



PASSAGES Issue Brief

EXPLORING KEY ISSUES IN FAMILY GIVING

Igniting the Spark: Creating Effective Next Generation Boards

JUNE 2013



IN THIS ISSUE

- 3 What is a Next Gen Board?
- 6 Preparing for Next Gen Involvement
- 7 How Do Next Gen Boards Work?
- 9 How to Create a Next Gen Board
- 14 Beyond Grantmaking: New Innovations
- 19 Sample Junior Board Policy
- 21 Things to Remember
- 23 Summary of Advice and Tips
- 23 Additional Resources

For family foundations and a growing number of donor-advised funds, preparing the next generation for involvement brings special concerns—and exciting opportunities. Succession is reported to be the single most important issue facing family foundations, according to nearly half (48%) of respondents to the Association for Small Foundations 2011 Foundation Operations and Management Report. At the same time, there is a broad range of experience in families with regard to how next generation family members are involved in family philanthropy. According to the National Center for Family Philanthropy’s 2011 study, *Current Practices in Family Foundations*, a near equal number of respondents “strongly agreed” (34%) or “strongly disagreed” (33%) with the statement “next generation members are playing a significant role in the foundation.”

The volume of funds, foundations, and other giving among young Americans from high-net-worth families is expanding to unprecedented levels. “The next generations of major philanthropists will have tremendous influence on the direction of and support for efforts to improve local communities and solve global problems over the next several decades,” write the authors of the 2012 #NextGenDonors study conducted by the Johnson Center for Philanthropy and 21/64, a non-profit consulting group specializing in multi-generational engagement.

For many families, it is important that the next generation not only gives but gives as part of the family—*that it not only carries on a philanthropic tradition but that it does so together*. For those with this goal, it is heartening that 90% of the #NextGenDonors research respondents cited their parents as their model of philanthropy. This research, as well as previous research conducted by US Trust and the Indiana University Lilly Family School of Philanthropy, has shown that the more—and earlier—parents engage their children in philanthropy, the more their legacy of giving will be passed along. Millennials are a generation that cares and wants to work with their peers—siblings, cousins, friends, or schoolmates—to produce measurable change. Since next generation members are crafting their philanthropic identity at a young age, families need to help find unique ways to help shape this at younger ages.

This *Passages Issue Brief* introduces an increasingly popular method for preparing the next generation for philanthropic service: *the next generation or junior board*. The paper covers the variety of purposes for establishing next generation boards and how they are typically structured, explores how foundations use next generation boards as a tool for engaging younger family members, and describes options for preparing younger family members for governance and grantmaking. It also describes steps for creating a next generation board and highlights points to remember as this new board begins its work. “A next generation board replicates the tough decision-making, the compromise-striking, and the consensus-building that characterizes new members’ eventual service on the foundation’s board,” says long-time foundation advisor and former National Center Vice President Karen Green.

Perhaps most importantly, this Issue Brief highlights the actual voices of next generation board members themselves regarding why and how they have become engaged in their family’s philanthropy.

“I feel prepared to take on a bigger role in the foundation because of my early involvement,” comments Zach Whitten, a college student who has been involved in The Lumpkin Family Foundation’s next generation programming since the age of 10. “I doubt I’d even be interested without this experience.”

THE VOICES OF YOUTH PHILANTHROPISTS

To learn more from your youth, ask them what could spark their interest in your foundation. Throughout this Issue Brief, we are pleased to share the perspectives from members of Youth Philanthropy Connect, a special project of the Frieda C. Fox Family Foundation, which connects youth involved in grantmaking and philanthropy with their peers and colleagues. Individuals quoted in the paper include:



Sahar Afrakhan,
Positive Impulse,
The Gaines-Jones
Education Foundation
(junior in high school)



Sarina Dayal, Tarsadia
Foundation (senior in
high school)



Katie Marcus Reker,
Frieda C. Fox Family
Foundation (first year
of college)



Miranda Roehrick,
Positive Impulse,
The Gaines-Jones
Education Foundation
(senior in high school)



Jamie Semel, Frieda C.
Fox Family Foundation
(senior in high school)



Zach Whitten,
The Lumpkin Family
Foundation (second year
of college)

What is Next Generation Board?

A next generation board is a sort of foundation-within-a-foundation or a grantmaking committee within the foundation. Very often, these boards consist of a pool of money set aside for next-generation family members to distribute. **By law, these grants must be made with the formal board's approval.** The intended result is to develop a new generation of skilled philanthropists ready to join the family's existing board or create their own approach to meaningful service.

Next generation boards allow younger family members to participate in the family's philanthropy by involving them in current grantmaking practice. In smaller families, next generation boards may be set up for a defined period of time—i.e., until the next generation is ready for board service. While next generation boards may be a limited version of a family's philanthropy—with younger members distributing only a small allotment of funds—next generation board members can experience everything that their existing board counterparts experience, including strategy development, site visits, proposal review, debate and discussion, and evaluation.

One of the nation's first next generation boards was established in 1983 by the Lawrence Welk Family Foundation to engage the full family in philanthropy. Initially ranging in age from 14-24, the third-generation Welk family members were included in the family board meetings and site visits but were not given voting power. They could review proposals and participate in discussions but could not participate in the final vote.

Then, third-generation family members would meet in their own breakout sessions to distribute 10 percent of the foundation's grantmaking budget. They could vote to further fund the senior board's choices, fund some organizations the board had not, or present their own proposals. "They had to lobby each other and decide together how the money would be distributed," says Shirley Fredricks, daughter of the founders and long-time president of the foundation.

A NOTE ON TERMS

Just as each family determines how its next generation board operates, families also refer to these entities in a variety of ways. Common examples include Next Generation Boards, Junior Boards, the 3rd (or 4th) Generation Fund, the Next Generation Adjunct Board, the Junior Advisory Committee, and others. In this paper, we use the phrases Next Generation Board or Junior Board and refer to these vehicles as essentially serving one and the same purpose: to prepare and engage younger family members for a potential role in the grantmaking and governance roles of the organization.

"One benefit for all of us was learning about the decisions and the jargon that comes with board service," says Lisa Parker, Shirley's daughter and founding member of the foundation's next gen board. "It prepared us for board service in other areas of our lives as we became adults."

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– Lisa Parker

Why Do Families Use Next Gen Boards as a Tool for Involving the Next Generation?

Family foundation board members frequently mention next generation boards as one of the most effective ways to encourage younger members to become philanthropic and to prepare them for their prospective roles as trustees of the foundation. “A next generation board replicates the tough decision-making, the compromise-striking, and the consensus-building that characterizes new members’ eventual service on the foundation’s board,” says long-time foundation advisor and former National Center Vice President Karen Green.

In the National Center for Family Philanthropy’s seminal 2002 *Passages Issue Brief*, “Opportunity of a Lifetime: Young Adults in Family Philanthropy,” author Alison Goldberg, herself a next generation family board member, outlined a variety of reasons for involving young adults and younger family members in family philanthropy. Key among these for families thinking about establishing a next generation board are:

- To provide younger family members with a variety of skills that will help them in other aspects of their lives.
- To expand the involvement of younger family members in contemporary issues.
- To learn together through intergenerational dialogue.
- To encourage creativity and fresh thinking among all family members
- To have access to the experiences, questions, and context that youth bring to philanthropy.
- To encourage younger family members to become active and knowledgeable philanthropists throughout their lifetimes
- To bring generations of the family together and to honor the donor’s legacy and values
- To learn and share knowledge and perspectives on emerging issues and communities.

YOUTH PERSPECTIVES: Why should you involve us?



Katie Marcus Reker As a current board member who started working in this field as a Junior Board Member at the age of 12, I can whole-heartedly say that I was more prepared, more interested, and more engaged having come from a Junior Board background.



Zach Whitten Having the opportunity gave me the interest in the foundation work. My favorite part of being on the Junior Board is the ability to make a significant impact with my cousins as our own entity that prepares us for the adult board.



Sarina Dayal The foundation had been around for two years before I joined, but in that time I noticed the projects the foundation had worked on, and thought they were very rewarding and was eager to be a part of this unique experience. The opportunities that arise from being on my Junior Board, like meeting people from the various foundations or nonprofits we work with, is very rewarding.



