



NATIONAL CENTER FOR
FAMILY PHILANTHROPY

SPLENDID LEGACY

CREATING AND RE-CREATING

YOUR FAMILY FOUNDATION



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“Families come to realize that deciding to allocate some of their wealth toward charity, picking priorities and giving away money, is only just the beginning.”

— *The Power to Produce Wonders:
The Value of Family in Philanthropy*

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FAMILY PHILANTHROPY

FOREWORD

Every family has a unique story to tell about its journey into philanthropy.

For Paul and I, that story began when we married in 1997. Each of us were in our 40s when we tied the knot — and each of us had already established ourselves professionally.

Paul, an entrepreneur, built the desktop publishing company, Aldus. Debbi, meanwhile, had crafted her own career at Nordstrom's flagship store in downtown Seattle.

As we embarked on our new life together, we each found ourselves with more resources than we had ever imagined. But while each of us had grown up in middle-class families who taught us the value of giving back, "philanthropy" wasn't a word that was a part of our vocabulary. We had learned about helping others through church and helping our neighbors, collecting money for UNICEF boxes, and giving at work through United Way. From these early experiences, we both knew that giving back to our community was important to us.

As we became more involved in our community, we discovered that effective philanthropy was about more than just money. We sought out information about the legal and tax issues that affected the family foundation we established. We also volunteered for a number of local nonprofit boards. We studied unique models and ideas and talked with other families from earlier generations to learn what they were doing.

Splendid Legacy 2 would have been an amazing resource for us back then. This book brings together a wealth of information and offers insightful guidance from thoughtful, knowledgeable experts. It is a comprehensive guide for families as they consider the importance of lasting decisions when forming a family foundation.

As your family begins its own journey into philanthropy, you will no doubt take a number of unexpected twists and turns. We encourage you to get into this experience with open eyes — and to be open to discovering how you can take your unique perspectives and ideas and shape them into something meaningful.

For us, the last 20 years have given us the opportunity to take our core value of "giving back" and define what that means to us as individuals and as a couple. We have taken on philanthropic projects separately and together. This aspect of our lives has offered some of the most fulfilling, challenging, and gratifying work we have ever done. We discovered truth in the following adage: Whatever you invest in the lives of others, you are paid back many times over and often in wonderful ways.

Our annual giving is now divided into two distinct financial categories: our smaller community gifts and our larger strategic gifts, where we personally get involved to help organizations refocus, build capacity, or take on new initiatives. Our giving is primarily directed at environmental conservation, education, children, and health care. In some instances, we've combined these priorities.

We've also been able to get creative about how we used our resources.

When Paul sold Aldus, he created the Brainerd Foundation as a way to give back and support the environmental causes he cared for deeply. As a native of Oregon, he grew up hiking, wandering the forests, and enjoying the wilderness.

Debbi had a similar passion for the outdoors. While she was growing up in Seattle, her family would take weekend trips to Whidbey Island, where it spent time on the beach and in the woods, and sleeping in their one room log cabin.

These experiences became the genesis of Debbi's idea for IslandWood. She learned that many children were growing up without access to the natural environment, and we both believed that if we were going to create future stewards of the

environment, we must foster a connection to nature at a young age.

We both believe that nurturing a curiosity and love of the natural world must come from first-hand experiences in the outdoors, and we noticed that children from under-served communities were not getting access to the woods, the beach, and outdoor garden classrooms. Families with money were providing their kids with these kinds of outdoor experiences and we wanted to level the playing field for children who weren't getting high quality outdoor educational experiences.

Debbi's vision for IslandWood exceeded our own resources, so she ended up embarking on a fundraising campaign that aimed to match our family's initial \$30 million investment in the project. Thousands of people in and around Puget Sound have contributed to, IslandWood, which is now an international model of residential environmental education and an example of how a community can come together as investors around a compelling idea.

Paul, meanwhile, has attempted to use the lessons he had learned on his philanthropic journey to help others achieve greater impact through Social Venture Partners. Much like this book, SVP works to teach others

about the philanthropic process. We learned through SVP about the power and value of a peer network in which families and individuals learn from and collaborate with one another to support nonprofit organizations.

We both believe we were put here for something larger than ourselves. Since spending time in New Zealand, we now have found ourselves working on a large community project there. As others like us realize, when something touches your heart, it's hard not to want to get involved and give back. *Splendid Legacy* provides a foundational framework to support your community giving — and we believe you'll refer to it throughout your family's philanthropic journey.

PAUL AND DEBBI
BRAINERD,
Founders
The Brainerd Foundation
Social Venture Partners

IslandWood — A School
in the Woods

The HeadWaters and Glenorchy
Community Trust, New Zealand

INTRODUCTION

The stunning image of Arizona’s Antelope Canyon that graces our cover will, hopefully, provide moments of reflection and peace as you navigate your foundation’s ever-changing course. The challenge and wonder of the canyon are as complex as the formation itself. It is the result of both powerful and subtle forces — water, wind, sand, rock, and sunlight — coming together to spectacular effect. Finding it, however, is an almost impossible task without a guide, since the location of this natural treasure is not immediately apparent. But if you take the necessary risks to find it, the reward is nothing short of amazing. With the support of a Navajo guide, you can find the canyon and all the wonders within. The experience and result are pure magic.

Splendid Legacy 2: Creating and Re-Creating Your Family Foundation is your guide to marshaling the forces of family and charitable intentions for your own magical experience. There will be times you will need to summon the insight and courage to make dramatic shifts and subtle adjustments. You will need to figure out what and where your treasure is and just how much risk you are comfortable taking on. But, as Alexis de Tocqueville wrote about our early American voluntary spirit, the effort has the “power to produce wonders.”

You may have already decided to create a private foundation or may still be weighing which charitable vehicle is best for your family. One of the significant differences between this completely rewritten volume and its early-21st-Century predecessor is the variety of vehicles available to you and your family, donor-advised funds chiefly among them. Today, it is also common for families to give through the family office or business. There are also a number of lesser-known vehicles that might be perfect for your aspirations and circumstances.

If you have determined a private family foundation is for you, you are likely motivated by working with your family and advisors to make bold decisions on behalf of cherished causes and communities. There will be opportunities to be involved in governance, financial investment, and succession planning that may not be part of other vehicles but, as with Antelope Canyon, high risk, high reward.

When we were developing the first edition of this volume, the Internet had not yet transformed the practice of giving. And we are taking best advantage of that resource to support the users of this guide. A special website, **www.splendidlegacy.org**, has the sample policies, forms, job descriptions, and a wealth of other relevant material designed to complement this guide. It features the best thinking and practice of your colleagues who have generously made their work available to those who might benefit. By making it part of the website rather than this printed volume, we can ensure the material is constantly updated to be as current and useful as we can possibly make it.

On behalf of the National Center for Family Philanthropy, it is my honor to dedicate *Splendid Legacy 2* to giving founders and families everywhere. With grateful hearts,

generosity of spirit, and deep wells of optimism, you are making a personal commitment to a cherished tradition born of public trust. Many will benefit from your stewardship — and some of us will be privileged to support you. Please know you have our heartfelt gratitude, our profound hopes for your success, and our sincere promise to be there as you need us.

Ginny

VIRGINIA M. ESPOSITO
Editor, *Splendid Legacy 2: Creating and Re-Creating Your Family Foundation*

