

Considerations When Choosing a Giving Vehicle

We recognize that many people are looking to dip their toes in philanthropy, but aren't sure where to start. To help launch this process, and answer some of those early questions, Sound Philanthropy has developed a series of simple guides. We hope that you find them helpful.



STARTING POINT

For many wealthy families with a heart for giving back, there comes a time when they should think about whether to establish a vehicle for their philanthropy.

Many factors suggest the need for a giving vehicle:

- Tax, estate planning or financial considerations
- A desire to organize, focus and start to engage other family members in an existing giving process
- Recommendations coming from the family's accountant, financial advisor, family office or estate planning attorney

The options that are presented may include:

- A private foundation
- A donor advised fund with a financial institution or community foundation
- A supporting organization
- Any number of trust or annuity options



DID YOU KNOW?

First and foremost, it is important to listen to the advice and recommendations of your professional advisors. Once you have taken into account their ideas, consider this:

It is just as important to understand how a philanthropic vehicle may or may not be a fit with the goals and “personality” of the family. The overarching questions - beyond the financial and tax considerations - that you will want to answer are:

- 1 How will this vehicle provide a platform for me to achieve my goals related to giving strategy, impact and family involvement?
- 2 Are the legal structure, and/or level of autonomy of this vehicle in line with my personality, and goals for family involvement and legacy?



TOOLS & RESOURCES

Once you have gotten through the technical reasons why you should set up a giving vehicle, and understand the structure, benefits and limitations of each vehicle, ask yourself the questions listed below, in order to determine your own “giving personality” and to help you decide what might be the best fit for you, your goals and your family. It is not uncommon for some families to decide that a giving vehicle is not necessary for the time being.

- What am I trying to achieve with a giving vehicle?
- What is working about my current giving process? (What do I like about it?)
- What isn't working? (What do I want to change?)
- How do I want my family to be involved?
- What impact do I want to have?
- What is the timeframe for my giving?
- How much time do I want to spend on my giving (including administrative tasks)?
- Are alternative investments and grantmaking options important to me? (e.g. social impact investing, program-related investing, etc.)
- How much professional advice do I seek in my giving, and how do I feel about paying for this?

Aside from the help of professional advisors, the best resource to help guide you in considering a giving vehicle is an online quiz that recommends a vehicle or suite of vehicles that best suit your needs. Click here for the [Giving Vehicles Wizard](#).

For an excellent glossary of terms related to giving vehicles and estate planning generally, visit the Philanthropy Works [website](#).

