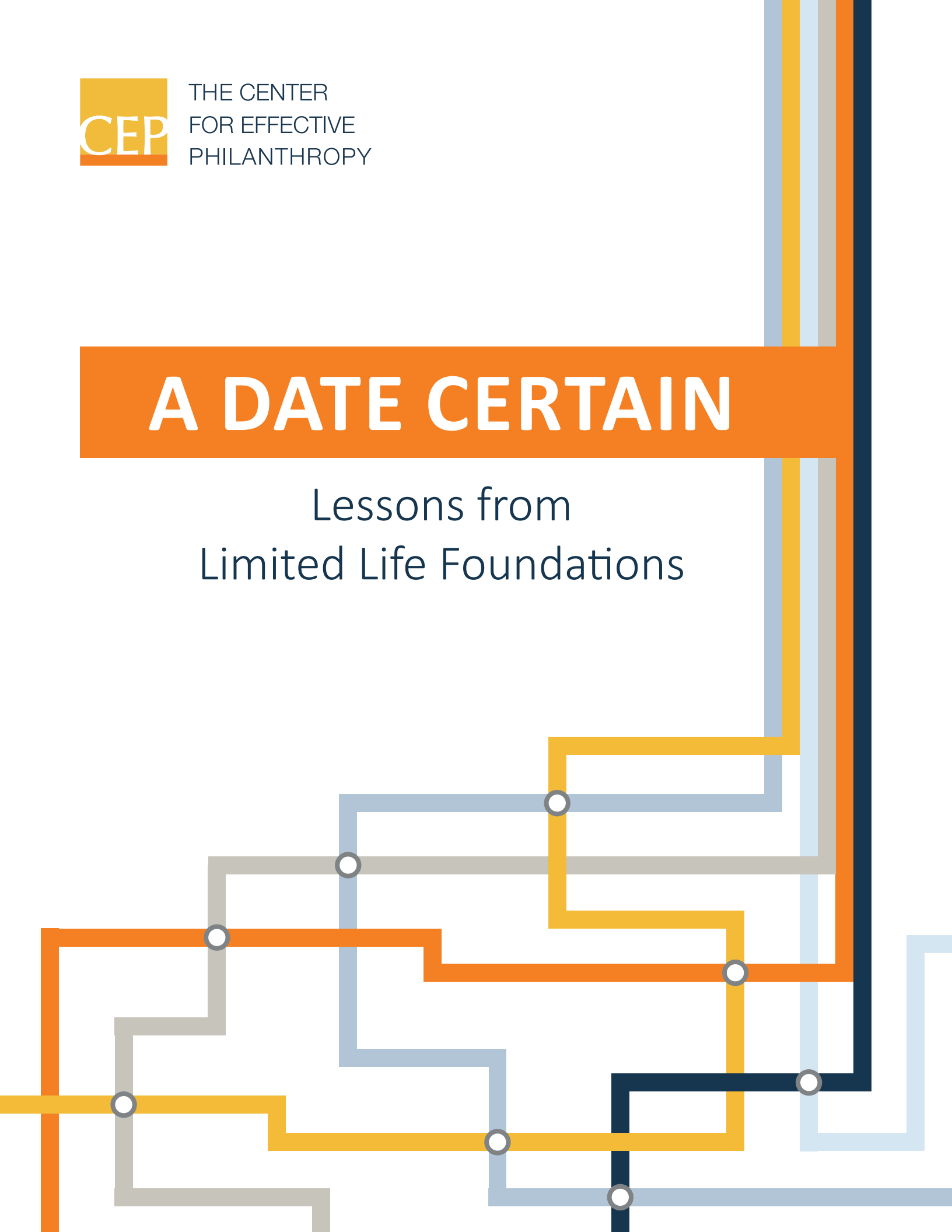




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FOR EFFECTIVE
PHILANTHROPY

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Lessons from
Limited Life Foundations



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INTERVIEWEES REFERENCE PAGE

The Andrea and Charles Bronfman Philanthropies



JEFFREY SOLOMON
President

The AVI CHAI Foundation



YOSSI PRAGER
Executive Director for
North America

The Brainerd Foundation



KEIKI KEHOE
Codirector



ANN KRUMBOLTZ
Codirector

ClearWay Minnesota



DAVID WILLOUGHBY
Chief Executive Officer

Fund for Democratic Communities



MARNIE THOMPSON
Co-Managing Director



ED WHITFIELD
Co-Managing Director

The John Merck Fund



RUTH HENNIG
Executive Director

The Lenfest Foundation



STACY HOLLAND
Executive Director

The Robina Foundation



PENNY HUNT
Executive Director

S. D. Bechtel, Jr. Foundation



LAUREN DACHS
President and Vice Chair



PATRICIA LEICHER
Chief Financial Officer



BARBARA KIBBE
Director of Organizational
Effectiveness



PARKER SEXTON
Research Associate

Stupski Foundation



JOYCE STUPSKI
Chairman



GLEN GALAICH
Chief Executive Officer

The Whitman Institute



JOHN ESTERLE
Co-Executive Director



PIA INFANTE
Co-Executive Director

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Lessons from Limited Life Foundations

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ABOUT THE CENTER FOR EFFECTIVE PHILANTHROPY

The mission of the Center for Effective Philanthropy (CEP) is to provide data and create insight so philanthropic funders can better define, assess, and improve their effectiveness—and, as a result, their intended impact.

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This research is based on CEP's independent data analyses, and CEP is solely responsible for its content. The report does not necessarily reflect the views of the organizations and individuals listed throughout this report.

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INTRODUCTION



While most foundations are set up to exist forever, roughly one in 10 larger foundations plan to limit their life.¹

Limited life foundations are a century-old concept—one championed by Julius Rosenwald, who founded the Rosenwald Fund (1917-1948)—that has attracted substantial interest in recent years.² Some of that interest may relate to the very public wind-down of the Atlantic Philanthropies, a multibillion-dollar foundation that made its final grants in 2016. In addition, leaders of several megafoundations established in the past two decades, including the Bill & Melinda Gates Foundation, have made clear their intention not to keep their foundations' doors open in perpetuity. More recently, the Edna McConnell Clark Foundation, with about \$1 billion in assets, publicly announced in December 2016 that it would spend down within the next decade.³ Numerous wealthy donors have also signed onto the Giving Pledge, committing to spending the majority of their wealth “during their lifetime or in their will.”⁴

Despite these recent high-profile examples, foundation leaders at first glance appear to be unconvinced about the promise of spending down. In two recent studies conducted by the Center for Effective Philanthropy (CEP), only one in six foundation CEOs said that spending down holds substantial promise to increase foundations' impact.⁵ In both studies, the practice of spending down ranked below nearly all the other practices presented to CEOs for consideration.⁶

However, there is considerable uncertainty about spending down. Among all practices considered in our 2016 study, spending down had the highest percentage of CEOs—19 percent—reporting that they were “not sure”

1 Ellie Buteau, Phil Buchanan, and Ramya Gopal, “How Far Have We Come? Foundation CEOs on Progress and Impact” (Center for Effective Philanthropy, 2013), 29, http://research.effectivephilanthropy.org/how_far_have_we_come; Francie Ostrower, “Limited Life Foundations: Motivations, Experiences and Strategies” (The Urban Institute, 2009), 2, <http://www.urban.org/sites/default/files/alfresco/publication-pdfs/411836-Limited-Life-Foundations-Motivations-Experiences-and-Strategies.pdf>; Loren Renz and David Wolcheck, “Perpetuity or Limited Lifespan: How Do Family Foundations Decide?” (The Foundation Center and Council on Foundations, 2009), vii, <http://foundationcenter.issuelab.org/resources/10575/10575.pdf>.

2 Peter M. Ascoli, “Julius Rosenwald’s Crusade: One Donor’s Plea to Give While You Live,” *Philanthropy*, 2006, http://www.philanthropyroundtable.org/topic/excellence_in_philanthropy/julius_rosenwalds_crusade; Phil Buchanan, “Big Issues, Many Questions” (The Center for Effective Philanthropy, 2016), 12, <http://research.effectivephilanthropy.org/big-issues-many-questions>.

3 Alex Daniels, “Edna McConnell Clark Foundation to Spend Down \$1 Billion Endowment,” *The Chronicle of Philanthropy*, December 13, 2016, https://www.philanthropy.com/article/Edna-McConnell-Clark/238663?cid=cpfd_home.

4 The Giving Pledge, “Frequently Asked Questions,” March 13, 2015, https://givingpledge.org/pdf/GivingPledge_FAQ.pdf.

5 Ellie Buteau, Naomi Orensten, and Charis Loh, “The Future of Foundation Philanthropy: The CEO Perspective” (Center for Effective Philanthropy, 2016), 25, <http://research.effectivephilanthropy.org/the-future-of-foundation-philanthropy>; Buteau, Buchanan, and Gopal, “How Far Have We Come? Foundation CEOs on Progress and Impact,” 29.

6 In CEP’s 2013 study, seven practices were presented to CEOs as potential promising practices. Spending down was ranked lowest. In CEP’s 2016 study, 24 practices were presented. Spending down was ranked 23rd.

about the practice’s promise. Moreover, a study published by Foundation Center in 2009 found that 25 percent of family foundations have not yet determined whether they will exist in perpetuity or limit their life.⁷

Given the high-profile examples mentioned above, the foundations that are committed to spending down, and the proportion of foundation leaders who are unsure of the promise this practice holds, CEP undertook a study on limited life foundations. With support from the S. D. Bechtel, Jr. Foundation—itself a foundation spending down by 2020—we set out to research why foundations spend down, what decisions they have to make along the way, what challenges they encounter, and what advice they might give to other funders already on—or considering—this path. To explore these topics, we interviewed leaders of 11 foundations planning to spend down within the next decade. Simultaneously studying multiple foundations allowed us to explore similarities and differences across experiences, complementing existing studies, which have largely focused on single foundations.⁸

In our interviews, we asked leaders about how they have approached nine aspects of their foundations’ spend down. We identified these nine areas—why spend down, investing, staffing, grantmaking and strategy, what foundations owe their grantees, collaborations, communications, evaluation, and archiving knowledge—based on our literature review and consultation with the S. D. Bechtel, Jr. Foundation.

While we expected to find similarities in approaches to spending down, we learned instead that foundation leaders make a variety of decisions in each of the areas we investigated. However, we did see greater consensus in two areas. We saw most agreement in foundations’ reasons for spending down: Most foundation leaders told us that the opportunity to have greater impact was the key driver for the decision to spend down. We also saw much agreement on the importance of archiving knowledge: Most leaders interviewed expressed interest in preserving what the foundation has done and learned over time.

For each of the nine areas examined, we share the breadth of decisions made and provide examples. This report also includes a spend-down planning sheet and a list of additional resources about spending down. Finally, we have also written case studies about three of the foundations discussed in this report: the Brainerd Foundation, the Lenfest Foundation, and the S. D. Bechtel, Jr. Foundation. Those cases can be downloaded from CEP’s website: www.cep.org.



We saw most agreement in foundations’ reasons for spending down:
Most foundation leaders told us that the opportunity to have greater impact was the key driver for the decision to spend down.

