

Strategic Time Horizons

A Global Snapshot of Foundation Approaches



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Table of Contents

Executive Summary	4
Introduction	5
Methodology	6
Respondent Overview	7
Key Findings	9
Perspectives of Time-Limited Organizations	11
Perspectives of Organizations Actively Considering a Time-Limited Horizon	13
Perspectives of Organizations that Have Not Considered or Have Rejected a Time-Limited Horizon	14
Prevailing Perceptions of Time-Limited and Perpetual Time Horizons	16
Concluding Thoughts and Key Learnings	20
Appendix A: Additional Charts and Tables	21
Appendix B: Survey Questionnaire	28

Executive Summary

Whether responding to a cataclysmic event or providing sustainable financing to solve structural issues, philanthropies around the world are taking a fresh look at their approaches. As part of this reexamination, organizations are beginning to consider how philanthropic timelines factor into their efforts to more effectively and strategically address global challenges. The selection of a particular model—whether time-limited or in-perpetuity—has significant implications for strategy, operations, programmatic scope, resource allocation, relationships with grantees and partners, and beyond.

Rockefeller Philanthropy Advisors (RPA) and NORC at the University of Chicago set out to conduct a global exploration of various dimensions of strategic time horizons in institutional giving in order to examine considerations, motivations, and models that inform philanthropic timeframes, as well as perceived advantages and disadvantages of different approaches. We collected responses from 150 philanthropic organizations of various types in North America, South America, Europe, and Asia. The wealth of data gathered through the survey gave us deep insights into how organizations view and make decisions regarding strategic time horizons, and how time horizon choices affect their philanthropic activity.

The survey captured both time-limited and in-perpetuity institutions, and included questions to assess how these organizations thought about their philanthropic timeframes. The survey revealed that philanthropic time horizons have become an increasingly central strategic consideration for foundations. Our key findings were:

- **The time-limited model is trending up.** Nearly half of the organizations established in the 2010s were founded as time-limited vehicles. This is a dramatic increase from organizations established in the 1980s, when this percentage was closer to 20%. Although in-perpetuity remains the dominant foundation model (about 70% of all foundations), the percentage of organizations that have chosen or proactively considered a shift to a time-limited model is around 30%. This shows that time horizon conversations are taking place and are driving intentional, strategic choices.
- **Certain program areas skew toward specific philanthropic time horizons.** Environment/conservation, education, community and economic development, health, and arts and culture were the top five thematic areas addressed by the time-limited organizations engaged in this survey. By comparison, the top five thematic areas for in-perpetuity institutions

were education, health, arts and culture, community and economic development, as well as human services. Although the leading thematic areas addressed by the two models were similar, this shows that the time horizon choice triggers a reshuffle of programmatic priorities.

- **There is a diversity of reasons for adopting a particular time horizon.** Questions of impact, next-generation involvement, and sharper focus were among the top reasons behind the time horizon choice. Specifically, time-limited organizations were primarily concerned with donor intent, quicker transfer of funds, greater impact through narrowing focus, and mitigating the risks of lack of next-generation interest or involvement. In contrast, in-perpetuity practitioners were focused on multigenerational giving and avoiding narrow focus.
- **Organizations that switch to a time-limited model often change the way they do business.** Nearly eight out of 10 organizations in the survey shifted to providing larger but fewer grants. Similarly, more than half of the organizations that switched models subsequently limited the geographic or programmatic scope of their work. These organizations also reported needing specialized help, such as executive-level sunset management, or strategic grantmaking experts for spending down program areas.
- **Regardless of the time horizon choice, organizations are satisfied with their decisions.** Our research clearly showed that overwhelmingly—at 80% for both models—organizations were highly satisfied with their time horizon choice. Those that chose the time-limited approach believed that it boosts effectiveness in a number of ways, including allowing the work to be done with greater urgency than before. Those that chose the perpetual approach cited the model's strong fit with the organizational mission and long-term focus, as well as the opportunity to engage future generations in philanthropy.

We hope these insights will be helpful to philanthropic practitioners and observers alike as they engage in thoughtful consideration and discussion of the strategic implications of time horizons for their own work and the field of philanthropy.

Introduction

Traditionally, many institutional philanthropies did not actively consider how long they wanted to exist as a component of their overall strategy. Although grants have always been limited in time, typically organizations themselves have not intentionally discussed or planned their institutional philanthropic timeframes. Increasingly, in part due to innovations driven by shifting social norms and the rise of strategic philanthropy, organizations are considering the length of time over which they want to operate as a core component of their strategy. This consideration of strategic time horizons can hold profound implications for strategies, operations, programmatic scope, relationships with grantees, and the greater ecosystem of beneficiaries and partners.

To explore this further, Rockefeller Philanthropy Advisors (RPA) conducted a global study of various dimensions of strategic time horizons in institutional giving. Our research examines considerations, motivations and models that inform philanthropic timeframes, as well as perceived advantages and disadvantages of different approaches. With the goal of providing useful insights to a broad range of practitioners, including experienced and new foundations, individual donors, membership organizations, advisors, and nonprofit leaders, this report offers a snapshot of how 150 philanthropic organizations around the world approach strategic time horizons. It also explores how different time horizon models affect and are impacted by:

- The value proposition of philanthropic activity.
- The operating model of the philanthropic organization.
- The approach to developing, leveraging, and obtaining expertise.
- Partnerships, costs (real and opportunity), and funding models.
- Programmatic focus.
- Relationships with grantees and communities served.

Through this study, we hope to meaningfully contribute to an emerging body of work relating to strategic time horizons, thereby helping strengthen the practice of philanthropy. We are grateful to The Atlantic Philanthropies for their continued support of and contributions to this work.

Methodology

This report is based on an online survey conducted between February 13 and June 26, 2019. The survey was distributed to the contacts and networks of RPA and other philanthropy-related organizations, including United Philanthropy Forum (United States), Association of Charitable Foundations (United Kingdom), Dasra (India), European Venture Philanthropy Association (Belgium), and Center for Philanthropy and Social Investments (Chile). These organizations represent a wide range of philanthropic entities of various sizes and ages, including private endowed foundations, family foundations, and other institutions. Recruitment efforts included email, newsletters, personal contact, and social media outreach with a brief description of the study and a link for participating in the survey.

This mixed-method (quantitative and qualitative) survey was conducted in English and designed to be completed by respondents in approximately 15 to 20 minutes. In examining both the time-limited (also referred to as spend-down, limited-life, or “giving while living,” among other terms) and in-perpetuity philanthropic models, the questionnaire asked respondents a series of questions related to their organizations’ decision-making regarding philanthropic time horizons, primary program areas, and perspectives on how those decisions have affected their organizations. The survey was not intended to endorse or advocate for a particular model or approach.

All survey responses were recorded, organized into a database and analyzed by NORC at the University of Chicago in collaboration with RPA. Data in the form of text responses to open-ended questions were also cleaned, coded and organized into themes.

In addition to 150 completed surveys, we collected 34 partially answered questionnaires. These were not used in the analysis because those respondents did not complete more than half of the questions.

Research Limitations

The survey has several limitations. First, it does not represent a random sample. While attempts were made to distribute the survey as broadly as possible, the results are subject to unknown biases and the responses given may not be representative of all philanthropic organizations. Thus, a measure of sampling error cannot be calculated. Additionally, although the survey is global in the sense that organizations from four continents took part, the majority of the responses are from North America and the findings may not fully capture the experiences of organizations from other regions.

Respondent Overview

Responding individuals were senior within their organization.

Overall, the individuals responding to this survey on behalf of their organizations were experienced philanthropy executives. Among them, 71% had more than 10 years of experience, including one-third (33%) with more than 20 years in the philanthropic sector.

These individuals held very senior roles within their organizations. Most respondents (79%) fell into the categories of executive officer, board member, president/ chief executive, or founder.

Responding organizations primarily represented the United States, Europe, and Asia.

The survey results were heavily influenced by the perspectives of North American organizations with approximately three-quarters of the philanthropies involved in this study based in the region (76%). The remaining

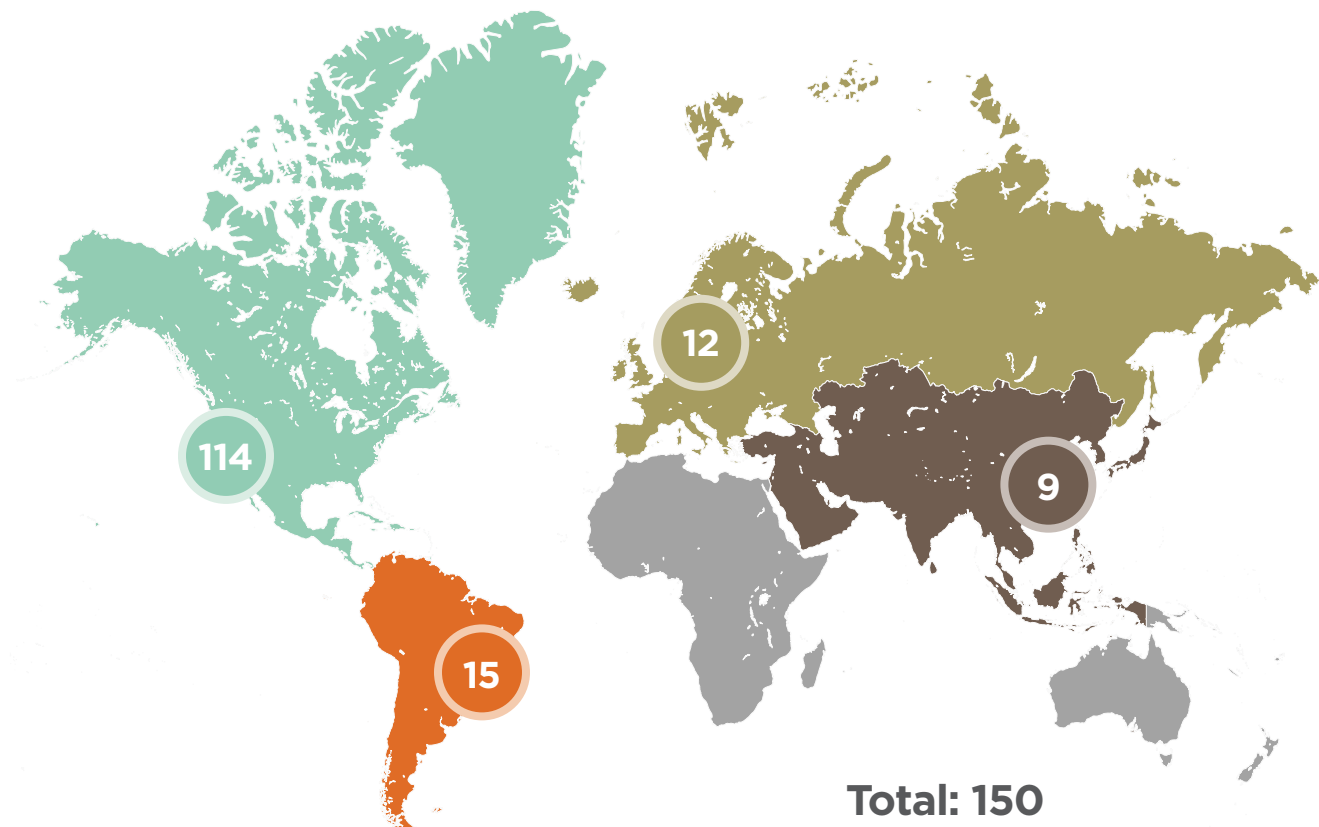
organizations were headquartered in South America (10%), Europe (8%) and Asia (6%).

Nearly all of the North American organizations were from the United States (US), and among the US-based organizations, most were based in the west (39%) or the northeast (35%). Approximately one-quarter of the organizations were based either in the midwest (16%) or the south (10%).

Most respondents were grantmaking organizations, but a significant cohort also ran their own programs.

Most of the responding organizations (68%) classified themselves as grantmaking, versus operating or hybrid philanthropic entities (Figure 1). Among the remaining respondents, 25% were either operating institutions or “mixed organizations” that used both grantmaking and operating approaches. Finally, a small percentage of the organizations (7%) classified themselves as “other organizations” such as philanthropic advisors, community foundations or support organizations. This category also included

The geographic representation of the respondents was as follows:



publicly funded organizations, as well as impact investing and academic entities.

Geographically, the percentage of organizations that identified as grantmaking entities was very high in both North America (76%) and Asia (78%), and moderate in Europe (50%). In contrast, more than half of the responding entities based in South America were mixed organizations.

Organizational Staffing

A significant portion of the responding institutions employed small numbers of staff (Figure 2). Nearly 60% had fewer than 10 staff members, and 34% had 10 to 49 staff members. Very few organizations—only 7%—had more than 49 staff members.

Respondents represented a broad spectrum of foundation assets and grantmaking budgets.

The organizations in the survey represented a diverse spectrum of foundation assets. Half of the respondents had assets of \$51 million or less. Approximately one in five organizations (18%) reported assets of \$501 million or greater. Most of these institutions were based in North America and Europe. The most commonly reported asset range is \$11-\$50 million. Many of these were South America-based organizations.

In terms of grantmaking budgets, 63% of the organizations had annual grantmaking budgets of \$10 million or less, and 15% had annual grantmaking budgets of \$51 million or greater.

Figure 1. Types of Philanthropic Organizations

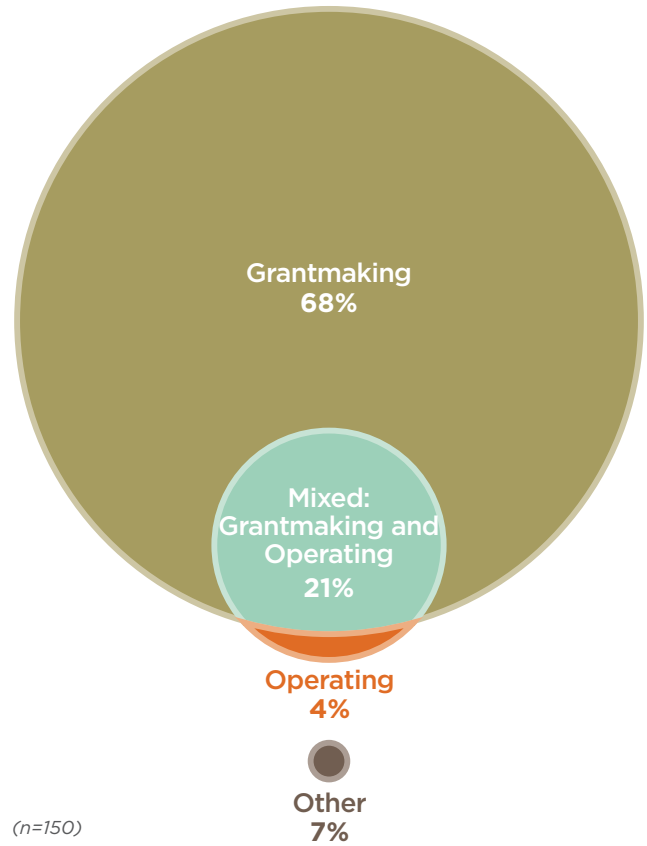


Figure 2. Organizations' Number of Staff



Key Findings

The survey examined the historical context of strategic time horizons in philanthropy, as well as how different timeframes affect how institutions think about and engage in philanthropic giving. This exploration was done across different types of institutions, including in-perpetuity and time-limited entities, as well as those that have made the shift to limited-life giving and those that have rejected the time-limited model.

