ENGAGING THE NEXT GENERATION OF GLOBAL CITIZENS IN FAMILY PHILANTHROPY



For many philanthropic families, successfully engaging the "next generation" proves challenging. For example, for a family that does its charitable giving through a private family foundation, getting the younger generation excited about the foundation's mission can be difficult if the mission directs the foundation to support causes or organizations that are not interesting to the younger generations. This can be especially true if a family foundation supports a specific community or region, but younger generations live far away and have no real or lasting connection to the communities or geographic areas that the foundation supports.

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There are many successful strategies that philanthropic families use to engage the next generation in family philanthropy, be it participation in a family foundation or volunteering with a local charity. One strategy that families should consider is creating opportunities for the members of the next generation to explore their interests in global causes.¹ With the proliferation of social media and networking websites, people today are connected globally in a way that was not possible even 10 years ago. Information is shared in real time across the globe, allowing people separated by tens of thousands of miles to connect face to face. Young Americans study in foreign countries more than ever before while in college and graduate school, even in high school.

The ability for young adults to connect and participate as global citizens can be a natural introduction for engaging the next generation in family philanthropy. This paper will explore some of the strategies and best practices used by families who have successfully engaged the next generation in family philanthropy.

Why the Increase in Grantmaking for International Affairs?

The United States has long led the rest of the world in philanthropic giving, measured by the total value of giving and as a percentage of annual gross domestic product (GDP). According to data from *Giving USA 2012*, total estimated charitable giving in the United States in 2011 equaled \$298.4 billion, approximately 2% of GDP.² By contrast, charitable giving in 1970, the first year *Giving USA* started tracking charitable giving data, was approximately \$21 billion (\$118 billion when adjusted for inflation).³ Since 1970, the areas of interest for charitable giving

2 Giving USA: The Annual Report on Philanthropy, a publication of Giving USA FoundationTM, researched and written by the Center on Philanthropy at Indiana University, 2012.

3 Id.

¹ The term "global causes," as used in this paper, is meant to include a wide variety of organizations. A useful definition is the one used by the Giving USA report to define giving to "international affairs." The Giving USA report defines charitable giving to international affairs as giving to "organizations working in international aid, development or relief; [organizations] that support international understanding; and organizations working on international peace and security issues. This subsector also includes research institutes devoted to foreign policy and analysis, as well as organizations working in the domain of international human rights."

have changed dramatically. In 1970, Americans directed nearly 50% of all charitable giving to religious organizations. Today, religious organizations receive 32% of all philanthropic dollars in the United States.⁴ Conversely, the popularity of giving for international causes has seen a significant increase. In 1987, the first year in which *Giving USA* began collecting data on giving to international causes, international giving represented less than 2% of all charitable giving.⁵ In 2011, giving to international causes comprised 8% of all charitable giving in the United States, a total of \$22.68 billion.⁶

There are several possible explanations for the increased flow of philanthropic dollars from the United States to international affairs and global causes. First, access to information makes it easier for individuals to stay informed about international issues, including political uprisings, armed conflicts and natural disasters. For example, the Center on Philanthropy at Indiana University estimates that in 2010 and 2011, Americans donated approximately \$1.45 billion to relief efforts following the earthquake in Haiti in 2010.⁷ The Center on Philanthropy's estimate represents contributions or pledges from individuals, corporations and foundations to registered 501(c)(3) organizations in the United States that supported Haiti relief efforts. In-depth media coverage by television, radio, Internet and social media outlets presented potential donors with around-the-clock details of the scope of the earthquake's destruction and the impact on people in Haiti.

Second, advances in technology permit charitable organizations to collect donations in real time and in a variety of manners. Smartphones enable individuals to text grants to charitable organizations across the globe. Increased access to e-mail through mobile phones, portable computers and tablets allows donors to respond to e-mail fundraising solicitations within minutes of receipt. Advances in technology combined with social media outlets permit individuals to create *ad hoc*, virtual giving circles amongst friends, family members and colleagues to support a particular event or cause.

