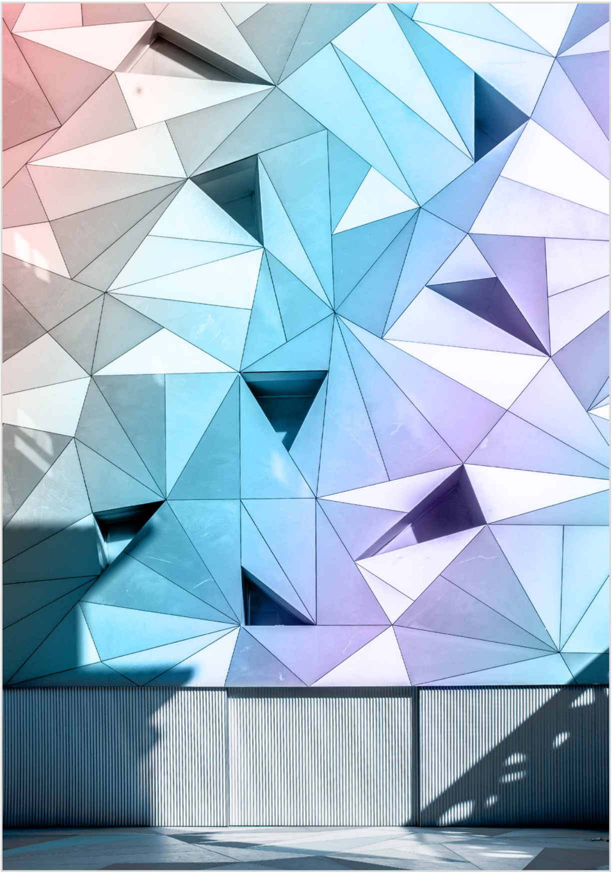
STRATEGIC TIME HORIZONS IN PHILANTHROPY

Key Trends and Considerations



ROCKEFELLER PHILANTHROPY ADVISORS
PHILANTHROPY ROADMAP

STRATEGIC TIME HORIZONS IN PHILANTHROPY

Key Trends and Considerations

This publication is part of a two-volume donor guide that updates and expands upon an earlier Rockefeller Philanthropy Advisors publication, *Selecting a Time Horizon.* Volume one (this publication) explores practical considerations for selecting a strategic time horizon that aligns with your philanthropic goals and vision. Volume two, entitled *Strategic Time Horizons in Philanthropy: Strategy in Action*, provides guidance on how to implement a chosen strategic time horizon. Both publications feature excerpts of case studies of foundations around the world. The full versions of the case studies are compiled in a third companion publication, *In Their Own Words: Foundation Stories and Perspectives on Time-Limited Philanthropy*.

We hope that both established and emerging funders will find these publications beneficial in their pursuit of thoughtful and effective philanthropy.

We are grateful to The Atlantic Philanthropies for their support and contributions to this work.

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Introduction

The decision to proactively consider the length of time for which a philanthropic organization might remain active (i.e., establishing a "time horizon") can increase the organization's effectiveness and sharpen its strategic focus. Whether a donor is responding to natural disasters, pooling resources to build a sector, battling systemic injustices, or providing sustainable financing to address complex social problems, the selected time horizon will have profound implications for the organization, its grantees, and those it seeks to benefit. Moreover, the analysis itself will have positive implications for internal alignment and clarity.

Some donors don't realize the importance of making an intentional time horizon choice and, as a result, don't engage in a thoughtful process. Other donors recognize this as a significant consideration, but simply are unsure of the basis on which to make a time horizon decision or how to start such conversations. This publication will assist both categories of donors by providing guidance on what to consider when establishing a strategic time horizon that aligns best with your philanthropic vision.

Strategic Time Horizons Defined

A strategic time horizon in philanthropy is, quite simply, the length of time over which a donor or foundation seeks to engage in philanthropic giving. The selected horizon can be in perpetuity—meaning there is no end date foreseen—or it can be time limited, defined by a predetermined end date or triggering event. Time-limited philanthropy is also referred to as "limited life," "spend down," "spend out," "time bound," "giving while living," or "sunsetting."

The intended lifespan of a philanthropic organization or program can be expressed as having:

- **A predetermined end date.** Operations cease at a pre-specified time.
- **A conditional end date.** Operations cease based on the timing of a trigger event for which the date of occurrence is unknown, such as the death of a founder.
- **A non-specific end date.** There is an intention to wind up operations eventually, but there is no clear plan for how or when to do so.
- **No end date (existing in perpetuity).** Philanthropic activity continues with no intention to cease operations.

While some approaches may be more common among categories of funders or certain issue areas, there is no one preferred or superior approach. Any time horizon can be effective when implemented as a result of thorough and thoughtful strategic planning.

