The NCFP Guide to...

Considering Your Philanthropy's Lifespan

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NATIONAL CENTER FOR FAMILY PHILANTHROPY

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Introduction

Philanthropic families are increasingly asking how long their shared philanthropic vehicle or vehicles should operate. The truth is, there is no one right way to answer that question.

No lifespan of a philanthropic vehicle is inherently superior to another, and every philanthropic family must weigh a diverse set of factors to arrive at the choice that is right for them. What is important is that philanthropies take the time—either as they are established or at regular intervals—to explore the question, as the answer will affect many other decisions, including governance and succession. It will also allow you to rightsize your family engagement, impact strategy, operations, and asset management, so that you can focus your energies and be as effective as possible with your giving. "You shouldn't let your lifespan 'happen to you.' It should be an intentional decision that propels your desired impact, which will require some deep self-reflection, both as an individual and as a family," says Nick Tedesco, NCFP's president and CEO. "If you approach the exploration by truly listening to those in your communities and those in your family, there's rarely a wrong choice."

As you begin to determine or affirm the lifespan that will best help you meet your mission, there are a number of factors to consider—individually and with your family. This guide surfaces the most vital factors and provides some questions to prompt the conversation about lifespan. We do not expect you to come away from this guide having determined a lifespan for your philanthropy; rather, our aim is to ensure that you and your philanthropy's decision-makers are focusing on the most important questions and reserving time for the reflection you need to be confident in future decisions. After all, the question of lifespan is one that touches on identity and legacy, on ties to loved ones, and on a commitment to issues and communities. Stepping back to think about all the factors will better set your philanthropy up for success—no matter its lifespan.

While much of what follows applies to families that give through multiple vehicles, philanthropic lifespan conversations tend to center on the lifespan of private foundations, and the guide refers to foundations throughout.

Understand your lifespan choices

While many families opt for a perpetual foundation or decide to spend their philanthropy's assets entirely, there are a range of options that relate to a philanthropy's lifespan.

NCFP's *Succession and Legacy* primer offers worksheets and questionnaires to help you understand and explore your options. Here are two ends of the lifespan spectrum:

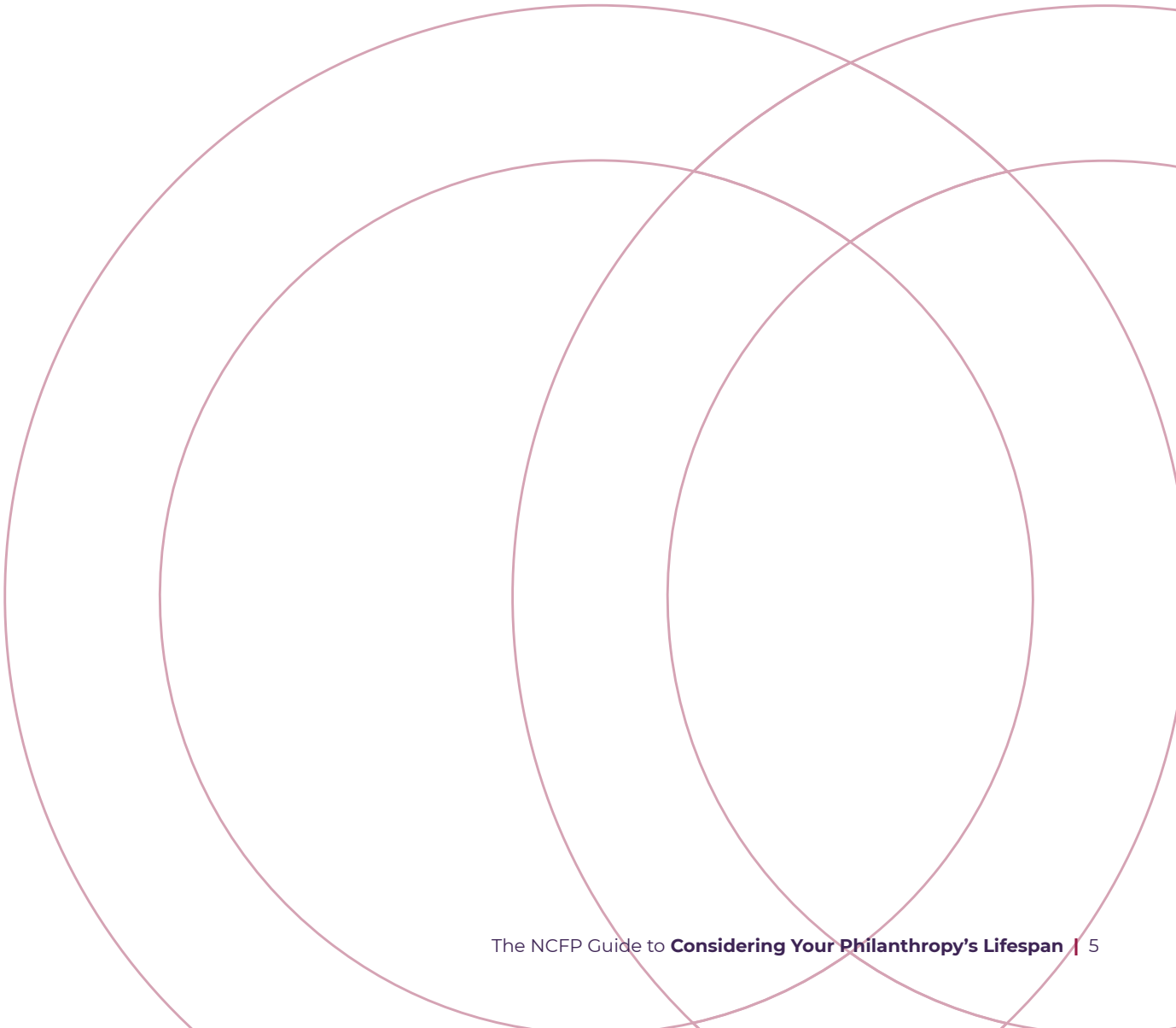
Perpetuity: Perpetual foundations are designed to last forever. Most families who steward private foundations do so with an assumption that it will exist in perpetuity—in other words, that the endowment's growth will exceed foundation spending and be able to weather market fluctuations without the foundation having to cease its grantmaking.