Third, ease of travel and advances in modes of communication have created new generations of donors and grantmakers who are able to connect personally with people, places and events abroad. One example of the increase in Americans connecting globally is the number of students from the United States who study abroad during their undergraduate

Ease of travel and advances in modes of communication have created new generations of donors and grantmakers who are able to connect personally with people, places and events abroad. education. According to the Institute of International Education, 270,604 U.S. undergraduate students studied abroad for credit during the academic year 2009-2010, an increase of more than 10,000 students who studied abroad in 2010.⁸ Once students return home, they have a greater ability than previous generations to stay connected to the global community through e-mail, social media and communication technology, such as video conferencing. Young philanthropists can and do use these same communication tools to stay aware of global causes. For example, the Center for High Impact Philanthropy at the University of Pennsylvania has a section on its

website devoted specifically to social media and international causes. Visitors to the Center for High Impact Philanthropy's international issues site can find social media resources for connecting to and learning about international issues like economic development and global health.

With younger generations gaining access to, and interest in, international causes, philanthropic families have a unique opportunity to engage the next generation as global citizens and philanthropists. We will examine some ideas for how families can incorporate international causes, and perhaps international grantmaking, into family philanthropy.

- 4 Id.
- 5 Id.
- 6 Id.

7 philanthropy.iupui.edu/research/disaster.aspx.

⁸ IIE/Forum on Education Abroad Survey of Study Abroad Enrollments During Academic Year 2010/2011, November 21, 2011.

Many of the families who have found success with engaging multiple generations in family philanthropy attribute their

Start a Tradition of Sharing Values and Interests

success, in part, to having an open dialogue around values and interests. In affluent families where a legacy of philanthropy has been passed down over multiple generations, the original wealth creator who started the family's philanthropy likely had a set of values and interests that guided his/her philanthropic interests. Often, however, the values and interests of the younger generations may be radically different from those of previous generations. Keeping young, aspiring philanthropists engaged in family philanthropy proves especially challenging when the interests and values of the younger generation are not incorporated into the grantmaking process.

The simple act of regularly asking the next generations about their philanthropic interests can be a crucial step in engaging them in the family's philanthropy. For example, if a family has a tradition of getting together during the winter holidays to consider charitable causes and make gifts, the family could start a discussion about philanthropy by "checking in" with each family member. The "check-in" would give family members a chance to talk about their individual philanthropic activities over the course of the year, as well as any new and exciting organizations or projects with which they are engaged. For younger family members who are new to philanthropy, the check-in can be a time for them to ask

questions or talk about their own experiences volunteering with charitable organizations and supporting meaningful causes. The check-in can also provide a forum for the different generations within a family to ask questions, such as how and why the next generation chooses organizations or causes to support, and how the younger generation uses technology or social media to facilitate charitable giving.

The simple act of regularly asking the next generations about their philanthropic interests can be a crucial step in engaging them in the family's philanthropy.

Creating opportunities for intergenerational sharing of ideas and information can help philanthropic families identify shared values and interests across generations, and encourage engagement by the next generation by inviting them to participate in the family's philanthropy at a young age.

Establish Advisory/Issue Committees

Another idea for engaging the next generation of global citizens in family philanthropy is to create advisory committees that focus specifically on global causes and invite interested family members to participate. The committees can be part of an existing family foundation or they can simply act as stand-alone forums within families for exchanging ideas and discussing current events. Even if your family does not currently engage in international grantmaking, advisory committees can provide an opportunity for family members to consider how the family's giving priorities align with current global philanthropic issues. For example, a family with a private foundation that focuses its grantmaking on promoting family literacy after-school programs could have an advisory committee that researches similar programs in developing countries. The members of the committee could use this research to educate members of the foundation about *global* family literacy after-school programs, and could potentially offer suggestions for how the foundation might improve its local giving strategy.

Encourage Intergenerational Education

Similarly, a family seeking to engage the next generation of global citizens might organize an intergenerational educational program. If one or more members of the next generation identify an international cause they want the family to support, the family can invite the younger generation to research the issue and report back during a family gathering or meeting. Many families are taking advantage of communication technology, such as video conferencing, to connect family members who are separated geographically. As part of the presentation, the next generation could also identify a domestic or international organization working within a specific issue area, and invite program officers, knowledgeable about the issues, to join the virtual presentation.

All generations of a philanthropic family can benefit from intergenerational education. The learning experience can foster excitement across the entire family and further the goal of promoting family philanthropy.

Incorporate Philanthropy into International Travel or Vacation Plans

For many Americans, the most familiar international volunteer organization is probably the United States Peace Corps.⁹ Since its creation in 1961, more than 200,000 Peace Corps volunteers have served in 139 host countries to work on issues ranging from AIDS education to emerging technologies, to natural resource development and environmental preservation. However, the Peace Corps' two-year commitment and rigorous vetting process may not be for everyone. An alternative that is gaining popularity is the concept of a philanthropic vacation.