Jamie Semel I initially became interested in my family’s Junior Board from my cousins that attended the first meeting. It all seems so long ago now, but I knew that the foundation was a way for youth to help other youth and I remember that sounding like the coolest thing ever. I love going on site visits and attending events for the nonprofits we have funded to see the truly inspiring work they all do.

“It is important to gauge the younger generation’s interest, get their input on the process, and make it clear that participation is an option,” adds Frank Wideman, president of the Self Family Foundation, based in South Carolina, which created a Next Generation Adjunct Board. Self Foundation family members held a meeting to discuss those issues prior to creating its next generation board. During the course of their grantmaking, Wideman says one of the most important lessons members of the Next Generation Adjunct Board learned was how to say no, a decision the next generation normally doesn’t have to make.

Participation on a next generation board teaches members how to “agree to disagree, have meaningful discussions, and come to decisions by consensus or majority rule,” even when everyone does not like the outcome, adds Linda Evans, president and chief executive officer of The Meadows Foundation, based in Dallas, Texas.

The Meadows Foundation created a Small Grants Committee several years ago for 3rd generation family members who were at least 21 years old. “Participation on the Small Grants Committee helped prospective board members learn the questions that need to be asked and answered to determine the pressing needs of the community and the agencies that serve them,” says Evans. “As members of our 3rd generation have rotated on the board, their participation on the Small Grants Committee has prepared them well for board service. They come on the full board with a clear understanding of their responsibilities and come willing to give the time needed to participate on committees and on the board.”

Finally, and most importantly, next generation board participation encourages responsibility and develops initiative, which can help the next generation become passionate, pragmatic, and engaged philanthropists. A Texas-based foundation, which began its next generation board with third-generation family members, ages 12 through 21, provided extensive training in all aspects of giving. Board members discovered that the next generation board members’ ambitions quickly outpaced their funding capacity. In one instance, next gen board members only had half the money required to fund a new grantee’s request for capital support; undaunted, they asked the board to match their efforts to fund the project. Impressed with the next generation’s initiative, board members backed the project.

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—Linda Evans

YOUTH PERSPECTIVES: Learning and Collaborating with Peers



Jamie Semel As a result of my involvement with the junior board, I have learned to always ask for help if I have any concerns because while work on my own may be good, work done with the help and collaboration of my peers and advisors is nearly always stronger. Without my early involvement in the foundation, I most likely would never set a foot in it.



Sahar Afrakhan I’ve learned so much about career opportunities and the technical aspects of nonprofits. Since I’ve been involved with the junior board since I was so young, many of my organizational skills come from my work with it.



Zach Whitten I have learned to take initiative to help solve a problem.



Katie Marcus Reker I always loved that our board meetings and retreats had an open door policy, meaning no matter your age or position in the foundation you were invited and encouraged to sit in on meetings and voice your opinions in a safe space. While in the younger years I did not have very much to add, I learned by listening and experiencing our grantmaking process. As I grew and aged, I was not only more knowledgeable in foundation business, but also more confident in my ability to understand our grantmaking and voice my opinions about it.



Miranda Roehrick I have learned a lot about how to be a leader; this means learning how to set goals and deadlines and meet them, what to do when you don’t, how to work patiently with other people, how to ask for what you want without being demanding, what it means to run a meeting (create bylaws, appoint a secretary and treasurer, etc.), and how to keep the momentum going/not lose motivation over the years. I will use absolutely everything I’ve learned in college and beyond.

Preparing for Next Gen Involvement

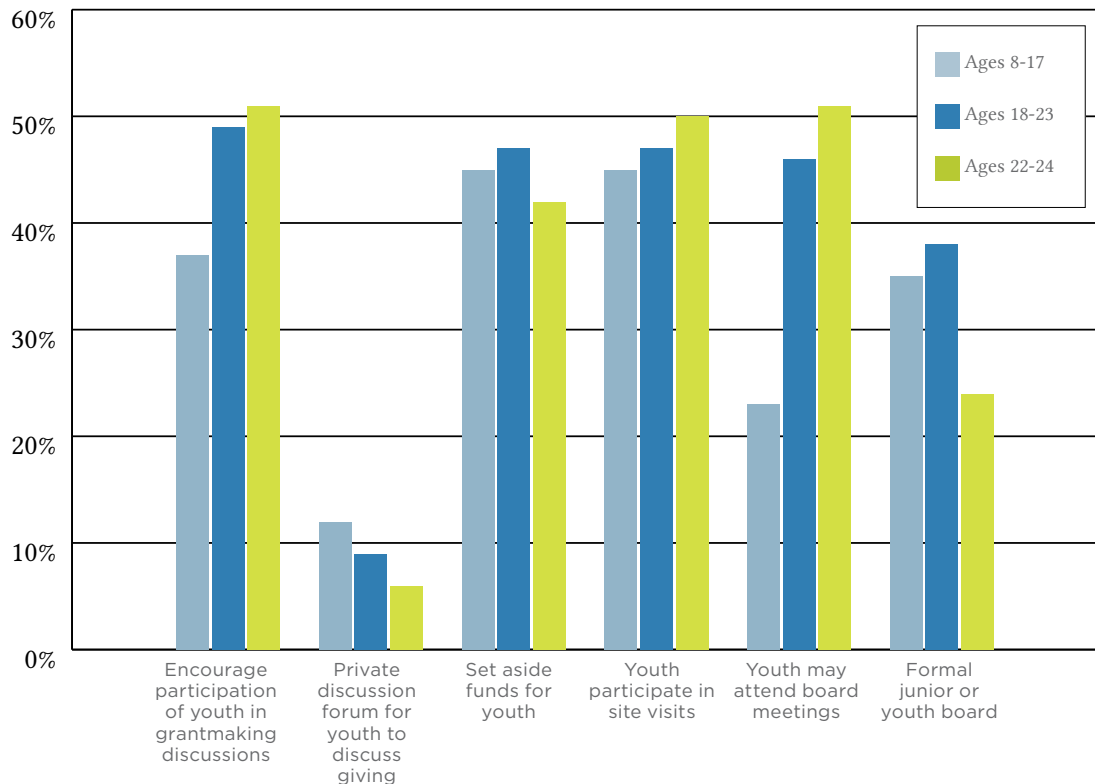
The following chart on page 6 reveals some of the most common ways that giving families prepare their younger members for potential board service, by age range. Most commonly, existing board members encourage younger family members to participate in grantmaking discussions, site visits, or board meetings, and often set aside funds for youth grantmaking. In other instances, younger family members are invited to serve on a youth or junior board, or may have their own private discussion forum. In these ways, younger family members get a feel for the nonprofit world and for the grantmaking that helps sustain it.

Your family should determine which means of involving the next generation would work best for you. As discussed in the previous section, many of the benefits of next generation boards can be captured in other ways, so it is important to gauge your trustees' ability to accommodate the next generation board process. But without one or more of these engagement strategies, younger family members may be unprepared for the grantmaking decisions they will make as members of the existing board.

Opportunity of a Lifetime suggests a variety of other suggestions for families seeking to involve younger family members, including:

- *Determine why you want younger family members to get involved.* Explain your reasons, and ask

Preparing Younger Family Members for Board Service



Source: Family Forum: Engaging Youth in Family Philanthropy, emerging results of survey conducted by the National Center for Family Philanthropy and Youth Philanthropy Connect, May 2013.

what their own reasons are for wanting to become involved.

- *Be clear about the roles that they can play.* Give them clear structures that they can fit into.
- *Allow them the opportunity to become involved when they are young.* Don't wait until they are 25 or 30 years old.
- *Consider allocating discretionary funds.* Discretionary funds can offer the opportunity for young adults to connect grantmaking to their communities and interests.
- *Create a youth-friendly organization.* If you are hiring staff, hire people that can relate well to young adults. Try to hold meetings at times and locations that are accessible to them.
- *Make philanthropy fun, rewarding, and relevant to their lives.*

How Do Next Generation Boards Work?