EXISTING RESOURCES

Most of the foundations included in this study drew from existing resources to inform their decisions about the spend-down process. For a list of resources, see Appendix B: Additional Resources. During our interviews, leaders referred to documentation created by the Beldon Fund, the Atlantic Philanthropies, the AVI CHAI Foundation, and the Andrea and Charles Bronfman Philanthropies as helpful resources. Leaders we interviewed also reached out to leaders of other limited life foundations to learn from their experiences or engaged consultants who have worked with other such foundations to benefit from their wisdom and experiences.



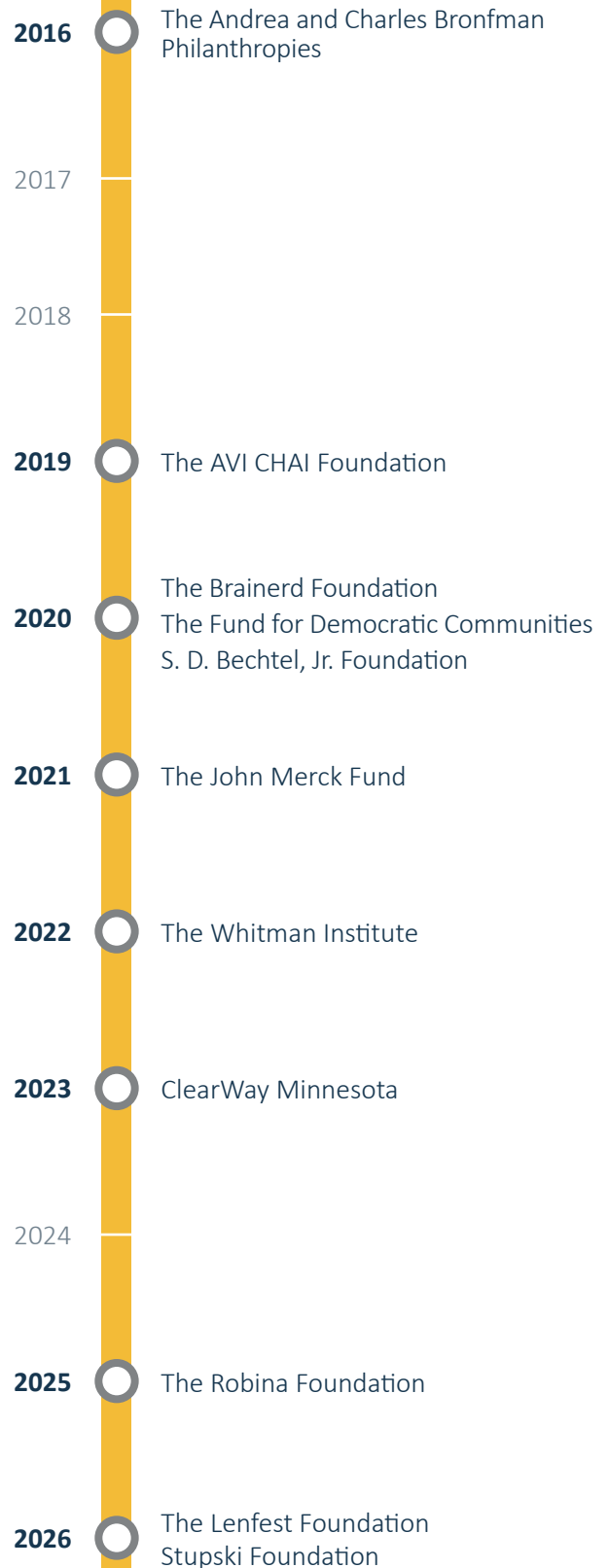
7 Renz and Wolcheck, “Perpetuity or Limited Lifespan: How Do Family Foundations Decide?” vii.

8 The Foundation Center, “Literature Review on Time-Limited Philanthropy” (The Foundation Center, 2015), <https://cspcs.sanford.duke.edu/learning-resources/publications/literature-review-time-limited-philanthropy>.

Anticipated Spend-Down Dates

FOUNDATIONS IN OUR STUDY

The foundations included in our study work on a variety of issues, ranging from education to health to environmental conservation. Some were created at their inception to be limited life, while others shifted from a perpetual to spend-down set-up. Of the 11 foundations we studied, nine are independent foundations, one is an operating foundation, and one is a public charity. All of them plan to spend out by 2026, leaving 10 to 25 years between making the decision to spend down and their closing date. For more information about how we selected these foundations, see Appendix C: Methodology.





The Andrea & Charles Bronfman Philanthropies

The Andrea and Charles Bronfman Philanthropies

SPEND-DOWN DATE: 2016
 INTERVIEWEE: Jeffrey Solomon, president
 LOCATION: New York
 TYPE OF GRANTMAKER: Operating foundation
 ASSETS (AS OF 2017): \$0*
 NUMBER OF STAFF: 12 before closing
 YEAR ESTABLISHED: 1998
 DECISION MADE TO SPEND DOWN: mid-1990s;
 decided on the date in 2001
 WEBSITE: www.acbp.net

*The foundation closed its doors in 2016.



The AVI CHAI Foundation

SPEND-DOWN DATE: 2019
 INTERVIEWEE: Yossi Prager, executive director
 for North America
 LOCATION: New York
 TYPE OF GRANTMAKER: Independent foundation
 ASSETS (AS OF 2015): \$457.2 million
 NUMBER OF STAFF: 12 in North America, 25 overall
 YEAR ESTABLISHED: 1984
 DECISION MADE TO SPEND DOWN: 2005
 WEBSITE: www.avichai.org



The Brainerd Foundation

SPEND-DOWN DATE: 2020
 INTERVIEWEES: Keiki Kehoe, codirector, and
 Ann Krumboltz, codirector
 LOCATION: Seattle
 TYPE OF GRANTMAKER: Independent foundation
 ASSETS (AS OF 2015): \$18.2 million
 NUMBER OF STAFF: 2 full time, 4 part time, 2 consultants
 YEAR ESTABLISHED: 1995
 DECISION MADE TO SPEND DOWN: 2008
 WEBSITE: www.brainerd.org



ClearWay Minnesota

SPEND-DOWN DATE: 2023
 INTERVIEWEE: David Willoughby,
 chief executive officer
 LOCATION: Minneapolis
 TYPE OF GRANTMAKER: Public charity
 ASSETS (AS OF 2016): \$55.4 million
 NUMBER OF STAFF: 28
 YEAR ESTABLISHED: 1998
 DECISION MADE TO SPEND DOWN: 1998
 WEBSITE: www.clearwaymn.org



Fund for Democratic Communities

SPEND-DOWN DATE: 2020
 INTERVIEWEES: Marnie Thompson, co-managing
 director, and Ed Whitfield,
 co-managing director
 LOCATION: Greensboro
 TYPE OF GRANTMAKER: Independent foundation
 ASSETS (AS OF 2016): \$7.0 million
 NUMBER OF STAFF: 6
 YEAR ESTABLISHED: 2007
 DECISION MADE TO SPEND DOWN: 2010
 WEBSITE: www.f4dc.org



The John Merck Fund

SPEND-DOWN DATE: 2021
 INTERVIEWEE: Ruth Hennig, executive director
 LOCATION: Boston
 TYPE OF GRANTMAKER: Independent foundation
 ASSETS (AS OF 2016): \$47.0 million
 NUMBER OF STAFF: 4
 YEAR ESTABLISHED: 1970
 DECISION MADE TO SPEND DOWN: 2011
 WEBSITE: www.jmfund.org



The Lenfest Foundation

SPEND-DOWN DATE: 2026
 INTERVIEWEE: Stacy Holland, executive director
 LOCATION: Philadelphia
 TYPE OF GRANTMAKER: Independent foundation
 ASSETS (AS OF 2016): \$82.8 million
 NUMBER OF STAFF: 3
 YEAR ESTABLISHED: 2000
 DECISION MADE TO SPEND DOWN: 2014
 WEBSITE: www.lenfestfoundation.org

ROBINA FOUNDATION

The Robina Foundation

SPEND-DOWN DATE: Certainly by 2025, and possibly as early as 2020.*
 INTERVIEWEE: Penny Hunt, executive director
 LOCATION: Minneapolis
 TYPE OF GRANTMAKER: Independent foundation
 ASSETS (AS OF 2016): \$17.9 million
 NUMBER OF STAFF: 2 part time
 YEAR ESTABLISHED: 2004
 DECISION MADE TO SPEND DOWN: 2004
 WEBSITE: www.robinafoundation.org

*Robina's official policy regarding the sunset date is that the foundation will sunset in 2025 unless the board identifies programs that result in earlier termination. In 2016, Robina made large grants to sustain programs the foundation had been supporting for several years. The result is that the foundation will certainly sunset by 2025, and possibly as early as 2020.



Stupski Foundation

SPEND-DOWN DATE: ~2026
 INTERVIEWEES: Joyce Stupski, chairman, and Glen Galaich, chief executive officer
 LOCATION: San Francisco
 TYPE OF GRANTMAKER: Independent foundation
 ASSETS (AS OF 2016): \$251.7 million
 NUMBER OF STAFF: 6
 YEAR ESTABLISHED: 1996
 DECISION MADE TO SPEND DOWN: 2016
 WEBSITE: www.stupski.org



S. D. Bechtel, Jr. Foundation

SPEND-DOWN DATE: 2020
 INTERVIEWEES: Lauren Dachs, president and vice chair; Patricia Leicher, chief financial officer; Barbara Kibbe, director of organizational effectiveness; and Parker Sexton, research associate
 LOCATION: San Francisco
 TYPE OF GRANTMAKER: Independent foundation
 ASSETS (AS OF 2015): \$383.1 million
 NUMBER OF STAFF: 35
 YEAR ESTABLISHED: 1957
 DECISION MADE TO SPEND DOWN: 2009
 WEBSITE: www.sdbjrfoundation.org



The Whitman Institute

SPEND-DOWN DATE: 2022
 INTERVIEWEES: John Esterle, co-executive director, and Pia Infante, co-executive director
 LOCATION: San Francisco
 TYPE OF GRANTMAKER: Independent foundation
 ASSETS (AS OF 2017): \$7.5 million
 NUMBER OF STAFF: 2
 YEAR ESTABLISHED: 1985
 DECISION MADE TO SPEND DOWN: 2011
 WEBSITE: www.thewhitmaninstitute.org

EXECUTIVE SUMMARY

All limited life foundations grapple with a similar set of issues for spending down: why spend down, investing, staffing, grantmaking and strategy, what foundations owe their grantees, collaborations, communications, evaluation, and archiving knowledge. However, our conversations with foundation leaders revealed that foundations take a variety of approaches in each of these areas. Only in two areas did we find notable similarities: Most foundations were motivated to limit their life by the opportunity to have greater impact and most plan to archive knowledge to share lessons learned. In the remaining areas, there are a wide range of approaches taken.



1. WHY SPEND DOWN

The desire to have a greater impact is the most frequently expressed reason for spending down. In many cases, foundations' donors expressed the desire to see more impact during their lifetime on the issues that matter most to them. Regardless of the initial reasons for the decision, many foundation leaders experienced a sense of focus and urgency to be strategic after deciding to spend down.



