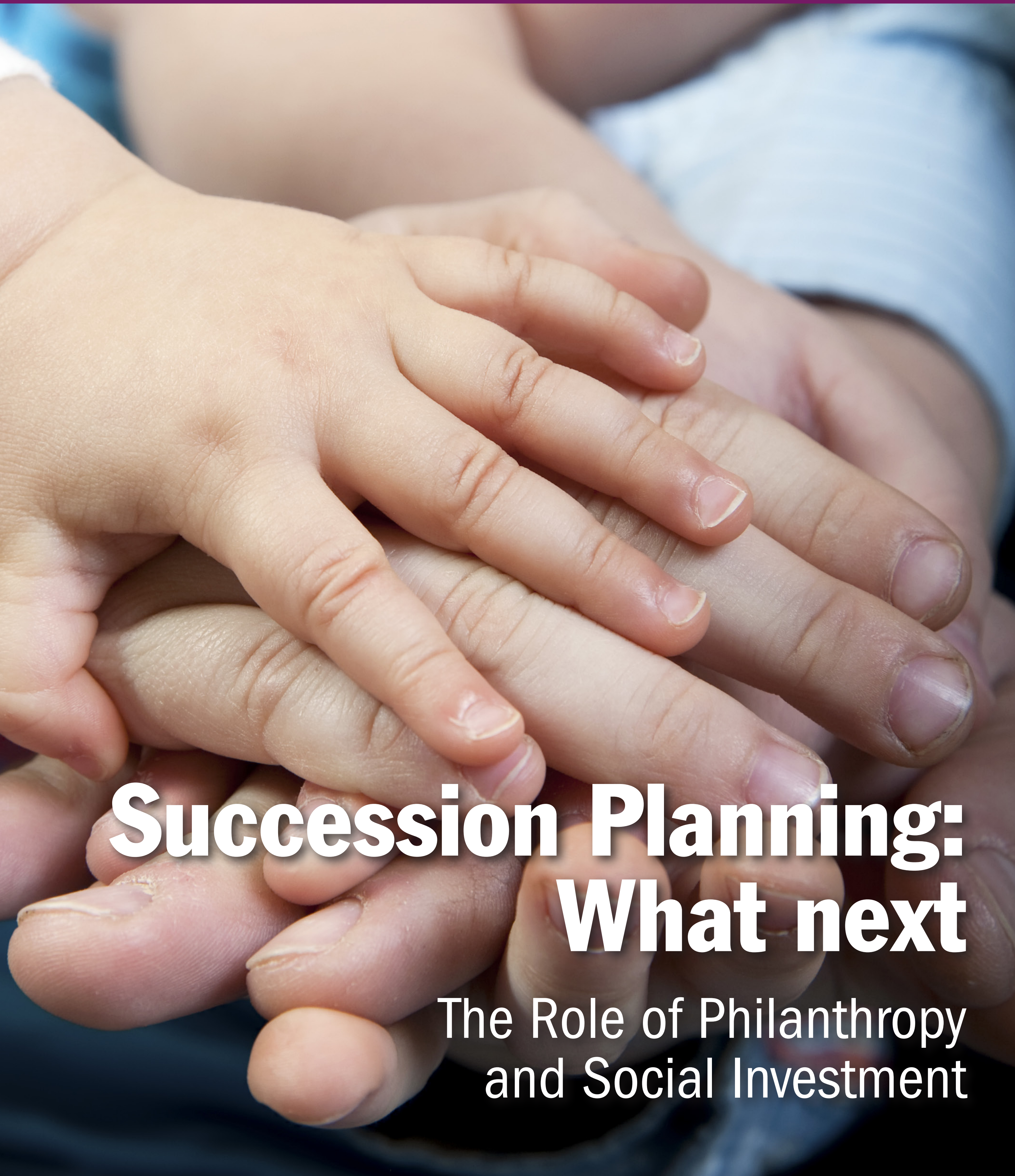
Philanthropy Impact
Magazine

Inside this issue:

Issue 7: Winter 2015



Succession Planning: What next

The Role of Philanthropy and Social Investment

Generational Transitions:
The Role of Philanthropy

Grant Gordon *(www.philanthropy-impact.org)*

Grant Gordon chairs Philanthropy Impact, *a charity promoting greater knowledge and expertise about philanthropy and social investment. Personal interest causes include helping to alleviate child poverty in London through* The Childhood Trust, *a fundraising charity, which he founded and chairs. His work also includes promoting rural community regeneration in a remote part of NE Scotland through* New Cabrach Developments, *a charity which he also chairs.*

His other philanthropic interests include the William Grant Foundation, *where he is a member of the Management Committee. He is also a co-founder and board member of the* IFB Research Foundation, *a charity which aims to be the UK's leading authority on family business research.*

Philanthropy is often hardwired into the values that guide behavior and norms in families of wealth. For example in *'Natural Philanthropists'*, a report by *UK Community Foundation and the Institute for Family Business* written by Beth Breeze, the author found that business families committed to long-term stewardship, generally had a deeply held sense of duty to being philanthropic, socially responsible and good members of their communities.

Grant Gordon

When it comes to planning for succession, philanthropy can play a central role in transmitting family values from generation to generation. Involving the next generation at an early stage in the family's philanthropic decision-making can help to encourage individual engagement as well as encourage a sense of shared purpose. Young family members can enhance their skills through researching areas of need, conducting due diligence, measuring impact etc. This can also be the point at which the wider family including the in-laws, and those who may not be close to the business or the family office, can sit around the table and discuss their giving. If there is a Foundation established in the name of the family or its Founder, participating family members can learn how boards work in terms of decision-making, oversight and accountability. All these experiences can help the next generation in terms of their personal development as well as engaging them as stewards of their family wealth.

The role of trusted advisers is also important during periods of generational transition. The family may for example be seeking support to educate the next generation to understand strategic philanthropy. New faces in the family may trigger the desire to re-evaluate the charitable mission. A new generation naturally may wish to review historical commitments and take a fresh look at the areas of need to focus on going forward. Advisers are well placed to give guidance on all these issues and facilitate discussions that will help to ensure that the family's philanthropy is impactful, while remaining true to their values. Indeed families are well placed if they chose to leverage the resources of the institutions serving them; theirs advisers networks can be a valuable source of learning when it comes to developing more impactful giving strategies.

Our society is gradually developing stronger social norms in relation to philanthropy and social investment. Against this backdrop families of wealth, who regard philanthropy as a part of their core values, are happily stepping out from the shadows and being more transparent about their giving. And when it comes to generational transitions and the process of succession, philanthropy is well placed to act as a golden thread that runs through the family's history leaving a lasting legacy.

We invite letters to the Editor at:
editor@philanthropy-impact.org

Contents

Philanthropy Impact: Vision and Mission

Our vision is to increase philanthropy and social investment across borders, sectors and causes.

Our mission is to achieve greater sector knowledge and expertise by working with professional advisors. Through our links with the key sector stakeholders we develop thought-leadership on philanthropy and social investment.

We do this by delivering activities that include:

- Events: a comprehensive programme of events that support professional training and development
- Publications and Research: our 'body of knowledge' guides, case studies, and other resources, and the acclaimed Philanthropy Impact Magazine
- Lobbying: we advocate for policies and regulations that encourage philanthropic giving and social investment

Chief Executive and Editor: John Pepin

Co-Editor and Administration, Communication & Events Officer: Katrina McClellan

Philanthropy Impact
Faraday House, 5th Floor
48-51 Old Gloucester Street
London WC1N 3AE

T +44 (0)20 7430 0601

Editor@philanthropy-impact.org

www.philanthropy-impact.org

The purpose of the magazine is to share information about philanthropy in a domestic and international context. We welcome articles, letters and other forms of contribution in Philanthropy Impact Magazine, and we reserve the right to amend them.

Please contact the Editor at editor@philanthropy-impact.org

Philanthropy Impact is supported by its members and sponsors.

Magazine Design and Artwork by www.studiojohanson.com.

From Privilege to Purpose

Catherine Tillotson, Scorpio Partnership *(www.scorpiopartnership.com)*

"The rich are different from you and me," F. Scott Fitzgerald is said to have once told Ernest Hemmingway, to which he retorted: *"Yes, they have more money"*. This incident never actually happened; it is, quite literally, a footnote to a 20-year counterpoint between the two writers. Yet, the wisecrack has become so etched into popular Western culture that it almost defines our perceptions of wealth and the wealthy more than half-a-century later.

To a large degree, as wealth advisers we are *de facto* Fitzgeraldians. We operate in an industry that exists precisely because wealthy individuals and families have specific advice needs that are different from others. Yet, at the same time we know that it is simply the fact that our clients have more money than average that makes them different. In other respects, as business owners, business leaders, parents and children, they have the same concerns as everyone else.

So, the question of what really does make the wealthy different is a matter of professional interest to us.

Thinking along these lines, we recently completed a report with Withers, the global law firm, entitled: *The meaning of wealth in the 21st century*. Through quantitative analysis of the attitudes of the 4,500 individuals with more than USD10 million in personal wealth and a further 16 interviews with multi-millionaires and billionaires around the world, we wanted to investigate what it is that really makes the rich different at the start of the 21st century.

The results provided a deep insight into the changing dynamics of family wealth between generations and between continents. Indeed, at the start of the 21st century, wealth-creating and wealth-owning families look very different from the portraits painted by either Fitzgerald or Hemmingway.

What characterises the most successful wealth owning families today is a growing understanding of the need for shared purpose to ensure successful creation, control and distribution of wealth. If a family can agree on the social and economic purpose of their wealth, the interviewees argued, they are more likely to pull together through the challenging times of transition and intergenerational change.

Indeed, wealth owning families recognise that wealth preservation, for its own sake, creates the conditions of privilege and entitlement that ultimate destroy family fortunes.

"If a family can agree on the social and economic purpose of their wealth… they are more likely to pull together through the challenging times of transition and intergenerational change."

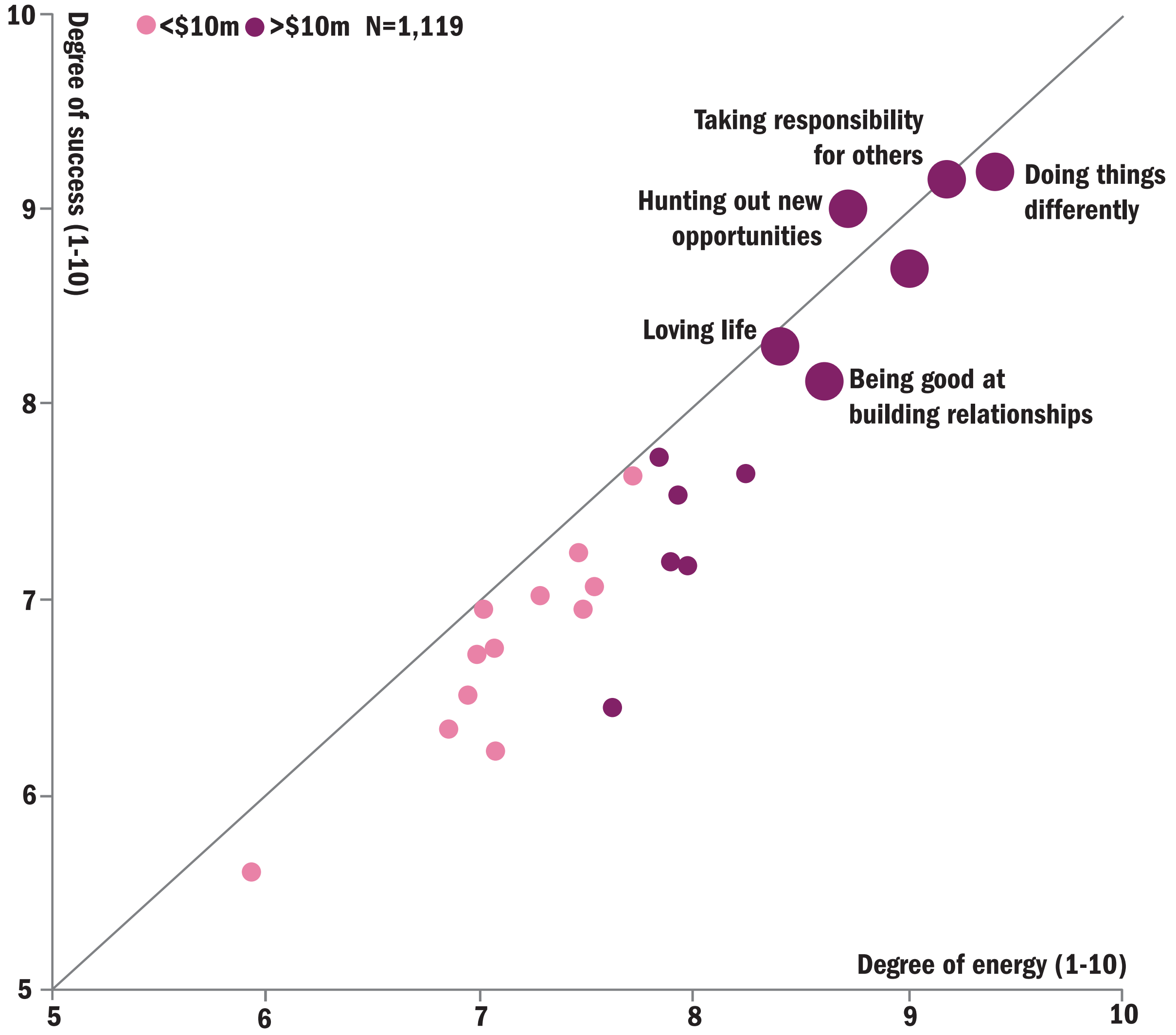
Whether selling a business or deciding on a succession strategy within an extended wealthy family, the most successful through transitions were those who took the time at the outset to ask themselves the simple question: *Why are we doing this?*

Answering this question forced many to confront philosophically the question of what is the social and economic purpose of their family wealth. In many cases, the interviewees had drawn the conclusion that once you have enough to live comfortably and securely, wealth's true value lies in the benefit it can bring to wider society.