The time-limited model has become increasingly popular.

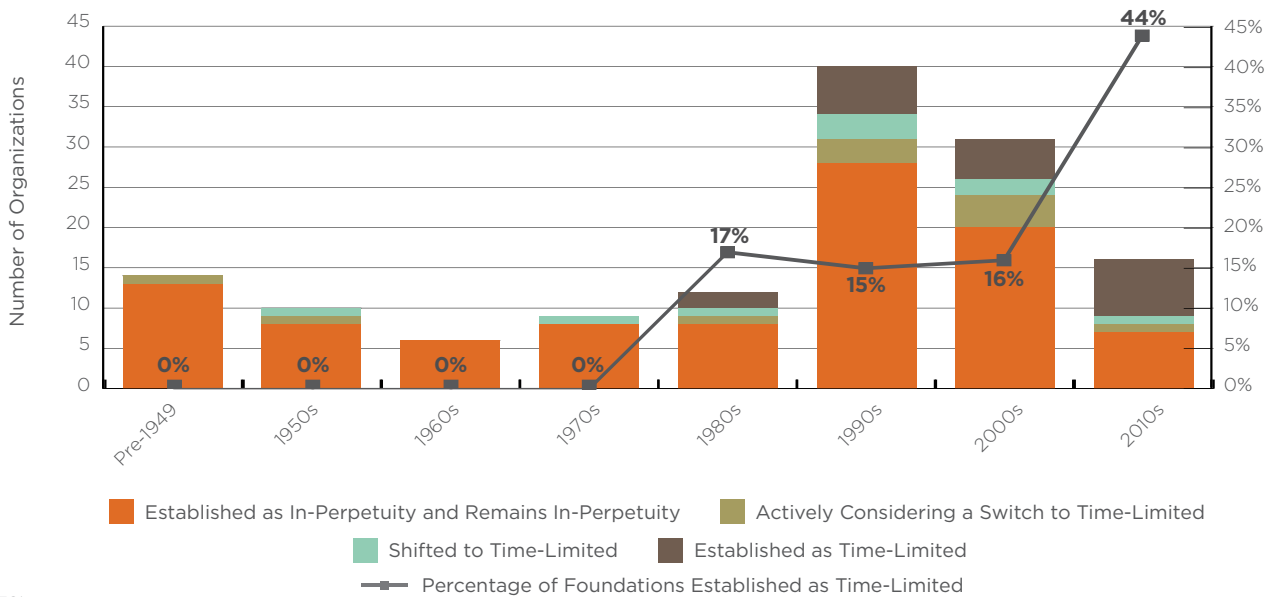
Survey results showed a clear upward trend in the number of organizations adopting a time-limited model (Figure 3). Before the 1980s, no organizations in the survey were established as time-limited vehicles. Thereafter, the percentage stayed roughly the same for the following three decades, then spiked up considerably in the most recent decade. More than two in five (44%) of the organizations established in the 2010s were set up as time-limited entities.

Although there has been an increase in the percentage of time-limited institutions, in perpetuity remains the dominant time horizon model (Figure 4). Among the survey participants, 71% represented in-perpetuity and 21% time-limited organizations.

To understand whether philanthropies intentionally chose in perpetuity or simply defaulted to it, the survey queried whether organizations had ever considered switching from a perpetual timeframe to a time-limited one. Just over half of the respondents (51%) stated that they had not considered switching, 20% said they considered but decided against it, and 8% were actively considering at the time they took the survey.

Among the time-limited organizations surveyed, 69% started out as time-limited endeavors and the remaining 31% made a proactive decision to switch to a time-limited model. This suggests that thoughtful discussions about time horizons are taking place within philanthropic organizations and are driving intentional, strategic choices.

Figure 3. Organization’s Lifespan by Establishment Date



(n=138)

Figure 4. Organizations by Time Horizon Model



(n=138)

Program areas differed by strategic time horizon.

Broadly speaking, top programmatic focus areas were similar for time-limited and in-perpetuity organizations (Figure 5). However, the hierarchy of these issue areas differed by model, with certain program areas skewed toward time-limited approaches. More than half of the limited-life respondents selected environment/conservation (52%) as the top program area, followed closely by education (48%) and community and economic development (38%). For the in-perpetuity respondents, education ranked as the top program area (65%), followed by health (44%) and arts and culture (38%). Among organizations considering a switch to a time-limited philanthropic horizon, health (64%) was chosen as the top issue area, followed by community and economic development (55%), and education (45%).

Figure 5. Programmatic Focus Area by Time Horizon

Time-Limited Organizations	In-Perpetuity Organizations	Organizations Considering Time-Limited Model
1. Environment/Conservation	1. Education	1. Health
2. Education	2. Health	2. Community and Economic Development
3. Community and Economic Development	3. Arts and Culture	3. Education
4. Health	4. Community and Economic Development	4. Arts and Culture
5. Arts and Culture	5. Human Services	5. Human Services
6. Agriculture, Fishing, and Forestry	6. Environment/Conservation	6. Environment/Conservation

Perspectives of Time-Limited Organizations

Although the survey revealed certain similarities between the models in terms of programmatic focus and scope, it also surfaced important differences in perspectives, practices, and motivations. Respondents offered a critical look into how different strategic time horizons impact decision-making and operations, as well as perceived benefits and lessons learned.

Founders largely drove the decision to become time-limited.

Spurred by different motivations, including next-generation concerns and the desire to increase impact, founders were the driving force behind choosing the limited-life philanthropic model. Two-thirds of organizations indicated that the founder influenced the decision to become time limited. In 63% of these institutions, the founders were still living and engaged, and for 37% founders were no longer living.

Others deemed influential in the decision to become time-limited were board members (34%), family members of the founder or key donor (21%), and executive staff (21%). When asked why their organizations selected the time-limited model, respondents provided the following top reasons, most of which center on the wishes of the founder:

- The desire to transfer the founder’s wealth to charitable giving sooner rather than later (38%).
- The desire to see impact on beneficiaries during the founder’s lifetime (31%).
- The desire to have a greater impact by narrowing focus (31%).
- Concern that future generations of the family may not want to be involved in philanthropic activities (28%).
- Concern that future foundation activities would no longer align with the donor’s original intent (24%).

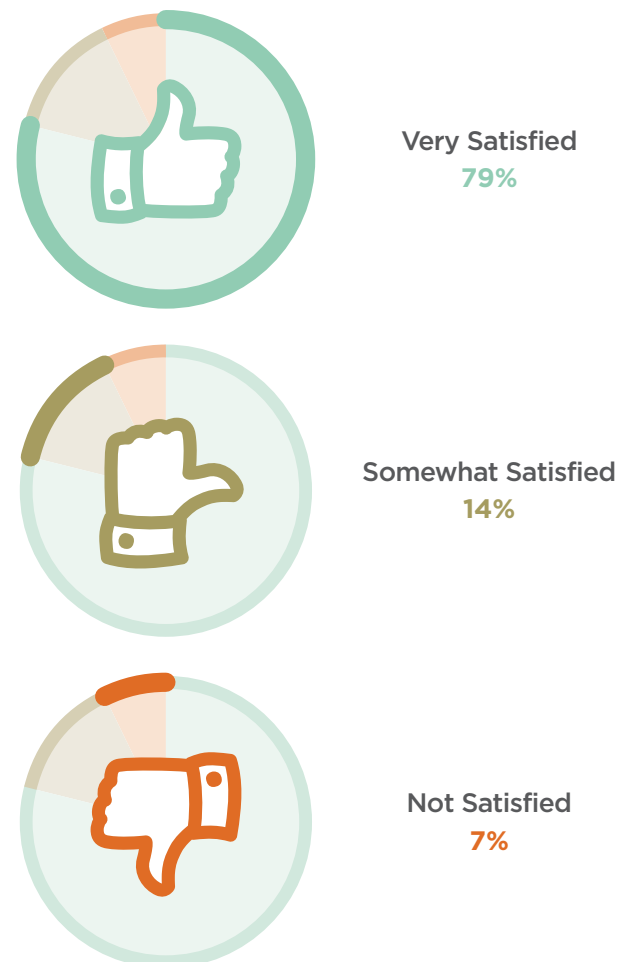
Satisfaction with the time-limited model was very high.

The perceived benefits of adopting a time-limited approach left nine out of 10 of the respondents very or somewhat satisfied with their decision (Figure 6).

Among these respondents, the leading reasons for high satisfaction were:

- A greater potential for social impact (33%).
- Closer alignment with donor intent (16%).
- A greater sense of urgency in their work (16%).

Figure 6. Satisfaction with the Time-Limited Model



(n=29)

In describing how a time-limited model allows for greater impact, one participant said, “It forces us to ask how we can have the best impact.” Another respondent provided similar reasoning, noting that the model gives the organization “the capacity to spend the endowment for greater impact.”

Among the respondents who listed honoring donor intent as their reason for satisfaction, one noted that the foundation “was established to reflect [the] founder’s interests” and another said that the organization “remained true to the donor’s intent.” An additional participant suggested that the time-limited model allows “founders see tangible results of significant giving.”

One respondent who was satisfied with the time-limited model’s ability to infuse a greater sense of urgency posited that, “Urgency creates [an] innovative and dynamic environment.” Another participant stressed, “I appreciate the willingness to make more impact now, when it feels most urgent.”

Among the few who expressed dissatisfaction with their organization’s decision to become time limited, two cited resource management challenges as the reason. Others called out an absence of a definitive endpoint or strategic plan, a lack of staff management and development, and unhelpful donor engagement as reasons for dissatisfaction.

Time-limited organizations believed they more effectively fulfilled their overarching mission.

There was significant consensus among time-limited organizations that their time horizon choice enhances impact. Most (79%) time-limited respondents believed their organizations met the stated mission more effectively as a result of their decisions to adopt a limited-life horizon.

In terms of aligning their resources, capabilities, and operating approaches with the chosen philanthropic timeline, many organizations focused on concentrating financial resources, narrowing their geographic or programmatic priorities, and working with greater urgency to maximize impact (Figure 7). Among the time-limited respondents, 70% stated that financial resources were dedicated to their focus areas in a more targeted manner, 57% indicated that their organizations limited grantmaking to a particular geographic or issue area, and 57% said that their organizations worked with greater urgency as a result of their strategic time horizon choice.

Notably, the view that the time-limited model enables organizations to forge stronger relationships with communities and grantees did not resonate with most survey participants. Fewer than half of the respondents in

this category reported that they work more closely with communities and grantees than before their organization became time-limited.

Most self-defined time-limited respondents (63%) set a clear end date. Ten to 19 years was the most common timeframe (24%), followed by five to nine years (14%) and 20 to 29 years (10%). Over one-third (34%) had an indeterminate end date (see Figure A12, Appendix).

Switching from an in-perpetuity to a time-limited model requires new skill sets.

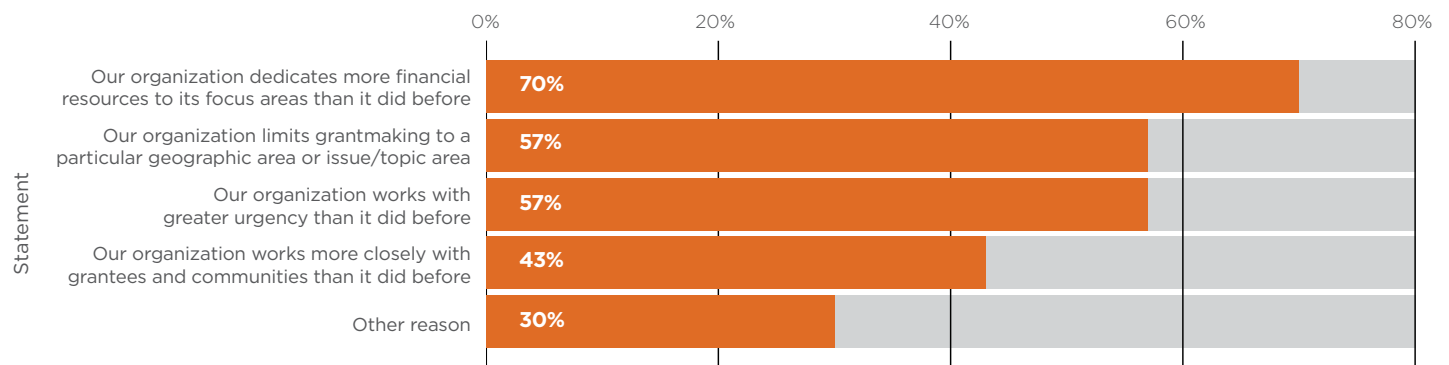
Nine out of 29 surveyed time-limited organizations indicated they switched from the in-perpetuity to the time-limited model and made important modifications to the way they work following the switch. For example, eight organizations reported that they were encouraging partner funders to support grantees after their funding ends. Many also cited a change in their grantmaking strategies, with seven noting that they were giving fewer, yet larger, grants. Similarly, five organizations limited their geographic or program areas. Six organizations reported devoting more resources to supporting their own institutional priorities, vision, and agenda.

The change to a time-limited model called for new skills within organizations. Five reported needing additional expertise in areas such as:

- Executive-level sunset management.
- Strategic grantmaking experts for limited-life program areas.
- Legal, accounting, and investment specialists.
- Human resources and communications.

Despite these needs, most organizations did not increase staff. Of the nine, only two organizations added staff, three did not change, and four decreased the number of staff.

Figure 7. Organizational Mission Fulfilled by the Time-Limited Model



(n=23, multiple selections allowed)

Perspectives of Organizations Actively Considering a Time-Limited Horizon

In addition to those who already adopted a time-limited model, the survey asked if in-perpetuity institutions were considering switching to a time-limited approach. Overall, many of the respondents indicated that their organizations were actively discussing the benefits and challenges of moving to a time-limited horizon. The length of time these organizations spent pondering the change varied, but nearly all discussed a switch for four years or less (Figure 8).

Of the 11 respondents whose organizations were actively considering adopting a time-limited model, five discussed the switch for less than a year, three for one to two years, two for three to four years, and only one discussed for longer than four years.