2. INVESTING

When considering how to align their investment practices with their spend-down plans, some leaders noted the challenge of spending at the rate for which they had planned; others focused on how to strike the balance between risk and return on the one hand and predictability on the other; and some changed the extent to which their financial investments are aligned with their foundation's mission.



3. STAFFING

When planning for their spend downs, leaders evaluated their staffing structures to see what changes they needed to make to support the trajectory of their remaining work. In some cases, foundations chose to ramp up the number of staff before ramping down. Others decided to keep staff size steady or hire consultants to supplement existing staff. In addition to affecting staff size, the decision to spend down also influenced who the foundations chose to employ. Some foundations preferred to hire people with experience, and some looked for program staff who were willing to implement—rather than create—strategies.

Limited life foundations face the challenge of keeping staff motivated about the work and retaining them as the spend-out date approaches. A few leaders mentioned providing staff with support to pursue professional development opportunities.

Finally, the foundation leaders we interviewed are giving careful thought to the “offboarding” of staff. While letting go staff can be challenging, some foundations plan to ease the transition by offering generous severance arrangements.



4. GRANTMAKING AND STRATEGY

Some foundations narrowed their grantmaking focus as a result of their decision to spend down. Focusing on a select group of grantees has required leaders of those foundations to make difficult decisions not to renew funding for other grantees. Most leaders of limited life foundations emphasized wanting to leave grantees in a strong position to continue their work after the foundation has closed its doors. They view the success of grantees as a vital part of their legacy and placed a high priority on ensuring grantees' sustainability. These limited life foundations seek to contribute to grantees' sustainability in a variety of ways, including by providing flexible or longer-term grants, targeting organizational capacity, or narrowing grantmaking to fewer grantees.



5. WHAT FOUNDATIONS OWE THEIR GRANTEES

When asked what limited life foundations owe their grantees, a few leaders emphasized their responsibility to “do no harm” to grantees while exiting. Beyond doing no harm, some leaders hope their foundations could leave grantees better off by equipping them to be resilient. Some leaders highlighted the importance of being cognizant of power dynamics and being transparent—practices that are not specific to spending down.



6. COLLABORATIONS

Some leaders described putting more energy into seeking collaborations with other funders as a result of the decision to spend down.



7. COMMUNICATIONS

To help grantees prepare for a loss of funding, most leaders of limited life foundations prioritize communicating their spend-down decisions and timelines with grantees in a direct, transparent, and timely way. Some limited life foundations have made a concerted effort to announce their spend-down plans publicly but are careful to keep the spotlight on their grantees' work, rather than on their own plans to spend down.



8. EVALUATION

Attitudes toward—and plans for—evaluation vary greatly across the foundations interviewed. While some have increased their emphasis on evaluation, others targeted their evaluation efforts toward specific programs or grants. Still others are uncertain about the relevance of evaluation given their limited life.



9. ARCHIVING KNOWLEDGE

Most leaders of limited life foundations expressed a desire to preserve the knowledge their foundations have gathered. However, there is no clear point in the spend-down process when these foundations work to solidify their plans for archiving knowledge, nor is there one common way these foundations are approaching archiving.



1. WHY SPEND DOWN

The desire to have a greater impact is the most frequently expressed reason for spending down. In many cases, foundations' donors expressed the desire to see more impact during their lifetime on the issues that matter most to them. Regardless of the initial reasons for the decision, many foundation leaders experienced a sense of focus and urgency to be strategic after deciding to spend down.

The Fund for Democratic Communities decided to spend down to achieve greater impact on the social and economic issues it seeks to address. Co-Managing Director Marnie Thompson says, "We're in a critical moment of ecological crisis, social crisis, and economic crisis. To meter out our expenditures at 5 percent of assets per year seems foolish at a time when greater investments in new solutions feels very critical to us." Co-Managing Director Ed Whitfield adds, "We realized that we could have a larger impact by doing our work in a shorter number of years and spending the assets, as well as the returns off of those assets, rather than being dependent on the stock market and the stability of the U.S. economy."

For the John Merck Fund, the decision to spend down was not made by the original donor, Serena S. Merck. Instead, later generations of her family made the decision after the corpus she left was split among them. Ruth Hennig, executive director of the fund, recounts that, "with half the assets that they had previously, the fund's leaders had to make choices about the programming and the payout." Because they were "more interested in the impact that they could have than the length of a foundation's life," they made the decision to spend out. This allowed the fund to maintain the payout level it had before the corpus split.

According to Lauren Dachs, president of the S. D. Bechtel, Jr. Foundation and daughter of the founder Stephen Bechtel, Jr., there was more than one reason the foundation chose limited life in 2009. First, and most important, was the potential for impact. A limited time frame would enable the foundation to apply significantly increased resources to a

set of challenges in areas of stated interest to the foundation. Second, there was the philosophical question of how clearly Mr. Bechtel—or anyone—might see the future. In a letter written to his fellow board members the year before the decision was made, Mr. Bechtel wrote, "It is more important for the foundation to focus on the contributions that we see as the highest priority near-term charitable needs, and let future generations of charitable contributors determine, in the future, the greatest needs of their time."⁹ The board was persuaded.

At seven of the 11 foundations in our study, the original donor(s) made or initiated the decision to spend down. The AVI CHAI Foundation's founder, Zalman Bernstein, wished to spend down the foundation's assets to avoid mission drift. Yossi Prager, North America executive director of AVI CHAI, explains that Bernstein "wanted the money spent by people who knew him, who understood his values, and who shared his values. He talked about helping with the current generation's needs and letting future philanthropists serve the needs of future generations. He felt confident there would be new foundations created. He wanted his wealth used to solve current challenges."



It is more important for the foundation to focus on the contributions that we see as the highest priority near-term charitable needs, and let future generations of charitable contributors determine, in the future, the greatest needs of their time.

9 To read an excerpt of the letter Stephen D. Bechtel, Jr. wrote to the board, visit <http://sdbjrfoundation.org/bold-strategies-for-accelerating-impact>.

The Brainerd Foundation's founder, Paul Brainerd, made the decision to spend down his foundation's assets because he "wanted to see change in his lifetime." According to Ann Krumboltz, codirector of the foundation, Paul Brainerd believes "that a dollar today is worth more than a dollar tomorrow. And he is very concerned about the urgency of the issues that the foundation focuses on: strong environmental policies and protecting priority ecosystems."

For the Stupski Foundation, the decision to spend down was a combination of two things: the founder Joyce Stupski's wishes to spend the foundation's money during her lifetime and her desire to make significant investments in the organizations furthering the foundation's mission. Stupski believes that spending down allows the foundation to make concentrated, transformational grants that "shift how business is done in each of its three issue areas."

BIGGEST OPPORTUNITIES: SENSE OF FOCUS AND URGENCY TO BE STRATEGIC

Several leaders identified a sense of focus and the urgency to be strategic as the biggest opportunities of spending down. Prager says that spending down "creates a strategic mindset; it clarifies or forces the question of, 'What do we want to accomplish by a certain point in time?'" Pia Infante, co-executive director of the Whitman Institute, explains, "When you have a limited amount of time that you know the institution's going to be around, there's a need to name the most aspirational possibility for the institution—and put attention, resources, and focus on it."

Stacy Holland, executive director of the Lenfest Foundation, says that spending down created a "dramatic" sense of urgency, requiring her to address strategic questions: "What is the foundation going to do in the next 10 years? Are they going to be the right projects? Will the projects really impact [beneficiaries] in a different way? Will the foundation be able to tell a story?" Similarly, according to Chief Executive Officer David Willoughby, tobacco prevention foundation ClearWay Minnesota had to plan "what it was going to do in these 25 years and how it was going to use effective evidence-based methodologies to accomplish its goals."

Chief Executive Officer Glen Galaich says that he constantly feels "the urgency and excitement" that comes with the Stupski Foundation's spend down, viewing it as "an opportunity to inject something big into the field fast."



When you have a limited amount of time that you know the institution's going to be around, there's a need to name the most aspirational possibility for the institution—and put attention, resources, and focus on it.



2. INVESTING

When considering how to align their investment practices with their spend-down plans, some leaders noted the challenge of spending at the rate for which they had planned; others focused on how to strike the balance between risk and return on the one hand and predictability on the other; and some changed the extent to which their financial investments are aligned with their foundation's mission.

SPENDING RATE

Leaders of the Fund for Democratic Communities were surprised by how difficult it was to spend a lot of money in ways that would move the needle on their mission. In fact, it took them five years to get to a point where they could spend their money at the level they had intended. Marnie Thompson says, "Around 2010, we gave our investment people a ten-year view of, 'This is what we think our spending rate is going to be.' And we missed every spending goal for the next four years. We did not have the capacity to spend effectively at the levels that we projected." It was only in 2015 that the fund met its spending goal for the first time. According to Thompson, reaching the goal required "quality relationships and more time with developing ideas in-house and with our partners, so that we could more quickly see what opportunities exist and which things are not going to be productive on the timetable we need."

BALANCING RISK AND RETURN AND MARKET VOLATILITY

Patricia Leicher, chief financial officer of the S. D. Bechtel, Jr. Foundation, describes the process that the foundation went through to plan out its financial investments: "We had to develop a model that could accommodate not only changes in new contributions but also changes in the market conditions, so that we have some sense for how much money there is and in what years. [The model needed to] take into account market returns... contributions, varying outflows in the level of grants, changing operating expenses, and so on." In addition, the foundation had to determine when to become more conservative and de-risk its portfolio, while at the same time ensuring it "had the

funds on hand to meet its multiyear grant commitments and operating expenses in the outer years," Leicher says. "We didn't want to completely move away from earning returns on the portfolio when we had seven, eight, nine years to go."

Some foundations' plans for their investments were unexpectedly altered by the market downturn in 2008. According to Jeffrey Solomon, president of the Andrea and Charles Bronfman Philanthropies, "As a result of the recession, the foundation lost more than 20 percent of its asset base, and leaders realized it was not going to be in business in 2017." This situation created a need for an adjustment in assets, so the founder, Charles Bronfman, "made a substantial contribution to top up the foundation." The foundation continued its investment strategy, "increasing liquidity along the way but not changing the proportion between equity and fixed investments."

Yossi Prager describes the AVI CHAI Foundation's reaction to the downturn similarly: "When the market collapsed, AVI CHAI's endowment lost a fair amount of money. The trustees then faced the decision of whether to accelerate the spend down or reduce the annual spending. They chose to accelerate the spend-down date from 2026 to 2019."



We didn't want to completely move away from earning returns on the portfolio when we had seven, eight, nine years to go.



As the new century dawned, we experienced one of the most volatile decades in stock market history.

ClearWay Minnesota's David Willoughby says, "As the new century dawned, we experienced one of the most volatile decades in stock market history." In Willoughby's 15 years at the foundation, he has seen two significant stock market downturns: one after the tech bubble burst in 2000, and another brought on by the subprime mortgage crisis in 2007, which led to a full-blown international banking crisis in 2008. After the two downturns, ClearWay Minnesota had time to recover its losses. However, Willoughby says, "A few years ago, we changed our investments dramatically because our limited lifespan means we no longer have that ability to recover. So we've gotten much more conservative and had less volatility. Now, as we're getting closer to our spend-out date, more and more of our investments are going into fixed income or treasuries, as opposed to having a diversified portfolio. At one point, we had 15 different money managers managing more than \$150 million."

