





Baby boomers used to dream of changing the world. Soon they'll have the trillions to do it.



BY DAN ROTTENBERG

**W**hen two Cornell University economists concluded in 1990 that Americans would bequeath \$10.4 trillion to their kids by the year 2044, the prediction stimulated the salivary glands of countless money managers, financial advisers, and therapists eager to service this anticipated avalanche of wealth and guilt. Ten years later, when two Boston College economists upped that estimate to anywhere from \$41 trillion to \$136 trillion by 2052, the salivating cascaded into a veritable Niagara Falls. Yet, so far, this anticipated baby boomer bacchanal has taken a surprising turn: Many inheritors, liberated from gainful work, are solving their self-fulfillment needs not by investing assets, building villas, and visiting shrinks but by banding together in networking groups (see “Social-Change Resources for Inheritors,” page 52) to attack some of the planet’s most overwhelming problems, like poverty, disease, climate change, resource depletion, and even war.

Yesterday’s poor little rich kids tended to hoard their wealth—because, never having made their own money, they lacked the self-confidence to give it away. But today’s impatient inheritors—some of whom have dreamed of changing the world since the ’60s—seem to suffer no such qualms: as the three examples below suggest, many prefer to blow their principal on one concentrated assault on social problems rather than dispense dribs and drabs of interest over a long period.

Maybe this latter-day Children’s Crusade can’t really make a difference. On the other hand, Columbia University professor Jeffrey Sachs recently concluded that a mere \$130 million in additional annual aid to poor countries over the next 10 years could eliminate extreme poverty from the face of the earth. That \$1.3 billion total price tag is chump change next to the \$1 trillion or more that U.S. inheritors may be receiving each year.

Granted, all these numbers are really wild guesses, money alone won’t solve most problems, and in any case, today’s heirs don’t all agree on how those trillions should best be spent. Still, there’s no question that today’s baby

boomers are defining a new option for inheritors.

Below are accounts of three inheritors giving their all for causes near and dear to their hearts.

#### **CAROL NEWELL: THE GIFT OF ASTUTE LEVERAGE**

As a descendant of curtain-rod makers whose cozy upstate New York family firm mushroomed into today’s \$6.7 billion publicly traded Newell Rubbermaid, now headquartered in Atlanta, Carol Newell grew up with a keen sense of what she calls “how you could leverage money.” Then she married a Canadian geologist whose field research took her in 1984 to the high country of British Columbia, where “I fell madly in love with the land.” So when a subsequent series of family bequests suddenly endowed her with \$24 million before she turned 35, Newell resolved to leverage her new bounty toward an audacious goal: nothing less than saving the planet, and soon.

CAROL NEWELL



**NEWELL**

**WENT PUBLIC BECAUSE SHE WANTED TO CONVINCE OTHER INHERITORS OF THEIR ABILITY TO CHANGE THINGS BY USING THEIR WEALTH**



## SOCIAL-CHANGE RESOURCES FOR INHERITORS

“Earning money isn’t necessarily a life-enhancing goal for those who will be wealthy anyway,” says California wealth psychologist John Levy, an inheritor himself. If you want to steer inheritor clients in some other life-enhancing direction, dozens of socially useful networking groups are eager to help. Here are some of the best known:

**CHANGEMAKERS** National public foundation that encourages community-based social-change philanthropy. San Francisco: 415-551-2363; [www.changemakers.org](http://www.changemakers.org).

**FUNDING EXCHANGE** National network of alternative foundations. Holds educational programs for inheritors; also offers donor-advised grant-making services. New York: 212-529-5300; [www.fex.org](http://www.fex.org).

**HAYMARKET PEOPLE’S FUND** Social-change foundation that conducts workshops and conferences for inheritors. Boston: 617-522-7676; [www.haymarket.org](http://www.haymarket.org).

**MORE THAN MONEY** Publication that discusses social-change programs for inheritors. Cambridge, Mass.: 617-864-8200; [www.morethanmoney.org](http://www.morethanmoney.org).

**RESOURCE GENERATION** Offers dinners, workshops, and retreats for inheritors interested in social-justice causes. Cambridge, Mass.: 617-225-3939; [www.resource-generation.org](http://www.resource-generation.org).

**RESPONSIBLE WEALTH** National network concerned about corporate responsibility, tax fairness, and other business/economic issues. Boston: 617-423-2148; [www.responsiblewealth.org](http://www.responsiblewealth.org).

**SOCIAL VENTURE NETWORK** Not-for-profit network that invests in socially enlightened business ventures. San Francisco: 415-561-6501; [www.svn.org](http://www.svn.org).

**THRESHOLD FOUNDATION** Funds social-change causes, encourages heirs who have \$1 million-plus. San Francisco: 415-561-6400; [www.thresholdfoundation.org](http://www.thresholdfoundation.org).

