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SUMMARY

Engaging in philanthropy with your family is one of the most meaningful and transformational aspects of family life. When connected to issues and values that are collectively important to you and your family, giving becomes more than a gesture or a transaction—it enables children, parents and grandparents to join together and work toward addressing or alleviating serious problems in your local and global communities. In this way, giving becomes a family affair that is passed from one generation to the next.

Though there are many benefits of making philanthropy a family tradition, getting started can seem daunting. The information provided herein is a starter guide to practicing philanthropy as a family. As you embark on your philanthropic journey, your Financial Advisor can further assist you and your family in determining the giving strategy that is right for you.



RESOURCES AVAILABLE FOR YOU AND YOUR FAMILY

- Strategies for Lifetime Gifting

- A Proactive Approach to Estate Planning as a Family

- How to Have Meaningful Family Conversations About Money

- Managing the Family Enterprise

- How to Make Philanthropy a Family Affair**

- Planning for Your Financial Future

How to Find and Act on Your Philanthropic Passion



Many families find it helpful to create vision and mission statements to guide their philanthropy.

What to Focus On

Creating Family Mission and Vision Statements

Discussing your family’s values, motivations and ultimate goals for charitable giving will shift your philanthropy so that it is not merely transactional, but truly transformational. Particularly important is the creation of mission and vision statements for families with a family foundation or donor-advised fund, as these vehicles can be passed on from generation to generation. It is also an effective way for any family to ensure that their giving is guided by a consistent set of values.

Vision and mission statements are closely related, and each should be crafted with the other in mind. A vision statement defines your family’s primary philanthropic purpose and objectives, while a mission statement describes how you intend to accomplish that purpose. A well-written mission statement identifies why certain factors inspire your philanthropy and ar-

ticulates why you have contributed to certain organizations. These defining factors might include important people in your life, pivotal experiences, schools that you’ve attended, institutions that have shaped your thinking or relate to your spirituality. In addition to clarifying and focusing your giving, discussing your collective vision and mission is a way to involve all family members from the very beginning and ensure that all family members are in agreement on your giving strategy going forward.

One way to get the family together to draft a philanthropic mission and a vision statement is to hold a family retreat. Families may choose to hire a facilitator to lead the discussion. However you choose to approach the process, the most important thing is to create an atmosphere of mutual trust in which family members can share their feelings openly.

Throughout your giving journey, keep clear answers to these questions in mind as you weigh alternatives and make decisions about your family’s philanthropic priorities.

Are there specific causes you want to help?

What criteria do you use to choose the organizations you support?

How can you make the biggest difference?

What do you ultimately hope to accomplish as a result of your efforts?

How will you measure your success?

FAMILY EXERCISE

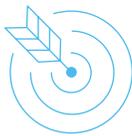
Creating an Effective Family Mission Statement

Allowing younger-generation family members to play a leading role in family decision-making may foster the identification and grooming of future leaders.



Identify Your Values

- Is there a link between your religious faith and philanthropy?
- Have family traditions shaped your philanthropy?
- Are there family events that have had a profound effect on you?
- Is there volunteer work that has meant a lot to your family?
- What do you ultimately hope to accomplish?

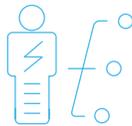


Identify Your Interests

- What fields of interest would you like your philanthropy to address?

SOME EXAMPLES MIGHT INCLUDE:

- Human rights
- Environmental issues
- Disaster relief
- Education



Think About Operational Guidelines

- How are you planning to implement your broad vision?

QUESTIONS YOU MIGHT CONSIDER INCLUDE:

How important is family involvement?

Does geography matter?

How often do you want to give?

What criteria do you use to identify organizations you want to support?

Sample Vision Statements

- Our family envisions a country where all children have equal opportunities to a quality education.
- Our family envisions a community that is tolerant of all religions and does not engage in violence against people.
- Our family envisions a world where all people have access to clean water.

Sample Mission Statements

- We are very mindful of the fact that our local schools launched the successful careers of multiple generations of our family. Our family foundation's

primary mission is to serve our community by improving educational opportunity for disadvantaged children. We provide scholarship grants to deserving, graduating high school students to enable them to attend an accredited university and to fund specific academic programs and capital needs.

- In light of our experience of having two children who grew up with Type 2 diabetes, our family's mission is to make a difference in the health and well-being of children by addressing childhood obesity through education, counseling and medical research.

