Keeping philanthropy in the family

By Perpetual Impact

20 March 2019



We are living in the midst of the largest intergenerational wealth transfer in history. Over the coming years, trillions of dollars are expected to be passed from baby-boomers to generations X, Y and Z. Yet despite this phenomenon, dubbed “The Great Wealth Transfer,” there is a reluctance amongst many to have meaningful conversations with beneficiaries about philanthropy and how to best manage and grow inherited wealth.

Understandably, these conversations can be difficult because of the uncertainties involved in donating or inheriting wealth. However, as protectors of wealth for many Australians over multiple-generations, Perpetual advisers and our philanthropy team have had a front row seat to many important family conversations around wealth transfer and have seen the impact and value of early discussions. Above all, we have seen the positive impact that well-planned wealth transfers can have in informing people how best to leave and manage a legacy.

An unwillingness to start conversations about wealth-transfer is widespread. A recent international wealth report suggests that only “26% of families have a full wealth transfer plan in place and that the next generation is not being educated early enough about the management of wealth”. This statistic is alarming and clearly demonstrates the need for more discussion about philanthropy as part of intergenerational wealth and estate planning. It also obligates us to act and drive positive outcomes for the communities in which we live.

The good news is that there is a growing number of those new to philanthropy, who are taking the lead and engaging the next generation in their wealth-transfer plans and philanthropic endeavours.

For businesswoman Wendy Bonnici and her husband Paul, their decision to include their sons Ben and Toby in their newly established charitable foundation was an obvious one. “When we started involving our sons in philanthropy, they were young, just 5 and 11 years old. This allowed the boys to be involved from the very beginning in helping to shape our vision for the foundation,” said Wendy.

In addition to instilling a culture of giving, philanthropy has been instrumental in helping their children develop their financial literacy. “It is important for our boys to contribute to the community and also experience the commercial reality of the not-for-profit sector,” said Wendy.

Now 11 and 17 years old, Ben and Toby are given an allocation of funding on an annual basis and can decide which organisations to support. For Wendy and Paul, it’s really important that their boys “meet the people and feel the issues. We want them to walk alongside people and get to really appreciate the challenges that they may have. If they don’t then, they don’t get to give”. They also encourage their boys to get involved in additional fundraising and volunteering where possible. “We think it’s important that they see the foundation isn’t just a giving mechanism but it’s an opportunity to get to understand challenges and work with communities” said Wendy.

Just recently, Ben shared lunch with staff and refugees from the Asylum Seekers Resources Centre (ASRC) to learn more about their programs and how they empower people who are seeking asylum. “Not only was it an amazing opportunity to gain insight into the ASRC but also a motivation to provide support to people who genuinely need it” said Ben. When the boys

turn 18, they will then be invited to officially join the foundation board where they will again be exposed to and learn about governance.

This type of involvement in grant-making decisions reflects a wider trend in next-generation philanthropists, who want the values they uphold in their families to be reflected in the way they give.

As a trusted adviser, our role is to encourage families to start early conversations about giving and wealth transfers, and the values that underpin them. For most families, leaving a legacy is about more than simply leaving wealth for the next generation. The real legacy is in ensuring that future generations understand how that wealth should be used, invested and shared as a reflection of what the family most values. There are many wonderful processes a family can employ to map their values and how they want those values represented in their giving and in their wealth. With the right guidance these conversations provide family members across generations with clarity and a shared purpose for the future they want to build.

To find out more about structured giving and how it could work for you or your family, contact our Philanthropy team on 1800 501 227 or philanthropy@perpetual.com.au

Perpetual Private advice and services are provided by Perpetual Trustee Company Limited (PTCo), ABN 42 000 001 007, AFSL 236643. This publication has been prepared by PTCo and may contain information contributed by third parties. It contains general information only and is not intended to provide you with advice or take into account your personal objectives, financial situation or needs. The information is believed to be accurate at the time of compilation and is provided by PTCo in good faith. You should consider whether the information is suitable for your circumstances and we recommend that you seek professional advice. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. PTCo does not warrant the accuracy or completeness of any wording in this document which was contributed by a third party. Any views expressed in this document are opinions of the author at the time of writing and do not constitute a recommendation to act. Past performance is not indicative of future performance.