INVESTING FOR IMPACT

Some limited life foundations have considered whether, and to what extent, to align their investing with their mission. Ruth Hennig says, "In addition to the decision to spend out, the John Merck Fund's board committed to mission-related investing. We embarked on moving our portfolio into greater alignment with our programming." Applying a ten-year time frame to investments has proven to be challenging. Hennig explains, "We have a shorter and shorter window and need to adjust our risk tolerance to that shorter window. We're now about 70 percent in mission-aligned investments. However, our ability to take those positions is getting more constrained because we will need to be going steadily into greater liquidity and, ultimately, just into cash."

In contrast, the Whitman Institute is increasing this portion of its portfolio, reflecting "an evolution of the board." Its leaders thought, "We have a limited amount of time—how can we marshal as much of our resources as we can in alignment with what we're trying to do?" recalls John Esterle, co-executive director of the institute. Esterle adds, "In the past year, we decided that we wanted to move as much of the portfolio into more social impact investments as we could." So, the institute "moved about 40 percent of the portfolio into more social-impact investing and will do more of that as time goes on."

The Fund for Democratic Communities has taken a different path: Early on, before the decision to spend down was made, Whitfield and Thompson considered engaging in more socially responsible investing. But, in the end, they made the decision not to actively pursue this strategy, by divesting from fossil fuels, for example. Their reasoning is that as a byproduct of spending out the fund's assets more quickly, they are constantly divesting. Thompson says, "We like to think we're invested in morally good stuff but are not spending a lot of time worrying about it because we're busy moving that money into the community and into projects that we feel really good about." Whitfield says, "We're taking resources and making them available as investments in the community's sustainability, future, and quality of the life—hopefully in such a way that is regenerative."



We have a limited amount of time—how can we marshal as much of our resources as we can in alignment with what we're trying to do?



3. STAFFING



NUMBER OF STAFF

When planning for their spend downs, leaders evaluated their staffing structures to see what changes they needed to make to support the trajectory of their remaining work. In some cases, foundations chose to ramp up the number of staff before ramping down. Others decided to keep staff size steady or hire consultants to supplement existing staff.

When it decided to spend down, the S. D. Bechtel, Jr. Foundation started expanding its staff to help put the money to work responsibly. It went from nine staff members to 40 at its peak. Quadrupling staff size over the course of just a few years meant that the foundation had to rapidly create new structures and policies to support its work. According to Lauren Dachs, one challenge is defining and nurturing the culture of the organization and keeping it in alignment with the family's values. This work is ongoing and important, especially during the disruption of occasional and inevitable staff turnover. As for ramping down, the foundation has no plans for layoffs in the near future because of the amount of work still left to do, which includes carefully monitoring grants made, assessing progress, and leaving behind lessons and insights for the field.

On a smaller scale, the Lenfest Foundation, which had three staff members, will increase its staff size. It hired a program officer and plans to hire an additional part-time staff member. Executive Director Stacy Holland explains that the model of ramping up then down, for a projected spend out by 2026, required answering two questions: "One, how do we responsibly support staff for the high

point of the foundation? And, two, how do we staff as we close out?" The foundation is currently devising a long-term staffing strategy.

In contrast, the Brainerd Foundation has kept its staff size constant. Ann Krumboltz explains, "Because of the hit we took during the recession, our annual grantmaking while we are spending out is very close to our historic levels. We still need all of the staff we have to accomplish our plans and meet our goals." Likewise, the Fund for Democratic Communities has held its staff size steady.

Leaders at the AVI CHAI Foundation initially did not know how spending down would affect their staffing needs. They asked themselves: "Did it mean that as we came closer to the end, there would be less to do and people sitting around with insufficient work? Or did it mean that because we would be spending around the same amount—and trying to build capacity among grantees and partnerships with other funders—there would actually be more work to do?" Ultimately, the foundation projected a steady-state spend, so while there was a temporary need to add two employees, they were hired on a three-year contract basis and have since left.



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Or did it mean that because we would be spending around the same amount—and trying to build capacity among grantees and partnerships with other funders—there would actually be more work to do?



CONSIDERING WHO TO HIRE

In addition to affecting staff size, the decision to spend down also influenced who the foundations chose to employ. Some foundations preferred to hire people with experience, and some looked for program staff who were willing to implement—rather than create—strategies.

The Lenfest Foundation made its preference for experienced candidates known during its hiring process, stating that people early in their careers, who are more likely to seek different experiences every few years, would not be a good match for the foundation.

The early years of the S. D. Bechtel, Jr. Foundation’s staff growth—which its leaders call “scaling up to spend down”—brought in young grantmakers who grew with the foundation. Now, with four years to go, the foundation looks for experience in filling any positions that open. Speaking about the foundation’s staffing approach, Dachs says, “You reach the point where you can’t think, ‘I have a couple of years to train up somebody.’ We have to find people who can hit the ground running.” In addition to preferring experienced staff, the foundation’s program teams seek people who are “going to be enthusiastically engaged—heart and mind—in grants that other people chose.” Because the strategy and the grantmaking portfolio decisions have already been made, they need program staff to implement, rather than build, strategies. Finding staff with experience and an interest in execution has been challenging. Because the foundation will “likely gradually shift from grantmaking to reflection and communication in its last years, hiring has focused on people with broad skills and interests who adapt well to change,” says Dachs.

Both the S. D. Bechtel, Jr. Foundation and the Lenfest Foundation hire consultants to help get the work done. According to Barbara Kibbe, director of organizational effectiveness at the S. D. Bechtel, Jr. Foundation, “every department is encouraged to use consultants when needed.” For example, the environment team worked with a consultant to move its funder collaborative forward, and the education team engaged one to help with strategy building and early implementation of a new initiative. Kibbe explains why consultants make sense: “In some cases, we need tremendous seniority and experience that is available through consultants and probably would be hard to find on staff. Also, there are some roles that we need for only a limited period of time.” Similarly, Holland states, “We are mindful that we are closing out. We don’t want to build a

large staffing infrastructure that will ultimately result in job loss.”

For some, a natural time to bring in consultants is during periods of turnover. In the past four years, each time a position turned over at ClearWay Minnesota, the foundation evaluated whether at this point a full-time staff member or a consultant would be best to fill that role. The Brainerd Foundation faced similar choices when one of its program officers retired, and it ultimately “decided to contract with a consultant to continue that program officer’s portfolio,” Krumboltz says. “The number of grantees in that portfolio had been reduced enough that it didn’t make sense to hire a full-time person to oversee the program. With that program, we’re landing the plane, not building new extensions to it.”



We are mindful that we are closing out. We don’t want to build a large staffing infrastructure that will ultimately result in job loss.



RETAINING STAFF

Limited life foundations face the challenge of keeping staff motivated about the work and retaining them as the spend-out date approaches.

To address the issue of staff retention, the AVI CHAI Foundation trustees developed a pension plan benefit to encourage staff to remain through the end of the spend-down process. The new benefit allows staff members who remain at the foundation through its last day to start collecting their pensions immediately, while those who leave before the last day begin collecting at age 65. Notably, the foundation has not seen any departures from staff members who qualify for this pension plan benefit. However, the plan’s effects are mixed. While it gives people some security, it also creates “golden handcuffs” and takes away “any incentive to see whether there’s an ideal opportunity available sooner than the foundation’s spend down—so it’s a double-edged sword,” says Prager.

Some foundations are still finalizing the details of staff retention. For the S. D. Bechtel, Jr. Foundation and the Brainerd Foundation—each about four years from its spend-down date—retaining staff is an ongoing discussion. Dachs says that the S. D. Bechtel, Jr. Foundation will have to strike a balance between “making sure that people don’t pass up incredible next-step opportunities [and keeping] people around to do the work.”



PROFESSIONAL DEVELOPMENT

A few leaders mentioned providing staff with support to pursue professional development opportunities.

For example, everyone at the S. D. Bechtel, Jr. Foundation “has a professional development plan that goes along with their performance plan,” Kibbe says. Similarly, the Brainerd Foundation has a line item in its budget for this purpose.

Prager had conversations with each staff member at AVI CHAI about the foundation’s “willingness to support degrees, certificates, and training programs that would prepare them for their next steps.” So far, staff have mostly responded with appreciation but limited participation. Prager thinks this is because people are more focused on day-to-day responsibilities than what will happen when the foundation completes its spend out in three years.

Not all professional development opportunities focus on post-foundation careers; some help staff prepare for the spend down itself. For example, John Esterle, co-executive director of The Whitman Institute, took a sabbatical for some of 2016. Part of the rationale for his sabbatical is to allow him time to form “creative and generative” ideas for the foundation as it approaches its final six years.



“OFFBOARDING”

Finally, the foundation leaders we interviewed are giving careful thought to the “offboarding” of staff. While letting go staff can be challenging, some foundations plan to ease the transition by offering generous severance arrangements.

ClearWay Minnesota timed its discussions about staff reductions to coincide with the end of specific programs and overall long-term plans for closing down. Communications with staff have been clear and open throughout the process, and Willoughby says questions about such matters as severance will be considered by the board in the organization’s final years.

The board of the Andrea and Charles Bronfman Philanthropies made the decision to offer generous severance arrangements and to not terminate staff with less than one year’s notice. On the first point, President Jeffrey Solomon says, “We had two long-term employees... and our policy was a year’s severance. [Charles Bronfman] came to me as we were about to proceed and he said, ‘I don’t think that’s enough. Let’s give them two years’ severance. It made my job so much easier to have somebody [on the board] who understood the importance of staff and their value.”

Other limited life foundations express commitment to ensuring smooth transitions for staff but have not yet finalized the details of their plans. The John Merck Fund makes decisions related to spending down according to a specific order, and what it will do for staff is next on the agenda. Kibbe from the S. D. Bechtel, Jr. Foundation says, “We don’t want people whose time and attention are needed to get us through to the end to be distracted by worrying about their next job. There will be some financial accommodations that will help people feel like they’ve a cushion so they don’t have to be looking for a job before their job here is finished.”



It made my job so much easier to have somebody [on the board] who understood the importance of staff and their value.



THE IMPORTANCE OF THE BOARD AND ENSURING ALIGNMENT

Several interviewees discuss the importance of board leadership in a spend-down context. Penny Hunt, executive director of the Robina Foundation, says, “Qualified, dedicated board members are key to making important policy, programmatic, and financial decisions.” Hunt recommends finding people who “want to do the hard thinking about what it means to sunset, the kind of a legacy you want to leave, and the kinds of grants you’ll want to make in a limited period of time.” This mindset is essential, particularly at Robina, where board members run the foundation’s programs and meet with grantees. Despite the amount of work and involvement expected from its board members, the foundation has been able to attract highly qualified individuals, such as the former heads of the Ford Foundation and the Robert Wood Johnson Foundation, in part because of its choice to spend down. Hunt says, “They want to experience thinking about philanthropy with a limited horizon and with the goal of being transformational in a shorter period of time.”

