



Facts & Figures About Family Foundations

What is Family Philanthropy?

Family philanthropy assumes many forms – organized giving through private family foundations, donor-advised funds, family businesses, bank trusts, direct gifts, or any combination of these. This diversity of preferences and perspectives deepens its influence on society. Whether small and impromptu or large in scale and formal in approach, family philanthropy builds families, strengthens our legacies for the future and enhances the public good.

What is a Family Foundation?

Family Foundation is not a legal term and therefore has no precise definition. The Council on Foundations defines a family foundation as one in which the donor or the donor's relatives plays a significant governing role. Family foundations comprise more than 35% of Council membership.

Approximately two-fifths of the estimated 56,600 private and community foundations in this country are believed to be family managed. Family foundations give over forty percent of the \$27.5 billion in foundation grants awarded in the United States.

Most family foundations concentrate their giving locally in their communities. However, a growing number are now funding internationally. Some families give to help others affected by tragedies they themselves have borne – fighting cancer, domestic violence and the like. Others give to repay the locales that helped them prosper – educational institutions, social services, the arts, community groups or a wide variety of causes within a geographic focus.

Family Foundation Trustees

A recent Council on Foundations poll of trustees provided the following picture:

The biggest challenge for trustees relates to their foundation's grantmaking, selecting grantees and assessing the impact of their grants.

Trustees are very involved and engaged in their foundation's operations and mission.

Trustee involvement with grantees as volunteers or board members is viewed as mutually beneficial and not necessarily a conflict of interest as long as the whole board is aware of the dual interests.



Trends in Family Foundations

Board Compensation. 72% of the family foundation respondents do not compensate board members for their service. This is largely due to the common sentiment among family trustees that foundation work should be primarily a volunteer activity.

Family foundations providing compensation to their board members usually pay set fees (89%). These fees include an annual fee (50%), and/or fee based on board (74%) or committee (22%) meeting attendance.

Board Composition. 42.2% of the family foundation respondents had boards comprised of family members only and 57.8% had boards that included nonfamily members, such as business associates or community representatives. 26.5% of trustees were nonfamily.

Many family foundation boards are composed of multiple generations of family members. Second-generation (children, nieces or nephews) and third-generation (grandchildren, nieces or nephews) family members have the greatest representation on the boards (38.1% and 27.8% respectively).

Board Preparation. Many family foundations (67.5%) feel that succession is one of the most important issues facing their foundation. However, only 36.8% prepare younger family members for their roles as future board members and/or managers of the foundation.

Spending Policies. Most family foundations (87%) are designed to exist in perpetuity. The primary spending formula for most family foundations (58.7%) aims to meet the minimum distribution requirement (i.e. payout). 27.8% decide on an appropriate amount to spend each year, depending on current grantmaking program goals and investment returns.

(Excerpted from the new Council on Foundations publication *Trends in Family Foundation Governance, Staffing and Management, Fourth Edition.*)

Anonymity versus Publicity

Many people assume that families place a premium on anonymity and privacy with regard to their philanthropy. However, 60% of trustees in a recent Council survey saw the value of publicity in promoting their foundation and philanthropy in general, while only 13% of trustees felt that anonymous giving is best. Despite recognizing the value of publicity, Foundation Center data shows that only 1 in 20 family foundations publishes an annual report.