In 2020, Rockefeller Philanthropy Advisors published two survey reports, Global Trends and Strategic Time Horizons in Family Philanthropy and Strategic Time Horizons: A Global Snapshot of Foundation Approaches. Together, these publications drew insights from more than 300 respondents across the globe, enabling an in-depth look at the inner workings, trends, practices, and challenges related to strategic time horizon choices. Among other findings, the research showed that strategic time horizon has become an increasingly relevant topic for family and institutional philanthropies since the 1980s.

Why Think About Time Horizon?

The duration of time a philanthropy intends to exist will heavily influence the organization's grantmaking, strategy, and operations. The chosen time horizon can play a significant role in shaping an organization's governance, decision-making, risk tolerance, culture, deployment of assets, and manner of work. Also impacted may be the organization's accountability, perceived legitimacy, and approach to collaboration.

Thus, the strategic time horizon decision should be influenced by (and in turn, will impact) **what** the organization does, **how** it gets done, **with whom** the organization works, and **the way** the organization's work is sustained. There is no set formula that determines which strategic time horizon to choose; and one model is not inherently better than another. Rather, the appropriate strategic time horizon can be thought of as a deliberate balancing act among considerations relating to:

- donor or founder intent, programmatic scope, and desired impact (the **what**);
- operating model, as well as monitoring and evaluation (the **how**);
- staffing, partners, grantees, and future generations for family philanthropies (the **who**); and
- financial resources, knowledge retention, and legacy (the **way** progress is made and/or sustained).

How each of these might affect the time horizon decision is addressed below.

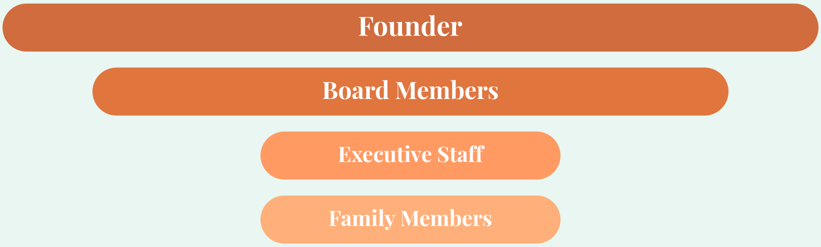
Key Considerations for Selecting a Strategic Time Horizon

Consideration 1
What the Philanthropy Seeks to Achieve

An initial consideration when thinking about time horizon is understanding what the philanthropy seeks to achieve, as expressed by the intent of the founder bylaws and in the programmatic scope of the organization.

Who Drives the Decision to Become Time Limited?

According to our recent survey on strategic time horizons, founders largely drive the decision to become time-limited. Specifically, two-thirds of surveyed time-limited organizations indicated that the founder directly influenced the decision to adopt a finite time horizon. Other influencers included board members (34%), family members of the founder or key donor (21%), and executive staff (21%).



KEY QUESTION

What is the donor intent?

An organization's founding documents, such as its charter and bylaws, are often the vehicles through which a founder or board outlines intent, organizational mission, and official decision-making protocols.

Whether living or deceased, the founding donor frequently carries major influence in how a philanthropy does its work. Typically recorded in a philanthropy's founding documents, donor intent can set the parameters by which the organization operates, including whether it follows an in-perpetuity or time-limited model. In some cases, donors want to maintain personal and direct control over their philanthropic legacy and witness the impact of their efforts within their lifetimes. Some may be wary of leaving control of their funds in the hands of future generations or non-family members who may not share the original philanthropic vision.

The founder's intent may be stated explicitly, or it may be implied or inferred from actions and long-standing norms. It may be left to the interpretation of close colleagues or family members, or may not be discernable at all, leaving it up to future family generations and leadership to determine the appropriate approach.

KEY QUESTION

What are the issues you seek to address, and what is the desired impact?

An organization's programmatic scope relates to the kind of change the organization envisions and impact it seeks to achieve. Some organizations gravitate toward broad and long-term change agendas, such as promoting democratic values or improving scientific literacy. Others focus on more tightly scoped

SURDNA FOUNDATION:
DONOR INTENT SPURS PERIODIC REEVALUATION

There is no mention of the intended lifespan or strategic time horizon in Surdna's 1917 certificate of incorporation or any subsequent bylaws or updated articles. However, the board and leadership regard Surdna as a foundation committed to long-haul issues and thus plan to continue work for "many decades to come." Furthermore, its longstanding practice of maintaining a 5 percent spending rate is effectively a perpetual investment model. Surdna will also exist in perpetuity to engage the Andrus family in meaningful cross-generational philanthropic giving, providing an avenue for them to learn about philanthropy and public service.

Still, the foundation has previously spent down significant assets. According to Don Chen, the Surdna Foundation's current President, one example was the 1999 sale of Andrus's original timber properties. The sale generated approximately $30 million for Surdna, which could have been simply added to its endowment. Instead, the foundation spent half of the proceeds on a three-year initiative to drive and promote policies on sustainable timber practices and management through Surdna's Sustainable Forestry Initiative.