A trend amongst college and university fraternities and sororities is organizing spring break trips centered on volunteer work. The trips may be to domestic location or international destinations. Many public charities also organize trips abroad that serve to educate participants about a particular cause, like environmental conservation. One example of an organization that combines travel and philanthropy is Philanthropy Indaba. Philanthropy Indaba is a for-profit consultancy with a social mission: "to use travel to facilitate meaningful interactions between dynamic social enterprises around the world and people with the capacity to support their solutions."¹⁰ Part of the company's offerings is a focus on next generation engagement. Philanthropy Indaba will customize a philanthropy trip to help young adults gain a deeper understanding of social and environmental issues and skills development so they are ready to take action as advocates and philanthropy Indaba helps young people become more engaged global citizens, use their wealth for good, and make responsible, impactful choices in their own careers.

For philanthropic families that are interested in supporting international causes, inviting the younger generation to participate in a family volunteer vacation can achieve many goals. It can provide opportunities for the next generation to have hands-on experiences helping communities in other parts of the world, while having the experience of a family adventure.

Participating in an international family philanthropy trip is an opportunity for family members across generations to learn together. And families can take the worry out of the planning details by working with experienced consultants who can ensure that all participants, young and old, build their skills and understanding as philanthropists. Combining international travel and philanthropy may also be an opportunity to start a new family philanthropy tradition that younger family members can eventually pass on to their children and grandchildren.

⁹ In 1961, President John F. Kennedy established the Peace Corps to promote world peace and friendship. The Peace Corps' mission has three simple goals:

^{1.} Helping the people of interested countries in meeting their need for trained men and women.

^{2.} Helping promote a better understanding of Americans on the part of the peoples served.

^{3.} Helping promote a better understanding of other peoples on the part of Americans.

¹⁰ More information on Philanthropy Indaba can be found on the company's website at philanthropyindaba.com/index.html.

How to Support Global Causes through Direct Grants and Intermediaries

International grantmaking is one of the fastest growing areas of charitable interest for U.S. philanthropists, for both individuals and institutions.¹¹ Generally speaking, there are two approaches that an individual or a grantmaking entity can take to support a non U.S.-based charitable organization:

- Make a grant or contribution directly to the foreign organization or entity, or
- Make a grant or contribution to a U.S.-based intermediary.

The Income Tax Charitable Deduction

Before an individual or a grantmaking entity, such as a private family foundation, makes a contribution to a foreign charity, it is important to understand the U.S. tax rules and regulations governing international philanthropy.¹²

Generally, Section 170 of the Internal Revenue Code (Code)¹³ provides an income tax deduction for a charitable contribution made by an individual to a qualified public charity. The deduction amount varies, depending on the type of asset donated (e.g., cash, publicly traded securities) and the recipient (e.g., public charity, private foundation). The income tax charitable deduction is limited to a percentage of the donor's adjusted gross income. For example, if an individual contributes cash to a public charity,¹⁴ the donor's deduction is generally limited to 50% of the donor's adjusted gross income. If the same individual contributes shares of publicly traded stock, he or she may elect to deduct either 30% of the donor's adjusted gross income or the donor's basis in the stock, up to 50% of adjusted gross income. The Code does allow a donor a five-year carryover period for any unused portion of an income tax charitable deduction.

It is important to note that the rules discussed above apply to charitable contributions made by individuals to charitable entities in the United States. The Code clearly states, a charitable contribution is defined as a contribution or gift to or for the use of "a corporation, trust, or community chest, fund, or foundation created or organized in the U.S. or in any possession thereof."¹⁵ Thus, a donor who makes a contribution directly to an international organization will usually not be able to claim an income tax charitable deduction for the contribution, absent pre-approval from the IRS.¹⁶

Contributions by Individuals to U.S. Intermediaries

Although an individual usually cannot receive an income tax charitable deduction for a donation made directly to an international charity or organization, a donor who wishes to support an international cause or organization can do so by making a contribution to a U.S.-based organization that works internationally. Supporting domestic intermediaries may be an appealing alternative to direct international grantmaking.