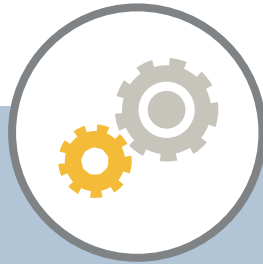
The John Merck Fund’s executive director Ruth Hennig advises, “Have a board member with spend-out experience guiding the process.” Before leading Merck’s spend-out task force, one board member at the fund worked at the Beldon Fund and at the Atlantic Philanthropies. Including a board member with this experience was “one of the best things that we did,” says Hennig.

Beyond having qualified and thoughtful individuals on their boards, several leaders discuss the importance of ensuring alignment with the board during the spend-down process. Holland advises, “Make sure that the staff and board have a common vision for what can be accomplished during the established time period.” To achieve alignment between the organization’s mission and the board, Willoughby guides new board members through a two-tiered orientation process, during which they learn about the organization’s structure and long-term objectives and undergo peer-to-peer mentorship from a longer-standing board member.

Solomon finds that having a living donor helps to establish board alignment. In his case, having Charles Bronfman active and present at the foundation meant “there were no surprises.”



Qualified, dedicated board members
are key to making important policy,
programmatic, and financial decisions.



4. GRANTMAKING AND STRATEGY

Some foundations narrowed their grantmaking focus as a result of deciding to spend down. Focusing on a select group of grantees has required leaders of those foundations to make difficult decisions not to renew funding for other grantees.

With the decision to spend down in 2005, the North American division of the AVI CHAI Foundation limited its grantmaking focus to two fields. Prager explains, “With the idea that we would do as much as we could in those two fields before we spend down, we didn’t have one-off grants or contemplate undertaking new areas.” Later, partly because of the recession in 2008, AVI CHAI’s trustees “rated all of its programs and decided which ones to stick with and which ones to wind down more quickly,” Prager says. “In making their decisions, the trustees drew on staff rankings and a rubric based on multiple factors, including fit with the foundation’s priorities, the program’s reach, and the depth of the intervention. So there was a winnowing of what was already in the basket.”

In addition, AVI CHAI decided whether or not to continue supporting grantees based on its judgment of their viability after the foundation funding ceases in 2019. Prager identifies these decisions as the most difficult the foundation has had to make since choosing to spend down. In some cases, the foundation’s evaluation “led to efforts to merge grantees either together or into other organizations.” Prager notes that while perpetual foundations also make tough choices about which organizations to fund, they have more leeway to support the grantees that will not be

sustainable. “If you know you’re spending down, those decisions have a much greater stake, and I find that we make them with a greater honesty—and sometimes those are painful decisions,” Prager says. At the same time that AVI CHAI’s trustees made the difficult decisions about which programs to exit, the staff developed working groups to develop new projects that would be implemented over the foundation’s final decade.

According to Codirector Keiki Kehoe, the Brainerd Foundation “scaled back the number of grantees it was supporting, so that it could reserve some money for its sunset initiatives.” These initiatives aim to leave the field with increased conservation capacity by supporting new conservation philanthropy, developing the next generation of leaders, and helping grantees respond effectively to a changing environment. Ann Krumboltz adds that the foundation continues to do traditional grantmaking: “We still have our policy focus and our place-based focus, which are two major areas that we’ve always funded. Those haven’t gone away. We’ve just cut them back somewhat so we could fund our final initiatives, which we hope will benefit the environmental field as a whole.”

In 2012, the S. D. Bechtel, Jr. Foundation consolidated four programs into two: education

and environment. But even after the re-organization, its leaders felt that the foundation was working on too many issues with too many grantees to be able to affect real change. In 2013, the foundation created a small organizational effectiveness (OE) team. Barbara Kibbe, the foundation's OE director, was hired to help refine and focus the foundation's grantmaking strategy for its final years and to support the growing staff of grantmakers with tools, resources, and coaching. With strong encouragement from the board to work more deeply with fewer grantee partners, Kibbe facilitated a rapid strategy-refresh process. The foundation moved away from local direct-service funding to focus on a small number of systems-change initiatives during its remaining years. According to Kibbe, "The foundation has made generous and flexible final grants to more than 100 grantees, which is allowing its program staff to focus more on systems-change work where the window of opportunity is well aligned with the time remaining."

The Andrea and Charles Bronfman Philanthropies stopped making grants to new grantee organizations in 2012—four years before its spend out. That decision stemmed from the foundation's desire to build long-term relationships. Solomon explains, "We did not feel that starting with a new organization with only four years to run reflected the kind of strategic relationships that we felt were worthwhile. It also made it easier for the staff to focus on the issues of sustainability of the nine organizations that we had incubated." Solomon observes that "closing the incoming pipeline early enough" is not something foundations think about often enough.



'Closing the incoming pipeline early enough' is not something foundations think about often enough.



SUSTAINABILITY OF GRANTEES

Most leaders of limited life foundations emphasized wanting to leave grantees in a strong position to continue their work after the foundation has closed its doors. They view the success of grantees as a vital part of their legacy and place a high priority on ensuring grantees' sustainability. These limited life foundations seek to contribute to grantees' sustainability in a variety of ways, including by providing flexible or longer-term grants, targeting organizational capacity, or narrowing grantmaking to fewer grantees.

Thompson from the Fund for Democratic Communities says, "We are constantly thinking about what happens after we're gone. How would we know we were here? We are consciously building relationships that we hope develop the capacities and the sustainability of key organizations."



Acting on a sense of responsibility to its grantees, the S. D. Bechtel, Jr. Foundation emphasizes organizational capacity and resiliency. The foundation hopes to leave strong organizations in place after it sunsets so that the systems-change work of its strategic initiatives can continue. Similarly, the AVI CHAI Foundation has "invested a lot more in capacity building or operating support for organizations that we hope will outlast the foundation." Prager says, "We've become more comfortable making longer-term grants."

We are constantly thinking about what happens after we're gone. How would we know we were here?

A GRANTMAKING TIP FROM THE S. D. BECHTEL, JR. FOUNDATION

Barbara Kibbe shares one tip for grantmaking as a limited life funder: "Set aside some funds for the unanticipated opportunities. You don't want to be in a position of clawing money back from program budgets to do something that is a fabulous opportunity you didn't see before. Mr. Bechtel has been active in designating funds for special projects, but it has never been destabilizing because it didn't come

out of program budgets. It was set aside, and he knew roughly how much money was available and deployed it with staff guidance."



There's no pretense here—we want you to have what you need so you're stronger when we can't fund you anymore.

As their spend-down date approaches, the Brainerd Foundation has asked grantees to consider finding matching grants from other donors or foundations. Krumboltz says, "We're also asking our grantees, 'What do you really need money for?' As an example, a grantee came to us and had all this new programmatic work, and we said, 'Are you sure you want money for that?' They said, 'No, actually we would prefer capacity-building money.' And I said, 'Well then, ask for capacity-building money. There's no pretense here—we want you to have what you need so you're stronger when we can't fund you anymore.'"

Foundations pursuing grantee sustainability often need to prioritize some grantees over others. For example, for each of its grantees, the Fund for Democratic Communities has asked, "Are we OK if, at the end of 2020, a particular grantee was not sustainable?" If the answer was no, the foundation would do its best to ensure the grantee's sustainability; if the answer was yes, it would celebrate the years of good work that the grantee has done but not make its sustainability a top priority.

Ensuring grantee sustainability is a challenge and an opportunity for limited life foundations. While Willoughby identifies programmatic sustainability as one of the biggest challenges that ClearWay Minnesota will take on as it spends out, Solomon believes that having a finite timeline created a healthy pressure for the Andrea and Charles Bronfman Philanthropies: "You knew that you had to have everything in place so that by that date, certain of those entities were sustainable. The pressure of time was one of the great opportunities of spending down."



You knew that you had to have everything in place so that by that date, certain of those entities were sustainable. The pressure of time was one of the great opportunities of spending down.

ADVICE: PREPARE GRANTEES TO CONTINUE THE WORK

Think through how to clearly communicate your intentions to grantees and make sure they are planning well for the loss in funding. For example, we are giving grantees one to two years' notice before their last grant and designing exit grants in a way that will most help each grantee (whether it be general support, a matching grant, or another approach).

THE BRAINERD FOUNDATION

Talk to your long-time grantees and partners and get their thoughts, including their ideas on how you might best use your resources once you've decided to spend down. Set up internal processes for reflection and dialogue about what it would look like to end well.

THE JOHN MERCK FUND

Pick your focus and funding style in a way that is consistent with spend down, with appropriate strategies and tactics. Seek philanthropic partners and help your grantees prepare early for the foundation's departure.

THE AVI CHAI FOUNDATION



5. WHAT FOUNDATIONS OWE THEIR GRANTEES

When asked what limited life foundations owe their grantees, a few leaders emphasized their responsibility to “do no harm” to grantees while exiting. Beyond doing no harm, some leaders hope their foundations can leave grantees better off by equipping them to be resilient.

One way foundations can “do no harm” is to avoid unhealthy levels of financial dependency. Barbara Kibbe from the S. D. Bechtel, Jr. Foundation warns, “One of the dangers of spending more money in a short period of time is that you could create unhealthy dependencies on the foundation. You could bloat an organization. You could cause them to grow too quickly without knowing how that money was going to be replaced when the foundation steps back. So I think that there’s a need for spend-down foundations to look very closely with their grantees at the question of dependency and their long-term financial footing.”



We don’t have to be limited by a 5 percent payout but can do what we think is best for an organization—that is really the goal.

Beyond preventing grantees from being adversely affected by their spend downs, foundations hope to leave them better off by equipping them to be resilient. According to Joyce Stupski, spending down allows the Stupski Foundation to have flexibility in “how much money we give, when we give, and for what reason. It might be for marketing, communications, development, or general resources. We don’t have to be limited by a 5 percent payout but can do what we think is best for an

organization—that is really the goal.”

The Lenfest Foundation’s Stacy Holland thinks that a limited life foundation should serve as a champion of the grantees—either through “connecting them to future funders” or providing “very honest” feedback to them so they can improve. Holland says, “Feedback is really important because we want to leave an asset when we leave. We want people to be better. We want them to understand their work better. We want them to be positioned better. And you can’t do that if you as a funder are not honestly telling people, ‘This is the reason why you don’t match with us.’ Or, ‘You do match with us, but here’s some things we’re seeing in your practice that could improve.’”

Some leaders highlight the importance of being cognizant of power dynamics and being transparent—practices that are not specific to spending down.

Infante says that she feels a responsibility for the Whitman Institute to leave “the sector with more folks providing general operating support that’s

unrestricted; more folks who are partnering in ways that are cognizant of power dynamics; more folks who are funding efforts toward social, and political, and economic equity.” The Whitman Institute intends “to align every dollar” with the foundation’s values of “equity, relational practice, listening, humility, and dialogue.”

A number of leaders highlight the importance of being transparent with grantees. For instance, Penny Hunt, executive director of the Robina Foundation, thinks limited life foundations owe grantees “honesty and candor about what we’re doing and how we’re doing it.” Kehoe and Krumboltz of the Brainerd Foundation add that foundations should share the reasons behind their decisions.