Funders who have opted for perpetuity take a range of approaches. Some spend the required minimum five percent of their assets annually, growing their endowments and de facto increasing their grantmaking budget. Others make impact investments so that their endowment is working in service of their mission alongside their grants. Still others seek to balance higher spending for urgent community needs with the growth of their investments.

Limited-Life Foundations: Limited-life vehicles are also known as spend-down or sunsetting foundations. These foundations intentionally spend all their assets and eventually cease grantmaking through the foundation. While limited-life family philanthropy is a less common approach, NCFP's *Trends 2025* research shows that 13 percent of family foundations have decided to spend out their assets, up from 9 percent in 2019.

There are a variety of timelines and approaches a funder can take with a limited-lifespan model. Some foundations spend out by a particular date (e.g., by the year 2050 or within the next 20 years). Others select a defined time period following the founder's death. Others plan to spend their assets following the founders' deaths, but have not defined a time frame. This flexibility, especially shortly after making the decision to operate as a limited-life foundation, can help families adjust to changing circumstances while remaining committed to their spend-out decision.

Families may elect to accelerate their giving without an intention to limit the lifespan of their foundation. Sometimes, they do this in the form of a one-time increase in payout to address a crisis or a threat to their mission. Other times, they may decide to purposefully shrink their endowment by increasing the percent of their assets they use for grantmaking. Learn more about the reasons families choose to increase their spending here.



Ask the important questions

Determining your lifespan is rarely the outcome of a single conversation, but rather the cumulative result of exploring many questions about the motivations, goals, and fears that drive your work. The questions that follow will help you begin that sometimes difficult reflection by grounding your lifespan exploration in fundamental considerations of purpose, identity, and impact strategy.

We suggest that you and your fellow decision-makers reflect on the questions individually and then come together to share and discuss them as a group. Exploring all these questions—and returning to them as your philanthropy evolves—will help clarify the lifespan that is right for you, your family, and your community.

What is your comfort with wealth and understanding of stewardship?