Next generation boards provide important learning opportunities for interested younger family members. Some of the most successful next generation boards include one or more of these components:

- **Discretionary Grantmaking Ability:** The board typically allocates money from its grantmaking budget to be distributed by younger family members on the next generation board. Some foundations allocate a percentage of projected payout, which periodically varies based on interest earned on the foundation's endowment; other foundations distribute a fixed amount for the group or per individual next gen member who participates.
- **Participation by Family Members of Various Ages:** The age of participation may vary, depending upon the generation you wish to involve and the experience that generation brings. Some foundations have next generation boards with members as young as 8; these members might volunteer at grantee organizations, go on site visits, write book reports on their family's history, make grantmaking decisions or help the foundation in some way. Other foundations limit participation to family members who are 18 years or older. These family members might fill more traditional roles in the family foundation such as making investment decisions or serving on committees.

BOARD INTERNSHIPS

Another tool that a growing number of family foundations are using to engage next generation board members to complement junior boards are board internship programs. The Nord Family Foundation in northeast Ohio has offered short (four to six week) internships for family members aged 18 to 25 family members who express interest in philanthropy. Interested family members travel to Ohio, where Nord Family Foundation program officers mentor them through evaluating proposals and conducting site visits.

In the past, the Nord family has also used a second approach for members who are less than 18 years old and therefore too young to be eligible for existing board service. Nord Family Foundation trustees appropriated \$15,000 to 10- to 17-year-old family members to distribute during a weekend period. Younger members meet with a consultant, attend site visits, discuss the investment side of the foundation's business, and convene without the foundation trustees to make final recommendations. Then, a representative of the younger group presents the recommendations to the existing board for approval. This weekend immersion program has been made available every three years.

Why two approaches? "The less pressure, the better," says John Mullaney, executive director of the Nord Family Foundation. He says that while there should be some way of preparing next

generation family members for philanthropy when they are ready, there should also be an acknowledgement that "if they're never ready, that's OK, too." In fact, for some families, next generation board participation could become less of an opportunity and more of an obligation, leaving family members wondering why one cousin may not want to be a part of the foundation, or why another cousin is being pushed onto the board to compete with his overachieving sister.

The Conrad N. Hilton Foundation created a board internship program in late 2012 as a way to further engage interested family members in the work of the board. The foundation selected two third generation family members as the inaugural board interns for the 2013 year, and through their participation these two individuals are helping to design the program for future candidates. "They gave us a skeleton, we are providing the legs for it to stand on," says Linda Hilton, board intern for the foundation. The program is still in flux as they begin to develop it, but the two new interns attended the first of four quarterly board meetings, and will go through a defined process of giving away \$50,000 collectively. They will present their proposal to the board later in the year explaining why they chose it and how it fits into the board's strategic plan. They will use the process given to them by the foundation as the context to do the research and select their grantee.

- **Responsibility for Grant Recommendations:** Younger family members sometimes review proposals given to them by the existing board, or they may identify potential grantees independently. While the board has the ultimate responsibility for making grant awards, next generation boards often do all of the other work, including identifying, debating, evaluating, and recommending proposals to move forward for the existing board's approval.
- **Voting Membership on the Foundation Board:** Sometimes foundations give a seat at the board table to one or more representatives of the next generation board. In this way, next generation board members gain experience and play in a role in grant decisions.

The Self Family Foundation's Next Generation Fund Board has encompassed all of these elements. This South Carolina-based foundation created its Next Generation Fund Board in 1997, automatically allowing any family member who was 18 years old or more at the time to join. Next Generation Fund Board members meet twice a year and elect their own next gen fund chair who also serves as a voting member of the board, which meets four times a year. The Next Generation Fund Board receives up to \$80,000 a year (depending on that year's projected payout); those funds are distributed within the next generation board's chosen program areas of youth and early childhood development.

Younger board members go on site visits, meet the foundation's financial manager for a briefing on

the foundation's assets, and receive updates on the community the foundation serves. In short, they do everything their existing board counterparts do. As a result, the family has overcome geographic distance to get to know each other, and their relationships have been strengthened by giving away money together.

YOUTH PERSPECTIVES: On Grantmaking



Sarina Dayal I like the fact that everyone has an opportunity to voice their opinions during the grantmaking process. This is good because it is a collaborative activity and we are giving together, as a board.



Jamie Semel I appreciate that we as individual junior board members get to look for nonprofits that are mission-aligned, but that also speak specifically to us, rather than having to choose from a list. I am in a lucky position to support organizations that I find particularly riveting, which keeps me engaged and excited about philanthropy work.



Miranda Roehrick I love that every member is involved in the process in some way, and that over the years we've become so comfortable as a group that we are not afraid to disagree. Disagreement is where you learn the most.



Zach Whitten Our grantmaking process is only as formal as it needs to be. If we want to break into a conversation, we can which is a great luxury.

Younger board members go on site visits, meet the foundation's financial manager for a briefing on the foundation's assets, and receive updates on the community the foundation serves. In short, they do everything their existing board counterparts do. As a result, the family has overcome geographic distance to get to know each other, and their relationships have been strengthened by giving away money together.

How to Create a Next Generation Board

If you are thinking about starting a next generation board, it's important to know how you will structure this entity, and to discuss the possibilities and options for how family members will be invited and involved. It's also critical to start with input from the next generation on what approach would meet their needs. A first step might be to schedule some time at your next family meeting to discuss the possibilities with interested younger family members. Find out what experiences they would like to have as part of the family's giving. Are they interested in participating in site visits and grantmaking conferences, or are they looking for something else? Does a next generation board make sense for some or all of them? If the initial answer is "yes," set aside additional time at the next board meeting to discuss what options make sense for the foundation.

You may wish to structure your next generation board discussion around seven key components: goals, eligibility, training, grantmaking, logistics and administration, relationship to the foundation board, and compliance with the law.

Goals

It's important to agree on the goals of this new venture. The family should be clear about what it intends to accomplish by creating a next generation board so that it can increase the likelihood of achieving its goals. Some questions the senior generation may wish to consider include:

- What is your wish for the future generation in the foundation?
- Why do you want the future generation involved?
- Why do you want to establish a next generation board (training, service, build family unity, etc.)?
- What impact would you expect from the next generation board?

YOUTH PERSPECTIVES: Giving as an Opportunity



Sarina Dayal I have never felt obligated; I know that being on the board is a personal choice I am welcome to change any moment. I think everyone on the board needs to make sure they chose to be on the board because they want to be, not out of obligation. Obligation changes your perspective on the experience, and your motives for giving.



Katie Marcus Reker Throughout my time on the Junior Board I have learned that not every family member wants to be involved and that is perfectly okay. Some of us will not be interested, but those of us who are will take the opportunities and run with them. Talk to your next generation to make sure they know this is a great opportunity that is there for them, and not necessarily a family obligation.



Zach Whitten I've been given such a wonderful opportunity. It would be a shame to squander it.



Miranda Roehrick The pressure of being the Chairman is real; often times I feel like I am the glue that holds Positive Impulse together, however I've found that this pressure parallels opportunity, not obligation. I'm grateful to have had this opportunity in my young life, and the pressure I've felt surrounding it stems from the fact that I've wanted to do all that I can with this amazing opportunity while I have it. Creating a junior board of this model was completely in my hands, it was not an obligation, which I find invaluable.



Jamie Semel Sometimes I do feel obligated to be on the junior board because ours is relatively small and losing someone would be noticeable. While junior board work often conflicts with school or what I think I would rather be doing, whenever I attend a meeting or event or make a grant or go on a site-visit, I remember how totally awesome it is to do this work and be in a position where I can help others.




Sahar Afrakhan I've grown up with the idea that service and giving back is just a part of my life as breathing is. There has never been the question, to serve or to not.

- Should the next generation board have its own mission and/or grantmaking guidelines? How will these relate to the mission and guidelines of the larger fund?
- What is the pathway, if any, from the next generation board to the full board? Are there clear expectations among all family members regarding this pathway?


