
Creating a Family Giving Strategy

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Three steps to building a purpose-driven focus for your family foundation

Once a family has taken the steps to create a private foundation, often what follows is the desire to be more purposeful and strategic in their giving. But how do you keep purpose from getting lost in the shuffle of trying to determine a giving focus, vetting multiple charities or managing the grants process and measuring

impact? Fortunately, like any other significant life or financial decision, keeping things strategic yet simple can help you to better navigate your philanthropic roadmap.

1.

Determine your family's specific interests and passions

Initially, your funding might be directed toward those organizations that you currently fund, such as an alumni association, church, children's or grandchildren's schools, or supporting the annual fund of your favorite charity. But if you're interested in making a broader impact and learning more about the philanthropic landscape of your community, then a great place to start is by sitting down with all family members involved and creating an inventory of interests.

What are you passionate about? What problems would you like to see solved and/or alleviated in your community? Are there organizations in your community that have helped you or a family member and you would like to give back? Are you a family of entrepreneurs and you are interested in funding nonprofits that take an entrepreneurial approach to solving problems? What kind of legacy would you like to leave?

There are no wrong answers here. Think big and be willing to discuss all options. After going through this exercise, attempt to formulate a mission statement that will help guide your funding decisions. This is a great activity at an annual meeting for your foundation. At Westwood, we have helped family foundations organize a meeting to address purpose, interest and passion.

2.

Seek out nonprofits that align with your interests

According to the National Center for Charitable Statistics (NCCS), more than 1.5 million nonprofit organizations are registered in the U.S., with over 100,000 in Texas alone. So, how does one narrow their focus and decide where to give? Personal preference and prior relationships will play a part here, but a professional advisor can help you through the process of vetting organizations and finding programs that meet your family's philanthropic goals.

If you are interested in learning more about a particular nonprofit, give them a call and schedule a visit to get to know their people and programs. Nonprofit CEOs and staff who are passionate about their mission will be more than willing to answer your questions and give you a closer look into the work they are doing. If you

simply want to know what their balance sheet looks like, most mid-sized to large nonprofits annually post copies of their audited financials and tax returns on their website for your perusal.

3.

Determine your approach to grant-making

Do you only want to make grants to pre-selected charitable organizations, or do you want to create the infrastructure for a competitive grants process? This will depend largely on the administrative resources available to you and how much time you want to personally invest in the grants process. Your gifts are still making an impact if you decide to simply give to those organizations that you know well or pre-select yourself.

On the other hand, offering a more competitive grant-making process, open to numerous organizations, will offer opportunities to partner with new and innovative nonprofits in your area. And with the flexibility provided by a private foundation, your focus and processes can change over time. As assets grow or family interests shift, you can reassess your priorities and goals within the parameters originally established for the foundation.

If you are interested in starting a family foundation or if you are looking to revisit the purpose for your family foundation, Westwood can help. Please contact your Westwood Private Wealth Advisor.

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