



The Summit Foundation **SUMMER 2009**

## ***The Inside Track to Planning Your Legacy***     ***By Steven R. Smith, JD, CFP®***

Many families would like to be more effective and engaged in their philanthropic endeavors. Questions of philanthropy often intertwine with estate planning and taking care of loved ones—and, with the ability of loved ones to take care of our estates.

It's a daunting task. Where do we start? From where can we obtain reliable advice? How do we cut through the alphabet soup of tax savings devices (DAF's, CRT's, CLT's, etc.)?

Would be philanthropists frequently wander in the planned giving wilderness hoping the right acronym will inspire their generosity. "If only I had known the inner workings of a NIMCRUT, I would have given years ago." But that places the cart before the horse. Inspired philanthropy is born not by mastery of the technical and the tactical, but in consequence of an inner journey and development of a broad strategy.

### **Divide and Conquer**

At the satellite level, legacy planning necessitates dividing your capital into three fundamental components: personal, family, and social. How much is enough for you and your family? What will be left over to support the social good, through taxation and redistribution or through philanthropy?

### **The Hard Questions**

Next, you are ready to create the vision of your plan. What are your values and bedrock principles? What's the money for? How do you want to be remembered? How does your family best communicate and make decisions? The answers sow the seeds of an effective legacy plan.

### **Tools of the Trade**

The dictionary defines a legacy as "something transmitted by or received

from an ancestor or predecessor or from the past." By adding substance to this definition—defining our own legacy—the "something" becomes either material things or intangibles, such as our values. And, the recipient may be anyone: family, friend, community, or philanthropic institution.

A variety of tools and techniques are available to facilitate legacy planning. All of them give meaning and direction to the task. Here are a few examples:

- Adopt a written giving plan. Many of us are reactive in our philanthropy, responding to requests. A plan makes philanthropy proactive.
- Create an ethical will. Bequeath your life story and values along side your legal will, which passes on your property.
- Conduct family meetings and retreats. Communication is the key to effective planning. Get the family together to discuss—and find agreement on—process and goals.
- Write a family legacy/mission statement. There's no substitute to getting it in writing, so everybody's on the same page.
- Engage children and grandchildren through philanthropy. Bringing the next generation into philanthropy provides an excellent vehicle for engendering financial responsibility, compassion, and wisdom.

### **Resources**

The Summit Foundation is happy to serve as a valuable resource for you. Please let us know what you would like to learn more about. We can refer you to websites, books, workshops, and skilled professionals to assist you in planning your legacy.

*Steve Smith is a member of The Summit Foundation Board of Trustees and is the principal of RightPath Investments & Financial Planning, a wealth management firm in Frisco.*