

IS YOUR GIVING BRINGING YOU JOY?

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One concern we hear from our philanthropic clients is that they are simply not receiving fulfillment from their years of charitable giving. While they have been more than generous, they do not have a clear sense that they have made an impact on the causes that are important to them.

This is understandable. Charitable trusts and private foundations when initially formed may focus on legal and tax structures. After all this work, it may seem that the easy part will be giving away the money, because there are good causes everywhere. But that is part of the problem – there are good causes everywhere! After five or ten years of gifting, what has been the result? Did the one or two things that matter most to a donor and his or her family get accomplished? Did the things the family value most guide their giving?

Our initial advice to anyone who is engaging in philanthropy is to set a system in place that allows them to give proactively, not reactively, and to base that giving on their family's values and vision.

The first step – set your priorities – a mission statement

Every organization, no matter the size, needs a mission statement to guide their

investment, resources and decisions. A charitable trust or foundation is no different. A mission statement articulates your family philanthropic goals and values to both charitable organizations and future family members.

We get our clients started by asking them to fill out a personalized questionnaire. A sample of these questions:

What motivated you to start the foundation or establish your charitable trust?

What has given you the greatest joy or satisfaction in your giving so far? Are there certain geographic areas you would like to serve? Has a family member's or friend's' experience drive you to support a particular cause?

Next Step – Set A Giving Plan

With a mission statement in place, you are in a great position to proactively plan which charitable organizations fit your priorities. The good news is that your years of previous giving provide great exposure to what needs there are in the community. You can structure grant requests to be formal or informal. These requests can be evaluated based on the traditional due diligence (management, financial, program) but also on how they align with your family's goals.

Remember that your family priorities may change over time. For this reason, we recommend revisiting the mission statement every five years. Every plan is intended to be revisited and to be changed to meet current family wishes, financial performance and community needs.

Final Step – Leave A Little Flexibility

Opportunities appear each year beyond the formal giving plan – from friends, local contacts, extended family, etc. You want to have the flexibility to support these requests but not get off track with your overall goals. For this reason, we recommend setting aside a portion of your annual giving (a set annual amount or a percentage) to provide for these unplanned opportunities. This budgeted amount will allow you room to comfortably say “yes” to certain requests but also to comfortably decline others, knowing the budget will not allow unlimited requests.

Conclusion

Following these steps will ensure that your giving will make a difference and help deliver a sense of joy to your entire family.



About the author: *Carolyn Hannon* is the director of family philanthropy and a trust officer at Pendleton Square Trust Company, a provider of trust advisor services in Nashville, TN. Nothing in this article should be construed as providing legal or tax advice regarding your specific situation.