

Less can be more: Charitable giving helps parents pass wealth to children



How much is too much? That's a question many parents ask as they structure lifetime gifts and bequests to children in their financial and estate plans. Wealthy clients are sometimes concerned that leaving [millions](#) of dollars, or even hundreds of thousands, to their children could [backfire](#) and hinder their kids' ability and motivation to achieve financial independence.

In addition to concerns about fostering entitlement and [dependency](#), many parents are concerned that their children will miss out on the satisfaction of knowing they built wealth on their own. These parents believe that the challenges and struggles along the way will ultimately enrich their children's lives with intangible benefits that are far greater than the obvious benefits that come with gifts or an

inheritance of significant financial resources.

As you work with clients who feel this way, please reach out to the Community Foundation. Every day, our team works with families who are in this exact situation. We'll help you evaluate strategies such as:

–Establishing philanthropic components of an estate plan so that children receive only the amount that can pass to them free of estate tax, with the rest passing to a charity, such as a donor-advised fund at the Chester County Community Foundation.

–Setting up a [donor-advised fund](#) at the Community Foundation to allow your clients to support favorite charities during their lifetimes, with the terms of the donor-advised fund providing that the children step in as successor advisors following the clients' deaths.

–As successor advisors to the donor-advised fund, the children can work with the Community Foundation to recommend grants to favorite charities, support interest areas pre-selected by their parents, or both.

Many clients are attracted to this type of structure because not only could it avoid estate tax, but it also allows their children to stay involved with all of the family's wealth, work together and keep sibling bonds strong, and get involved in the community.

Please reach out to the Community Foundation team anytime. We look forward to exploring strategies to help your clients meet their financial and tax goals, as well as honor their wishes for children to live happy and productive lives.

For more information, contact the Chester County Community Foundation:

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The team at the Chester County Community Foundation is a resource and sounding board as you serve your philanthropic clients. We understand the charitable side of the equation and are happy to serve as a secondary source as you manage the primary relationship with your clients. This newsletter is provided for informational purposes only. It is not intended as legal, accounting, or financial planning advice.