It's also important that these goals be fluid enough that next generation family members can thrive and contribute to the family's current philanthropic conversations—the last thing you want to do is to set up the proverbial “Waiting Place” where younger family members can be placed or appointed, with no policies or understanding in place on what happens next. Eleanora Frey, who recently joined the Frey Foundation board after several years serving on the next generation advisory board, advises that a next generation board should have its own mission statement. She says the next generation needs to be able to define itself as both a part of the family foundation and an entity in its own right. In fact, a clear mission statement and definition of roles can help chart a cohesive direction for the next generation board's grantmaking.

Lastly, consider what to name the next generation board. Terminology may affect the way the next generation views its place at the table. For example, a “Next Generation Board” has one connotation; for some, a “Junior Board” may have another, possibly suggesting lack of maturity or respect (or perhaps not, depending on the family). Some foundations also name this based around the generation represented (i.e., the “Fourth Generation Fund”). Come to agreement on this subject with the next generation's input.

YOUTH PERSPECTIVES: What's in a Name?



Sarina Dayal I don't mind if it is junior or next gen but the word “board” is important because it indicates we are a decision making body.



Sahar Afrakhan I like calling it the junior board. It hints at the future for expanding into something bigger as we grow older, like the formal Board of Directors.

YOUTH PERSPECTIVES: All in the Family?



Katie Marcus Reker As a non-family member of the Frieda C. Fox Family Foundation, I always felt very privileged to be a part of their Junior Board. In many ways, it made it something that I wanted to do, and not necessarily something I was obligated to do. In this process, I became adopted family, which is something I will treasure for the rest of my life.



Zach Whitten One of the reasons our Junior Board works so well is that we all know each other. Adding someone new into the mix could be a challenge.



Sahar Afrakhan On our board, there was only one family member. The rest were local youth, all of us were friends. However, we operate as a family. We are extremely tight-knit, and the family of the junior board is extremely welcoming and mentors us. There is always open arms (and good food) at the meetings; I never felt like it was solely a family operation.



Jamie Semel I think involving non family members is wonderful because that usually means they are genuinely interested in the foundation world and philanthropy, which can be a great motivation if family members start to get jaded with it.

...the next generation needs to be able to define itself as both a part of the family foundation and an entity in its own right. In fact, a clear mission statement and definition of roles can help chart a cohesive direction for the next generation board's grantmaking.

Eligibility

Given your goals, you can begin to establish board eligibility criteria. In some families, any direct descendant of the donor who is more than a certain age is eligible. At some point and depending on the existing board's goals, though, this can become complicated in terms of family size, family members' interest, or logistics, particularly when family members are spread over a large geographic area. Family members may therefore need to establish more specific criteria. Key questions to consider include:

- *At what age do family members become eligible?* Some boards have seen tremendous contributions from children as young as 8; others prefer to limit next generation board participation to family members who are at least a certain age, such as 13, 16, 18, or 21 years old. Some family foundations put an age limit on next generation board participation; other next generation family members participate on the board well into their 40s.
- *Must next generation board members be direct descendants of the donor? Will the spouses/partners of direct descendants be eligible to serve?* As next generation board members get older, the answer to this question can become a sticking point in some families. Sometimes the tension between keeping the foundation “in the family” and reaching out to new members can create serious rifts. It is therefore critical at the outset to set up explicit eligibility requirements that capture the generation you're seeking to engage while maintaining a fair and encouraging family dynamic. One family foundation with only one next generation family member, the Gaines-Jones Education Foundation, went so far as to create a junior board made up almost entirely of non-family next gen board members. The Next Generation group, Positive Impulse, develops its philanthropic projects annually and consists of community members and fellow schoolmates of the next generation family member.
- *Does geography matter?* Some families stipulate that members live in the area where the foundation makes grants. Others, looking to bring the family together even if the next generation has moved away, encourage and

prepare for out-of-town members, using new technology and social media to bridge the distance as needed.

- *Will attendance at next gen board meetings be mandatory?* Board attendance suggests members who are committed to the foundation's work and its continuity. However, mandatory board attendance could preclude interested family members who live farther from the foundation from participating on the junior board. Again, taking advantage of new technology can be helpful here.

Training: In-house Options

Just as many existing family foundation board members needed time to acquaint themselves with trusteeship, the next generation will also need time and training. How do you prepare younger family members with limited or no experience in philanthropy for the joys and frustrations of board service and for nonprofit service in general?

Experts agree that training opportunities should be made as broad as possible, covering every aspect of family foundation work. Many families—including the Surdna Foundation, the Russell Family Foundation, the Hill-Snowdon Foundation, The Laura Jane Musser Fund, and the Storer Foundation—created their own training curriculums, a sort of “Our Family Grantmaking 101.” These self-styled classes describe such topics as the world of philanthropy, the nonprofit sector and how it works, the life of the donor, the foundation's history, its mission and programs, its investments, its major grantees, and the communities the foundation and its grantees ultimately serve. Other foundations, such as the Conrad N. Hilton Foundation, offer the option of discretionary grants to younger family members, often upon completion of an in-house training program.

In some families, foundation board members, consultants, and local experts teach these topics. The Lumpkin Family Foundation has gained geographic-specific learning from staff at local community foundations or other family foundations. As Zach Whitten, a Lumpkin family youth said, “I like the system of learning from those in the field and from observation.”

In others, younger family members independently research subjects such as the foundation's history and the life of the donor and report back to the existing board. Still others orient younger family members by setting up meetings between the next generation board and community leaders to discuss the foundation's work.

Ideally, next generation board members become acquainted with everything existing board members do as trustees. But when it comes to the actual workings of the foundation, there are usually two great information gaps between the generations that deserve special attention.

First, financial literacy. The basics of earning, spending, saving, investing, and giving can be taught from an early age, but next generation board members will also need to understand the foundation's endowment and how it is managed so that they can one day oversee the family's advisors. Some families go as far as creating a fund within the endowment to be managed almost entirely by the next generation. Others simply hold a family meeting or series of meetings to explain where the money for grants originates and how those assets are managed. "As far as being exposed to the finances of a family foundation, I don't think it's ever too early. It's more a case of when they show an interest," says George McCormick, a third-generation board member of the Charles T. Beaird Foundation in Shreveport, Louisiana. "The best training comes on the job. Until you challenge the next generation to think about financial issues, as opposed to being given the answers, they aren't going to learn."

Second, evaluation. The impact of a foundation's work can often be hidden, even from family members. For Frey, site visits were the most revealing experiences of her time on the Frey Foundation's Next Generation Advisory Board. It was there that younger family members got to know the real work of the foundation and the impact it had on the lives of others. Younger family members also saw the results of their foundation's work. The Tarsadia Foundation and its Next Generation board do a significant amount of international grantmaking. As a family they make an international service trip every other year to see their grantees in action and volunteer side-by-side with their on-the-ground partners.

As you consider your own training on your family's grantmaking, reflect on how your role as a trustee was influenced by what you learned and experienced throughout your life. Share your reflections with the next generation. But make sure to create an atmosphere in which the next generation can also share its ideas and opinions. The Lumpkin Family Foundation had been providing character education and a grants committee for their next generation ages 10 to 21 at their annual family meeting for a number of years when they realized that the youth, who were now between 16 and 21, needed to make the decision for what would better meet their needs. When they asked the youth, they wanted to know what others were doing. This led to a learning exchange with the youth from the Frieda C. Fox Family Foundation. Realizing they were not alone in this world of youth philanthropy was comforting and gave the older Lumpkin youth (ages 16 to 21) the framework to build their own grant program that better meets their evolving needs.

YOUTH PERSPECTIVES: Training and Support



Jamie Semel Early on most of my training came from discussions occurring during our junior board meetings explaining new pieces of business and new terms as they came up. Now that we have the Youth Philanthropy Connect conference, every summer I learn more about the non-profit and foundation world using many different approaches. I find trainings that involve discussion to be the most effective for learning something new, while lecture presentations tend to lose the attention of a youth audience quickly.



Sarina Dayal I learned from our meetings where we are introduced to techniques used in the workings of a foundation, but the most effective learning method was just trying something out firsthand and seeing what worked and what didn't over time.



Sahar Afrakhan We've received handouts on grantmaking and other aspects of fundraising. Additionally, participating in the Youth Philanthropy Connect conference gave us more information and in-person tips with experts in the fields we were interested in learning more about, whether it be financial or reaching out through social networking. The more effective instruction has always been the one with the most simplified language.