**WOMEN DONORS NETWORK** Philanthropic community “for those who refuse to accept the status quo.” Palo Alto, Calif.: 650-855-9600; [www.womendonors.org](http://www.womendonors.org).

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“Another woman with her drive might become a beauty queen,” says Joel Solomon, chief executive officer of Newell’s two major ventures—the Endswell Foundation and Renewal Partners. “Carol’s energies are driven by her love of nature and her concern for suffering.”

Newell, a petite, intense, raven-haired divorcee of 49, takes many of her cues from the “socially responsive investing” movement that first emerged in the 1980s (see “Divine Profits,” February). Using British Columbia as a model for the rest of the world, over the last 15 years she has strategically sprinkled nearly \$50 million into non-profits and businesses alike to help transform Canada’s west coast into “a conservation economy” teeming with green-minded innovators and entrepreneurs.

Newell’s Sage Foundation, founded in 1990, designed environmental leadership programs now used in more than 300 British Columbia schools. Her Endswell Foundation, launched in 1992, supports grassroots conservation groups, protects the wild Tatsenshini River, and preserves British Columbia’s ancient Great Bear Rainforest. And her Renewal Partners, created in 1993, provides venture capital and networking for environmentally friendly for-profit businesses like organic foods and alternative media. Renewal’s investments have included such commercial hits as Odwalla Juices and Stonyfield Yogurt. Another, SPUD—which stands for “Small Potatoes Urban Delivery”—blossomed into Canada’s largest organic home delivery service, supplying hundreds of locally grown, environmentally friendly products (its ingenious Website even tells customers how many miles

each product has traveled to reach their door).

Renewal also helped finance the Jantzi Social Index, now Canada’s leading researcher of socially screened investments, and the \$9 billion VanCity Group, North America’s largest commercial credit union, which is run primarily by social activists. The financial returns from these ventures are secondary to Newell, who uses them to seed other earth-friendly businesses. “I’m looking for ‘social profits,’” she says. “That’s my modus operandi in all of this.”

It probably helped that Newell received her inheritances in stages. Her father died when she was nine and left her \$4 million in trust, so, although she didn’t touch that money until age 21, “in my teens I had a sense of possibility.” She put most of that \$4 million aside for herself and didn’t join the major leagues of philanthropy until she was 34, when two other relatives left her \$17 million, which she used to fund Endswell. When she inherited another \$7 million a year later, she used that to launch Renewal Partners, on the theory that “first I had enough, then Endswell had enough.” The stock market’s subsequent run-up in the ’90s almost tripled her hoard.

It also helps that 10 years ago Newell hooked up with Joel Solomon, a pragmatic social entrepreneur and heir to a Tennessee shopping mall fortune, who, like Newell, fell in love with British Columbia and environmental causes. Today, at 50, Solomon lives without a car in a modest artist’s loft in Vancouver’s depressed Downtown Eastside neighborhood. “He understood how to put flesh on the bones of my vision,” Newell says.

The fact that she’s unencumbered by spouse or children

helps, too: "That has made it a lot easier to make decisions, to really activate basically everything I have for social-purpose missions," Newell says. Her Vancouver city lifestyle is relatively simple; over the last 15 years, she figures, she has spent only about \$1 million on herself. "I'm really a regular old Joe, you know," she says.

It's actually been barely three years since Newell emerged from the Arcadian isolation of Cortes Island to assume a higher profile as her movement's Lady Bountiful. Today she spends much of her time criss-crossing North America to speak at inheritors' meetings. "I felt there needed to be a face behind it," she says. "I wanted people to know that it was a woman, because I think that women are a big part of the potential for change. And I

# SCHWESER

## SPENT TIME DURING HIGH SCHOOL ON ORGANIC AGRICULTURE AND AT A CLANDESTINE RADIO STATION

needed to go out and talk with other wealth holders and let them see the immense potential for change that we have buried in our pockets." To her surprise, the experience has energized her further: "I feel so much stronger as a person, being able to stand up personally for my values, and to talk with other people of wealth."

She'll need such contacts for leverage as her own wealth diminishes: four years ago Newell resolved to spend down her assets (aside from her original \$4 million legacy) for social causes over a 10-year period.

"Now is the point to unleash it and make an enormous amount of difference," Newell insists. "There's a huge potential, and we're at a crisis point right now." Recent photos dramatizing the decline of the polar ice cap over the last 10 years especially alarmed her. "It's scary," she says. "And we can do something about that. We have all the technology, all the wherewithal." The solution, she contends, is "a renaissance of life-affirming initiatives over the next five years."

To traditional financial advisers who have warned her that such a strategy risks killing her own personal golden goose, she replies: "I think we've misidentified the golden goose. It's not the capital—it's the planet." Besides, she adds, "If I can't risk it with my asset base, who can?"