15 I.R.C. § 170(c).

¹¹ In 1987 (the first year in which Giving USA began collecting data on giving to international affairs) international giving represented less than 2% of all charitable giving. In 2011, giving to international affairs comprised 8% of all charitable giving in the United States, a total of \$22.68 billion.

¹² More detailed information on the requirements for international grantmaking can be obtained through United States International Grantmaking (usig.org), a project of the Council on Foundations in partnership with the International Center for Not-For-Profit Law.

¹³ I.R.C. § 170(a) (1); For more information on the tax rules pertaining to charitable contributions, visit the Internal Revenue Service's website at irs.gov/charities/contributors/index.html.

¹⁴ The Code describes the types of organizations that qualify as a public charity for purposes of taking a charitable deduction up to 50% of adjusted gross income. For this purpose, a public charity is a nonprofit entity that: 1) is a church, hospital, qualified medical research organization affiliated with a hospital, school, college or university, or a governmental unit of the United States; 2) has an active program of fundraising and receives contributions from many sources, including the general public, governmental agencies, corporations, private foundations or other public charities; 3) actively engages in charitable activities in furtherance of the organization's exempt purposes (also known as a private operating foundation); or 4) meets specified standards under the Code and the Treasury Regulation for a supporting relationship to one or more existing public charities (also known as a supporting organization). For more information visit is.gov.

¹⁶ In some instances, a foreign organization will seek a declaration from the IRS stating that the foreign organization may be treated like a U.S. public charity for the purposes of the income tax charitable deduction.

Intermediaries, or "friends of" organizations, are U.S. nonprofits, often qualified public charities, which support a particular cause or organization outside of the United States. Organizations are called "friends of" organizations because they exist to support a specific foreign organization through an established nonprofit in the United States. A donor in the United States can make a grant directly to the intermediary organization and generally receive a corresponding income tax charitable deduction.¹⁷ The intermediary, in turn, uses the funds in one of two ways, either by making a grant to an international charitable organization or performing charitable work itself internationally. The intermediary generally takes care of ensuring all of the legal and administrative requirements for international grantmaking are met, thereby relieving the individual donor or private foundation of those burdens. The intermediary organizations can also ensure that the funds are not used for terrorist or money laundering activities, concerns that gained added scrutiny from the U.S. government following the terrorist attacks in September 2001.¹⁸

Encouraging the next generation of global philanthropists to become more actively engaged in family philanthropy can include relationship building with intermediary organizations. Encouraging the next generation of global philanthropists to become more actively engaged in family philanthropy can include relationship building with intermediary organizations. Intermediaries can be excellent sources of information about global issues and frequently have staff or contacts on the ground in other countries delivery services. Since intermediaries that operate as domestic public charities must adhere to certain transparency requirements, the next generation family members can more easily conduct their own research and due diligence before committing to a particular organization.

Contributions by Private Foundations to International Causes

Families that conduct their charitable giving through a private family foundation might also have the option of engaging the next generation of global philanthropists by supporting international causes through the foundation's grantmaking activities. In order for a private foundation to remain in good standing with the IRS, a foundation generally must distribute a certain percentage of its investable assets each year for charitable purposes. A foundation can meet the required distribution by making grants or program-related investments. The easiest way for a foundation to meet its required annual distribution is for the foundation to make grants to qualified public charities in the United States, since those grants require no additional due diligence on the part of the foundation, aside from confirming the grantee's status as a qualified public charity.

A charitable distribution from a private foundation to an international organization may also count toward the foundation's required annual distribution amount. However, the IRS rules governing international grantmaking by private foundations are detailed and require careful attention to ensure that the foundation does not inadvertently lose its tax-exempt status.

¹⁷ The ability to claim an income tax charitable deduction for a contribution to a domestic intermediary is subject to certain conditions, such as whether or not the donor submits an itemized tax return, and subject to the adjusted gross income limits discussed previously.

^{18 &}quot;Simpler Approaches to Cross-Border Giving through Domestic Collaborations: A Post-September 11 Update." Timothy R. Lyman and Edgardo Ramos. Legal Dimensions of International Grantmaking, 2nd Quarter 2003.