Donor engagement, intent and impact drove active consideration of the time limited model.

The survey also explored the reasons that drove these organizations to consider a time-limited model (Figure 9). Although the stated reasons were diverse, the leading motivations echoed those that led organizations to choose a time-limited approach, including:

- Desire to make greater impact by narrowing focus (50%).
- Concern that future generations of family members may not want to be involved in the organization’s philanthropic activities (40%).
- Concern that future foundation activities would not align with the donors’ original intent (30%).

Notably, none of the respondents mentioned a decline in the organization’s financial resources as a reason for considering a switch to a time-limited model.

Figure 8. Amount of Time Leadership Discussed Moving to a Time-Limited Model

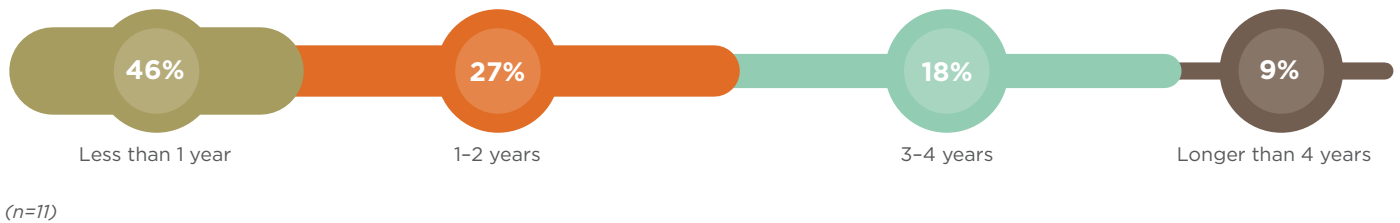
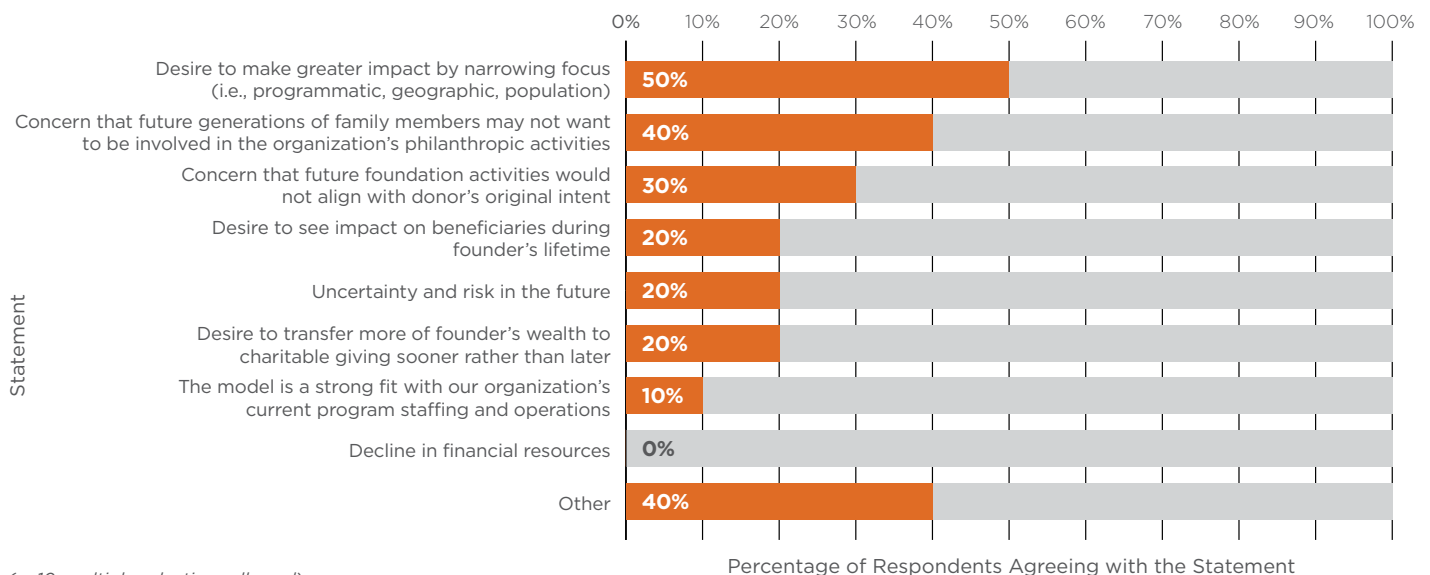


Figure 9. Main Reasons Organizations Are Considering a Time-Limited Model



Perspectives of Organizations that Have Not Considered or Have Rejected a Time-Limited Horizon

Organizations that Have Not Considered Time-Limited Horizons

Strong mission fit and high satisfaction drove the choice to remain perpetual.

Respondents representing in-perpetuity organizations that have not considered a time-limited model expressed satisfaction with their choice, due to the model’s alignment with their mission (Figure 10). Out of 71 organizations, the majority (61%) said the in-perpetuity model very strongly fits with their organization’s mission whereas only 4% stated that the model was not a strong fit at all.

The respondents who indicated that the in-perpetuity model strongly fits their organizational mission also expressed satisfaction with the decision to be a perpetual organization.

Main Reasons for Satisfaction

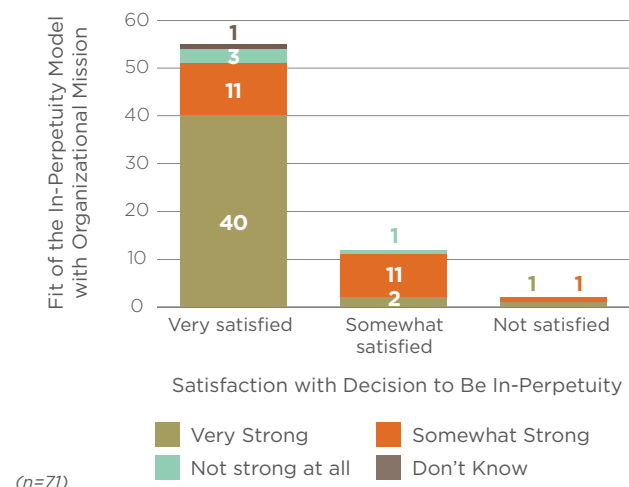
When asked their reasons for satisfaction, very satisfied organizations that had not considered switching to a time-limited model gave responses that fell into three main categories. The first was the ability to address long-term need and impact (29%).

The second reason was to honor donor intent (25%), including in some cases honoring the wishes of living donors. In other cases, the perpetual model enabled foundations to interpret the founder’s intent. One respondent stated, “The founder provided several documents for the board related to his interest in in-perpetuity. Family members of the founder/donor are still living and are members of the board. Donor intent is the main reason for the board’s decision to be a perpetual organization.”

The last main reason was organizational structure and design (13%). As another participant stated, “As a supporting organization behaving like an endowed grantmaking organization, I believe, the perpetual philanthropy model suits us best as long as the ‘supported organization’ exists. The hope is that both ‘supported’ and ‘supporting’ organizations exist into perpetuity, so the perpetual philanthropic model is very much best for us.”

Other reasons cited included a location-based mandate: “As the only permanent philanthropic resource in our community, we feel the need to be here in perpetuity.” Interestingly, although many respondents specified “the desire to engage future generations” as a main factor preventing the adoption of a time-limited model,

Figure 10. Satisfaction and Fit of the In-Perpetuity Model with Organizational Mission



very few named “family engagement/generational engagement” as a reason for their high satisfaction with the perpetual model.

Only two respondents were dissatisfied with their organization’s decision to remain perpetual. One stated that a strategic discussion of time horizon never occurred: “There has been no serious consideration of the [time-horizon] question within any context, let alone as a vehicle to achieve foundation goals.” The other described a lack of risk-taking, stating that the “organization is too timid, and this results in less-effective grantmaking.”

Organizations that Rejected Time-Limited Horizons

Donor engagement, intent, and impact drove active consideration of the time-limited model.

The vast majority of the respondents from organizations that decided against the time-limited approach reported that they were very or somewhat satisfied with the organization’s decision to remain perpetual (Figure 11).

Among organizations that ultimately chose to remain in-perpetuity, the survey explored the main factors that impacted their decision-making.

Respondents in this category cited high levels of satisfaction with their ability to address long-term needs and impact (48%) and the desire to engage family members in philanthropy (14%) through the in-perpetuity model.

Additionally, one respondent described the advantages of the in-perpetuity model in addressing intergenerational equity issues in a way that time-limited organizations cannot. “While today’s problems may seem dire, tomorrow’s are likely worse. Our structure and process allow us to provide more than just grants. If we spend down the funds, we no longer exist.”

Another described how the in-perpetuity model can create a nimbleness to address “changing needs in the future” and

the value of this flexibility. “It means we can take a long view of our grantmaking and accept that complex situations take time and resources to resolve.”

Other respondents also pointed out that the in-perpetuity model can help engage family members in the organization’s work in the following ways:

- Passing the legacy of philanthropy on to future generations.
- Transmitting family values and promoting family unity via the foundation.
- Enabling the next generation to continue working together to make grants.

Figure 11. Satisfaction with Organizational Decision to Remain an In-Perpetuity Foundation



(n=27)

Notably, only one respondent expressed dissatisfaction with the organization’s decision to remain perpetual: “[There is] no interest from the next generation. Greater benefit [could be achieved] from greater investment now.”

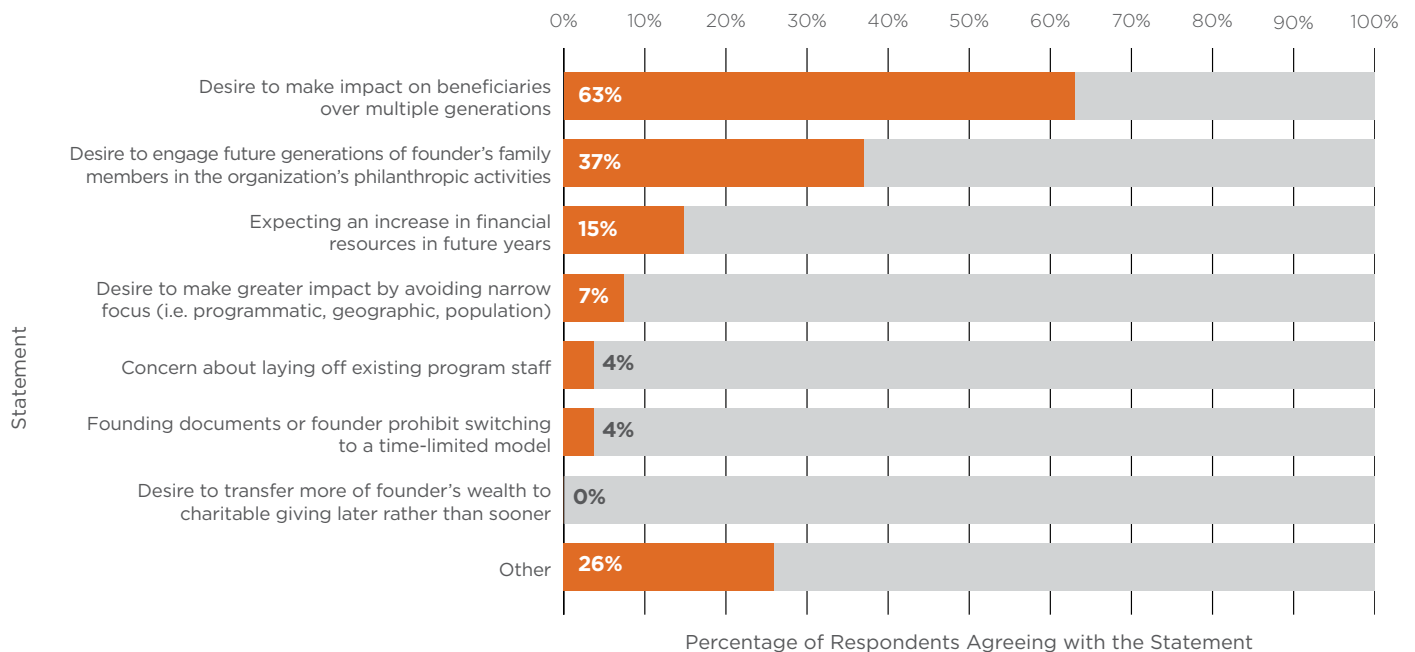
What Prevented the Switch

Those that chose to remain perpetual were focused on multi-generational giving and avoiding a narrow grantmaking focus (Figure 12). For some of these organizations, another important reason was the expectation of future financial resources.

Respondents cited three main factors that prevented their organizations from adopting a time-limited model:

- Desire to make an impact on beneficiaries over multiple generations (63%).
- Desire to engage future generations of the founder’s family in the organization’s philanthropic activities (37%).
- Expecting an increase in financial resources in future years (15%).

Figure 12. Main Factors Preventing Organizations from Switching to a Time-Limited Model



(n=27, multiple selections allowed)

Prevailing Perceptions of Time-Limited and Perpetual Time Horizons

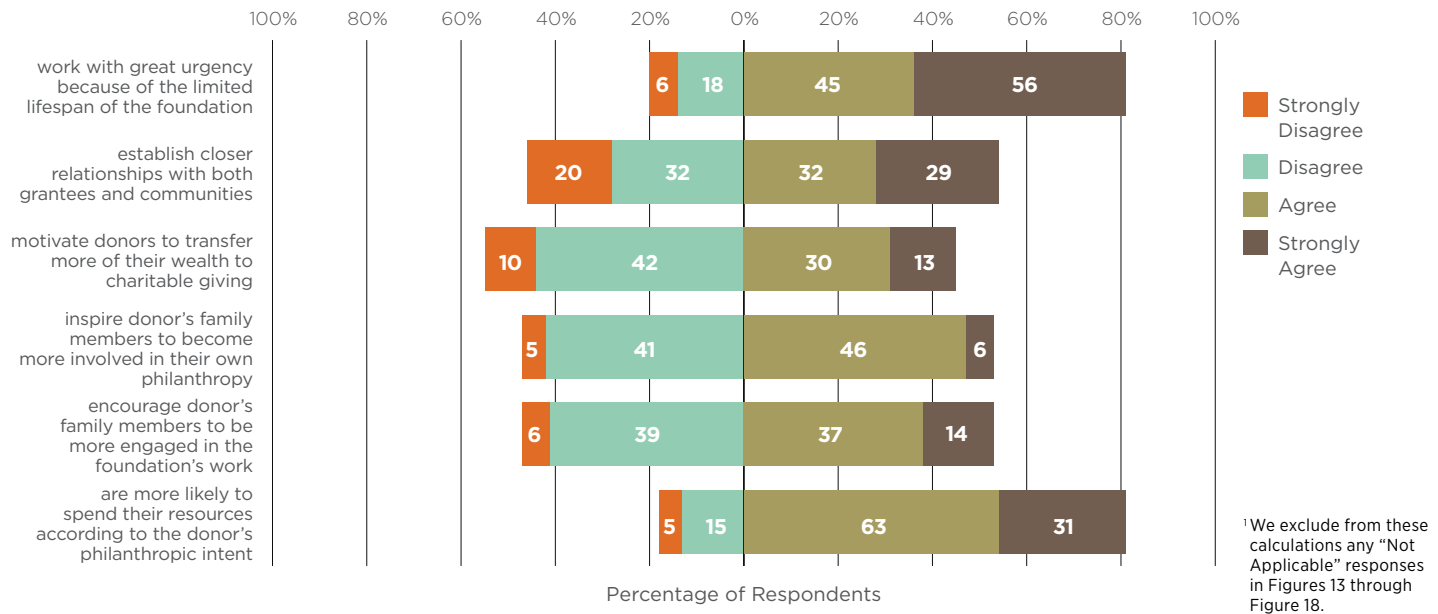
The survey asked the respondents whether they agreed or disagreed with general statements about time-limited and in-perpetuity models (e.g., “Organizations that follow a time-limited model work with greater urgency because of the limited lifespan of the foundation”). The level of agreement with these statements differed considerably by whether the respondents were linked to an in-perpetuity or a time-limited organization.

