Promoting Intergenerational Philanthropy with Donor Advised Funds

It is often said that, “Charity begins at home.” And indeed, the benefits of donor advised funds (DAFs) may extend far beyond the financial support of worthy charities and associated income tax charitable deductions — right to the family dinner table. For unlike many other philanthropic instruments, donor advised funds have the potential to be the gift that keeps on giving — not only to future generations of society, but to future generations of the family, too.

With a little inspiration from a member of the family's senior generation, donor advised funds can:

- Develop shared charitable values and purposes within the family; and
- Provide opportunities for younger generations to develop important tools and judgment for adulthood.

Through a DAF sponsored by Morgan Stanley Global Impact Funding Trust, Inc. (MS GIFT), you can teach your children and grandchildren the benefits of giving back early in life while creating and maintaining a family legacy of philanthropy.

**HOW TO INVOLVE CHILDREN AND GRAND-CHILDREN.** A DAF is an easy and effective tool to expose future generations to charitable giving. As a donor to a DAF, you may make non-binding recommendations to the sponsoring charity regarding how the DAF account should be administered. How does that engage your own children and grandchildren? Quite simply, you may involve them in the advisory process by giving them a role in the research and recommendation of those receiving the grants.

Result? Your family will learn more about charities, their impact on the community, and what makes them effective or ineffective. Moreover, those whom you love will experience firsthand the satisfaction that comes with giving.

Involving your children or grandchildren in the recommendation process with your guidance and participation will equip them with the skills and knowledge they will need when they eventually give to charities on their own. It will also instill in them a sense of responsibility for the community and an appreciation of the importance of philanthropy at a young age — values that they will learn from you and that will stay with them for the rest of their lives and pass on to their own children and grandchildren.

**A SHARED FAMILY VISION.** While a DAF offers the opportunity to promote a general understanding of and respect for philanthropy, it also allows you to craft a shared family vision to support specific causes or regions. A DAF gives you the freedom to give your children and grandchildren the chance to recommend different potential grantees and the responsibility to follow
up to see if the charities use the grants effectively. In many instances, entire families join together to research charities and select potential recipients. As a result, the charities supported through your DAF will reflect not only the causes that you are passionate about, but those that are important to your family as a whole.

**SHARPEN THE YOUNGER GENERATION’S FINANCIAL LITERACY SKILLS.** By involving younger generations in the administration of a DAF, you also may help impart skills that will serve them not only in philanthropy, but in their personal, professional, and business lives as well. Consider the universal benefits of learning financial literacy and developing the ability to conduct research, state one’s case, and reach a consensus.

Share the experience of going on site visits with your children and grandchildren. Site visits enable donors to see firsthand a nonprofit’s mission at work. Site visits allow donors to observe “unscripted moments” and enable potential donors to see a nonprofit’s mission in action. Visiting a site and observing current charitable dollars at work is a valuable way of assessing the potential effectiveness of future gifts.

A concrete example: You may give a child or grandchild the responsibility of reviewing the DAF account statements and keeping track of investments and grant expenditures to ensure that the account is productive and the family’s desired level of grant-making is sustainable. Additionally, when your family considers a potential grantee, it will want to determine if that charity is well-run. In order to accomplish this goal, your family member can be encouraged to look through the charity’s finances to see how it spends donations and how efficiently it carries out its mission. Through these activities your children and grandchildren will have an opportunity and compelling reason to learn about budgeting, investments, financial statements, and operations, thus developing skills and tools which will be important for their own futures.

**A LEGACY OF PHILANTHROPY.** President Franklin Delano Roosevelt once said: “We may not be able to prepare the future for our children, but we can at least prepare our children for the future.” If you wish to engage your children or grandchildren in philanthropy and give them the opportunity to enjoy all the associated benefits, a DAF with MS GIFT may be the right vehicle for you. MS GIFT handles the processing of all DAF grants, working with an unaffiliated law firm, which oversees the associated administrative, legal, and accounting work, so that your time and energy can be spent on charity and with your family.

For more information about Morgan Stanley GIFT and its donor advised fund program, please consult the Donor Circular and Disclosure Statement or your financial advisor or private wealth advisor.