



CHAPTER FIVE

FAMILIES BRIDGE GEOGRAPHIC SEPARATION

Imagine a family in which the donor couple lives in Houston, their one brother and two sisters reside in other states, and their combined eight children are scattered in regions across the United States. The donor couple and their brother and sisters sit on the board of the family foundation in Houston and they increasingly want to bring their children to board meetings.

Once-a-year board meetings for a foundation dedicated to national concerns is not particularly satisfying to the donor couple's brother and sisters, and offers little opportunity to draw the children into philanthropy. One answer can be donor-advised funds for each brother and sister in their own communities. Donor-advised funds can be set up in a few hours, can be funded with endowments or periodic contributions, and don't require board meetings or more family involvement than is desired. The funds can be located anywhere in the country where family members live, and, indeed, no family member need live where the donor-advised fund is placed. Host organizations can make grants anywhere family members live, and can send grantmaking reports to any family member, anywhere.

The Frederick H. Leonhardt Foundation is an example of a family foundation in which donor-advised funds at a community foundation were useful vehicles when family members changed residence and their philanthropic interests evolved in different directions. When two family members moved to the Northeast, they established donor-advised funds at the Fairfield County Foundation in Connecticut with funds from the family foundation. For the two family members, the Fairfield County Foundation, a community foundation serving southwestern Connecticut, has helped them accomplish their philanthropic goals in their new area of residence.

In another example of the flexibility of both donor-advised funds and community foundations, it is possible—as the Leonhardts demonstrate—to convert a private foundation into a donor-advised fund simply by making a grant (of \$3 million in this case) to the community foundation for the advised fund.

BRINGING FAMILY MEMBERS TOGETHER TO RECOMMEND GRANTS

“I have four children and nine grandchildren,” says Bill Cross of Greensboro, North Carolina, “and I wanted to give them an example of how to do something for the community as well as provide a framework for keeping them together as long as possible.” Bill and Ellen Cross settled on a donor-advised fund, called the Cross Family Fund.

“I believe a donor-advised fund at the community foundation will encourage the children and grandchildren to keep in touch and bring them together to listen to each other’s ideas,” Bill Cross adds. “I want each family member to have a voice in deciding what causes we will support, so that each will give serious thought to community needs.”

As a further example of the flexibility of philanthropic vehicles these days, Bill and Ellen established a charitable remainder trust to provide income for the couple now with the remainder to be added to the Cross Family Fund upon their deaths.

The San Francisco-based Tides Foundation offers another approach that can be useful to geographically dispersed families. Tides manages donor-advised funds with the aim of increasing and organizing resources for social change. A geographically dispersed family can establish an advised fund at Tides, hold its own meetings on grant recommendations, and use the grantmaking advice and administrative capabilities of Tides to carry out the grantmaking program.

FAMILIES CAN ‘MEET’ ELECTRONICALLY

Telecommunications enable dispersed families to discuss one or more donor-advised funds, share ideas, advocate particular grantees, and arrive at consensus on the grant recommendation. Many families create their own website with a privacy, members-only lock on the door and also distribute information by list-serv (electronic mail is sent automatically to all family members on the list).

“We provide online access to accounts,” says Peggy Ross, executive director of Schwab’s Fund for Charitable Giving. “The donor can grant access to anybody he or she wishes, including the entire next generation. The donor can look up the status of the account, check on recent grants, and review in which investment pool the fund is placed.”

Still, many families feel that they should gather together from time to time, the old-fashioned way. They believe that philanthropy is an important family responsibility, and that there’s no substitute for in-person meetings. Several families who support donor-advised funds at the Community Foundation of Greater Greensboro gather at holiday times to discuss their donor-advised funds. “It’s an important part of the holiday season for them, to meet on the fund,” says Director of Advancement John M. Farmer. “They set aside time to think about philanthropy and to offer their views to the head of family, who is typically the donor-advisor. It’s a common experience for family members and it gives added meaning to the holiday.”