The majority of all organizations that answered the survey agreed or strongly agreed that time-limited entities were more likely to spend their resources according to the donor’s philanthropic intent and that they work with greater urgency (Figure 13).

Views were mixed on whether time-limited models afforded opportunities to establish closer relationships with grantees and communities served or encourage the donor’s family to become more involved or engaged in foundation work. Furthermore, more than half of the respondents disagreed or strongly disagreed that time-limited organizations motivate donors to transfer more of their wealth to charitable giving.

Expectedly, a greater number of respondents from time-limited organizations agreed or strongly agreed with statements favorable to limited-life models compared to their in-perpetuity peers (Figures 14 and 15).

Figure 13¹. From the Perspective of All Respondents, Organizations that Follow a Time-Limited Model:



(n=150)

Figure 14. From the Perspective of In-Perpetuity Organizations, Philanthropic Organizations that Follow a Time-Limited Model:

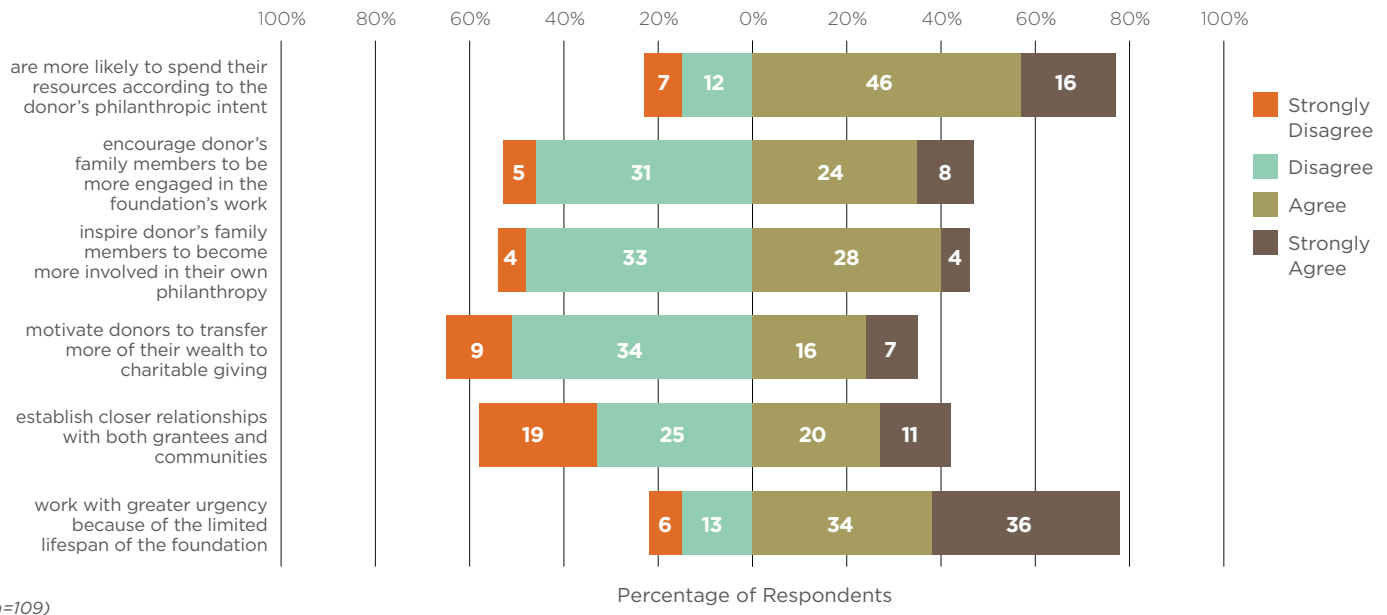


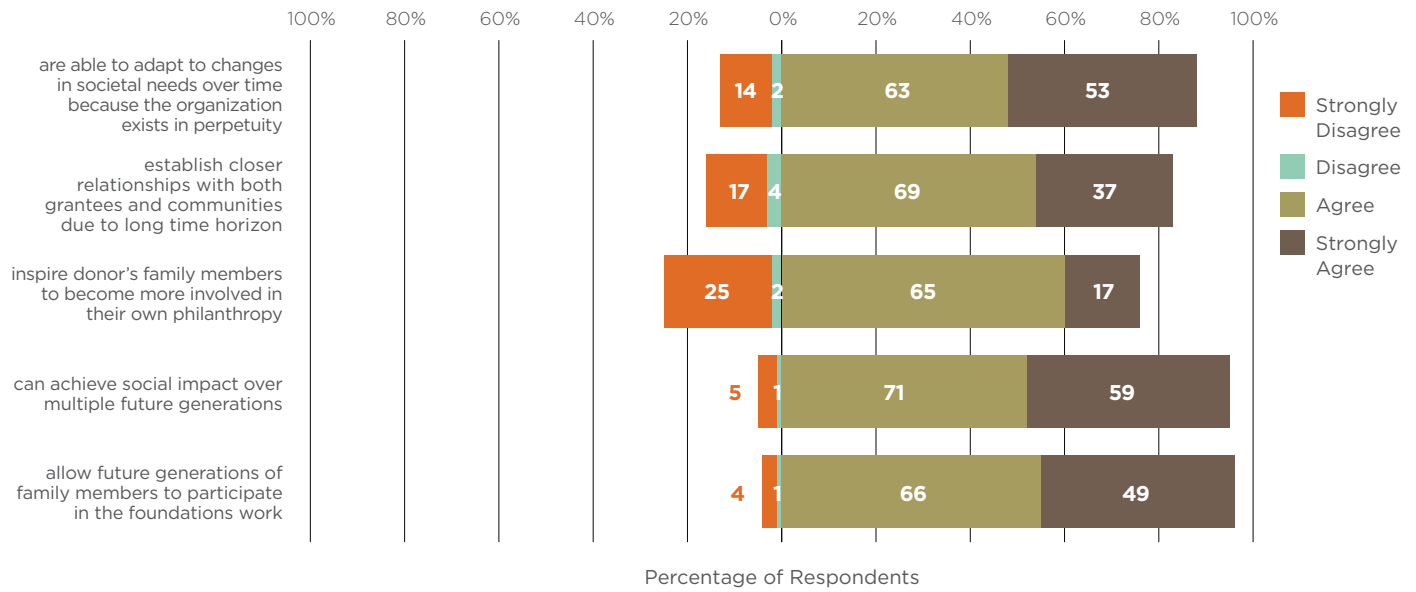
Figure 15. From the Perspective of Time-Limited Organizations, Philanthropic Organizations that Follow a Time-Limited Model:



Most of the respondents agreed or strongly agreed that in-perpetuity organizations were able to adapt to changes in societal needs over time, establish closer relationships due to their long time horizon, and inspire the donor's family to become more involved (Figure 16). There was near-

unanimous agreement that in-perpetuity organizations can achieve social impact over multiple generations and can enable future generations of family members to participate in the foundation's work.

Figure 16. From the Perspective of All Respondents, Organizations that Follow an In-Perpetuity Model:



Similarly, the views on the statements favorable to the in-perpetuity model differed substantially between representatives of in-perpetuity and time-limited organizations (Figures 17 and 18). A higher percentage of

in-perpetuity respondents agreed or strongly agreed with these statements, compared to those from time-limited organizations.

Figure 17. From the Perspective of Time-Limited Organizations, Philanthropic Organizations that Follow an In-Perpetuity Model:

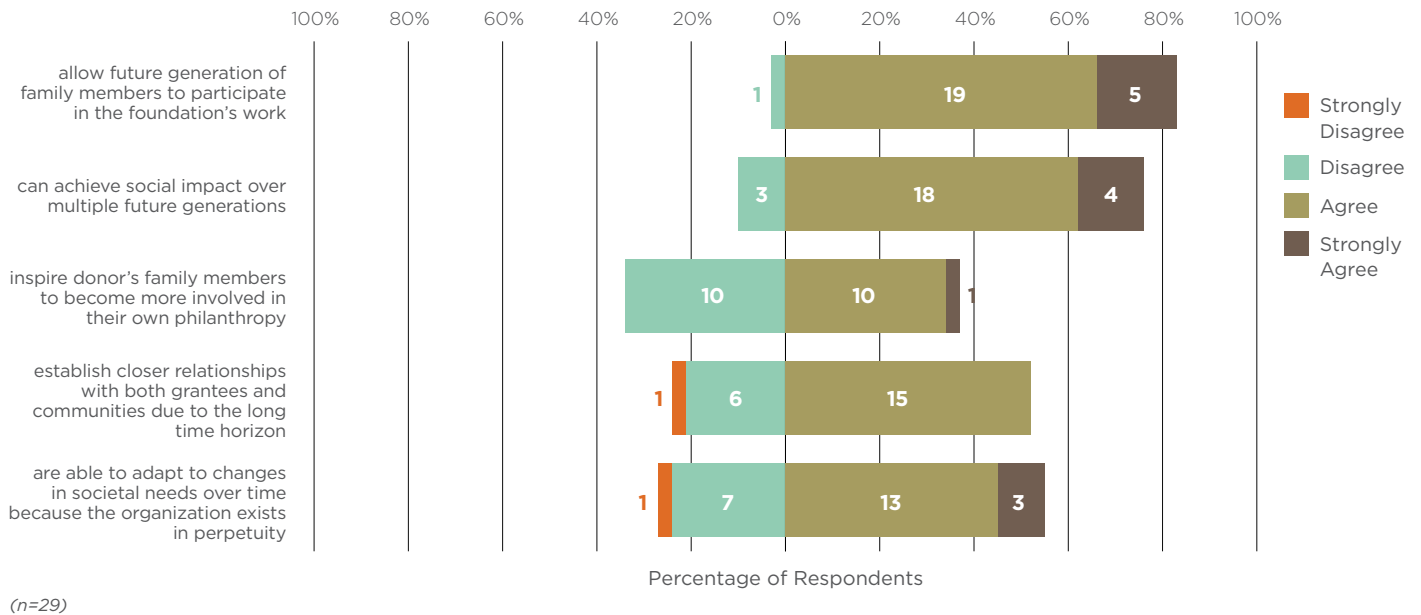
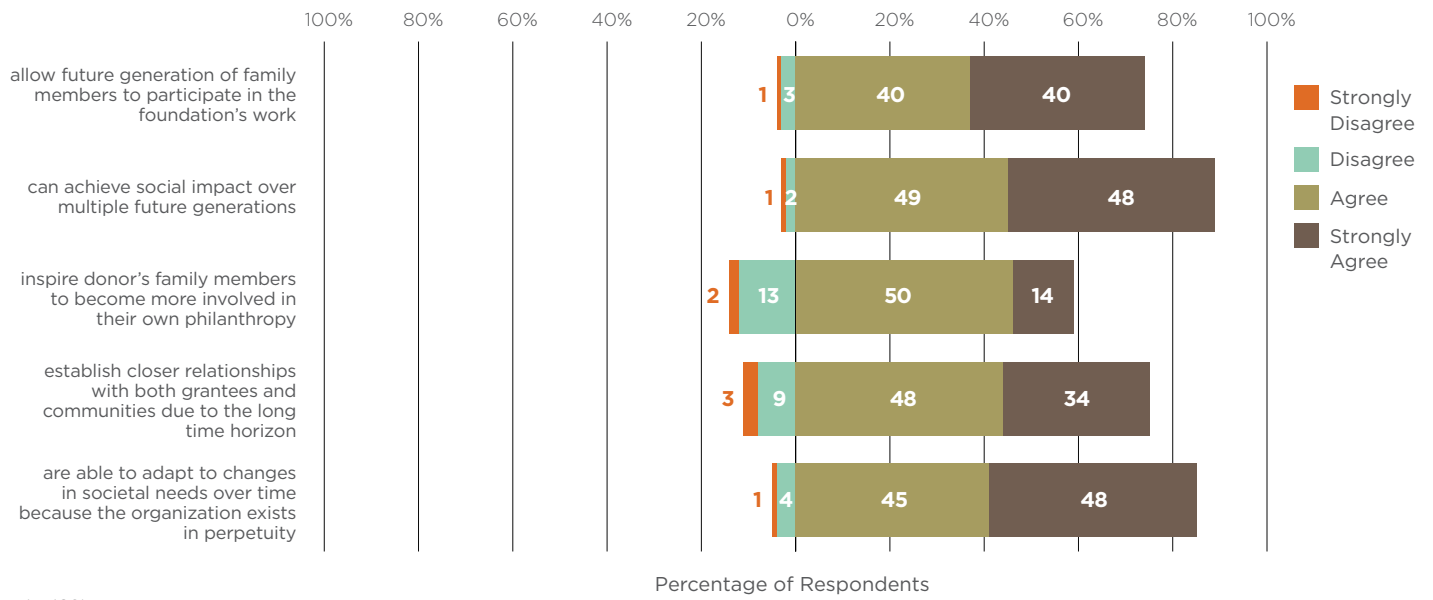


Figure 18. From the Perspective of In-Perpetuity Organizations, Philanthropic Organizations that Follow an In-Perpetuity Model:



Concluding Thoughts and Key Learnings

In addition to capturing and distilling insights from a global cross-section of philanthropies, RPA's survey results suggested several key areas philanthropic organizations must consider when deliberating about and implementing their strategic time horizons, as these will shape their effectiveness, approach, and impact. These are:

- **Planning.** It is critical for organizations to embark on an intentional, reflective planning process to formulate strategic and operating priorities, spending timelines, programmatic scope, and capabilities and resources needed.
- **Reassessing and reevaluating.** Regardless of the chosen model, foundations should develop a regular time horizon review process to enable them to track progress on their goals, make necessary adjustments along the way, and respond to the changing landscape and shifts within the organization itself.
- **Homing in on legacy.** Crystallizing the legacy and footprint that foundations want to leave behind is of utmost importance, as it will determine how they structure their processes, practices, and relationships in order to fulfill that vision.
- **Playing well with others.** For organizations' work and investments to continue to have an impact and bear fruit, it is important to form close relationships and collaborations with a diverse ecosystem of stakeholders and partners.
- **Communicating with grantees.** Funders should establish and maintain close collaboration and communication with their grantees, in order to build trust, recognize and leverage their expertise, and engage them in decision-making. For time-limited organizations or programs, it is crucial to be open and explicit about envisioned timelines and exit plans.
- **Taking care of grantees.** Foundations or programs that are nearing the end of their philanthropic journey should focus on ways to support and enable grantees as well as to prepare them for the eventual end of resources. This often includes providing multi-year grants, technical assistance, and physical space to enable grantees to sustain operations after the foundation exits the field.
- **Learning, applying, and externalizing lessons.** Foundations should collect and share lessons learned from both their successes and failures to build a robust body of resources, research, and curated knowledge to further the field.

