

## **The Buckster and the Huckster**

**Giving seems to be tightly wound with prosperity,  
but the direction of the causal relationship might surprise you.**

There is a saying attributed to ancient Chinese philosopher Lao Tzu which says: "Those who know don't talk. Those who talk don't know." I will modify this for our purposes today as follows: "Those who have don't show. Those who show don't have." Or as I like to say when I'm walking the dog with the kids: "Small house big boat. Big house small boat."

A client of mine likes to chuckle to himself as his much younger mill foreman barks out instructions on how often he should run the grader over the entrance way to the production yard. My client has more experience with road-building, logging, and trucking stuck to the bottom of his left work boot than the much younger managerial implant has on his inflated resume, but the older, wiser, richer worker carries on, satisfied in his own quiet way. My client doesn't work because he needs the money. It's just a nice relaxing way of killing time between trips to see his grandkids. And it's so amusing for him, taking instructions from the anxious little man behind the glass at the mill!

His humble ranch home has the well-worn signs of its unassuming origin, but none of the signs of his current abundance. It's where the kids were raised. The treasures of hearth and home are more than enough to fuel his retirement. Well, the hearth, the home, and the chubby investment portfolio we manage on his behalf, which not a soul would ever guess he has by the way he doesn't wear it.

And then there is the son of a successful businessman from another BC town. Father supplemented son's substantial losses for over a decade until both of them were about to go bankrupt. Fortunately it was another bank who was taking the hit, but we knew of it due to some minor dealings we still had with the dad. There was a very fancy SUV involved in the bankruptcy estate, owned by the spendthrift son.

In the first story, there is a rusty old Chevy on the balance sheet of the well-healed grader operator. So, you know... ostentatiousness versus quiet confidence. One had money but didn't show it. One showed money but didn't have it.

It's a theme we have seen time and time again, especially here in the sub-culture of Central BC, where multi-millionaires wear grease-stained jeans and unlaced work boots as a fashion choice. That's not to say rich people don't buy nice things around here. Of course they do. But they are often embarrassed about it, almost apologetic, and often they pay in cash.

And many of them are charitable to a fault. A quick drive around town will see their philanthropic family names attached to college buildings, distribution warehouses for the poor, a medical centre and more. That's because, I think, they all started from a humble place, and it's still not far from their psyche.

According to Statistics Canada, the "top donors," defined as the 25% of donors who contributed the most money, contribute to about four fifths of the total annual amount of donations in a given year. The role of these top donors was even more pronounced in the most recent period. In 2013, they contributed 84% of all donations, up from 82% in 2004.

And shedding further light on these data, according to Entrepreneur Magazine, "...ultra-high net worth philanthropists give more money to charity than they spend on luxuries. Over the course of their lifetimes, the average person in this group donates \$28.7 million to charity. Meanwhile, their average real estate and luxury assets total \$19 million."

If you can endure still one more quotable couplet, we can ask: "Do people give because they are rich, or are people rich because they give?" One researcher, Arthur C. Brooks set out to prove the former:

Researchers at Harvard University collected data on 30,000 American families from 41 communities coast to coast in a comprehensive look at people's service behavior and charitable giving. They eagerly

anticipated these data because they were going to give them a statistical way to show that you have to have the money before becoming the giving sort, but they:

“...came up with the following counterintuitive finding — that when people give more money away, they tend to prosper.”

According to Brooks: “Say you have two identical families — same religion, same race, same number of kids, same town, same level of education — everything’s the same, except that one family gives \$100 more to charity than the second family. Then the giving family will earn on average \$375 more in income than the non-giving family — and that’s statistically attributable to the gift.”

The study goes on to look at happiness and giving, and their prerequisite connections to prosperity. It will be interesting to see if this work gets replicated by other researchers in time.

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