"Taxable Expenditures" Made by Private Foundations

Private foundations are generally exempt from income taxation under the Code¹⁹ although they do pay a minimal excise tax on investment income.²⁰ A private foundation may be subject to excise taxes for failure to comply with the Code's rules governing private foundations, including a 10-20% tax on any "taxable expenditures"²¹ it makes. The Code defines a taxable expenditure as any amount paid, or expense incurred, by a private foundation as a grant to an organization other than a public charity or an exempt operating foundation, unless the private foundation exercises "expenditure responsibility" with respect to the grant.²² Therefore, unless an international organization is deemed to be a public charity²³ as defined by the Code, a grant from a private foundation to an international organization will not count toward a foundation's annual minimum distribution and will be subject to an excise tax absent the foundation's taking certain steps to ensure that the grant is used for appropriate charitable purposes. There are two ways that a private foundation can make grants to international causes and organizations (other than to entities with an IRS letter of exempt determination as a public charity, such as a domestic "friends of" organization or a foreign charity that applied directly to the IRS for exempt status as a public charity) without the grant counting as a taxable expenditure: exercising "expenditure responsibility" over the foreign grant; or making an "equivalency determination" to show that the foreign grantee is equivalent to a U.S. public charity.

Expenditure Responsibility

Under the Treasury regulations, expenditure responsibility is the process undertaken by a private foundation to: ensure that the grant is spent only for the purpose for which it is made; obtain full and complete reports from the grantee organization on how the funds are spent; and make full and detailed reports on the expenditures to the IRS.²⁴ The IRS rules require private foundations and foreign grantees to comply with five requirements to ensure a grant by a private foundation to a foreign grantee is not classified as a taxable expenditure.

First, a private foundation must conduct a pre-grant inquiry of the potential foreign grantee before making a grant.²⁵ The inquiry should be complete enough to give a "reasonable [person]" assurance that the foreign grantee will use the grant for the proper charitable purposes.²⁶ The inquiry should cover matters such as "identity, prior history and experience (if any) of the grantee organization and its managers,"²⁷ as well as any pertinent knowledge the foundation staff/directors/trustees might have about the potential foreign grantee.

Second, the expenditure responsibility rules require a written grant agreement between the grantor private foundation and the foreign grantee.²⁸ The agreement must contain certain provisions, including an agreement by the foreign grantee to:

- Repay any portion of the amount granted which is not used for the purposes of the grant;
- Submit full and complete annual reports on the manner in which the funds are spent and the progress made in accomplishing the purposes of the grant;
- 19 I.R.C. § 501.
- 20 I.R.C. § 4940.
- 21 I.R.C. § 4945(a)(1).
- 22 I.R.C. § 4945(d)(4).
- 23 Generally, an international organization seeking to obtain the same status as a U.S. public charity (for the purposes of receiving charitable contributions) would need to obtain a determination letter from the IRS. An analysis of that process is outside the scope of this paper.
- 24 Treas. Reg. § 53.4945–5(b)(1)(i)-(iii).
- 25 Treas. Reg. § 53.4945–5(b)(2).
- 26 Treas. Reg. § 53.4945–5(b) (2) (i).
- 27 Treas. Reg. § 53.4945–5(b)(2)(i)(a).
- 28 Treas. Reg. § 53.4945–5(b)(3).

- Maintain records of receipts and expenditures and to make its books and records available to the grantor at reasonable times; and,
- Not use the funds for lobbying or undertake any activity for any non-charitable purpose.²⁹

Third, the expenditure responsibility rules mandate that a private foundation obtain annual reports from foreign grantees detailing the grantee's compliance with the terms of the grant, and the progress made by the grantee toward achieving the purposes for which the grant was made.³⁰ The foreign grantee must also submit a final report with respect to all expenditures of the grant funds, including a final analysis of the progress made toward the terms/goals of the grant.³¹

Fourth, a foreign grantee must maintain grant funds from a private foundation in a separate account, and those charitable funds must not be mixed or co-mingled with non-charitable funds.³²

Fifth and finally, the grantor private foundation must complete the section of its annual tax return (Form 990-PF) that pertains to grants requiring expenditure responsibility.³³ As part of its filing with the IRS, the private foundation must include a brief description of each grant requiring expenditure responsibility, including the name of the grantee, the amount and charitable purpose of the grant, the current status of the grant and a statement that the foundation has received all required progress reports to date from the grantee.³⁴ The grantor private foundation may fulfill this reporting requirement by submitting a copy of the report from the foreign grantee, if the grantee's report contains all of the necessary information.35