Additional Food for Thought

Survey participants shared several important takeaways for philanthropic organizations seeking to engage in intentional and thoughtful conversations about strategic time horizons. We have grouped these into four categories below.

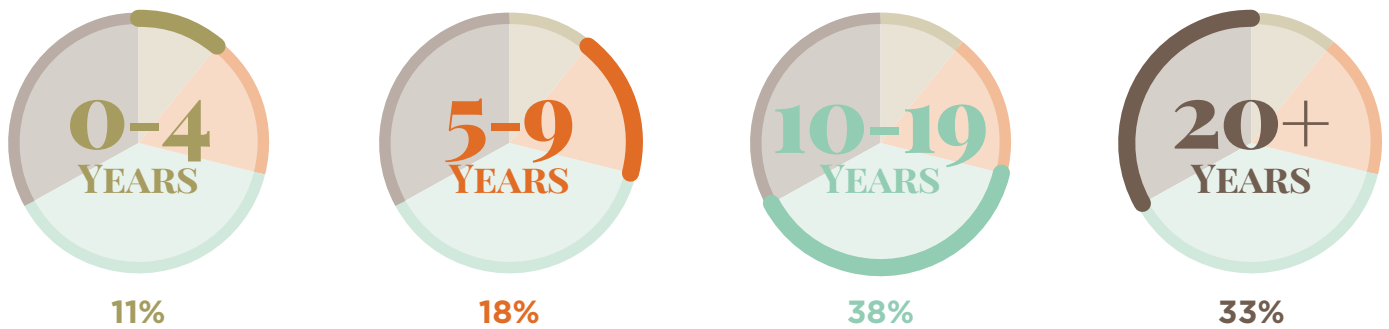
- **Maintain a sharp focus.** Survey participants noted that time-limited organizations should work to maintain a sharp focus on their activities. They emphasized the importance of the "clarity of mission" and also cited the importance of focusing on "specific areas of activity" and pinpointing the geographic scope of their work.
- **Ensure close collaboration with grantees.** Respondents stressed that funders should establish and maintain close collaboration and communication with their grantees. They specifically advocated for building trust with grantees and acknowledging grantees' expertise in their focus areas. As one participant noted, "Be rigorous in your efforts to identify organizations whose missions, objectives, and values align with yours and that have robust boards, staff, and governance structures, and then support them—they are the experts."
- **Prepare grantees for the eventual end of resources.** According to the survey, funders should engage in regular, clear communications with grantees about their closeout plans. One respondent also emphasized the need for funding to prepare grantees for the end of the foundation's operations, noting: "[It is] advisable to provide capacity-building and/or general operating funds to your core grantees to help them prepare for eventual loss of your funding."
- **Engage in proactive planning.** Respondents stressed the importance of proactive planning when funders adopt a time-limited model. Being thoughtful and intentional about both the organizational strategy, as well as the scope and activities at the outset is critical. As one participant said, "We must start focusing on 'exit' and sustainability from the beginning." Other respondents cautioned that the required thoughtful planning is a longer process than expected and noted that the planning process needs to be inclusive, since the "time spent as a board and staff clarifying objectives and approaches is invaluable."

Appendix A: Additional Charts and Tables

Although the survey yielded a high volume of interesting data, not all of it could be incorporated into the main body of this report. Thus, some of these findings and visualizations are included in this appendix.

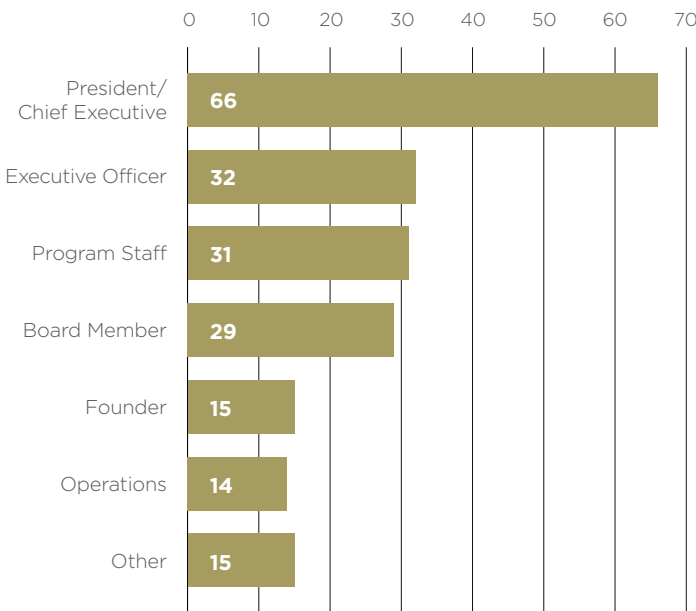
RESPONDENT AND ORGANIZATION SAMPLE CHARACTERISTICS

Figure A1. Respondent Years of Experience in the Philanthropic Sector



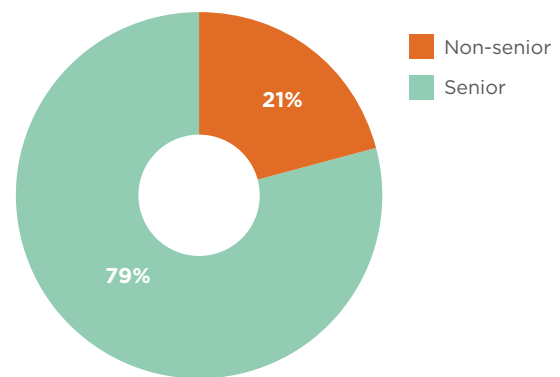
(n=150)

Figure A2. Respondent Role at the Philanthropic Organization



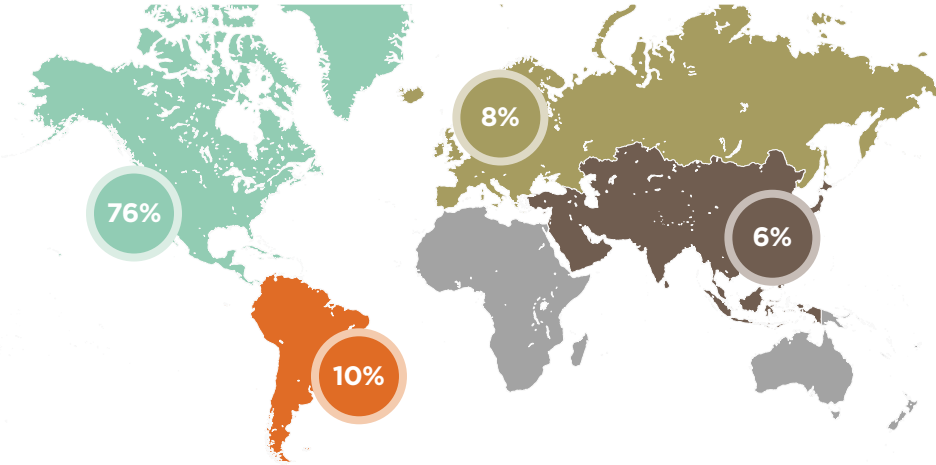
(n=150, multiple selections allowed)

Figure A3. Respondent Seniority



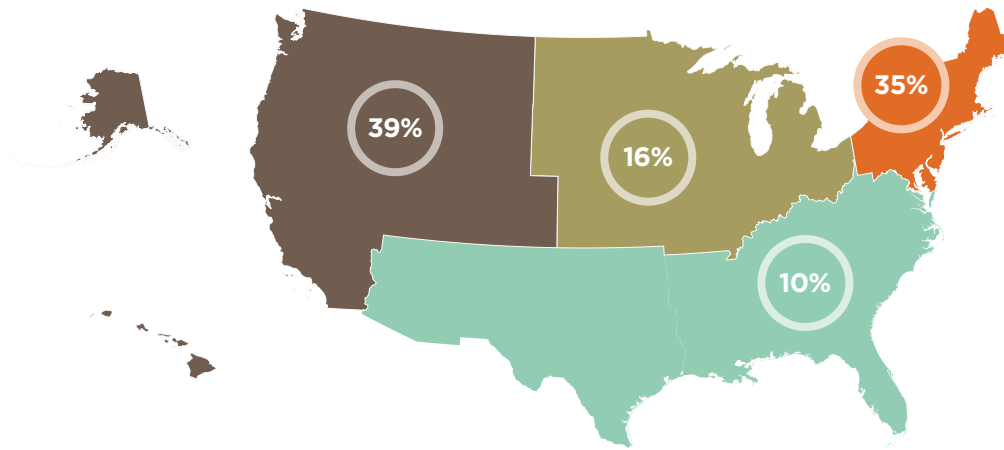
(n=150)

Figure A4. World Regions Where the Organizations Are Headquartered



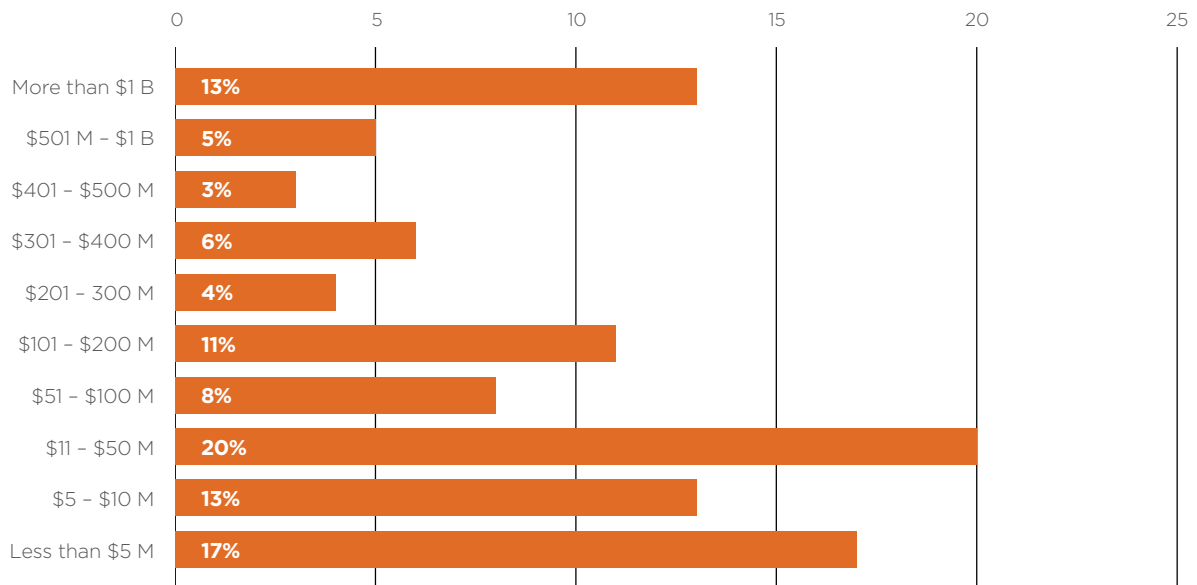
(n=150)

Figure A5. US Regions Where the Organizations Are Headquartered



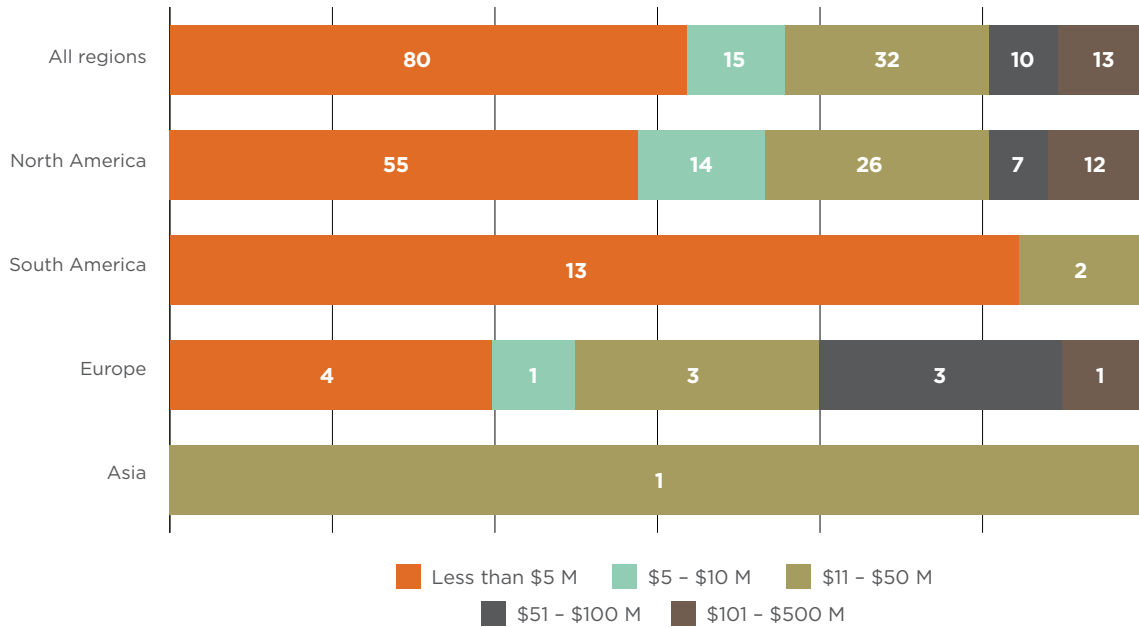
(n=110)