Such periodic decisions, according to Chen, are highly useful in helping the foundation sharpen its focus and sense of urgency, hone operations, and adjust grantmaking practices. "There's a healthy tension between providing long-term funding and addressing urgent issues," said Chen. "We've had these conversations about our time horizon in the past and have brought some of that thinking strategically into our grantmaking. As a result, we do change over time, balancing our activities with a blended approach of in perpetuity and the imperative to spend more." Still, achieving that balancing act is complicated when the foundation is simultaneously trying to expand the endowment, remain agile and cutting edge, and figure out how to most effectively deploy its assets to impact social change.

For a long time, Surdna has focused on long-term work around systems change. Since the stewards of that work are the foundation's grantees, a long-standing commitment to them and their work is essential. According to Chen, most grantees receive general support, and the foundation prides itself on being a "high-touch" funder.

activities, such as providing academic scholarships, constructing a community center, or catalyzing the economic revitalization of a specific geographic area. Similarly, certain organizations aim to provide immediate relief for pressing human needs, while others prioritize systems change through policy innovation.

While no programmatic scope is ideally suited to a particular strategic time horizon, those that favor longer-term and systems-oriented change may find that a longer philanthropic runway provides more freedom to take risks, raise awareness, and alter programs to meet changing needs. In contrast, for shorter-term projects with clearly defined deliverables, a predetermined end date may introduce a sense of urgency that can increase planning discipline and encourage timely progress.

While the size of an issue is subjective, a useful guideline is to consider the number of regions or lives directly affected. Climate change, for instance, is a substantial issue, as its consequences affect the lives of the world's entire population. Meeting the financial needs of a particular symphony orchestra, on the other hand, is relatively limited in scope, despite the undeniable value in supporting local arts institutions. Where organizations seek to target a single part of a large-scale issue, the approach may be considered highly targeted, even as the overall problem itself is one of considerable scale. Smaller-scale or highly targeted philanthropy may be better suited for the time-limited model. Large-scale problems may require more sustained philanthropic efforts generally associated with the in-perpetuity model. The more multi-faceted and sustained the desired impact, the more difficult it might be to achieve those goals within a limited timeframe. However, there is no set formula for this and some funders prefer to meaningfully contribute to large-scale change via time-limited giving and vice versa, depending on other factors.

THE QUEEN ELIZABETH DIAMOND JUBILEE TRUST: INTENSE FOCUS ON IMPACT

By the time it ended its charitable activities in January 2020, The Queen Elizabeth Diamond Jubilee Trust had proven the importance of taking a thoughtful, strategic approach to time-limited philanthropy. Throughout its giving, the Trust engaged in robust planning and maintained an almost scientific focus—setting an example it hopes others will follow. According to Astrid Bonfield, the Trust's Chief Executive, "If you are going to achieve something tangible in a short time, you have to be forensically focused and keep in mind that every pound that walks out of the door is not coming back. You have to use the limited funding you have to be a catalyst and push impact."

For a foundation, a comparative advantage of having a limited life is the ability to focus intently on the issues at hand in order to create large-scale impact. That's been demonstrated by The Queen Elizabeth Diamond Jubilee Trust. It helped expand the global movement to end avoidable blindness, supported the eye healthcare sector at scale, and helped combat three major avoidable causes of blindness throughout The Commonwealth. For example, three years ago, eight million Malawians were at risk for going blind from trachoma. Today, in part thanks to the Trust's work, that number has fallen to zero.

"The Trust's grantmaking has been about keeping feet to the fire on results. We don't care about limitations, we just want to achieve results," Bonfield said. "We have to be absolutely driven by the good we're doing in the world. If we're not doing good, we shouldn't exist. And that's the way to think about it."

KEY QUESTION

How acute is the need?

Some donors focus on urgent needs, addressing problems that call for immediate, large-scale investment. Depending on available financial resources, this may translate to a time-limited approach that will enable significantly increased funding to be directed to a cause over a shorter, concentrated period of time. Whether "going all in now" and thus taking a time-limited philanthropic approach, or deploying different funding models within an in-perpetuity timeframe is more effective will depend on the specific issue and its cycles of urgency, among other strategic and operational factors for a given organization.

Source: Edward W. Hazen Foundation

EDWARD W. HAZEN FOUNDATION: URGENT NEED DROVE DECISION TO SPEND DOWN

Founded in 1925, by Edward Warriner Hazen, a publishing executive and former teacher, the Edward W. Hazen Foundation was an early pioneer of programs to support and empower youth. Nearly a century later, in response to the growing urgency to address systemic injustices in the United States, the foundation made another pioneering decision to spend down its entire endowment by its 100th anniversary, paving the way for others to do the same. As president Lori Bezahler shared, "The decision to spend down was driven by practical considerations about what we can do and the right model for our foundation, given its values, mission, goals, and an examination of this moment in time."

In its remaining time, the foundation is making its mark on history by propelling the momentum around youth organizing in key social justice and equity movements, including Black Lives Matter, the anti-gun violence movement Never Again, the pro-immigration rights DREAMers movement, and the climate justice movement.