Training: Outside Opportunities

In addition to the option of creating your own internal training for younger family members, there are also a variety of “professional development” options available for youth and young adults who may be preparing for service on the junior board. Some of the most well regarded include:

- *The Trustee Education Institute* is an annual training for current and prospective family foundation board members sponsored by the National Center for Family Philanthropy provides a comprehensive introduction to all of the key legal, investment, ethical, grantmaking, and family dynamics issues facing family foundation board members.
- *Youth Philanthropy Connect* is a network of youth ages 8-21 involved in family philanthropy and the adults who support them. They host an annual conference to connect the youth to each other to share models and learn from one another.
- The National Center for Family Philanthropy’s *Issues Advisory Committee* and the Association for Small Foundations *Next Generation Advisory Committee* are two terrific forums for younger family members seeking to become leaders in the field of family philanthropy, and to connect with other leaders in the field.
- *Regional Associations of Grantmakers* are regionally-based networks of foundations and grantmakers, and a number host events specifically targeted to younger family philanthropy grantmakers. Examples include Southern California Grantmakers annual *Conference on Family Philanthropy*, the Southeastern Council on Foundations’s annual *Family Foundations Forum*, and the Council of Michigan Foundations annual *Family Foundation Retreat*.
- Many of the approximately 780 *community foundations* in the country offer some sort of educational programming for families and next gen family members. These programs may include both sessions featuring local community leaders, as well as sessions on how to give and make decisions as a family. Some community

foundations will even tailor education specific to a single family.

- *21/64* is a non-profit consulting firm specializing in next generation and multi-generational strategic philanthropy. 21/64 co-authored the #NextGenDonors report, and offers a variety of tools and trainings to help generations understand and work together more effectively, including their *Picture Your Legacy Iphone App* and a list of *52 Ways to Take Action*.
- The *Giving Circles Network* has identified more than 300 Giving Circles around the country, with Youth Giving Circles one of the most common sub-categories of giving circles. Examples of some of the most well-known and fun youth giving circles include Grand Street (hosted by 21/64), the *One Percent Foundation*, and *The Awesome Foundation*, among many others.
- *Emerging Practitioners in Philanthropy* seeks to cultivate foundation professionals and social entrepreneurs for effective leadership. EPIP hosts chapters in more than a dozen cities, hosts an annual conference, and runs several special programs for youth engaged in philanthropy, including their *Generating Change* program.
- *Resource Generation* organizes young people (ages 18-35) with financial wealth to leverage resources and privilege for social change. RG offers a variety of programs and events, including the semi-annual “Creating Change Through Family Philanthropy Retreat.”

In addition to the option of creating your own internal training for younger family members, there are also a variety of “professional development” options available for youth...

BEYOND GRANTMAKING: NEW INNOVATIONS FOR NEXT GEN DONORS AND BOARDS

As the philanthropic sector continues to evolve, many new opportunities have opened up for ways to engage your next generation in new innovations in the field. A few of the most well-known giving portals available—and indeed, there are literally hundreds of these sites now functioning—include:

- **Online Giving:** Along with the use of online grant management systems, there are a variety of giving opportunities that can engage youth online:
 - [Crowdrise](#) offers online tools for personal/team fundraising and event fundraising.
 - [Network for Good](#) powers the online fundraising efforts of many nonprofits.
 - [Donors Choose](#) provides classroom projects requested by teachers that donors can support.
 - [Razoo](#) provides tools to search for and donate to charities.
 - [Giving Circles Fund](#) offers an online giving circle platform.
 - [Benevolent](#) provides stories and needs of those on the edge of sustainability for donors to support.

- **Microfinancing Social Enterprises:** Next gen family members may be assigned and encouraged to research companies with a social benefit that align with your mission and find ways for your funds to have a more sustained use through their revolving financing in organizations like:

- [Accion](#)
- [Grameen Foundation](#)
- [Opportunity Fund](#)
- [BRAC](#)

- **Impact Investing:** Your board may also elect to allocate a portion of the foundation's investments with the intention of generating social impact alongside a financial return. This could be a tremendous opportunity to teach investment skills through work that harnesses the positive power of enterprise. To learn more, read the Family Giving News article, "Getting Started with Impact Investing," or purchase a copy of *The Guide to Impact Investing For Family Offices and High Net Worth Individuals*, a comprehensive new resource for families, individuals, family offices, and family foundations, authored by Julia Balandina Jaquier.

- **Sharing Youth Philanthropy:** A number of family foundations support youth philanthropy education programs in their local communities or schools. This is an opportunity to educate youth, regardless of socioeconomic background, on the value of philanthropy. Check out the work of the DEKKO Foundation's [Youth Pods](#), the Mark J. Gordon Foundation's [SHAPE](#), or Doris Buffett's Foundation's [Learning by Giving Program](#).

You can find more resources and connect to other youth philanthropists at youthphilanthropyconnect.org.

Grantmaking

All the training in the world, as most trustees find out, can't really prepare the next generation for actually doing the grantmaking. This is the major thrust of next generation board participation—learning by doing. How will the next generation board develop a focus or strategy for its grantmaking? What types of support will they want to provide, including but not limited to grants? How will they evaluate the impact of their giving?

In some cases, the grantmaking power of the next generation board is very carefully circumscribed; in other cases, the next generation board has so much discretion, there might as well be two foundations.

At one end of the spectrum is a very carefully crafted grantmaking regimen, an approach often applied to next generation boards by family foundation board members. In this approach, family foundation board members allocate a percentage of the projected payout or a fixed sum to next generation board members, who meet to discuss grant proposals chosen by the existing board. The next generation board then presents its recommendations to the existing board, which reviews and approves or rejects the younger board's recommendations. At the other end of the spectrum are family foundation members who create a special fund to be maintained and distributed by the next generation. Next generation family members determine their own giving programs within the confines of the foundation's larger grantmaking policies. Typically, the next generation board adopts one of the foundation's program areas for its own. Other than that, the next generation board makes its own investment decisions, solicits its own proposals, and makes its own grants. The use of online grantmaking technologies allows for greater speed and ease in this option.

Strike the proper balance for your family. With too much freedom, a next generation board consisting of inexperienced younger members runs the risk of funding programs that are inconsistent with the existing family foundation's goals. On the other hand, more experienced next generation board members may find strict guidelines insulting, and their interest in the family foundation could wane. To find out where your next generation board ought to be along this continuum, foundation board members should consider the following questions, posed by Alice Buhl, senior fellow to the National Center for Family Philanthropy and senior associate at Lansberg, Gersick and Associates:

YOUTH PERSPECTIVES: Training and Support



Katie Marcus Reker Striking a balance between the age groups is important and many foundations have levels for different age groups that have different guidelines. As a younger member (ages 8-13), I needed a lot more help finding a nonprofit to fund, researching that nonprofit, filling out our nomination form, and presenting that information to the board. This is where our Junior Board Advisor helped us the most. However, as I got older, I needed less help and fewer guidelines. Talking to your members about what they feel comfortable with and where they need help is an important step. Communicate with them! They will tell you what they need.



Sarina Dayal For my younger cousins, it is harder to understand the complexities of the process of giving, and information shared with them should be focused on the morals and values related to giving.



Zach Whitten When I was starting, I needed basic education about everything. Now I am ready for more advanced training.

- How much money will the next generation board distribute? How will the amount be determined?
- What is the source of the next generation board's grantmaking funds—the foundation, personal resources (as in matching funds) or some combination of the two?
- Will there be maximum or minimum grant sizes?
- What criteria should be applied to grant recommendations coming from the next generation board? Will the criteria mirror the foundation's standard guidelines or can the next generation establish their own guidelines?
- Who ultimately approves grants recommended by the next generation board? Will next generation board members be present for the discussion?
- How will the next generation board interact or check-in with the full board? What type of process will be put in place to evaluate or monitor their grants and initiatives in light of the foundation's larger mission?

Finally, consider the interests and capabilities of next generation board members. Ask them what kind of program they'd like to consider and support them in achieving their goals, as well as yours.