### JAMIE SCHWESER: THE EDUCATION OF AN ACTIVIST

Jamie Schweser knew one thing early: he didn't want to follow in his finance professor father's footsteps. While other kids in Iowa City sampled fast cars, booze, and drugs, Jamie experimented with community causes like organic agriculture and a clandestine local radio station set up as an alternative to what he calls "media corporate control of information." Even before entering Oberlin College, Jamie learned self-sufficiency by spending a year working in a sandwich shop in San Francisco's financial district.

But Jamie's real education began after college, in 1999, when his parents sold their Schweser Study Program for aspiring CFAs to the Washington Post Company's Kaplan unit for \$15 million. The Schwesers promptly handed \$1 million each to Jamie and his brother. Such instant wealth to a lad of 26 might have derailed a victim of poor parenting like Patrick Reynolds (see page 56). But the Schwesers reckoned that the gifts were appropriate for their boys. "If they hadn't been responsible and been who they are, we'd have waited until we died" to pass on the gifts, reasons their mother, Julie Schweser.

Suddenly Jamie had enough money "to live off of and work at things I cared about," he says. At the same time, he was flabbergasted by his sudden windfall. "I had figured I might inherit money 30 years down the road," he recalls. "But there was no advance warning. I was clueless as to my options. I'd never given more than \$25 to anything before. I didn't know what a donor-advised fund was."

Schweser's quest for a philanthropic education took him to New Orleans, where he bought a house in a slum neighborhood and turned it into a makeshift tutoring center for local kids. When one of Schweser's teenage charges, repairing his bicycle chain in the wrong place at the wrong time, was arrested and jailed during a drug bust, Schweser found his passion. After the boy's overworked public defender recommended a plea bargain, Schweser and another inheritor colleague interceded, appearing as the boy's de facto advocates at eight hearings until the judge dismissed the case.

"That was a powerful, eye-opening experience for me," Schweser remembers. "Without us there, he would have wound up with a five-year prison sentence and a ruined life. I said, 'Wow! There but for the grace of God—I had teenage troubles, too.'" (As a young driver, Schweser racked up four traffic tickets, enough to suspend his license. Instead, he says, a sympathetic judge placed him on "double probation.")

This jarring brush with America's criminal justice system



PATRICK REYNOLDS

eventually led Schweser to hook up with 10 other young New Orleans inheritors to form a makeshift donors' circle, pooling their funds and holding monthly meetings to dole out \$1,500 grants to community groups. "I saw how a little money can make a big difference in people's lives," he says.

Still, Schweser felt isolated from like-minded young inheritors around the country. That changed in the fall of 2000, when he attended "Making Money Make Change," a conference in upstate New York sponsored by Resource Generation, a Boston-based clearinghouse for heirs between ages 15 and 35 with social-change agendas. Here for the first time Schweser hung out with some 70 young millionaires "who shared my values" and launched a donors' circle with some three dozen of them. Over the next four years this group gave \$150,000 to 35 different youth-led projects. Jamie himself—who chipped in \$40,000, his first serious giving—soon emerged as the group's coordinator, kicking ideas around via phone and Internet.

This modest success landed Jamie a part-time gig as a consultant for Resource Generation's social-change workshops. And this past January he signed on as that organization's full-time donor education coordinator, offering advice and moral support to some 700 idealistic inheritors just like him. In a sense, that means Jamie at age 32 is spending his days not all that differently from his finance professor father.

"Jamie knew he didn't want to be in finance," laughs Carl

Schweser, "but now he's advising people about maximizing their return to civilization." When people ask what their son does for a living, Julie Schweser adds, "I say, 'He's trying to change the world. That's his job.'"

The job leaves Jamie little time for outside diversions, like marriage. "I'd love to have a family some day," he reflects, "but it's just as important to think about what kind of world I want some day. It's scary to think of raising

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**SAYS PEOPLE THINK BIG TOBACCO IS UNDER CONTROL, BUT THE INDUSTRY SPENDS MORE THAN \$12.4 BILLION ON ADVERTISING ANNUALLY**

children in a world that makes it so chronically hard for so many people to provide for themselves."

Today Jamie lives on his \$35,000 salary (plus the maximum \$22,000 a year in tax-free gifting from his parents) while he maps plans to dispose of his original \$1 million. The first \$200,000 vanished within the first year when the stock market tanked—"a good perspective," Jamie says cheerfully. "I lost more money in one year than I'd ever dreamed of having, so it taught me not to get too attached to it." Of the remaining \$800,000, he plans to give 75 percent away and keep the rest as a personal safety net. "My big philanthropic venture," as he calls it, is a \$500,000 fund earmarked, not surprisingly, for groups dealing with alternatives to incarceration. He's currently assembling an advisory board to suggest where that money should go.