Figure A6. Organization Asset Size



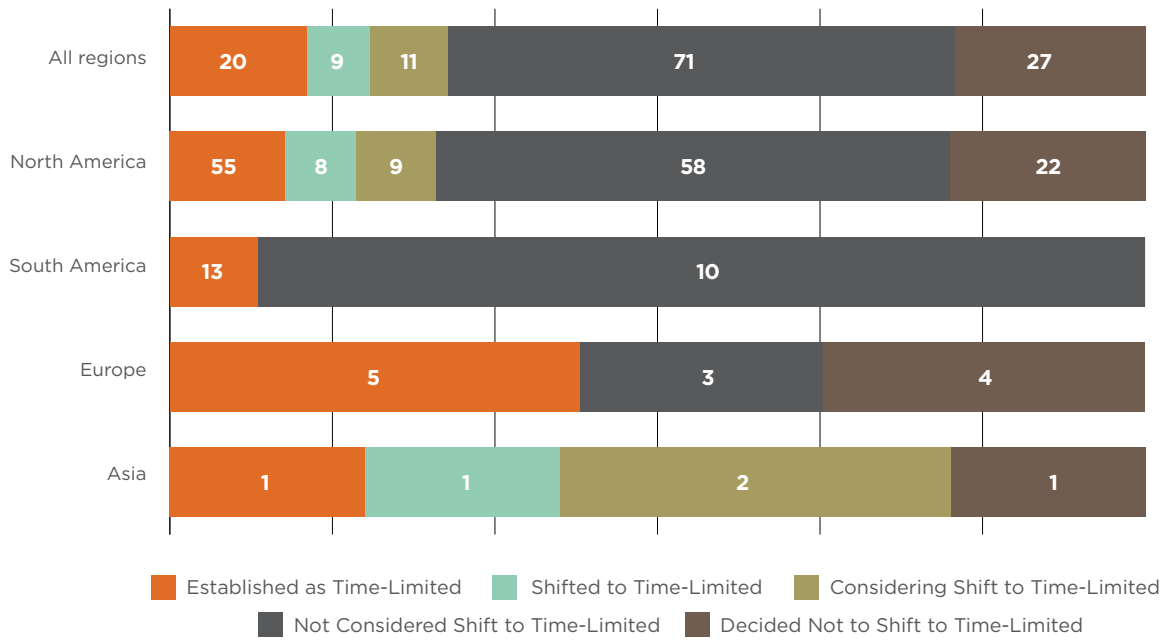
(n=150)

Figure A7. Organization Grantmaking Budget, by Region



(n=150)

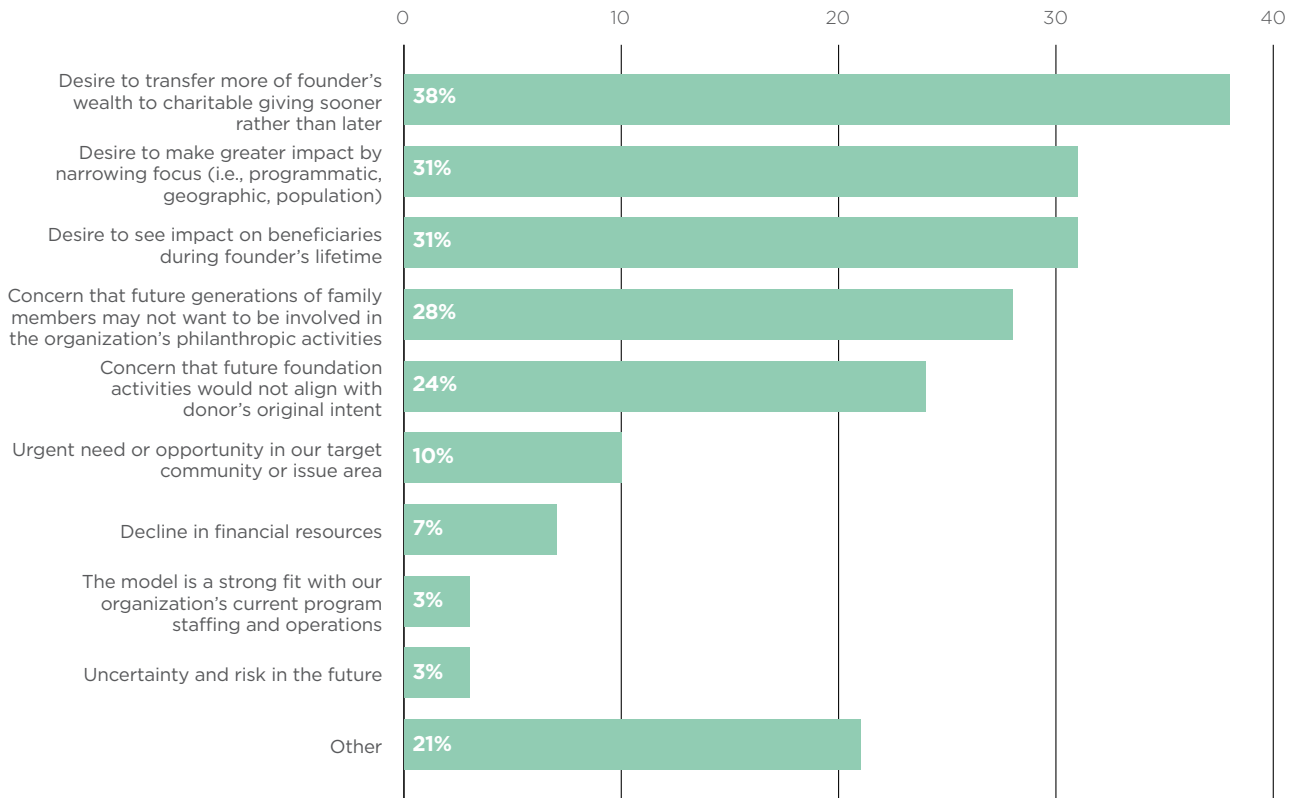
Figure A8. Organization Lifespan Status, by Region



(n=138)

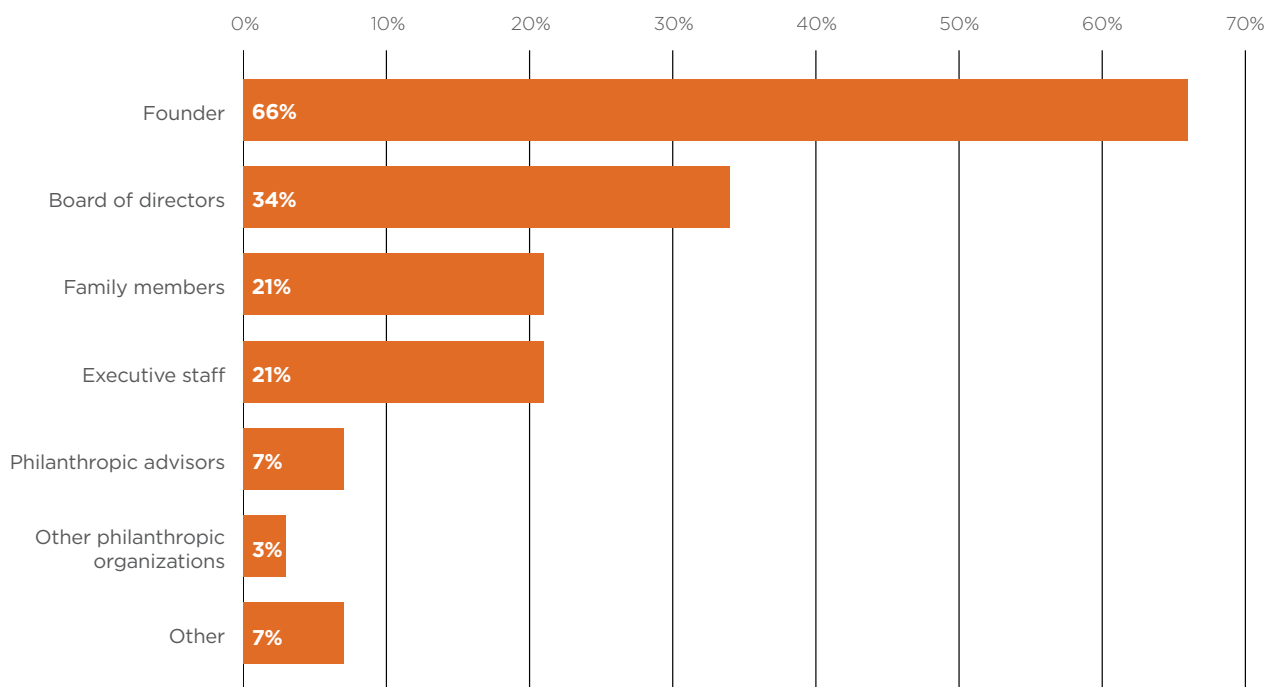
SUBSAMPLE 1: TIME-LIMITED FOUNDATIONS

Figure A9. Reasons for Adopting a Time-Limited Model



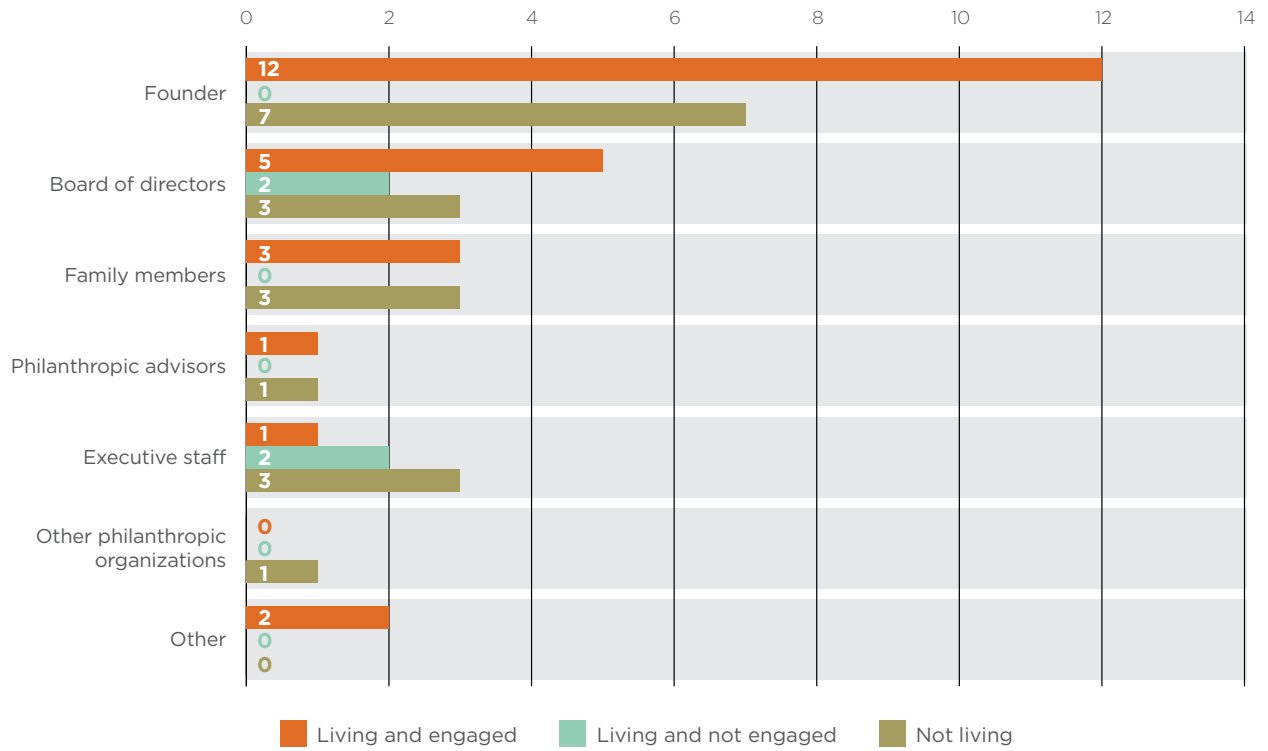
(n=29, multiple selections allowed)

Figure A10. Influencers of the Decision to Become a Time-Limited Organization



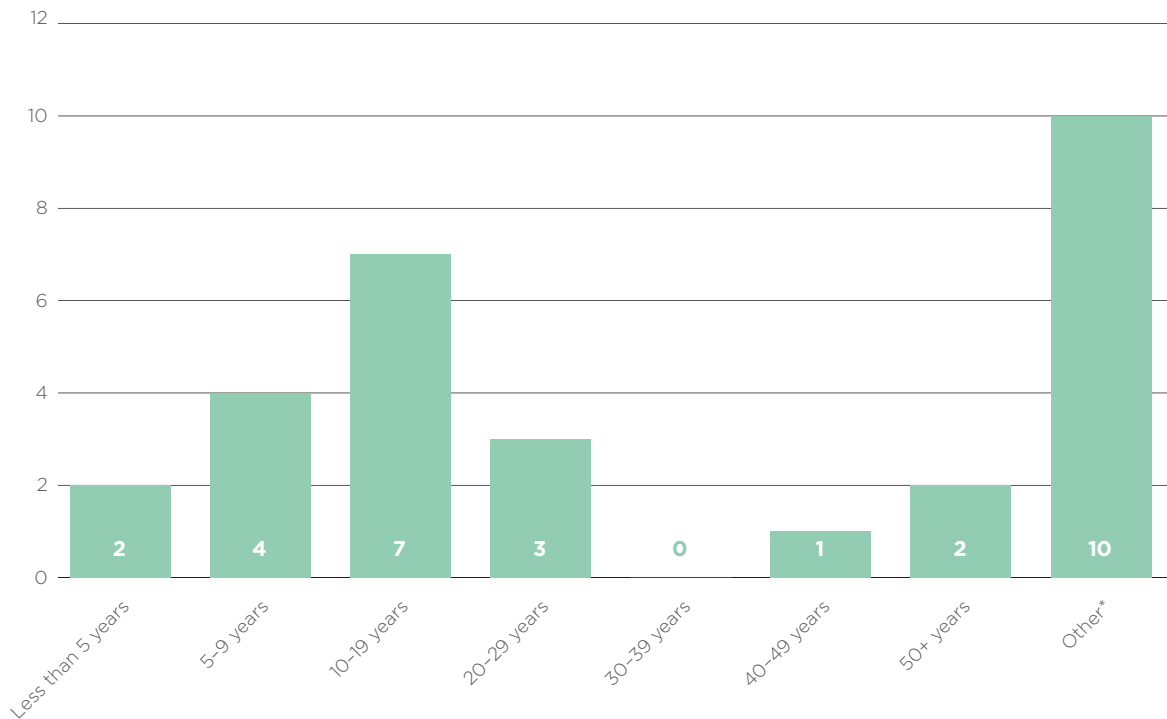
(n=29, multiple selections allowed)

Figure A11. Influencers of the Decision to Become a Time-Limited Organization, by Founder's Status



(n=29, multiple selections allowed)

Figure A12. How Many Years Out Did You Make Your Spend-Down Date?



