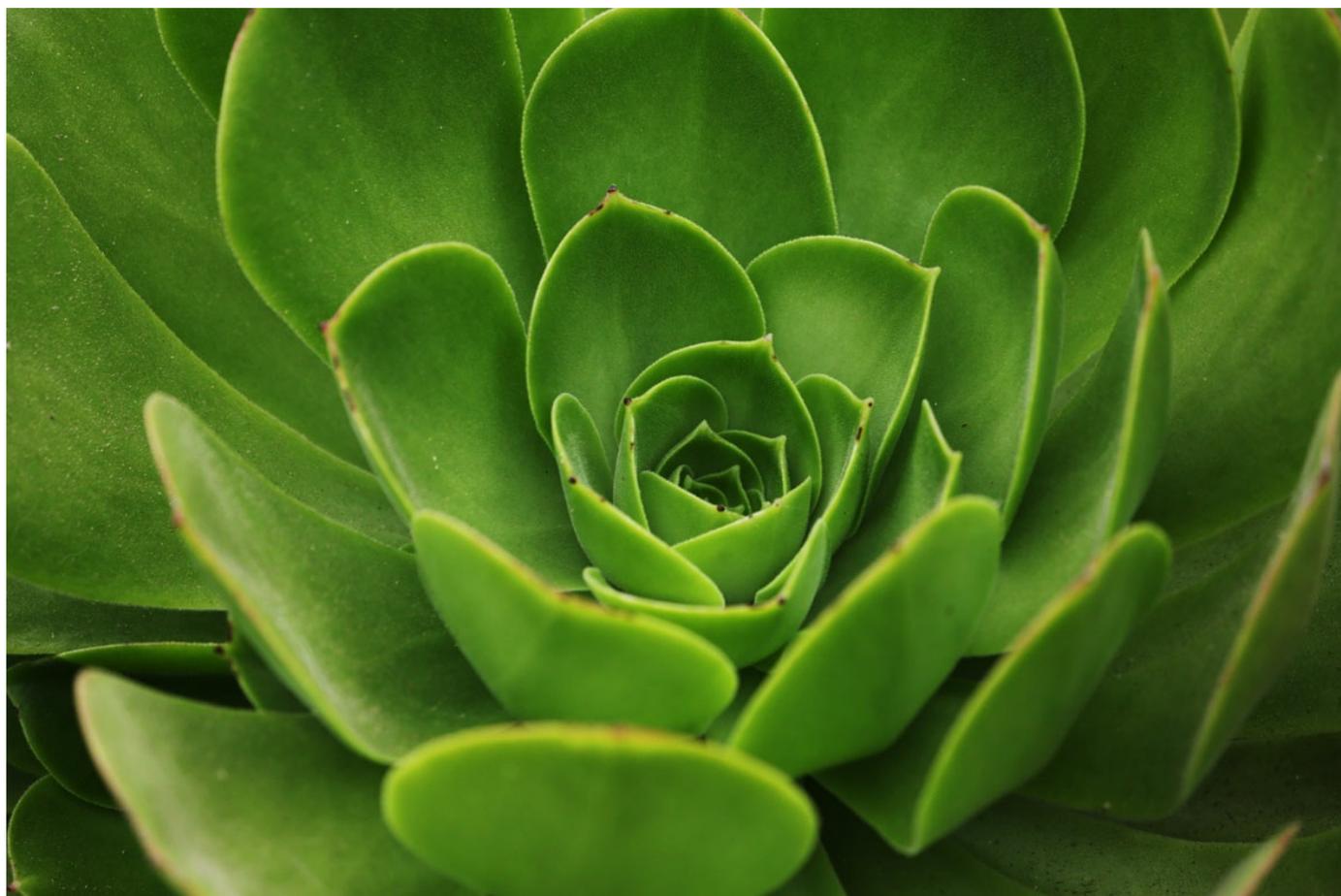

How to Capture and Honor Intent and Values for Private Foundations

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One of the goals that many successful individuals have in common is a desire to share their financial success with others. Once they are satisfied that the future health and well-being of their loved ones has been addressed to their satisfaction, they often turn their attention to giving back to their community through the creation of a private foundation.

Because these charitable funds are designed to distribute grants to public charities beyond the donor's lifetime, succession planning is critical to ensure compliance with the donor's intentions. This is particularly true for private foundations where future trustees may not have known the donor.

This raises an important planning question: How does a donor ensure that future trustees, whether they are family members or not, remain true to their intentions?

Articles of incorporation and by-laws are important governance documents, but rarely do they capture the donor's intentions, goals or values. The answer may lie in the development of a **Donor Legacy Statement**. A Donor Legacy Statement can be written, audio recorded, videotaped or a combination of these and should address the following questions:

1. Why did the donor create the foundation?
2. What inspired him/her to be philanthropic?
3. Are there specific public charities/causes that are of special importance to the donor? If so, what are the names of these organizations and why are they important to the donor?
4. What does the donor hope to accomplish through the foundation, and who will be involved?
5. Who does the donor intend to help through the foundation's grant-making? For example, does the donor want to restrict giving to a specific geographic region, population or purpose?
6. Does the donor want the foundation's giving to evolve over time based on future trustees' assessment of community needs, or remain permanently focused on an area of special interest to the donor?
7. Does the donor want the foundation to sunset after a specified number of years, or continue in perpetuity?
8. Who does the donor want to involve in the foundation now and in the future? What is the donor's preferred process for the selection of successor trustees as well as their qualifications?

In addition, the donor may want to include a statement of their core values and beliefs.

Documenting and sharing these core values and beliefs with current and future trustees will help them better understand the donor's legacy and intent. Potential areas to cover may include:

1. Family history and traditions

2. Faith and spirituality
3. Mentors and influencers
4. Personal interests and experiences
5. Community involvement and volunteering
6. Business skills and experiences

Once the donor has completed his/her Donor Legacy Statement, the donor should share and discuss it with those who will be involved in his/her philanthropy and solicit their input before finalizing the document. Retaining a copy of this Donor Legacy Statement will prove invaluable to future trustees and assist them in honoring the donor's intentions.

Contact your Westwood Wealth Advisor if you have any questions.

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