Or, in the words of one interviewee, *"Success is about the joy of being able to contribute to society and finding a theme to support that is worthwhile."*

These insights reflect the growing willingness of successful families to share their experiences and

Catherine Tillotson



apply the learnings from others to their own unique circumstances. It is therefore little surprise that we found similar sentiments illustrated in the quantitative findings in the research. When we asked 1,119 wealthy individuals how they define success, we find that those with wealth >US$10 million are more likely to prioritise activities that involve taking responsibility for others.

They also place more emphasis on activities associated with economic innovation and success, such as hunting out new opportunities and doing things differently.

These results have distinct implications for those providing advice and support to wealthy impact on issues relating to philanthropy and social impact.

Most significantly, they underscore that the wealthier an individual is the more likely they are to set their wealth in the context of their wider society.

Indeed, those who have taken a strategic view of their wealth, or have been prompted to by their advisers,

Figure 1 – The Essence of Success

Question: How much energy do you give and how successful are you in each of these areas?

will very likely have drawn the conclusion that their wealth matters because of what they can do with it.

Once this philosophical view has been reached, the distinction between whether money is invested in a for-profit business that creates jobs and prosperity or gifted to support good causes becomes less material in the social value equation.

In transitioning out of an operating business, interviewees observed that philanthropy can be a vital mechanism for allowing family members to remain meaningfully engaged in society, rather than simply clipping a coupon.

Meanwhile, a number of financial families, who are in a position of established financial strength, are planning a second transition back into a new kind of business ownership.

These individuals are thinking much more deeply about the wider economic and social purpose of their new ventures. Wealthy families are getting back into business not just to create wealth for themselves, but to create jobs and economic security for a wider community.

As one interviewee observed: *"As a wealth creator, you are the one who knows how to create jobs. Not governments. What better impact can you have than to give someone a job?"*

These individuals argue that active participation in society through business and philanthropy is more beneficial for the family and society than a passive approach through traditional investing or giving. They argue the benefits of collaboration with other like-minded families and, above all, of leading by example within family and community.

These findings were echoed in the quantitative analysis, which not only highlighted the energy and drive that motivate the wealthy, but also their concerns around children and transition, and a willingness to seek expert support to manage the complexities.

Indeed, the level of awareness around the issues of wealth succession highlighted in this research suggests that the rich may be redefining the old adage that families go from shirt sleeves to shirt sleeves in three generations. By having clarity of purpose, wealthy families are seeking to harness their full economic potential for the benefit of their immediate and extended family and for the benefit of wider society too.

So, if we want to answer the question: what makes the rich different? In the 21st century, perhaps it is that wealth does not confer a sense of privilege; it confers a sense of purpose.

As managing partner of Scorpio Partnership, *Catherine oversees the research activity of the firm and development of strategic recommendations for client projects.*

Catherine takes a hands-on approach to knowledge gathering. She leads both Scorpio Partnership's annual Global Private Banking KPI Benchmark and the Futurewealth project. Additionally, she has overseen many of the firm's research assignments across topics as varied as the client experience; brand identity and the value proposition; asset allocation and the investment process; regulatory change in the onshore and offshore environment; and the role of technology to support client expectations.

An industry observer, Catherine has served on the judging panels for a number of industry awards. She sits on the Chairman's Committee of the Family Office Association in the US. She is also a regular commentator on the wealth industry in the international media.

First Generation Inheritor – A Personal Journey

Roshni Nadar Malhotra *(www.hcl.com; www.shivnadarfoundation.org)*

I often refer to myself as a 'First-Generation Inheritor' and this is where continuity and succession become critical. I am truly fortunate and humbled to inherit our family's true wealth - its philanthropic legacy.

Roshni Nadar Malhotra

I returned to India after I graduated from the Kellogg School of Management in 2008, with a major in Management & Strategy and Social Enterprise. Philanthropy, particularly in the USA, is far more organized and every institution, educational or cultural, historically dates back to a founding family or group of founding philanthropists. My father always drew inspiration from these great philanthropists – Carnegie, Rockefeller, Ford, et al - who built institutions, many of which still stand and are thriving. During my time in Kellogg I was excited to study and wondered, perhaps our family too will create institutions like this for India.

My father is a first-generation entrepreneur who founded the $6.5 billion HCL Group 38 years ago in India. Today, HCL is one of the largest Technology Enterprises in India. Our approach to the Shiv Nadar Foundation (SNF) is no different from my father's to HCL. One a social enterprise, the other a business, but both require the same rigor in management, best practices and processes to achieve their desired goals. SNF is in the 'business of social investment' with a long-term focus on leadership.

Like HCL, all the initiatives of SNF – SSN Institutions, Shiv Nadar University, VidyaGyan, Shiv Nadar School and Kiran Nadar Museum of Art – are institutions, albeit not-for-profit. And like HCL, they must stand the test of time and continue to impact and touch lives for decades, beyond the lifetimes of its founding family.

At the core of SNF lie certain fundamental pillars of belief and governance -

1 **Leadership Creation** - As mentioned earlier, the focus is on leadership development. SNF cannot boast of 'touching' millions of lives but it can focus on depth and impact. Those potential leaders hopefully will create change through their breadth of impact.

2 **Corrective vs. Creative** We believe that at least two models of philanthropy exist. The first is identification of a problem, investment in and execution of a solution with desired and measurable outcomes, within a defined time period; this is corrective in nature. Then there is the creative model, creating institutions for posterity with outcomes which cannot be measured within a time frame and will evolve with the institution. SNF follows the creative model but we believe that these two and many more models must co-exist for philanthropy to truly prove transformational for a nation like India.

3 **Longevity and Sustainability** Continuity, sustainability and longevity are synonymous with philanthropy at the Shiv Nadar Foundation. I am deeply inspired by my parents and had I not shown sustained commitment to the Foundation, our approach to philanthropy would have been short-term and more corrective in nature.

4 **Transparency and Governance** Within the HCL Group, two companies are publicly listed and we recognize the importance of accountability, transparency and independent governance. This applies to SNF as well and the discipline of a public annual report with financials audited by independent and reputed agencies is practiced. Today, the family is the sole patron of SNF but in the future we invite others to be a part of the initiatives. Transparency and

Governance are crucial for partnerships.

5 **Partnerships** To ensure the institutions created by SNF thrive for generations to come, partnerships are critical. In the Foundation's journey, our most important partners have been all our internal stakeholders – the strategy, finance, infrastructure, administration and human resource teams, the leadership, the faculty, the students and their families. It is important that they 'own' the vision of the Foundation to deliver its promise. The second most important partners are external stakeholders – collaborations we have with global institutions and benefactors who have been generous with their time and support to become a part of the Shiv Nadar Foundation movement. Even in the future these will be integral to sustain SNF.

Our institutions cannot and will not solve the problem of education in our country, but we hope, in time, they will solve the problem of leadership in our country.

SSN was the first initiative of our Foundation, established in 1996. The other initiatives of SNF were established 2009 onwards, after my return. SSN aside, the rest are quite nascent. Hence, 20 glorious years are but a speck in the life of the Shiv Nadar Foundation. The Foundation and its institutions must be bigger than the individuals who create it. Hence, the transition from one generation to the next is extremely crucial to ensure that the fundamental beliefs, principles and ethos of the Foundation remain embedded through time.

Roshni Nadar Malhotra, CEO and Executive Director of the HCL Corporation, is responsible for strategic decisions regarding its overall direction including governance, investments, portfolio management and diversification. She is also a Director on the Board of one of the group companies, HCL Technologies. The vision and strategy for the HCL brand and the Shiv Nadar Foundation are driven by her.

Roshni is a Trustee of the Shiv Nadar Foundation, which among its transformational educational initiatives has established the SSN Institutions in Chennai, today among the top private engineering and business schools in India, the interdisciplinary Shiv Nadar University in the National Capital Region of Delhi, VidyaGyan schools in Uttar Pradesh, the Shiv Nadar Schools, the iconic Kiran Nadar Museum of Art and Shiksha, an innovative technology-led intervention in education envisioned to eradicate illiteracy from India.

She was involved in a joint initiative with the Rajiv Gandhi Foundation to promote the education of the Dalit and Muslim girl child in some of the most backward districts in the State of Uttar Pradesh in India.

Roshni has been inducted into the Forum of Young Global Leaders for her inspiring work in philanthropy and education in India. She was conferred the prestigious 'NDTV - Indian of the year- India's Future' award and with The World's Most Innovative People Award for Philanthropic Innovation, given by The World Summit on Innovation and Entrepreneurship (WSIE).

A former news producer at Sky News UK and CNN America, Roshni has an undergraduate degree from Northwestern University, majoring in Communication with a focus on Radio/TV/Film. After her brief career in media and communications, Roshni was inducted into HCL and spent time learning the ropes of the business including the critical function of treasury management.

She later earned an MBA from the Kellogg Graduate School of Management with a focus on Social Enterprise and Management & Strategy. At Kellogg, she received the Dean's Distinguished Service Award.

Head and Heart
A Philanthropist Talks about Making a Difference Today

Gina Miller *(www.millerphilanthropy.com; www.scmprivate.com)*

As a private and corporate philanthropist, I am saddened by the lack of smart corporate giving by the number of companies who embark on charity as a mitigating, guilt trip activity rather than one that infuses the corporate DNA. So many are still failing to employ the same levels of due diligence and strategic thinking they apply to earning money, to giving.

Gina Miller

I am a passionate believer in corporate citizenship and conscious capitalism, which could simply be described as *'good business'*, combining purpose with profit. But it's more than that – it is an approach to business that recognises the fact that without a higher sense of purpose, the ability of any business to continue making profits will become increasingly limited. I would also stress that conscious capitalism is not the same as philanthropy. It is about purpose and profit, not either or. It is about accepting that we all have a role to play in finding solutions that will improve the state of the world and that corporate activity is the backbone of economic strength and contributes to social stability. I champion the belief of a shared responsibility in the future, of giving back to the society that affords our success, rather than any politics of jealously or stamping on the human desire for success, creativity or doing the best we can for our families and loved ones.

But this is nothing new. Conscious capitalism has been around for a long time. Adam Smith, who is famous for *'the invisible hand'*, was also a moral philosopher and could be described as schizophrenic, wrote one of the first books on this topic and was as concerned about ethics as he was about economics.

Some of the fault lies in the fact that for decades governments have encouraged companies to be capitalists – they have in effect nationalised charity by saying 'you go off and maximise shareholder value and profits, pay us taxes and trust us to look after the social health of the nation'.

It is my view that we are returning to the days of 'a tale of two cities' and as social injustice continues to grow, we cannot trust government alone to resolve these issues. I believe that only collaboration, a triumvirate between the private, public and social sectors, will resolve some of the deep seated social issues facing our society. As corporate givers we have so much more than money to give; we have a huge depth of resources and skills to offer if deployed in a smart, strategic manner.

Some of the fault lies in the fact that for decades governments have encouraged companies to be capitalists – they have in effect nationalised charity by saying 'you go off and maximise shareholder value and profits, pay us taxes and trust us to look after the social health of the nation'.

There is no shortage of self-serving corporate philanthropic initiatives or gifts that lead to photo opportunities for CEOs or board members but which are neither effective nor aimed at long term solutions. Rather than giving to just emotive causes I believe, as business leaders and successful businesses, we should also be leading on social problem solving and funding social innovative, long-term solution driven projects and charities.

As a business when we seek to employ, partner or engage with a partner or supplier there are processes, due diligence and governance that we undertake. We use these same processes and resources for our social giving. I meet incredibly bright successful people and companies who think they can't make a giving decision – what they need, in my view, is to apply their heads as well as their hearts. One example is to align giving with the products and services you offer. Not only would it allow your employees to see what they do in a different humanitarian light but it would also resolve the bottleneck of giving. For example, shockingly, less than 1% of charities in the UK generate over half of the sector's income. By looking beyond the symptoms, identifying causes and looking at long term strategies and funding to transform social issues, conscious capitalists can create effective altruism.

Through my company, *SCMDirect.com,* we are competing in terms of corporate citizenship, price and products, not price and products alone. We also see ourselves as private sector activists – using our corporate muscle within our own industry on wider anti-consumer issues, as well as supporting 'SME' charities practising social problem solving. Via our *True and Fair Campaign*, which is calling for dramatic change in the savings and investment industry, we are highlighting anti-consumer practices and proposing solutions and a Code of Ethics, all of which will result in dramatically better outcomes for prudent consumers, as well as greater societal responsibilities from savings and investment companies.

Via our foundation, *Miller Philanthropy*, we are passionate about smarter giving, where our experience and that of our suppliers and partners, help a portfolio of 12 – 14 small dynamic community charities doing transformational work to become sustainable. Without these local heroes, who are at the coalface fighting deprivation on behalf of all of us, I believe we shall be in crisis, as they are often the only ones that can reach the most isolated, vulnerable or disengaged people on the edges of our society.

In addition we offer a free, 100% transparent, virtual foundation service to donors, private and corporate, who wish to give smarter but may not have the time, resources or emotional resilience to find, visit, research and assess impact. We do not tend to fund charities or projects that are patching up the effects of the fundamental injustices that are pervading our society. This is not to say we cannot apportion a share to more compassion led charities but in my mind, only funding such charities is accepting the injustices themselves and simply mitigating the consequences of these injustices. I also believe that giving without thinking perpetuates a charity culture.

