



# CONSIDERATIONS *for* PHILANTHROPIC FAMILIES

Talking about and engaging in philanthropy as a family represents an opportunity to share in a meaningful activity together.

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As a wealth creator or owner, perhaps you have decided to make a significant philanthropic commitment and want to involve your family. Maybe you are selling your family business or have received a large inheritance and want to incorporate giving into your plans. Alternatively, you may already have a family legacy of giving and wish to be involved more effectively or include the rising generation.

Initiating conversations about giving, wealth and family is not always easy or comfortable, but telling stories and sharing details about giving can help family members better understand each other, their values and motivations, and how they make decisions. It may even inspire greater generosity.

Families are a major driver of philanthropy in Canada today. This guide reviews the benefits of giving as a family and invites you to explore the purposes of your giving, relationships with those involved, and approaches to get organized.

# BENEFITS *of* GIVING TOGETHER

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**“Whether your next generation includes children or young adults, family giving activities can model important values of generosity, empathy and agency.”**

Giving together offers unique benefits for your family. With intention and planning, philanthropy can:

## **STRENGTHEN YOUR FAMILY.**

Giving together allows you to collaborate, make decisions and share your passions and goals while expressing the history, identity and values you may share. Purposeful, intergenerational experiences can deepen relationships and encourage understanding between family members. This is especially beneficial for multi-branch or geographically dispersed families. Philanthropy can also engage members not involved in the family business or keep the family connected after the sale of a business.

Family members may not always agree or get along, but when they are given opportunities to engage with each other and experience working things out, they tend to grow and be able to work through other events in the future, not just in philanthropy but in other dimensions of family life.

## **ENHANCE THE STEWARDSHIP OF YOUR FAMILY’S WEALTH.**

This may include mapping out what capital may be earmarked for charitable purposes, determining how it will be invested and distributed, clarifying how decisions will be made and the values that will inform them, and discussing family continuity and future legacy.

This exploration can cultivate a new sense of purpose for your wealth and what your family can make possible with and through it.

## **EMPOWER THE NEXT GENERATION.**

Whether your next generation includes children or young adults, family giving activities can model important values of generosity, empathy and agency. Philanthropy exposes young people to the needs, concerns, and realities of others and increases awareness of larger societal issues they can help address.

Deliberations about giving can be conducted in developmentally appropriate ways, providing a venue to learn about accountability, leadership, meeting management, effective communication and financials – skills that will help your next-generation family members not only do good, but do well.

# GIVING TOGETHER: EXPLORING PURPOSE

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**“The most important question to ask yourself surrounds what you want to achieve through your giving – for your family and for the world around you?”**

Exploring issues of purpose allows you to reflect on the reasons you want to give as a family. You may want to:

- Extend values important to the family
- Support the development and maturation of the family's children
- Strengthen family relationships and bonds
- Create or advance a family legacy
- Ensure continuity of charitable programs or commitments and prepare future philanthropic leadership within the family

Understanding your core motivations may help you set realistic objectives and inform your overall approach to philanthropy.

Clarity around your purpose can help strengthen your giving focus. What issue, areas or causes are important to your family, and what values do you share that will guide your work together?

Reviewing past giving and volunteering and reflecting on community resources that are important to you may help guide you to the organizations and causes that will resonate the most. You may also consult community-based research or experts in specific issue areas so that your giving is informed.

Consider whether you want to be proactive in identifying organizations or initiatives to support, or if you are happy to receive requests that will familiarize you with organizations and issues not previously on your radar.

Some families like to give to a wide range of organizations and have the flexibility to respond to as many causes as possible. Others believe their family can have more of an impact if they focus on specific areas of shared passion. Whatever your preference, your focus may evolve over time based on your family's experience and decisions on where they want to show support.

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# GIVING TOGETHER: EXPLORING RELATIONSHIPS

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Exploring relationships is critical to determining when, how and in what ways you should involve your family members in philanthropy and how this will contribute to your family's effectiveness and satisfaction in giving together. Every family is unique, but the most effective families prioritize trust, communication and collaboration to determine a way forward that works for them and their circumstances.

