

12 QUESTIONS TO HELP Determine Whether You're Launch-Ready

Over the past 20 years, the management of family foundations has become more professionalized and, while a set of best management practices has slowly emerged, they are not well-known. Once the foundation is established, the family is often on its own. Or at least it may feel that way.

Neithercut Philanthropy Advisors has had the opportunity to assist both very well-managed foundations and those that were in need of greater direction. In this work, we have found that many problems faced by older foundations could have been solved simply at the time of their launch, and that new foundations travel a much smoother path with proper planning at the front end.

Whether you are just getting started or you are well on your way, this checklist can be useful in setting your foundation, or other philanthropic vehicle, on the proper course.

YES NO

- ▶ Are you certain that a foundation is the right vehicle for you? Have you considered the benefits of a donor advised fund, a support organization, a charitable lead trust, or simply using your checkbook?
- ▶ Have you considered the benefits of the trust form versus the corporate form for a foundation?
- ▶ Have you considered the appropriate life span for your foundation? (Most foundations are launched with the assumption that they will be perpetual, yet it turns out that perpetuity is a rather long time!)
- ▶ Have you written a mission statement for your foundation? (Mission statements can be hard to write and they are often too broad or too narrow, but the exercise can be very valuable for a founder. What do you want the mission of your foundation to be?)



YES NO

- ▶ Have you documented your personal values? (Values can mean different things to different people. When you are no longer involved, what principles, issues, or standards would you like your successor trustees to keep in mind as they manage the foundation?)
- ▶ Have you decided how successor trustees will be elected or appointed? (Does each child and his/her family get one representative, or can all the grandchildren serve?)
- ▶ Have you consulted with your children about their personal interests in being involved in your foundation? (If your children do not have an interest – and some will not – you may want to manage trustee succession in a different manner.)
- ▶ Have you already begun to involve your children in your charitable giving? (They will be better trustees in the years to come if you get them involved now.)
- ▶ Have you established a geographic focus for the foundation? (If your children no longer live nearby, they may wish to make grants in their home communities.)
- ▶ Should your children be able to split the foundation into pieces? (When children cannot agree, they will often consider breaking the foundation into pieces, with each child getting his/her own piece for personal philanthropy.)
- ▶ Have you decided if future trustees can make discretionary grants for their personal interests? (Many foundations allow trustees to recommend grants for a personal charitable interest, or the foundation might match a personal gift from a trustee.)
- ▶ Do you have any advice for future trustees if they decide to terminate the foundation? (How should the final funds be distributed if future trustees decide to terminate the foundation?)

Mostly “Yes” responses? You’ve got a solid strategic foundation. More than a couple “No” answers, or are you unsure of how to respond? No worries – Neithercut Philanthropy Advisors can help you think through and plan for these important components of your philanthropic endeavor.

