



# Modest Philanthropy – Encouraging Modest Gifts Using “The Expression of Charitable Intentions”

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**I**n 25 years of advising clients, I have found that given a choice, most clients would like charity to receive some part of their assets when they die. Given the record for generosity among Americans, this finding is not surprising.<sup>1</sup> Nonetheless, without prompting and assistance, most plan to give nothing to charity, even to causes they care deeply about. By removing obstacles to modest giving, however, you can bridge the gap between what you want to give and what you feel you can give.

## YOUR LEGACY OF GIVING LOST

Most clients want to leave a legacy besides money.<sup>2</sup> A large inheritance is great, but most clients want their heirs to live responsibly with the resources they receive, large or small. Yet when estate plans are written, the focus is on probate and taxes, with some attention on how to make discretionary spending decisions, with far less attention on motivating heirs to pursue purposes beyond preserving wealth for themselves and their heirs.

Assuming that giving is a value you care about, would you like to be able to transfer that legacy to your heirs? According to the survey cited above, you would. Yet, unless you are truly exemplary, the ideal of giving will not be conveyed merely by example. Your children may associate you with generosity. But, without direction, you can fairly predict that your children will let the ball drop on your causes. Likely they will not catch the spirit and use their windfall to start or boost giving of their own; heirs rarely volunteer to help any cause beyond their own pocketbook.

## FRUSTRATED IN GIVING

As important as charitable giving is to ordinary Americans, clients are not knocking down the door to give to charity in their plans. There are many reasons for this phenomenon.

**“Charity begins at home.”** This saying is an excuse to “give it all to the little darlings.” Come to think of it, they’re not always little and not always darling. Giving is demonstrated at home, but it naturally extends outward as the fervor for helping overflows the domestic confines. Why not encourage that passion?

**Fear of short-changing the heirs.** It seems that people have guilt around not leaving every last dime to their descendants. But, will they really miss that \$1,000, \$5,000, or \$10,000 out of the \$100,000, \$500,000, or millions that they likely will inherit? It is not their entitlement, unless you let it be.

**Advisors ask the wrong questions.** The question (if it gets asked at all), “Do you wish to leave anything to charity?” is usually an afterthought or is saved for those who have no children or who have great wealth. Why should they get all the fun?<sup>3</sup>

**Lack of information.** You know how to give to your faith, your alma mater, and your community group. But what if your heart goes out to the animals you’ve seen rescued on TV? You have the urge to help, but you don’t know how.<sup>4</sup>

**Conflict and competition.** You’d like to give to the rescue league, but you already help starving children. It strikes you that you could leave something in your will, but your spouse feels differently.

**“Circumstances may change.”** While living, you base your giving on circumstances, such as the strength of your conviction, your bank balance, tax advantages, and so forth. How can you plan ahead to give to causes and institutions that may change or fold? How can you set the amount, years in advance?

**“My gift won’t matter.”** We get the impression that “Platinum” donors — the ones pictured in charity publications — are the ones who matter, at least to tax advisors and institutions who promote fancy techniques for giving.<sup>5</sup> Advisors often ignore small donors, but the small gifts add up.

## MODEST PHILANTHROPY<sup>6</sup> AND THE EXPRESSION OF CHARITABLE INTENTIONS

Thinking creatively about this problem led to a technique called the “Expression of Charitable Intentions” for clients who, though charitably inclined, need an alternative to the formal charitable bequest. Using this form, clients simply ask heirs to make donations in their memory, based on the same factors that determined giving during life. Some features of the Expression:

- The Expression can guide the descendants to give for specific purposes, in specific amounts, or as a percentage of the estate, and can be amended at any time.
- The Expression can also be generic, as in: “It is my request that you make a gift in my memory [anonymously, in honor or memory of another] to charities and causes that were important to me during my lifetime.”

- The Expression can encourage giving invented by the beneficiaries themselves. After all, the idea is to promote the ideal of giving.
- To add credence, the Expression of Charitable Intentions is referred to in the trust instrument as something that may be completed. An amount may also be supplied in the trust.
- Recipients need not be “qualified” charities. Gifts to grandchildren or other persons can even be mentioned (i.e., let some charity begin at home!). If there is to be an income tax benefit, the children (or other beneficiaries) will get the deduction.<sup>7</sup>
- The Expression may be done individually instead of as a couple to maximize the individuality of the giving.
- Remind your heirs to give cheerfully. Those who give are happier than those who don't.<sup>8</sup>

The Expression of Charitable Intentions provides a flexible method to express good will and to share the spirit of giving with the next generation. The amounts clients give using this method are typically modest — hundreds or low thousands of dollars, but the important thing is not the amount. The satisfaction that this form of giving provides to all concerned is substantial. In the end, the cumulative effect of this giving is great.

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1. Source: The Center on Philanthropy, Indiana University: The average American donates 2.6% of his or her income. Households earning less than \$50,000 give an average of \$971 annually; \$50,000-\$100,000 households give \$1,918; above \$100,000, \$3,975.
2. When individuals across generations and continents were asked, “What would you like most to leave your family,” 60% worldwide and 81% of US respondents said they want their heirs to inherit their personal values and only 19% wanted their heirs to inherit assets. “Investing in Later Life” conducted by the insurance company HSBC, the largest study of its kind in the world. Source: Business Wire 2008, May 13, 2008.
3. When asked the right way, clients not only reveal that they wish to leave behind a modest charitable gift (if not a substantial bequest), but they are relieved and grateful, and loved ones appear to be delighted at the prospect of fulfilling this mission as well. For ideas, feel free to email the author.
4. You'll find charities listed by subject at [charitynavigator.org](http://charitynavigator.org). To vet a charity, visit [guidestar.org](http://guidestar.org) or [give.org](http://give.org).
5. The Giving U.S.A. Foundation says that 65% of the contributions that help fund soup kitchens, for example, are small gifts from families earning less than \$100,000, many of them, a lot less.
6. The term MODEST philanthropy, standing for Model Ordinary Donor Estate Solution and Therapy — is so called for its therapeutic effects on our clients! For more information on how you can participate in the Expression and for model forms, feel free to email the author.
7. In the case of large gifts, specific gift amounts or percentages of the estate can be provided for in the trust itself without displacing the Expression for other, modest gifts. After comparing the estate and individual tax rates applicable to the gift, it may be best to place the gift in the trust to be sure that the estate gets the write-off instead of the beneficiary.
8. In case proof is needed of this point, a 2008 study shows spending money on others boosts our own happiness. University of British Columbia, Source: ScienceNOW 20 March 2008