Consideration 2
How You Work on Achieving Your Goals

As with all organizations, philanthropies' ways of working are rooted in their practices, procedures, relationships, and more. These ways of working—their operating models—are also influenced by what, when, and how organizations measure and evaluate success.

KEY QUESTION
What is your operating model?

An organization's operating model is the combination of resources, structures, and systems that articulate how it materializes and implements its strategy. It describes where and how key tasks happen, when resources should be brought from outside, how resources are deployed, and how work is distributed. Does the organization develop in-house expertise or recruit external consultants? Do various programs operate independently, or does a centralized decision-making body manage them? These questions, among others, reflect choices of an operating model.

When contemplating time horizons, philanthropies should interrogate how their capabilities and approaches might play out in different scenarios. For example, organizations that favor a proactive operating model may see themselves as creators of solutions (as opposed to supporting initiatives developed by others in their field), and may gravitate toward an in-perpetuity time horizon that offers a long-term trajectory that makes them less susceptible to changing trends. Likewise, philanthropies that favor a disciplined (versus a creative) approach may prefer the structure of time-limited strategic plans and other programmatic blueprints with tighter expectations, performance metrics, and milestones.

THE ATLANTIC PHILANTHROPIES: STRATEGIC APPROACH TO BUILDING SECTOR LEADERSHIP

Driven by the desire to see its work continue to bear fruit long after the foundation ceases operations, it was in its final years that The Atlantic Philanthropies made several grants that sought to address some of the world's most pressing challenges. These were big bets in key players who demonstrated strong prospects for maximum influence and impact. In this period, Atlantic focused on two hallmark programs: Global Opportunity and Leverage (GOAL) and the Atlantic Fellows.

Beginning in 2013, the strategy for GOAL was to identify opportunities to advance systemic change through strengthening leadership and selecting clear "champion" organizations that were considered well-positioned to achieve ongoing and future impact. GOAL focused grantmaking on key thematic areas that cut across Atlantic's work in the countries where it was most active. These included: health equity; inequality, democracy, and social change; and health sciences and innovation.

The program was also designed to both transition from and build on Atlantic's previous work by making fewer, more concentrated grants to encourage transformative, lasting impact. Key milestones were developed to assess the success of the incubation period and a total of eight startups participated in the program. "We were not just doing more of the same and winding it down," explained Christopher Oechsli, President and Chief Executive Officer of the Atlantic Philanthropies. "We were actually winding some new things up, hopefully preserving a sense that the purpose was still meaningful in the final phase and ensuring an impact that will outlast Atlantic."

At the same time, the foundation launched the Atlantic Fellows program, its final and biggest bet designed to have a major impact on 21st-century challenges facing societies around the world by investing in a community of fellows who would reflect the values and aspirations of Atlantic's mission. This was a more than $700 million multi-year initiative to fuel "catalytic communities of emerging leaders to advance fairer, healthier, more inclusive societies" through interconnected global issue areas, such as equity in brain health, health equity and social equity, among others. The Atlantic Fellows program grants were developed in partnership with existing Atlantic partners and grantees who were aligned with the fellowship program goals, including the University of California at San Francisco, Trinity College Dublin, Columbia University, the University of Melbourne, The London School of Economics and Political Science, the China Medical Board, and Tekano, a new nonprofit organization formed by health equity leaders in South Africa. The various programs fund leaders seeking to: (1) reduce the impact of dementia worldwide; (2) achieve health equity in South Africa, Southeast Asia, and the United States; (3) advance racial equity in the United States and South Africa; (4) improve the well-being of communities in Australia and the Pacific by drawing on the knowledge and expertise of Indigenous people; and (5) address global inequalities. The strategy envisioned "incubating" startups for three years to ensure they would be well run, then making a final grant and concluding engagement.

KEY QUESTION

Where does your approach fit in the ecosystem of solutions?

Big or small, social and environmental issues usually require multiple actors working on different parts of these problems in different contexts. For example, in the environmental context, one philanthropy may choose to focus on developing programs to encourage waste reduction, while another may focus on developing clean energy technology. Having a clear understanding of what other organizations are doing can help a philanthropy determine what role it should play in driving impact on a specific issue. In some cases, driving impact may require investing years of building insights to provide ongoing support and best practices guidance for rolling out a program. In other cases, an organization may wish to launch a time-limited initiative to accelerate current efforts, since time-limited organizations have more flexibility to devote their resources to targeted areas, whether nascent and small or ones already involving a number of other funders.

FORD FOUNDATION: TRAILBLAZING TO BALANCE URGENCY WITH PERMANENT PRESENCE

The year 2020 ushered in several monumental challenges to society. While the global pandemic caused a public health crisis and a severe economic downturn, the swell of awareness around the killing of unarmed Black men and women across the United States altered public consciousness and spurred protests and demands for racial justice and equity around the world. With people taking to the streets, hospitals overloaded, jobs lost, and hundreds of thousands taken by a brutal virus, foundations worldwide sought strategic, innovative, and meaningful ways to provide support.