People with conventional ideas about finance—like, say, Jamie's father, Carl Schweser—might advise growing the principal and donating the interest, but not Jamie. "I'm not really concerned about investing the principal," he says. "I'd rather put more into doing good right now." And if his principal evaporates? "I'll be happy to move on to something else."

### **PATRICK REYNOLDS: FROM PLAYBOY TO ANTI-TOBACCO CRUSADER**

Here's an unlikely success story: Patrick Reynolds, the R.J. Reynolds tobacco heir, had an absentee playboy

father who died in 1964, when Patrick was 16. At 21, Patrick inherited \$2 million, most of which he subsequently squandered on a jet-set social life and two failed business ventures. To Patrick, that's a perfectly logical scenario: "I didn't have a father, I got my money at 21, so of course I lost it!" he quips. "What do you expect?"

Patrick also lost money on *The Gilded Leaf*, his tell-all 1989 book about his famous but dysfunctional family (Reynolds says his \$60,000 in royalties was exceeded by \$80,000 in expenses). But in retrospect, he says, those failures were a blessing: "Having to work, struggle, and get speaking jobs is one of the best things that happened to me."

Meanwhile, Patrick's tobacco-enriched relatives kept dying of tobacco-related causes—and leaving more bequests to Patrick. So nearly 20 years ago Reynolds virtually dropped his half-hearted career as a movie actor to become a poster boy for the anti-smoking movement—delivering motivational talks at schools or colleges, testifying at government hearings, and appearing at anti-smoking rallies with celebrities like Lauren Bacall. In this role, Reynolds seems to have found his niche at last.

"When I was an actor, nobody knew who I was," Reynolds says. "But since I got into this, I've been to 200 cities and given 800 press interviews."

His appeal lies in the uniqueness of his symbolic credentials: How many other anti-tobacco activists can boast descent from a famous tobacco family, a father who died of smoking-induced emphysema, and personal success at kicking a pack-a-day smoking habit, as well as the movie-star good looks of a younger Clint Eastwood, not to mention a past romantic connection to the actress Shelley Duvall?

Reynolds first caught the public eye in 1986—shortly after both his mother and his aunt died of smoking-related diseases—when he testified against the tobacco industry before a U.S. House subcommittee. "I was stunned to realize I could make a difference in the world," he remembers. Reynolds subsequently marketed a line of stop-smoking audiocassettes as a commercial venture. When that business folded in 1988, he created his Foundation For A Smokefree America with a \$30,000 donation.

Today, at age 58, Reynolds is an anti-tobacco Don Quixote whose seemingly boundless energy and ideas consistently exceed his meager financial resources. Reynolds and a single part-time assistant operate his foundation from an office adjoining his two-bedroom apartment in a Los Angeles suburb. His foundation's Websites ([www.notobacco.org](http://www.notobacco.org) and [www.antitobacco.org](http://www.antitobacco.org)) attract more than 2,000 visitors daily as well as raves from health crusaders like former U.S. surgeon general C. Everett Koop. But the foundation's assets rely mostly on sales

of Patrick's anti-smoking videos (some 6,000 have been shipped to schools so far, at \$145 each) as well as donations generated by his speaking fees (he charges \$3,000 a day for two school talks). Reynolds readily acknowledges that he needs professional fund-raising help.

His cause's larger problem is that ever since the mid-'90s, when the tobacco industry lost several class-action lawsuits worth hundreds of billions of dollars, public attention has shifted elsewhere. "People think this problem's solved," Reynolds laments. To the contrary, tobacco firms now spend more than \$12.5 billion a year on advertising, up from \$6.7 billion at the time of a 1998 settlement that supposedly curtailed their promotional efforts, according to the Federal Trade Commission. "I want to raise public consciousness about that," Reynolds says. At the same time, the anti-smoking movement—leery of loose-cannon

## HEWELL THINKS WE MISIDENTIFY OUR REAL WEALTH: IT ISN'T MERE MONETARY CAPITAL, IT'S THE PLANET

celebrities—has lost its human face since the bearded and avuncular C. Everett Koop retired as its spokesman.

"The movement is losing its sex appeal," Reynolds complains, proposing himself as a suitable successor to Koop. "I'd like to be an ambassador for the tobacco-control movement. I'd like to go on a world tour, speak to children, meet with health ministers." If he can drum up the funds, Reynolds says, he plans to recruit Hollywood stars to appear in one-minute anti-tobacco videos, suitable for use in schools and as trailers in movie theaters.

Without a family to support (he's divorced and childless), Reynolds lives off "what's left of my inheritance." He says he's down to his last \$300,000 or so, enough to support him for about two more years, and "then I'll have to get a job." In any case, Reynolds insists, his crusade against tobacco is a lifetime commitment: "My dad died from smoking, and I can make a difference doing this. Like the guy says in *The Grapes of Wrath*, 'I'll always be there.'"

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