Solomon states, “I don’t think there’s any difference in terms of what foundations owe their grantees, whether perpetual or spending down. I think they owe their grantees the understanding that it’s the grantees’ work that achieves the objectives of the foundation. The foundation makes the resources possible for that. And therefore, grantees are owed the respect, the restraining oneself from taking advantage of the power differential.”



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6. COLLABORATIONS

Some leaders described putting more energy into seeking collaborations with other funders as a result of the decision to spend down.

Thompson says, “I just don’t think we’d be working as hard at attracting investment into grantee organizations if we weren’t sunsetting.” But with an eye toward the future and continued impact after they close their doors, the Fund for Democratic Communities collaborated with other funders more than it might have if it were a perpetual foundation. Likewise, Ruth Hennig of the John Merck Fund says, “There’s a new urgency for collaboration because, ideally, we would like to see some foundations decide that they want to work on the strategies or the set of objectives that we’ve developed. So, there’s a much more active effort to find collaborators.”

The AVI CHAI Foundation increased its focus on creating philanthropic partnerships after Duke University’s Joel Fleishman, whom the foundation hired to chronicle its spend down, critiqued AVI CHAI’s limited efforts in this area. Subsequently, the foundation “put much more energy on funding in partnerships, in terms of our approach to grantmaking.” To that end, it decided to fund only up to 50 percent of the cost of new projects. The foundation also promoted a senior staff person to become its director of strategic partnerships. As a result of these efforts, the foundation established tens of millions of dollars in partnerships with other foundations and organizations.

Finding funder partners is especially critical for work that requires large and long-term funding. For example, the S. D. Bechtel, Jr. Foundation’s water program puts “a high priority on bringing other funders to the table to help them understand the challenges, issues, opportunities, and critical needs of water infrastructure in California and the west.” Kibbe says the foundation will measure its success in its water work by “how well it is able to

engage others because this work is big and will take a long time.” Kibbe does not expect the foundation to “be able to declare victory” by the spend-out date of 2020. “We’re making progress and there’s change occurring on some of our big issues, but we’re trying to do it with partners that will continue the work after we’re gone,” she explains.

Both the S. D. Bechtel, Jr. Foundation and the Lenfest Foundation stress the importance of sharing what they know with other foundations through funder initiatives. For instance, the Lenfest Foundation plans to share knowledge with and “cultivate the next generation of philanthropists.”

It is worth noting that partnering well within a limited time frame can be challenging. Kibbe says that it takes a surprising amount of time to build and sustain partnerships. Some partnerships that the S. D. Bechtel, Jr. Foundation thought were very strong collapsed, resulting in lost time and investment. Because the foundation will not be open for much longer, it cannot remedy the situation simply by recruiting new partners. As difficult as collaborations or partnerships can be, however, Dachs still recommends not doing anything alone.



We’re making progress and there’s change occurring on some of our big issues, but we’re trying to do it with partners that will continue the work after we’re gone.

STUPSKI FOUNDATION'S EFFORTS TO **CONVENE RELEVANT PLAYERS**

Stupski Foundation Chief Executive Officer Glen Galaich sees partnering with and convening relevant players as essential to understanding the issues the foundation seeks to address in its 10 remaining years. With limited time, the foundation intends to hone in on the most likely opportunities for impact: “You can read about the issues, but you get a greater depth of understanding when you are partnered with entities that are reporting out and doing their own analysis in these issue areas. And you don’t always get access to that information by asking questions from the outside in, so we’re getting on the field and we’re making investments to get that depth of knowledge into the problem.”

Convening makes sense for the Stupski Foundation because the focus of its issue areas currently spans just two counties in the Bay Area—thus, the number of players the foundation needs to bring together is manageable. Galaich says that convening gives the foundation a “greater sense of the field, how entities work together, and where entities should be working together” to reduce redundancy. Understanding the “nuances, initiatives, and players at the table” will help the Stupski Foundation identify opportunities to make progress in its issue areas, Galaich says.



You can read about the issues, but you get a greater depth of understanding when you are partnered with entities that are reporting out and doing their own analysis in these issue areas.



7. COMMUNICATIONS



COMMUNICATING WITH GRANTEES

To help grantees prepare for loss of funding, most leaders of limited life foundations prioritize communicating their spend-down decisions and timelines with grantees in a transparent, direct, and timely way.

Upon making the decision to sunset, the John Merck Fund announced its decision immediately through an e-mail to its grantees, 10 years from its spend-down date. Since then, the fund informs grantees in real time about changes that affect them.

Penny Hunt, executive director of the Robina Foundation, frequently communicates with grantees and tries to be "honest and forthright with them about where the foundation is going." Recognizing the importance of two-way communication with grantees and the need to listen, the foundation's board went on a listening tour and met with grantees for day-long sessions to help prepare for the foundation's final round of grants. By spending one day with each grantee, board members gained a deeper understanding of grantees' goals and needs.

As the Brainerd Foundation approaches its spend-down date, staff have been in conversation with grantees about how the foundation will structure its grants in the

four remaining years. Krumboltz says, "We have been transparent with our grantees about when we expect them to roll off our docket—both in writing and in conversation." In addition to giving grantees one or two years' notice before tying off their grants, the foundation invited grantees to communicate how best to structure those final grants. For example, some final grants have included matching components to create incentives for increased donations from board members or individual donors. Other grants include additional funds for specific capacity-building support. Many of the foundation's grantees have relationships with senior staff that span 10 or 20 years, making it easier to have frank conversations about capacity needs.

Foundations also cite the importance of emphasizing the certainty of their spend-down plans to grantees. For example, some of the Andrea and Charles Bronfman Philanthropies' grantees doubted it would truly spend down, recalls Solomon. Addressing the same challenge, ClearWay Minnesota follows the advice it received from the Beldon Fund and other limited life foundations: "Communicate often and communicate consistently that you are life limited, you are going out of existence, your funding will end, their grants will end, and there will be no more dollars from us."

Some foundations, such as the John Merck Fund, the Andrea and Charles Bronfman Philanthropies, and the S. D. Bechtel,



Communicate often and communicate consistently that you are life limited, you are going out of existence, your funding will end, their grants will end, and there will be no more dollars from us.

Jr. Foundation, engage consultants to solicit feedback from grantees about their communication efforts. In fact, feedback relayed through consultants prompted the S. D. Bechtel, Jr. Foundation to take the question of communication more seriously. The foundation learned that its stakeholders wanted it to share more about “its decisions and process and what it is learning along the way.” Parker Sexton, a research associate on the OE team, says, “Communication to grantees receiving final grants occurs early and often so that grantees have adequate time to prepare for the loss of foundation funding.”

Increasing communication efforts while balancing other responsibilities that go into a spend down can be difficult. For example, the Andrea and Charles Bronfman Philanthropies has found it challenging to communicate more often with grantees while simultaneously reducing its staff size as the spend-out date approaches. When asked what has been challenging about spending down, Hennig responded, “The main challenge has been making sure that [the John Merck Fund is] being adequately informative and transparent with our grantees and with the broader nonprofit community.”



Communication to grantees receiving final grants occurs early and often so that grantees have adequate time to prepare for the loss of foundation funding.

“The John Merck Fund is not a group that is about big institutional ego,” Hennig says. “Quite the opposite—we want the focus to be on the grantees.” In line with this, the fund communicates about the impact of its efforts mainly through highlighting grantees and their work.

The Brainerd Foundation has intentionally maintained a low public profile, reflecting the humility of its founders. However, as it approached the final phase of spending down, it made changes to be more forthright about sharing its perspectives and what it has learned. These changes included engaging with social media, revamping its website to highlight grantee successes, capturing intriguing case studies, and publishing short blog posts to spark conversations with grantees and funder colleagues.

“Before the decision to spend down was made in 2009, the S. D. Bechtel, Jr. Foundation did very little on the communications front, preferring to focus the attention on the grantees doing the work,” says Sexton. However, the foundation feels “a responsibility to share with the field” what it is learning from its major initiatives and its sunset. Therefore, it “upped the ante in terms of communications.” The foundation created its first website in 2011 and has been improving it gradually. In 2016, the foundation added more content and resources to the website for grantees and grantmakers and built communications capability overall. The foundation relies on the expertise of an external communications firm whose work is coordinated by the OE team.

A challenge limited life foundations face is keeping the spotlight on the issues they care about and maintaining a sense of influence in the field. Some foundations describe unproductive changes in the way others in the field viewed them after learning about their decision to spend down. For example, Prager says, “I have heard someone describe the AVI CHAI Foundation as the ever-spending-down foundation. We have been talking about spending down so frequently in the past 10 years that people less



COMMUNICATING WITH THE REST OF THE FIELD

Some limited life foundations have made a concerted effort to announce their spend-down plans publicly but are careful to keep the spotlight on their grantees’ work, rather than on their own plans to spend down.

The Andrea and Charles Bronfman Philanthropies’ philosophy toward communications has been “to downplay the foundation and try to move the public communications toward each of the organizations it funds.” Similarly, the Lenfest Foundation wants to share stories of grantee and beneficiary successes with the public. Holland says, “We see ourselves as having the ability to champion [beneficiaries] and champion the organizations that are working for them.”



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connected with the foundation keep saying, ‘You’re still here? I thought you were spending down.’”

According to Kehoe, “One of the challenges when you say, ‘We’re spending down,’ is a tendency for people to think of you as a lame duck.” In hindsight, the Brainerd Foundation may have made the announcement about its spend down too soon, Kehoe says. “If we had known in 2008 that it would be a 12-year spend down, we probably wouldn’t have gone out and told all of our grantees that we’re spending down, because 12 years is a long time to have that be the conversation opener.” Sharing the decision early has meant needing to consciously bring the focus back on their work. Krumboltz says, “The first question everyone asks you is ‘When are you closing your doors?’ as opposed to, ‘What are you trying to accomplish in the next five years?’” However, the codirectors feel that there were benefits to communicating the decision early. Kehoe says, “Our sunset initiatives reflect many years of thinking and conversation with grantees. This is our last big push to strengthen the field. If we’d had less time, these initiatives wouldn’t have been possible.”

Staff from the S. D. Bechtel, Jr. Foundation are also conscious of how others view them as a limited life foundation. Kibbe asks, “At what point does the foundation’s influence wane because people perceive us to be leaving the field? How can we be appropriately influential throughout the remaining years?” Inevitably, people in the field are interested not only in the foundation’s programmatic work but also in its spend-down process. In fact, Dachs says she receives more inquiries about the spend down than about the foundation’s programs.



One of the challenges when you say, ‘We’re spending down,’ is a tendency for people to think of you as a lame duck.



8. EVALUATION

Attitudes toward—and plans for—evaluation vary greatly across the foundations interviewed. While some have increased their emphasis on evaluation, others targeted their evaluation efforts toward specific programs or grants. Still others are uncertain about the relevance of evaluation given their limited life.

INCREASING EMPHASIS ON EVALUATION

For some foundations, the decision to spend down has led to an increased emphasis on evaluation. At the S. D. Bechtel, Jr. Foundation, “before the spend-down decision, evaluation was something that was done on a case-by-case basis, and more so by the grantees than by the foundation,” says Kibbe. “With the creation of multiyear initiatives that are strategic and aligned with the goals for the spend down, the foundation increased the investment and attention to evaluation.” Kibbe explains, “One of the things we feel we can leave

the field with is better knowledge about what worked and what didn’t from the pilots that we’re funding.”



