



DAF Insights for Advisors

Expertise and tools to help advisors deepen the philanthropic conversation

Family Philanthropy & Donor-Advised Funds: Engaging the Next Generation

By Dawn Fournier, Regional Director of Development, Northeast

We have faced some unprecedented moments this year, and the experience has all of us thinking about what's really important — including philanthropic giving and spending time with family. Your clients may be looking for a more holistic approach to managing their wealth, and will be looking to you to get involved. In fact, a [U.S. Trust Study](#) finds that clients think it is critical that a conversation around philanthropic efforts takes place within the first several meetings. One of the fastest-growing ways to give is through donor-advised funds (DAFs), which can be a useful tool for family philanthropy and multi-generational giving.

DAFs have grown in popularity not just because of their simplicity, but also because they make involving the next generation so easy. That makes them ideal not just for your family-giving-minded clients, but also in fostering the longevity of the advisor-client relationship. Over the next two decades, we will see a [Great Transfer of Wealth](#) — meaning more than \$68 trillion will be transferred from Baby Boomers to their heirs. In order to foster the relationship from one generation to the next, it will be important to have the philanthropic conversation with your clients early and often.

How one family used a DAF for their multigenerational giving strategy

Nancy and Brian Shaw were parents of two adult children, Bella and Jake.* Nancy and Brian wanted to impress upon their children the value of charitable giving — but they had their own charitable giving plan, did not want the administrative burden of a family foundation, and wanted to afford their kids the freedom to make their own charitable decisions.

They chose to open a DAF for each child, allowing them each to have full access to recommend grants to the issues about which they were most passionate. Jake recommended grants to organizations addressing immigration policy, and Bella got practice recommending grants to support wildlife preservation and rescue. Bella got particularly interested in what she could do with her DAF; in time, she expressed interest to her family and their financial advisor in fine-tuning her giving approach.

The advisor helped put her in touch with NPT's Philanthropic Services team. In addition to providing a demonstration of the online giving platform, the team offered several ways for Bella to become more focused and informed in her giving. This included not just a list of organizations doing effective work in her charitable interest area, but also connections to a peer giving network based in the city where Bella lived, and an organization working with young people grappling with wealth transfer. Throughout this process, the family's advisor worked with NPT to ensure the Shaw family had what they needed as they started this new journey.

**Names and identifying details have been changed.*

Family Philanthropy & Donor-Advised Funds: Engaging the Next Generation (continued)

How you can get involved

The experience of the Shaw family illustrates the way that guidance and education can ensure a smooth transition of wealth, where each party is involved in a conversation about their values and goals. With the proper resources, this transition may also involve giving back — either to causes that are important to the whole family, or to issues each member of the family holds dear.

As an advisor, you may also notice that the case study conveys the importance of staying close to the client and communicating openly and broadly about their goals. Those conversations help advisors build a long-term relationship with the family which can sustain itself from one generation to the next.

To build a foundation for these long-term relationships, it's critical to involve the entire family in talks about charitable visions, values and goals. Here are a few conversation starters to help:

1. Is anyone in the family involved with a nonprofit Board of Directors or Trustees? Does anyone in the family volunteer anywhere regularly?
2. What do you want your wealth to achieve?
3. What are the values you would like to pass on to your children, and future generations?

In talking to clients about DAFs, you can work with them to better understand their passions. This is also an opportunity to let them know how DAFs can help them not only create a shared tradition, but also establish a family legacy.

Many families start these conversations over the holidays. If you need tips to help start these conversations for your clients, please [read our blog on having virtual conversations around giving this holiday season](#).

A donor-advised fund can be a useful tool for family giving year-round. As always, National Philanthropic Trust stands ready to help you help others. Contact us at (888) 878-7900 or npt@nptrust.org with any questions.

Dawn Fournier is a Northeastern Regional Director of Development for NPT and has more than 25 years of experience assisting families with wealth management and philanthropic planning. She has an MBA with a concentration in finance from the Wharton School of Business at the University of Pennsylvania.

NPT does not provide legal or tax advice. This blog post is for informational purposes only and is not intended to be, and shall not be relied upon as, legal or tax advice. The applicability of information contained here may vary depending on individual circumstances.