In response to the profound social ramifications of the concurrent crises, the Ford Foundation's President, Darren Walker, wanted to pioneer a way of doing something big, of "problem solving for a different era," to address the diverse needs from multiple directions. This aligned with the foundation's commitment to leverage its sizable in-perpetuity endowment and long-established presence to provide strategic support to social justice organizations, while also experimenting with innovative philanthropic approaches to maximize impact and deliver broader change, often in collaboration with other funders.

That pursuit led to the creation of Project Wanda. The idea was to issue a social impact bond, a first for a US-based foundation, by borrowing against Ford's own endowment and issuing debt to offer $1 billion in grantmaking resources over a two-year period. This move was called "radical" and seen as "upending traditional models of philanthropic giving." According to Hilary Pennington, Ford's Executive Vice President of Programs, the idea "initially seemed outlandish but eventually not only became absolutely possible but even inspired others to take similar actions, all thanks to the imagination, energy, and connections of Darren Walker." On May 22, 2020, the Ford Foundation's board unanimously approved Project Wanda, and the offering went public on June 23.

KEY QUESTION

How do you approach monitoring and evaluation?

Measuring impact, tracking progress, building knowledge—these are fundamental aspects of strategic philanthropy. Though some of the most celebrated philanthropic accomplishments were achieved in a relatively short time (e.g., the eradication of polio), the reality is that many social challenges—poverty, educational inequality, ethnic conflict—are so complex and entrenched that it is essentially impossible to set a concrete deadline for a lasting solution. How and what you track as progress, accordingly, should be weighed into the strategic time horizon analysis.

Philanthropies that feel strongly about “solving” or completely eradicating a particular problem may find that a finite time horizon is a better fit for their organization and outlook. This is because a limited-time approach gives greater flexibility to pour more resources into the problem since there is no need to preserve the endowment in perpetuity. For example, a philanthropy that aims to remove a fixed amount of plastic waste from the oceans or to establish a new major at a university can structure its assessment efforts with clear goals and timelines in mind. Additionally, once the organization has reached its goal, there may be no need for it to exist, which would further justify a limited time horizon.

An in-perpetuity time horizon, on the other hand, may require more flexible assessment approaches geared toward learning lessons and adjusting implementation along the way, rather than declaring when a program has put a decisive end to a social or environmental problem.

Consideration 3
How You Engage with Staff, Partners, Grantees, and Family Members

Another area to consider when setting a time horizon is who the philanthropy works with to achieve its goals. Within this category are staff, partners, grantees, and family members—each of which will be impacted by the time horizon decision.

KEY QUESTION

How do you work with partners?

One of the most important trends in the philanthropic sector in the past decade is increased collaboration among donors to address complex problems by building common agendas, shared performance measurement systems, and mutually reinforcing activities.

When it comes to determining strategic time horizons, the question of collaboration is central. An organization might see itself primarily as a convener, focused on helping implementing or frontline organizations and policymakers join forces. If this is the case, there is likely to be a continuing need for its programs, which may suggest an in-perpetuity model. On the other hand, if the philanthropy's leadership is already inclined toward a time-limited model, it may feel extra encouragement to make this decision by finding that there are other organizations willing to carry on similar work once the philanthropy ends operations. If an organization finds itself as the solitary actor working on a specific social problem, then the case for a time-limited model could be harder to make depending on the size of the problem, at least until the philanthropy is able to mobilize other funders to join its cause.

For organizations actively engaged in collaborative philanthropic efforts, this assessment must consider how the time horizon decision would impact its partners, as well as steps that might be needed to adjust those relationships if the time horizon is changed from what it was when the collaboration was first envisioned.


Source: Photo by Daniel Torobekov from Pexels

TUBNEY CHARITABLE TRUST: SUCCESSFULLY RETAINING STAFF THROUGH SPEND DOWN

The United Kingdom's Tubney Charitable Trust did not experience any staff turnover during its spend-down journey, instead seeing growth and exemplary retention rates over its 15-year lifespan. With just four trustees at its start, Tubney grew to include six full-time staff members by 2004, all of whom remained until it ceased operations. According to the Executive Director Sarah Ridley, this was because "staff were given the opportunity to make a tangible difference in areas we were passionate about." In addition, to retain its high-caliber staff while adhering to a lean overhead model, Tubney created tangible benefits for its employees. "Staff were looked after," Ridley explained, "but we were conscious that we're a charity, so we were not spending excessively on ourselves." As an incentive, Tubney provided a small bonus to staff members who achieved the agreed stretch objectives and stayed through the end date. The staff also received career counseling and a small professional development budget. As a result, Tubney avoided turnover turbulence and did not need to hire additional support as it moved into its final spend-down phase. Everyone was dedicated to the final mission and willing to handle assignments ranging from intellectual roles to packing and moving boxes.

KEY QUESTION:
What are your policies and practices relating to staff and continuity?

