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Considerations for Redistributing Philanthropic Assets:
Rethinking Perpetuity, Payout and Purpose

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Executive Summary

- Questions of how and when legacy and donor intent should drive the structure and strategy for philanthropic activity has taken on fresh relevance in recent years. The philanthropic sector is increasingly called upon to fill gaps in social services, advocacy, and community resilience efforts. At the same time, a new generation of philanthropists is questioning whether foundations should exist in perpetuity or spend down their endowments, reflecting a sense of urgency to address issues such as climate change.

- A handful of foundations and Donor Advised Fund (DAF) holders are sunsetting with an intention to transfer the balance of their philanthropic assets to the communities they serve. They are propelled to build strategies for sunsetting that focus not on the absence of assets in their accounts, but rather, to focus on the positive impact of their investments in the communities they support. By transferring their assets, they are hoping to help to awaken a new day for those they serve through their philanthropy.

- More than 70% of family foundations have been granting above the 5% required by the IRS, and the number of family foundations that operate under a spend-down model rose from 9% to 13% between 2020 and 2025, according to the National Center for Family Philanthropy. Donor advised funds have consistently paid out more than 20% on average, according to another study.

- One of the most crucial factors in determining questions of perpetuity and payout is mission or purpose. When purpose is considered, the appropriate payout becomes clearer. One foundation cited in this report decided to spend down its corpus to address climate change, food systems, land and water stewardship, and social justice. Other impact areas, such as support for arts and culture or religious causes, may be more appropriate for a perpetuity mandate.

- In this report, we explore the interplay between payout and duration, and the importance of purpose in determining the most appropriate structure and strategy for philanthropic entities, including private foundations and DAFs. In doing so, we cite several examples of organizations that have taken creative approaches to the question of payout and perpetuity based on their mission and family history and provide key questions to consider.

Introduction: Why Reconsider Perpetuity, Payout, and Purpose *Now*?

Philanthropy stands at a crossroads. As the issues and opportunities that philanthropy seeks to address grow more complex and government funding becomes less reliable, the sector is increasingly called upon to fill gaps in social services, advocacy, and community resilience efforts. At the same time, a new generation of philanthropists is questioning long-held assumptions, including whether foundations should exist in perpetuity or whether a spend-out model—distributing assets within a defined timeframe—better aligns with their purpose and impact goals. This debate is not new. Questions of how and when legacy and donor intent should drive structure and strategy have been swirling in the philanthropic community for decades.

The Covid-19 pandemic prompted a significant shift in philanthropic strategies, leading to changes in funding practices, decision-making, and grantee relationships. Many foundations and donors accelerated giving, relaxed restrictions, and adopted more trust-based approaches to ensure funds reached the communities most in need. Informed by the experiences of the time and some of the long-term lessons gleaned by changing their practices, many foundations raised their payout rates beyond the traditional 5% minimum to meet urgent community needs. Similarly, Donor Advised Funds (DAFs) saw a spike in disbursements, with payout rates increasing significantly. Multi-year commitments and unrestricted funding to support long-term resilience became more common than short-term project-based grants. Some foundations considered or embraced spend-out strategies, reasoning that immediate impact was more critical than preserving assets for future giving.

Just as it did in the Covid pandemic, philanthropy has an important role to play today to address long-term and emergent challenges and opportunities. It may indeed be a time when more funders determine that a higher payout, if not a full spend-out, is called for. In this report, we explore the interplay between payout and duration, and the importance of purpose in determining the most appropriate structure and strategy for philanthropic entities, including private foundations and DAFs. In doing so, we cite several examples of organizations that have taken creative approaches to the question of payout and perpetuity based on their mission and family history and provide key questions to consider.

