



Passing the torch

One in seven.

That is the proportion of Americans who are 70 or older. They are part of a population bulge that also has an outsized economic footprint: **Net wealth totaling \$35 trillion** accumulated from working and living through some of the most prosperous eras in U.S. history.

Now, as baby boomers and their parents enter their final act and make their exit, the transition will create an unprecedented transfer of wealth to the next generation. Analysts predict **\$70 trillion** will be passed on between 2018 and 2042, mostly to heirs and some of it directly to philanthropic causes.

This shift presents opportunities for the next generation of philanthropists to do tremendous good, here in Vermont and around the world. Already, trends in giving reflect the passing of the torch with



organizations that support climate change work, social and racial justice, and better food systems receiving strong support from younger donors. These same donors may give to their local library, fire station, and recreation department, but also be more comfortable than their parents jumping into a Go Fund Me campaign to fight global food insecurity.

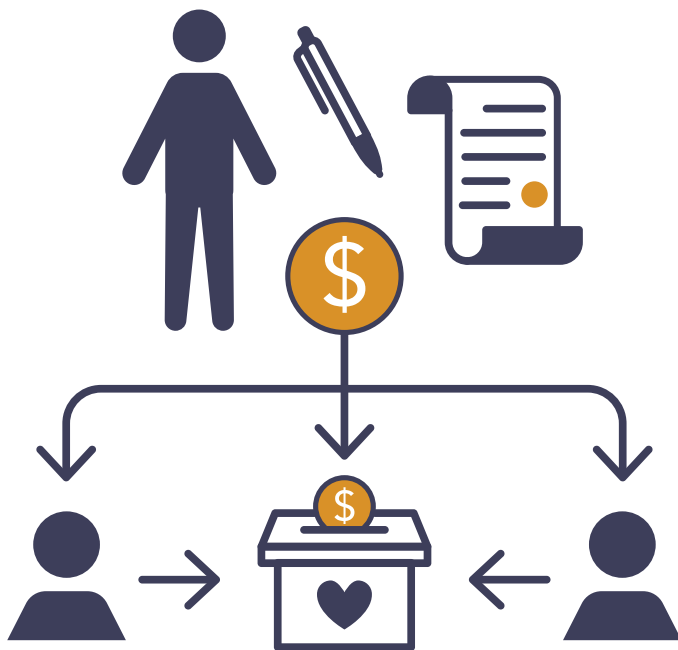
As the wealth transition unfolds, there are ways for family members who are both giving and receiving to set themselves up for success in the effort to reduce inequities, fight racism, nourish science, the arts and literacy, and create a better Vermont and a better world.



Bring the next generation into the fold.

Older adults should strongly consider sharing information about their wills and estate plans with their heirs before they die, especially when it comes to philanthropic holdings. Absent these conversations, the next generation might be unsure how to navigate decisions involving cash, stock, and philanthropic funds, and wonder to what degree they should set their own direction or try and follow the legacy of their parents. Big surprises can be jarring, especially when combined with grief. So why don't families talk more openly before elders pass? Mortality is often difficult to confront, whether it is imminent, or whether it's likely to be many years away.

To help needed conversations happen, consider working with a professional philanthropic advisor, attorney, or tax professional who can



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bring the family together and help walk through plans and options. Go over the details of existing donor advised funds or other types of funds. Are they restricted to certain causes or interests? Is it the parent's desire that a certain fund continue in perpetuity, and another be spent down and then closed? If so, explain that to adult children and beneficiaries so they aren't surprised or confused by the fine print in the organizing paperwork for such funds, or by being named successor advisors to the funds upon the death of their parents or other relatives. Some people want a heads-up before they find out that it will fall to them to direct Great Aunt Hilary's fund.

These conversations also may be an opportunity for the older generation to talk about vision and hear what the younger generation thinks.

This discussion could lead to new, more collaborative thinking around organizing the assets being transferred. Does it make sense for a small family foundation to continue in that structure if the parents for whom it was a passion project are gone? Or would it make more sense to have another organization such as the Vermont Community Foundation manage it? Is one member of the next generation more interested in being a successor advisor than the one the parents have named?



The discussion about nuts-and-bolts details can be a springboard for new understanding, too. Some older family members who have nagging worries about whether the next generation will be good stewards may find those worries eased as they have overdue conversations on giving. Adult beneficiaries who have difficulty thinking about things connected to their parents' mortality, including transfer of assets, may find a way in group conversation to begin needed reflection on the direction their philanthropy will take once the torch is passed.

Keep in mind that the Vermont Community Foundation can help, whether that means shepherding a mission investment to restore historic buildings and revitalize the economy in a sagging downtown, or harnessing the giving of many donors to improve water quality.

Jeff Morin, a CPA and managing partner at JMM & Associates in Colchester, works with individuals and families on transfer of assets, tax considerations and when asked, directs them to philanthropic resources such as the Vermont Community Foundation. "I talk to them about how do you decide where to give, what kind of legacy do you want to have? Who do you want to support, what kind of motivation do you have to give," Morin says. The younger generation and older generation may have different ideas. He's observed that the former are often more interested in climate change, food sources, and the environment, for example. But that's not always true—some members of the younger generation may want to keep up the stalwart support of the local senior center that their parents supported. "It really depends on the person," Morin says.

Create an on-ramp for giving.

Some families set up charitable giving and asset distribution so that the next generation has ample opportunity to get started while the parents and even grandparents are alive. Ron Miller, a retired college instructor, author, and education activist who lives in Woodstock, created the Sustainable Future Fund at the Vermont Community Foundation about 20 years ago. He plans for the fund to be fully distributed upon his death. His sons,

now in their late 20s and early 30s, are following their own path to giving through donor advised funds that they have already created at the Vermont Community Foundation. "My three sons have their own philanthropic interests, and now that they have their own funds at the Foundation, there won't be any need for mine to continue after I'm gone," Miller says.