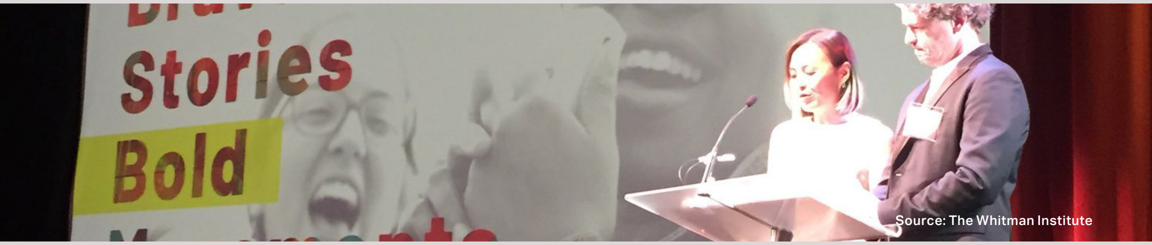
With respect to staff, the selected strategic time horizon most obviously impacts tenure, as setting an endpoint for a staffed organization means setting an expiration date for jobs.

To compensate for this lack of longer-term employment, a philanthropy may need to invest in more generous compensation, benefits, and professional development to attract and retain the right talent. For organizations that are within a few years of their end date, another challenge might be the preservation of institutional knowledge as key staff members depart.

KEY QUESTION:
How do you work with grantees?

Grantees are, in many ways, implementing—and even strategic—partners for funders. Indeed, there is a trend for donors to engage more deeply with grantees beyond simply providing strict program-specific funding; and thus, their needs and ability to address the issue(s) should be considered critical to the time horizon decision.

Some philanthropies may feel a sense of responsibility to exist in perpetuity in order to maintain a base of support for grantees addressing long-term or even permanent problems. Others don't view this as a significant issue, especially when there is no long-term, close relationship that might create such an expectation. The capacity of grantees should also play a role in the decision: are there trusted entities or individuals that could effectively absorb the additional funding if a time-limited approach were to be adopted? If not, what resources would it take to develop that capacity, and would this be an endeavor the donor is willing to undertake? Organizations that decide to spend down typically end up working more closely with grantees and communities as they near their end date.



Source: The Whitman Institute

THE WHITMAN INSTITUTE:
DEEP PARTNERSHIP AND COMMITMENT TO GRANTEES

The Whitman Institute (TWI) has taken a distinctive approach to spending down by advocating for a trust-based philanthropic model and by emphasizing co-leadership and decisive, radical, and impact-focused giving in its final years. TWI has set an example for other foundations on how to respond to the challenges many face; how to go all in and address the urgency of now.

In the early 2000s, TWI's leadership weighed the question of whether a modestly sized foundation could have more impact with a time-limited horizon. In other words, would infusing nonprofits with more operational funds now have more impact than granting smaller amounts in perpetuity? The foundation's leaders suspected the answer was yes, and it seemed that TWI was well positioned for such a step. TWI had already been spending an average of 8 percent of its assets on its grantmaking, more than the 5 percent required of foundations in the United States. Then, in 2008, the foundation's assets fell from a peak of about $20 million to about $14.5 million. Despite this drop, the board was determined not to cut back when their grantees needed funding more than ever in light of the global financial crisis and decreased funding from other foundations. Three years later, the foundation's assets decreased to about $11 million, and its financial managers projected that, at the current level of spending, the foundation would not last.

In this final phase, TWI's financial managers continuously run through various cash-flow scenarios. To ensure the foundation has sufficient funds for its final year, the staff produced five years of projected budgets and reexamined its tolerance for risk. At the same time, to mitigate some of the risk, the staff gave itself a cushion in case projections and investments go awry. While this is a time-consuming and taxing process, the board views it as reassuring and necessary to ensure the foundation does not disappear prematurely, so that it can honor both its grantee commitments and the time frame within which its staff is operating.

KEY QUESTION

Is there interest from, and a plan to engage, the next generation?

For family-rooted organizations, philanthropy can express a familial connection and shared mission over generations. The Rockefeller family is an example of multigenerational family philanthropy and, as described *The Rockefellers: A Legacy of Giving*, philanthropy has been a central family value for more than three centuries. Founders motivated by the prospect of engaging future generations in family philanthropy should understand how the time horizon choice might impact that goal. In fact, multigenerational engagement is one of the clearest factors driving the decision between the in-perpetuity and time-limited models. Our research shows that the desire to make an impact across multiple generations and to engage future generations of the founder's family were the two most cited factors preventing an organization from switching to a time-limited model.

Generational Considerations Driving Time Horizon Choice

In Perpetuity

Desire to make impact over multiple generations

Desire to engage future generations in philanthropic activities

Time Limited

Desire to see impact during founder's lifetime

Concern that future generations may not want to be involved in philanthropic activities

Source: Rockefeller Philanthropy Advisors, *Strategic Time Horizons: A Global Snapshot of Foundation Approaches*, https://www.rockpa.org/strategic-time-horizons/. Published: January 2020

Multigenerational philanthropy is not a given, however, as family members commonly hold their own unique values and outlooks. There is no guarantee that the next generation will be interested in propagating their family's philanthropic legacy. Furthermore, if there is interest among the next generation, that interest may express itself differently in terms of mission, issue areas, and methods. For those interested in engaging future generations, the first question to ask is whether the next generation shares the original philanthropist's interests. Do they care about the same problems, and with the same intensity? Do they agree on how to tackle those problems and how to evaluate progress?