A donor's experience with wealth accumulation or inheritance will affect how they enter conversations about their philanthropy's lifespan. For example, many wealth creators and inheritors are uncomfortable about their wealth, in part because it tends to prompt questions about identity, agency, and deservedness. Combined with other factors, a discomfort with or unexamined relationship to wealth can create a barrier to giving. Discomfort with wealth can also be an accelerant for giving. For example, if a donor's discomfort is rooted in feelings of guilt or shame, they may wish to give away the money as quickly as possible. June Wilson, who has led the Quixote and Compton foundations through spend-out processes, encourages donors to examine their relationship with money before having a conversation about lifespan. "When donors feel like the money is a hot potato that they have to get rid of, they tend to skip over the important reckoning about what it means to have this opportunity to use philanthropy to create change," she says.

On the other hand, donors may feel a sense of ownership over the foundation's dollars in ways that may compete with effective stewardship and affect how they grapple with

questions of lifespan. The assets held in a foundation are in the public trust. Donors are stewards of those assets, which comes with responsibilities to the public. Considering the ways you define and practice stewardship requires interrogating concepts such as control, ownership, accountability, and fiduciary duty, all of which are part of the lifespan conversation. "Responsible stewardship requires that families shift their mindsets away from being owners of the dollars," says Tedesco. "Once you're able to see yourself as a liaison, intentionally moving money for the benefit of the public, you can unlock possibilities for how you approach your lifespan."

Reflection questions:

- How would you describe your relationship with wealth? How does that relationship color the way you approach philanthropy?
- Are you bringing a scarcity mindset or one of abundance?
- If your foundation were to close, how would that shift your identity?
- How much ownership of the resources do you feel you have?

What does it mean to give as a family?

Consider what it means to be a part of a ***family*** foundation. If you are like many philanthropic families, collective giving is a mechanism for transmitting family values, building relationships, and learning together in pursuit of social impact. The degree of importance future family engagement has for your foundation, as well as your interpretation of donor intent and the type of legacy you want to build or sustain, will likely contribute to your decision about which philanthropic lifespan to pursue.

Where family engagement, in addition to social impact, is a primary goal, families tend to choose a perpetual lifespan to ensure future generations can carry on the foundation's work and have equal opportunity to engage in the family's philanthropy. This is true for the Cricket Island Foundation. Board Chair Luke Jernagen explains, "We immediately recognized that spending down was not a viable option because it would go against one of our foundational purposes: to provide a space for multiple generations to practice philanthropy collaboratively and steward resources responsibly over time." For the Mortenson Family Foundation, which has also decided to exist in perpetuity, the decision was rooted in the founder's wishes and a desire to honor his legacy: "For my dad, there was no stronger word than perpetuity. He really liked the idea of giving

money away to support our community as long as possible," says Mark Mortenson. "We've honored and respected our parents' wishes."

Some families see family engagement as an added benefit, rather than the goal, of family philanthropy. They may be more likely to opt for a limited lifespan—especially if they are wary about the potential of burdening future generations. "Our founders don't want their children, who have diverse interests, to feel tethered to their philanthropic passions," says Whitney Smith, CEO of Schreiber Philanthropy.

The MAVA Foundation, which closed in 2023, had a similar take. "At MAVA, the choice was to free up funding in a way that enabled family members to pursue their own philanthropic passions," said Lynda Mansson, MAVA's former director general, in an article for the ***Foundation Review***. The second and third generations of the S.D. Bechtel, Jr. Foundation have their own giving vehicles from which they can give according to their own interests. "I prefer that they each use their own foundations to support causes they think are most important, rather than being saddled with trying to manage my foundation," said Stephen Bechtel, the foundation's founder.

"Spending out a foundation doesn't have to mean the end of the family giving," notes Anne Marie Toccket, executive director of the Posner Foundation. "But it can reduce the complexity of the family giving." For example, the next-generation family members of the MAVA and S.D. Bechtel, Jr. foundations used vehicles separate from the shared vehicle to pursue their philanthropic passions following the closure of the original foundation. This allowed each family member to continue the practice of philanthropy through a simpler vehicle that requires less administration and offers more flexibility.

Reflection questions:

- Do you want future generations involved in your philanthropy? If so, do you want them to adhere to the foundation's current mission and approach or do you want to give them more discretion?
- How do you define legacy?
- What are the benefits and drawbacks of long-term family participation?

How are you planning for succession?

To operate in perpetuity as a family-led philanthropy, there must be members of future generations to participate. Depending on the composition and size of your family, you may be turning away candidates who are interested in engaging and qualified to take on the role. Or, you may find that generations are shrinking in size over time, limiting the number of possible participants. In that case, funders must decide whether to spend out, expand board service eligibility, or continue with a small board where members potentially hold more responsibility.