As corporates we need to be looking at programmes that also work with ex-offenders, addicts, women, the elderly and the homeless. It has to be about a sense of mutual reliance and respect leading to more cohesive city relationships and a closing of the emotional and social gulf between poorer inner city communities and wealthy businesses.

I am a passionate believer that corporate giving needs to re-focus in a more intelligent way to benefit the communities that make up the UK's cities – for example, elevating bankers and business people as mentors within city communities, rather than exacerbating the view that they are a breed apart. As a successful founder of a wealth management firm, I believe the city is too disassociated from inner city communities. Young people in inner city estates are highly unlikely to ever see business leaders and bankers as role models; yet I believe these leaders have a responsibility to inspire from within the business community by mentoring more urban youngsters, creating and funding community schemes and by businesses retaining and involving them (through people and branding) to create and open connections between the commercial world and the communities who live in inner cities. However, this has to be beyond programmes that last for 6 weeks or 6 months but never lead to employment; to open a door and build up hopes and aspirations that are then dashed is nothing short of cruel. But it cannot just be about young people. As corporates we need to be looking at programmes that also work with ex-offenders, addicts, women, the elderly and the homeless. It has to be about a sense of mutual reliance and respect leading to more cohesive city relationships and a closing of the emotional and social gulf between poorer inner city communities and wealthy businesses.

I believe UK corporates have the ability and skills that can contribute to the ending of 'urban tribalism' by co-existing more harmoniously 'in' communities rather than existing in their glass towers through embracement of conscious capitalism and taking a more active role in communities through smarter giving of time, skills and mentoring.

Gina is founder of Miller Philanthropy*, the SCM Group – including* SCMDirect.com *and* MoneyShe.com *and the* True and Fair Campaign. *She is respected for her lateral thinking, feisty views and principled, integrity driven approach to business and success.*

Gina's philanthropic work takes many forms and infuses everything she does. She is not just a donor, but an actively engaged, conscious capitalist and philanthropist. Her work in philanthropy includes:

- *Raising awareness of gang culture and the growing number of isolated and neglected young people.*
- *Ongoing work with Professor Adam Ockelford at Roehampton University and the* Amber Trust Charity *– seeking to understanding how music can unlock the world for autistic and children on the special needs spectrum, as well as raising funds and giving general support so the charity can provide music therapy and instruments to families from disadvantaged backgrounds.*
- *The role of Patron of the* Best Beginnings *charity, supporting the charity and their ground breaking digital and technology development work to engage with underage parents, as well as combating birth inequalities in the UK.*
- *Having a seat on the Development Board at* The Centre for Social Justice *and was one of the co-authors of their* 'State of the Social Sector' *report published in September 2014*
- *Improving consumer protection across Europe through the* True and Fair Campaign *and founder of the 'not-for-profit'* True and Fair Calculator *that is the first tool of its kind which gives users a true likely Total Cost of Investing in one figure.*

Gina is a passionate advocate for smarter giving and a more strategic business-like approach to charity and the third sector. She offers a free service to other philanthropists and donors who may be time poor but want to give in a smart efficient and transparent manner.

What Gives?
Some Choices in Family Philanthropy

Ken McCracken *(www.withersconsulting.com)*

Succession planning involves making choices that will affect future roles and relationships in a family. When the lives of family members are connected through various assets, like a business or financial investments, and activities, like philanthropy, the people who are affected by the outcome of a plan might want different things in their different roles. For example, what I would prefer as an individual might not be best for family harmony. Or what is best to pursue the family's philanthropic ambitions might clash with the financial needs, and greeds, of family members. So it is best to be clear about 'what gives?' when trade-offs or compromises need to be made.

Plenty has been written about enterprising families being active philanthropists and how philanthropy can enable family members to participate and learn some useful skills when they are not involved in running the enterprise, whether that is a commercial business or a pool of investments. If, however, any of them are outside the family enterprise because they do not have relevant ability and experience, it seems reasonable to ask what they have to offer the family's philanthropic activities? What gives, if anything, when it comes to balancing a charity's need for talent with the ability available in the family gene pool?

Maybe families use different criteria when measuring what is necessary for one of their own to contribute effectively to their business or their charity. In the latter case, it may be assumed that family will be better at decision-making because they can be trusted to understand the philanthropic ambitions of their relatives in a way that an outsider would not. Also, family involvement can help if the family seeks recognition for their charitable efforts.

Families, however, usually have a broader vision for their enterprise than just enhancing their reputation and offering life skills experience for family members. Their vision will be a unique combination of various levels of financial return and other non-pecuniary returns that contribute to the family's socio-emotional wealth. For example, the family's emotional attachments to a particular type of business, or location or brand are often returns on investment that a family feels are worthy of their endeavours. And the vision might involve philanthropy, but where does it fit in?

- Are the family's philanthropic goals the driver for the whole enterprise?
- Do they guide business decision-making and have an impact on how funds are allocated among the business, family and philanthropy?

Ken McCracken

- Is philanthropy an attractive thing to do as long as the family and the business have achieved their desired levels of financial returns?

If a family includes philanthropy as part of their vision it is wise to agree how they want to prioritise socio-emotional wealth and financial security, rather than assume that this will be understood by all stakeholders. In other words, what gives if there is not enough money always to do everything?

One family, for example, set their family office executive team targets for the growth and returns that would provide a defined level of financial support to a growing family. They also wanted to contribute a percentage of family office profits to the family's charity. But if these goals clashed, the family felt that charity should begin at home and their own financial needs were to be given priority.

If a family includes philanthropy as part of their vision it is wise to agree how they want to prioritise socio-emotional wealth and financial security, rather than assume that this will be understood by all stakeholders.

In contrast, the religious faith of the founder of another charity made it important for him that it be continued after his death. The next generation were not as devout as their father but shared his philanthropic ambitions. The family agreed a set of tight guidelines for their giving including a limited range of circumstances in which this support could be reappraised. This balance reflected their belief that individual family members would enjoy sufficient financial security through other parts of the family enterprise and should rely on their own talents if more was desired.

In each case, the family's decision on how to balance the competition for money fed through into the structuring and governance of their charitable activities. For example, each family created a family council with governance powers to control some decisions, including any that altered the agreed balance between the family's financial and philanthropic objectives. This arrangement then had to be designed into the technical structures used for the charity, and in the second example also for their business in relation to reinvestment and distribution of profits to shareholders.

The benefits of having a clear vision for a family's enterprise, including their shared philanthropy, is often mentioned. It is the vision rather than the technical structures that provides the glue that bonds the family together and motivates some of them to give up part of their life in order to spend time with relatives making important decisions that will affect others, which is what philanthropy involves. But must this vision remain unchanged as control passes down the generations or should each generation have scope to set their agenda?

Family members who feel obliged to preserve the legacy of their ancestors can feel that their life aspirations have been thwarted. It can be demoralising if the family's philanthropy remains forever bounded by whatever the founder decreed, when subsequent generations feel that more could be done to extend and reinvigorate this legacy, if only they had scope to do so.

If some flexibility is not built into the structures that support the family's philanthropy then what gives is likely to be the commitment and interest of future generations. Or, their frustration may lead to the type of disagreements that can be emotionally and financially costly.

The need for clarity of vision is also important if the family do not want to be actively involved in managing their charity. Outsiders who are hired to do this for the family need to know what is expected of them. The family, rather than being relatively distant benefactors, could stay involved in overseeing and monitoring those they have hired to run the charity in the family's name. In order to do this family governance structures and policies can help bring some formality so those running the charity know when and how to account to the family and the family can remain engaged without having to assume a formal role in the charity. Without this there will be lack of transparency and accountability which is an ideal environment if, that is, the family enjoy conflict.

Ken McCracken is the joint founding partner of Withers Consulting Group - a group dedicated to helping family businesses, family offices and entrepreneurs achieve their version of success. In his role as a consultant Ken acts as a neutral facilitator, providing creative and practical support to family enterprises of all shapes and sizes. Ken has worked with families since 1995 and helped to found the first university based education programme in the UK for family enterprise owners and executives.

Philanthropic Time Frames

Rebecca Eastmond *(www.jpmorgan.com)*

I must have spoken to at least 20 different families in the last year about the knotty question of philanthropic timeframes: do I give what I have while I'm here or do I hand it on to others to spend after my death? If the latter, over what kind of time-frame do I expect the funds to be spent? 50 years? 200 years? How do I balance the needs of the present with the needs of the future?

The very fact that clients are happy to discuss time-frames, rather than assuming either that giving is something to be done on death and/or that foundations should always be established with a time-frame of perpetuity, is encouraging. Focusing first on your philanthropic focus and strategy will usually help you to understand roughly what time-frame is going to work best for you.

'Giving While Living' is becoming an increasingly popular choice for our clients. The earliest and most vocal advocate for this approach was Andrew Carnegie. In his 1889 essay 'Wealth', Andrew Carnegie wrote: "Knowledge of the results of legacies bequeathed is not calculated to inspire the brightest hopes of much posthumous good being accomplished. The cases are not few in which the real object sought by the testator is not attained, nor are they few in which his real wishes are thwarted."

Zalman Bernsteirn, founder of the AVI Chai Foundation commented, along similar lines "Those who knew me should spend the money in their lifetime. The history of philanthropy in America is that things get corrupted the further you go from the vision of the founder and those who shared it with him." I have certainly spoken to clients with very real concerns about 'mission creep' based on what they have seen in other foundations and their experience of trustees joining boards whose personal agendas are not informed by the values or philanthropy of the original founder.

More positively, there is a real sense amongst many of the philanthropists who I speak to that their sweet spot for having a positive impact is 'now' and that they have the potential to make a real difference in the world if they focus, take the time to understand the issues and make the most of the assets at their disposal now. This optimism leads them to seek solutions to the problems they care about in the short-to-medium term, rather than through structures that will endure in perpetuity.

Rebecca Eastmond

It certainly helps that philanthropists have so many positive role models to turn to if they seek to give in a time-limited way. Chuck Feeney, founder of Atlantic Philanthropies, together with Bill & Melinda Gates and Warren Buffett are the most high-profile advocates of this approach. With the Gates' and Buffett actively promoting 'giving while living' through the Giving Pledge, more of the world's wealthiest individuals are committing to giving the majority of their wealth to charity during their lifetime or within a limited time thereafter.

More positively, there is a real sense amongst many of the philanthropists who I speak to that their sweet spot for having a positive impact is 'now' and that they have the potential to make a real difference in the world if they focus, take the time to understand the issues and make the most of the assets at their disposal now.

Clients can also see the results of other initiatives that have front-loaded funding for particular problems. One of the most successful initiatives in global health in recent years has been the International Finance Facility for Immunisation – which uses long-term donor pledges to issue vaccine bonds on the capital markets. The money raised from investors helps to fund vaccine programmes now – likely helping to save over 2 million lives in its first 5 years of existence. Clearly a vaccine delivered now is more valuable to an individual, their community and society more broadly than the promise of a vaccine in the future. Similarly, Bill and Melinda Gates took on the eradication of polio as a realistical milestone they could achieve in their lifetimes.

The bottom line for any family or individual thinking through these questions is to focus first and foremost on what you want to achieve with your philanthropy.

Then there is the added element of children. Many of our clients are starting their philanthropic journeys in their 40s and 50s. They want to involve their children in family giving and are keen to see a difference with their hard earned money while they are here and can enjoy shaping their philanthropy with their children. Philanthropy is very much an important part of their life, and not a way of disposing of excess cash on death. They also tend to feel confident in their children's own ability to generate income and are cognizant of the dangers and challenges of leaving them 'too much' money.

It's always interesting talking to clients about legacy giving. One entrepreneur we met with recently, in his early 60s, was discussing how he would dispose of his wealth after his death. His initial questions were highly technical ones about creating the right structure to support his legacies. However, as the conversation progressed he began to get a sense of how other people view philanthropy, the difference they are making in the world and the fun that they are having along the way. He acknowledged later that this was a real eye-opener for him. He realized that using his business skills, in addition to his wealth, to support the causes that matter to him would make a great deal of sense and allow him to have more impact by learning from his giving along the way.

This is not to say that 'giving while living' is the only way to have an impact. Many of the trustees we speak to, who are responsible for foundations set up by a long-departed individual, view themselves as stewards of the foundation's assets; responsible for giving well during their time in post and for handing on a strong capital base to their successors. Few long-established foundations choose to spend down their endowments within a fixed timeframe, rather than maintaining them in perpetuity, and the ability of these foundations to take a long term approach allows them to adapt and flex to changing circumstances, while maintaining the overall direction and vision set by the founder.

The bottom line for any family or individual thinking through these questions is to focus first and foremost on what you want to achieve with your philanthropy. Understanding your focus and building your practical experience as a philanthropist will help you to envisage the time-frame in which you can aim to achieve results. This in turn will help you to understand the structure and time-frame that is going to work best for you.

So – as a philanthropist thinking through these questions, what are the key questions to consider?

1. What am I trying to change? What is my timeframe?
2. How much time do I/my family have? What personal involvement in my philanthropy do I want for myself or for my children?
3. What can I add personally to the causes I care about? Do I have personal experiences or skills that would be of value?
4. How much of my wealth should be inherited by my children and grandchildren? What's the right balance?
5. How interested are my children and grandchildren? Is it an opportunity or a

burden to leave them with my philanthropic legacy to manage?