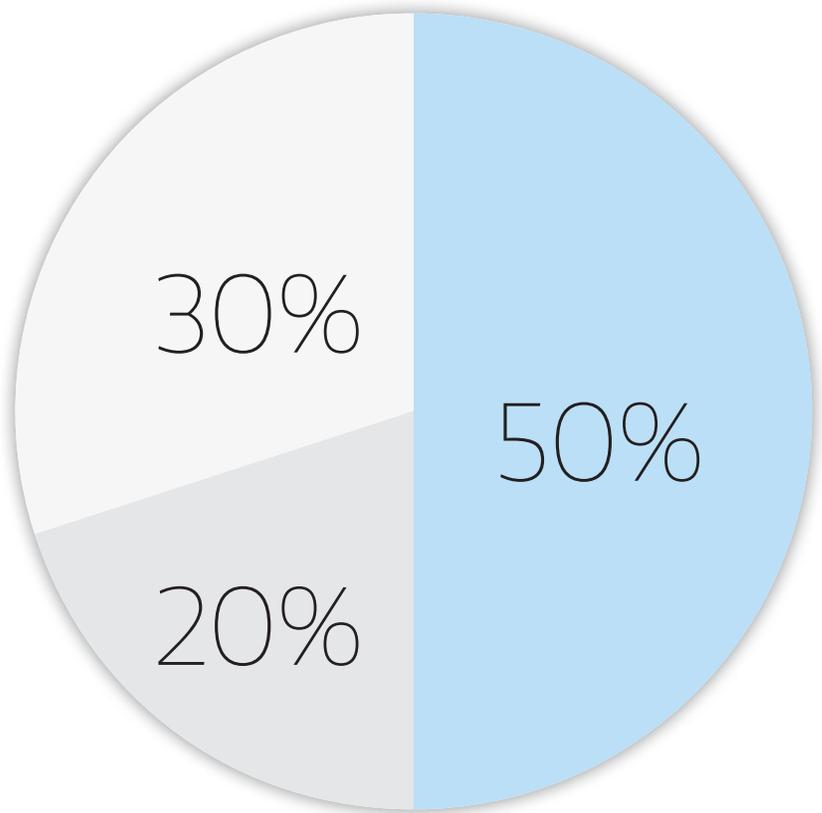
- Our family is dedicated to creating a more humanitarian environment for cancer patients. After losing three family members to cancer, we recognize the need to make cancer patients' final moments comfortable and peaceful. The foundation has a particular interest in supporting services for cancer patients and in complementing the work of the family foundation New Drug Development Program at Sample Hospital.

Focusing Your Philanthropy

Once you have created a mission statement, begin talking with your friends, colleagues and Financial Advisor about the causes, issues, organizations and approaches they support for inspiration. Volunteering for events and programs might also help you and your family to focus your philanthropy by giving you a window into how an organization you are interested in operates on a day-to-day basis.

Occasionally, a cause will find you. Having a child diagnosed with Type 1 diabetes may spur a family to make medical research their cause, or travelling to Africa and discovering the inequality experienced by children there may inspire a family to make primary school education in Uganda a priority. No matter how your family initially connects with its cause, the key is getting involved in something that you are all passionate about and finding ways to turn that passion into action.

Philanthropic priorities often change over time, so it is helpful to divide your philanthropic funds into three categories: we typically define these three categories as Core (the area or areas where your primary passions lie), Discretionary (the causes you support at the behest of others), and Emergency (temporary, reactive causes e.g. disaster relief).



Philanthropy Dollars

Core

Discretionary

Examples:

Your church or synagogue

Your or your children's schools

Your best friend's nonprofit

Your local art museum

Causes your friends and neighbors support

Emergency

Examples:

Disaster relief

Items at a fundraising event

A cause you haven't considered giving to before to see if the organization is a good fit for your major giving category/categories

How Families Can Give Together

Families can practice philanthropy together by giving their:



TIME

Volunteering or being a leader in a nonprofit organization.

Your family can even express its interest in a better world through its everyday purchases. Every time you buy goods from green, sustainable or socially conscious organizations, you can make a difference. Examples of conscious consumption include: shopping at stores that eschew child labor, supporting the local cooperative farmer's markets or purchasing eyewear from a company that donates a pair of glasses to a child in need for every pair purchased.

Whether you wish to volunteer for, donate to, fundraise for or join the board of an organization, your Financial Advisor can help you determine which organizations are effective before you make the decision to align yourself and your family with a cause.