To understand your options, you will also likely need to assess the true interest of your next-generation family members. They may view participation in the family philanthropy as a privilege and opportunity, as a burden and obligation, or as a mix of both. (It's possible that you will need to delay making a decision until members of the next generation are old enough to be able to express their interest.) If you find the next generation is not interested in participating, you will need to consider whether you would be comfortable with the foundation becoming independent or if you would rather sunset.

If you choose to limit the lifespan of your vehicle, that may mean you do not invite the next generation to participate or that when you do invite them, you need to be explicit about the vehicle's lifespan and what remains open for discussion. If you choose a perpetual lifespan, the managing generation needs to be prepared to adequately onboard future foundation leaders.

Consider how aligned you and your family members are on your giving and approach. Are you able to overcome uncomfortable family dynamics or inter- and intragenerational disagreements? For some, family and boardroom conflict are insurmountable. In those cases, the foundation may choose to spend down or to split. Learn more about splitting here.

Reflection questions:

- Are there successors who are interested in carrying forward the family philanthropy?
- Are you prepared to include another generation?
- Do you have the interest and capacity to prepare the next generation to participate?

What do you want to do with this money and why?

Your family's impact goals should be a core consideration in your reflections about your lifespan. "You have to look at the external—who are we funding, for what reasons, and in what ecosystem—and think about if you can accomplish your goals over a set period of time," says Tedesco. "You also have to consider your impact goals and how you define your giving philosophy. Do you want your resources to be a sustaining support over the long term or do you want to give it all now?" Taking the time to reflect on the impact you want to see from the full suite of resources at your disposal—time, talent, ties, testimony, and treasure—can help you answer those questions thoughtfully.

Theory of change and approach: Generally, funders rely on either a patient approach with a focus on change over a longer time horizon or a more catalytic approach that aims to make significant change in a short time frame. The two approaches aren't mutually exclusive, but you should understand which approach tends to align more with your culture and beliefs about the best way to effect change. For example, the leaders of the Mortenson Family Foundation, which has committed to operating in perpetuity and is deeply engaged in impact investing, believe it can do more through its investment dollars over the long haul than by spending its full endowment now. "There are some things that just can't be solved by grants. For example, a refugee center in Kenya may need grant dollars. But, if you're trying to build sustainable, renewable energy in Kenya, you'll likely need investment dollars," says Mortenson.

The approach you take to effecting change may be a factor in your lifespan decision. In cases where advocacy, systems change, or narrative change are core to a foundation's approach, a longer time horizon may be necessary. In cases where a foundation has a window of opportunity to make a big bet, they may spend more over a short period of time.

Funding areas: The issues you support will also factor into your philanthropic lifespan choice. For example, issues that feel particularly urgent, such as climate change, may benefit from more capital in the near term. Other issues, particularly ones that focus on systems change, may benefit from slow and steady funding over the long term.

The Compton Foundation focused its giving, in part, on issues of peace and security. When former executive director June Wilson thinks about the foundation's closure 80 years after its founding, she says, "We've funded peace and security for 80 years, and we're still facing many of the same issues that led the founder to create the foundation after World War II. That isn't a verdict on the work. It's a question about the structure." For Wilson, even when tackling issues too big to be resolved in a lifetime, a well-

thought-out spend out can have as much or more positive impact than existing in perpetuity simply because the issue does.

Reflection questions:

- What is our foundation's theory of change and how might different time horizons support that theory?
- Is our approach predicated on the foundation's longevity? How would our approach have to change if we decided to spend out the foundation's assets?
- Can we accomplish our foundation's mission in our lifetimes? In generations?

What role do you play in the ecosystem? What role do others play?

Family foundations operate in a landscape that includes the communities they care about, the nonprofits they fund, other private foundations and corporate funders, governments, and others. When you think about your philanthropy's lifespan and what its unique contributions are to the ecosystem it works within, it's helpful to consider your operating model. Do you have highly specialized staff members or fund in niche areas? Is collaboration or convening core to your impact strategy? Are you the only major funder in your region or issue area? Do you have a unique role in the philanthropic ecosystem? Understanding the specific role you play can help you clarify the potential effect of your lifespan choice on the nonprofits you support and the other stakeholders with whom you work. What will the landscape look like without your organization in it? What could it look like in 50 years if your organization continued funding as it does today?

