

All in the Family

Family foundations are part of the nation's philanthropic culture, providing support to favorite causes and creating legacies that span generations

By Christine Yackel Illustration by Michael Gibbs

The roots of American philanthropy can be traced back to Benjamin Franklin, who, in 1789, created a fund with 1,000 pounds sterling to benefit worthy young Philadelphia apprentices. As directed, the fund was terminated 200 years later, and \$2 million was distributed to charities in the Philadelphia area. Franklin's gesture was not only insightful—it was distinctly American. "American philanthropy is a highly advanced social phenomenon," says Professor Arthur Brooks, director of the nonprofit studies program in the Campbell Public Affairs Institute at the Maxwell School of Citizenship and Public Affairs. "People from other countries just can't understand our concept of charitable giving. Giving money away—it's unthinkable."

According to Brooks, there is an abundance of historical documentation showing that lending a helping hand to others is not only the right thing to do, it is a good investment. "Theology has been all over this for thousands of years," says Brooks, author of *Who Cares: The Surprising Truth About Who Is Charitable, Who Isn't, and Why It Matters for America* (Basic Books, scheduled for release in November). "There are passages in every sacred text—*Koran*, Talmudic writings, *New Testament*, *Bhagavad Gita*—that say prosperity follows charity. The secular theory is that altruism is highly implicated in good mental health and happiness, which makes a person more effective in all aspects of his or her life. My own data analysis supports the hypothesis that people actually become more effective in their earning capacity when part of their disposable income goes to charitable giving."

Whether fueled by faith or worldly views, the culture of philanthropy is deeply embedded in the fabric of American society. Accordingly, the United States has higher levels of giving than any other developed nation, with 70 to 80 percent of all households contributing \$250 billion to charitable organizations



“Research shows that one of the main predictors of charitable giving behavior in adults is what they learned from their families as children.”

Professor Arthur Brooks

annually. “There’s a lot of evidence that suggests philanthropy and economic growth in the United States are intertwined and mutually reinforcing,” Brooks says. “A 1 percent increase in annual private philanthropy nationwide—about \$2 billion—connects causally to about \$37 billion in GDP. That’s a tiny chunk of GDP, but it suggests that philanthropy has an 18-to-1 return on investment for our country.”

In the past decade, the United States has seen a rapid upsurge in the number and size of philanthropic organizations, including 68,000 grant-making foundations with more than \$500 billion in assets. Nearly half of these are family foundations, established to honor the memory of loved ones, minimize tax exposure, or impart family values from one generation to the next. “Research shows that one of the main predictors of charitable giving behavior in adults is what they learned from their families as children,” Brooks says. “Children see their parents giving, experience the giving, and are part of the giving. It’s a huge determinant and a really smart thing for parents to do. This isn’t just for financially advantaged families. There are all kinds of ways to instill a tradition of giving in children, even if it is only modest sums.”

Family VALUES

Like many institutions of higher learning, Syracuse University benefits from family foundation support—105 family foundations contributed \$1,776,280 to SU in fiscal year 2005. Take, for example, the Stevenson Family Foundation, established 15 years ago by SU Trustee Milton F. Stevenson III ’53, founder of Anoplate Corporation, and his wife, Ann McOmber Stevenson ’52. Their foundation has supported a variety of SU initiatives, including the Student-Athlete Fund, the Engineering Dean’s Fund, scholarships in human services and health professions, and the WAER capital campaign. In appreciation of their gifts for athletic scholarships and academic support, the Ann and Milton Stevenson Educational Center at Manley Field House was named in their honor. Last winter, the Stevensons were recognized for endowing a professorship in the L.C. Smith College of Engineering and Computer Science (see related story, page 11).

Several years ago, the Stevensons began designating foundation funds for each of their eight children to disburse to nonprofit organizations of their own choice. “We believe it is important for our children to think about other people,” Ann Stevenson says. “Generally, they give to health care, church groups, and the Boy Scouts, but it changes from year to year. Three of our grandchildren are from China, so organizations that support foreign adoptions have become a new focus.”

Victor Jr., Robert, and Catherine Regnier used a portion of their parents’ estate to establish the Regnier Family Foundation of Leawood, Kansas. Their father, Victor Regnier Sr., was a

builder and self-made businessman, while their mother, Helen Benning Regnier ’36, enjoyed a career as a librarian before getting married, raising children, and working in the family business. “The only thing I wish is that our contributions reflect causes

our parents felt strongly about,” Catherine Regnier says. “Our father believed in giving people the tools they need to help themselves, while our mother had a soft spot for children and local community causes.”

The next generation of Regniers may someday be called upon to carry on their parents’ and grandparents’ values through the family’s foundation. With that in mind, Victor Regnier is teaching his children the importance of philanthropy by giving them a sum of money to donate to charity yearly, while his brother, Robert, established donor-advised community foundation funds in each of his children’s names. “My children are in their 20s, so the idea of giving money away is foreign to them,” Robert Regnier says. “I explain clearly that the money is not theirs, but they have control over where it goes. I consult with them and help whenever I can.”

Family DYNAMICS

The social interactions of family foundations can be complex, because the board of directors is generally composed of family members. The Regniers meet monthly to review proposals and determine whether they fit into the foundation’s overall mission. The siblings most often agree, but admit they have had their moments. “Sometimes birth order becomes an issue when we fall back into the roles we played as children,” says Robert Regnier, president of the Bank of Blue Valley in Leawood, Kansas. “I picked on my little sister when we were young, and now that has come back to haunt me. We have to recognize that we are all mature adults.”

