



# Fund Succession

Individuals and families have many ways to ensure that the values they have lived by, the communities they care about, and the causes that matter most to them continue to thrive long into the future.

At the Community Foundation of New Jersey, our team is here to help you articulate your philanthropic vision and help you and your family secure a charitable legacy that reaffirms who you are and what you care most about.

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## Crafting & Implementing Your Vision

Our charitable tools, resources and experience can help guide you and ensure your legacy not only honors your intentions, but also achieves lasting impact and relevance.

There are a number of factors to think about when crafting a way to guide your philanthropy in the future. There is no single, “right” approach as your goals and values for your philanthropy will all play a role in designing an enduring plan. Blending some of the following ideas and integrating your own goals will help you develop a strong plan, consistent with your vision.

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## A Legacy in Your Community

For many fundholders, the community they have called home lies at the center of their philanthropy. Working with the Community Foundation, you can ensure this focus carries through to your legacy, and that the community you care so much about has a strong and vibrant future—no matter what is on the horizon. The Community Foundation currently stewards funds through which families provide legacy grants and investments in individual towns, whole counties, and even broad regions of the state.

## A Legacy for Your Favorite Charities

You may also designate grants from a fund to benefit favorite charities—over time or all at once. One option is for the fund’s income or a specific percentage of the fund’s assets to be set aside to benefit specific charities that are important to you, such as religious organizations, educational institutions, or favored nonprofits. The fund’s principal remains to be managed by the Community Foundation. Another option is for the total assets of a fund to be granted to one or more designated charities upon the fund’s succession or at a determined future date. The Community Foundation is charged with making sure that the designated charities still have the same mission and are operating in an effective manner. If the charities are not meeting these expectations, the Community Foundation can identify additional charities that meet the original goals of the fund and ensure greater impact.

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## A Legacy for Your Family

Philanthropy can be a way to engage and instill values in family members. As a family grows, new members may provide guidance on a fund and gain a greater appreciation for their families’ core values. Grants from a fund may be entrusted to successor advisors of your choice—with specific restrictions on the giving (as above) or none at all.

If needed, the Community Foundation’s relationship with your successors can range from informal, on-on-one phone discussions to full-day, all-family events. No matter your family’s involvement, the Community Foundation can help open them to the fulfillment and rewards that come with “smart giving.”



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## Decision Making

Founding donors typically empower successor generations to reach decisions about grant recommendations in one of two ways.

A founding donor may request that family members collaborate on a fund's grant decisions; for some, this is an appealing way to bring families together. The Community Foundation can provide support for family meetings by phone, email or in-person, ranging from simply moderating a meeting to performing advanced research and grant evaluation.

If there is a natural line between families, such as geographic, social, age, or size, founding donors may request that a fund be split among different members or branches of a family. Each family unit would then be responsible for the grantmaking for their portion of the fund. The Community Foundation can work with each family member or branch to help them make the best decisions.

## Age Limitations

Some founding donors establish a minimum age before younger children can make grant recommendations to a fund. The Community Foundation can provide language that details the age at which successors can begin advising on a fund.

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## Timing

No matter the focus of your philanthropic legacy—be it a community, an issue, or a charity—and no matter your family's involvement, an important factor is timing. The Community Foundation can help here, too.

For example, founding donors may restrict the amount of grants issued annually from a fund so as to make the fund a perpetual asset for their family or to prevent its immediate liquidation. The standard approach is to endow the fund and use a spending policy, typically 5% of a fund's assets, to determine the amount available annually for grants. Another approach is to establish a sunset date for the fund, e.g. ten years, and allocate grants with a termination date in mind.

## Getting Started

The Community Foundation can help you:

- Identify your values
- Discuss your goals
- Evaluate potential charities and fields of interest
- Work through family and generational scenarios
- Think through and plan for variables
- Establish strategic direction and tactics
- Set policies
- Refine the plan as needed

We look forward to helping you and your family make a plan for your philanthropic legacy.



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