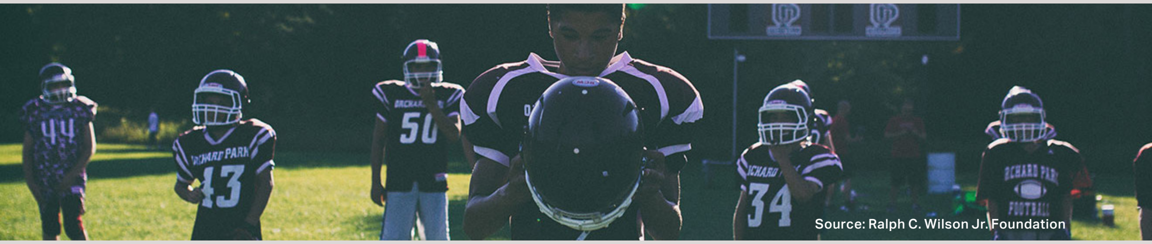
Consideration 4
How Progress Is Sustained

Resources of a philanthropic organization include not only the financial resources, but also the knowledge gained and preserved, tools developed, and people engaged. Resource availability can be integral to decisions about strategic time horizon.

KEY QUESTION

How extensive, and in what form, are financial resources?

Organizations with large, growing endowments are well positioned to capitalize either on in-perpetuity models or to take a time-limited approach if they seek a more immediate and concentrated impact. In contrast, organizations with less money may prefer to maximize short-term impact by spending more of their principal on programs sooner, rather than investing that money to generate relatively low returns to fund future programs. There is no right or wrong decision in these cases, but foundations and their leadership should engage in conversations on the topic thoroughly, thoughtfully, and transparently.


Source: Ralph C. Wilson Jr. Foundation

RALPH C. WILSON, JR. FOUNDATION: INNOVATIVE FINANCIAL TOOLS FOR SPEND DOWN

The Ralph C. Wilson, Jr. Foundation came on the scene in 2015, with a purpose and plan for unprecedented impact. Guided by its namesake founder's mandate to spend down the combined assets of his estate and profits from the sale of his beloved football team, the Buffalo Bills, the foundation has a $1.2 billion endowment and 20 years to deliver on its mission. The Ralph C. Wilson, Jr. Foundation hopes to become a spend-down trailblazer, paving the way for future time-limited donors with its strategic approach and vision. To maximize its remaining time in operation and maintain its focus on impact, the foundation has worked with J.P. Morgan to develop a liquidity and asset tracking tool that allows the foundation to manage expenses without actively monitoring market conditions affecting its endowment. The tool automatically adjusts the foundation's budget over time, thus allowing the organization to focus more of its energy on its programs as it moves deeper into the spend-down process. The foundation has already begun to share the tool with other philanthropists to promote more seamless and less time-consuming financial management, which can prove particularly useful for time-limited philanthropies.

Some organizations go beyond traditional grantmaking to engage in program-related investments (PRI), which are loans or equity investments that a foundation may deploy to advance its charitable mission while earning a financial return. PRIs can enable foundations to recycle their charitable dollars by reallocating surpluses to new initiatives; however, they also have unique legal and due diligence requirements. Given the extra administrative burden of these instruments, longer or in-perpetuity time horizons may be favored to reap the downstream benefits.

KEY QUESTION

What do you have in place to preserve lessons learned?

Learning and knowledge management relate to the lessons that philanthropies collect, process, and circulate through their work. Even in cases of failure to achieve targets, there can be tremendous value in harvesting lessons from the attempt. What went wrong? What went right? How can others in the field benefit from this experience? Answers to these questions can make future efforts more impactful, efficient, and responsive.

Organizations with shorter strategic time horizons may face extra urgency in managing and sharing knowledge so that their accumulated lessons do not disappear with the organization itself. Making knowledge accessible to others is not only a selfless act of field-building; it is also a sensible strategy for cementing legacy and good practices. Organizations with longer time horizons also benefit greatly from a robust system of learning and knowledge management, as it enables acceleration and improvment of operations over time while also providing valuable lessons for likeminded organizations.

KEY QUESTION

What legacy do you want to leave behind?

Philanthropy can be a deeply personal endeavor, reflecting not only a commitment to bettering the world but also to leaving a lasting footprint. It is no surprise that many high-profile philanthropic organizations or their gifts carry the names of their benefactors. Even anonymity is an active choice about the kind of legacy one wants to leave behind. For some philanthropists, there can be tension between the desire to maintain a legacy through an in-perpetuity organization, and the desire to deploy one's full funding capacity for immediate and outsized impact. For others, legacy exists less in the organization one leaves behind than in the lasting impact one creates while alive and active. These individuals may find greater appeal in the time-limited philanthropic model.

