



## *Exploring Issues in Family Giving*

FAMILY PHILANTHROPY INSTITUTE

# Giving Together

## A Guide to Managing Family Dynamics



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Family members marry, divorce, remarry, form domestic partnerships, and, in many cases, move far away from the family home. Siblings may have long established patterns of competitiveness, feelings of fairness, or other sibling rivalry issues. Parents and children may have values that differ significantly. Communication may break down. In turn, these common challenges can affect how your family decides to engage in shared philanthropy.

This guide provides advice on how your family can set expectations, anticipate potential challenges, and build strategies and processes to guide your philanthropy, even as you deal with conflict and change.

Whether you are helping to provide scholarships at your alma mater, supporting charities that help those who are less fortunate, working to improve the environment, or supporting a different cause, you likely take great pride in knowing that you are making an impact. And that pride is only multiplied when you involve your children, grandchildren, or others in your family in the process.



But families — and the individuals within those families — are complex. As a result, even the most well-intentioned family faces challenges that can disrupt or even derail their philanthropy.

With families growing ever more complex, varied, and far-flung, it's important for you to develop clear guidelines about who participates in your family's philanthropy and in what roles. What's more, you will want to determine how to navigate the natural conflicts that may arise — even if you are among the most well-functioning of families!

While many of these situations are inevitable, few families anticipate them when they set up their charitable giving vehicles. But by planning ahead, you can ensure that your philanthropy and your family relationships will thrive, even as you face changes and challenges.

## “Talking About Money is Powerful”

Kristina Hewey, a trustee of the Braitmayer Foundation, realized when she was growing up that she lived in privileged circumstances. But feeling guilt, she says, made her hide her family's wealth from others.

Hewey and her husband, whom she says, “saw that having money gives you possibilities—for one thing, to make change [in communities],” has given \$500 to each of their daughters, now ages 14 and 16, for five years between Thanksgiving and Christmas to give to a charity of their choice. The 14-year-old daughter has often been focused in her giving, Hewey says.

“She loves animals, and last year had to think through whether she wanted to give money to one animal-related charity or to several.”

The 16-year-old daughter doesn't have a single focus and often gives to groups she is familiar with through school community service activities, such as food pantries and Head Start programs.

The Heweys work with both daughters to help them think through their giving, asking questions such as what the girls think about different groups and how their giving compares with last year's. The activity has given the parents an opportunity to talk to their daughters about the fact that they are fortunate, and that they are responsible for thinking of people who may not be as fortunate. Hewey reports her daughters think about giving during other times of the year now, too. “They are starting to see it as a regular part of their life,” she says. Now she realizes—when it comes to her two children—“talking about money is very powerful.”

*Source: Growing to Give: Instilling Philanthropic Values in Teens and Preteens, National Center for Family Philanthropy*

# Communication Is Key

In the early days of philanthropy, the transition from the first generation to the second often didn't begin until the inheritors were gathered in a lawyer's office to read the will of the deceased.

There, the adult children of the founder would often be surprised to learn that their family had a foundation. In some cases, they didn't even know that their families had enough wealth to support philanthropy.

Thankfully, those days are largely over.



Today, these abrupt transfers are becoming less common — and they are giving way to a much more deliberate approach to involving the next generation. This is true both for traditional family foundations and for families using donor-advised funds. In many cases, those who established the giving vehicles are finding ways to involve subsequent generations in their philanthropy during their lifetime, and are discussing how they can ensure that their charitable legacy is carried on by others beyond the person or couple that created it.

But merely informing members of the next generation about a giving vehicle and inviting them to participate is not enough to head off confusion and conflict. They also need to be grounded in their family's charitable giving goals and history — and understand their own role in extending its legacy.

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While each family has its own culture and its own style of communication, finding time to address the following questions as a group is essential to helping you handle or get in front of family conflicts that may arise in connection with your philanthropy:

- What are the origins of our family’s wealth, and has this shaped our giving?
- What is our vision for our family?
- What are our shared values? How do we talk about values when they diverge?
- How do we decide who should (or should not) be involved?
- What, if any, concerns do we have about working as a family?
- How do we address different levels of interest and availability to participate?

“I meet so many young people who have never been told by their parents or grandparents why they want them at the table and whose parents have never been really clear about what role they hope they’ll play,” says Virginia Esposito, founding president of the National Center for Family Philanthropy. “It’s so important for families to communicate.”