Equivalency Determination

A private foundation may also make a grant to a foreign organization without the grant being treated as a taxable expenditure³⁶ by first making an "equivalency determination." An equivalency determination is a finding that a foreign grantee organization is the equivalent of a U.S. public charity. Under the Code, a private foundation may take certain steps to make a "good faith determination" that a foreign organization is the equivalent of a U.S. public charity for grantmaking purposes.³⁷ Generally, an equivalency determination is based on an "affidavit of the foreign grantee organization or an opinion of counsel (of the private foundation or the foreign grantee)."38 Regardless of whether the determination is made by affidavit or opinion of counsel, there must be "sufficient facts concerning the operations and support of the grantee" in order for the IRS to determine that the grantee would be likely to qualify as an equivalent to a U.S. public charity. Unlike the detailed rules outlined in the Code for exercising expenditure responsibility, there are no formalized rules or requirements pertaining to equivalency determination.

Despite the lack of guidance in the Code, IRS Revenue Procedure 92-94³⁹ provides helpful guidelines to private foundations seeking to make an equivalency determination. Revenue Procedure 92-94 allows a private foundation in the

29 Id.

- 34 Id.
- 35 Id.

38 Id.

³⁰ Treas. Reg. § 53.4945-5(c)(1). 31 Id.

³² Treas. Reg. § 53.4945-6(c)(2). 33 Treas. Reg. § 53.4945-5(d)(1).

³⁶ As previously noted, in some instances a foreign charitable organization may petition the IRS to obtain a ruling stating that the foreign organization is the equivalent to a U.S. public charity. Such a ruling will permit a private foundation to make grants to the foreign organization without performing expenditure responsibility or additional As previously noted, in some instances a foreign charitable organization may petition the IRS to obtain a ruling stating that the foreign organization is the equivalent to a U.S. public charity. Such a ruling will permit a private foundation to make grants to the foreign organization without performing expenditure responsibility or additional due diligence. However, in most cases, foreign charitable organizations will not have a pre-determination from the IRS stating that the foreign organization is equivalent to a U.S. public charity. 37 Treas. Reg. § 53.4945-5(a)(5).

³⁹ Rev. Proc. 92-94, 1992-1 C.B. 507.

United States to base its "good faith determination" that a foreign organization is the equivalent of a U.S. public charity on a "currently qualified" affidavit from the foreign grantee organization.⁴⁰ An affidavit from a foreign grantee organization is "currently qualified" if it is written in English⁴¹, factually current⁴² and signed and attested to by a principal officer of the foreign grantee organization.⁴³ The affidavit must contain minimum substantive information outlined in Revenue Procedure 92-94 including: 1) the charitable activities of the organization; 2) copies of the organization's by-laws, charter and other governing documents; 3) a statement that the country's laws and customs do not allow the grantee's assets to benefit private parties; 4) detailed financial records (excluding religious institutions or medical educational organizations); 5) and, a statement identifying what other organizations, if any, control or operate with the grantee.⁴⁴

Unlike expenditure responsibility, if a private foundation makes a grant to a foreign entity based on an equivalency determination, there is no on-going reporting requirement and a separate account is not needed to segregate the grant funds. However, an equivalency determination can require spending significant resources obtaining and analyzing documentation in English from potential grantees, including financial and legal documents.

Regardless of how a philanthropic family chooses to directly support an international organization – whether by making a contribution directly to a foreign grantee from personal funds or through a private foundation – it is critically important to understand the IRS rules, as well as the corresponding tax ramifications. Working with an experienced advisor and attorney is a best practice that all philanthropic families should consider before engaging in international grantmaking. Helpful information is also available through United States International Grantmaking (USIG), a project of the Council on Foundations in partnership with the International Center for Not-For-Profit Law. The USIG project facilitates effective and responsible interna-

It is critically important to understand the IRS rules, as well as the corresponding tax ramifications.

tional grantmaking by U.S. foundations, and provides resources, such as sample documents and checklists. More information on USIG can be found at usig.org.

Conclusion

As improvements in technology allow us to easily and quickly share information and communicate across continents, next generation philanthropists will be able to more readily participate as global citizens from their home, office or smartphone. Understanding the motivations of young global philanthropists, and being able to identify the resources they need, will enable families to accommodate the global interests of the next generation and better engage them in family philanthropy projects and grantmaking. Engaging the next generation at a young age, and starting new philanthropic traditions that incorporate their interests, can help sustain a family's philanthropic legacy and strengthen relationships across generations.

