



# A FAMILY ESTABLISHES

## A STATEMENT *of* LEGACY

*By The Stoneman Family Foundation, with Mary Phillips and Newell Flather*

### INTRODUCTION

**S**idney Stoneman and his wife, Miriam, created the Stoneman Family Foundation in 1957 in honor of Sidney's immigrant father and mother. For over thirty years Sidney and Miriam shared the decision-making responsibility about where to direct the foundation's funds with each other. During those years the Stonemans established a tradition of giving distinguished by a spirit of extreme loyalty and kindness and one that reflected their interests and values.

The Stonemans felt strongly about the importance of passing these values on to their children and in 1990 decided to expand the foundation's board by adding family members as well as three trusted outsiders drawn from their circle of professional advisors and family friends. The family members included grandchildren as well as children. Grants Management Associates was hired in 1989 to provide administrative and grant-making services and to help the Stoneman family make the transition from a donor-directed foundation to a three-generation family foundation. Part of that transition involved the development by the full family of a statement of donor legacy.

### **Statement of Donor Legacy**

*Adopted by the Stoneman Family Foundation Board, 1997*

In 1957 we established this foundation in memory and honor of Sidney's parents. Over the years, it has served as a vehicle for our charitable giving, in Boston and elsewhere.

When the foundation was established, its legal instrument made no specifications about the geographic reach of the foundation's giving, the composition of its board, or any kind of focus for its charitable contributions. For many years, the foundation operated informally, with funding decisions initiated primarily by Sidney and with little public visibility.

In 1990, we made the decision to involve our extended family in the foundation, and formalized it by hiring Grants Management Associates to assist with the development of guidelines and the establishment of grantmaking processes. We developed an eight-person board, including three non-family members, and published guidelines that describe a grantmaking process for the foundation and a geographic scope. The foundation's grantmaking has

evolved so that it now can be perceived as divided into two distinct categories: the Family Grants Program and the Competitive Grants Program.

As the foundation moves into the future, at some point it will do so without our involvement. When we pass on, the foundation will become larger and will represent a greater responsibility as well as a greater opportunity. We have every confidence that our wonderful family will provide the thoughtful guidance required along the way.

As the foundation's donors, we would like to think that the foundation will always be rooted in the values and traditions of our family. As you know, we have established a tradition of giving over the years that reflects our interests and who we are. We would like this tradition of family values and giving to be part of The Stoneman Family Foundation into the future. The purpose of this document is to convey this wish to current and future members of the board of directors.

Part of the Stoneman family's identity and interests has been in the Jewish community. Our participation in this community has been an acknowledgment of our own roots and has never promoted sectarianism. Rather it has supported the achievement of excellence among Jewish people and the fostering of a spirit of brotherhood and inclusiveness with all peoples. We would like our family foundation to acknowledge and continue this participation in the Jewish community into the future. While we have been significant contributors to specific Jewish organizations over the years, we do not want to specify the recipients of future foundation support in this area. Nor do we wish to suggest that a certain amount or portion of available grant funds be directed to these organizations. We ask simply that some funds be directed to Jewish organizations, in recognition of the family's history and values that have been part of the Jewish community in this country and beyond.

Secondly, the Stoneman family has its roots in Boston. Generations of the Stoneman family made their homes here, starting with Sidney's father, who emigrated from Russia to the United States many years ago. Boston has been our home too, and here is the community of friends and associates that have meant the most to us. We would like our family foundation to reflect this geographic association. We would like The Stoneman Family Foundation to continue to have a Boston presence, with a preference but not a requirement that the foundation annually allocate a significant portion of its grant funds to organizations in the Boston area. At the same time, we understand and

expect that the balance of the grant funds will be used to support organizations in geographic areas of interest to family members who are serving as foundation directors.

In relation to contributions in the Boston area, we would also like to say a word about those few with which we have had a deep involvement over the years. These include Beth Israel Hospital, the Boston Symphony Orchestra, and Combined Jewish Philanthropies. These organizations have been beneficiaries of significant financial contributions made by both the foundation and us personally. For the future, we request that the foundation directors continue to consider requests from these organizations, and judge them in the light of their relevance to the needs of society and their responsiveness to the purposes of the foundation.

