

Philanthropic Time Frames

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I must have spoken to at least 20 different families in the last year about the knotty question of philanthropic timeframes: do I give what I have while I'm here or do I hand it on to others to spend after my death? If the latter, over what kind of time-frame do I expect the funds to be spent? 50 years? 200 years? How do I balance the needs of the present with the needs of the future?

The very fact that clients are happy to discuss time-frames, rather than assuming either that giving is something to be done on death and/or that foundations should always be established with a time-frame of perpetuity, is encouraging. Focusing first on your philanthropic focus and strategy will usually help you to understand roughly what time-frame is going to work best for you.

'Giving While Living' is becoming an increasingly popular choice for our clients. The earliest and most vocal advocate for this approach was Andrew Carnegie. In his 1889 essay 'Wealth', Andrew Carnegie wrote: "Knowledge of the results of legacies bequeathed is not calculated to inspire the brightest hopes of much posthumous good being accomplished. The cases are not few in which the real object sought by the testator is not attained, nor are they few in which his real wishes are thwarted."

Zalman Bernstein, founder of the AVI Chai Foundation commented, along similar lines "Those who knew me should spend the money in their lifetime. The history of philanthropy in America is that things get corrupted the further you go from the vision of the founder and those who shared it with him." I have certainly spoken to clients with very real concerns about 'mission creep' based on what they have seen in other foundations and their experience of trustees joining boards whose personal agendas are not informed by the values or philanthropy of the original founder.

More positively, there is a real sense amongst many of the philanthropists who I speak to that their sweet spot for having a positive impact is 'now' and that they have the potential to make a real difference in the world if they focus, take the time to understand the issues and make the most of the assets at their disposal now. This optimism leads them to seek solutions to the problems they care about in the short-to-medium term, rather than through structures that will endure in perpetuity.



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It certainly helps that philanthropists have so many positive role models to turn to if they seek to give in a time-limited way. Chuck Feeney, founder of Atlantic Philanthropies, together with Bill & Melinda Gates and Warren Buffett are the most high-profile advocates of this approach. With the Gates' and Buffett actively promoting 'giving while living' through the Giving Pledge, more of the world's wealthiest individuals are committing to giving the majority of their wealth to charity during their lifetime or within a limited time thereafter.

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Clients can also see the results of other initiatives that have front-loaded funding for particular problems. One of the most successful initiatives in global health in recent years has been the International Finance Facility for Immunisation – which uses long-term donor pledges to issue vaccine bonds on the capital markets. The money raised from investors helps to fund vaccine programmes now – likely helping to save over 2 million lives in its first 5 years of existence. Clearly a vaccine delivered now is more valuable to an individual, their community and society more broadly than the promise of a vaccine in the future. Similarly, Bill and Melinda Gates took on the eradication of polio as a realistic milestone they could achieve in their lifetimes.

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Then there is the added element of children. Many of our clients are starting their philanthropic journeys in their 40s and 50s. They want to involve their children in family giving and are keen to see a difference with their hard earned money while they are here and can enjoy shaping their philanthropy with their children. Philanthropy is very much an important part of their life, and not a way of disposing of excess cash on death. They also tend to feel confident in their children's own ability to generate income and are cognizant of the dangers and challenges of leaving them 'too much' money.

It's always interesting talking to clients about legacy giving. One entrepreneur we met with recently, in his early 60s, was discussing how he would dispose of his wealth after his death. His initial questions were highly technical ones about creating the right structure to support his legacies. However, as the conversation progressed he began to get a sense of how other people view philanthropy, the difference they are making in the world and the fun that they are having along the way. He acknowledged later that this was a real eye-opener for him. He realized that using his business skills, in addition to his wealth, to support the causes that matter to him would make a great deal of sense and allow him to have more impact by learning from his giving along the way.

This is not to say that 'giving while living' is the only way to have an impact. Many of the trustees we speak to, who are responsible for foundations set up by a long-departed individual, view themselves as stewards of the foundation's assets; responsible for giving well during their time in post and for handing on a strong capital base to their successors. Few long-established foundations choose to spend down their endowments within a fixed timeframe, rather than maintaining them in perpetuity, and the ability of these foundations to take a long term approach allows them to adapt and flex to changing circumstances, while maintaining the overall direction and vision set by the founder.

The bottom line for any family or individual thinking through these questions is to focus first and foremost on what you want to achieve with your philanthropy. Understanding your focus and building your practical experience as a philanthropist will help you to envisage the time-frame in which you can aim to achieve results. This in turn will help you to understand the structure and time-frame that is going to work best for you.

So – as a philanthropist thinking through these questions, what are the key questions to consider?

1. What am I trying to change? What is my timeframe?
2. How much time do I/my family have? What personal involvement in my philanthropy do I want for myself or for my children?
3. What can I add personally to the causes I care about? Do I have personal experiences or skills that would be of value?
4. How much of my wealth should be inherited by my children and grandchildren? What's the right balance?
5. How interested are my children and grandchildren? Is it an opportunity or a

burden to leave them with my philanthropic legacy to manage?

6. If I am leaving a charitable legacy, how can I best direct the framework that my legacy will operate within? Who will safeguard my philosophy of giving when I'm not here?
7. Does my chosen area of focus lend itself to a shorter time-frame or a longer one? What makes most sense (it is hard to bring about lasting change in the world - but some issues and approaches lend themselves more easily to limited time-frame philanthropy)

Rebecca Eastmond, Managing Director, serves as a senior philanthropic advisor and leads J.P. Morgan Private Bank's Philanthropy Centre for Europe/Middle East/Africa (EMEA). The Philanthropy Centre is focused on providing clients with insights and services to help meet their philanthropic goals through innovative advice, thought leadership and collaborative opportunities.

Ms. Eastmond began her career as a private client lawyer. She worked at Allen & Overy for six years, advising high-net-worth individuals and large grant-making charities. In 2002, Ms. Eastmond left Allen & Overy to develop the pilot of The Prince's Foundation for Children & the Arts. In 2005, she was appointed by HRH The Prince of Wales as CEO of the new charity, and worked with a core group of donors to grow the charity — which from 2008-2009 helped over 33,000 children across the UK.

Ms. Eastmond is a National Advisory Council member for Teach First and served on the board of the Philanthropy Review. She is also Deputy Chair of the STEP Philanthropy Committee. She currently serves as trustee of The House of Illustration and SmartWorks as well as of two grant-making trusts, the David Cock Foundation and the Gerald Segelman Trust. She read law at Oxford University and is admitted as a solicitor in England and Wales.