 40
 Rev. Proc. 92-94, 1992-1 § 4.01.

 41
 Rev. Proc. 92-94, 1992-1 § 5.01.

 42
 Rev. Proc. 92-94, 1992-1 § 4.02.

 43
 Rev. Proc. 92-94, 1992-1 § 5.01.

44 Rev. Proc. 92-94, 1992-1 § 5.04.

Case Study

Situation: John and Clara Benjamin, the founders of the Benjamin Family Foundation (Foundation) are looking for ways to engage their only granddaughter, Sky, age 15. John and Clara are both directors of the Foundation, along with Sky's mother, Hannah. The mission of the Foundation is to support the health and well-being of children in Loswego County, a large county in Wisconsin where John and Clara live. The Foundation grants about \$500,000 each year to a variety of health and human services related organizations in Loswego. Each director also has control over \$10,000 of the Foundation's grantmaking budget each year for discretionary grantmaking. The Foundation bylaws require directors of the Foundation to be at least 18 years of age.

At the last bi-annual Foundation board meeting, the three directors invited Sky to sit in on the grantmaking process to observe how the directors decide which organizations to support each grant cycle. After the directors made their grant decisions, John and Clara asked Sky to talk about her impressions of what the Foundation is doing to support children in her home county. Sky thought the organizations the directors chose were "cool" and "doing important work." However, Sky was generally not very enthusiastic about the Foundation's mission or the grantees it supported.

When Clara asked Sky to talk about her interest in helping other people who are less fortunate, Sky mentioned that her entire high school class recently participated in a local Habitat for Humanity project where she helped build a new home for a family. She said it made her feel "really good" to help a family in need, especially because there were teenagers in the family. She also mentioned a Facebook posting she recently saw about a popular teen singer who supports a U.S. charity that builds schools in poor, rural areas of developing countries. Sky followed the link on the Facebook post to read more about the charity, and she commented that all of the work of the charity inspired her to do more.

Solution: After hearing Sky talk about her interest in building schools, Clara made Sky an offer. Clara told Sky that if she wanted to research a project and submit a proposal for a grant to fund an intermediary charity in the United States doing work in developing countries to better the lives of children, Clara would fund the proposal with up to \$5,000 using her discretionary funds. Sky researched several organizations, and even set up phone interviews with program officers to learn more about international organizations doing work to end childhood hunger in impoverished regions. In the end, Sky submitted a proposal to Clara for the Foundation to grant \$5,000 to a U.S.-based intermediary to fund children's nutrition programs in Bolivia and India. All three Foundation directors were highly impressed by Sky's proposal, and Clara happily directed \$5,000 of her discretionary grantmaking budget to fund Sky's proposal.

After submitting her proposal, Sky attended subsequent Foundation board meetings to continue to learn about how the Foundation operates. Clara, John and Hannah hope to continue to engage Sky in the family's philanthropy by keeping her involved in the work of the Foundation, and by continuing to foster Sky's interest in global causes.

Online Resources

Council on Foundations (cof.org) – The Council on Foundations' Global Philanthropy Program serves the public good by facilitating responsible and effective grantmaking for international purposes among the Council on Foundations' members, educating the public and U.S. government about the value of international grantmaking, and supporting philanthropy as an essential part of a strengthened civil society around the world.

Internal Revenue Service (irs.gov) – The Internal Revenue Service (IRS) offers a variety of free resources to grantmakers, including grantmakers who support international causes.

Philanthropy Indaba (philanthropyindaba.com) – A social enterprise that creates customized trips and service or internship opportunities to enhance donors' philanthropic experiences through experiential learning. Philanthropic travel experiences can be integrated into broader educational programs in partnership with advisors. The company offers customized trips specifically for next generation philanthropists.

Resource Generation (resourcegeneration.org) – A national nonprofit organization that works with young people with financial wealth who are supporting and challenging each other to effect progressive social change through creative, responsible and strategic use of financial and other resources. Resource Generation provides training – through publications, blog posts, workshops, conferences and informal gatherings – to help next generation philanthropists participate actively and effectively in their family philanthropy.

Youth Service America (ysa.org) – A coalition of thousands of organizations that seek to increase the quantity and quality of service opportunities for young people, ages 5-25; an international nonprofit resource center that partners with organizations in more than 100 countries to expand the impact of the youth services movement with families, communities, schools, corporations and governments.

Books and Periodicals

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