6. If I am leaving a charitable legacy, how can I best direct the framework that my legacy will operate within? Who will safeguard my philosophy of giving when I'm not here?
7. Does my chosen area of focus lend itself to a shorter time-frame or a longer one? What makes most sense (it is hard to bring about lasting change in the world - but some issues and approaches lend themselves more easily to limited time-frame philanthropy)

Rebecca Eastmond, Managing Director, serves as a senior philanthropic advisor and leads J.P. Morgan Private Bank's Philanthropy Centre for Europe/Middle East/Africa (EMEA). The Philanthropy Centre is focused on providing clients with insights and services to help meet their philanthropic goals through innovative advice, thought leadership and collaborative opportunities.

Ms. Eastmond began her career as a private client lawyer. She worked at Allen & Overy for six years, advising high-net-worth individuals and large grant-making charities. In 2002, Ms. Eastmond left Allen & Overy to develop the pilot of The Prince's Foundation for Children & the Arts. In 2005, she was appointed by HRH The Prince of Wales as CEO of the new charity, and worked with a core group of donors to grow the charity — which from 2008-2009 helped over 33,000 children across the UK.

Ms. Eastmond is a National Advisory Council member for Teach First and served on the board of the Philanthropy Review. She is also Deputy Chair of the STEP Philanthropy Committee. She currently serves as trustee of The House of Illustration and SmartWorks as well as of two grant-making trusts, the David Cock Foundation and the Gerald Segelman Trust. She read law at Oxford University and is admitted as a solicitor in England and Wales.

Family Business and Lasting Legacy Planning[1]

Dr Ineke A. Koele *(www.koelepc.com)*

Campden[2] has recently published the message that three quarters of all British family businesss do not have an effective plan of succession. Even though many family businesss are likely to have some form of a succession plan, it is an exception that these plans are communicated to and shared with other family members in a meaningful way. Since two thirds of the United Kingdom's businesss are family businesss, employing 9 million people, this is a very worrying observation.

Dr Ineke A. Koele

Respondents indicated the following factors as a cause for the absence of effective succession planning: fear of growing old and letting go, lacking a suitable successor, finding it hard to discuss difficult matters with family.

Much research has been done into this problem universally characterized by adagia such as *'From shirtsleeves to shirtsleeves in three generations.'* [3] Worldwide, 70% of all capital transfers to the next generation fail, a series of independent studies shows.[4] Here, it appears not to matter whether a family business is based in a country with high taxes or lower taxes, or a new or older economy. The conclusion from this is that after two capital transfers, only 10% of the original capital remains in the hands of the third generation.

'What is the function of the capital embodied in the family business?'

Do we have to conclude that estate planners are not doing their work properly? Obviously, this depends on the ambition that estate planners set for themselves. If the traditional estate planner only focuses on the technical capital transfer and minimization of taxation, he/she misses the essence of the challenge of capital preservation in the long term. Traditional estate planning is based on a one-dimensional advisory relationship with the leader of a family business ('patriarch'), which, additionally, is characterized by discretion and secrecy. Furthermore, from a historical perspective, this proverbial patriarch nowadays has more capital and more freedom of choice than ever: it is not evident that family members will be successors of the business or that they will inherit family capital; even so, patriarchs expect (articulated or not) their children to remain available for the family business. Discussing the future inheritance of the patriarch is a taboo in most families. Generally, the focus is not on dynastic imaging in which the following question should be central: *'What is the function of the capital embodied in the family business?'*

Family businesss that seek to escape the lawfulness of *'From shirtsleeves to shirtsleeves'* will have to do things differently. They should stop focusing merely on estate planning; instead, they should focus on a broader field that I have called Lasting Legacy Planning.

In this contribution, I will describe what I define as Lasting Legacy Planning for wealthy families and I will give a concrete recommendation for an important first step, which, if properly implemented, substantially contributes to safeguarding family capital. Here, tax optimization with regard to the capital transfer will not be the primary objective; rather, it will be no more and no less than a precondition in a larger whole.

2. From Estate Planning to Lasting Legacy Planning

Surprising conclusions can be drawn from research of the Williams group[5] into the causes of the failure of transfer to the next generation.

"The best laid plans of mice and men often go awry (and leave us nothing but grief and pain for promised joy)."
ROBERT BURNS

Most noticeable is the difference in perception between the risks the patriarch fears and the risks he should fear.

The risks one fears are not at all similar to the risks that cause the failure of capital transfers. One is thus barely aware of the real risks that threaten family businesss and capital in the future.

The risks one fears are specific investment risks, risks of a declining economy, inflation, deflation, political risks and fiscal changes, legal liabilities, bad fiscal planning. At the bottom of the list, fear for family dynamics and relationship difficulties are mentioned, if at all.

...it is essential that besides proper technical legal and tax counselling, professional attention is paid to communication and cohesion between family members, the preparation of the NextGen for their future role and a vision of the family as a guiding principle for the future.

In reality, however, it turns out that failed capital planning is the result of a lack of communication and trust within the family and other stakeholders in 60% of all cases. In 25% of the cases, the failed capital planning can be traced back to unprepared heirs who are not able to deal with the sudden attainment of capital and the additional responsibilities. In the residual category of 15%, we find that only 3% of all failed plans of capital preservation are due to erroneous fiscal and legal counselling with regard to the capital transfer. Although estate planners may make only few mistakes in a limited definition of their work responsibilities, one can certainly not be praised for excellent guidance of a family when 97% of all cases have failed despite the proper legal planning due to a lack of trust and communication, bad preparation of heirs and a lack of vision.

At present, legal technical advice is applied top down in family businesss. If these procedures are not embedded in a familial harmony, the probability of frustrations, disappointments, incomprehension, mistrust and conflict is very real.

Therefore, in order to counsel a family business properly, it is essential that besides proper technical legal and tax counselling, professional attention is paid to communication and cohesion between family members, the preparation of the NextGen for their future role and a vision of the family as a guiding principle for the future.

However, it has now become a widespread misconception that, in order to achieve this, a family statute has to be drawn up by the family in consultation with an advisor. In a family statute, it is stated how the family relates to each other and what the management of the family capital looks like. Writing down a number of enforceable or unenforceable rules within the family, however, does not necessarily contribute to cohesion within the family and it could even result in a family believing they have everything well organized and not giving it another thought. It is not about the words or contracts, but about how it is actually functioning.

To achieve a truly effective foresight, it will be necessary to let the family itself reflect on the values it inextricably links to the enterprise and the capital associated with it. From these values, it will become apparent which direction to take to be successful in the long term (long term meaning at least three generations). The word ‘success’ can be traced back to the Latin succedere, which means ‘follow up, come after.’ Whoever is followed is successful. This means one should focus on the link between the present generation and the next generation in order to make the (business) capital future proof.

We only get to the proper legal design after this exercise has been done within the family. The legal design follows the function that the family appoints to the (business) capital, and not the other way

around. For instance, a family emphasizing preserving the family business for the long term with some preconditions (preservation of a certain source of income and some sort of involvement) requires an entirely different fiscal-legal solution than a family emphasizing the personal development of individual family members and wishing to provide them with an opportunity to start their own business by means of the family capital or the family business. This does not only concern the expectations and ideas of the patriarch. In the first case, we think of dynastic structures in which the business does not necessarily remain in the hands of family members and in the second case, we think of dynamic inheritance structures with good exit possibilities.

On detail level, endlessly more nuances are to be added, especially if one can imagine very different sorts of scenarios well. Every family is different, and the legal solutions will therefore always be unique.

Legacy planning is thus not about a transaction, but about a process that will eventually also be crowned with legal structures to get and keep certain measures in place.

To summarize, one could say that Lasting Legacy Planning integrates the focus on values and valuables. It is not just about capital and its transfer; rather, this process is embedded in that which makes the capital and the life of the family as a whole valuable. We assist families in defining their 'Lasting Legacy,' emphasizing the family and the common objectives. Additionally, the fact that the family business carries a responsibility towards employers and other stakeholders, is faced. When considering all possibilities, it must be decided what the goal is of the assembled capital within the context of a Lasting Legacy. As a result, 'success' can also be defined in the family.

To make this more concrete, we set the following goals for Lasting Legacy Planning[6]:

1. Protecting the family against poverty in the long term (at least three generations)
2. Possibilities for children to grow up to be healthy, productive adults
3. Encouraging a working, meaningful lifestyle (as Warren Buffet said: Enough to do anything, not so much to do nothing)
4. Minimizing conflict
5. Sustainable and dynastic wealth planning for the benefit of 1) to 3)

Needless to say, the first three objectives also serve the fourth, minimizing conflict, seeing that conflicts are the most important reason for failure of capital transfers in the long term. If conflicts already exist within the family, these are addressed and solved first, using specialized conflict resolvers. The same applies to tax planning, which should not give rise to conflicts and tensions with the taxman.

Legacy planning is thus not about a transaction, but about a process that will eventually also be crowned with legal structures to get and keep certain measures in place. This is expressed frequently with the term 'family governance,' which takes a different form for every family. The capital transfers within the family are legal transactions embedded in the family governance. Fiscal optimization always remains an important point for consideration, but it is not the primary objective. This is a very important starting point, because it creates some space to broaden the views beyond that which traditional estate planning allows. Furthermore, it is not exceptional that fiscal optimization is achieved in a manner that one could not have envisaged previously. Indeed, the perspective is broadened!

3. The family foundation as a working instrument

Where to begin? The proverbial patriarch finds it difficult to encourage 'communication and trust, or even cohesion within the family,' let alone to put something as vague as family values on the agenda. He will probably have some ideas sitting behind his desk, but to make it the subject of a family discussion is not something that can easily be expected of him. He would have to step out of his traditional role, with which he feels very uncomfortable.

The best way to start is to discuss these matters indirectly, preferably not just by talking to each other, but by doing something, by working on something. That is what entrepreneurs are good at!

Family businesss that have been successful throughout generations all have solid family governance and are, almost without exception, active in philanthropy. This is not a coincidence.

As James E. Hughes Jr., an American specialist in this area, describes it: *"Families learn more about long-term wealth preservation through giving than they do through spending or accumulating."*

The reason for this is that practicing philanthropy with family members requires the exact same thing that is necessary to create the basis for trust and cohesion in the family. It also teaches younger family members the value of capital and what important things you can do with it. They learn to engage in a functional relationship with capital, which prevents them from *affluenza*. This is good for the identity and self-confidence of children, and it prepares them in a responsible manner for the position they will hold later.

Giving something back for society as a family actually provides a basis for good capital planning in the future. It is a win-win concept, good for the family, society and the business.

Due to the selection and completion of the goal, the family values reach the surface. The philanthropic activity can also be approached from a business point of view. For example, if the enterprise has polluting activities, they can engage in environmental protection. This way, social activities can strengthen the social position of the family business. We call this *strategic philanthropy*.

Virtually every business can contribute to society in a strategic way that also influences the business's reputation among her stakeholders positively. Needless to say, an entirely different objective that does not relate to the business can be chosen too, one that rather relates to the family itself (values that the family embodies).

It is essential that in all cases, the philanthropic activity is practiced in a structural context unrelated to the business. Preferably, we establish a family foundation with a charitable objective for this purpose. Governance of this family foundation should be designed so that the entire family is or could be involved in it. Under no circumstances is the governance of the foundation equal to that of the family business.

The family foundation is self-operational or collaborates with other specialized organizations. Financially, the family foundation can be funded by the family business (as a % of the profits) and/or by the family members individually. In Dutch practice, the family foundation can also practice private interests, commissioned by a donor but embedded in a more comprehensive donation agreement (which in Dutch law is a contract and therefore subject to contract law). Because a philanthropic foundation has fiscal privileges (charity status), it can also be an excellent tool for traditional estate planning. As the wealth of the foundation grows, it can provide an exit for family members that want to withdraw from the family business. The family foundation can thus also act as a 'patient shareholder' of the family business and contribute to the continuity in that manner. Family members can also choose to bequeath capital to the family foundation, since the foundation is indirectly committed to preserving the family capital. The foundation pursues a common objective, by financing, investing and/or donating. Modern forms of impact investing also belong to the possibilities and usually suit enterprising families easier. The family foundation also offers a platform for phasing out the older generation (honorable to take part in management or the Advisory Board of the family foundation).

The foundation endeavors not to let the family capital be a divider (money without meaning) but to have it serve a purpose. Because the family foundation demonstrates actions instead of just words, it is significantly more effective than e.g. a family statute. The family views itself as assertively standing its ground in society with an entrepreneurial spirit. This provides individual family members with the confidence to spread their wings, which significantly increases the chances of success throughout the generations.

This way, doing good indirectly but very importantly contributes to doing well for the family as a whole.

If the patriarch doubts whether or not to engage in this kind of process, he may need to be confronted with Socrates:

'The greatest good of man is daily to converse about virtue... the life which is unexamined is not worth living.'

4. Dutch family foundation

The Dutch family foundation is extremely flexible for this purpose. It is a corporate construct, may be enlarged with a supervisory board with family representatives. Family members may also serve on the board. There is no need for an endowed capital, a foundation that instead will be receiving a percentage of profits of the business is perfectly workable. The foundation is not contingent on the intentions and wishes of the patriarch, but is governed by its statutory documents. Specific intentions, stipulations and wishes must be drafted in the donation agreement, that may also be conditionally revocable.

A foundation may seek to be recognized as a qualifying charity, also in international circumstances, but in many instances does not need to. If a foundation is pursuing operational activities or is providing grants to recognized charities, in many cases there is no need for the recognition of the charity status in the Netherlands.

Where foreign families use a Dutch foundation as a solid working ground for their future estate planning, even outside these mentioned scenario's there often is no need to seek for recognition as a charity in order to have a workable, in effect exempt structure in place without the increasing regulatory hassle of the charity status.

