and grandchildren in family philanthropy allows all family members to share experiences and collectively build something of value, while modeling social values to younger generations and raising their awareness of community needs.

The financial and social stakes are high, both because our society continues to face significant social and environmental challenges, and because wealthy families want to ensure their money is well spent. The amount of money involved is potentially vast: [A 2014 report](#) (https://www.bc.edu/content/dam/files/research_sites/cwp/pdf/A_Golden_Age_of_Philanthropy_Still_Bekons.pdf) by the Center on Wealth and Philanthropy at Boston College estimated that \$59 trillion will be transferred to the next generation from 2007 to 2061, the largest wealth transfer in US history. Lifetime giving to charity in that same period is estimated to be \$20.6 trillion. At the same time, there is an increasing desire among families to work together using wealth to solve social challenges.

More families are actively working together on giving today than in prior generations. It used to be more common for philanthropic vehicles such as family foundations or trusts to pass from one generation to the next without collaboration and intergenerational engagement. But longer life spans and greater understanding of the benefits of multigenerational philanthropy have facilitated more multigenerational collaboration.

Yet a variety of challenges can compromise the work. Issues related to ownership and control, differing interests, and more can make philanthropic efforts less effective, strain relationships, and even cause harm. To meet with success—to pass on a tradition of giving, make an impact on issues the family cares

about, and deepen family relationships—families must develop a plan to mitigate these issues from the start. In working with families, we have found that those who anticipate and plan for potential conflict by establishing processes in advance are more successful. Here’s a look at five common challenges and how to address them.

Challenge 1: Ownership and control

Many families have a dominant wealth creator—often the person who controls the purse strings in the family’s giving. Subsequent generations may not feel empowered to spend a foundation’s endowment if they did not create the wealth. And often matriarchs or patriarchs who have strong feelings about their giving don’t give younger generations the autonomy to make decisions.

At the beginning of multigenerational efforts, family members should decide who will be involved in the philanthropic giving, including children’s spouses and grandchildren, and who will have decision-making power. These decisions will vary by family. Older generations may pose restrictions and younger generations may have varying levels of interest and engagement in the family’s philanthropy.

Once the parameters for participation are defined, it is important to discuss how decisions will be made.

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Will it be by consensus or via democratic decision-making? Might there be times when a delegative approach makes the most sense? If your family chooses to employ staff, what decision-making power will they have? Developing and sharing a decision-making structure and defining roles and responsibilities in alignment with family members’ unique skills, will clarify who has authority and engage and empower all.

Challenge 2: Interpersonal relationships

Family dynamics are often quite complicated. Adult family members may assume they know how to work together and fail to create formal structures and processes that could reduce potential conflicts. However, collective decision-making—particularly when money is involved—can tap into deep-rooted and sometimes long-forgotten differences.

Initiating family philanthropy with a stated philosophy of respect and an intent to collectively work for the common good can help set the appropriate tone. Preemptively establishing processes to handle conflict, encouraging open conversations, and creating an open forum for all voices will facilitate honest conversations. For some families, this might be as simple as developing formal or informal “guiding principles” that clarify rules, procedures, and values. Others may seek the guidance of consultants or facilitators to work through delicate conversations or create structures to reduce conflict.

Challenge 3: Fundamental differences in core beliefs, values, or politics

Family members often have vastly different beliefs, political leanings, and values. These differences affect philanthropy when individuals' core beliefs and values are at odds with one another. For example, if one generation seeking to engage the next generation has historically given to anti-abortion causes and the next generation is adamantly pro-choice, conflict will inevitably ensue if the family does not have an honest conversation about how to address those differences.

Families must critically examine values and priorities when starting to engage in multigenerational giving. Sometimes families are excited to begin what they see as the "real work" of making grants and fail to see the value of this crucial step. In addition to asking about core values, families should discuss what they're most passionate about funding and define the boundaries of what they refuse to fund. This upfront examination of core values cuts across all future philanthropic work, and the emphasis on areas of agreement, as opposed to differences, will reduce conflict later on.

Challenge 4: Differing interest areas

Most families do not universally agree on which causes to support, yet supporting too many causes may reduce their impact and knowledge of best practices within a sector. So what do you do when you and your spouse care deeply about the environment, your parents are passionate about the arts, and your children are committed to investing in global health?

There are several solutions, depending on financial resources. Similar to when there are fundamental differences in core beliefs, values, or politics, families must define a few "anchor causes" that everyone agrees to support. To help identify anchors, discuss the problems, solutions, and places you and your family care about most. Reflection may reveal intersections between issue areas that weren't immediately evident.

Sometimes creating multiple funds or foundations is the answer. For example, Warren Buffett gave each of his children funds for their own foundation and set up a foundation in his late wife's name. He then pledged the bulk of his fortune to the Bill & Melinda Gates Foundation. This strategy enabled each family member's philanthropic interests to drive their giving.

In other cases, families find ways to integrate multiple issues, or they learn about multiple issues together and see if they reach agreements once they know more.

(https://ssir.org/images/blog/multi-gen_philanthropy_chart_resized.jpg)

Challenge 5: Geography

Families may be geographically separated within a state, across the country, or even across the globe. Because many philanthropists want to support their own communities, families should think through ways to address multiple local initiatives. In addition to potential challenges associated with competing local causes, geographic separation may lead to communication challenges. Philanthropic decisions often require nuanced conversations that can be difficult to hold via conference call or video chat.

There are many ways to address giving directed at multiple local initiatives. Families may decide to target national or global initiatives while also providing discretionary funds for each household to invest locally as they see fit. This enables some family members to take the helm on local grantmaking and address issues in their communities.

Other families may decide to set aside funds for local grantmaking and rotate the geographic region each year. In this case, it's important that they are mindful of nonprofits seeking multi-year contributions and consider providing gifts that continue even after the family's geographic focus has shifted.

Either way, having fruitful conversations despite geographic distances often requires that families invest the time to regularly meet in person. This is especially important in the beginning, when families are first establishing their giving practices.

Steps to Facilitate Multigenerational Philanthropy

The following steps will go a long way improve multigenerational efforts:

1. Set up an orientation where family members discuss family history and the founding philanthropic legacy and vision, as well as any historical grantmaking by family members and their prior funding guidelines.
2. Start small and test the waters of working together. It may take a few years to understand what collaborative grantmaking involves and how family members best work together.
3. Go slow to go fast. Create structures and processes at the beginning. Discuss how the family will make decisions, establish processes to handle conflict, and delineate the roles and responsibilities of each family member.

Identify Stakeholders

Plan for Decision Making

Define Roles & Responsibilities

Plan for Dispute Resolution

Develop Guiding Principles

Explore Values

Focus Philanthropic Priorities

Set Geographic Regions

Important steps to consider in multigenerational family philanthropy.

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4. Be realistic about interest level and time commitment. Family members' capacity for philanthropic involvement will change as they navigate various stages of their personal and professional lives. An honest assessment up front will ensure that family members distribute work appropriately.

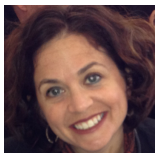
Embarking on effective multigenerational giving requires creativity, commitment, and flexibility. Despite the potential obstacles, supporting common causes as a family can be well worth the hard work to catalyze wealth for change—families just need a plan to get there.



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