



Wealth
Management

The new Canadian legacy

For many high-net-worth individuals (HNWIs) in Canada, legacy no longer means having a hospital wing or performing arts building named after them. Indeed, today, the meaning of legacy is personal for Canadian HNWIs, based more on relationships with family and friends—and with driving social change—than on money alone. This is particularly pronounced among women and younger people. For example, compared with high-net-worth (HNW) women in the UK and Asia, Canadian women more often define legacy based on relationships with family, friends and their local communities. Furthermore, the wealthiest Canadians seem most determined to do things differently: 79% of those with assets of US\$5 million (C\$6.47 million) or more say the legacy they want to leave differs from their parents' views on legacy.

These are among the findings of a survey of 1,051 HNWIs by The Economist Intelligence Unit, commissioned by RBC Wealth Management, which explored how the meanings of legacy and wealth are being redefined across regions, genders and generations. The survey included 259 respondents in Canada with at least US\$1 million (C\$1.29million) in investable assets.

Written by

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Consider the case of Micheline Bouchard, a much-honoured professional engineer and corporate director from Montreal, who has something immediate, active and family-oriented in mind for wealth and legacy. She intends to spend her wealth while she is still alive on causes like promoting women's leadership, where she feels part of a movement and can measure progress, and part of it on trips with her children and remaining sibling, where the planning and travel cement family bonds. The children will get less when she dies, she says, but why should they wait? As for her donations, she does not crave recognition. "I just need to have a sense that I am part of a movement and have a chance to make an impact"

Bouchard is far from alone. Fifty-two percent of Canadian women plan to distribute their wealth entirely while they're still alive or equally during and after their lives, compared with 40% of Canadian men. Canadians' views on legacy are also changing quickly: 68% of both men and women say the legacy they want to leave differs from their parents' views on legacy; this percentage is a higher share than that of HNWI's in Asia, the UK or the U.S. Younger¹ HNWI Canadians feel even more strongly about legacy: 71% of them say their views differ from their parents'. And, since the wealthiest Canadians' views are even stronger, with 79% of them saying their views differ, it seems likely the changes around a more personal and immediate idea of legacy will have a large impact on the understanding of "legacy" across Canada.

"Previous generations were motivated by duty, guilt and noblesse oblige," says Michael Adams, president of Environics Research and an expert on wealth in Canada. "Religious and patriarchal values were their values when it came to legacy." That often meant wealthy men left a generous bequest to a trusted institution such as a church, hospital or university.

Although this type of giving has not completely disappeared, the growing trend among HNWI's is to give to causes that address social, health or environmental problems and that can demonstrate measurable results. Among HNWI Canadians, 36% make giving decisions based on relevance of the recipient to themselves or their family, while 26% base their decisions on social relevance in general.

Around the world, younger HNWI's are at the forefront of this changing definition of legacy. Our survey shows, for example, 69% of them globally think societal causes have become more important than wealth accumulation in defining a legacy; 66% of younger Canadian HNWI's say the same. "They see themselves as needing to be socially conscious or act as global citizens right now," says Caroline Riseboro, president of Plan International Canada, a children's charity. "Legacy is how they live their lives in the here and now."

Giving is more than writing a cheque

How Canadian HNWI's give is also changing. Donations now mark the start of a relationship rather than the end of a process. Like Bouchard, donors want to be actively involved so they can feel they are contributing to a valuable cause and can measure the results. More than twice the share of younger Canadian HNWI women—23%—than older women decide to give based on how their giving relates to their personal definition of legacy.

People see themselves as partners, not donors, and want to be at the table when decisions are made, says Hilary Pearson, president of the Philanthropic Foundations of Canada, a national network of private foundations. "This is not arms-length giving," she says.

For example, consider the de Gaspé Beaubien Family Foundation and the Centre de Santé et de Services Sociaux des Sommets, which runs three clinics, three care homes and a hospital in the Laurentians of Quebec. The healthcare centre initially approached the foundation for funding to purchase medical equipment; what the centre received instead was targeted, long-term funding and donor oversight to identify and correct organizational problems.

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1. "Younger" is defined as people in Generation X or the Millennial generation, born between 1965 and 2000.

Charitable giving can also look like the work done by Zita Cobb on her native Fogo Island in Newfoundland and Labrador. Cobb used the money she made in the tech sector to build a hotel and arts program and set up the Shorefast Foundation with a mission to build economic and cultural resilience in the remote community. She now devotes herself full-time to this project.

Rowena Griffiths, head of legacy at Oxfam Canada, notes part of this change is attributable to Millennials having come up through a school system where they had to fundraise for special initiatives—they have transferred that active involvement to their philanthropy.

Wealthy women have also helped elevate the focus on cross-generational relationships with family and friends as part of the new definition of legacy. Seventy-four percent of HNW Canadian women, for example, say their legacy is defined by relationships with family or friends, compared with 69% of men.

That interest in family is evidenced in part by how younger generations are involved in their parents' philanthropic efforts. "The interest in bringing younger people into a foundation early is a change," says Pearson. "It used to be that foundations or individual donors didn't think generationally."

Women tend to be more family-oriented throughout their lives, adds Adams, so it makes sense that when considering their wealth and legacy they would tilt that way.

Going forward, the trend toward viewing legacy as something actively created during a lifetime with an increased focus on family will likely strengthen as HNW Millennials and women grow in numbers and influence. Women are also learning from one another about how and when to give, says Griffiths. "They get together and talk about their philanthropy," she says. "They consult. They mentor each other. Men don't do that."

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Conclusion

While more young women than ever are becoming primary decision makers in financial and legacy planning, Canadian men still more often take the lead, according to our data. Thus, as the numbers of HNW women continues to grow, it's likely that the changes to legacy in Canada will become even more dramatic and more people will seek to define their legacy as helping to make a lasting social change. Given the benefits that shift is already creating across Canada, more Canadians may want to follow their example.

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