

From FAMILY WEALTH REPORT

Families first: Giving too much? Too much for what?

Charles Lowenhaupt - 27 November 2007

Charles Lowenhaupt is chairman and CEO of **Lowenhaupt Global Advisors**, a St. Louis, Mo.-based advisory to ultra-high-net-worth families, and managing member of the law firm **Lowenhaupt & Chasnoff**.

I chatted with a young man in Sydney about philanthropy a little while ago.

Yes, he thought it was good to help others, but he added that "people can give away money and not have enough for their own children and grandchildren and all future generations."

That got the conversation going in earnest.

How much and what for

I asked him how much would be enough for one's children, grandchildren and subsequent generations. After all, wealth is like salt on a potato; the potato needs salt but too much of the stuff will ruin it.

So how do we measure how much is enough for future generations?

This question of "how much" quickly brought the conversation to "what for?" What is his wealth *for*, And in support of that, for what specific purpose or purposes should it be made available to future generations? This is always a tough question, but after further conversation and deliberation, the young man came to a sensible conclusion.



"Education," he said.

There's a lot wealth *can't* do. It's not a failsafe shield against disease and crime, and it can't make an unhappy person happy. With this in mind, the man I was conversing with decided that a good education can be the foundation of a successful life, however success may be defined.

This conclusion and its implications brought my young friend to a further realization.

Spotting an opportunity

If philanthropy improves a community, doesn't it also benefit the children and grandchildren of the donor? They live in the community too, after all. And if philanthropy also goes beyond improving communities to teach wealthy families that there's much more to being affluent than conspicuous consumption, then isn't that another way of using wealth for one's "own children and grandchildren and future generations?"

An easy response to the young man's initial view on philanthropy might have been a cursory "Too true." And from that an easy "solution" would have been to help him keep as much wealth as possible in the family by encouraging him to limit his gifts to charity.

On the other hand, it might have been easy to tell him he was wrong and simply too young to understand something I have seen time after time over many years: the more a family gives the more it gets back; intangibly perhaps, but tellingly all the same. They gain a sense of higher purpose, common cause, and, frequently, an abiding sense of togetherness.

Luckily, the young man's remark about philanthropy being a drain on a family's resources gave us an opportunity to talk deeply about the relationship between family members, families and their communities. And that gave him the chance to review his gut take on charitable giving and consider it in the context of a family's overall -- and long-term -- well being.

Questions and answers

An *FWR* reader commented on my column "**The role of the 'trusted advisor'.**" Though she knew me well enough to know I wouldn't espouse it personally, my correspondent pointed out that my views could be construed to mean that a trusted advisor shouldn't have views of his own, or at least shouldn't put them into play when working with clients.

That's not what I meant. As necessary ingredients, a good advisor has views, has values and has a sufficiently developed sense of self to enhance the counseling process. The young man in Sydney knows who I am; he knows that my willingness to challenge his initial assumptions about philanthropy stems from my belief that wealth must have a purpose.

In short, I can see value in putting wealth to work for any number of purposes, but I won't sit quietly when I get the sense that there's *no* purpose in view. The kinds of questions we ask and the kinds of answers we refuse to let lie are products of our values. Our questions show what we believe and demonstrate how we can use our beliefs to inform our clients' thinking.

The next time I see the young Australian I suspect that he will share with me his ideas about using philanthropy to benefit his successors. His program for philanthropy will be one of his own devising, and it will reflect his wisdom and understanding of the world as well as his personal and familial background.

But, even more important, it will help him understand what his wealth is for. -FWR

The illustration for this column is a detail from a Japanese woodblock print in the Charles A. Lowenhaupt Collection.

<http://www.familywealthreport.com>