

FINANCIAL REVIEW

— Opinion

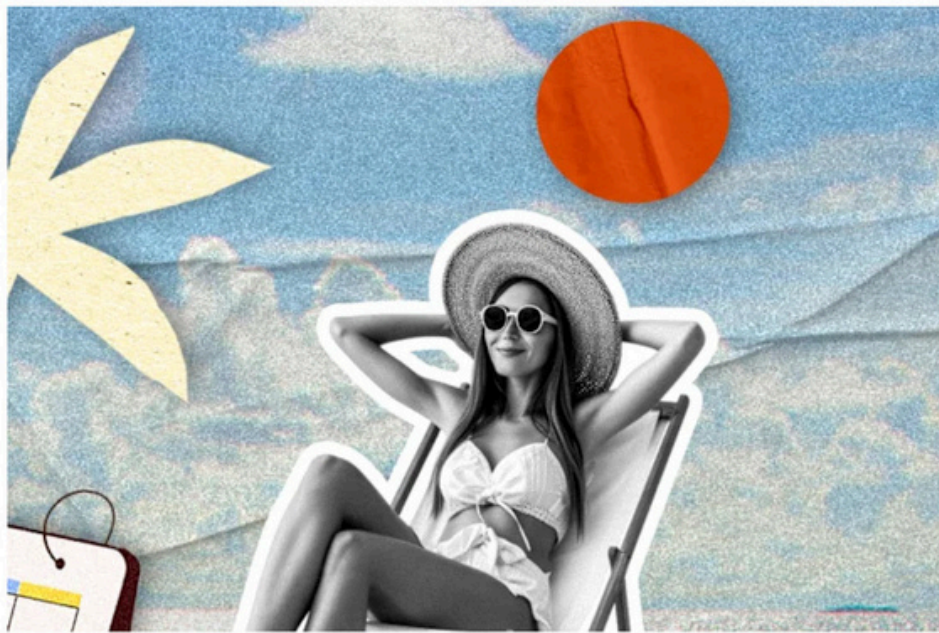
Worried the kids will blow it all? This might help

Structured philanthropy, even at modest levels, can foster purpose, build family cohesion, and create real community outcomes.

Rebecca Zwier *Lawyer*

The Financial Review's Philanthropy 50 list in April revealed a record-breaking \$1.25 billion in giving by some of Australia's most generous individuals and families.

But behind the headline number lies something more enduring than dollars: a quiet evolution in how Australia's wealthiest think about legacy, impact and responsibility.



The most sophisticated families use philanthropy to bring generations together, **Bethany Rae**

We're seeing a shift not just in how people give, but in how they think about giving. The old-school "chequebook charity" approach – where a patriarch or matriarch makes a heartfelt one-off donation – is becoming far less common.

Today's ultra-wealthy donors are applying the same rigour to their philanthropy that they bring to their commercial ventures.

They set objectives, interrogate outcomes, and think in decades, not financial years. Giving has become a form of long-term social investment – deliberate, measured and strategic. It's no longer a footnote to financial planning. For many families, it's central to how they define success.

Private ancillary funds are a popular vehicle for this approach. They allow families to allocate capital for long-term philanthropic purposes, receive immediate tax deductions, and distribute funds thoughtfully over time, with a minimum 5 per cent annual distribution.

In this way, a PAF facilitates a sustained commitment – a multimillion-dollar gift made today can be invested, grown and granted out over decades. As of 2022 (the latest figures available), there were more than 3500 ancillary funds operating in Australia (including both public and private ancillary funds).

Many PAFs are established following a major liquidity event, such as the sale of a business – the tax deduction helps soften the tax impact of a windfall.

But the real value is in what follows: a structure for thoughtful, sustained giving that endures long after the deal is done.

In our experience, legal and tax structures are rarely the sole drivers of meaningful philanthropic conversations. The most sophisticated families use philanthropy to bring generations together, to embed values, connect wealth with purpose, and shape a shared story that will outlast any one individual.

Philanthropy is no longer the passion project of one generation. Increasingly, it's part of broader family governance. We're seeing more families invite multiple generations to the table early.

A matriarch may ask her children – and increasingly, her grandchildren – to engage in decisions about causes and strategy. These discussions aren't always harmonious. Some families define clear boundaries, using a PAF structure, to preserve the founder's original intent. Others allow their giving strategy to evolve with each generation's worldview.

What underpins this trend is a quiet concern about whether the next generation will be ready to carry this forward.

Gift of giving

We're seeing family leaders give grandchildren modest allocations to direct towards causes they care about to instil a mindset of strategic, values-based giving. It's training for the long game.

They wonder with a wry smile, [how do I make sure the kids don't blow it all](#) on boats, plane, or Byron Bay beach houses? It's a fair concern.

Increasingly, families are embedding philanthropy into their succession plans, not just to preserve wealth [but to preserve purpose](#). Rather than dividing every dollar, they're carving out a portion for structured and enduring giving. That way, the next generation doesn't just inherit capital, they inherit stewardship.

Of course, what's visible – the foundations, the grants, the press releases – is only part of the story.

The real work often happens in private during conversations about what the family stands for, what change they want to see, and how to balance those ambitions with structural, tax and intergenerational considerations.

These conversations are rarely simple. They involve personalities, power dynamics and competing priorities, and they require a strategic hand to keep the long-term vision intact.

But for all the complexity, the core lesson is clear: thoughtful, strategic giving works. And not just for those at the very top.

Structured philanthropy – even at modest levels – can foster purpose, build family cohesion, and create real community outcomes. Inviting younger generations into these conversations early encourages a culture of generosity that lasts.