The Regniers are three distinct individuals with different life experiences and minds of their own. “My sister has a good sense of right and wrong and acts as our moral compass, while my brother is tuned into the needs of the community,” says Victor Regnier, professor of architecture at the University of Southern California. “I’ve spent my life as an academic, so I know what it’s like to ask for money. The different perspectives we bring to the table help tease out the strengths and weaknesses of proposals, but it’s our shared family history that keeps us focused. Besides, any disagreement is always two to one. If there were four of us, we’d be in trouble.”

As an active member of the greater Kansas City business community, Robert Regnier is the public face of the family’s foundation. As such, he is the one who is approached for money and the one who has to say no. He also administers the foundation’s paperwork and tracks the grantees’ progress. “I have a four-inch stack of charitable requests on my desk waiting to be processed,” he says. “My day job is banking, but my after-hours job is charitable giving.” The Regniers have considered bringing in someone from the outside to help, but a family foundation is still a family. “When you bring in someone

who is not immediate family, it can throw off the dynamic,” Robert Regnier says. “There is comfort in predictability.”

Most of the Regnier Family Foundation grants go to children’s programs and educational initiatives in the greater Kansas City area, but one recent exception was something on which all of the Regniers agreed—a gift to SU’s School of Information Studies to name a summer institute in honor of their mother, who graduated magna cum laude from Syracuse University in 1936 and earned a post-graduate degree in library science the following year. The Helen Benning Regnier Summer Institute on Leadership and Change is an intensive career-training program that allows librarians to earn continuing education credit through integrated online courses and limited campus residency. “The income generated from our naming gift will provide scholarships for librarians who are out there doing God’s work, but don’t have much money,” Victor Regnier says. “We feel good about creating a special legacy for our mother.”

Family LEGACY

The manner in which a family foundation makes grants can be mission-focused, collaborative, hands-on, entrepreneurial, or it can function like venture capital. A formal mission statement and constitution with detailed governance instructions for successive generations is often developed to ensure that heirs follow the intent of the foundation’s creator. “One of the

biggest problems of family foundations is that the founder dies, the heirs take over, and one or two generations later, the board of directors is completely different—it is professionally managed, and not doing anything close to the founder’s original intent,” Brooks says. “Increasingly, family foundations are not perpetual. They are set up with a timeline to spend down their corpus in 50 or 100 years. If limited in duration, the foundation can make significantly larger grants, instead of guarding the principal.”

The Stevenson Family Foundation—which Ann Stevenson refers to as a “kitchen table foundation” because that is where most of the decisions are made—does not have a formal mission statement, but the Stevensons express their wishes and check with each of their children to see what organizations they want to support. “We make a list of all the organizations that have received family foundation funds during the year, so we can monitor our giving trends,” Milt Stevenson says. The Regniers have a written mission statement, but do not publicize it because they want to avoid getting boxed in. “Our funding process is fluid,” Victor Regnier says. “The more rules you make, the more difficult it is to do the right thing. Every proposal is worth funding, but we have to be prudent and tough-minded to make sure it falls within our parents’ interests.”

A family foundation may be set up as a tax-deductible, interest-bearing account, or, as in the case of the Regnier Family Foundation, as a donor-advised community foundation fund. “Donor-advised funds are effectively miniature foundations, except the community foundation pays the entire overhead,” Brooks says. “You can put money into your account anytime you want and make grants when you see an appropriate opportunity. Donor-advised funds can also be established through for-profit investment companies, as well as through some universities.” Although Syracuse University does not set up family foundations at this time, its Office of Gift Planning offers a variety of gift vehicles that reduce estate taxes, enhance the net estate to children and heirs, and create a sizeable charitable fund for a family’s philanthropy.

The Stevensons are thinking about developing a generational governance structure to pass the torch of philanthropy to their 16 grandchildren. “Our family foundation will most likely wind down, but for now, we’re still discussing it,” Ann Stevenson says. “It’s a work in progress.” Likewise, the Regniers have yet to develop a long-term plan. “We haven’t formally discussed when or if we want to involve our children in the foundation,” Victor Regnier says. “We may decide to give away the majority of the foundation’s assets in our lifetimes to make sure the money is used to honor our parents.”

The Stevensons and Regniers agree that taking part in a family foundation is personally rewarding because in addition to helping those in need, it strengthens family ties and ensures that heirs will do more in life than live off the achievements of others. “Involvement with my family’s foundation is one of the most pleasurable things I do,” Victor Regnier says. “When all is said and done, giving away money is one of the coolest things around. Unfortunately, many people wait too long to get started.”

Giving COUNTS

Professor Arthur Brooks has published more than 75 articles and books on nonprofit organizations and associations, cultural policy, social entrepreneurship, and philanthropy. Here are some key facts and figures drawn from his research on charitable giving in America:

- Private giving in the United States totals \$250 billion annually.
- 85 percent of giving in the United States comes from individuals.
- 70 to 80 percent of households in the United States give money to charity.
- Among households that give, the average amount given is \$1,800 per year, or 3.5 percent of income.
- Working poor people give the highest percentage of their incomes.
- Donors are 50 percent more likely than non-donors to say they are “very happy.”
- Donors are more likely to say their health is excellent.