S.D. BECHTEL, JR. FOUNDATION: BUILDING AND SHARING SPEND-DOWN KNOWLEDGE

After closing its doors at the end of 2020, the S.D. Bechtel, Jr. Foundation has become a widely recognized practitioner and thought leader in spend-down philanthropy. The foundation has made a commitment to share its spend-down experience with other foundations considering or implementing the approach.

In 2013, the foundation hired Barbara Kibbe as Director of Effectiveness, leveraging her deep grantmaking expertise in order to: (1) support program teams in their work; (2) help ensure the foundation's grantees are capable, resilient, and continue to achieve results after the foundation's end of operations; and (3) generate and share knowledge about effective philanthropy generally and spending-down specifically. This role was key in gathering lessons learned and questions for consideration, managing spend-down communications, and helping program teams articulate their initiatives to the field and the public.

With an eye to the future, the S. D. Bechtel, Jr. Foundation decided to forge a partnership with the National Center for Family Philanthropy to ensure its experience, lessons learned, and knowledge products have a home and are available to a wide range of family philanthropies. The foundation is also making its body of resources available through IssueLab by Candid. The foundation's body of work, knowledge, and resources are seen as its true legacy, which its leadership hopes will advance the field and practice of spend-down philanthropy, and allow donors to stand on the shoulders of its experience to chart their own strategic course.

COMPTON FOUNDATION: HONORING LEGACY OVER IN PERPETUITY

The notion of spending down a family foundation can unearth differences of opinion around legacy versus organizational mandate. In the Compton Foundation's case, those differences fell along generational lines. One side of the family wanted to maintain the founders' legacy when it was founded in 1946, and continue to exist in perpetuity. Another side—driven by the urgent need to contribute as much as possible in light of growing attacks on the rule of law, democracy, and human rights—wanted to spend down. The latter group also questioned the role of in-perpetuity philanthropy in contributing to inequalities and injustices. Additionally, to exist in perpetuity, the foundation would have needed to cut both its grantmaking and operating budgets in half, which would have completely changed its grantmaking model. Non-family board members and family members alike felt such a reduction would do a disservice to the foundation's mission and the work it supported.

Throughout this process, the Compton Foundation recognized that "while we care about world peace, what we care about most is igniting a cultural shift through the building of the next generation of strong connected leadership, primed to advocate and build support for a strong progressive movement into the future," according to Ellen Friedman, Executive Director of the Compton Foundation. That's now a tangible pursuit: "We have a good sense of where the momentum and strengths are, and we already have a strong set of networked leaders who are moving what we care about." This strong sense of direction and purpose will help write a new chapter in the foundation's legacy.

Reasons for Satisfaction with Chosen Time Horizons

Our research shows high levels of satisfaction with time horizons. The reasons most cited were:

Time-limited Organizations

- Greater potential for social impact and greater sense of urgency
- Closer alignment with donor intent
- Ability to meet stated mission more effectively

In-perpetuity Organizations

- Ability to address long-term need and impact
- Flexibility to honor and interpret donor intent
- Alignment of funding model, organizational structure and design with mission

Now What?

As you reflect on the questions and case studies in this publication, work on identifying your motivations, decision drivers, and implications of different time horizons with the suggested next steps:

1. Take stock of the existing body of research, learning and knowledge on strategic time horizons in philanthropy to determine which model is most appropriate for what you want to achieve.
2. Talk to others—peers and communities of practice— who have undergone the process of crystallizing their time horizon for guidance and advice based on experience.
3. Consider recruiting external facilitators and advisors to bring in outside perspectives on the philanthropy's opportunities, capabilities, and goals.

As a final note, it is important to remember that choosing a time horizon does not need to be a one-time event. Strategic philanthropy involves constantly revisiting past assumptions to ensure that activities still align with objectives, operating context and needs. After all, in order to achieve greater impact, it is vital for philanthropies to regularly and intentionally reexamine their philanthropic time horizons and assess related implications for strategic objectives, operating models, and approaches.

In volume two of this guide, we walk through the practical steps that should follow the decision to adopt a particular strategic time horizon.

ROCKEFELLER PHILANTHROPY ADVISORS

Rockefeller Philanthropy Advisors (RPA) is a nonprofit organization that currently advises on and manages more than $400 million in annual giving by individuals, families, corporations and foundations. Continuing the Rockefeller family's legacy of thoughtful, effective philanthropy, RPA remains at the forefront of philanthropic growth and innovation, with a diverse team of experienced grantmakers with significant depth of knowledge across the spectrum of issue areas. Founded in 2002, RPA has grown into one of the world's largest philanthropic service organizations and has facilitated more than $3 billion in grantmaking to more than 70 countries. RPA also serves as a fiscal sponsor for more than 90 projects, providing governance, management and operational infrastructure to support their charitable purposes. For more information, please visit www.rockpa.org.

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