

Welcome to the Legenis monthly newsletter.

As we are all being confronted on a daily basis with the world economic cyclone, we need to keep things in perspective and remain positive, while adding extra effort and creativity to our businesses.

There are always challenges. We all confront our different challenges, as they are a part of life. As I see it, what *defies* you, will ultimately *define* you and build character. As Hereclitus said 2,500 years ago, "A man's character is his fate." So let's face the future with courage, positivity and character.

Enjoy the read.

Kindest regards,  
Dr Robb Musgrave  
Managing Director, Legenis

*Legenis: Leaving a lasting legacy for families, foundations, corporations and non-profit communities by empowering them to do the right things, by doing things right.*

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## Article 1

### Is Your Glass Half Empty or Half Full?

I recently had the good fortune of presenting at the Fundraising Institute of Australia's (FIA) National Conference in Sydney. This peak group represents the nation's charities. They do a great job, and like all dedicated professionals they enjoy meeting to learn, improve and develop their potential.

Many of these charities rely solely on the generosity of their donors, to survive and to do good works, both now and in the future, and in these present economic times they are beginning to do it tough. However, I noticed a great enthusiasm from the delegates. It was all about perspective; they chose to see the glass as half full rather than half empty.

As one speaker noted, in one week in February this year the Red Cross raised over \$100 million for Bushfire Relief in Victoria, with more money on the way. Another speaker pointed to November 2008 as the biggest monthly fall in the US share market since the Great Depression. Yet in the same month Barak Obama raised US\$150 million from 623,000 individual donors to further his

election campaign. Other examples abound, so how is your perspective?

It is never about what happens to you, it is always about how you take it and how you deal with it. As a New Zealand friend says, "It happens". The important point is to remain focused to define and refine your message, to make an emotional connection and to tell your story as often as possible to the right people, ie to ramp up your marketing. There is wisdom in that for all of us.

At this conference the FIA also released *The Fundraiser's Toolkit*, as the first resource manual produced solely for individual fundraisers and members of boards and committees of non-profit organisations. The toolkit provides advice in such areas corporate governance, financial management, fundraising strategies, marketing and benchmarking. *The Fundraiser's Toolkit* on CD-ROM costs \$8 for members and \$12 for non-members and can be ordered through the Bookshop at [www.fia.org.au](http://www.fia.org.au).



## Article 2

### **Choose: Don't Just Give it all to the Kids!**

#### *The Dangers of Excess Family Wealth*

Paul Schervish of Boston College, in the U.S. has found that in Western countries 65% of families have lost the family wealth by the end of the second generation, and 90% of wealthy families have lost the family wealth by the end of the third generation.

When we ask our clients, "What do you want most for your children and grandchildren?" The answer is always the same. "We want them to be happy, useful, productive members of society."

Yet these research findings suggest that leaving large sums to heirs can be counterproductive. So what is the answer? Perhaps one of the best alternatives is to become involved in philanthropy as a family, volunteering and donating to worthwhile causes.

Involvement in philanthropy builds character, develops a positive self-image and provides a real sense of accomplishment. This is what prepares heirs for responsibility. Your children and grandchildren can be advised about how the money can be invested and they can make donations from the family foundation.

Professional advisers may give a broader understanding of investment strategies and your heirs get to understand risk and the impacts of risk on investments. Wherever possible, have all family members participate so they learn and work together for the benefit of others. These are valuable lessons needed to make useful, productive, happy members of society, and are a wonderful way to keep the family together across

generations.



### Article 3

#### **Your Foundation: a way of helping others**

Taking the idea of family philanthropy one step further...have you thought about the benefits of establishing a family foundation and funding it with an appropriate amount of money, as a lump sum, or accumulating over time? Then charge your future heirs with the responsibility of distributing these funds to worthy charitable causes. The ATO provides you with the option of donating money tax free, to your family foundation for the purpose of charitable giving.

You will have enabled your heirs to do meaningful work, improved their character development, and directed them away from a self-centered life. In addition, learning about budgeting, appropriate resource allocation and managing investments are all important skills, as is learning about the plight of others and how they can make a real impact on another person's life.

A family foundation can survive many generations with the founder's values being passed from one generation to the next. The core of the investment funds driving the foundation, known as the *corpus*, can be built on over a number of years and tax deductions can be carried over for up to 5 years. Donations are then held in the foundation tax free. Decisions about the annual dispersal of capital and income to registered charities can be decided by the trustees (usually adult family members). Even young children can be involved in the family discussions, thus building family unity.

After new Australian legislation came into effect in 2001, we have seen the establishment of increasing numbers of family foundations, called Prescribed Private Funds (PPFs), as they provide a terrific opportunity for families to make significant contributions to charity and receive tax advantages and deductions along the way.

There has also been a significant increase in the number of foundations established by corporations and associations where visionary leaders encourage staff and members to become more philanthropic by volunteering time and donating money to worthy causes.

With the end of the tax year rapidly approaching

now is the time to look into establishing a foundation to take advantage of available tax concessions. Feel free to call us to discuss the possibilities.



#### **Article 4**

#### **Magical Thinking and Aging Parents**

Aging creates complexity and emotional burden. Aging parents find themselves facing situations and decisions that are hard to figure out and ever more challenging to manage. They feel overwhelmed and understandably, look for ways to simplify complexities and ease burdens. One of the quickest and most effective techniques is magical thinking.

Magical thinking is the respectable cousin of denial. It doesn't pretend there isn't a problem. Instead, it offers an unrealistic solution. Problem solved. Here's an example.

Ann's parents are finding it more difficult to keep up their home. Ann has tried to introduce the idea of "other" living alternatives but her parents cut her off with the statement, "we will stay here until something happens and we have to move".

While offered as a reasonable solution, it is pure magical thinking. Ann's parents want to stay in their own home as long as possible, but any discussion about alternative living arrangements that involves leaving their home is emotionally overwhelming for them. The quickest way to get rid of this discomfort is to find a simple, magical solution. In the case of Ann's parents, it is "stay put until the bottom falls out".

The good news is that magical thinking works, if only momentarily. It allows Ann's parents to defer the unbearable complexity and emotional burden of sorting out living accommodations to an undefined future event. Unfortunately, this strategy comes with a severe surcharge: the unnecessary loss of long-term control.

By refusing to admit that a conversation about future living accommodations is necessary to maintain optimal long-term control, Ann's parents are betting their quality of life on a hope that things will simply fall into place when a major medical setback invades their lives. Now what?

Despite their persistent refusal to discuss the "what if" housing issue with Ann, she needs to find a way to break through this communication gridlock. One effective way is to create a "*When The Bottom Falls Out (TM)*" mind-map that visually

represents their current “magical thinking” on a single sheet of paper. This diagram will help her show her parents the impact of “we don’t want to talk about this and will wait until things change before we plan” approach to long-term control. It will give Ann the opportunity to diagram the myriad of complex and unanswered questions that will surface when the “bottom” does fall out.

The “*When The Bottom Falls Out (TM)*” mind-map is a simple and effective reality check that affords Ann’s parents a global overview of their choices and an opportunity to consider other options. If they hold firm to their magical thinking strategy, then Ann has less guilt about their decision. She did her best to reframe their choices in an effort to discuss other strategies, but was ultimately rebuffed.

The good news is that in some cases a simple one-page diagram can be a change agent. It puts magical thinking solutions in a logical, non-judgmental context and exposes their limitations and untoward consequences. It also draws an important line in the care-giving sand for adult children. Many times this is all that is needed for new conversations about non-magical options.

Source: David Solie, author of *How to Say it to Seniors*

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