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BUSINESS NEWS FROM THE FOUR-COUNTY REGION

## *Many givers strive for balance between their kids and charity*

It is complicated, but not impossible, to satisfy many parties in the process

With a lilt in her voice, one of our community's supporters recently remarked, "The downturn in the stock market is helping us ease our problem of what to do with our wealth when it comes to our children. And it really is just that — a problem."

While Victorian novels often portray grace and ease in the accession to fortune, the reality of passing wealth in today's society is far from a straightforward process, especially for those who never anticipated being well off and do not have a "road map" for inheriting money themselves.

Sentiments include one couple's plan to pass their estate to their children who, they believe, may not benefit from an economy and the opportunities that the couple had. Another man noted, "I don't want my children to be buried in an inheritance. It is life's 'hard knocks' that shape character. Money hasn't brought me happiness but success has."

As more individuals plan for what has been described as the greatest intergenerational transfer of wealth ever witnessed, more resources are available. Attorneys, bank trust officers, financial planners, accountants, clergy, counselors and even nonprofit gift planners are increasingly experienced in guiding discussions surrounding wealth and exploring the core values that can shape estates.

Mechanisms such as "incentive trusts" and "sprinkling trusts" are also available to respond to individual circumstances such as shielding a chemically dependent child from access to money; providing for children who have demonstrated varying degrees of financial competence; ensuring that an individual's wealth doesn't become part of a child's divorce settlement, or creating equity for



**GUEST  
COLUMN**

Sarah  
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children when one is financially successful while the other struggles financially in pursuing a public interest career.

Increasingly, individuals are including charitable arrangements in their succession planning. According to a recent international survey of 800 wealthy individuals, conducted by Barclays Wealth, a third concluded that it was not prudent to leave large sums of money to family members.

Closer to home, we have heard individuals describe their hopes for their charitable legacies. A retired minister with two grown children recently called to tell us that he would be caring for a new "third child" in his estate — that "child" being charity.

Today, individuals have access to numerous vehicles to facilitate their charitable legacies. Private foundations are among the most commonly known. After establishing a foundation, typically through a substantial initial gift, the donor can appoint family members to the board and give them responsibility over the day-to-day operations.

Private foundations, however, can be costly to administer and require an annual asset distribution, in accordance with IRS regulations.

Donor-advised funds, offered through community foundations, educational institutions and other public charities as well as by national financial securities companies, can be started with a minimal initial gift yet have benefits that are equally appealing to those who wish to make a sizable contribution.

These funds function much like a private foundation only without the administrative requirements, such as tax filing and minimum annual distributions.

Donor-advised funds are steadily gaining popularity as a mechanism to facilitate a charitable legacy, particularly since, in most

cases, a donor can name children and grandchildren as "successive advisers" to recommend grants from their fund to causes they care about.

Supporting organizations, offered through community foundations and certain other types of charities, offer a middle ground between a private foundation and a donor-advised fund. This structure allows for its own board to make investment and grant decisions while minimizing the administrative and tax burdens inherent with private foundations.

The donors and their heirs may participate on the board and in grant making decisions.

While some donors shy away from public recognition, others appreciate the opportunity to associate their family's name with an institution that is meaningful to them — hence, solidifying a tradition for future generations.

Examples range from naming a room in a building; endowing a chair at a college or symphony; or associating one's name with a scholarship. Most colleges and universities now have opportunities for family members to meet or learn of the recipient of their family's scholarship.

Finally, in the case of any charitable entity, including each of the three discussed above, it is possible to make a gift that helps children and grandchildren directly while ultimately furthering a donor's charitable legacy. Moreover, charitable gift annuities and remainder trusts, as well as other options, feature several attractive tax and financial benefits.

Even though it's certainly an option to wait and see if changes in the stock market "ease" the problem of how much to leave to children, a more proactive approach will likely be preferable. Happily, there are many ways a person can accomplish a combination of personal, family and charitable objectives with help from a qualified adviser.

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