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Willoughby says ClearWay Minnesota has long engaged in evaluations and will continue to do so. Halfway through its spend down, when it was about 14 years from closing, the organization decided to create three “legacy goals”: reducing the smoking rate in Minnesota to less than 9 percent, reducing the percentage of Minnesotans affected by secondhand smoke to less than 5 percent, and advancing the science of eliminating tobacco-related health disparities.

According to Willoughby, defining these specific goals provides ClearWay Minnesota with a means to evaluate its progress during its spend out.

Similarly, Hennig says that the biggest change in approach to evaluation since the John Merck Fund decided to spend down has been to “define metrics and benchmarks for each program. We had not done that prior to the decision to spend out.”

FOCUSING EVALUATION EFFORTS

Other limited life foundations have chosen to target their evaluation efforts toward specific programs or grants. Prager describes different choices the AVI CHAI Foundation made for evaluation efforts at its offices in Israel and North America. The Israel office has increased its investment in evaluation with an eye toward building evaluation capacity within organizations and showing the field what works. The office also “hired a director of evaluation after the decision to spend down was made.” In contrast, the North America office is doing less evaluation work than it used to because most of its programs are older and have been evaluated in the past.

Since its decision to spend down, the Andrea and Charles Bronfman Philanthropies has targeted its evaluations.

Around 2003, it divided all its grantmaking into “autobiographical grants, legacy grants, relationship grants, and strategic grants.” Then, it took all of its evaluation resources and moved them to its strategic grants, which Solomon says gave the foundation “greater resources to focus on the things we cared about and the things we could make changes with.”

PONDERING THE RELEVANCE OF EVALUATION

Given their limited life, some foundations are uncertain about the relevance of evaluation. Leaders of the Brainerd Foundation are still deciding whether or not to conduct a large-scale evaluation in the final stages of its spend-down process. According to Krumboltz, because the foundation is sunsetting, the typical rationale for large-scale evaluation may not apply.

Hunt says that the Robina Foundation is considering an overarching evaluation of its work to identify lessons learned about what did and did not work, and ways its experiences could guide other foundations. The foundation “retained consultants all along the way to help evaluate proposals and also evaluate the work of the grantees.”

Both the Lenfest Foundation and the Whitman Institute seek to tell the story of their giving, which may not require commissioning formal evaluations. Holland says that the Lenfest Foundation’s story “does not need to be a 10-year longitudinal study but could be more of a narrative.” Similarly, Infante says that the Whitman Institute looks to capture the work and impact of its grantees through nontraditional, creative ways that are “culturally appropriate to the foundation’s size, scale, and culture.”



Given their limited life, some foundations are uncertain about the relevance of evaluation.



9. ARCHIVING KNOWLEDGE

Most leaders of limited life foundations expressed a desire to preserve the knowledge their foundations have gathered. However, there is no clear point in the spend-down process when foundations work to solidify their plans for archiving knowledge, nor is there one common way these foundations are approaching archiving.

Leaders at the Andrea and Charles Bronfman Philanthropies were motivated to share their knowledge after searching for literature about the spend-down process but finding few resources. They want to share what they have learned “not so much for the foundation’s legacy but to have philanthropy operating at the highest level possible and to try to help others be more focused in their philanthropic strategies.” The foundation began the archival process when it moved to a smaller office space in 2014. Downsizing meant it had to sort its data into four categories: “what should be digitized, what should be stored as is on paper files, what should be trashed, and what should be kept in the active office files.” The foundation used what Solomon describes as a “highly imperfect process,” taking into consideration potential utility to interested parties down the road and “what might be of interest to a Ph.D. student 15 years from now.”

The S. D. Bechtel, Jr. Foundation is in the early stages of discussing whether and what it might archive, weighing the potential costs of time and money against the usefulness of the foundation’s documents to others in the field. Its staff is talking to people at other foundations and institutions that currently host foundation archives to learn about the use and usefulness of the materials preserved. Regardless



We want to share the ways we do things.

We want to share the stuff we never figured out very well.

We want to share the sunset process as it unfolds.

of what its leadership decides about a formal archive, the foundation has already made significant commitments to building and sharing knowledge: It has committed more than \$40 million to a combination of research and evaluation since its spend-down decision was made. The foundation will share results and insights from program work as well as the spend-down process as it evolves.

At the beginning of the AVI CHAI Foundation’s spend down, it made the decision to commission a book on its history so that no one would have to “go through all of the archives to learn about the narrative trend of its life,” Prager says. Additionally, the foundation began

a conversation with an archivist to catalog its accumulated files, as a first step toward potentially contributing the files to an existing archive.

The Fund for Democratic Communities discussed plans for archiving knowledge early in the process but anticipates not having the time to do as good of a job with it as it would like. Thompson says, “We want to share the ways we do things. We want to share the stuff we never figured out very well. We want to share the sunset process as it unfolds. There’s a lot we want to share, and I don’t think we have our systems in place to do it yet.” One idea it is considering is sharing recordings of grantee gatherings,

so that the rich and nuanced discussions that have taken place are made available to anyone interested.

The Brainerd Foundation contracted with Paul Brainerd's alma mater, the University of Oregon, to sort through its files and retain papers and website information for the public. Likewise, the Fund for Democratic Communities' papers will go to the University of North Carolina at Greensboro unless other organizations have the interest and capacity to make the foundation's data broadly accessible.

WHAT ADVICE WOULD YOU GIVE OTHERS CONSIDERING A LIMITED LIFE FOR THEIR FOUNDATION?

Historical importance should not be your top focus. Work to get as much of your mission fulfilled as you can in real time, while you have the power to make a difference.

CLEARWAY MINNESOTA

New foundations should commit to a limited life strategy before everything else.

STUPSKI FOUNDATION

Every foundation should periodically revisit the assumption of perpetuity. Whether a foundation decides to spend down or not, it's a valuable exercise to go through in terms of reflecting on purpose and mission. We brought in a facilitator to help guide us through this discussion during a one-day retreat, and that proved helpful for us.

THE WHITMAN INSTITUTE

Pick a clear end date that is realistic in terms of your own foundation's capacity to spend down effectively and wisely and bears some relation to the state of need in the specific areas you are trying to impact.

FUND FOR DEMOCRATIC COMMUNITIES

Bring all stakeholders into the planning for the spend down.

THE ANDREA AND CHARLES BRONFMAN
PHILANTHROPIES

CONCLUSION

At the outset of this research, we expected to find many commonalities in how foundations navigate the spend-down process. Instead, we learned from leaders we interviewed that while limited life foundations all encounter similar issues, there is great diversity in the approaches they take. The two areas in which we find the most consistency are why foundations decide to spend down and their desire to archive their knowledge.

We also find that though foundations take a range of approaches to spending down, they share a commitment to doing so with care and planning. Ruth Hennig of the John Merck Fund says, “I think planning is the most important thing you can do. One of the reasons that spending down has been a reasonably orderly process for us is that we’ve been planning and talking about it for a long time.”

When it comes to the people most affected by a foundation’s spend-down process—staff and grantees—foundation leaders are careful in considering the choices they make and the repercussions of those choices. They are deliberate in making decisions about whether and how to staff up, whom to hire, and how to support staff as their foundations close their doors. They are thinking about how best to support nonprofits through the process of losing a funder, mindful of the damage that could come with an abrupt end to funding. They are considering how to ensure that work that matters to them continues after their foundations have spent down.

Foundation leaders we interviewed were open about how difficult it was to plan financially after making the decision to spend down. With fluctuations in the market, financial planning presented a variety of challenges to



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leaders of these foundations. They needed to determine the best ways to spend funds in line with their missions and the extent to which they engaged in socially responsible investing.

Leaders of limited life foundations have had to think hard about how to communicate about their spend-down process. They have needed to examine the role and purpose of evaluation in their context, and whether and how to archive information from their foundations' work.

Grappling with all of these issues—while also guiding a foundation through its daily work to achieve its goals—clearly requires a considerable amount of time and effort. Yet the leaders we interviewed believe strongly that the opportunity to achieve greater impact through spending down is worth the challenge. As Jeffery Solomon of the Andrea and Charles Bronfman Philanthropies says, “Perpetual foundations don't have the advantage of needing to be intense because of time restrictions. I think that the element of time provides a level of focus that is a significant advantage and should be seen as such.”

The fact that there is no “typical” way to spend down means that foundations beginning this process will not have a simple blueprint to follow. Planning, seeking advice, and making decisions about what will work in a foundation's particular context remain critical. We hope this report provides foundations that are considering or are in the process of spending down with a list of important issues to consider and examples of the range of decisions other limited life foundations have made.

APPENDICES

Appendix A:
Spend-Down Planning Sheet

Appendix B:
Additional Resources

Appendix C:
Methodology

APPENDIX A: SPEND-DOWN PLANNING SHEET

So, your foundation is considering a limited life. Have you thought about...

WHY SPEND DOWN

INVESTING

STAFFING

GRANTMAKING AND STRATEGY

WHAT FOUNDATIONS OWE THEIR GRANTEEES

COLLABORATIONS

COMMUNICATIONS

EVALUATION

ARCHIVING KNOWLEDGE


APPENDIX B: ADDITIONAL RESOURCES

	STUDY, REPORT, OR HANDOUT
	ARTICLE, BLOG POST, OR ESSAY
	WEBSITE
	INTERVIEW
	MEETING RECORDING

THE ATLANTIC PHILANTHROPIES

-  The Atlantic Philanthropies, 2010, [Turning Passion Into Action: Giving While Living](#)
-  Maria Pignataro Nielsen, GrantCraft, 2015, [Retaining an Engaged Staff to the End](#)
-  Paul Sullivan, *New York Times*, 2014, [A Billion Still to Spend](#), and [Only Two Years to Do It](#)
-  Christopher G. Oechsli and David La Piana, *Stanford Social Innovation Review*, 2014, [A Good Ending](#)
-  Tony Proscio, five reports about The Atlantic Philanthropies' spend down:
 - [Winding Down The Atlantic Philanthropies: The First Eight Years: 2001–2008](#)
 - [Winding Down The Atlantic Philanthropies: 2009–2010: Beginning the Endgame](#)
 - [Harvest Time for The Atlantic Philanthropies - 2011–2012: Focus, Exit, and Legacy](#)
 - [Harvest Time for The Atlantic Philanthropies - 2012–2013: Decline & Rise](#)
 - [Harvest Time for The Atlantic Philanthropies - 2013–2014: Final Priorities](#)

THE ANDREA AND CHARLES BRONFMAN PHILANTHROPIES

-  The Andrea and Charles Bronfman Philanthropies' [website](#) includes such resources as:
 - The [letter](#) Charles Bronfman and Jeffrey Solomon sent announcing the foundation's spend down
 - The [methodology](#) for the spend down, created in consultation with Cambridge Leadership Associates (CLA)
 - A [case study](#) prepared by GrantCraft
 - A [blog series](#), "Making Change by Spending Down," which includes 28 blog posts, two videos, and one podcast


THE AVI CHAI FOUNDATION

-  Joel L. Fleishman, annual reports about the AVI CHAI Foundation's spend down:
 - [2009: First Annual Report to the AVI CHAI Foundation on the Progress of Its Decision to Spend Down](#)
 - [2010: Second Annual Report to the AVI CHAI Foundation on the Progress of Its Decision to Spend Down](#)
 - [2011: Third Annual Report to the AVI CHAI Foundation on the Progress of Its Decision to Spend Down](#)
 - [2012: Fourth Annual Report to the AVI CHAI Foundation on the Progress of Its Decision to Spend Down](#)
 - [2013: Fifth Annual Report to the AVI CHAI Foundation on the Progress of Its Decision to Spend Down](#)
 - [2014: Sixth Annual Report to the AVI CHAI Foundation on the Progress of Its Decision to Spend Down](#)

THE BELDON FUND

-  The Beldon Fund, 2009, [Giving While Living: The Beldon Fund Spend-Out Story](#)
-  The Beldon Fund, [Spend-Out Lessons and Tips](#), which covers budgeting for a spend out, building the field, managing staff, and exiting responsibly.


