



Philanthropy And Character Development

Warren MacKenzie

Working class parents and wealthy parents have a common goal – they want their children to be happy, successful and to enjoy their lives. With good parenting, these goals can be achieved, but wealthy parents need to deal with one additional challenge that only their children will face. Wealthy parents need to be aware that a large inheritance often causes more grief than happiness.

Parents can give their children a large inheritance but they can't give them meaningful lives. That's something they have to make on their own. The danger is that if children grow up expecting that they'll always have money and will never have to work for a living, they may fail to get the education they need or to develop the character traits, skills, or the moral values that are essential for a happy and successful life.

Life can be tough and everyone will face disappointments at some time. Young people need to learn perseverance, how to deal with and overcome disappointment, how to deal with failure, and how to pick themselves up and start again. It also helps if they have good self-esteem, self-confidence, and know they are of good character. They should be hardworking, emotionally intelligent, empathic and ideally, they will also have good social and leadership skills. As it turns out, introducing children to philanthropy is an excellent way to help children develop all of these things – particularly the values, high moral standards, emotional intelligence, and empathy that may be important for their happiness and success.

Successful individuals understand that happiness comes from hard work, accomplishing goals and from having a sense of purpose – wealth is a bonus but is not the main source of happiness. Happiness and the good life came from enjoying the journey – not arriving at the destination!

We are fortunate to live in Canada where we have an unlimited opportunity to succeed. By being involved in philanthropy, young people will come to understand and appreciate that the opportunity to succeed and create wealth exists, in part, because of the three pillars to our society – government, private enterprise and philanthropy. The importance of philanthropy may be overlooked but business can only be successful if the social fabric is intact. If many millions of Canadians were sick, destitute, unemployed, hungry, hopeless, and homeless – our country would not be a place where anyone is likely to create wealth. Philanthropic organizations fill the void that cannot be filled by government and these organizations are needed to help keep our social fabric intact.

Most young people are idealistic. Given an opportunity, they will want to do what they can to make a difference and to improve the world. Getting children involved with philanthropy is an easy way to start conversations with teenagers and tap into this desire to make a difference. These family discussions about charitable work can teach empathy, develop moral values, and build character.

An easy way to start the process is to have children involved in helping the family to select a charitable organization that the family will support. You can explain that as a family you're going to give back to your community and worthwhile causes - either a specific dollar amount or a percentage of the family income. Each child may have a different idea as to which charity should be selected and there may be a great benefit to learning how to gather the facts to promote a certain cause. Some of the dozens of charities that appeal to young people might include those that provide operations to give disadvantaged children an opportunity to succeed, animal rescue services, environmental protection, orphanages for

abandoned children, safe playgrounds, local foodbanks, or books for kids.

By doing the research to make the selection, looking at reports to see how the money is spent, and by meeting other supporters or volunteers, young minds are broadened and they learn something about business operations. They'll feel good about what they're doing and that they're making a difference, but the most important result may be the discussion that takes place between family members as the charitable decisions are made. The value of communication cannot be over emphasized. Research shows that it is a lack of communication - particularly about goals, responsibilities, budgets and other financial topics - that is the major cause for a transition of wealth not working out as parents hoped it would. Talking about money is the last taboo and this is a good way to start the discussion about our responsibility regarding wealth. These discussions can lead to regular family meetings where financial issues are discussed. For example, why do we donate this amount and not a larger or smaller amount?

We say that the 'wealth transition' plan failed if those who inherit the money spend it and little or nothing is left for the next generation. Research shows that failure is common when there is no history of family discussions about money or if the heirs don't have values, empathy and good moral character. Getting involved with philanthropy at an early age is a way to start the communication process and it helps develop these traits.

Aside from the benefit to society and tax deductions, what are the benefits of getting young people involved in philanthropy?

- 1. It broadens their minds and they become aware of some of the problems that exist in society.**
- 2. They become aware of their good fortune to live in Canada with opportunities and access to education.**
- 3. They learn how they can help make the world a better place and they feel empowered to do so.**
- 4. It gives them an outlet to channel their idealism in a positive way.**
- 5. It may give them some experience to add to**

their resume (making it easier to land their first full time job).

- 6. They may learn how to read a financial report and how to ask for accountability.**
- 7. It may give them ideas about the career / job they want to do when they are finished school.**
- 8. They will learn how to do basic research to decide which charity is worthy of their support.**
- 9. They will get to understand the importance of philanthropy in order to have a well-functioning society in which they can be successful and create their own wealth.**
- 10. There is a benefit to individual when they stop thinking about their wants - and instead start to think about the needs of others.**

Lives can be changed forever by a chance meeting, a new insight into opportunities, or a moving experience. Many young people who get involved with philanthropy say it is the most powerful experience of their lives. It is almost universally agreed that it is the donor (not the recipient) who receives the greatest benefit from a charitable work.

It doesn't take a lot of money to be charitable. For example, Owen, guitar player and lead singer in for a high school student rock band, spends time most weekends teaching guitar at a community centre for underprivileged youths. As another example, Claire, a physiotherapist, who has experience working with children with cerebral palsy, recently took a three-month unpaid leave of absence from her regular job in Canada to volunteer in an orphanage in China. At the orphanage, she was able to help educate caregivers and help support many children. While Claire has enjoyed many academic and athletic accomplishments she describes this experience as one of her most rewarding.

Warren MacKenzie, CPA, CA, CIM – Senior Financial Analyst at Optimize Wealth Management