

AdvisorOne

Why Should Wealthy Parents Get Teens Involved in Giving?

'Lower substance abuse and pregnancy rates,' for one thing; 'correlation between philanthropy and maintaining wealth,' for another, says Julie Williams Lytle

Advisor One | May 9, 2011 | By Kathleen McBride, AdvisorOne

Share |



"Children of privilege face inherent risks," said Julie Williams Lytle (left), VP and executive director of Philanthropic Services, [Whittier Trust Company Philanthropic Services](#). They are—and feel—"unempowered." Speaking at the [2011 Conference on Philanthropy](#), on April 29 in Chicago, Lytle said that's why parents ought to "care" about "getting teens involved with giving."

Even the most middle-class teens are in a sometimes difficult-to-navigate area between hormones, separation from parents, trying to do well in school and avoid temptations like drugs, alcohol and sex. But "getting teens involved" can not only "lower substance abuse and pregnancy rates," for children of wealthy parents, according to Lytle, it can help teens whose parents may loom larger than most "mitigate" feelings of inadequacy. Being philanthropic can help a teen feel that there's "something I can do; through philanthropy I have a big impact. I can change the world; I can make a difference," she adds. **Getting them involved in giving "brings dignity, honor, pride and self esteem to teens."**

Wealth managers may also want to let clients know that **there is a "direct correlation between philanthropy and maintaining wealth,"** Lytle explains, citing the Rockefellers, well-known for their philanthropy, to show how well it can work. The "Rockefellers," she asserts, "have annual family meetings; they are defined by their philanthropy." They are now into their "fifth generation" of philanthropy, and many family members have "private foundations," Lytle added.

'Why Should Advisors Care?'

Lytle counts the ways:

1. "70% of intergenerational wealth transfers fail by end of successor generation," Lytle said, because of "poor family communication," or "inadequate preparation."
2. "60% intergenerational transfers result in a change of advisor."
3. "65% of high-net-worth (HNW) families fear that inheriting wealth will hurt the children" instead of help them.

Advisors who support "clients in raising philanthropic children," Lytle notes, have "a stronger understanding of clients' values and passions." In addition, she says, these advisors "add value in areas clients care deeply about—their kids; develop meaningful relationships with the next generation, and increase chances" that the "next generation becomes your client."

A Conversation With Clients

Lytle said there are six ways wealth managers can help clients get their kids involved in philanthropy from an early age—which also strengthens the bond between the client and wealth manager:

1. **"Start early;** values embed early." Kids can get started when they are just "four or five years old." Be matter-of-fact: "it's just what we do."
2. **"Children watch what parents do."** Lytle tells a story of her own family, which had a "Depression tradition of Saturday night dinners, with a little left over for others." Show children how you volunteer at a shelter or kitchen for the hungry; "bake casseroles for sick friends or family members."
3. **"Be intentional and overt about philanthropy."** Bring "a casserole for Aunt Jennifer who is fighting cancer and doesn't have the energy to cook for her children." Let the children see it, participate," then you bring up a "generation of givers."
4. **"Leverage tools" on the Web and "volunteer in person,"** Lytle urged. She also said that results are better if giving, like allowance, is regular. She mentioned two web sites that are helpful in this regard: the "weekly allowance tool, [Share Save Spend](#)" and "<http://hoboken.sbmedia.com/HO%20Users/kmcbride/My%20Documents/WEALTH%20MANAGER%20WEB.COM/Breaking%20News/www.youthgive.org>."

"Consider a family foundation," Lytle advised; it's "possibly the greatest tool a family has, to give their family a great life." She added, "the governance meetings around a family foundation [are] an invaluable learning tool...for managing money, instilling charitable values." The "vehicle can be a donor-advised fund (DAF) with the structure of a foundation—governance, family meetings and family discussions, [but it] can be very small."

5. **"Be consistent"**—give allowance every week; incorporate philanthropy into family traditions," Lytle advised. "Volunteer as a family at same place as a holiday tradition. For example, volunteer at a homeless shelter every Thanksgiving; get a gift for someone in need at Christmas or Yom Kippur.

6. **"Emphasize the joy!"**

About the Author



Kathleen McBride, AdvisorOne

Editor-in-Chief, Wealth Channel, AdvisorOne

Kathleen M. McBride, AIF® is the Wealth Editor in Chief at AdvisorOne.com and was Editor in Chief at Wealth Manager, and Wealth ManagerWeb.com, (now part of AdvisorOne.com). She was Senior Editor at Investment Advisor. She has worked in journalism on-air, in print, and on the Web. She is a founder of The Committee for the Fiduciary Standard, working to ensure that investors have access to financial advice that is in their best interests.

AdvisorOne: [Subscribe](#) [Advertise](#) [About Us](#) [Contact Us](#) [Privacy Policy](#) [Press Room](#)

© 2011 AdvisorOne, A [Summit Business Media](#) Product