FOUNDATIONSOURCE

Succession Planning For Private Foundations

HOW TO BUILD A LEGACY THAT LASTS WHEN THERE'S NO OBVIOUS SUCCESSOR

One of the most personal questions in philanthropy isn't about which causes to fund or how to structure grants—it's about what happens to your foundation when you're no longer able to lead it. For many high-net-worth individuals considering a private foundation, this question gives them pause. And for good reason: succession planning is a genuine challenge, especially when there's no family member waiting in the wings.

But the absence of an obvious successor doesn't have to be a barrier to starting a private foundation and creating a lasting philanthropic legacy. With the right planning—and the right partner—you can build a legacy designed to endure.

A Question More Donors Are Asking

As the Great Wealth Transfer accelerates—with trillions expected to change hands in the coming decades—more individuals and their advisors are thinking seriously about legacy giving. Private foundations offer powerful advantages: unmatched control, a vehicle for multi-generational family engagement, and the ability to fund causes with precision and purpose.

But private foundation planning has traditionally assumed a family member(s) will carry it forward. Increasingly, that assumption doesn't hold for myriad reasons. Many donors—whether they are single, childless, estranged from family, or simply don't have family members with the interest or capacity to carry on their legacy—find themselves without a clear path to handing off what they've built.

This is not a niche concern. It's a common theme that surfaces regularly in conversations between donors and their advisors—and it deserves a thoughtful answer.

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Succession Planning Is Estate Planning—For Your Philanthropy

Think of foundation succession the same way you think about estate planning. Just as you designate beneficiaries, executors, and trustees for your personal estate, you can—and should—designate successors, directors, and governance structures for your foundation.

The key difference is that while estate planning distributes assets, foundation succession planning ensures ongoing stewardship of mission and values. That requires a slightly different kind of thinking. Instead of asking "who inherits?" you're also asking "who leads?"

And that question has more answers than you might expect.

Where to Look When Family Isn't the Answer

If you don't have an obvious family successor, the first step is broadening your view of who counts as a candidate. Successors don't have to share your last name or even your bloodline. Some of the most effective foundation leaders are trusted friends, longtime colleagues, mentors, or community leaders who share your values and your commitment to the causes you care about.

Here are some productive places to start thinking:

- **Trusted friends and mentors.** Long-standing personal relationships often reveal deep alignment on values. A close friend who has participated in your philanthropic work, sat on a nonprofit board alongside you, or shared your passion for a cause may be a natural candidate.
- **Professional advisors.** Your attorney, financial advisor, or accountant may have deep knowledge of your foundation's mission and the administrative acumen to carry it forward. Many advisors take on meaningful roles in foundations they've helped build.
- **Extended family and next-generation connections.** You may have nieces, nephews, or the grown children of close friends who have developed into thoughtful, mission-driven adults. Generational proximity to you matters less than shared values and genuine interest.
- **Community and nonprofit leaders.** People who have worked in the fields you care about most often bring both passion and operational knowledge. A leader in one of your grantee organizations may be uniquely positioned to carry your mission forward.

One important caveat: think carefully about generational fit. A peer who is close to your own age may face the same lifecycle transitions you do. Younger successors, or a board with intentional age diversity, can add continuity over the long run.

Building Governance That Supports Succession

Identifying successor candidates is a start. But lasting foundations are built on governance structures—not just people. That means documenting your mission and grantmaking philosophy in writing, establishing board composition requirements, and creating a clear process for leadership transitions before they're needed.

Some founders find it helpful to involve prospective successors in foundation activities while they're still actively engaged—inviting them to board meetings, site visits with grantees, or strategic planning sessions. This kind of mentorship builds both alignment and capability over time.

It's also worth thinking about what happens if a succession plan falls through. What if your designated successor is unable to serve when the time comes? What if circumstances change? Building in contingency layers—a clear order of succession, provisions for adding new board members, or defined sunsetting conditions if necessary—gives your foundation resilience it wouldn't otherwise have.

The foundations most likely to endure are the ones that planned for succession before it became urgent.

IDENTIFYING SUCCESSOR CANDIDATES IS A START. BUT LASTING FOUNDATIONS ARE BUILT ON GOVERNANCE STRUCTURES—NOT JUST PEOPLE.

How Foundation Source's Philanthropic Advisory Services Can Help

Foundation Source's Philanthropic Advisory Services (PAS) team works with donors and their advisors to navigate these questions and decisions. Succession planning is deeply personal, and there's no universal template. What the PAS team offers is structured guidance to help you think through who is in your life, what qualities matter most in a successor, and what steps you can take now to prepare.

This kind of engagement typically starts with a facilitated conversation—one designed to surface the full picture of your philanthropic goals, your relationships, and your questions and concerns about the future. From there, the PAS team can help you develop a succession framework tailored to your foundation's specific needs.

For advisors, this is a natural extension of the work you're already doing with clients. Succession questions in philanthropy mirror the estate planning conversations you already navigate. Bringing in a specialized partner like Foundation Source allows you to offer meaningful guidance on the philanthropic side without taking on administrative or compliance burdens yourself.

Don't Let "No Obvious Successor" Be a Roadblock to Starting a Private Foundation

The desire to leave a lasting philanthropic legacy is real—and it's achievable, even without a ready-made family succession plan. Many of today's most enduring private foundations were built by individuals who, at one point, faced exactly the same uncertainty you may be feeling now.

The key is to start the conversation early, think broadly about who might carry your mission forward, and put structures in place that don't depend on any one person. A private foundation—properly planned—can outlast all of us.

READY TO START PLANNING?

Whether you're a donor exploring the private foundation path or an advisor guiding a client through complex philanthropic questions, Foundation Source is here to help. We'll work with you to develop a succession plan that reflects your values, fits your relationships, and gives your foundation every opportunity to thrive for generations to come.

Contact us to schedule a conversation.

ABOUT FOUNDATION SOURCE

Foundation Source is the leading provider of philanthropic software and services. At the forefront of PhilTech, Foundation Source is the partner of choice for flexible software and services that offer end-to-end support for private foundations, donor-advised funds and planned giving. We offer a range of purpose-built, cloud-based platforms that facilitate all stages of giving and a configurable suite of administrative, compliance, tax, and philanthropic advisory services for donors, nonprofits and charities, and professional advisors, including RIAs and financial institutions serving wealth management and private banking clients.

With over 100 years of combined experience, Foundation Source empowers people and companies to create a better world through philanthropy. We support more than 4,000 charitable organizations, administer more than $55 billion in charitable assets, and facilitate more than 190,000 grants and planned gifts annually.

HAVE A QUESTION?

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