Tools beyond the check: Beyond your dollars, the tools you use to make a difference contribute to the role the philanthropy plays in the ecosystem in which it operates. "Frequently, donors focus their early lifespan conversations on the impact of their grantmaking, and neglect to think about the other ways they contribute to social change. For example, perpetual foundations can develop a reputation that allows them to be strong advocates among their peers and with government and for-profit entities," says Tedesco.

Donors who are adept at using their ties and testimony to prompt collective

philanthropic action can be particularly valuable during times of crisis. “Some of the most powerful (and effective) voices in the foundation world in this tumultuous time have been of those running foundations that have been around for decades,” said Phil Buchanan of the Center for Effective Philanthropy. “The very fact of these leaders’ institutions’ longevity gives the stances of their leaders more relevance and influence.”

On the other hand, funders who have ample time and talent to lend to their work may find that those resources can be more impactful outside of the formal private foundation and find ways to continue to contribute to social change after spending out.

Grantee sustainability: You want the philanthropy’s grantee partners and the communities they support to thrive. When thinking about your philanthropy’s lifespan, it’s important to address how the continuation or conclusion of its funding will affect its grantee partners and their ability to flourish. For example, a philanthropy that funds the arts in rural New Mexico may have grantees with limited funding streams, while one that funds the arts in New York City likely has grantees with more diverse funding sources. On the other hand, a large, place-based funder may be at greater risk of leaving its grantees in a challenging position than a smaller, national funder.

Anne Marie Toccket says she hopes the Posner Foundation will be able to spend out without leaving its grantee partners in a tough spot. “We are working to build co-funding relationships that will endure past our own lifetime,” she says. “We provide a lot of general operating support, and hope to encourage others to provide the same sort of flexible funding to our core partners.”

Schreiber Philanthropy is also thinking about grantee sustainability in its lifespan decision. The foundation is exploring nonprofit endowments, particularly in counties where it is an outsized funder. “We have potential to have a cliff effect if we rapidly stop funding in Lake County, Illinois,” says Smith. “Mitigating that risk is important to us.”

Reflection questions:

- How do you operate in ways that are unique within your funding ecosystem? Are those strategies critical to positive change in your funding areas?
- How do you support your nonprofit partners beyond grantmaking?
- What would it look like to set your grantee partners up for success in the long term if you cease funding in the short term?

Start the conversation

With these questions in hand, how do a donor and their philanthropy's decision-makers begin to explore its lifespan? It will look different for every family, depending on the family culture, the age of the foundation, whether the founder is present, and more. No matter what your foundation looks like, there are ways to approach the conversations, considerations about who to involve, and an understanding of the time you'll need to devote to the process that will set you up for a productive exploration.

When to raise the questions

Your foundation will encounter natural inflection points. This may be a leadership transition, the death of a family member, or a new strategic direction. At such times, when your foundation is already considering or experiencing changes, it can be both practical and strategic to address its philanthropic lifespan. For example, a change in leadership will likely prompt discussions about the future of the foundation and that may be an appropriate time to visit—or revisit—lifespan.

How to raise the questions

Like all critical questions in family philanthropy, it's helpful to use your values as a lens to approach the conversation. Keep your mission at the center of the decision: what are you trying to achieve? Be clear about why you're addressing these questions. It's not to "rock the boat," but to ensure your philanthropy's timeline is the best way to meet your goals.

Who to involve

Consultants can be helpful in providing an objective perspective and facilitating emotional family conversations. An external consultant who has deep philanthropic expertise can also help you comprehensively consider the implications of each of your lifespan options. Additionally, your nonfamily staff members can be valuable partners in

exploring the decision. The Posner Foundation hired professional staff members for the first time following a significant influx of assets. Toccket designed a learning journey to facilitate conversations for Posner board members with foundations who had made a variety of lifespan decisions, which helped inform their own. Indeed, peers can be vital thought partners. Foundation leaders who have already determined their philanthropy's lifespan can provide honest insight on the factors they weighed in the process, the pain points they encountered, tips for approaching the conversation, and more.

It may also be appropriate to allow family members who are not on the board to weigh in on conversations. This could include eligible board members, former board members, extended family, or the next generation. They may offer alternative perspectives to active board members, and greater stakeholder buy-in can make it easier to implement your decision later on.