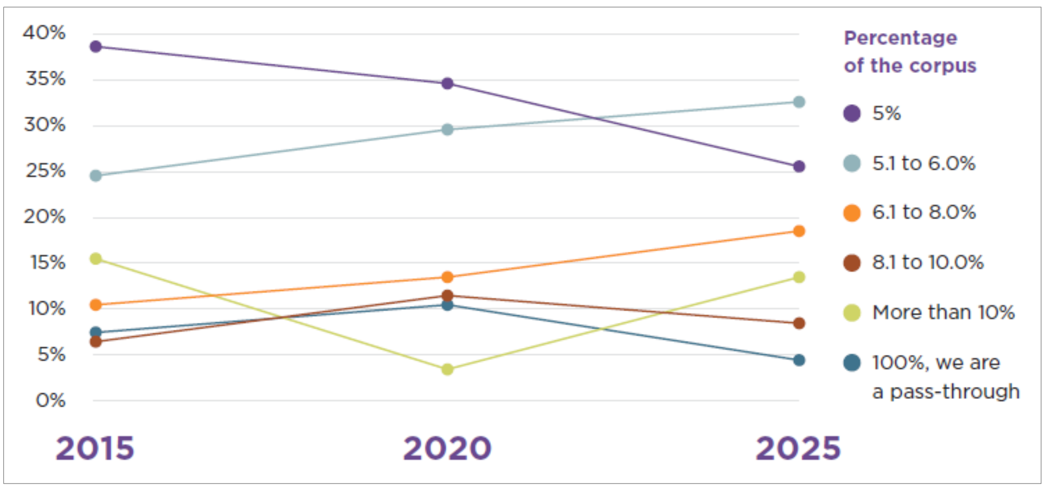
Determining Payout and Duration

Although most private foundations were created by their donors to exist in perpetuity, 9% of family foundations operated under a spend-out model in 2020. According to survey data from the National Center for Family Philanthropy's Trends 2025 report, this figure has grown to 13%, reflecting a nearly 50% increase in spend-out adoption.

Payout Rates Evolving

The IRS mandates a minimum 5% payout rate for private foundations, but many foundations exceed this requirement. In 2023, a survey of independent foundations reported an average payout rate of 7.5% and a median payout rate of 5.0%[1]. Family foundations, which make up a significant segment of the philanthropic ecosystem, spend an average of 6.6% of assets annually, with 71% spending beyond the 5% requirement, as reflected in the Trends 2025 report.

Figure 1. Approximate Payout Rate of Family Foundations, 2015-2025



Source: NCFP Trends 2025.

A pivotal 2018 study by the Lilly Family School of Philanthropy suggested that private foundations could sustain a 7% payout rate even during economic downturns. More aggressive spend-out strategies, such as a 9% payout, would deplete assets over a century but would not necessarily lead to foundation closures.[2]

Unlike private foundations, donor-advised funds (DAFs) are not subject to a mandated payout rate. However, DAFs typically demonstrate much higher distribution levels, with a 2023 payout rate of approximately 24%. Since payout rates of DAFs have been tracked, they have consistently paid out more than 20% on average.[3]

[1] https://blog.candid.org/post/foundation-giving-data-in-2023-expected-grantmaking-in-2024/
[2] Stanford Social Innovation Review, The Myth of Perpetuity in Foundation Strategy, December 11, 2020, Katie Smith Milway & William Galligan.
[3] National Philanthropy Trust's 2024 DAF Report.

Rethinking Perpetuity

Building Communities and Movements

Few people would suggest that the current system, in which foundations provide small, one-year grants to organizations that are trying to address complex social and environmental issues, is sufficient to meet the challenges facing society. Yet the very nature of institutional philanthropy, in which 5% of assets are spent while 95% of assets are set aside to preserve and grow an endowment's assets, is built around this out-of-balance equation. Meanwhile, many movements are vastly under-resourced, often having to compete for a small amount of grant capital in an environment that rewards competition versus structural and systemic collaboration.

> "Thinking about perpetuity, to spend out or not to spend out is not the question to answer first. The question is what do we need now and what's the best place to resource that need? Many of the things we care about in philanthropy may not be around if we focus on perpetuity. Our communities and the natural environment must exist above all. If the foundation stops existing as we do this, that's fine."
>
> *– Gabriela Alcalde, Executive Director, Elmina B. Sewall Foundation*

Some philanthropic leaders, such as Santhosh Ramdoss, President and CEO of Gary Community Ventures, are looking at the dynamic from an entirely different vantage point. Inspired by Sam and Nancy Gary, who founded GCV and subsequently created a 20-year sunset strategy, Ramdoss is working with GCV's Board of Directors to execute a strategy that will help create opportunities for low-income children and their families in Colorado through wealth-building strategies such as capital transfers and investment in cooperative ownership models. By strategically distributing their assets in ways that will build wealth *for children and their families instead of the foundation*, Ramdoss believes there will be a major intergenerational multiplier effect, as compared to the income substitution that comes from a short-term grant. This deep investment in children and their families, and sustaining community wealth, provides a permanence that he believes is simply not achievable at the same scale within the 5% payout model.

