Wealth Planning **Update**

Philanthropy of their own

How women are shaping the future of family giving

Women are becoming a mighty force in philanthropic giving, bringing their passions, creativity, and concerns to a host of issues they want to address. With their growing earning power and rising wealth, women are helping to drive the agenda on philanthropic giving, creating an opportunity to draw their families into the endeavor as well.

Take McKenzie Scott, one of the latest billionaires to sign The Giving Pledge. Previously married to Amazon founder, Jeff Bezos, Scott, a novelist, is the fourth wealthiest woman in the world and has committed to donate the vast majority of her wealth within her lifetime. On her list of priorities are education, racial injustice, and women's empowerment. Though Scott's activities grab headlines, she's by no means alone.

As women's financial influence grows, their philanthropic might will too. Globally, nearly a third of all wealth is now controlled by women, and the number of women serving as the primary breadwinner in families has steadily increased over the last few decades. Younger women have greater financial literacy than women in previous generations, with 70% of millennial women saying they make the primary financial decisions in their households.

What's more, women are on track to control the majority of the $30 trillion of wealth expected to change hands by 2030.

All of this translates into greater philanthropic activity, given that women tend to place a strong emphasis on philanthropy when it comes to decisions in how they spend their money. For example, single women are more likely than single men to make charitable contributions and they tend to give larger sums. As their earnings rise they are also more likely to increase their charitable donations.

With women's wealth on the upswing and their influence on charitable giving at peak levels, it's only natural that they are transforming philanthropic giving and shaping the future of family philanthropy too.

The case for taking a long-term view

As you think about how you want to shape the future of your philanthropic giving, it's important to articulate your family values and agree on what you hope to accomplish with your gifts over your lifetime and beyond.

While some charitable giving is used to address immediate problems and relieve suffering (say, for example, providing food assistance during periods of economic hardship), generational philanthropy efforts often take a more global view.

Thinking long term also allows you to engage your family in crafting your philanthropic vision. It can galvanize your family around issues you want to tackle. For example, if your family's giving centers on poverty, it gives different family members a way to express their passions depending on their skill sets and interests. Perhaps your granddaughter wants to fund delivery of organic produce in communities located in food deserts, while your son wants to foster economic empowerment. Introducing charitable giving into the family narrative provides an opportunity to engage the next generation, teach them to be responsible stewards of wealth, and establish philanthropy as a core family value.

Globally, nearly a third of all wealth is now controlled by women

Continued

Choose the right vehicle

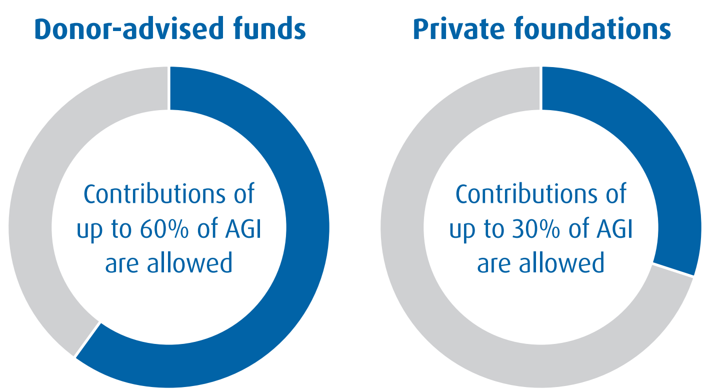
Once you decide on the vision for your philanthropy, you need to decide what form that giving will take, such as gifts of cash or stock directly to a specific charity, or through a structure like a private foundation or donor-advised fund (DAF).

Both private foundations and DAFs are commonly used for significant giving. Think of these entities as a basket you fill for your future charitable donations. You can bunch your charitable giving into years that provide the most tax benefit, and then dip into this basket each time you wish to make a gift to a charitable organization in the future. If the basket is not empty upon your passing, you can designate family members to continue funding charitable causes from assets remaining in the basket.

But there are important differences between private foundations and DAFs.

A private foundation can be established by an individual, family, or corporation to fund their charitable activities. The Bill & Melinda Gates Foundation is an example of this structure. While a private foundation gives families the most flexibility and control over their charitable giving, these vehicles also have many restrictions, such as requiring a board of directors or trustees to oversee the foundation's operations. Foundations must also file tax returns and give away at least 5% of the value of their noncharitable use assets each year. In addition, there are legal and administrative costs for setting up and managing a private foundation.

An increasingly popular vehicle for charitable giving is the DAF which provides many of the same benefits as a private foundation, but with less administrative burden for the donor and a potentially larger income tax benefit. DAFs allow you to make charitable contributions—and receive a corresponding income tax deduction—currently up to 60% of your adjusted gross income (compared to 30% for private foundations). Additionally, DAFs are not subject to the 5% minimum distribution rule that applies to private foundations. Donors should be aware, however, that although they may recommend grants, the charitable sponsor (who holds the DAF funds) makes all final decisions.



As women take the reins of wealth, they have an opportunity to create a lasting philanthropic legacy, both for their families and communities.