THE BRAINERD FOUNDATION

-  The Brainerd Foundation's [website](#) includes such resources as:
 - The [letter](#) Paul Brainerd sent announcing the foundation's spend down
 - A link to its [blog](#), which contains short pieces about lessons learned, grantee case studies, and the spend-down process

THE ECKERD FAMILY FOUNDATION

-  National Center for Family Philanthropy, 2013, [The Power of Urgency: The Eckerd Family Foundation's Limited Life Approach](#)

FUND FOR DEMOCRATIC COMMUNITIES

-  Community-Wealth, 2014, [Interview with Ed Whitfield](#)

FRENCH AMERICAN CHARITABLE TRUST

-  *Philanthropy News Digest*, 2014, [Archiving Simply: How FACT Prioritized Sharing](#)

IRWIN SWEENEY MILLER FOUNDATION

-  National Center for Family Philanthropy, 2013, [Irwin Sweeney Miller Foundation: A Study in Spend Down](#)

THE LIA FUND

-  Grantcraft, 2015, [Communicating The Lia Fund's Sunset Plans to Our Grantees](#)

OLIN FOUNDATION

- James Piereson, *Philanthropy*, 2002, [The Insider's Guide to Spend Down: Switching off the lights at the Olin Foundation](#)

ONE FOUNDATION

- One Foundation, [2004–2013 Impact Report](#)

S. D. BECHTEL, JR. FOUNDATION

- S. D. Bechtel, Jr. Foundation, 2016, [Spend Down Timeline](#)
- Barbara Kibbe, *Breaking Up Is Hard to Do, to be published Spring 2017*

W. H. BRADY FOUNDATION

- Martin A. Davis Jr., *Philanthropy*, 2003, [Spending Down: A mid-size foundation seeks a lasting impact on public policy](#)

GENERAL RESOURCES

ASPEN INSTITUTE

- John R. Thelin and Richard Trollinger, 2009, [Time is of the Essence: Foundations and the Policies of Limited Life and Endowment Spend-Down](#)

ASSOCIATION OF CHARITABLE FOUNDATIONS

- Association of Charitable Foundations, 2010, [Spending Out: learning lessons from time-limited grant-making](#)

THE BRIDGESPAN GROUP

- Amy Markham and Susan Wolf Ditkoff, 2013, [Six Pathways to Enduring Results: Lessons from Spend-Down Foundations](#)

THE CHRONICLE OF PHILANTHROPY

- Ray D. Madoff and Rob Reich, *The Chronicle of Philanthropy*, 2016, [Now or Forever: Rethinking Foundation Life Spans](#)

DUKE UNIVERSITY

- Duke University, 2007, [The Center for the Public Domain: A Short-Lived Venture Philanthropy](#)
- Joel L. Fleishman, *Putting Money to Work: Philanthropy Now or Investing for the Future?*, to be published Fall 2017
- [Online library](#) on spending down

FOUNDATION CENTER

- Foundation Center, 2009, [Perpetuity or Limited Lifespan: How Do Family Foundations Decide?](#)
- GrantCraft, 2013, [Foundations Moving On: Ending Programmes and Funding Relationships](#)
- GrantCraft, 2012, [Spending Out—Making it Happen](#)

NONPROFIT QUARTERLY

- Francie Ostrower, *Nonprofit Quarterly*, 2016, [Perpetuity or Spend-Down: Does the Notion of Lifespan Matter in Organized Philanthropy?](#)

PHILANTHROPY ROUNDTABLE

- Joanne Florino, *Philanthropy*, 2015, [Going for Broke](#)
- Heather R. Higgins and Michael S. Joyce, 1996, [Should Foundations Exist in Perpetuity?](#)
- Amy Markham and Susan Wolf Ditkoff, *Philanthropy*, 2013, [Learning from the Sunset: Five lessons for lasting impact from foundations that spend down](#)
- Meeting recording, 2010 Philanthropy Roundtable Annual Meeting, [Spending Down vs. Perpetuity: How to achieve your charitable objectives](#)
- Meeting recording, 2011 Philanthropy Roundtable Annual Meeting, [Giving It All Away: Strategies from the Spend-down Experts](#)

STANFORD SOCIAL INNOVATION REVIEW

- *Stanford Social Innovation Review*, 2014, [Making a Graceful Exit](#)

URBAN INSTITUTE

- Francie Ostrower, 2009, [Limited Life Foundations: Motivations, Experiences and Strategies](#)

APPENDIX C: METHODOLOGY

The findings presented in this report are based on data collected and analyzed by CEP. Data were collected through questionnaire responses from and interviews with 11 leaders of limited life foundations.

SAMPLE

Foundations were considered for inclusion in this research study if they:

- were listed on Duke University’s Center for Strategic Philanthropy & Civil Society website as a time-limited foundation;¹⁰
- were listed on Duke University’s Center for Strategic Philanthropy & Civil Society website as spending down within the next decade (between 2016 and 2026); and
- had staff, as identified through the foundation’s website or 990 form.

Individuals leading eligible foundations were considered for inclusion if they:

- had a title of president, CEO, executive director, or equivalent, as identified through the foundation’s website, 990 form, or internal CEP staff knowledge; and
- had an e-mail address that could be accessed through the foundation’s website or CEP’s internal contact management software.

TIME FRAME AND RESPONSES

In early 2016, the 18 foundation leaders eligible for this study were sent an e-mail invitation to complete a questionnaire about their foundation’s spend-down process. The questionnaire was fielded online for a two-week period. Completed questionnaires were received from 15 foundation leaders. Selected quotations from questionnaire responses were included in this report with permission of those respondents.

Of the 15 respondents to the questionnaire, 11 foundation leaders elected to participate in an hour-long phone interview with CEP. Interviews were conducted between January and May 2016. Two interviews were conducted with the S. D. Bechtel, Jr. Foundation to accommodate schedules of the foundation’s staff.

INTERVIEW SAMPLE DEMOGRAPHICS

Of the 11 foundations in the interview sample, nine were independent foundations, one was an operating foundation, and one was a public charity. The median asset size for

foundations in the study was approximately \$47 million and the median annual giving level was approximately \$10 million. The median foundation age was 21 years.¹¹

Foundation Characteristics	Range	Median Value
Assets	\$0 to \$457.2M	\$47M
Giving	\$0 to \$120.1M	\$10M
Age	10 years to 60 years	21 years

INTERVIEW PROTOCOL

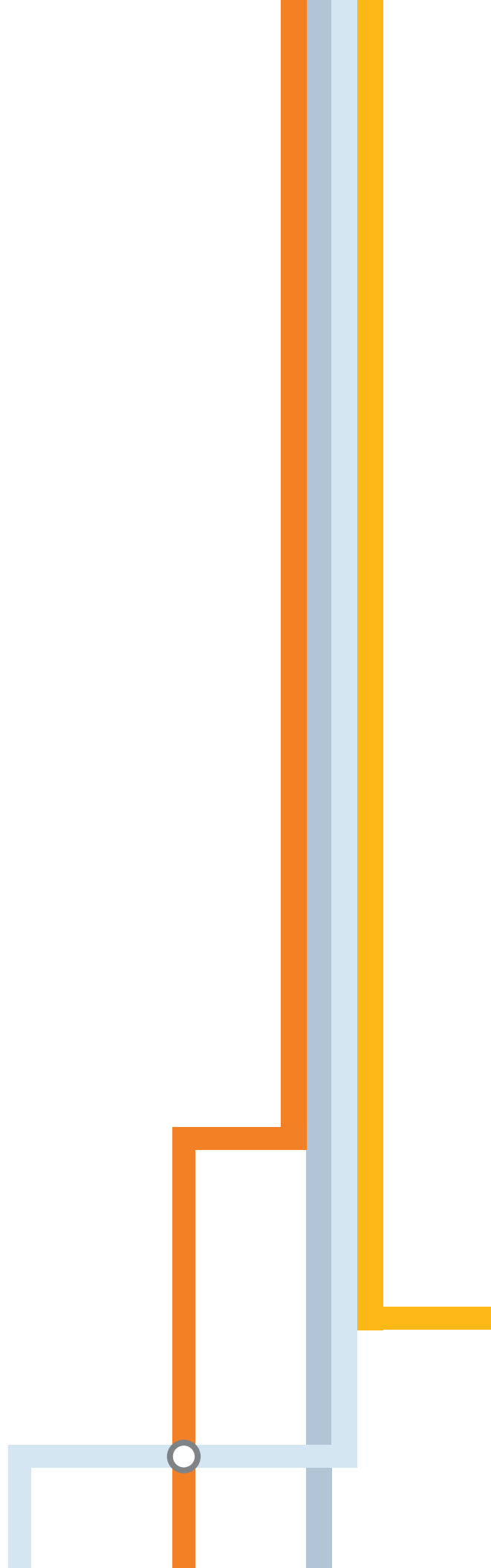
The interview protocol was developed in consultation with CEP’s key contacts at the S. D. Bechtel, Jr. Foundation. Every interview began with an introductory script describing the purpose of the study. Before any questions from the protocol were asked, interviewees were notified that the interview would be recorded and transcribed. The protocol contained 15 questions on a variety of topics, including: the interviewee’s background; the timeframe and rationale for spending down; change in key aspects of the foundation’s work or operations since the decision to spend down was made; surprises during the spend-down process; and advice interviewees would give others considering a limited life for their foundation. The number of questions asked varied depending on the pace of the interview.

DATA ANALYSIS

Interview recordings were transcribed, and two CEP staff categorized and synthesized interviewee responses according to nine thematic categories. Within some of these themes, more specific subthemes also arose. Selected quotations to represent themes and subthemes were included throughout this report. All interviewees reviewed, and agreed to publicly share, their responses in this report.

¹⁰ <http://cspcs.sanford.duke.edu/time-limited-foundations-sorted-spend-down-date>.

¹¹ Foundation type and age information come from Foundation Directory Online Data as of December 2016. Foundation assets and giving are the latest available, reported to us from the interviewees in this study.





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