## KEY DECISIONS OFTEN INCLUDE:

- Establishing who will be invited to participate and why, and for large families, how participants will be selected
- Deciding what roles, tasks and time commitments may be required, and how these decisions will be made

Your family may make donation decisions together, choose to have individual family members handle them, or combine these approaches. Your choice may be informed by the composition of your family, their interests, and your purposes for giving as a family. Initiating conversations about conduct and how the family will relate to each other will also help you work together productively.

**“Every family is unique, but the most effective families prioritize trust, communication and collaboration...”**

Intergenerational engagement is a wonderful aspect of giving as a family. Since age and stage of life considerations may have an impact on the nature and degree of participation, involving younger family members requires special thought. However, initiating activities around giving as early as possible can have a significant influence. Be sure to seek the advice of family members and ask them how they would like to participate in this meaningful family experience. Expect them to bring distinct perspectives, interests and ways of viewing the world.

Relationships external to the family can also prove useful in helping you achieve your family's philanthropic goals. This may include non-family advisors on your board or giving committee, external content experts and consultants (such as those available through Burgundy's Private Giving Services) or, depending on the scale of your giving, employees. Assessing where external partners can contribute will help you identify and select the appropriate people who will be committed to your success.



# GIVING TOGETHER: EXPLORING ORGANIZATION

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**“We know you give to make a difference. Consider how your family will measure impact, determine success, and engage and communicate with your charitable partners.”**

Exploring how you will organize your giving will ensure you have the structures and systems in place to support the impact you want to make.

Whether you fund your philanthropy all at once or over time, selecting the right structure for your giving should reflect your family objectives, tax circumstances and time available for philanthropy. For example, private foundations are registered charities. They provide you with charitable tax credits when they are funded and require 3.5% of assets to be distributed annually. You control governance, grant-making and investing, but they do take time and money to establish, and they require ongoing administration and detailed government reporting, which becomes publicly available.

For families interested in less administration, a donor advised fund (DAF) provides the convenience and charitable tax incentives of a family foundation, but none of the ongoing management and reporting. Once your family fund is established, you recommend grants to the DAF sponsor at the time and to the charitable organizations of your choosing, and they do the rest. Details of your giving will also remain private.

Some families may establish a private foundation, but also use donor advised funds for distinct purposes such as discretionary family giving, next-generation engagement or funding strategies they wish to keep separate. Other families prefer to give as they go from an annual giving budget or through their family-owned business. We offer professional advice specific to your circumstances to help you decide.

Whichever giving structure you select, determine when, where and how often the family may meet to discuss philanthropy, what procedures will guide your work, and how decisions will be made. For private foundations, it is especially important to become familiar with the fiduciary roles and responsibilities of board directors.

We know you give to make a difference. Consider how your family will measure impact, determine success, and engage and communicate with your charitable partners. Decide the nature and frequency of information and contact you want to receive to feel confident and satisfied with your charitable investments and investigate opportunities to get involved and for your ongoing learning and development. Wherever your family is on its philanthropic journey, we can help.

# GIVING TOGETHER: QUESTIONS *to* CONSIDER

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1. How do you define family? Who might you include in your family philanthropy, and why?
2. Why do you want to give as a family?
3. How much control do you want to maintain over your giving?
4. What values do you share as a family that might inform your giving?
5. Where are the greatest gaps or challenges in your community that your family's giving could address?
6. What amount of time and resources are you able to allocate for the family's philanthropy?
7. How might the next generation of your family participate, and what support might they need to be successful?
8. What additional external resources might your family need to achieve your philanthropic objectives?
9. What ground rules will help your family work together effectively?
10. How will your family define success in philanthropy?

## HOW CAN BURGUNDY HELP?

Speak with your Burgundy Investment Counsellor on ways your family can begin planning its philanthropic strategy, including access to external resources such as legal, tax and philanthropic counselling.

## DISCLAIMER

Please be advised that this document is intended for informational purposes and no information provided herein should be construed as investment, tax, legal, or other advice. Further information can be provided upon request.

## HELPFUL RESOURCES:

Vogel, Eichenberger & Kurak (2020). "Family Philanthropy Navigator: The Inspirational Guide for Philanthropic Families on Their Giving Journey"

Canada Revenue Agency - Charities and Giving, <https://www.canada.ca/en/services/taxes/charities.html>

## OTHER:

Philanthropic Foundations of Canada: <https://pfc.ca>

National Centre for Family Philanthropy: <https://ncfp.org>

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