This communication often begins with broad conversations about the family’s philanthropic values and extends to discussions about the roles of those who are being invited to take part in managing its charitable giving vehicle.

The most effective family philanthropies take these conversations a step further by working to ensure that the next generation is properly prepared for the responsibilities that come with managing wealth.



“At the end of the day, while this is definitely in the charitable context, this is about power, and it’s about money,” Esposito says. “Your younger family members need to understand as much about appropriate uses of power and the power of money as they do about how to read a financial statement or make a site visit. And the families that are candid about making sure that their kids have a certain amount of financial literacy — making sure that their work experience involves at least some level of understanding how finances work — are the ones that are the most prepared.”

If your goal is to establish a charitable giving vehicle that has a legacy, it’s important to make sure that you’re preparing your children and others in your family to carry on that legacy. This will help ensure that they are interested in your work — and well equipped to carry it forward.

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**—Virginia Esposito, Founding President, National Center for Family Philanthropy**

# Managing Conflict

While a shared understanding of values, goals and responsibilities is a necessary first step if your family wants to engage multiple members, these traits are not enough to ensure that your charitable giving vehicle will be managed properly.

Your family also must plan ahead for conflict and change and create a culture that helps the members of your family navigate these situations.

Conflict will always occur in a family that's growing, evolving, and changing. What makes it a positive or negative experience is if it's addressed, and how it's managed.



Conflict is neither good nor bad. It's a natural part of human relationships and a dynamic in all group settings. For the most part, disputes aren't caused by "bad people" trying to be difficult. They often result from people with good intentions trying to accomplish shared goals.

Among families with donor-advised funds, conflicts generally fall into one or more of the following categories:

- **Conflict between the donor and other family members:** Parents want their children to be involved in making decisions about the fund and grant recommendations, but don't want them to attempt to override – or even openly disagree with – any decisions the parents make.
- **Hard feelings among the senior generation:** The senior generation worked hard to make money and establish the fund; it feels the younger generation is spoiled and/or unappreciative and does not take the opportunity to participate in the family's philanthropy seriously enough.
- **Hard feelings among the younger generation:** The younger generation feels the older generation is out of touch with the times, which sours the younger generation's experience— or that the older generation is (intentionally?) recommending grants that run directly counter to the younger generation's goals.
- **Family dynamics outweigh smart management:** When a family slips out of business mode and into family mode, it can often lead to conflict and disrupt its philanthropy. For example, a father might choose to lay down the law with his children during a disagreement over grants or a daughter might choose to make a sarcastic comment about a sibling during a meeting.

The good news is that while conflict is inevitable and often caused by existing family dynamics, conflict can actually strengthen relationships and communication.

The key, experts say, is to set up mechanisms and practices to help your family manage these conflicts. *Avoiding Avoidance: Addressing and Managing Conflict in Family Philanthropy*, an issue brief published by the National Center for Family Philanthropy, suggests several specific practices for managing conflict:

- *Create policies and guidelines before they become issues* – be sure to apply these policies equally, and not in reaction to one individual. It's much easier to decide ahead of time, for example, that you do not want to involve spouses in the operations of your donor-advised fund than it is to make that decision after your first child has gotten married and is expecting her new husband to be involved.
- *Set clear expectations for fund advisors* – create a clear statement of expectations for all family members

who will serve as advisors to the donor-advised fund. This will help prevent family members from overstepping their bounds or not pulling their weight.

- *Create a safe space in meetings and conversations* – create an atmosphere of mutual respect, listening and empathy.
- *Make time for conflict* – even an occasional, informal “let’s get our issues on the table” talk can be beneficial.
- *Name the issues* – don’t let uninvited elephants stay in the room – call them out.

It’s also important for younger family members to help address or avert potential conflict in the family. Bringing a sense of modesty and gratitude for the opportunity to be involved is an important part of this role. Other tips for next gen may include:

- *Determine why family philanthropy is something you want to invest time and emotional energy in and articulate this to your family.* Determine the expectations your family has for your involvement, and address any gaps between these expectations and your perspective.
- *Focus on the commonalities of your family, especially the issues that are meaningful to all of you.* Understand where your family members are coming from and avoid knee-jerk reactions.
- *If you identify a problem, bring potential solutions to your family.* Bring well-articulated proposals, issues, and questions to meetings.