When Regan Pritzker and her husband decided to create a spend-out foundation, the Kataly Foundation, in partnership with CEO Nwamaka Agbo, they began a journey that would have profound implications for countless organizations led by and focused on economic wealth and well-being for Black and brown communities. Recognizing that power and wealth-building happen in part through owning land and physical assets, which requires significant upfront capital that cannot be generated through small grants alone, Pritzker hoped to create opportunities for communities to be stronger, more sustainable, and more resilient. She also hoped that the new foundation would help create new models for transitioning wealth to communities, as well as narratives to inspire other philanthropists to ask questions about what their intentions and long-term goals are. Like Gary Community Ventures, Kataly is driven by the belief that long-term support for communities and movements, not just individual organizations, will help change cultural assumptions around the purpose of wealth.

CASE STUDY: KATALY FOUNDATION

Ten Years of Deep Funding for Regeneration & Reparative Economies

The **Kataly Foundation**, which was established in 2018 by Regan Pritzker and her husband, Chris Olin, with $445 million, moves resources to support the economic, political, and cultural power of Black and Indigenous communities, and all communities of color. By transforming relationships to capital, the planet, and each other, Kataly hopes to redistribute and redefine wealth in a way that leads to transformation, abundance, and regeneration.

The foundation's journey reflects a dynamic and collaborative process, emphasizing the importance of decentering traditional power structures in philanthropic decision-making and demonstrating what is possible with a time-limited plan for spending out assets.

Collaborative Formation and Decision-making

The foundation's inception involved assembling a diverse group of advisors, including practitioners from the Just Economy Institute, to co-create its mission and strategies. This collaborative process led to the recognition that establishing an organization, the Kataly Foundation, rather than solely distributing funds through existing infrastructures, would more effectively advance their goals.

A key aspect of Kataly's approach is the intentional decentering of the founders in decision-making processes. By relinquishing control to a team of leaders to oversee grantmaking and investments, led by Nwamaka Agbo, who has a deep background in restorative economies, the foundation models a shift toward shared power and community-driven philanthropy. While strategy and grant decisions are made by the staff, a small board (the two co-founders and another family member) are consulted regarding mission, programs and finances. The board ensures that funding for the Kataly Foundation is readily accessible through a DAF at Impact Assets.

Ten-year Spend-out Strategy

Kataly was designed to have a ten-year lifespan. From the beginning, this knowledge informed every decision about the future of the foundation and its strategy. Among other things, the foundation made a concerted effort to ensure that the organizations that the foundation was supporting would be able to manage the level of resources and have the capacity to continue once the funding was gone. The goal was to move money in ways that would facilitate organizations' ability to be wealth stewards under their own terms. The foundation also wanted to model a new governance and stewardship structure for philanthropy, demonstrating that there are alternatives to the traditional model of a family foundation in which governance is controlled solely by family members and grants are distributed based on a 5% payout rate.

Purpose Shapes Design

One of the most crucial factors in determining questions of perpetuity and payout is the mission or purpose of a foundation. When purpose is considered, the calculation of how much to give, when, becomes clearer. Gabriela Alcalde, Executive Director of the Maine-based Elmina B. Sewall Foundation, which is making grants at a much higher rate than the 5% rate mandated by the IRS, says “The goal should be to build self-sufficient ecosystems where communities no longer depend on philanthropy. Foundations should not exist for their own sake but should instead prioritize addressing present-day needs with urgency.”

CASE STUDY: ELMINA B. SEWALL FOUNDATION

A Responsive Approach to Payout Aligned with Evolving Needs

The **Elmina B. Sewall Foundation**, established in honor of philanthropist Elmina Brewster Sewall, is dedicated to supporting a culture of equity and interconnectedness and well-being for people, animals, and the environment in Maine. The foundation has a flexible pay-out strategy that reflects its commitment to **Emergent Learning**, an approach that helps people learn and adapt together to achieve social goals, and responding to community needs. Although the foundation started as a private independent foundation with a sole member from the Sewall family, over time its governance has been assumed by non-family members and the foundation is now managed by a professional staff of ten people.

