

Estate Planning Using a Racial and Social Justice Framework *Resources for You and Your Clients*

What does estate planning have to do with the racial justice movement?

Estate planning involves the management, transfer and use of wealth predominantly owned by white individuals and families, and has played a role in the perpetuation of the racial wealth gap in our country for generations. Estate planning involves the discussion of values, relationships, personal capital and social capital, all of which can incorporate the quest for greater social and racial justice. Estate planning also offers individuals an opportunity to leave impactful legacies to their families and communities for which they will be permanently remembered. If you or your client is interested in exploring racial and social justice discussions, here are some questions that may be helpful in pre-estate planning reflections.

Guiding Questions and Conversation Starters:

- ***What was the source of wealth*** and opportunities in your lifetime, your parents', your grandparents'? Were these same opportunities available to everyone regardless of skin color, ethnicity or economic class?

- ***Did the color of your skin ever...***
 - Limit the places you can go to?
 - Limit the person you can date and marry?
 - Cause you to be discriminated against in jobs or academics?
 - Cause you to be called denigrating names?
 - Make you feel more vulnerable with police or cause you to be the first one suspected of a crime?
 - Have representation in the books you read, the movies or TV shows you watched, or the teachers who taught you?
 - Deprive your ancestors of the right to rule their lives?

- ***What privileges did your children have*** when they were growing up? What will their future inheritance enable them and their children to do?

- ***What would you consider the highest purposes of your wealth?***

- ***What does wealth stewardship mean to you?*** How have you or will you help inculcate wealth stewardship in your heirs?

Communicating Values with Family and Heirs

There are many effective ways to communicate your values and legacy wishes with family, friends, and heirs. Legacy letters, ethical wills, vision statements, letters of trust intent and family meetings are often effective ways to share these important messages. Here are some topics you might include in these documents/conversations.

- ***What messages or stories*** about your perspectives on social justice do you wish to impart to your family and include in your lasting messages?
- ***What values and principles*** associated with social justice do you wish to encourage and be remembered for? Examples of these values may include:
 - Belief in intrinsic human dignity
 - Giving priority to the poor and vulnerable
 - Equal access to the economic, political and cultural life and resources of the community
 - Dignity of work and rights of workers
 - Standing up against racism and all forms of discrimination
- ***What messages about the true meaning of wealth*** and responsible stewardship do you wish to communicate with your family?

What is Your Estate Distribution Plan and How Can Support for Racial and Social Justice Play a Role?

Questions to Consider

- **What would be the ideal purposes** served by your bequests to heirs?
- **How much is enough** to help launch your heirs into productive, resilient and purposeful lives?
- **How can you help your heirs understand the significance** of the head-start advantage their inheritance gives them and your wish for them to never take this for granted, and to use their resources responsibly and compassionately?
- **Are your heirs prepared** to receive and responsibly steward their inheritance?
- **Will a portion of your estate be dedicated to fostering public good? What are some options?**
 - Make gifts to specific charities through a bequest in your will or through beneficiary designations in retirement plans or life insurance policies
 - Designate that a percentage of your estate or estate residue will go to a charity of your choice
 - Provide an option for your heirs to disclaim a portion of their inheritance and direct it instead to the charitable recipient of the estate residual
 - Encourage heirs to use a portion of their inheritance to make gifts to a charity of their choice (this may result in an income tax deduction)
 - Make an income-generating gift that benefits both your chosen charity and family through split-interest trusts
 - Charitable Remainder Trust – trust’s income interest to family and remainder to charity
 - Charitable Lead Trust – trust’s income interest to charity and remainder to family

Charitable Giving Options That Support Racial and Social Justice

- Support charities that:
 - **Focus on** providing services to communities experiencing disparities and inequities due to race, gender-identity, disability and other historic causes of discrimination.
 - **Are accountable** to the communities being served. **They are led and guided** by people from communities being served. **They lift up voices** and groom future leaders from BIPOC communities.
 - **Strive to address the root causes** of economic, racial and social injustice and have on-the-ground experience on these issues.
 - **Endeavor to align the investment** of their charitable dollars with their mission to address inequality.

- Provide charitable contributions that are:
 - Flexible and unrestricted
 - Provide support immediately or over a 3-5 year period as opposed to endowment trickles

- Consider donating to organizations that are involved in advocacy, legislative action, policy development and political action

- Don't ignore smaller organizations that are fiscally sponsored. Many are led by People of Color and doing critical community-based efforts to address inequities.

- Be humble, but be willing to share the story behind your giving priorities with peers who may be inspired by your example.

- Some resources when looking for charities committed to social and racial justice issues:
 - Your local community foundation www.cf-sc.org
 - Social Justice Fund www.socialjusticefund.org
 - Borealis Philanthropy www.borealisphilanthropy.org
 - Groundswell Fund www.groundswellfund.org
 - Giving Compass www.givingcompass.org
 - Ask local charities in your field of interest (housing, education, etc.) questions about racial equity as it applies to:
 - Organization leadership
 - Communities served
 - Programs specifically addressing historical and current race disparities

For Professional Advisors:

How to Engage Your Clients in Conversations about Racial and Social Justice

1. **Do your own personal work first.** Educate yourself on systems that perpetuate racial injustice. Recognize the sources of your own privilege and how systemic racism and implicit biases play a role in your life. Learn about the history and current state of racial injustice in our country.
2. **Understand that there is a lot to learn, but don't let that stop you from starting.** Understanding racism and working towards a racially and socially just community is a long term process. Don't be afraid make mistakes. Be humble and acknowledge that while you are new in this endeavor, by doing this work you are making important strides that will advance racial equity.
3. **Ask your clients about their thoughts and feelings around the national conversation about racial inequity and justice.** Listen. Don't respond with your own viewpoint. Ask questions to clarify their principles and priorities. They may not use terms like "racial justice" and "equity", but they may still value principles such as inclusiveness, equal access to resources, fairness, and righting past wrongs.
4. **If they convey an interest** in social and racial equity issues, ask them if they are interested in learning about ways it could align with their values in terms of estate planning, future and current charitable giving, and financial planning. Ask if they would like your help exploring options. To get them started, you could suggest the following resources:
 - Your local community foundation: Community Foundation of Snohomish County www.cf-sc.org
 - Social Justice Fund www.socialjusticefund.org
 - Borealis Philanthropy www.borealisphilanthropy.org
 - Groundswell Fund www.groundswellfund.org
 - Giving Compass www.givingcompass.org
 - Encourage them to ask their favorite questions about racial equity as it applies to organizational leadership, communities served, and programs that address race disparities
5. **If they are not interested in pursuing options to support social and racial equity, that's ok.** According to Philanthropy without Borders, what you can do is provide your client with, "...space to think through and discuss some of the values and beliefs they are reckoning with while exemplifying your own commitment to racial equity." You can provide clients with options. What they choose to do with those options is up to them.

For an additional resources for talking to your clients, see Philanthropy without Borders blog, "Reaching out to Donors about Systemic Injustice: 4 Tips and 10 Conversation Goals."
www.philanthropywithoutborders.com/blog/

Investment Management Decisions:

Incorporate a racial and social justice framework into how assets are invested and managed

- ✓ **Divest investments in businesses that negatively impact marginalized communities**
 - Examples include private prisons, predatory lending, guns, pipelines in indigenous lands, immigrant detention
- ✓ **Invest in funds, companies and programs that drive positive social outcomes**
 - Institutional ESG funds that measure the environmental, social, and corporate governance sustainability and societal impact of investments. Examples of ESG funds include Calvert, Domini, and Parnassus. Also, Impact Shares' NACP Fund and Morningstar's Minority Empowerment Index.
 - Analyze specific companies through qualitative research and the use of screening tools such as Sustainalytics, MSCI, Equilo, Equileap
- ✓ **Engage in advocacy through proxy voting and shareholder activism to demand**
 - Racial and gender diversity on boards
 - Equitable hiring and promotion practices, living wages, access to health care and family-friendly policies

According to a 2018 McKinsey & Company report, "Companies with the most ethnically diverse executive teams...are 33 percent more likely to outperform their peers on profitability." Another study conducted by the research firm BCG, found that companies with above-average diversity at the management level generate 19% higher innovation revenues than companies with below-average diversity.

- ✓ <https://www.mckinsey.com/business-functions/organization/our-insights/delivering-through-diversity#>
- ✓ <https://www.bcg.com/publications/2018/how-diverse-leadership-teams-boost-innovation>

When hiring financial and estate planning professionals, consider....

- ✓ **Do the teams of your professional advisors** include People of Color and women in their leadership?
- ✓ **Do the firms actively promote** diversity, equity and inclusion in their workplace?
- ✓ **Are they grooming, training or mentoring People of Color and women** to advance to positions of greater responsibility in their teams?
- ✓ **How have they exhibited inclusiveness** and belonging in the way they conduct their business, interact with staff, and communicate with clients and the greater community?

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Additional Resources

Books

An Indigenous People's History of the United States by Roxane Dunbar-Ortiz
Biased: Uncovering the Hidden Prejudice That Shapes What We See, Think, and Do by Jennifer L. Eberhardt, PhD
Born on Third Base by Chuck Collins
Caste by Isabel Wilkerson
Decolonizing Wealth by Edgar Villanueva
How to Be an Antiracist by Ibram Kendi
Just Mercy by Bryan Stevenson
Stamped from the Beginning by Ibram Kendi
The Color of Money: Black Banks and the Racial Wealth Gap by Mehrsa Baradaran
White Fragility by Robin DiAngelo

Articles & Websites

White Privilege

"Encouraging Critical Reflections on Privilege in Social Work and Human Services" by Bob Pease
"Tim Wise on White Privilege" (Media Education Foundation Study Guide)
"White Privilege: Unpacking the Invisible Knapsack" by Peggy McIntosh
"White Privilege Glasses Discussion Guide" (Chicago Theological Seminary)

The Racial Wealth Gap

"Doctrines of Delusion: The Federal Government's Racism: Public Subsidies for Private Racism" by Juan Perea (University of Pittsburg Law Review)
"How the GI Bill's Promise Was Denied to a Million Black WWII Veterans" (history.com)
"Racialized Tax Inequity: Wealth, Racism and the US System of Taxation" by Palma Joy Strand and Nicholas Mirkay (Northwestern Journal of Law and Social Policy)
"The Asset Value of Whiteness" by Amy Traub, Laura Sullivan, Tatjana Meschede and Tom Shapiro

Philanthropy

"Social and Racial Justice Philanthropy and Giving" (Resource Generation)
"The Case for Funding Black-Led Social Change" (Emergent Pathways)
"Shifting Philanthropy from Charity to Justice by Dorian Burton and Brian Barnes" (Stanford Social Innovation Research)
"Reaching out to Donors about Systemic Injustice: 4 Tips and 10 Conversation Goals" by Philanthropy without Borders

Investing and Financial Planning

"An Indigenous Approach to Community Wealth Building: A Lakota Translation" by Stephanie Gutierrez, Hope Nation LLC
"Redefining Impact: Case Studies in Transformative Finance" (Transform Finance White Paper)
"Racial Justice: What's investing got to do with it?" by Lisa Hayles (Boston Common)