Lastly, and perhaps most importantly, talk to members of the communities that you support. Ask them what they need and how you can most effectively support those needs. "Gauging what your grantee communities need—whether that's an influx of resources now or support for the long term—should be a critical part of your internal lifespan conversations," says Tedesco. "Have honest discussions with your partners about the types of support that are most valuable to them."

How to pace the questions

Perhaps your family begins to discuss its philanthropic lifespan and is nowhere near reaching a decision. In that case, you are like most families who broach the topic. "The process should evolve slowly across multiple conversations, with deliberate closure points along the way," says Tedesco. "*Not yet* can be a legitimate and intentional outcome, and premature votes amid divided opinions or strong emotions tend to produce poor results. Don't force a vote before everyone is ready."

June Wilson agrees that families should plan for a series of conversations and urges funders to slow down the decision-making process on such a consequential topic. "We rush through the process of talking about lifespan because it often causes conflict and we don't want to be in conflict with each other or internally with ourselves. When we rush the process and don't take the necessary time to come to a decision, we have the potential to do harm that we have to repair later."

If your initial conversations are not productive, think about tabling the discussion for a later date, planning a family retreat where you'll have ample time to discuss, or setting a date in the future to raise the topic again.

Staying flexible

Lifespan is a vital decision, but it doesn't have to be set in stone. Giving yourself flexibility can take the pressure off the decision and allow you to adjust in the face of new information or circumstances.

If you've chosen perpetuity, continue to ask whether that is the best choice for you as the world changes and new people begin to participate in the philanthropy. Despite deciding on perpetuity, the Mortenson Family Foundation is open to revisiting the conversation. "I suspect the topic could be discussed again in the future as more family members get involved. We try not to speak in terms of non-negotiables," says Mortenson.

If you choose to spend out, you'll likely need to continue to assess your timeline. The S.D. Bechtel, Jr. Foundation decided to spend out in 2009, setting a deadline of 2016. The foundation quickly realized that date was unrealistic and shifted to a closing year of 2020. "Extending our sunset to 2020 gave us and our grantees a longer runway, and I wish we had given ourselves the benefit of these additional years from the outset," said Laurie Dachs, former president of the foundation, in a Q&A.

Next steps

Your philanthropic lifespan is an important decision—one that will have wide-reaching effects on the people you work with and how you yourself work. But this exploration is just the first step of many.

You will most likely have multiple conversations about this topic. Along the way, it may be helpful to further explore the many ways you can approach the philanthropy's lifespan, talk with peers about how they have approached the decision, and continue reflecting on what it means for you and your family to steward charitable resources in the public trust. These conversations may be challenging, but ultimately, they will increase the impact of your work.

Resources

NCFP's Strategic Lifespan Peer Network offers a space for those who are considering limiting or have decided to limit the lifespan of their philanthropy to come together to discuss common opportunities and challenges in spending out. Additional resources about philanthropic lifespan include:

- More Foundations Opt for Planned Lifespans and Spend-Down Strategies, Johnson Center, 2025.
- Beyond Spend-Down vs. Perpetuity: Five Alternative Paths, ***Inside Philanthropy***, 2025.
- In Defense of the Forever Foundation: Why Perpetuity Will Always Have a Place in Philanthropy, ***Inside Philanthropy***, 2023.
- Do I Spend Down or Form a Foundation in Perpetuity?, The Bridgespan Group, 2016.
- Sunsetting a Foundation – Six Questions, Karma&Cents, 2023.
- Should private foundations spend down their endowment?, CPA KPA, 2022.
- Five alternatives to spend-down vs. perpetuity, ***Inside Philanthropy***, 2025.
- Balancing Purpose, Payout, and Permanence, National Center for Family Philanthropy and Council on Foundations, 2020.

About NCFP

The National Center for Family Philanthropy is a network of philanthropic families committed to a world that is vibrant, equitable, and resilient. We share proven practices, work through common challenges, and learn together to strengthen our ability to effect meaningful change. As a trusted partner to philanthropic families, we understand the complexities and opportunities of giving together, and we equip families to effectively navigate the changing world. We support family philanthropy decision-makers by offering signature programs and events, peer-based learning opportunities, tools and resources, community, and personalized support. Learn more at www.ncfp.org.

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