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First Nations, Financial Planning, and Philanthropy: *An Emerging Market*

Financial planning and philanthropy are mainstream economic concepts that are slowly making their way into a number of aboriginal cultures.

By way of definition, the term "First Nations individual" refers to a member of one of the First Nations, such as the Cowichan, Burrard, or Esquimalt Nations. There are approximately 200 First Nations in British Columbia alone.

The term "Aboriginal Peoples" includes all the original peoples of Canada. It includes First Nations individuals, but also encompasses individuals who do not belong to a First Nation, such as Métis, Inuit, or non-Status natives.

The general concept of financial planning originally arose from the desire of individuals to arrange their assets in such a way as to protect them appropriately from erosion through taxes and investment risks and to eventually distribute them, in order of importance, according to the individuals' legal obligations, moral obligations, and personal interests. As time went on, financial planning grew to incorporate the concept of asset growth as well as protection and distribution.

A specific, six-step process evolved in the financial planning profession to help arrange an estate in the most effective way possible.

1. Assessment of the client's assets and liabilities
2. Determining the client's goals and needs
3. Assessment of the client's risks and opportunities
4. Devising a plan to incorporate these first three items
5. Implementing the plan
6. Reviewing and revising the plan as needed

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This process was developed over the past few decades in response to the growing complexity of the average estate.

For example, in the early 1900s in British Columbia, the average non-Aboriginal individual's estate might have consisted of a house, a small amount of cash, and a few personal items such as jewellery, clothing, or furniture. Wealthier individuals might have owned more than one piece of property plus an investment account, shares in a private company, or assets such as farm equipment or livestock.

Today, an individual's estate can consist of all of this and more. Instead of a simple bank account, a person might have three or four bank accounts, several investment portfolios (both registered and non-registered), savings bonds, and mutual funds.

Financial planning, however, has not traditionally been an integral part of Aboriginal economic development; many Aboriginal cultures have not always had the same concepts of ownership or asset development as non-Aboriginal cultures. Many factors have led to the development of a wide range of economic practices in Aboriginal cultures, some of which are vastly different from more mainstream practices and do not require the same kinds of financial planning processes.

For example, many individuals who live on a reserve will live in a house that may be entirely owned by the reserve. It is also possible for an individual to own the beneficial interest in a house on a reserve, but that individual would not own the property upon which the house sits. The individual would not usually be able to sell this interest, except back to the Nation itself. This also means the individual would only be able to bequeath the beneficial interest in the house to his or her children, rather than transferring the complete interest in the house and the lands together.

Certain Aboriginal cultures also value the ownership of non-material things over material things. For example, stories may be considered to be owned by a particular family and may be told only by that family or by the appointed member of that family. For another individual outside this family (or the wrong individual within the family) to tell such a story would be considered highly inappropriate—even criminal. This is an interesting example; if passed down properly, stories last much longer than material goods, so why not value them as highly (or higher!) than a house or a car?

The idea of saving for the far-off future has not been generally pervasive in many Aboriginal cultures. Many Aboriginal societies evolved on the basis of the sustainable current use of natural resources. For example, a community might have harvested the food resources it needed for the year, but would not normally have stored several years' worth. This philosophy of using only what you need—and no more—protected the community's resources from depletion from year to year. Its downside, of course, was the lack of resources in a fallow year.

This concept of resource use is embedded in the idea of "seventh generation sustainability"—the desire to protect the community's resources so that a descendant seven generations down can still benefit from them.

Another factor affecting the economic development of Aboriginal cultures was and, in some cases, still is the tendency of governments to involve themselves in the administration of Aboriginal assets differently than they do for non-Aboriginal assets. This treatment has not been generally consistent from government to government or from one Aboriginal group to another. These enacted laws and administrative practices have often prevented or slowed the introduction of more mainstream economic practices into Aboriginal cultures.

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In addition to legislative interventions, government funding practices have also had some unintended effects on Aboriginal economic development. It can often be the case that Aboriginal groups receive over 90 percent of their community's funding from the government (from Treaty negotiations or settlements, for example). The amount of this funding can be unstable and inconsistent in its attached usage requirements from year to year.

Management practice of non-profits tells us it is generally unstable to have more than 40 percent of your funding come from one single source; some charities prefer to have a much more diversified funding basis, imposing a cap of 20 to 25 percent of funding from one source. The broader the sources of funding, the lower the impact on the community, should one funding source fail.

While it is much simpler to have such a high level of support from just one outside funder, this practice eventually leads to a culture of dependency, stultifying the community's own assets. Recognizing this "Catch 22" situation, many Aboriginal societies are beginning to learn how to incorporate other sources of funding into their cultures to balance out the funding they receive from government and to develop the human, social, and financial capital in their own community. This often includes creating charities or businesses that support the community in various ways.

The goal of many Aboriginal cultures now is to incorporate the most useful and relevant parts of mainstream economic development with their own traditional values and practices. This marriage of styles will allow each unique community to thrive in the modern economic world. In return, it will also provide Aboriginal cultures with an opportunity to broaden mainstream economic practices—for example, valuing non-material items just as highly as material ones.

As these communities and the individuals in them begin to work with multi-year, multi-sourced funding, and amassed personal wealth, the interest in personal financial planning, estate planning, and philanthropy will grow. A number of First Nations leaders already regularly encourage their members to prepare Wills and other estate plans to help their families with their succession planning.

The chance to work with Aboriginal groups, families, and individuals as they explore these options will be a privilege and a wonderful opportunity, enriching us all. ▲

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