While the origins of your philanthropic mission may be yours, allowing younger generations to have their say and building the structures to honor their contributions, will allow the important work you are passionate about to live on for many years to come.

Engage your family

With the understanding of your philanthropic might and the right vehicle in place to carry out the work, turn your sights to passing down your charitable values to the next generation. A philanthropic entity can unite a family around shared goals and visions. Whether it's education, poverty, racial equity or climate change, your philanthropic activities set a powerful example for younger family members and leave a lasting legacy.

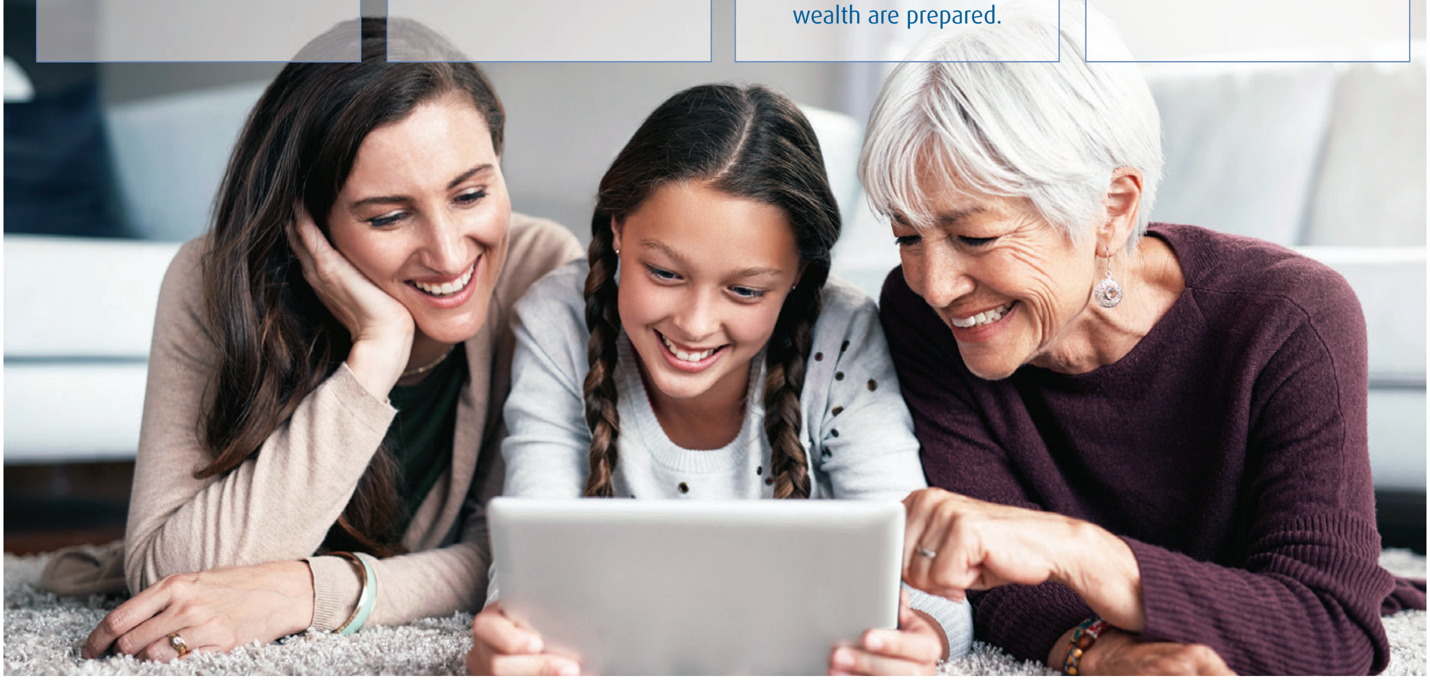
Consider these steps to engaging family members

Be an open book.
Help your children and grandchildren understand why the causes you support are so important to you. Sharing your views engages multiple generations and helps you model core values.

Share the power.
Give family members a forum for expressing differing ideas and perspectives. You may find that bringing in a consultant to coach family members on respectfulness, listening, and sharing candidly will help shape discussions.

Teach them.
While philanthropy is an important goal in and of itself, it's also a powerful platform from which children and grandchildren can learn financial, governance, and due diligence skills. Philanthropy can also be a good way to teach the responsibilities that come with wealth so children who will inherit wealth are prepared.

Give the gift of time.
Time is our most precious commodity. The time you spend together working in the pursuit of a greater good will surely become your most cherished memories.



Kris Yamano is Vice President and Arizona Market Leader with BMO Private Bank. She has 20 years of experience in the finiancial services industry. Kris leads a team of professionals dedicated to providing high-net-worth families, closely-held businesses, and charitable organizations with a full range of customized wealth services including investment management, private banking, trust & estate services and comprehensive wealth planning.

Feel confident about your future

Stoker Ostler—its professionals, its disciplined approach, and comprehensive advisory platform—can provide financial peace of mind. Call your Stoker Ostler Portfolio Manager today.

www.stokerostler.com

Stoker Ostler

BMO | A part of BMO Financial Group