



A REAL FAMILY FOUNDATION



“Charity is the bone shared with the dog when you are just as hungry as the dog.”

Jack London

Ribbons bobbing, she strode into the boardroom with plucky confidence and proceeded to give an eloquent presentation to a platoon of men in dark suits gathered around the conference table. She was all of six years old.

Art supplies were in short supply at her kindergarten, she solemnly informed the trustees of her family foundation. Without our support, students would have to make do with half-empty gluepots and broken nubs of crayons. She asked us to approve a donation of \$500 and, unanimously, we voted yes.

I was one of the trustees at that meeting 20 years ago. Witnessing her earnest plea was heartwarming. Even more meaningful was the realization that this is exactly how a family should teach every member to practice charity with purpose.

There are plenty of tax and financial reasons to encourage the wealthy to set up private family foundations. Estate lawyers and accountants love them because they give clients immediate income tax deductions and help them avoid capital gains taxes. The U.S. tax code is studded with incentives that effectively subsidize philanthropy as much as 70%.

But do those incentives spark the joy in a six-year-old who just convinced a panel of sober-minded trustees to replenish her school’s art supplies? Or the pride of her mother, watching her newly empowered daughter practice purposeful charity?

Quite simply, they do not.

As counsel to many family foundations, I am privileged to witness the extraordinary power of a well-managed foundation to strengthen the bonds of family. When families meet to discuss their charitable programs, no one shows up to relitigate old

grievances from childhood or chat about the latest fashions from Paris.

Instead, there are deep and heartfelt discussions about how to honor their faith, their values and their traditions. A family foundation, well-managed, can have a profound impact on a family for generations.

Some bankers and financial advisors advocate for a new form of structured giving called a donor advised fund, or DAF. Sure, they have a place. DAFs with less than \$1 million in assets can be easier to manage. But no DAF can give a family the opportunity to teach what that little girl learned from her experience: how to see a need, how to prepare a persuasive presentation, and how to relish the pleasure of giving.

That girl who flounced into the boardroom years ago is now a wife and a mother. Soon, her child will make her own presentation to the trustees. Knowing this family, I’m sure she won’t be asking for a new toy but for help in making life a little better for others.

Now that’s a real foundation for family.



Les Trois Grâces (faith, hope and charity)
By [James Pradier](#), 1831. Louvre.