



HIGHTOWER
Wealth Advisors | St. Louis

Raising Charitable Children

It's no surprise that wealth adds certain complexities to life – when investing, paying taxes and even getting married. But one area of life that some find surprisingly tough is childrearing. Specifically, bringing up children who respect the value of money and understand the importance of using their wealth for the benefit of others.

The good news is that putting in the effort to raise grounded and charitable children offers many returns. Most notably, research shows people who act generously towards others are happier than those who do not.¹

Here are some strategies to pursue in your families.

01 | Model responsible giving

How children see the people around them behave in relation to supporting charitable causes will impact their own philanthropic activities – there's even research to prove it. A national study of teens found two factors to be the greatest predictors of whether adolescents had given money or time to charitable endeavors. Having parents who said they gave was the first; having parents who talked with them about giving was the second.² That leads to the second strategy.

CHARITABLE LESSON FROM AN ADVISOR:

“Teaching your kids about giving is a way to transfer family values, not just assets.”

02 | Involve children in choosing causes

Talk with children about various causes that the family supports and include personal stories of why. For instance, tell kids about gifts made to colleges or other schools that were influential in your life. Explain that you support the American Heart Association because a beloved grandmother died of heart disease way too young. Describe how other financial gifts that the family makes are helping to improve the lives of others.

Ask them whether there are people in their community who seem to need support. Then investigate whether there are local charities that are addressing this need. Show your kids how to donate money from their accounts or plan time each week to help out with that organization.

¹ “A neural link between generosity and happiness,” Nature Communications, July 11, 2017.

² “Role-modeling and conversations about giving in the socialization of adolescent charitable giving and volunteering,” Journal of Adolescence, January 2014.

CHARITABLE LESSON
FROM AN ADVISOR:

“Volunteering helps them understand all different kinds of lives.”

03 | Teach the importance of giving time, too

Make sure discussions around giving incorporate more than just how to write checks or transfer funds electronically. Volunteering time together with a local organization can be an ideal way to give children a sense of perspective. It can illustrate that not everyone is as fortunate without saying a word. These pursuits also can serve as a great way to spend harmonious time together, a feat that gets increasingly challenging as children hit adolescence.

04 | Provide opportunities to see need

Don't let your family's wealth isolate your children. Give them experiences that connect them with those who have less means. This can include trips to locations in the U.S. or abroad where poverty, homelessness or other hardships exist that they don't witness day to day. Consider exposing them to books or news features that highlight challenges faced by others less fortunate.

Talk about these situations in ways that encourage them to feel gratitude for their own lives and family. Especially with younger children, make it clear that they are in no way to blame for the hardships others experience. These discussions lay the groundwork for showing children how they can use their resources to help others.

05 | Educate future benefactors

Finally, use philanthropy as an opportunity to add to children's financial literacy. Once a child has a firm grasp of concepts like income, savings, debt and other basic money terms, teach these future donors about specialized tools and accounts for giving. Ask older children to research the differences between foundations and donor advised funds and discuss with them which might be most appropriate for the family.

Charity Navigator is a popular online tool that rates more than 160,000 nonprofits, based partly on how efficiently they use donor dollars. In other words, kids can check out how much of the money they give will be used specifically to support the people, animals, places or other things that they care about, as opposed to paying for the cost of operating the organization.

RESOURCES

Research charitable organizations

Charity Navigator
charitynavigator.org

Inspire charitable entrepreneurs:

Nonprofits created by kids
hellowonderful.co/post/8-uplifting-kid-started-charities

Encourage positive values

Grow gratitude and generosity
collaborative.org/programs/early-childhood/early-childhood-experience/growing-gratitude

Connect with community

Discover the benefits of service-learning
youth.gov/youth-topics/civic-engagement-and-volunteering/service-learning

Hightower Wealth Advisors | St. Louis

1401 S. Brentwood Blvd., Suite 550

St. Louis, MO 63144

well-th. rebalanced.

hightowerstl.com



(314) 598-4060



office@hightowerstl.com



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