FISCAL UNEQUALS AND HOUSEHOLD PHILANTHROPY

Winter 2015

By Gena Rotstein, CEO of Dexterity Ventures Inc.

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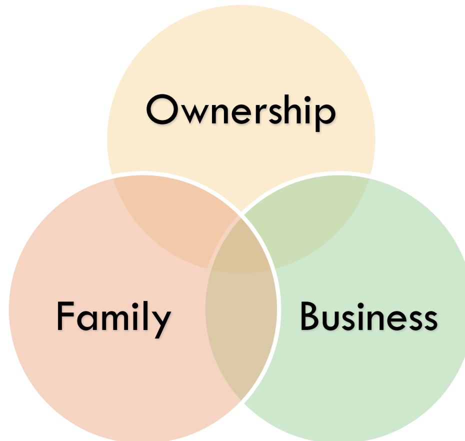
Societal demographics are shifting. Women make up 50% of the North American population and almost the same for the workforce. A growing number of these women are taking on upper management roles (37% of upper management positions)[1] and as a result, women are becoming the primary bread-winner in a family. As such family dynamics and household financial management processes and norms are evolving. Various studies state that in half of all households in North America, financial management decisions are shared equally between partners – a significant change from the previous generations.

In contrast to this, human sociology and social norms are pushing against this trend; for the foreseeable future the majority of the rising generation of entrepreneurs who are the wealth creators, will likely be men. However, as the pay equity gap closes, and women in leadership roles continues to rise, within the next three generations, it is my observation that the wealth creator within a first generation family enterprise will likely be split equally between both genders.

Why is it important to raise this issue now? As more women achieve business success, take over family enterprises, and hold a more dominant role in the wealth creation and financial management within households more pressure is being put on what society has indicated as the norm. This type of relationship stress, as Jay Hughes points out, in a recent publication that he co-wrote with Joanie Bronfman and Jacqueline Merrill entitled *Reflections Fiscal Unequals,* does not have a positive track record in North American family units *"…history has presented a very bleak picture of the outcome of relationships with the woman's financial wealth exceeds that of her partner."*

[1] Stats Canada 2013



For families that are working within a Family Enterprise/Family Business model the financial stresses that fall under one sphere can easily be carried over into another sphere.

By ensuring that the lines of communication between partners are "safe" and open, you can create the space for tough conversations to happen in the *family sphere* without carrying over into the *business* and *ownership spheres*. In a recent teleconference hosted by the Purposeful Planning Institute on the topic of financial inequality within families, the safe space created for open dialogue provides the players the opportunity to, "save face."

While economic demographics are shifting resulting in overall social dynamics being challenged, we are still pushing certain "traditional" mores forward that create increasing conflict within gender identities. So how do you set up a positive dynamic within a family that allows for open and safe dialogue; one where at a point of conflict, the participants can "save face?"
Men and women manage the contradictions of society, family and workforce expectations differently. In part this is due to how women are raised within a North American context, and in part to how their wealth was initially acquired.

Until recently (in the last generation and a half), the majority of women's wealth was inherited (father to daughter, husband to wife). As such women's approach to money and financial management in past generations is very different from the rising generation's interaction with money. As Ms. Bronfman points out, "Women with inherited wealth often have not been raised to see the money as theirs but rather as the bank's, their father's or the family's." Because significant personal wealth held by women is relatively new within the North American context, the way that women view and participate in the management of their wealth is starting to shift.

Workforce demographics provided by Stats Canada, and shared in a study commissioned by TD Waterhouse on women and philanthropy conducted by Investor Economics indicated that in 2011, women's aggregate income in Canada was $443 billion or 41% of total income; by 2011, 19.4% of women made more money than their spouse and this trend has been on the rise for the past decade.

The matter of financial inequality within households got me thinking more about how philanthropic decisions are made in this context. So I drew on the learning provided by a panel that I moderated in December 2014 on the topic of Women and Philanthropy.

On the panel were four dynamic, strong, successful female philanthropists:

- JoAnne Ryan, TD Waterhouse Private Banking
- Mary Tidlund, Tidlund Foundation
- Julie George, Canadian Women's Foundation Board Co-Chair
- Terry Gilholme, Estate Lawyer

Over the course of the two-hour tea, a variety of questions were raised ranging from: "How do you go about choosing charities to what should be considered when setting up a charitable giving strategy?" to "How do you include your kids and grandkids in your philanthropy decisions?" to "What role does your family's business play in charitable activities?"

When asked, "What are the key influencers on how you make decisions around which charities to support?" the panelists identified stated that there are three influencing forces on their charitable giving:

1. Must have an opportunity to volunteer
2. Must have clear, easy to understand, traceable and transparent financials so that they can see where their donation was spent
3. Must acknowledge previous donations and steward the relationship beyond the ask

These three influencers mirror what came out of the TD study; women on average take up to three years before making a significant charitable donation ($10,000 or more) as opposed to their male counter-parts who make similar sized donations within 12 months. In fact, there is a direct correlation to size of gift and number of hours donated.[2]

Knowing that women approach finances differently, that they take the long-term view for philanthropy, and there is a wealth creation shift occurring from women who inherited wealth to the younger generation who created their own wealth, I think we are going to see an impact on philanthropy funding in the coming decade.

Since women are going to be controlling more and more of household disposable income but take longer to make significant donations this could have a direct impact on the cash-flow of charities. It is my opinion that this will be most notable in those charities that have traditionally depended on men to make the larger private contributions. What does this mean for the charitable sector and the advisors who are assisting families with their philanthropy decisions?

Charities are going to have to start planning now for longer funding cycles as more women control the charitable purse strings. Advisors are going to be in positions of managing philanthropy allocated assets longer before disbursement, so considering what the funding horizon looks like will have even greater importance on the asset management investment strategy.

It is my observation that the golden age of philanthropy by women is waxing, while their male counterparts is waning. The influence and opportunity afforded women today and in the decades to come in shaping their communities and societies is going to be significant in large-part due to their financial power, their leadership positions and their dominance within our communities.

For more information on this and other topics relevant to strategic philanthropy, social enterprise and charitable giving, please visit http://www.dexterityventures.com.

[2] Women are more likely to make a major contribution to a charity that they donate significant time to.

About Gena Rotstein

Gena Rotstein is the CEO and Founder of Dexterity Ventures Inc. (DVI). With over 16 years of non-profit work experience throughout North America, Gena has evolved into an expert matchmaker between businesses, philanthropists, and the myriad of ways they contribute to the charitable sector. A graduate of Brandeis University in Boston with an MA in Non-Profit Management, Gena is an expert in her field. She takes a new approach to an old sector – Philanthropy 3.0 and Social Enterprise, and has spoken at various events to both targeted audiences and in front of large crowds. Some of her recent engagements include presenting at TEDx, the Banff Compass Conference 2011 and AFP 2011. She has also been published on WealthManagement.com

About Dexterity Ventures Inc.

Dexterity Ventures Inc. (DVI) creates technology solutions and tools to help financial and legal firms manage their clients' philanthropy and social capital. They also provide philanthropy technology solutions to other software companies such as funeral home website developers and employee giving platforms. DVI is also the umbrella company of Dexterity Consulting, Canada's first philanthropic brokerage firm, The Place2Give Foundation, and Place2Give.com, North America's largest charity search engine.

About Place2Give.com

Place2Give is a Canadian Registered Charity (Donor Advised Fund), and a donor-centered charity search engine. It provides donors with the tools they need to search, match, and give to North American charities that align with their passions. Using DVI's proprietary algorithms and prescriptive data analytics, Place2Give.com matches donors to charities.

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