And lastly, The Stoneman Family Foundation certainly is, and always has been, a family affair. We would like this to continue into the future. We feel the best way to ensure continued family involvement is by board membership. It is our hope that Stoneman family members will constitute a majority of the board in perpetuity. Failing that, we would request liquidation of the foundation. This being said, we make no further presumptions about representation of different branches and generations of the family, except to say that we expect that the foundation directors will establish policies relating to board membership that are inclusive and equitable.

#### DEVELOPING A STATEMENT OF DONOR LEGACY

When Mr. and Mrs. Stoneman decided to expand the board they were not thinking formally about the concept of donor legacy. Their wish was to involve their family members in an activity that was meaningful to them as individuals and to continue their family tradition of philanthropy. At the outset, however, Sidney was ambivalent about his long-term wishes for the foundation. While he hoped the family would carry on his philanthropic interests, he was uncomfortable with the idea of a donor legacy statement and was reluctant to be proscriptive. As members of the second and third generations of the Stoneman family had moved away from the northeast, it was natural that they had developed local charitable interests of their own. To facilitate a spirit of participation, the board agreed to develop formal grantmaking guidelines, policies, and procedures for the foundation that would be more reflective of individual family member giving interests. Once these new guidelines were in place, the board began meeting bi-annually to take care of foundation business and consider grant requests.

After a year or so of business as usual, the decisionmaking process began to stall. While Sidney and Miriam wanted all family members to participate in allocating the foundation's grants, they continued to express the hope that the preponderance of support would

be directed to their customary interests. However, not all family members were comfortable with this arrangement. Some expressed discomfort with the idea of having a say in the distribution of funds that Sidney had earned and that were being allocated in a highly personal way. Others felt strongly that they had participated in a lengthy process to establish new guidelines, and that the board should now follow those guidelines rather than become overly worried about what had been the donor's interests. This dynamic of uncertainty persisted as a concern for the foundation through four foundation meetings over a period of two years. In 1994, GMA staff and the Stoneman family trustees developed a process of guidelines review and revision to help the trustees further clarify the foundation's giving interests. Revised guidelines were developed and approved by the board in 1995. However, the dynamic of uncertainty persisted and it became increasingly apparent to staff and trustees alike that some new operating rules, including a donor legacy statement, would be needed to break the impasse.

At a time when a family foundation reaches an impasse of any kind, particularly an intergenerational impasse, there are various ways it can proceed. Retaining the services of an independent facilitator is prominent among these. The family can also choose to "do it itself." In the case of the Stonemans, an independent outside resource proved valuable for the process that followed. The concept of a donor legacy statement was again raised with Sidney and Miriam. Such a statement could ease any lingering doubts or anxieties family members might have about giving away inherited wealth or assuming responsibility for more of the foundation's grantmaking or even about continuing the foundation after the life of the founding donors. As important, a clear statement would be needed to guide the family with respect to the donors' wishes at a time in the future when they would no longer be available for consultation. We explained that a donor legacy statement would take some areas of decision off the table and would likely reduce possible opportunities for family discord or contention. It would thus help assure perpetuation of a family enterprise that could preserve and build family unity.

The process of helping the Stonemans to develop a donor legacy statement was straightforward. Although we had only been working with the family for five years, we had known Sidney for over twenty years and were familiar with his and Miriam's philanthropic interests and goals. As well, because we had been meeting with the full board for three years, we were aware of the questions and concerns that had surfaced over that time. This familiarity was key to our ability to move quickly with the Stonemans to develop a statement of donor legacy. If we had not known the family as well, we would have had to

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employ a more formal protracted process of familiarization that would allow us to get to know the donors and to gather input from each board member as a way of ascertaining their interests and preferences. The goal is to realize a legacy document that can have lasting practical value because it has earned approval and even enthusiastic acceptance by all board members.

