



Family Philanthropy – Opportunity or Obligation?

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We are in the middle of an inter-generational transfer of wealth by the ‘baby boom’ generation. In the US alone, this wealth transfer is estimated to be worth over £20 trillion. Philanthropy can be an enriching way to bring the family together around shared values. It starts with an idea, a belief that change in the world is possible and is brought into being through a donor with a desire to make a difference and the resources to do so. As we begin to focus on the next generation of givers, will philanthropy be considered a birthright opportunity, an enriching and rewarding experience or an obligation?

To explore these questions and share best practice The Beacon Fellowship and Quartet Community Foundation organised a regional philanthropy forum for people in the Bristol area with an interest in philanthropy to learn from each other’s experiences. Over sixty people joined Beacon and Quartet at the AXA Centre on Tuesday 6 November 2007 to hear from a panel ranging from one of the largest grant-giving foundations in the UK to a third generation trustee of a local family trust. The audience was comprised of people with their own charitable trusts or funds within the Community Foundation, people who were evaluating how they organise their philanthropic work, and a number of senior professional advisors.

Inspiring

The Forum debate in Bristol made it clear that high Net-worth individuals welcome the opportunity to network with other donors to exchange ideas and to learn from each other's experiences.

The participants welcomed the contributions from the panellists and the opportunity to ask questions about how to give effectively. Guests said they found the event was 'truly inspiring' 'interesting and motivating'.

Enjoying giving

Cedric Clapp, Chair of Quartet Community Foundation, introduced the debate moderated by local broadcaster and journalist **Richard Lyddon**.

The three donors on the panel all said they very much enjoyed their involvement in their Trust or Fund and their work with charities:

Lisa White spoke about her family's charitable trust, which continues a long-standing family tradition of philanthropy and supports a wide range of causes in the region. She said that their Trust not only keeps the family in contact with the local community, but also with each other:

"It is great fun. We enjoy the - sometimes heated – discussions amongst ourselves, and when our mother became a widow, her involvement was a fantastic way to keep her engaged as an elderly lady."

Dame Steve Shirley also thoroughly enjoys her charitable work. She initially decided to set up a Foundation for practical reasons; to make it easier to give money tax efficiently to charities. More importantly however, is the satisfaction she receives from giving:

"I have made money through my business, but giving has made my wealth significant. It gives me an enormous pleasure to give my wealth away."

Trevor Smallwood described how his involvement with Quartet Community Foundation enabled him to get to know the local community and the charity world:

Panellists

Dame Steve Shirley is a highly successful entrepreneur turned philanthropist. Her charitable Shirley Foundation is now one of the top 50 grant-giving foundations in the UK with £50m donations committed over the past seven years.

Maya Prabhu is responsible for engaging and maintaining relationships with New Philanthropy Capital's clients. She has over 10 years' experience gained in the non-profit sector in India and the UK.

Trevor Smallwood OBE DL is President of Quartet Community Foundation, where he served as Chair from 2000 to 2006. He joined Quartet after he stepped down from the post of Executive Chairman with First Group. Trevor is a Trustee of his family charitable trust, the Bramble Trust.

Lisa White is a Trustee of the Verdon-Smith Family Charitable Settlement and the daughter of the settlor. The trust was established in 1982 and distributes around £30,000 a year.

“The Community Foundation helped me to understand the philanthropic opportunities out there and showed me a way to support local charities.”

“Philanthropy is important for all of us. I like being a catalyst. I can use the money I have made to make something happen and that gives me great satisfaction.”

Maya Prabhu described the rise of ‘New Philanthropists’ in her presentation: *“When the Sunday Times Rich List launched in 1989, 75% of those on it had inherited their wealth. Today, 78% of those on the list have made their money themselves through business.”*

According to Maya the new generation of philanthropists are:

- Self made;
- Keen to give away during their lifetime;
- Able to give money, time and expertise;
- Keen to involve their families;
- Concerned about the results achieved by their giving.

European research shows that donors want advice--- not just information---, particularly in the early stages. They are looking for evidence to show that their contributions have made a difference, though there is a desire not to overburden charities and to become more strategic. Ultra and high net-worth individuals are furthermore keen to network with other donors – to exchange ideas and co-fund.

Measuring effect

Dame Steve advised participants to set the conditions of the grant beforehand. Her Trust, which focuses on medical research into autism, asks for a three monthly report or agrees an annual meeting to discuss progress. They also reserve the right not to continue the grant. Maya suggested that funders could ask the charity to set milestones and provide feedback.

Trevor felt it was important to build a relationship with the people and organisations supported and to keep bureaucracy to a minimum. Lisa’s advice was for funders to put their ‘ears to the ground’. She added that the advantage of giving locally is that this is relatively easy because there is an element of control and direct contact. Her Trust also relies on the expertise and support of Quartet, with whom they have established a family fund.

Handing over to the next generation

Lisa acknowledged that the issue of handing over the Family Trust was real for her because no one in next generation of her family lives in the Bristol area. In addition, they are most often busy with careers and family, hence it is difficult to get them involved. Administering the Trust takes up a lot of her time, which she is

happy to do at present but in the longer term they may consider handing over management of their Trust's funds to Quartet.

Dame Steve said she writes a letter of wishes each year setting out how the Trustees should take forward the work of the Foundation after her death. It is her explicit wish that the Foundation is terminated within 5 years after her death and that funds remaining then go to the leading medical research charity at the time. This wish to give away all the funds was echoed by Trevor, who said that he and his wife aimed to donate all the money before they die or send the remaining funds to the Community Foundation. Maya noted that this reflected research findings showing that 80% of donors would like to spend their money in their lifetime or would like their trust to be terminated after they die.

Erin Wright, Chair YouthBank UK, commented that philanthropy is not “just for businessmen”, but that young people like her also ‘get a fuzzy feeling from giving.’

Conclusions

The participants, although from very different backgrounds, all said they:

- Receive an enormous amount of satisfaction from their charitable work
- felt it was a duty to give back to society
- were keen to give during their lifetime
- welcome the opportunity to exchange experiences; and finally
- suggested getting professional advice, and at the same time staying engaged yourself

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