

## Perpetuity or Limited Lifespan: How Do Family Foundations Decide?

### *Foundation Lifespan Planning Resources*

#### **"A Nonprofit Goes for Broke"**

By Jonathan Bays, André Dua & Lynn K. Taliento (*The McKinsey Quarterly*, September 2006)

"When the Atlantic Philanthropies decided to spend its entire endowment by 2020, it faced huge challenges—which it has so far managed successfully, providing an example for institutions contemplating transformative change." (<http://www.mckinseyquarterly.com/Nonprofit>)

#### ***A Trust Fulfilled: Four Decades of Grantmaking by the Mary Flagler Cary Charitable Trust***

By Heidi Waleson, 2009

The final report of the Mary Flagler Cary Charitable Trust (1968-2009) describes the history and the accomplishments of the Trust and the Cary Institute of Ecosystem Studies and includes a chapter on the Trust's termination strategies and procedures.

#### **"Alternatives to Perpetuity: Foundations That Decide to Spend Down"**

By Jeff Krehely & Heidi Rettig (National Committee for Responsive Philanthropy, *State of Philanthropy 2004*)

This paper presents research findings on limited-life foundations, based on a literature review and interviews. Findings from the interviews are divided into six categories: motivations, focus of concern, spend-down options, planning, accountability, and operational matters. Includes a section on spend-down critics and a list of known non-perpetual foundations. (<http://ncrp.org/>)

#### ***Alternatives to Perpetuity: A Conversation Every Foundation Should Have***

By Deanne Stone (National Center for Family Philanthropy, 2005)

This paper is aimed at new donors considering a limited lifespan for their foundation, existing foundations that have already set a closing date, or any family contemplating the question of perpetuity. Provides background on the perpetuity vs. spending down debate and discusses the motivations for considering an alternative to perpetuity. Available at the NCFP Bookstore. (<http://ncfp.org/>)

#### ***Beyond Five Percent: The New Foundation Payout Menu***

By Heidi Waleson (A joint project of the French American Charitable Trust, the Northern California Grantmakers, and Philanthropy New York, with additional support from the Beldon Fund and Quixote Foundation, 2007)

This report presents brief profiles of 13 foundations that plan to have a limited lifespan or that have adopted policies of higher or flexible payout without necessarily intending to spend down. Based on foundation interviews, the report investigates the motivations, methodologies, challenges and results of the decision to do things differently. ([http://www.ncg.org/resources\\_beyond5.html](http://www.ncg.org/resources_beyond5.html))

#### ***Closing a Foundation: The Lucille P. Markey Charitable Trust***

By John H. Dickason & Duncan Neuhauser (Council on Foundations, 2000)

An insider's history of the process of terminating the Lucille P. Markey Charitable Trust in 1998; discusses the planning and procedures entailed in closing down, e.g., managing the finances and grants, human resources issues, archives, and evaluation. Also by the same authors, see: "Spending Out, the Markey Way," *Foundation News & Commentary*, Volume 40, Number 5, September/October 1999. (<http://www.foundationnews.org/CME/article.cfm?ID=625>)

### ***Closing Shop: When Small Foundations Get Out of the Foundation Business***

By Ruth Masterson & edited by Sara Beggs (Association of Small Foundations Primer Series, 2009)

Intended for small foundations, this primer provides guidance on the complex legal rules involved in sunseting and emphasizes ways to think strategically about using the spend-down process to achieve the biggest impact. Includes tips on how to plan communications, grantmaking, investing, and budgeting during a foundation's final years. Available at the ASF Public Bookstore.

(<http://www.smallfoundations.org/>)

### ***Considering the Question of Perpetuity***

By Vincent Stehle (National Center for Family Philanthropy, 1999)

This chapter from *Investment Issues for Family Funds* (National Center Journal, Volume 2) explores the history of the debate over perpetuity and highlights current issues on the topic. Available at the NCFP Bookstore. (<http://ncfp.org/>)

### **“Foundations’ Longevity Should Be Valued”**

By Susan Berresford & Lorie Slutsky (*Chronicle of Philanthropy*, September 4, 2008)

This opinion piece argues for maintaining the foundation payout rate at 5% in order to foster sustained giving by foundations that prefer the perpetuity option; cites examples of philanthropies that have adapted to changing needs over time. (<http://philanthropy.com/>)

### ***Giving While Living: The Beldon Fund Spend-Out Story***

By Neil Carlson & Theodora Lurie (March 2009)

This inside report on the closing down of the Beldon Fund (1982-2009) includes chapters on financial strategy, operational and staffing issues, program strategy, and grantee preparation.

(<http://www.beldon.org/>)

### ***Limited Life Foundations: Motivations, Experiences, and Strategies***

By Francie Ostrower (The Urban Institute, February 2009)

This study examines the motivations, strategies, and experiences associated with the decision to sunset and compares the attitudes and practices of perpetual and limited life foundations. Draws on data from a 2003 survey and on interviews conducted from 2007-2008. (<http://www.urban.org/>)

### ***Perpetuity or Limited Lifespan: How Do Family Foundations Decide?***

By Loren Renz & David Wolcheck (Foundation Center, April 2009)

The first large-scale examination of foundation lifespan planning, this study benchmarks the intentions, practices and attitudes of nearly 1,100 active family foundations in 2008. The study also examines the impact of foundation characteristics — e.g., size, age, staffing, and location — on lifespan planning options. (<http://foundationcenter.org/gainknowledge/research/specialtrends.html>)

### ***Should Foundations Exist in Perpetuity?***

By Heather R. Higgins & Michael S. Joyce (Philanthropy Roundtable, 1996)

Contains two separate essays on foundation lifespan: Higgins believes that a limited foundation lifespan would ensure the intent of the donor is honored. Joyce argues against time limits, noting that "legal, cultural, and political forces can be used to prevent foundations from straying too far from their original missions."

### ***Where's The Horizon: Giving While Living, Defining the Endpoint, or Endowing for Perpetuity***

By Melissa Berman (Rockefeller Philanthropy Advisors, 2004)

Presents various perspectives on foundation lifespan, with comments from thought leaders in the field. Summarizes the advantages and drawbacks of various approaches. (<http://rockpa.org/>)