In most cases work with families on the question of donor legacy involves a two or three step process, beginning with individual interviews with board members and the donor. The interviews are often followed by a board retreat or planning meeting and the

process concludes with a report, which includes a draft donor legacy statement. We usually start by developing a brief, informal questionnaire to use as the basis for discussion during the interviews. The list of questions varies depending upon whether the interview is with the donor or with a board member. The task of addressing the question of donor legacy while the donor is living is certainly easier than what is involved after the donor's death when extensive “educated” guesswork may be required, and when family emotions can be more of a challenge to the process.

In the case of the Stoneman family, the questions posed to Mr. and Mrs. Stoneman touched on both routine and sensitive grantmaking concerns, such as their geographic preference and the role of religion. We asked whether they wanted to exclude certain types of gifts or areas of interest such as their local annual gifts and even the large organizations to which they were giving so much time and support. We also asked the Stonemans where they found the most satisfaction in the work of the foundation, how deeply they felt about wanting it to continue in perpetuity, and what family values they wanted to pass down to future generations. We asked them to think about what motivated them to involve the family in the foundation in the first place, and how much latitude they wanted to allow their trustee successors to have to exercise judgment that might substantially transform the nature of the giving. During our interviews with the Stoneman board members we inquired about their preferences for operation of the foundation in the future. We also asked them to think about what questions they would need answered in order to be effective trustees once the donors were deceased.

While the Stoneman family was fortunate to be able to address donor legacy while both Mr. and Mrs. Stoneman were alive and able to participate, the results may have been much the same if circumstances had been otherwise. However, when a family is faced with the question of legacy when the donors can no longer be consulted, the process must rely more on detective work and recalled anecdotal information. It is important for the family to develop a process of objective information gathering. Through such a process, living family members and close friends of the donor can be asked what they know about values and recall about personal likes and dislikes. Anecdotal information of this kind can be



extremely useful in sorting out the donor's interests and passions and may even identify what were the donor's philanthropic goals. Family members can also look back at the donor's pattern of lifetime giving and service, identifying where and how gifts were made and where there were significant commitments of personal time. Another area to study is the donor's bequests. Some amount of guesswork might have to come into play in assessing the extent to which bequests should influence the direction of future giving. For example, it might be difficult to determine if in making bequests to named charities the donor was indicating his preferences, or, in the case of very large bequests, had decided to "take care" of favorite organizations so that the foundation would be free to fund elsewhere.

For the Stonemans, two family members in the next generation helped lead the process as informal team members and as resources, in part because of their important positions as both parents and children on the three-generation board. GMA began the process with a series of discussions with Sidney and Miriam focusing on their philanthropic interests and intentions, and their hopes for the future of the foundation including the question of how long they would like to see it continue. These discussions resulted in the preparation of a first draft of a statement of donor legacy, which was reviewed, edited, and revised numerous times by the donors, family members, and staff before its presentation to the full board. At a regular foundation meeting, the board discussed the statement and suggested further edits and additional changes in areas where clarification was still needed. After some additional fine-tuning the statement was approved by the full board and signed by Sidney and Miriam in 1997, almost a year after the process began.

Sidney Stoneman died on October 15, 1998, at the age of 86. The statement of donor legacy he left behind is, at its heart, a wonderful vote of confidence in the judgement of his heirs. It honors Sidney and Miriam's desire that the foundation be a unifying family enterprise for an indefinite period of time without obligating the family to continue it in perpetuity. It respectfully presents Sidney and Miriam's intended legacy regarding their religion, their love of Boston, and Sidney's lifelong involvement in certain major charities. But the statement does not tie the hands of the next generations by obligating them to any of these interests and commitments. The Stoneman donor legacy statement is an expression of trust by one generation in the ability of next generations to assess circumstances and exercise good judgment. Instead of limiting the family's discretion in the future, the donor legacy statement encourages members to develop their own interests while weighing the donor's lifetime interests against changing times and changing needs in society.