5. Conclusion

Lasting Legacy Planning is essential to ensure the preservation of family capital in the long term. A mere legal technical top down advice with a quick fix often leaves its dramatic mark on family relations, which is responsible for the failure of the objective: success of the family in the long term.

A practical first step in the challenging Lasting Legacy Planning track is to set up a family foundation with expansive family participation that pursues social objectives. The way this is designed determines its use for the family in the long term. A Dutch family foundation, whether qualifying as a charity, or used for mingled social, charitable and private purposes, is a very flexible option to consider in an international landscape.

Practicing family philanthropy and preserving family capital are not alternative strategies; rather, they are part of the same strategy: Lasting Legacy Planning.

Dr. Ineke A. Koele is a Netherlands attorney and tax lawyer specialist in international tax, estate, foundation, trust and charity matters. Before starting a boutique firm 5 years ago, which is exclusively dedicated to Private Clients and Charities practice, she has been partner of a large Dutch law firm for more than a decade. She is a recognized lecturer and author on selected topics of Dutch and international private client and charity matters.

[1] *This contribtion is a revision of a lecture held during a conference organized by the Stichting Nalatenschapsplanning* 'Familiebedrijf en Nalatenschap' *in June 2014 in the Netherlands and a book under the same heading published in 2014 by Maklu.*

[2] *www.campdenfb.com 3 April 2014* 'Fear stops British family businesss planning for succession'. *Up to three quarters of British family businesss are putting off succession planning, despite listing it as one of the top challenges they face.*

[3] *In Mexico, it is called:* 'Padres bodeguero, hijo caballero, nieto pordiosero *(Father-merchant, Son-playboy, Grandson-beggar). In Italian:* 'Dalle stalle alle stelle alle stalle' *(from the stable to the stars and back to the stables).*

[4] *Roy Williams & Vic Preisser, Preparing Heirs, Robert D. Reed 2003, page 17.*

[5] *www.thewilliamsgroup.org*

[6] *See also Perry L. Cochell, Rodney C. Zeeb,* Beating the Midas Curse, *2005.*

[7] *James E. Hughes Jr,* Keeping it in the Family, How Family Members and their advisers preserve Human, Intellectual and Financial assets for generations. *Bloomberg, 2004, p. 33.*

Family Philanthropy – The Glue but not the Panacea!

Maya Prabhu, Managing Director, Coutts Institute *(www.coutts.com)*

A joy… In many countries where we work with family enterprises, there is a long history of family philanthropy and its legacy is significant. Giving as a family can be especially rewarding. When done well, it can bring the family closer together by articulating shared values, instilling an even greater sense of pride and belonging and providing another opportunity for the family to do something enjoyable together.

Maya Prabhu

The family foundation model provides a more formal structure for grantmaking, often adopted by families whose philanthropy is significant in scale and longevity. A business family may choose to conduct their philanthropy through a corporate philanthropy programme, which in some cases may reflect not only the interests of the family but also other stakeholders such as staff. Some families establish endowments for their family foundation; others a family fund, such as a donor-advised fund within a specialist intermediary like a community foundation. And in some cases families adopt more than one model.

As Edwin Lee, Board member, Simon KY Lee Foundation said in an interview following his family winning the Philanthropy category of the Coutts Prize for Family Business in Hong Kong, *'The entire family is proud of what we have achieved in our philanthropy, because it is a product of our collective efforts and an exemplification of the values that bind us together as a family. Our Board meetings are fun because we are engaged both intellectually and emotionally.'*

Developed either formally or informally, exploring shared passions and working together on a highly rewarding project inevitably brings the family together.

But not a panacea ….

Yet it is not a panacea to cure or mitigate areas of conflict that may already exist within a family enterprise. In our practice we have encountered instances where the family foundation has become a battleground where sibling rivalries, inter-branch conflict and differences in communication styles are played out. It is in meetings of the family foundation that deep-seated differences between family members that may have been avoided in other forums such as on the meaning and purpose of their wealth, attitudes to religion and politics and other strong beliefs can surface and cause tensions. If not addressed, this can result in at best apathy from the family on their philanthropy and at worst downright resentment where the foundation is viewed as divisive.

Common areas of conflict that affect family foundations include:

- **Conflict between generations** typically occurs around the strategy where the younger generation may be interested in newer ways and forms of philanthropy including impact investing whereas the older generation may prefer a more traditional approach.
- **Conflict between family staff and the family board** where the board questions and challenges the family staff in ways that may not be well-delivered or well-received. Family staff, particularly if they are volunteers, may feel resentful that their actions are not being valued enough.
- **Conflict among family board members** where particular board members may have

other issues with each other which are played out in foundation board meetings .

Family philanthropy – making it work

The initial stages are key to ensuring that family philanthropy is effective and rewarding.

Steps to take might include; articulating reasons for working together, establishing expectations and clarifying how decisions will be made and who will make them.

Developed either formally or informally, exploring shared passions and working together on a highly rewarding project inevitably brings the family together.

As giving together should be an enjoyable and shared experience, it is also very important to establish the family's shared values, passions and interests. The overall goals of the family's philanthropy should reflect these and they should form the basis on which the philanthropy strategy is developed.

To avoid possible conflict later, another very important process to establish early on is how inevitable differences in opinion might be handled. Conflicts can be resolved more effectively when a clear resolution process is in place. This process is better structured before differences in opinion begin to show.

Conclusion - points to consider

- It's good to talk about philanthropy as a family to get a sense of what people think the family stands for, what its core values are and who is interested in getting involved. Ask the family how they feel about money and the idea of philanthropy. Explore people's views on different subjects, such as poverty and the environment.
- While seeking a core focus to a family's philanthropy, it's worth considering allocating a discretionary fund to each family member so they can support organisations that reflect personal interests that may not be shared by others.
- Decisions will need to be made on what age children are formally included, and on what basis spouses/partners/siblings/ friends are involved. Clarify roles and responsibilities in writing to avoid the possibility of misunderstandings. Some family members may be better at reviewing the investment management strategy than the grant making strategy given their respective skills or interests. It may also be useful to involve an independent 'professional' trustee or hire professional staff.
- Consider what sort of giving vehicle is appropriate. In the case of a family trust or foundation, you will want to address questions such as how long it will go on for, how many trustees you want, how often they should rotate and whether premises and/or professional staff are needed
- For large charitable trusts or foundations, it is worth considering organising a family retreat and inviting a professional adviser as a facilitator to help the family establish a direction for their family philanthropy. This kind of retreat is also very helpful when the family foundation is undergoing a generational transition providing a natural point to renew the strategy.

[1] *Sun Hing: keeping the family together through philanthropy, Coutts Prize for Family Business, Hong Kong, in association with HKUST Business School*

[2] *Inspired by http://gosw.org/files/leadership/Vol_4.2_Managing_Conflicts_and_Family_Dynamics_In_Your_Familys_Philanthropy.PDF*

This article first appeared in the Family Firm Institute's publication, The Practitioner, *on 20th August 2014*

Maya advises Coutts clients and their families on philanthropy, family governance, building family teams, wealth and business succession planning and next generation development. She leads Coutts' philanthropy advisory services. Prior to joining Coutts in 2008, she predominantly worked in the non profit sector including with The Prince's Trust and with New Philanthropy Capital.

Why Leadership Matters

Lindsay Levin *(www.leadersquest.org)*

There's a dilemma at the heart of what it means to be a good leader or a good philanthropist. We all strive to have an impact on the people, issues and systems that matter most to us. Naturally, when you are investing your own time, energy and resources in something, you want to be able to measure the results – and rightly so. But deep down, we also know that when it comes to some of the most important things in life, there are no metrics that apply. And there's a danger that, in our rush to quantify everything, the most important outcomes – some of which may not come to fruition until years down the line – will be ignored and neglected.

Fourteen years ago, I founded a social enterprise called *Leaders' Quest*. We work with leaders from all walks of life to build a more inclusive and sustainable future for our planet. We do this primarily by designing and facilitating experiential learning journeys ('Quests') that bring together leaders and influencers from different sectors and continents to explore tough questions that affect us all. A Quest is an opportunity to step away from the familiar and explore new perspectives on life, leadership and our role in the world. Alongside this, through our 'Quest Fellowship' programme, we nurture talented grassroots leaders, empowering them to generate creative solutions to big issues in their own communities.

What all of our activities at Leaders' Quest have in common is a focus on personal leadership. Whether we're working with senior executives at a multinational company, or poor women from slum communities, the starting point is the same. We enable people to explore who they are and what matters most to them. Our work is about purpose, values, and deepening awareness of self and of how we relate to others.

The reason for this approach is simple: people drive change. Strategies, systems, structures and funding all help, but unless you have the right leadership, no project, however well-intentioned and well-planned, will succeed. This doesn't just mean having people with the requisite skills and competencies to get the job done. It's about all those immeasurable attributes that make a leader truly effective – courage, passion, authenticity, and clarity of vision.

Leadership is a craft, and like any other craft, mastery of the technical skills involved is only a small part of what makes some individuals stand out from the rest. When we think about the leaders we most admire, it's easy to miss the hard work and suffering that typically went into the growth of that person. Nelson Mandela spent 27 years in prison honing the compassion and wisdom that lent him the capacity to invite his former enemies to step up and help build a

Lindsay Levin

nation. Most of us, thankfully, don't pay that kind of price.

The qualities that make a leader effective are as infinitely variable as human life itself. There is no perfect recipe or gold standard. This makes it difficult to fully measure progress when it comes to individual leadership. What yardstick can you use? How do you quantify empathy, or authenticity, or resilience? But the impacts that flow from enhancing the leadership capabilities of individuals are plain to see.

Take a couple of contrasting examples from my own experience at Leaders' Quest.

A few years ago, the Managing Partner of the private equity firm Actis said to me: "We'd like to take some of our biggest investors to Nigeria, to see what it's like on the ground. We want to help them understand the social and political context, as well as the opportunities for business there."

Our work is about purpose, values, and deepening awareness of self and of how we relate to others.

We put together a week-long programme of meetings with government ministers, journalists and leaders of businesses large and small. We discussed inflation, corruption, the legal system and social change. We spent time with senior executives from one of the major oil multinationals in the Niger Delta (and accused of environmental destruction and complicity with a corrupt government), and we met one of the NGOs that opposed them. We visited a business which manufactured foam mattresses for the domestic market. In a part of the world where most people had yet to sleep on a bed, the mattress business was a great one to be in.

We also spent a day in Makoko, a sprawling slum, built largely on rubbish, at the edge of Lagos lagoon. We visited a mobile healthcare unit treating patients as they came in off the street, and met women's groups developing micro-lending schemes to set themselves up as street vendors and thus support their families. We saw the efforts of people on society's fringes, eager to equip themselves with skills and build a better future for their children.

It wasn't immediately clear how these new perspectives would translate into business decisions. And indeed, the Nigeria Quest was one of several programmes we would deliver for Actis as part of their transformation journey. Key to it all however, was a recognition across the leadership team, that they are part of an inter-connected ecosystem, and that what they do and how they do it, has ripple effects on multiple stakeholders. More than five years on from the Nigeria Quest, the Chairman describes the impact on the business as follows: "Today, when we're deciding whether to make an investment, the first item on the agenda is: what will be its social and environmental impact? This used to be our last consideration. You've helped us shift our priorities."

The consequences of this shift in mindset are far-reaching. The firm no longer invests in carbon power generation, for example, and it has massively increased its investment in education globally – both through its philanthropic foundation and through its core business.

At the other end of the spectrum, Mumtaz Shaikh is an alumna of our Quest Fellowship programme in India. Mumtaz grew up in a slum on the outskirts of Mumbai, was married at sixteen and became a victim of abuse in her own home. Whilst teaching in a nursery school in her own community, she came across CORO India – our partner organisation in designing and delivering the Fellowship programme – and went on to be selected as one of our first Quest Fellows.

Today, Mumtaz works with a federation of women's groups that is helping more than 10,000 women and girls combat violence, abuse and oppressive cultural attitudes. And, along with several other former Fellows, she is spearheading the Right to Pee campaign – drawing attention to the lack of free, safe public toilets for women in Mumbai. The campaign has garnered enthusiastic coverage from local and international media and has so far secured 10 million rupees (more than £100,000) of funding from the municipal government to address the issue. Last autumn, she received a prestigious Daughter of Maharashtra Award in recognition of the contribution she has made to social progress.

There are many skills – advocacy, knowledge of the law, campaign organisation – that Mumtaz learned during her fellowship year, which have equipped her to do this work. But the most significant shift was on the inside – Mumtaz moved from seeing herself as a victim to seeing herself as a change-maker, with the potential to serve her own community and beyond. This transformation in an individual's sense of self is what enables long-term, sustainable impact.

One of the most important questions for any leader or philanthropist to ask themselves is about legacy: what will I leave behind? For those who run institutions or enterprises, succession planning is of course a key part of the answer. In my experience, the same principles hold true in succession planning as do in any effort to ensure long-term impact: people are the key. Too often, we get bogged down in trying to codify an individual's vision, or developing resilient systems and processes, and overlook the vital ingredient: leadership. If you want to secure your legacy, my advice is this: recruit and empower a cadre of people who share your core values – and then trust them to do the rest.

Lindsay Levin is a social entrepreneur and philanthropist. In 2001 she founded Leaders' Quest *as her 'last start-up'. She has since worked to connect leaders from all disciplines and sectors, to explore solutions to some of the big issues in the world today. Currently, much of her time is spent working with corporate CEOs and their leadership teams on the role and purpose of business, company values and culture change. Her first book,* Invisible Giants: changing the world one step at a time*, was published in 2013. She lives in New York.*

Philanthropy within Family Governance

Lydia Essa *(www.mauriceturnorgardner.com)*

The benefits that implementing family governance (in the context of family businesses or within families generally) can offer as an effective means of pre-empting or assisting with the resolution of family disputes are much discussed and there appears to be an ever-increasing trend for wealthy families to formulate family charters- essentially the 'club rules' by which the family operates.