Logistics and Administration

As this section shows, the next generation board is an intensive strategy to engage younger family members in philanthropy. Questions you will need to consider regarding administration of this fund should include:

- Who is going to be responsible for ushering the next generation through this experience?
- Will the next generation's mentors be foundation staff, foundation trustees, or hired advisors?
- What kinds of burdens will this place on these volunteers or professionals? How much time is available for this level of guidance?
- Where and when will the next generation board meet?
- How will family members overcome geographical constraints?
- What will be required in terms of materials, personnel, and monetary resources to accommodate the experience your next generation deserves?

As one example, the Lumpkin Family Foundation's program officer role has traditionally worked with the Trusteeship Committee of the foundation to guide the Next Generation efforts of the family. It is an estimated ten percent of the staff role. It has been helpful to have a staff person interact with and support the voice of the next generation with their parents. Family members lead the Tarsadia Foundation and two have taken leadership roles in working with the junior board; Shirish Dayal, executive director of the foundation, estimates that family members spend between 25 and 30 hours per month supporting the junior board's work.

The relationship between the foundation board and the next generation board is the most critical component of a next generation board's work.

—Virginia Esposito

Relationship to the Foundation Board

“The relationship between the foundation board and the next generation board is the most critical component of a next generation board's work,” says Virginia Esposito, president of the National Center for Family Philanthropy. How will the two boards interact during the course of their work? “For our next generation board meetings,” says one next gen board member, “our trustees aren't even allowed in the building.” Other family foundations have rotating policies that place an existing board member on the next generation board to serve as an advisor. Still others take the opposite approach and invite one next generation board member to serve as a full member of the existing board.

YOUTH PERSPECTIVES: Relationship to the Full Board



Zach Whitten We sit in on meetings and have activities with them. Open conversations where the youth voice is equally valued is very powerful.



Katie Marcus Reker Some foundation Junior Boards interact with the full board all the time as they require full board approval for their grants. However, others are very much isolated from the full board. My experience working with the full board was always a very enlightening one. I was able to conduct my Junior Board business with the help of the full board, which made me feel like I was a part of the bigger foundation and ultimately helped my business skills develop because of those interactions. Others, however, love that they function on their own and have a bigger responsibility in their grantmaking.



Jamie Semel The full board is usually so supportive of our decisions and ideas that I would characterize our interactions as infinitely pleasant. They invite us to their meetings to learn and be involved in the full board, and as I have become older, I listen more than I used to and am interested in what they have to say. I appreciate that they invite us to take part and ask questions because I can tell they genuinely care about our understanding of everything and want us to continue pursuing philanthropy.



Sarina Dayal We have meetings with the whole board occasionally. I like hearing about what projects they work on and it is inspiring to see what they can do, and how they function more independently, and we as a junior board strive to work towards that.

At the outset, though, it's important to establish whether or not next generation board participation is a guarantee of eventual service on the existing board, preparation for service at another foundation or nonprofit, an opportunity for the family to give together, or some combination of the three. Existing family foundations thinking about establishing a next generation board should ask themselves the following crucial question: *at what point does a next generation board member "graduate" to the existing board, if at all?*

If "graduation" to the full board is a goal, you should be sure to outline a specific plan detailing how next generation board members might move from what is sometimes referred to as the "kiddie table" to the board table. Without a written plan that is available to everyone in the family, next generation board members may eventually expect to join the existing board and can quickly tire of waiting their turn after several years of preparation. If families do not have a prior agreement on a plan for progression to the existing board, what was once perceived as an opportunity for a younger family member (the next generation board) could soon be perceived as an obstacle to their philanthropic dreams. So take some time

to craft a board rotation policy and succession plan and review them with next generation board members to make it clear at the outset when or if they will have an opportunity to join the board.

Some foundations use age limits to address this potential problem. At the Tracy Family Foundation, they have created a Next Gen Advisory Board of five members who make the grant recommendations for all applications under \$5,000, to prepare the next generation for full board service. They have also created specific seats at the table for the next generation. Other families make it clear that next generation board participation is no guarantee that members will move to the existing board.

As discussed earlier in this paper, next generation boards sometimes have the effect of creating added pressure on younger family members. Nowhere is this more of an issue than when looking at the relationship between the next generation board and the existing board. Decisions on proposals and succession planning, to name a few, can create tension between the two boards. Keep in mind that the key word in all of this is relationship. If a next generation board makes sense for your family's relationships, it can achieve the goal of bringing a philanthropic family closer together.

If "graduation" to the full board is a goal, you should be sure to outline a specific plan detailing how next generation board members might move from what is sometimes referred to as the "kiddie table" to the board table.

Compliance With the Law

Finally, it's important that the board takes the time to consider the legal implications of creating a next generation board, and to ensure that your foundation is in full compliance with all relevant laws. In a sector marked by increased media and Congressional attention, it's important to avoid unnecessary legal scrutiny with your next gen board, especially if your foundation plans to reimburse family members for travel expenses.

First, be sure to include written regulations concerning grant recommendations. Whether the existing board has full responsibility for making grant recommendations, shares responsibility with the next generation board or some combination thereof, written regulations available to all family members are key.

“The assets of the foundation cannot be used to finance family reunions,” cautions John Edie, former general counsel to the Council on Foundations, in the seminal Council publication *Family Foundations & the Law*. While many reimbursements may be legal under certain conditions, spouses and the children of board members are disqualified, and payments made to them for travel expenses with foundation dollars are, in general, acts of self-dealing. However, there are exceptions to this rule that allow for reimbursement of some expenses related to foundation business. (See sidebar below.) Even if conditions are met to reimburse family members for expenses, make sure to follow the proper procedures and lay them out in advance in a written policy.

It's also important to be aware that conflicts of interest may arise when creating a next generation

CAN THE FOUNDATION PAY FOR THE TRAVEL OF FAMILY MEMBERS?

Spouses and children of board members are disqualified persons. If foundation assets are paid to them for travel or related expenses, such payment is an act of self-dealing. Obviously, if the spouse or child is also a board member (or staff), the reimbursement of reasonable expenses for necessary foundation activities is not a violation. But assuming the spouse or child has no official duties, such reimbursement is self-dealing.

There are two methods for making such reimbursement payments that satisfy the legal concerns. First, treat the reimbursement as part of the reasonable compensation paid to the board member or staff member whose spouse or child is being reimbursed. The amount of reimbursement must show up as reportable income to the board or staff member on a Form 1099 or W-2.

Example: A board member takes his or her spouse to a Council on Foundations conference for family foundations. If the expenses paid by the foundation for the spouse are counted as compensation to the board member—and the board member's total compensation is reasonable—there is no self-dealing. Why? Reasonable compensation for personal services is the main exception to the self-dealing rules.

Second, develop legitimate and meaningful duties for the spouse and/or children that further the charitable purposes of the foundation. Providing companionship and attending social receptions with the board member would not be considered meaningful foundation duties.

Example: To train the next family generation in the traditions and operations of the foundation, the foundation approves an advisory committee composed of children of the donor. This committee will review all applications for grants in a particular subject area and make final recommendations to the governing board. Reimbursing these children for reasonable expenses of attending an appropriate board meeting or a training conference would be legitimate foundation expenses.

Excerpted from: John Edie, *Family Foundations & the Law: What You Need to Know*, 2nd ed. (Washington, DC: Council on Foundations, 1999), 32.

board. While next generation boards involve young adults in their teens and early 20s, some next generation boards include members who have established professional lives, obligations, and interests. If a next generation board member sits on the board of an existing family foundation grantee organization, for example, a conflict of interest could occur. This by itself is not illegal or even unusual, but it is important to develop a conflict-of-interest policy and to discuss any issues that might arise from board participation.

Another potential problem area for some families is governance. Many family foundations are under-funding it and therefore limiting their ability to achieve their goals, found Kelin Gersick and a team of researchers in the National Center-commissioned study *Generations of Giving: Leadership and Continuity in Family Foundations*. Reasonable expenses, such as consulting costs for investment advisors, can further the efficiency of the foundation and are not going to invite the scrutiny of Congress. To learn more about allowable expenses, check with your legal and financial advisors.

