

## The Upside of the Downside

To be philanthropic in these times is to find—and spread—happiness.

By Tracy Gary

WHEN I WAS FOURTEEN, my parents wisely told me: Money comes, and money goes. The key is to be prepared to take care of yourself and those you love and to be in the service of creating a better world. Above all, count your blessings, invest your money, name and educate your successors, and prepare for a lifetime of change and transitions.

Everyone has been touched by the current financial crisis, which demands exactly the lessons imparted by my parents. We have watched our peers and relatives lose jobs, reputations, life savings and homes. Meanwhile, nonprofits that we love and support require more leadership and money than we have available.

It's humbling, but this decline presents an opportunity for a better future. As an inheritor who was guided by engaged parents, I saw firsthand the keys to success in transferring wealth: discuss family values and expectations, practice a philanthropy that is sustainable in hard times, and name those who will assume responsibility as it is passed from one generation to the next. For thirty years I've been advising my peers about philanthropy and the intergenerational shift of leadership and wealth through my book, *Inspired Philanthropy*, and as a guest lecturer; lately, though, I've heard stories that are revealing of our hard times.

"In a world that taught us not to show our cards or talk about money as we built our fortunes, I didn't know which fire to try to put out first," said a sixty-two-year-old female antiques collector and philanthropist from Atlanta. "Within weeks, two of my kids lost their jobs. Due to a slashed income, another would have to



give up the new apartment into which his growing family had just moved. We were not sure our mother's investments would carry her into her final years. We'd invested significantly in hedge funds and retired early, and we had multiyear, million-dollar pledges I knew we could not deliver on. I had never imagined we would lose half of all we had spent a lifetime earning."

That is just one tale in which the prevailing fear is that the unraveling will continue. When I spoke to Marian Moore, a social-venture-capital adviser in Minneapolis, she was devising an antidote to such worries.

"Because I knew my kids would be hearing about the economic downturn, I decided to talk to them about money to give context to the climate of fear and contraction," said Moore, whose late father was Paul Moore Jr., an Episcopal bishop and the leading liberal Christian voice for a decade in New York City. "The kids are twenty, seventeen and thirteen. I treated them as I would a board of directors. I told them how much money I had inherited and how I had changed over the years from someone living off inherited investments to someone who learned how to earn money. I shared the level of my assets and what they stand to inherit. And I told them what I think is of most value during these times: community and caring for others. The more we talk about money and our per-

### HELPING OUT IN HARD TIMES

- Begin with what you want to change or preserve. Do the organizations to which you've been giving match your values?
- Consider what local agencies might now require for support.

- Assign percentages to different categories of your giving budget.
- Call agencies early in the year if you have been a sustaining donor or volunteer and will be reducing your gifts or engagement.
- Recruit friends to join you in giving.

- Meet with your financial advisers to see if you can make a legacy gift, or consider a charitable trust.
- Call those leaders and organizations that you respect and count on to build a better world, and unleash your resourcefulness.

sonal relationship to it, the more able we will be to identify what is important in our lives. This is what I call the upside of the downside.”

Family-foundation leaders are also challenged. Lisa Parker is an adviser to families as well as president of the Lawrence Welk Family Foundation (see page 125), in Santa Monica, California, established by her grandfather the late television bandleader. “The paradox is that in economic times like these, the opportunities for our humanity to flourish are abundant,” she stresses. “*Philanthropy*, literally translated, is ‘the love of humankind.’ Our foundation’s assets have declined steeply. Our instinct is to hold on to what we have. As philanthropists, we must ask ourselves, ‘Does the integrity of our portfolio trump our commitment to the individuals served?’ I would say, give boldly. This is our opportunity for heroism, and it will make more of an impact now than ever before.”

Parker adds: “My own children see businesses closing, teachers being laid off, neighbors losing their homes. Just a few hours spent as a family, volunteering at a community center, made us feel, dare I say it, joyful. Yes, feeling valued and helpful is joyful. The great challenge for many of us who are working and parenting and juggling is how to incorporate these opportunities and discussions into the day to day. Fortunately, there are good resources out there, among them the Acme Sharing Company [[acmesharing.com](http://acmesharing.com)] and YouthGive [[youthgive.org](http://youthgive.org)].”

In difficult times, there are those who

**Three ways to say no (nicely) to requests to donate if you haven't got the goods to give:**

- “We are focusing our giving more narrowly this year and have chosen other priority areas. We regret not being able to support your worthy cause and impressive leadership.”
- “I love your leadership and your organization’s mission. While we won’t be attending your event, perhaps over lunch I could help you think of others to invite who might help you.”
- “We have half as much to work with this year, but we care twice as much. What if I join the development committee and propose other prospective donors who might meet our giving level of the past?”

step forward to lead. The assets of the Bill & Melinda Gates Foundation were down by more than 20 percent last year, and yet the Gateses decided to increase their giving of trust assets from 5 percent to 7 percent. In his annual letter, Gates said that he would not back off from his commitments.

Phil Cubeta, who occupies the Sallie B. and William B. Wallace Chair of Philanthropy at the American College, in Bryn Mawr, Pennsylvania, says: “How much a family truly needs to live a rich and fulfilling life is partly a matter of its philosophy of what a good life is and partly one of calculating how much is needed to sustain a given lifestyle. With thoughtful priority setting and good financial, tax and legal counsel, a family can do great things as a leader. Passing on that kind of legacy can be the greatest inheritance of all.”

Self-proclaimed “trillionaire” Ruth Ann Harnisch, of the Harnisch Foundation, based in New York City, says:

“If you are blessed enough to have surplus, be as generous as you can. Some of my best investments of the past decade were in philanthropic venture capital that paid off in improved lives and conditions. I know that investing in philanthropy was more rewarding in many ways than investing elsewhere. It’s up to us to define the ‘new normal,’ and sometimes the young inheritors, such as those in the Resource Generation network [[resourcegeneration.org](http://resourcegeneration.org)], are ahead of their elders in defining resourcefulness more broadly. It’s time for families to tap the wealth of wisdom and new ideas of the younger members.” ❖

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