The primary objective of this charter is to document the various assumptions, understandings and expectations regarding the family's wealth, business and succession planning generally and, in particular, how this is going to be managed, shared, applied and preserved for the future.

In broad terms, there are two possible approaches when it comes to philanthropy and family governance. There are those families for which the formulation of the family's philanthropic strategy is integral to the governance process and the family's own charter from the outset. In other cases, philanthropy is simply overlooked during the family governance exercise with the charter instead focussed on ensuring a smooth transition of a family's wealth to successive generations – it is largely an inward-looking process.

Arguably, those families who fall into the latter category and disregard philanthropy as part of the governance process are missing an opportunity to establish some common/neutral ground amongst parents, children, partners and grandchildren in an area which is not solely focussed on the family business or the sustainability of the family's wealth and instead looks to the wider community. This is of course a personal choice for the family and there is no imperative to address matters of philanthropy in the family governance process.

What these families do not always appreciate, however, is that there may be something else to be gained if the collective giving of the family group becomes a feature of the family governance discussions – namely, the opportunity to teach the next-generation family members the skills they will need to be successful stewards of the family legacy when their turn comes around. Philanthropy can be a key learning tool in this process.

Indeed, multi-generational active engagement with the philanthropic process can be excellent preparation for a life with wealth, enabling younger generations

Lydia Essa

to acquire practical and commercial skills that will serve them well in both business and life generally but also allowing them to shape their own personalities and develop their self-confidence by taking ownership of some or all of the family's philanthropic projects and becoming ambassadors for the family in their interactions with others.

...there may be something else to be gained if the collective giving of the family group becomes a feature of the family governance discussions...

One of common ways (but not the only way) that families achieve this is to establish a separate 'next generation' philanthropic fund for which the next generation will take sole responsibility. They can use this fund to pursue charitable activities based on their particular individual interests, personalities, skills and life experiences. The objectives are to encourage the younger generation to take responsibility for their projects and develop an entrepreneurial attitude- an attitude which they will hopefully then take through life with them.

They will learn how to work in (or even lead) a team - which is valuable in every aspect of daily life - and may helpfully be educated on the real value of money and the importance of careful wealth management along the way, especially where they are tasked with compiling and/or managing budgets. It can be excellent training for a role in the family business or simply life in the real world!

Putting the advantages of some training for real life aside for one moment, it is worth remembering that a family's philanthropic activities are a natural expression of its collective spiritual and personal values. Involving the next generation in the process of shaping and delivering these values can promote a sense of trust and cohesion within a family and potentially strengthen the bond between and among the generations as they become part of a common family project that can bridge generational gaps.

Fostering an enthusiasm amongst the younger generations to establish a powerful family legacy is so often a real challenge for older generations and the reason that families pursue a family governance exercise – for all the reasons highlighted above, active engagement in philanthropy as part of that exercise may well be the key to overcoming this challenge.

Lydia Essa is a Senior Associate in the Private Wealth team at Maurice Turnor Gardner LLP. She advises on a range of private client matters, working with financial institutions, private clients, family offices, trustees and beneficiaries on trust law issues, estate and succession planning and family governance matters. She also advises charity trustees, those who transact with charities and wealthy individuals on charity law issues and philanthropy matters.'

Philanthropy and its Relevance for Families

Heather Maizels *(www.victoriaprivateinvestment.com)*

This is an excerpt from a recent private event:

Q: Why is philanthropy relevant for families?

HM If you look at the issues family face there are common themes. Of course families are all different with different needs and aims but there are typical concerns which arise. Most families worry about the overall well being of their families, their own family relationships, the motivation and success of their young, as well as the issues around the money they have, and the wealth they hold. Typical questions arise: How much and when to give to the young? How can we encourage our young to be socially responsible and financially aware, and have a sense of family stewardship? How can we ensure the wealth that we have, or the money we have earned, or the money we have suddenly received, will do what we want, and for as long as we want?

And, for business families: How can we leave the overall control of our business to younger members when choosing one might lead to acrimony with the others? How can we ensure that the business will thrive unless we make this choice? How can we be fair to each of our children when they have different aspirations. And, ultimately how can we ensure a smooth succession?

Philanthropy can play a significant role in addressing these issues and reaching the answers. Most families give to charities but a strategic approach to this through family philanthropy can achieve much more than benefits to the causes chosen. It can provide a proper governance tool for family boards and family councils, where risks are identified and considered, and relevant advice taken from the right people. For business families the overall risk to family wealth is the health and growth prospects of the business, and business succession. Most entrepreneurial families recognise the need for a smooth succession without which the overall wealth of the family will be severely impacted, and possibly diluted.

Q: Why is philanthropy particularly useful for business families?

HM Nothing dilutes family wealth more than family acrimony and the capacity for acrimony is greater in business families where succession means there is one role to fill – and possibly several claimants. Sibling rivalry has destroyed many businesses, and in turn severely diluted the overall wealth of the family. Businesses have also been devalued by delayed succession prompting the more talented and able family members, and aspiring employees, to build their careers elsewhere, leaving the less talented in the business. This may create a downward spiral impacting the income of all family members dependant on the success of the business. The business may represent what the family is, and stands for, and personified with the image of the patriarch or matriarch - with no younger member having the gravitas for this role, and with no alternative role available for the incumbent, succession is delayed further with the business more likely to remain static.

Without an effective plan to confront these issues, confusion easily arises as to who is going to take control. When the demise of the patriarch or matriarch is unexpectedly sudden, uncertainty takes over with the impact touching non family employees, who might be vulnerable to competitor approaches at a time when their knowledge is most needed. The demise might impact material relationships, favourable funding arrangements, and general perception. It might seem that in effect, the game is over. The business faced with this can easily decline and might collapse.

Sound governance means succession must be planned and this is easier and more effective if there is the time and will to do it when the principal is alive and well, and when the decisions taken and the reasons for them can be carefully communicated to the family. Philanthropy can play a meaningful role in this process.'

Heather Maizels

Q: Why use philanthropy in succession planning?

HM Philanthropy can achieve many things. Let me share some:

A new and fresh role for the principal:

The role of active principals inevitably diminish if they hand over operating control, and being on hand to give wise counsel may not provide the social and business engagement they need. Successful business people often support charitable causes that matter to them, or their family, or relate to their business in some way. With a strategic approach to their giving through formal associations with established charities or through a newly created family foundation, a meaningful role for the principal can be created - with opportunity to develop new circles of friends and associations beyond the ones they have.

It provides an easy path for the founder to exit:

Importantly, the initial step is not too great a one to take. To use the time and energies that a principal might have, if free from the operational control of the business, to achieve more for their favourite charities, and something more for themselves, their family and their business is often not considered, but typically founders are well disposed to hear more about it. And frequently quickly see the point.

It can provide a new image for the founder, or give new meaning to the one they have:

Many charitable causes are under funding pressures, and keen to encourage donors who can contribute beyond giving much needed funds, and happy for donors to influence the funds committed to them. They see the potential of wider connectivity, and may offer trustee roles conferring status in circles which might matter to the principal. But, for many, with the energy and will to do more, it is better to set up a family foundation, run in the way they want, to benefit the causes that matter to them, and to work with people they like.

'What will he do?' thwarts many successions. Philanthropy might solve this.

Q: What can a family foundation achieve for the rest of the family?

HM Similarly, new roles can be created for other family members

A family foundation can create roles to fit the inclination, interests and talents of other family members or those former loyal employees whose roles are marginalised or cease if the founder leaves. This may encourage those reluctant to leave the business to move providing longed for space for the new incumbent, and perhaps the opportunity to recruit vital non-family management.

'What about the others'? is a frequent cry. Philanthopy might solve this.

HM Financially everyone might benefit with philanthropy

As well as enabling the principal to move out, and younger management to take over, for the benefit of the business and the overall family wealth, philanthropy might also add value to the business. Family businesses often support charities which relate to their businesses - retail businesses support charities associated with their suppliers and their work forces. A family foundation visibly personifying the good things the family business does may become a valuable asset for the business. Some families have used their foundations to carry the family brand into new market or through their foundations create new effective on the ground distribution channels.'

HM Sibling issues can be smoothed and may be pre-empted

Successful strategic succession takes time. Philanthropy might alleviate issues of fairness between siblings If the whole family is engaged in family philanthropy. Some families have equal votes on which causes are included irrespective of age or ability, with shared involvement in the direction of funds and the results achieved. The aim is not to encourage competitive behaviour but to glue disparate family members. For some families, philanthropy means they travel together every year as a family sweeping up all their family around a common interest which matters to each person in an individual way.

HM Enabling the young to take responsibility for their own lives

Most successful business heads want to leave successive generations with a sense of family worth, and to be equipped to the challenges that they face with the prejudices and vulnerabilities that known family wealth might bring. A family foundation will resonate the social responsibility of the family and can better equip the young to deal with the prejudices they may face from future employers or from avaricious friends. With the confidence to deal with these issues, many families find their young becoming more motivated to use the resources they have to be successful themselves.

HM And, preparing for the next succession

One of the joys of a family foundation is the opportunity it provides to instill in each child a sense of social awareness and wealth responsibility. The financial awareness of many financially naïve children is aroused through philanthropy if they are given 'ownership' of some committed funds. Is my money safe in these people's hands? Will they spend it in the way I want? Are cries frequently heard when micro-financed projects are chosen? Later, children can look at business plans for the village co-operatives, learn about currency issues, sales, distribution, and how profits can be made by doing business in the right way.

Q: How do you get this on the agenda in business families?

HM Typically families come to us for us for investment advice and also for some to manage their investment portfolios or want advice on specific financial or business issues. The overall aim – and the usual aim is to ensure their wealth is sustainable and succession is invariably part of the conversations we have. We will discuss all the issues and the choices. We see family philanthropy as an opportunity to alleviate many of the concerns families have. We will share the experience we have so the family can decide whether it might also make sense for them.

Heather Maizels is managing Director of Victoria Private Investment Office, an independent business providing consultancy advice and investment management to families and their advisers. This includes overall advice on all wealth matters including succession plans, and the uses of family philanthropy. Heather is a founder trustee of the Institute for Philanthropy and a frequent speaker on family wealth issues.

Philanthropy, Succession Planning and the Nation's Heritage

Clarissa Vallat *(www.sothebys.com)*

Having spent a lifetime painstakingly assembling an art collection, it is hardly surprising that many collectors give careful thought to what will happen to their collections after they die. Some would like to ensure their collections remain intact, if possible; others are more concerned simply to maximize the benefit to their legatees whether that involves dispersing the items in the collection or not.

Clarissa Vallat

The tax implications of gifts and succession planning can have a significant impact on a collector's approach. Whether they are made on death or during a UK taxpayer's lifetime, gifts of objects such as works of art will usually be subject to Capital Gains Tax (CGT) or Inheritance Tax (IHT) or both. In contrast, gifts to charities are tax-free. As well as this general incentive towards charitable giving, certain additional tax incentives exist with the object of bringing important works of art and cultural property into public ownership (or at least public display), protecting them and sharing them for the long-term benefit of the nation. The incentives are available to UK taxpayers whose philanthropy takes the form of gifts, loans or public display of works of art which are sufficiently important to be considered part of the UK's national heritage.

What sort of object can count as heritage property? Recent examples range from paintings to a 17th-century buff coat, Chelsea porcelain plates, busts and other works of art. The test for heritage property is whether it can be considered 'pre-eminent' because of its close association with our history and national life, because of its artistic or art-historical importance, its importance for scholarship, or because it is closely associated with a particular historic setting.

Cultural Gift Scheme

So far, five objects have been accepted under the CGS and are now on public display, including paintings, Beatles lyrics and letters written by John Lennon and a group of political posters.

For lifetime gifts, the CGS can offer the donor an Income Tax/CGT reduction of 30% of the value of a gift of a pre-eminent work of art to a qualifying UK institution (or 20% of the value of the object for companies setting their tax reduction against Corporation Tax). The purpose of the CGS is to encourage philanthropy, so the gift must be for the benefit of the public: the tax reduction is not intended to compensate the donor fully for the value of the object.

From the donor's point of view the CGS has the great advantage that the gift can be accepted by an institution and put on display during the donor's lifetime, providing certainty and satisfaction unavailable to those who bequeath works of art hoping that they will be eligible under the Acceptance in Lieu scheme.

Acceptance in Lieu

The AIL scheme allows UK taxpayers to transfer important works of art and heritage property into public ownership while offsetting the value of the object against an IHT liability. To be accepted in lieu of tax the object must be pre-eminent, and the value of the offer will be given as a tax credit against the tax bill. This will be its likely hammer price (i.e. its open market value) and can include an amount to represent the buyer's premium which would be charged were the object bought at auction, which can increase the value of the offer by up to 25% depending on its value.

The way the tax credit (often referred to as the Special Price) is calculated is by deducting from the offer value of the object in question the tax that would normally be payable in respect of that object (e.g. if passing on death, 40% IHT), and then adding back to the net of tax figure the douceur worth 25% of that tax.

Example:

Offer value		100,000
Deduct notional IHT		40,000
		60,000
Add douceur	(25% of £40,000)	10,000
Special Price		**70,000**

The tax credit can then be used to deal with IHT liabilities on the remainder of the estate – the object offered is of course not itself subject to tax.

When an object is accepted under the scheme, an IHT credit is given and ownership of the object passes to the appropriate institution. It is sometimes possible to negotiate an 'in situ' arrangement where the object in question can be loaned back by the acquiring museum to the offeror, for display to the public in its original setting.