Giving Your Time

Donations of time are essential. Most nonprofit organizations rely heavily upon volunteer power, and many are



TALENT

Offering pro bono professional skills.

understaffed to meet the needs of their mission. Budgeting time for philanthropy is an effective way to weave giving into the fabric of family life while creating immediate benefits for those you are helping and long-term good for society as a whole. Taking a hands-on approach to practicing philanthropy also helps the next generation feel connected to a cause.

Giving Your Talent

Each of us has unique talents that can be used to help, or even transform, the lives of others. In addition to pro bono financial planning, legal or technology services, nonprofit organizations can benefit from a full spectrum of professional, technical and creative skills, including construction, food preparation, plumbing, painting, knitting and more. Taking an inventory of who you are, what you can offer and how much time you can commit is an exercise worth doing with every member of your family.



TREASURE

Donating money, goods, land that is put into easement, etc.

Giving Your Treasure

There are many ways to present financial gifts, including as individual donations, through family foundations and via donor-advised funds. Determining how to give, including over what time frame to distribute a gift, is an important decision for both donors and recipient nonprofit organizations. In addition to deciding among one-time donations, multiyear grants and perpetual gifts, donors may choose to place restrictions on gifts as a way of ensuring that their giving is tied to programs that are meaningful to them or aligned with their expectations of success. Your Financial Advisor can help you understand the nuances of unrestricted, temporarily restricted and permanently restricted gifts.

INVESTING WITH IMPACT

Your philanthropic potential is not limited to direct charitable gifts. How you choose to invest your family wealth can also help you achieve meaningful and positive philanthropic outcomes. Impact investing involves investing in select opportunities that satisfy the need for a financial return while generating measurable social, environmental or governance benefits.

Aligning your portfolio investments with your values can:

- Promote responsible corporate behavior
- Foster solutions-based social enterprises, and
- Provide much-needed capital.

Impact investing may also present an opportunity for families to get the next generation involved in family philanthropy and family wealth planning. Younger family members tend to be more interested in impact investing, and increased global connectivity has eliminated many of the informational and logistical challenges that once deterred investors from exploring nontraditional markets. Contact your Financial Advisor to learn more about impact investing and get assistance in identifying opportunities to further corporate, social or environmental good.

As part of our commitment to you and your family, Morgan Stanley is dedicated to providing guidance and accurate, up-to-date information that can help you determine and execute your philanthropic strategy and incorporate it into your overall family wealth planning strategy. Your Financial Advisor is ready to help you and

your family make crucial decisions and key connections that lead to purposeful and effective philanthropy—the type of giving that not only elevates awareness and inspires action around issues that are important to you, but also ensures that your legacy of meaningful giving is preserved for generations to come.



Tips for Increasing the Effectiveness of Your Generosity

To maximize the impact of your philanthropic dollars, you may want to consider

MAKING IT A TEAM EFFORT by joining with others so your funds go further

CLARIFYING YOUR GOALS by determining whether you want to support immediate needs, long-term solutions or even endowments, which support causes in perpetuity

STAYING ENGAGED by requesting reporting or communicating with the nonprofit's leadership

MEASURING YOUR SUCCESS by tying gifts to specific programs or initiatives

Tips on Engaging the Next Generation in Philanthropy



Get started early

Pave the path to philanthropy by encouraging young children to share toys or write letters to cheer up the elderly or people who are sick



Participate in philanthropy together

Many nonprofit organizations, such as Habitat for Humanity or Feeding America, offer opportunities for families to spend quality time together performing volunteer work that makes a tangible difference



Let your children take the lead

Integrating your children's interests into your family's philanthropic efforts is an effective way to keep your children engaged in charitable giving. Finding and donating to worthwhile children's charities may be a good first step, but as your children grow up and their interests evolve, your giving strategy needs to be flexible enough to adapt to changing priorities



Stay focused

Making philanthropy a truly family-oriented affair means focusing on what brings your family closer together and what inspires you as a group. Creating a family mission statement that outlines your common values and goals can help to ensure that you are all united in your giving

The returns on a portfolio consisting primarily of Environmental, Social and Governance (“ESG”) aware investments may be lower or higher than a portfolio that is more diversified or where decisions are based solely on investment considerations. Because ESG criteria exclude some investments, investors may not be able to take advantage of the same opportunities or market trends as investors that do not use such criteria.

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