For larger, more complex families, it may be also important to create a series of guidelines that will set ground rules for how family members will interact and make decisions.

For example, your family might choose to follow the lead of the Surdna Foundation — a century-old family foundation that involves six generations and nearly 500 extended family members. While Surdna has a much more complex organization than you will require for managing your charitable giving vehicle, the foundation’s family-run board has created a statement of board culture that spells out in simple, accessible language how it will handle conflicts and difficult decisions. This statement offers a model that can apply to all philanthropic families that are looking for clear guidance on how to handle conflicts and make difficult decisions.

## Surdna Foundation Statement of Board Culture

We have respect for one another and for one another’s rights as a board member.

We value honesty and truthfulness. We go beyond niceness, politeness, and avoidance to niceness, politeness, and directness. We owe each other both negative and positive feedback.

We value due process. We seek a process on the board that will mirror our intention of personal empowerment. Just as we seek to empower others through our grantmaking, we wish our own process to empower ourselves and serve as a model for foundation governance.

We acknowledge that differences can be energizing and can lead to learning. Collaboration and conflict go hand-in-hand.

We seek to align ourselves around a common vision and deepen our conviction that our work together will make a difference.

We seek to work together as a team, with a shared sense of purpose and inspiration. After bringing our unique insights as individuals to our collective process, we will endeavor to support decisions taken by the whole.

We will seek consensus first. After airing disagreements, we will use voting as a fallback technique to permit us to move forward.

We value Board leadership, which facilitates our process, and helps bring us to a consensus.

We seek innovation and the group’s acceptance and encouragement of individual initiative and risk taking.

We encourage board members to commit fully to making the Foundation the best it can be.

All board members share responsibility for facilitating our process and resolving conflict. We are committed to improving facilitation skills and sharing leadership roles.

Families already experiencing conflict are advised to figure out how best to take constructive steps to resolve the situation. This may require some form of outside, objective assistance, such as a trusted family advisor, a professional mediator or facilitator, an organizational effectiveness consultant, or perhaps a senior family member.



Conflicts are challenging and stressful, but they are also a necessary part of working collaboratively toward something meaningful. Being in a position to be philanthropic with your family is something that is unattainable for many families — so always remember how fortunate you are to be in this position. The fact that your family cares enough to participate in your philanthropy can and ultimately should be positive for individuals in your family — and your family as a whole.

And it should give your family the impetus to find ways to work through conflict and find ways to make meaningful decisions about your philanthropy.

## In the Heat of the Moment: How to Personally Cope with Conflict

When you are the midst of a conflict, it can feel confusing and disempowering. While you can't necessarily control what's going on around you, you can choose to respond responsibly. Here are some tips for managing the conflict internally — consider sharing these with all of your family members.

- **Notice the common signs for when you feel threatened, offended or triggered.** These could be shortness of breath, sweaty palms or other physical sensations, difficulty paying attention, emotional outbursts, shutting down, feeling victimized, blaming or judging defensively. Recognizing this in itself is a powerful practice.
- **Take space to re-center yourself.** When you feel angry, hurt or triggered, there are two things to remember: Don't act (even though you really want to!), and try to find some space to center yourself. The idea is not to avoid a situation, but to return when you are more capable of dealing with it.
- **Shift the energy.** Sometimes you need to do more than take space; you need to physically shift your energy. Try deep breaths or moving your body (getting up, walking, stretching). Or use humor if you can, which can be a quick way to diffuse anger and change the atmosphere in a room.
- **Respond skillfully.** When you feel ready and able to think clearly, you can respond to the situation intentionally. Use "I" statements to clarify what you have heard, and what your needs, concerns and feelings are. Approach the conflict from a problem-solving point of view, and although you might be feeling angry or sad, try to stay calm and patient through the process.

*Source: Avoiding Avoidance — Addressing and Managing Conflict in Family Philanthropy, National Center for Family Philanthropy*

# Anticipating Change

Aside from death and taxes, there is one other certainty in life – change.

Life events such as births, marriages, and deaths are inevitable in every family. And as these changes occur, they have a profound impact on how families manage their lives ... and their philanthropy.