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His journey into philanthropy began after a family business based in the Midwest took off in the 1980s. At the time, Miller was in his 20s. His parents had



conversations with him about wealth and giving early on. "They have always been very open and have involved my generation right from the beginning," Miller says. "That made all the difference. That enabled me to be a thoughtful and effective philanthropist. Even though my goals are different from theirs, they gave me the autonomy and the values that really got me started on this path."

Miller, who is 65, said his approach differs from his parents partly in the desire to address underlying conditions. For example, while he gives to charitable food distribution programs, he also supports efforts to address the broader inequities around persistent hunger. "I'm more interested in social and systemic change," Miller says. "I think of what I do as social change philanthropy, which is getting at

the roots of problems in a holistic way. It's identifying organizations that have a vision and a goal of systemic change."

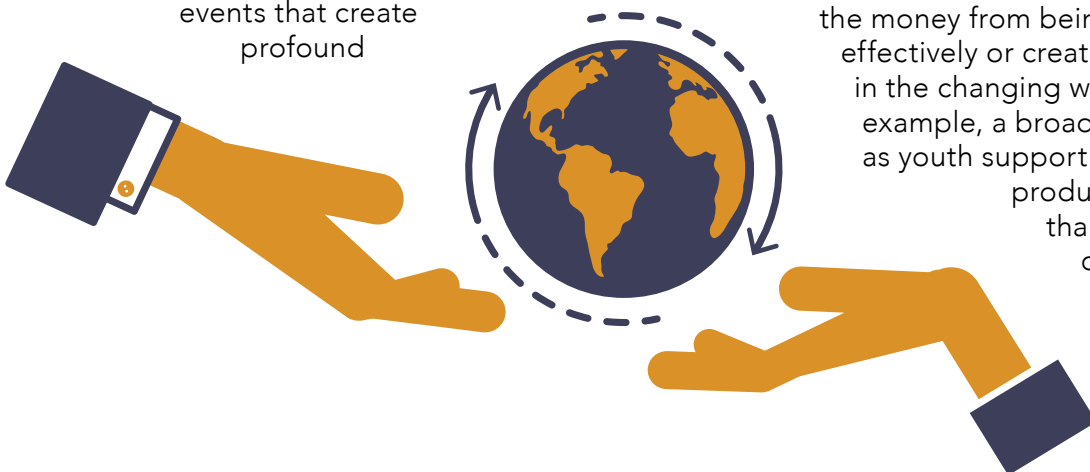
He expects that his children's vision will differ from his, but perhaps in a more nuanced way than his path diverged from that of his parents. Miller feels good about the fact that his sons have ample leeway though their donor advised funds to find their own ways to make a difference. One son, for example, is passionate about creating scholarships to help students become teachers and social workers. Talking about philanthropy with them has helped create a common ethic in the family about the wealth they have inherited, Miller says. "I don't feel entitled to it, and that's what we've taught my sons. It's not an entitlement, it's a responsibility. We're stewards of it."

Define goals broadly to adjust to a changing world.

People who are in the process of setting up donor advised funds or other philanthropic vehicles should keep in mind that **it is difficult to predict the future**. Building in flexibility of purpose allows the money to help with responses to unanticipated events that create profound

need, such as the current COVID-19 pandemic. In 2020, the Community Foundation, fundholders, and partners distributed more than \$12 million in response to the pandemic, for example.

Funds that are structured for laudable but very specific purposes may prevent the money from being used as effectively or creatively as conditions in the changing world demand. For example, a broad designation such as youth support might be more productive over time than a designation to one specific local





organization working toward that goal. The broader framing would allow the fund to support work of new groups that may be trying new approaches, or partner for effective regional solutions, along with giving to the specific organization that is close to a donor's heart.

Whether it's someone over the age of 70 setting up a fund, or someone in their 30s, 40s, or 50s, people who are organizing a fund are often wisely counseled to include "general charitable purposes" in the language. This reduces the rare but real potential for a fund's money to sit unused for periods of time because the defined purpose is so narrowly crafted that it cannot be met, i.e., there is no graduating senior at a designated small town high school who plans to study archaeology in college.

Working with a philanthropic advisor can help families come up with a successful frame for current and future giving. Emilye Pelow Corbett, a philanthropic and planned giving advisor at the Vermont Community Foundation, sometimes begins these conversations with family members

by posing broad questions, such as: What are you passionate about? What would you like to see change in Vermont? "It's just being that sounding board and the neutral party to help them figure out what they want to do."

As families focus on their goals, they also need to discuss decisions around the rate of giving: A big theme for the next generation is whether to give money away now, create a fund that lasts well into the future, or do some combination of both. Philanthropic advisors can help donors identify a strategy that meets their goals without throwing away any options in the toolkit. Advisors can also help inform families about the latest philanthropic work currently being conducted in Vermont around various issues, whether it's housing, access to childcare, land conservation, LGBTQ+ needs, racial justice, or land sovereignty. They can also share detailed information about the many worthy efforts that have been supported by the Vermont Community Foundation and affiliated funds and help show how those dollars are making a difference.

HAVE A QUESTION ABOUT GIVING?

For additional recommendations about giving in Vermont, please reach out to our Philanthropy Team at philanthropy@vermontcf.org or 802-388-3355 opt. 5.

If you found this information useful, find similar content at vermontcf.org/insighthub

The heart of the Community Foundation's work is closing the opportunity gap—the divide that leaves too many Vermonters struggling to get ahead, no matter how hard they work.

Learn more about the Community Foundation's philanthropic advising services or opening a donor advised fund at vermontcf.org.