SAMPLE JUNIOR BOARD POLICY

Our family recognizes the importance of instilling a sense of community and helping others, and encourages attendance and participation in family meetings of children in the family, as early as age 8, who express an interest in this work. Family members are eligible for nomination and election to the board as early as age 18.

As a family foundation committed to maximizing the potential of children and youth, it has been natural to involve our own children, even those well below the age of majority, in our family's philanthropic activities.

- We view the junior board as a natural extension of the family's connection to the foundation:
- We value a strong and effective learning environment, with dialogue, a sense of inquiry and a self-driven quest for knowledge.
- We believe in the importance of education both inside and outside the classroom.
- We believe in the universal benefit of people helping each other, and the role non-profits play. And, maybe most relevant,
- We value children understanding their own importance as individuals and as participants in their families and community.

Purpose of our Junior Board

We envision our junior board as a vehicle to cultivate fourth generation leadership in the family's philanthropy. Specifically, we hope that

participation on this junior board will allow our children to:

- Learn about philanthropy and how it works
- Develop skills in grantmaking, leadership, teamwork, and communication (e.g., emails, presentations, and professional letter writing skills)
- Develop increased confidence
- Participate in site visits, partner events, and other opportunities to participate in community efforts
- Develop a clear understanding of the important role nonprofits play in helping children in their communities who have different experiences, abilities or hardships to overcome.
- Learn about the family business of philanthropic giving and direct client services to nonprofits in the community.

Advisors

The junior board shall have an adult advisor who is a current member of the board of directors.

Eligibility for Membership

1. Membership is open to family members ages eight through seventeen years of age and other non-family members by invitation from the executive committee.

continued on page 20

Sample Junior Board Policy, continued from page 19

2. All proposed members must meet the age requirement and demonstrate adequate responsibility, interest and commitment to the foundation, in the discretion of the executive committee, with input from the junior board advisor. Candidates will be asked to undertake an entrance interview with a senior family member to ensure that they are clear on their roles and expectations.
3. Members must be willing to fulfill the following responsibilities:
 - a. Attend, where possible, the portion of the semi-annual meetings of the board of directors where the junior board will report on its activities.
 - b. Be responsible for checking email and communicating with other junior board members and the adult advisor, as necessary.
 - c. Research and/or visit, where possible, at least one nonprofit organization in the community that is of interest to the member.
 - d. Provide the name, address, and website of the nonprofit organization, along with a paragraph or two explaining how the member's proposed grant would help to maximize the potential of children or youth in the community.
3. Procedure for a grant nomination:
 - a. Junior board member submits a nominating paragraph to the adult advisor.
 - b. Adult advisor evaluates the nomination and takes one of three actions
 - i. Declines the request and redirects the child's interest to more mission aligned work,
 - ii. Works with the junior member to strengthen the request, or
 - iii. Approves the nomination for consideration by the board at the board meeting by submitting the approved request to the executive director for inclusion in the agenda.
 - c. Junior board member prepares a presentation about the request, and present to the board, which may then approve or deny the request. Once approved, the executive director will process the grant award.
 - d. The junior board member will be encouraged to draft a paragraph for the cover letter to accompany the grant, and to make the check presentation in person if possible. The junior board member will make a follow-up report to the board at the next board meeting, to explain the progress and impact of the grant.
 - e. Grant nominations should be submitted in alignment with standard deadlines of the foundation.
 - f. Expedited requests: If the grant request is for a project which by nature of its timeline can not wait until the board meeting, or if the children are unavailable at the regular meeting, the advisor may submit the request to the executive director for expedited consideration by five board members (the executive committee, the advisor, and the two board members of the discretionary committee), with the presentation to be made by video conference, or by other approved means.

Grant Funds

1. Junior board members may request up to \$2000 per calendar year for grants to nonprofit organizations that provide mission aligned programs serving youth in the greater community where the junior board member resides. Grant funds may be requested in \$1000 increments twice yearly at board meetings, or as one \$2000 grant at either of the two semi-annual board meetings.
2. Funds may be dispersed for the following activities: program support; project support, or general operating support for the nonprofit organization; or a special project the child wishes to work on with the organization.

Things to Remember

A next generation board can be a great adventure for both the board that establishes it and for the younger family members experiencing philanthropy for the first time. However, next gen boards may not be the best option for all families.

Board members should consider what kinds of experiences they want next generation family members to have and what activities and tasks are appropriate for their ages and for the family's unique dynamic. Instead of next generation boards, some family foundations find that a sufficient introduction to governance and grantmaking can come from other kinds of opportunities such as site visits, conference attendance, and group volunteer projects. For families with next generation boards or those contemplating them, here are a few final things to remember:

Keep the next generation's needs in mind.

Consider the top needs of next generation boards: purpose, knowledge, respect, ownership, balance, and connectivity.

- *Purpose:* Next generation board members should know the vision and values of the existing foundation. This knowledge may lead to next generation board members constructing their own vision and values statement that complements the existing board's.
- *Knowledge:* In addition to sharing the existing family foundation's history, help next generation board members understand areas like due diligence, legal responsibility and financial investments.
- *Respect:* Give a voice to all foundation members, whether existing or new. Communicate expectations and responsibilities, and make sure there are vehicles for support and feedback in both directions.
- *Ownership:* Help next generation board members become strong grantmakers by celebrating

their successes, allowing them to take risks, and helping them learn from their mistakes.

- *Balance:* Be sure to strike a compromise between honoring the donor's legacy and the interests of next generation board members. Create an environment of mutual learning and education while respecting constraints on the younger generation's time, such as school, careers or family obligations.
- *Connectivity:* Create mechanisms for next generation board members to interact with the existing board and to fund nonprofits that interest them.

It can be quite a task to gauge and accommodate all these needs at once, but "you can't really make a plan for how the next generation will be trained without them" says family philanthropy consultant

YOUTH PERSPECTIVES: Purpose and Respect



Katie Marcus Reker Having a discussion with youth board members about the mission and values of the foundation helps the youth understand the purpose of their grantmaking. Discussing rather than telling the purpose and impact of the foundation's giving helps start the conversation and engage the kids even more.



Sarina Dayal We have discussed our mission as a foundation many times to make sure it aligns with both our personal and collective goals as a foundation. The mission helps remind us why we are doing what we are doing and when grantmaking, we refer to it to make sure our actions align with our mission.



Katie Marcus Reker Respect is such an important part of being on a Junior Board. As a kid, I always felt very respected for my ideas and my opinions even when I was twelve years old and sharing a thought on a grant proposal during a full board meeting. This mutual respect creates a healthy environment where everyone can work together peacefully, communicate each other's needs well, and have a bigger impact with their giving.

Karen Green. How can it be done? Holding a family meeting beforehand to discuss the opportunity with next generation board members can be invaluable. It can help existing board members identify the next generation's interests and needs and structure the potential next generation board accordingly. Meet frequently to review how the process is moving and what can be improved.

Keep in mind that younger board members are busy too—whether it's with school and extracurricular activities or with finishing college and starting careers. They may be interested but unable to participate, or they may be able to participate but not especially interested. *Keep the invitation open.*

Create opportunities—not obligations.

There are many ways that young people may be involved in the work of a foundation. Be sure to make a next generation board the opportunity it was probably intended to be and not the obligation it can often become. There are many stories of younger family members who were primed for board service but who lost interest eventually... and there are just as many stories of those who showed very little interest initially but who suddenly became incredible philanthropists! So be careful not to pigeonhole people based on their initial receptivity, or a lack thereof; you may be surprised.

Encourage family members who would like to participate in the foundation. But family members who aren't ready, willing, or able to take part shouldn't have that held against them; they can often find other, more appropriate outlets for their personal philanthropy and family connections. In fact, family foundation members may want to consider a tiered approach to new family members' involvement: next generation board membership, internships for younger family members who are especially interested in joining the next generation board, or site visits and conferences for those just seeing the family's philanthropy for the first time. The more opportunities there are, the less obligatory a given position becomes, and the more next generation family members see the philanthropic world as a rewarding experience.

Be open to new ideas and approaches.