As a result, families should plan ahead for how such changes will affect the way they approach their shared giving. At the very least, they should create policies that spell out how they will define eligibility for participating in the management of their donor-advised funds.

While many transitions are easy to navigate, as families grow more complex, they have to think carefully about who will participate in the family's philanthropy – and how. Imagine these scenarios and how your family might deal with them:

- Most of your children have moved away from the community where your family has traditionally centered its philanthropy.
- A hardworking and dedicated participant in the management of your donor-advised fund is divorced from a family member.

“In our family, it’s our conflicts that have kept us sane.”

– Family Foundation trustee



- A recently remarried family member wants his new wife to replace his ex-wife on the board.
- The widow of the founder's brother remarries and wants to stay on the board.

These situations are often difficult to anticipate until they occur. But to avoid potential conflicts and rifts within your family, it's wise to consider and spell out how you'd like manage them. This allows the family to make decisions that are both fair and easy to defend.



Families should design policies carefully, but they should also bear in mind that policies are not written in stone and can be altered in response to changing circumstances. In the first and second generations, when the number of family members is often smaller, it is easier to be all-inclusive. As families grow larger, the numbers may become unwieldy, forcing the family to limit the number of people who are involved in its philanthropy.

Moreover, families themselves change. If a number of younger family members divorce and remarry, for example, you may choose to limit participation to those who are blood relatives.

The way you approach your philanthropy may change, too. As your charitable giving vehicle grows or becomes more sophisticated, you may decide to explore different structures or involve those outside of the family in managing its operations.

## Checklist for Setting Policy on Eligibility for Service

1. Is eligibility to participate a birthright?
2. Have we defined how and when advisors on the donor-advised fund can be added/removed?
3. Is there a process for naming or changing successors?
4. Must family members meet specific criteria (age, education, volunteer service, etc.) before becoming eligible to serve?
5. Can spouses participate?
6. Must divorced spouses serving as a fund advisor resign immediately or are they invited to continue their participation for some length of time?
7. Will the family allow new spouses of previously divorced family members to participate?
8. Do domestic partners have the same status as spouses?
9. Must domestic partners be part of the family for a certain number of years before becoming eligible to participate?
10. In cases of remarriage, must the new spouse be part of the family for a certain number of years before becoming eligible to participate?
11. Must family members live in the geographical region where the fund makes grants to be eligible to participate?
12. Will non-family members be invited to serve?
13. Will non-family members and family members have equal voice in making decisions?
14. How will leadership transitions be addressed or is there a term for service/participation in the family giving strategy?

*Source: Adapted from "Families in Flux: Guidelines for Participation in Your Family's Philanthropy," National Center for Family Philanthropy*

# Conclusion

If you seek to involve your family members in managing giving with a donor-advised fund that has a long-term legacy, it's important to make sure that you take steps to ensure that they are prepared to carry forward that legacy.

This means that you should communicate with and involve them in understanding how to properly manage resources and make decisions about your grant recommendations. Equally important, though, is the need to create a structure and guidelines that will help them navigate relationships with their fellow family members and manage the inevitable changes that will affect them and their work.

Communication and planning won't head off conflict and change. But it will empower you and your descendants to use these situations as fuel to help them build lasting and powerful relationships with the rest of your family — and help your philanthropy make a greater impact.

As you move forward with your efforts to give as a family you can find more information on the Fidelity Charitable [website](#) and can explore many resources in the National Center for Family Philanthropy's [Knowledge Center](#).

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## *About the National Center for Family Philanthropy*

The National Center for Family Philanthropy is a network of philanthropic families committed to a world that is vibrant, equitable, and resilient. We share proven practices, work through common challenges, and learn together to strengthen our ability to effect meaningful change. Our range of programs and services support family philanthropy at its many points of inflection and help families embrace proven practices and advance momentum.

## *About Fidelity Charitable®*

Fidelity Charitable is a 501(c)(3) public charity. We help donors maximize their generosity through our donor-advised fund, called the Giving Account. Established in 1991, we are the nation's top grantmaker, distributing \$11.8 billion to charities in 2023. The Giving Account streamlines the process of strategic giving for a broad range of donors, allowing them to contribute many types of assets and plan their giving more systematically.

[www.fidelitycharitable.org](http://www.fidelitycharitable.org)

Production of this article has been generously provided by Fidelity Charitable.



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