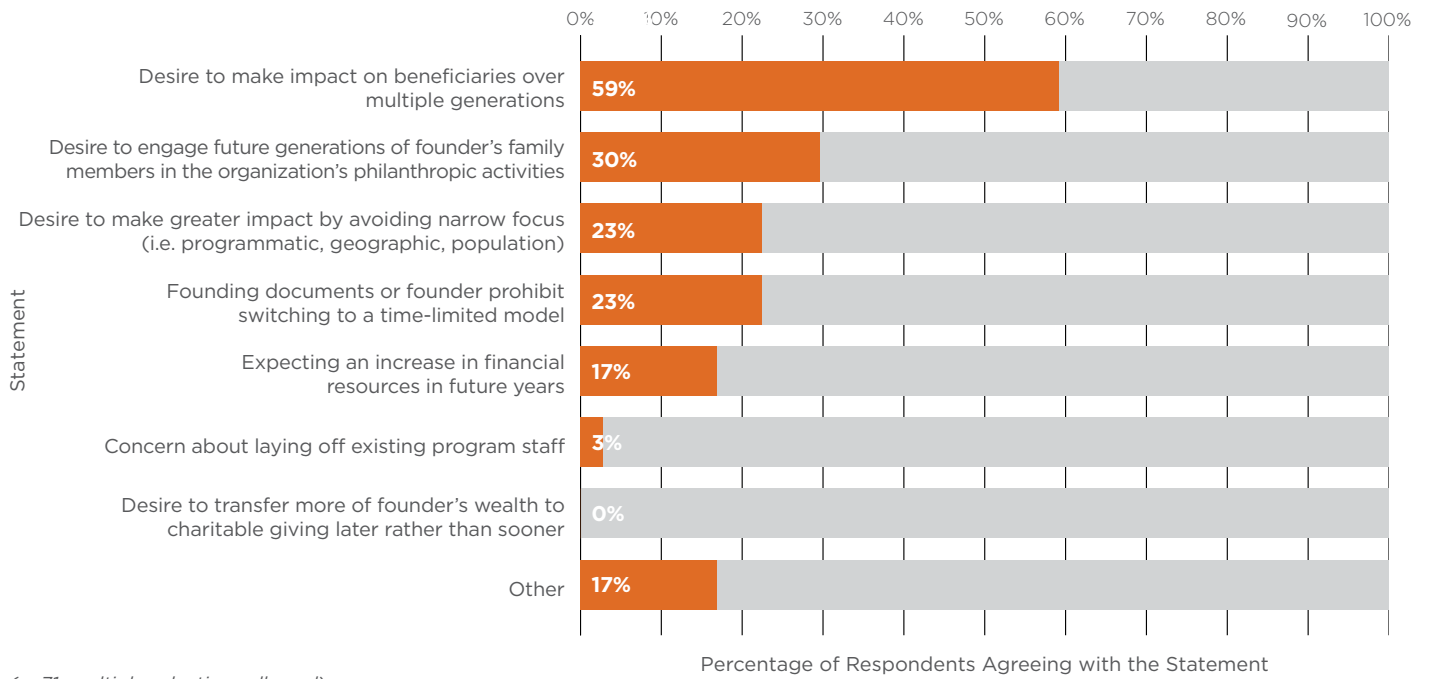
(n=29)

* Of those who selected "Other," one organization makes decision on the "spend-out" date contingent upon the project nature and how fast the endowment will reduce, while a few others have yet to make the final decision of the timeframe after adopting a time-limited model.

SUBSAMPLE 2: IN-PERPETUITY ORGANIZATIONS

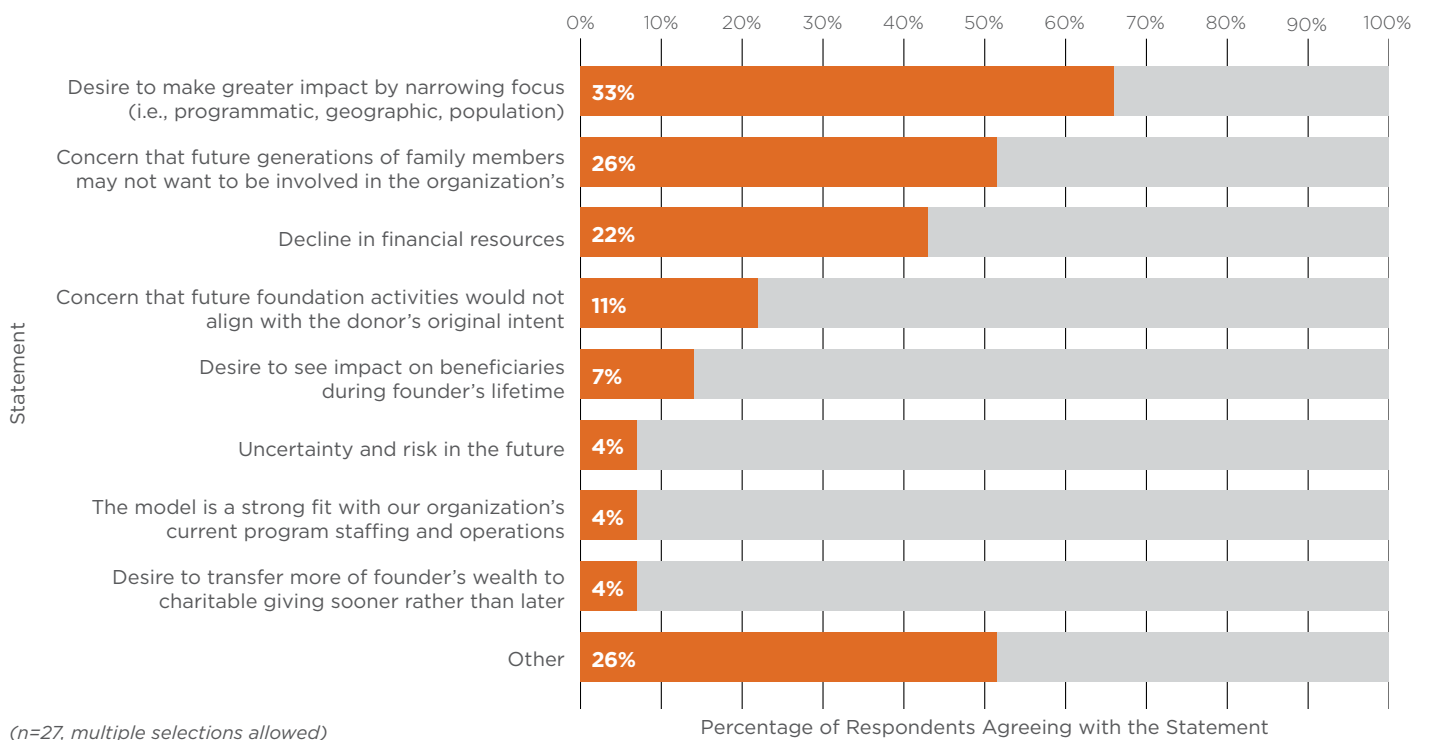
Organizations that have not considered time-limited models

Figure A13. Main Factors That Would Prevent Organizations from Switching to a Time-Limited Model



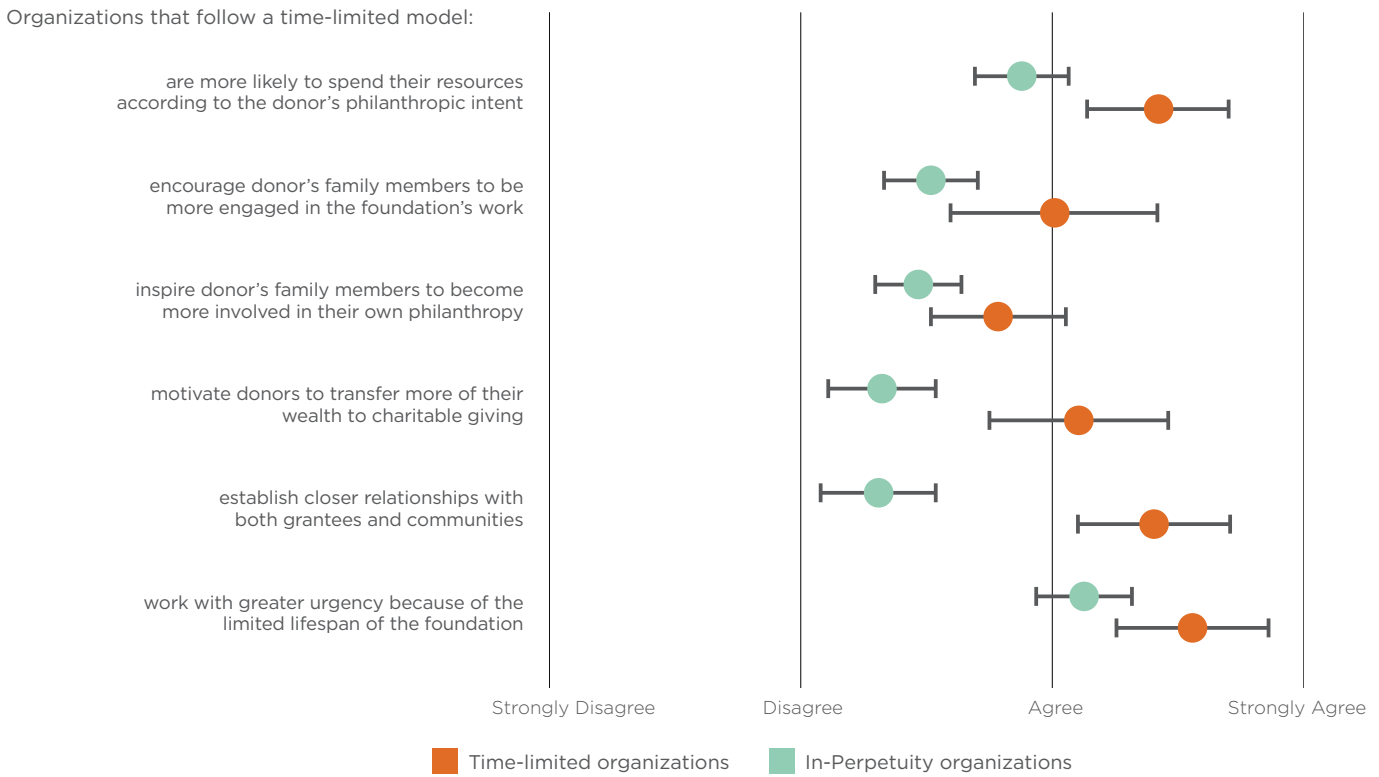
Organizations that considered but decided against time-limited models

Figure A14. Main Reasons Organizations Considered a Time-Limited Model in the First Place



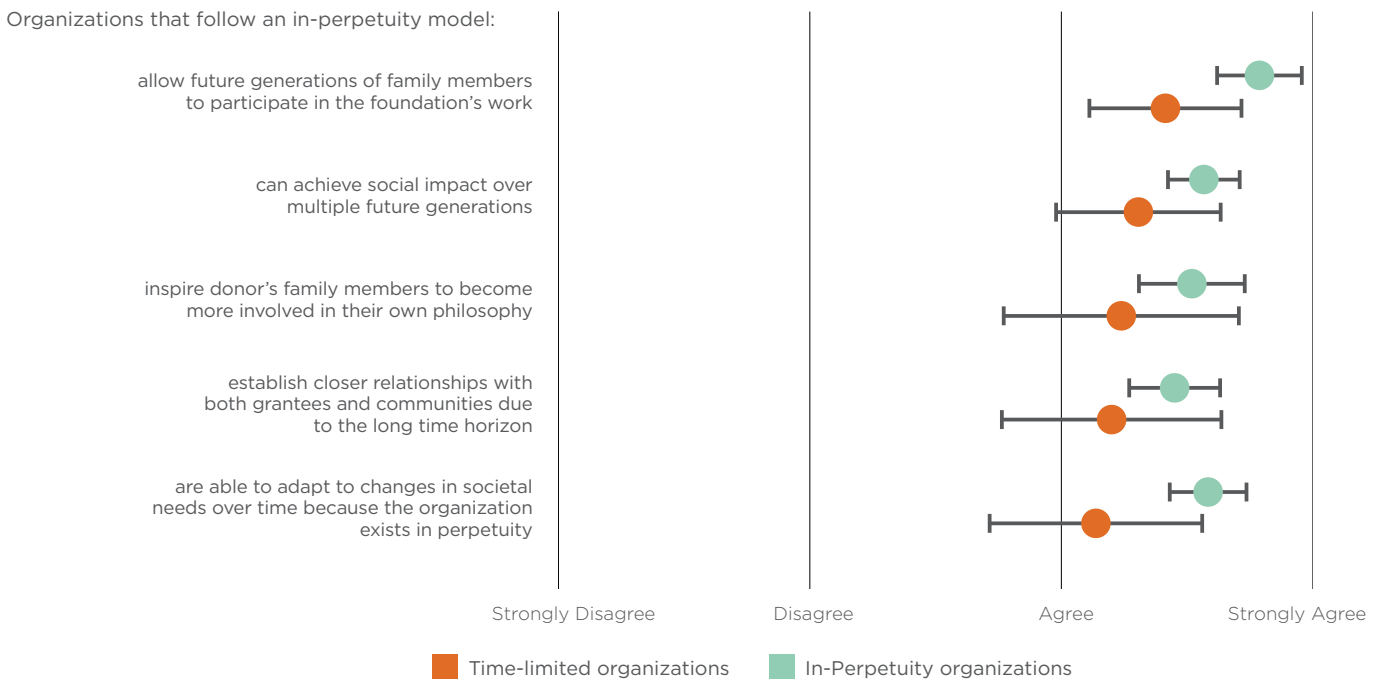
ORGANIZATIONAL VIEW ON DIFFERENT TIME MODELS

Figure A15. View on Organizations that Follow a Time-Limited Model



(n=150)

Figure A16. View on Organizations that Follow an In-Perpetuity Model



(n=150)

Appendix B. Survey Questionnaire

Section I: Background Information

1. How many years of experience do you have in the philanthropic sector?

- 0 to 4
- 5 to 9
- 10 to 19
- 20 or more

2. What role(s) do you play at your philanthropic organization (check all that apply)?

- Founder
- President/Chief Executive
- Board Member
- Executive Office
- Program Staff
- Operations
- Other (Please Specify):

3. In which country is your philanthropic organization headquartered?

4. Where (i.e., in which countries) does your philanthropic organization focus its grantmaking?

5. What type of philanthropic organization do you consider your organization to be?

- Grantmaking
- Operating
- Mixed: Grantmaking and Operating
- Other (Please Specify):