Lastly, while next generation board members can learn a great deal from board members, board members can also learn a great deal from the next generation. Take the opportunity to review the foundation's goals and mission with the next generation. Think carefully about what good trusteeship entails and impart that knowledge to the next generation. Sometimes board members review the foundation's history and invite next generation board members to go on site visits and to volunteer in their communities. These experiences can be invaluable. One of the beauties of a next generation board is its innocence—its ability and willingness to take risks and make mistakes. Expect to take the journey with the next generation and rediscover why you became a philanthropist.

“At the Youth Philanthropy Connect Conference, one of the youth board members' favorite parts was the fact that they were able to have conversations with adults where they were treated with respect,” says Katie Marcus Reker, a 18-year-old non-family board member of the Frieda C. Fox Family Foundation. “Everyone knows that the kids learn from the adults, but people don't often understand that a lot of times the kids can give a new and valuable idea on a long-standing or challenging topic. When I was on the Junior Board of the Frieda C. Fox Foundation, we were re-evaluating our values and one of the statements was worded in a way that another Junior Board member and I did not like. We offered our opinions and suggested a new term, and the board accepted it and appreciated our new take on the same old phrase. Sometimes youth offer new perspectives and different ways of looking at things to the adults on the full board. This learning experience educates everyone and must be a two-way street.”

Sometimes board members
review the foundation's history
and invite next generation
board members to go on site
visits and to volunteer in their
communities.

Conclusion: Igniting the Spark

For philanthropic families, the issue of succession is truly a special one. There are many ways for families to ignite the philanthropic spark among younger family members, and increasingly the next generation board is one of the core vehicles that families use to do so. We invite you to capture this incredible chance to grow your legacy of philanthropy through your family and leave the world better than you found it. Share what you want to accomplish in partnership with the next generation, build a program that advances that vision, and put it to work.



SUMMARY OF ADVICE AND TIPS

- Next generation boards are a way for younger family members to develop their philanthropic identity and build relationships with one another and the foundation.
- Ask younger family members what experiences they would like to have as part of the family's giving – be sure that you make it an opportunity, not an obligation.
- Consider what types of activities and tasks are appropriate for their ages and for the family's unique dynamic; ask younger family members to help define what will meet their needs.
- Clarify how you will structure this entity, and discuss the possibilities and options for how family members will be invited and involved.
- Clearly define the roles of next gen family members, and the next gen board.
- Agree on the name of the fund/board with the next generation's input.
- Establish clear and defined eligibility criteria for participation on the next gen board.
- Consider both in-house and outside training opportunities, and create a training program for all prospective next generation board members.
- Determine how the next generation board will conduct its grantmaking: review list of questions on page 15.
- Determine how the next generation board will relate to the foundation board.
- Create written policies around expense reimbursement and conflict of interest.
- Develop written regulations regarding grant recommendations and make them available to all family members.
- Create an environment of mutual learning and education while respecting constraints on the younger generation's time, such as school, careers or family obligations.
- In addition to sharing the existing family foundation's history, help next generation board members understand areas like due diligence, legal responsibility and financial investments.
- Be patient; offer repeated opportunities for next gen family members to participate.

Additional Resources and References

National Center for Family Philanthropy Resources

- Discretionary Grants: Engaging Family... or Pandora's Box? (2011)
- Philanthropy's Role in Developing Responsible Adults (2011)
- Choosing and Preparing Your Grantmaking Successors (2010)
- Passing the Baton? Generations Sharing Leadership (2008)
- Growing to Give: Instilling Philanthropic Values in Teens and Preteens (2004)
- Families In Flux: Guidelines for Participation in Your Family's Philanthropy (2004)
- Successful Succession: Inspiring and Preparing New Generations of Charitable Leaders (2003)
- Opportunity of a Lifetime: Young Adults in Family Philanthropy (2002)



Research and Trends on Next Gen and Intergenerational Philanthropy

- Generations of Giving: Leadership and Continuity in Family Foundations
- #NextGenDonors
- Millennial Impact Research
- 2012 Study of High Net Worth Philanthropy

IGNITING THE SPARK: RESOURCES FOR BUILDING NEXT GEN LEADERSHIP

Family Foundation Case Studies

Looking for more tips, ideas, and tools on next generation boards? Check out this series of real-life case studies of family foundations with next gen boards, developed by [Youth Philanthropy Connect](#) and the National Center for Family Philanthropy. Contact the National Center at 202.293.3424 or Youth Philanthropy Connect at 818.308.4451 for details!

Additional Books Suggested by Youth Philanthropy Connect

- A Kids Guide to Giving
 - Cause for Change
 - Classified: Hope to Stop Hiding Your Privilege and Use it for Social Change
 - How to Be An Everyday Philanthropist
 - Inspired Philanthropy: Creating a Giving Plan and Leaving a Legacy
 - Kid's Guide to Service Project
 - Raising Charitable Children
 - Raising Financially Fit Kids
 - The Giving Book
 - The Giving Family
 - The Power of Half: One Family's Decision to Stop Taking and Start Giving Back
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About the Author

Kevin Laskowski is Senior Research and Policy Associate at the National Committee for Responsive Philanthropy, speaking, writing and blogging frequently on trends, accountability and effective practices in philanthropy. He joined NCRP in 2009 as field associate, successfully coordinating membership services and supporting special initiatives. Prior to joining NCRP, Kevin served as a program coordinator for the National Center for Family Philanthropy, where he wrote and edited Family Giving News, the nation's most widely read e-newsletter for family foundations.



About the Author

Annie Hernandez is Director, Youth Philanthropy Connect (YPC) for the Frieda C. Fox Family Foundation. Annie joined the staff of the Frieda C. Fox Family Foundation in November 2012, coming from The Lumpkin Family Foundation, a co-founding partner of YPC. As a Program Director at The Lumpkin Foundation, Annie led the next generation efforts and developed the Good Works Connect network of nonprofits in downstate Illinois. Her prior experience includes service in a variety of roles in public and nonprofit organizations, including a management support organization, the State of Indiana's Rural Affairs, the J.W. Fanning Institute for Leadership at the University of Georgia where she was faculty with the Community Leadership Association, and Fiesta Indianapolis, Inc. where she was its first Executive Director.



About the Author

Katie Marcus Reker is Program Assistant for Youth Philanthropy Connect. Katie has been active in youth philanthropy since age eight, and serves as the Junior Board Advisor and a member of the Board of Directors of the Frieda C. Fox Family Foundation. She is also in her third year as committee member on the Association of Small Foundation's Next Generation Committee. As a Junior Board Member of the Frieda C. Fox Family Foundation since 2006, Katie enjoyed making site visits, learning about grantmaking by sponsoring several grants, and sitting in on board of directors meetings. She has now undergone the transition from the Junior Board to the Board of Directors, and is engaged in philanthropy more than ever while working as a full-time student at Scripps College.

About Youth Philanthropy Connect

Youth Philanthropy Connect is a special project of the Frieda C. Fox Family Foundation that connects youth involved in grantmaking and philanthropy with their peers and colleagues. YPC provides educational programming at an annual conference for youth boards and their adult advisors, and advances philanthropy by offering professional development opportunities for youth who will be tomorrow's trustees. Photos courtesy YPC.



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- The Meadows Foundation
- The Nord Family Foundation
- The Self Family Foundation
- The Tarsadia Foundation
- The Tracy Family Foundation
- The Lawrence Welk Family Foundation

About the National Center for Family Philanthropy

The National Center for Family Philanthropy (NCFP) is the only national nonprofit dedicated exclusively to families who give and those who work with them. We provide the resources, expertise, and support families need to transform their values into effective giving that makes a lasting impact on the communities they serve. Together, we make great things happen.

Support NCFP and the Passages Issue Brief Series

We offer special thanks to our Leadership Circle members and to Friends of the Family, our annual contributors who make it possible for NCFP to produce important content for the field. We also express our deep gratitude to the family foundations that agreed to share their stories in this paper. For information about becoming a Friend of the Family, email ncfp@ncfp.org or call 202.293.3424.

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We Welcome Your Comments

If you have comments, questions or suggestions for a future edition of *Passages*, contact: ncfp@ncfp.org.