Private Treaty Sales

Pre-eminent objects and items which have been granted conditional exemption from capital taxation (IHT or CGT) can be purchased by private treaty by certain bodies including most UK public museums, galleries and archives, at a price which is beneficial to both the public purchaser and private vendor. These sales are known as Private Treaty Sales.

Private Treaty Sales benefit from the *douceur* arrangement in the same way as items accepted under the AIL scheme. For example, when a £100,000 item which has been conditionally exempted from IHT at 40% is sold on the open market, the net sale proceeds after payment of IHT will be £60,000. If the same object is sold to a qualifying body by Private Treaty Sale however, the purchasing body will usually therefore acquire it for about 70% of its agreed open market value, so an item valued at £100,000 can be acquired for £70,000. As with the AIL scheme, with Private Treaty Sales the higher the tax liability which would arise on an open market sale, the greater the benefit of the douceur.

A practical difference between an AIL and a Private Treaty Sale is that to negotiate a sale to a museum, the donor must identify a buyer and agree the price with it, and the buyer will have to raise funds to pay for the object. This of course can be quite a hurdle. In contrast, it is not necessary to find an institution to purchase an object which is accepted under the AIL scheme: the object will be allocated to a museum without the need for fundraising on its part.

Conditional Exemption

The most common of the tax incentives intended to encourage heritage property in the UK to become available to everyone is Conditional Exemption (CE). CE is an exemption from the IHT which would otherwise be due when an object is transferred, either on death or on a chargeable lifetime gift. When CE is granted, IHT is not payable on the transfer of the object so long as its owner promises to keep it in the UK, preserve it, and advertise and allow public access to it. In this way art which is held privately comes to benefit everyone, and collections can remain intact when otherwise it might be necessary to disperse them to meet IHT bills as the collections pass down the generations.

Works of art which are on display to the public in this way are listed on HMRC's database of tax-exempt heritage assets to enable us all to visit exempt art works, buildings and land.

Reduced IHT Rate

The heritage tax exemptions outlined above are specifically intended to implement the government policy of promoting and protecting the UK's cultural and artistic heritage to make the nation's cultural heritage accessible to all. However, when considering philanthropic strategy and succession planning the tax relief with the greatest overall effect may well be one not designed especially for art or cultural property, but one which encompasses any charitable gift, namely the 36% rate of IHT which can apply to estates in which the deceased has left at least 10% of his or her property to charity.

The effect of the reduced IHT rate can be dramatic, even increasing the amount inherited by other, non-charitable, legatees. From the testator's point of view if the reduced IHT rate applies, in an estate of £1.325 million (i.e. a net estate of £1m after the Nil Rate Band) it could have the effect of reducing the 'cost' to the testator of a £100,000 legacy to a mere £24,000. This is because the legacy, if not given to charity, would be subject to IHT at 40% making the real 'cost' to the testator of the gift to charity only £60,000. In addition, because the gift pushes the charitable giving within the estate to the point where the 36% IHT rate applies, 4% of the remaining estate of £900,000 will be tax-free as a consequence of the gift. 4% of £900,000 is £36,000. This tax saving is attributed to the charitable gift, so the gift represents a cost to the testator of £100,000 less £40,000 saved IHT on the gift itself, less the £36,000 which has been saved in the rest of the estate as result of the gift. £100,000-£40,000-£36,000 = £24,000.

In the end, each individual's circumstances and wishes are different, and each art collection is unique. There are clearly many factors which can influence a collector's strategy for philanthropy and succession planning, and the tax implications alone cannot - and should not - dictate it. However we can hope that the tax incentives touched on here serve to encourage philanthropy and that we will all benefit from it.

	40% IT RATE LIFETIME GIFT	45% IT RATE LIFETIME GIFT	40% IHT RATE BEQUEST	36% IHT RATE BEQUEST
CHARITY RECEIVES	100,000	100,000	100,000	100,000
COST TO DONOR	60,000	55,000	60,000	24,000
% OF CHARITABLE GIFT PAID BY DONOR	60%	55%	60%	24%

Ms Vallat joined Sotheby's Tax and Heritage Department in 2012 and works with clients and their professional advisers on the UK tax and valuation issues which arise through the acquisition, ownership and sale of art. Her work for Sotheby's clients ranges from advising on heritage taxation matters including the Cultural Gift Scheme and the Acceptance in Lieu scheme, the export of works of cultural significance, private treaty sales to UK institutions, heritage exemptions and valuations for tax purposes, to the negotiation of leases of personal possessions. She regularly speaks at a variety of events on heritage and taxation issues.
Before joining Sotheby's Ms Vallat was a solicitor in the private client department of a London law firm and she has also worked in law firms in France and Spain.

Next Gen Revolutionaries or Feckless Youth?

Sometimes They Look the Same

Jake Hayman *(www.tsiconsultancy.com)*

Jake Hayman

How the legacy and family philanthropy discussions are becoming intertwined with broader family business and investment affairs

A lot of time and energy gets spent focusing on how the 'feckless youth' of today aren't ready to take on the responsibility of family wealth. The narrative goes something like this:

'They are interested in spending huge amounts in showy bars and living the good life, but are not ready to sweat to run the family business or indeed get any job at all. We, the parents, in a last gasp attempt to engage these 'don't know they're born' offspring, try to get them involved in the family philanthropy. This too they spurn. It's one thing not caring about the family business, making money or having pride in your own career but this generation don't even care about doing good in the world. Wasters. And so we bend over backwards to give money to something they care about, or give them independence to make some grants of their own - and still nothing. They just don't care about the world beyond themselves.'

It's an interesting narrative. Sometimes it's true. Sometimes, though, appearances can be deceptive.

Young people often don't want to engage in family businesses and family philanthropy not because they don't care, but because they do. The traditional model of making money at the expense of the rest of the world and then donating a small proportion of it to 'doing good' doesn't excite this Millienial generation. Their problem is not with the giving away of the money but with how it was made in the first place.

The hardest conversation for a family to have is not young people saying to their parents, *'My values mean that I'd like us to give more money to charity'*. But instead, 'The existence of this money is a threat to my values and therefore I do not want to associate with it'.

This is a generation who want it all and it's not outrageous to suggest that this generation have reason on their side.

They believe that the world will change more through ethical business practices and new 'clean' industries and social businesses than through any amount of philanthropy.

They and their peers want to get paid well to work for ethical companies and buy products that are themselves ethical, but that do not compromise on quality.

It's easier when you are starting from zero to live by a value set. It's more complicated when you have an inheritance, bank balance, stocks and shares, corporate assets, or indeed a charitable foundation that has been generated in a way in a way that compromises your quest for 'the best of both'.

The very wealthy in this community are often no different from their peers in this respect, but their peers have less of a legacy to navigate. It's easier when you are starting from zero to live by a value set. It's more complicated when you have an inheritance, bank balance, stocks and shares, corporate assets, or indeed a Charitable Foundation that has been generated in a way in a way that compromises your quest for 'the best of both'.

It's a conversation many young people know their parents are not ready to have. Having it is to question their business or investment practices, the very identity of their wealth. Some parents imagine that their children are simply uncomfortable with the burden of wealth, when in reality, it is the burden of this particular wealth. Had their family business been a clean tech project that had made a fortune and reduced emissions globally, parents would have had to be wrestling them out of the board room by now, not trying to tempt them to engage through philanthropy.

This may make uneasy reading for some of the older generation who are not ready to budge – their businesses remain profit-focused ('as business should be!'), their investments include the dirties of sin stocks ('Everyone invests in them!') and their philanthropy remains completely disassociated from the majority of their wealth ('but we gave away over half a million last year alone!').

For young people the decision is relatively easy: wait. The option of confronting parents who worked their life to build financial success with the suggestion that the root of that success sits uncomfortably with their values, is not one that many of the Next Gen are prepared to pursue. So they are left with a choice between hypocrisy and an offensive rejection of their parents' or grandparents' work. They choose neither. They disengage. To the naked eye it appears the same behaviour that you see from a young person who cares nothing about social good. But it is in fact quite the opposite – they care much more than their parents and in a very different way; to engage with philanthropy on their parents' terms is to undermine their own beliefs.

Even within family foundations, young family members feel uncomfortable with the fact that investments in funds that include porn, arms, gambling and tobacco (without even getting on to fossil fuels) are being used to fund donations. But to question this is to begin to unravel the bigger problem that the Next Gen aren't 'philanthropic off-setters' but are 'triple bottom liners'.

The choice does not actually sit with the next generation but with the current one. Are they prepared to be a part of a new wave of business, investment and philanthropy - or are they going to hold on to the model that has served them? Are they going to have an influence on the future of their wealth by keeping it away from their children, or are they going to influence it by working work with the next generation and to lead together a quiet revolution?

Voted one of London's '2014 Most Influential' *for his work in philanthropy, Jake advises some of the world's leading philanthropists, businesses and family offices on financing social innovation.*

Alongside his role at The Social Investment Consultancy Jake launched the social enterprise Future First, which provides innovative careers support in schools across the UK and is expanding globally.

Jake sits on the trustee boards of the Early Intervention Foundation and the £100m LankellyChase Foundation.

He is also involved in a number of for-profit ventures, including co-founding photo printing and framing service, Frame Again.

Prior to launching The Social Investment Consultancy, Jake spent four years working for the Foundation arm of social purpose business, Peaceworks. Originally from Camden Town, London he began his first business on the back of a successful semi-professional poker career.

Impact Investing:
Its role in family succession planning and wealth management

Paul Cheng *(www.sharedimpact.org)*

At the core of most successful family-owned businesses is a set of shared values. These values can bring family members and employees together to work for a common goal. Yet the issue of family succession generates fear and apprehension because it involves major changes in the ownership and management structure of an organisation, which can then spill over into consequences for family relationships (for better or worse).

Paul Cheng

Over the next decade, there will be a massive inter-generational transfer of wealth as one generation passes on, and another inherits, family assets. It is estimated that the volume of money at stake here is in the trillions of dollars. As a result, many family offices are now grappling with how best to manage the process of handing the baton from one generation to the next.

Although rarely talked about in this context, the most forward-thinking family offices are realising that impact investing can play a useful role in aligning the conversations between one generation and the next. Why?

Every generation needs to find for itself its purpose. Gen Y and the Millennials (those born from 1980 onwards) are driving a new global movement around social entrepreneurship, impact investing and new ways to collaborate and deploy capital for social purpose. More broadly, it seems that the task of rethinking our political, business and civil society institutions is at the heart of this new generation's core purpose. This is a quiet revolution, but it is unmistakable.

Millennials don't just want to be successful, they want to be significant.

The values of this generation also differ in significant ways to the previous 'Boomer Generation'. There is a subtle shift in mindset and psychology. This can be seen in a number of trends and attitudes.

For example, Millennials never grew up expecting to work in a traditional 9 to 5 corporate job setting. Indeed, the idea of a corporate hierarchy is abhorrent to them. Instead, their natural tendency is towards self-employment and entrepreneurship. The astonishing growth of social entrepreneurship is an aspect of this new paradigm.

More profoundly, this generation has a markedly different notion of what success actually means.

For Millennials, success is not just a narrow notion of individual accomplishment, but rather a sense of collective achievement. Or to put it another way, Millennials don't just want to be successful, they want to be significant. Moreover, this is reflected in their approach to both investments and philanthropy - there is a shift from merely 'feel good' to 'do good'. This shift is as dramatic as going from analogue to digital. It is more thoughtful and strategic - and, in contrast to their parents, Millennials expect a much higher level of strategic thinking from their advisors.

The power of a family business impact investment strategy is that it benefits from the wisdom and experience of the older generations while being coupled with the enthusiasm, innovation and energy of the younger generations.

Taking all of the above, many family offices are finding that structuring inter-generational conversations around impact investing is a useful technique in broaching an awkward conversation amongst family members with very different outlooks on life. Impact investing is seen by the older generation as a means of transferring both sound money-making principles and a socially responsible perspective to the younger generations.

Moreover, family businesses often have a long-term perspective, having the aim of longevity and succession, and impact investment is by its nature interested in long-term benefits, so the two are very compatible. It is almost a cliche to note that long-term thinking is correlated to long-term profits. With a long time horizon (fifteen years or more), financial and social returns go hand-in-hand.

The power of a family business impact investment strategy is that it benefits from the wisdom and experience of the older generations while being coupled with the enthusiasm, innovation and energy of the younger generations. This can make for a well-rounded, multi-skilled and cohesive investment team!

Furthermore, with impact investing, not only do family business members develop a strong social responsibility ethic, but the family is drawn together even further as a unit through the process.

Impact investing can, and in many cases would do well to, be embraced as a holistic approach to investment, as it can tie into the brand and ethos of a company, enhancing operations and the bottom line. To date, relatively few family businesses have directed their entire investment portfolio towards impact investing, yet this is a rewarding angle, both financially and in terms of the degree of social and environmental impact.

Over the next decade, this represents one of the most exciting areas of new business development for wealth managers. It is also a way for smart wealth managers to transcend the typical financial relationship with their clients. Wealth managers often report that their most rewarding conversations with their clients are about philanthropy, impact and leaving a meaningful legacy.

The opportunity for wealth managers is that they get to play an active role in shaping not only a new financial services industry, but in redefining the mainstream investment industry itself in a way that brings together both financial and non-financial impact.

Such conversations frequently lead to far deeper client relationships – which can indeed be long-term profitable for the advisor. It takes time to establish trust and credibility with a philanthropist. So it pays to invest in relationship building, not single transactions – in 'lines, not dots'.