I don't know

6. Are the founding donor(s) of your philanthropic organization still living?

- Yes, all founding donors are still living and engaged in your organization's activities
- Yes, at least one of the founding donors is still living and engaged in your organization's activities
- Yes, all founding donors are still living but not currently engaged in your organization's activities
- Yes, at least one of the founding donors is still living but not currently engaged in your organization's activities
- No, the founding donors are no longer living

7. What are your philanthropic organization's primary program areas²? (Check all that apply).

- Agriculture, Fishing, and Forestry
- Arts and Culture
- Community and Economic Development
- Education
- Environment/Conservation
- Health
- Human Rights
- Human Services
- Information and Communications
- International Relations
- Philanthropy
- Public Affairs
- Public Safety
- Religion
- Science
- Social Sciences
- Sports and Recreation
- Other (Please Specify):
-

8. What are your philanthropic organization's current assets (US Dollars)?

- Less than \$5 million
- \$5 million to \$10 million
- \$11 million to \$50 million
- \$51 million to \$100 million
- \$101 million to \$200 million
- \$201 million to \$300 million
- \$301 million to \$400 million
- \$401 million to \$500 million
- \$501 million to \$1 billion
- More than \$1 billion

9. What is your philanthropic organization's annual grantmaking budget (US Dollars)?

- Less than \$5 million
- \$5 million to \$10 million
- \$11 million to \$50 million
- \$51 million to \$100 million
- \$101 million to \$500 million
- \$501 million to \$1 billion
- More than \$1 billion

10. How many full-time staff members does your philanthropic organization employ?

11. How many part-time staff members does your philanthropic organization employ?

12. In what year was your philanthropic organization established?

13. Is your philanthropic organization a perpetual organization or a time-limited one?

- Perpetual
- Time-limited
- I don't know

14. Has your philanthropic organization considered adopting a time-limited model of philanthropy?

- We are a time-limited philanthropic organization
- We are currently considering it but have not yet decided about adopting a time-limited model => SKIP to Section IV
- We have not considered it => SKIP to Section V
- We considered it, but decided against it => SKIP to Section VI

²Source: Foundation Center. Philanthropy Classification System. 2018. Accessed at <http://taxonomy.foundationcenter.org/subjects>

Section II. All Time-Limited Philanthropic Organizations

15. Was your organization established as a time-limited philanthropic organization?

Yes => SKIP to Question 18

No

16. How many years after your organization was established did it become a time-limited philanthropic organization?

17. What are the main reasons your organization adopted a time-limited model? (*Check all that apply*).

- Desire to see impact on beneficiaries during founder's lifetime
- Uncertainty and risk in the future
- Concern that future generations of family members may not want to be involved in the organization's philanthropic activities
- Desire to make greater impact by narrowing focus (i.e., programmatic, geographic, population)
- The model's strong fit with our organization's current program staffing and operations
- Desire to transfer more of founder's wealth to charitable giving sooner rather than later
- Concern that future foundation activities would not align with donor's original intent
- Decline in financial resources
- Urgent need or opportunity in our community
- Other reason (please specify):

18. Who influenced your organization's decision to become a time-limited philanthropic organization? (*Check all that apply*).

- Executive staff
- Board of directors
- Founder
- Family members
- Philanthropic advisors
- Regulatory bodies
- Other philanthropic organizations
- Other (please specify):

19. How satisfied are you with your foundation's decision to adopt a time-limited model?

- Very satisfied
- Somewhat satisfied
- Not satisfied

20. What are the main reasons for your level of satisfaction with your organization's decision to adopt a time-limited model?

21. Do you believe your organization has more effectively met your organizational mission as a result of the decision to become a time-limited philanthropic organization?

- Yes
- No => SKIP to Question 23

22. In what ways do you believe your organization has more effectively met your organizational mission as a result of the decision to become a time-limited philanthropic organization? (*Check all that apply*).

- Our organization works more closely with grantees and communities than it did before
- Our organization limits grantmaking to a particular geographic area or issue/topic area
- Our organization works with greater urgency than it did before
- Our organization dedicates more financial resources to its focus areas than it did before
- Other reason (please specify):

23. From the day your philanthropic organization decided to adopt a time-limited model, how many years out did you make your “spend-out” date?

- Less than 5 years
- 5-9 years
- 10-19 years
- 20-29 years
- 30-39 years
- 40-49 years
- 50+ years
- Other (e.g., a set number of years after a determinate event):

24. Since your philanthropic organization adopted a time-limited model, has the original “spend-out” date changed?

- Yes; our organization changed the “spend-out” date to lengthen our organization’s lifespan
- Yes; our organization changed the “spend-out” date to shorten our organization’s lifespan
- No; the original “spend-out” date has not changed

25. What top 3 lessons has your organization learned from adopting a time-limited model?

1. _____
2. _____
3. _____

Section III. Philanthropic Organizations That Switched to Time-Limited Model

26. Did your organization require additional expertise once it became a time-limited philanthropic organization?

- Yes
- No

27. If yes, what type of additional expertise was required?

28. If no, why wasn’t additional expertise required?

29. Did your foundation’s programming or operations need to change to address spend-down needs within the time frame?

- Yes (please specify how):

- No

For the following set of questions, please indicate whether the decision to change to a time-limited model has affected the following areas of your organization’s work. (Please check all boxes that apply).

Staffing

- We have decreased the number of professional staff
- We have decreased the number of professional staff and replaced them with consultants
- We have increased the number of professional staff
- While we have not changed the number of professional staff, we have changed the type of professional staff or realigned roles and responsibilities
- We have not changed the number of professional staff, type of professional staff, or realigned roles and responsibilities

Grantmaking

- We now focus our giving in fewer geographic or program areas
- We now focus our giving in more geographic or program areas
- We have shifted programmatic focus areas funded
- We have shifted the types of organizations funded (size, areas of focus)
- We give fewer grants but of larger average size
- We give more grants of same average size

Operations

- We have shifted our resources allocation priorities
- Our resource allocation has become more streamlined and efficient
- Our resource allocation has become more responsive to the priorities and needs on the ground
- Our resource allocation has become more proactive in driving and supporting our priorities, vision, and agenda
- We have become more focused on transparent and timely internal and external communications
- We have become less focused on transparent and timely internal and external communications
- We have deepened and specialized our programming
- We have broadened our programming

Grantee Relationships

- We have a closer relationship with our grantees now
- We have a more distant relationship with our grantees now
- We support fewer grantees than we did before
- We support more grantees than we did before
- We have deepened our relationship with grantees in the following manner (ex. technical assistance, advisory positions/roles, building networks, representation in decision-making bodies, participatory grantmaking):

- We have prepared grantees for the eventual cessation of funding (please specify how):

Relationships with other Funders/Donors

- We collaborate less than we did before
- We collaborate more than we did before
- We encourage partner funders to support our grantees after our funding ends
- Other: (please specify)

Portfolio Management

- We have increased our annual grantmaking budget
- We have decreased our annual grantmaking budget
- We take more risks with our investments
- We take less risks with our investments
- We have moved our portfolio into shorter-term investments to meet our time horizon
- Other: (please specify)

Section IV. Foundations Actively Considering Time-Limited Models

30. Who are the decision makers that will consider the time-limited philanthropy model at your philanthropic organization? *(Check all that apply.)*

- Founder
- Founder's family members
- Executive staff
- Board of directors
- Philanthropic advisors
- Other (Please Specify):

31. How long has your organization's leadership discussed moving to a time-limited model of philanthropy?

- Less than one year
- 1-2 years
- 3-4 years
- Longer than 4 years

32. Has your organization consulted with other time-limited foundations for advice about this model?

- Yes
 No

33. What are the reasons your organization is considering a time-limited model? (*Check all that apply*).

- Desire to see impact on beneficiaries during founder's lifetime
- Uncertainty and risk in the future
- Concern that future generations of family members may not want to be involved in the organization's philanthropic activities
- Desire to make greater impact by narrowing focus (i.e., programmatic, geographic, population)
- The model is a strong fit with our organization's current program staffing and operations
- Desire to transfer more of founder's wealth to charitable giving sooner rather than later
- Concern that future foundation activities would not align with donor's original intent
- Decline in financial resources
- Other reason (please specify):
-

34. How strong a fit is time-limited philanthropy with your organization's mission?

- Very strong
- Somewhat strong
- Not strong at all
- Don't know

Section V. Perpetual Foundations That Have Not Considered Time-Limited Models

35. How strong a fit do you believe the perpetual philanthropy model is with your organization's mission?

- Very strong
- Somewhat strong
- Not strong at all
- Don't know

36. How satisfied are you with your organization's decision to be a perpetual philanthropic organization?

- Very satisfied
- Somewhat satisfied
- Not satisfied

37. Please describe below the main reason(s) for your level of satisfaction with your organization's decision to be a perpetual organization.

38. Would your organization consider switching to a time-limited model?

- Yes
- No => SKIP to Question 48

39. What main factors do you believe would prompt your organization to consider switching to a time-limited model? (*Check all that apply*).

- Desire to see impact on beneficiaries during founder's lifetime
- Uncertainty and risk in the future
- Concern that future generations of family members may not want to be involved in the organization's philanthropic activities
- Desire to make greater impact by narrowing focus (i.e., programmatic, geographic, population)
- The model is a strong fit with our organization's current program staffing and operations
- Desire to transfer more of founder's wealth to charitable giving sooner rather than later
- Concern that future foundation activities would not align with donor's original intent
- Decline in financial resources
- Other reason (please specify):
-

40. What main factors do you believe would prevent your organization from switching to a time-limited model?

- Desire to make impact on beneficiaries over multiple generations
- Desire to engage future generations of founder's family members in the organization's philanthropic activities
- Concern about laying off existing program staff
- Desire to make greater impact by avoiding narrow focus (i.e., programmatic, geographic, population)
- Desire to transfer more of founder's wealth to charitable giving later rather than sooner
- Expecting an increase in financial resources in future years
- Founding documents or founder prohibit switching to a time-limited model
- Other reason (please specify):

Section VI. Foundations That Considered but Decided Against Time-Limited Models

41. Who are the decision makers in your foundation that decided against a time-limited model? (Check all that apply.)
- Executive staff
 - Board of directors
 - Founder's family members
 - Philanthropic advisors
 - Other (Please Specify):

42. How satisfied are you with your foundation's decision to remain a perpetual foundation?
- Very satisfied
 - Somewhat satisfied
 - Not satisfied

43. Please describe below the main reason(s) for your level of satisfaction with your organization's decision to remain a perpetual organization.

44. What are the main reasons your organization considered a time-limited model in the first place? (Check all that apply).

- Desire to see impact on beneficiaries during founder's lifetime
- Uncertainty and risk in the future
- Concern that future generations of family members may not want to be involved in the organization's philanthropic activities
- Desire to make greater impact by narrowing focus (i.e., programmatic, geographic, population)
- The model is a strong fit with our organization's current program staffing and operations
- Desire to transfer more of founder's wealth to charitable giving sooner rather than later
- Concern that future foundation activities would not align with donor's original intent
- Decline in financial resources
- Other reason (please specify):

45. How strongly did your foundation consider switching from a perpetual model to a time-limited model?

- Very strongly
- Somewhat strongly
- Not at all
- Don't know

46. What main factors do you believe prevented your organization switching to a time-limited model? (Check all that apply).

- Desire to make impact on beneficiaries over multiple generations
- Desire to engage future generations of founder’s family members in the organization’s philanthropic activities
- Concern about laying off existing program staff
- Desire to make greater impact by avoiding narrow focus (i.e., programmatic, geographic, population)
- Desire to transfer more of founder’s wealth to charitable giving later rather than sooner
- Expecting an increase in financial resources in future years
- Founding documents or founder prohibit switching to a time-limited model
- Other reason (please specify):

Section VII. Wrap-up

47. In your opinion, please indicate how much your institution would agree or disagree with the following statements about time-limited and perpetual philanthropy models.

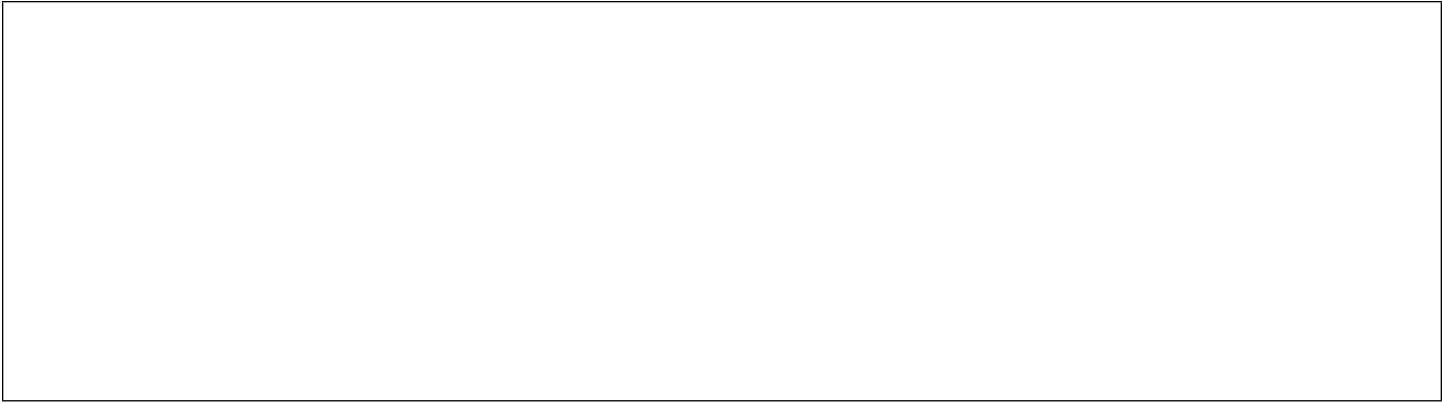
Philanthropic organizations that follow a time-limited model...

	Strongly Disagree	Disagree	Agree	Strongly Agree	No Opinion/Not Applicable
a. are more likely to spend their resources according to the donor’s philanthropic intent	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
b. encourage donor’s family members to be more engaged in the foundation’s work	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
c. inspire donor’s family members to become more involved in their own philanthropy	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
d. motivate donors to transfer more of their wealth to charitable giving	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
e. establish closer relationships with grantees and communities	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
f. work with greater urgency because of the limited lifespan of the foundation	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>

Philanthropic organizations that follow a perpetual model...

	Strongly Disagree	Disagree	Agree	Strongly Agree	No Opinion/Not Applicable
a. allow future generations of family members to participate in the foundation’s work	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
b. can achieve social impact over multiple future generations	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
c. inspire donor’s family members to become more involved in their own philanthropy	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
d. establish closer relationships with both grantees and communities due to the long time horizon	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
e. are able to adapt to changes in societal needs over time because the organization exists in perpetuity	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>

48. Would you like to share any other thoughts on time-limited philanthropy?



Thank you for your participation.