It is important to appreciate that Millennials approach all investing through the lens of impact. In a sense, they see all investments as impact investing, stretching along a wide spectrum of financial returns and impacts. Like any prudent investor, they seek to manage risk with an appropriate asset allocation. But at the heart of their approach to investment selection is an emphasis on social enterprises, not asset classes. Millennials seek to invest in robust enterprises – whatever their tax status, size, or business – that can perform reliably for people, communities and the planet.

They also evaluate investments not only by assessing financial risk, but also through thinking about the 'social impact risk' of an enterprise; namely, the probability of that enterprise achieving, or not achieving, specified impacts on society or on particular sets of beneficiaries.

Millennials believe that enterprises that provide superior performance on both social impact and financial dimensions are identified through thoughtful analysis of an enterprise's fundamentals – broad social contribution, market opportunity, management team, and business model, including revenue reliability - as compared against peers and understood within a larger industry, sector and market context.

Wealth managers are, therefore, presented with both a challenge and an opportunity by the emergence of impact investing. The challenge is to adapt orthodox investment approaches to the next generation's investment preferences which entail a broader reckoning of risk and return than traditional investments.

The opportunity for wealth managers is that they get to play an active role in shaping not only a new financial services industry, but in redefining the mainstream investment industry itself in a way that brings together both financial and non-financial impact. This is, literally, an opportunity that comes once in a generation.

Paul Cheng is the Chair of the Board of Trustees of SharedImpact.

SharedImpact is the world's first global donor-advised fund. Headquartered in London, with offices in New York City and Hong Kong, SharedImpact provides philanthropists, foundations and family offices with access to social investment expertise and cross-border tax planning.

It does this by providing donor-advised funds services to philanthropists and corporates, injecting liquidity into the social investment market through secondary market activity, and offering a range of social investment products through access to its proprietary online trading platform for social investments. SharedImpact is the first charity in the United Kingdom which has been specifically approved by the Charity Commission to promote the social investment market.

He is the former Head of CAF Venturesome (a pioneering social investment fund in the UK) and is currently the Chair of the European Social Investment Taskforce (a high-level, inter-governmental working group which connects Prime Ministerial offices throughout the European Union on matters of social investment policy). He is a regular industry commentator on social finance matters both in the UK and around the world. He also serves on the Board of Trustees of the LankellyChase Foundation (a £125 million grant-making trust) and The Foundry (www.aplaceforchange.co.uk)*, and is a BMW Foundation Young Global Leader.*

He is known for his systems approach to building a new financial services industry around charities and social enterprises, and his advice is widely sought by philanthropists, corporates and senior policy-makers.

Previously, he worked as a corporate finance lawyer with the international law firm Slaughter and May, and as a business strategist for Microsoft. He holds an MBA from The Kellogg School of Management, and a law degree from Oxford University.

Philanthropy and Next Gen:
The 'Interstellar' Strategy

Martial Paris and Sabrina Zucchello *(www.wise.net)*

Martial Paris

Sabrina Zucchello

Families have a 97% chance to fail the transfer of its business after three generations,' PWC, KPMG and the Montaigne Institute have observed. Those who would like to transfer their family enterprise to the next generation face a double challenge: they have to transmit assets, as well as their values.

Philanthropy can be a good way – but not the only way – to address both challenges. We know a number of philanthropists who have elaborated a strategy that we can call 'Interstellar' (as in the eponymous science-fiction film) to ensure the transfer to future generations. This process is far from science-fiction but remains a journey to the unknown, similar to the one that Interstellar hero, Cooper, undertakes. His mission is to find a new world in order to save humanity through space-time.

To continue with the analogy involving the cosmonaut, this journey includes the four following elements:

1. **Money doesn't have a value, but several values**. In the 19th century, John D. Rockefeller established a dynasty that remains famous to this day. This entrepreneur, whose fortune has rarely been matched, also translated his philanthropic calling through a foundation that bears his name. The story goes that in his kitchen, he had three containers of the same size that were given to his children. They each had a specific purpose, which he called the three S's: Spending, saving, and sharing.
2. **Values are not transmitted with a speech,** they live through examples and practice. Recent studies show how important it is to talk with one's children, and it is even more important to give and encourage them to do the same. *'I have lived in a philanthropic world since I was born. I've always heard about it because my grandmother was a philanthropist, my aunts were philanthropists, and even my great-aunts!'* said the director of the Henriette-Anne Doll Foundation. Children who get directly involved in charity projects will develop experiences that strengthen their sense of responsibility and empathy. Our philanthropist-cosmonaut will act as a facilitator and give some power of decision and autonomy to his children. In France, the 'Ecole de la Philanthropie' has developed an innovative model to enable young people to become engaged in a concrete manner and to live an enriching experience.
3. **Philanthropy is a platform to bring these values alive:** As was the case with John D. Rockefeller, we see more families that prepare the next generation by establishing private charitable foundations, or creating a specific fund dedicated to transmission. Money becomes a wonderful tool to be used in tandem with other approaches, and teaches those involved to work together. Entrepreneurs, who create wealth in our society, all know the fascinating challenge of building an estate. Their heirs are also aware of how skillful they must be to develop and transmit it. Not everybody has these skills; philanthropy can be a unifying tool.
4. **Long-term thinking is a key strength for any family business:** If most family businesses do not get passed down to the second generation, those that successfully do so are especially strong. In times of crisis, family businesses have a revenue growth that

Reprinted with permission from WISE. Drawing by Patrick Mallet

is superior to that of other businesses. Their strength and differentiating factors lie in the fact that they develop a long-term vision and invest more in the training of their staff than other companies. These are some of the values transmitted to the next generation through philanthropy: have a long-term vision for the future and invest in people.

The journey taken by the philanthropist to transmit assets and moral values can rely on a variety of structures – a foundation or a donor-advised fund, for example. Philanthropists develop strategies that answer the fundamental questions Cooper asked: what kind of world will we leave to the next generation? How can we prepare our successors for the challenges they will face tomorrow?

To close our analogy with the film Interstellar: isn't the goal of those who want to make their family business last through generations comparable to Cooper's goal? The cosmonaut takes risks in order to make a better world for Tom and Murphy, his children, who are given an active part in his effort. The 'Interstellar strategy' is not science-fiction. It was established by a number of philanthropists with two goals in mind: contribute to a better world according to one's own values, and enable the next generation to contribute to the same endeavor and make it sustainable.

Sabrina Zucchello is a philanthropy advisor at WISE. *Prior to that, she has been working in the field of Corporate Social Responsibility. As a program manager, she has build and grown worldwide multi-stakeholder initiatives related to entrepreneurship and education. Convinced that partnerships are key to international development, she has been working at the crossroads of the private sector, the United Nations and NGOs. She has gained field experience in Latin America and holds a postgraduate degree in International Law from the Graduate Institute of International and Development Studies in Geneva.*

Martial Paris is a Director Strategy and Impact at WISE, *philanthropy advisors, which he joined in 2008. He has developed particular expertise in the areas of project evaluation and impact monitoring.*

Previously, Martial managed projects in the field, including projects for local economic development and human rights in South East Europe and in the Balkans and in the Caucasus. From 2003 to 2008, he worked first as Field Director in Montenegro and Bosnia-Herzegovina and then as Regional Coordinator for the Association of Local Democracy Agencies (AADL). *There, he managed a team of more than 20 project managers from six countries, implementing projects sponsored by the European Commission, foreign ministries and the Swiss Development Agency. Martial draws on a broad and multifaceted experience in the social development field, and has visited or contributed to over 150 projects in close to 20 countries in Europe, South East Asia, Middle East and Africa.*

Martial holds a Master's degree in International Relations from the Graduate Institute Geneva. He hold certificates in Project Management from the Graduate Institute and the Project Management Institute of Geneva. He lectures on project management and impact assessment to several Swiss non-profit organisations.

The Rise of the Global Philanthropist?

Emma Turner *(www.barclays.com)*

As wealthy donors become more globally mobile, does this spell the end for the 'charity starts at home' mentality and the beginning of 'causes before borders'? And what does this mean for charities and donors alike?

The relationship between charities and the global high net worth population is a vital one. Many of the world's wealthiest people are actively engaged in philanthropy, as demonstrated by the 13th Sunday Times Giving List, released earlier this year. Tracking donations by more than 280 of those who feature in the title's Rich List – a record number – it found that a total of £2.387bn has been given by these high net worth individuals in the past year. In addition, their charitable foundations have more than £14.76bn of assets for future charitable spending.

Charities rely heavily on these high-level donations. The most recent UK Giving data from NCVO and CAF found that in 2010 and 2011, 7% of donors gave more than £100 per month, but these donors generated almost half (45%) of the total amount given to charity.

There are a whole range of motivations for why the wealthy give: a sense of duty and responsibility to family and society, personal fulfilment, religious beliefs etc. There are also many factors that affect how they give, and to which charity: personal experience of an issue, belief in a cause, family ties or proximity to an organisation and its work.

It is this final factor of proximity that charities looking to attract high net worth donors need to pay particular attention to at the moment.

Research from the 18th volume of the Wealth Insights series from Barclays, The Rise of the Global Citizen? has found that the global high net worth population is moving around more: 43% of the world's high net worth individuals have lived in more than one country and nearly one in 10 has lived in four or more. What's more, this trend intensifies among ultra-high net worth individuals (those with £10m or more in investable assets).

According to this research, those wealthy individuals who have lived in more than one country are more likely to donate both time and money globally, rather than locally. This suggests as the high net worth population increasingly distributes their wealth across the globe, and more frequently emigrates within their lifetimes, there will be a corresponding impact on philanthropic trends.

43% of the world's high net worth individuals have lived in more than one country and nearly one in 10 has lived in four or more

This has important implications for both charities dependent on donations from the wealthy community and high net worth donors looking to donate their time and money in the most effective way.

For charity organisations, they are now competing in a global marketplace and must take an increasingly sophisticated approach to their fundraising, marketing and giving structures. It is no longer solely enough to be the local charity of choice; they must now show real innovation in how they work, as well as robustly evaluating the impact of this work.

For high net worth donors, they need to be focused in their global philanthropic outlook in order to achieve the best results. The 'scatter gun' method rarely works! It is better to be targeted, and get to know a smaller number of organisations well, while still maintaining some flexibility to give spontaneously to support a particular cause, such as disaster relief, if needed.

Equally, for the more mobile high net worth individuals, it is worthwhile to advise a charity against

Emma Turner

This article first appeared online in Spear's magazine

becoming too dependent on you as an individual, especially if you are planning to move country again in the near future. At the outset, outline how long you plan to have a relationship with a charity as you may move , then review it each year until you move on.

More widely, this trend could be an incredibly positive one for the third sector. With the focus on causes, not borders, and progress, rather than proximity, the relationship between charities and the world's wealthy individuals could be set to become even more fruitful.

Emma Turner runs the Client Philanthropy Service, which aims to engage, educate and support high net worth clients in their philanthropic journey.

Emma joined Barclays in 2008 after 11 years at Goldman Sachs where she was Executive Director of the Charitable Services Group in EMEA and Asia. She had previously spent 10 years as Fundraiser and Marketing Manager for a major London charity. Emma sits on the board of two private family foundations in the UK and the USA and one charity, in Antigua.

Philanthropy Impact

Join us in our vision to *increase philanthropy and social investment across borders, sectors and causes*

Why *join us*

Since 1998 Philanthropy Impact has been delivering services to professional advisers and other key stakeholders including philanthropists, trusts, foundations, and charities. Our vision, as a charity, is to increase philanthropy and social investment across borders, sectors and causes.

We provide resources and learning opportunities to professional advisers and other sector stakeholders in order to enhance their expertise, awareness and influence in increasing the level of philanthropy and social investment. Philanthropy Impact's 2014 – 2017 strategy as a centre of competence and impact encompasses growth by:

- Supporting advisers, ensuring they are equipped with best-practice philanthropic and social investment knowledge for discussion with their clients
- Organising learning events seminars for members and interested parties
- Creating networking opportunities to enhance understanding amongst advisors, philanthropists, social investors, trusts, foundations and charities
- Providing know-how, reports and analysis on philanthropy and social investment
- Disseminating information that raises awareness about best-practice amongst advisors
- Collaborating with third parties to support the development of philanthropic and social investment practices relevant to advisors and their clients
- Advocating for philanthropy and social investment internationally

'I believe Philanthropy Impact has a key contribution to make as a forum to encourage more – and more effective – philanthropy and social investment through the exchange of ideas, spreading knowledge and improving the professional advice available. This is more important than ever.'

LORD JANVRIN Deputy Chairman
HSBC Private Bank (UK) Ltd

FOR PROFESSIONAL ADVISERS

We produce a range of resources to support advisers, donors and their families:

- Opportunities to meet and network with professional advisors, philanthropists, trusts, foundations and charities
- News and updates on philanthropy, social investment and corporate giving
- Support to help fulfil CSR mandates and improve employee engagement in philanthropy
- Bespoke initiatives and advocacy activities to promote philanthropy and social investment
- Tailored professional development programmes

"Participants find events 'essential', 'highly educational' and 'inspiring.'

FOR NON-PROFIT ORGANISATIONS AND PHILANTHROPISTS

We offer a range of resources to help non-profits improve their social impact:

- Free access to our network through roundtable discussions with expert speaker panels and topical subjects.
- Opportunities to engage with members and increase influence through publications, events and advocacy initiatives
- News and resources on charity governance, giving trends and social investment.

Philanthropy Impact exists for the benefit of if its members and we welcome any suggestions or contributions at

editor@philanthropy-impact.org

To find out more about member benefits including free event registration, partnership opportunities and free resources please visit our website

www.philanthropy-impact.org
or call our team on **0207 430 0601**

@PhilanImpact