Strategic Payout Approach

Everything the foundation does is rooted in its core values of trust, creativity, relationships, community and equity. A guiding principle of the foundation is that change requires bold and consistent action. During the Covid-19 pandemic, the foundation felt it needed to be responsive to the urgent community needs and wanted to find a way to extend, and in some cases repurpose, existing grants and allocate new funds to community partners. This led to a deep discussion with the board of directors and staff and community members about the payout rate and what would happen if they increased the payout above the 5-6% they had already been allocating.

By 2022, the foundation had total assets of $166 million, reflecting a $43 million decrease from the previous year. Nonetheless, the foundation maintained a payout rate of approximately 8.4%, allocating $15.3 million towards grantmaking, operations, and non-grant support activities. This decision underscores the foundation's commitment to prioritizing community needs, especially during economic downturns, by sustaining elevated funding levels. Despite an aggressive payout strategy, the endowment had $164 million in assets at the end of 2024 due to investment gains.

Equally important, the foundation made a commitment to multi-year grants to help stabilize important community organizations during uncertain times. Today, more than 80% of grants are multi-year grants and the payout rate is planned to exceed the IRS-mandated rate for the foreseeable future. The conversations that led to the decision to increase payout were dynamic, and as the discussions evolved the board recognized their need to agree on how they understood fiduciary duty. After long and heartfelt discussions, the board adopted the following statement on fiduciary responsibility:

We view all our responsibilities and roles, including fiduciary responsibility (by definition, the legal and ethical obligation of one party to act in the best interest of a beneficiary), through the lens of our values. With this in mind, the Sewall Foundation understands ***fiduciary responsibility*** *to be the strategic, values-based stewardship of resources to advance our mission.*

Recognizing the importance of aligning investments with its mission, the foundation also set a goal to achieve 100% values-aligned investments within five years (by 2028). This includes deploying at least $18 million in impact investments to support initiatives in Maine. Notable actions include a loan to Fork Food Lab for expanding a food incubator space in South Portland, aiming to bolster a regenerative and equitable food system.

The Elmina B. Sewall Foundation is a client of Pathstone.

Similarly, the Mighty Arrow Family Foundation in Colorado, founded by Kim Jordan (a founder of the popular beer maker New Belgium Brewery), recognized early on that the urgency of their primary focus, climate change, warranted making large grants immediately while there was still time to save the environment from the devastating impacts of climate change. With a 2040 spend-out goal, the foundation can spend 10-13% of the endowment on the issues it cares about and make more and larger grants that would not be possible under a perpetuity mandate.

CASE STUDY: MIGHTY ARROW FAMILY FOUNDATION

Addressing Urgent Needs Today to Create Positive Impact for Current and Future Generations

Established by Kim Jordan, co-founder of New Belgium Brewing, the **Mighty Arrow Family Foundation** is committed to addressing critical issues such as climate change, food systems, land and water stewardship, and social justice. A defining feature of the foundation is its decision to fully disburse its assets by 2040, a vision rooted in Jordan's personal philosophy and desire to witness the foundation's impact during her lifetime and her interest in making a critical impact *now*, while the issues she cares about, such as climate change, need immediate attention. By granting 10-13% of the $30 million corpus every year, Jordan believes she can maximize her impact for current and future generations.

Generational Perspectives

The foundation's spend-out philosophy is shaped by research suggesting that inherited wealth donors give less than first-generation philanthropists. As Jordan and executive director Jordana Barrack looked deeper into the data behind philanthropic giving, they also came to see that philanthropic values and priorities often shift across generations, with next-generation donors focusing on causes that may not align with the original donor's intentions. These insights resonated with Jordan and contributed to her decision to allocate the majority of the foundation's resources within her expected lifetime.

Keeping the family in the foundation's activities is another factor important to Jordan, and her adult children are trustees of the foundation and remain involved in the decision-making on strategy. The trustees have agreed that if the younger generation family members want to make contributions of their own to the foundation in the future, they may revisit the decision to close the foundation in 2040, demonstrating the possibility of building flexibility into the structure and governance of a foundation.

Adaptive Planning

Flexibility is a cornerstone of Mighty Arrow's approach. The foundation demonstrates its flexibility and responsiveness by partnering with grantees to develop approaches to solving problems. They have committed to making multi-year funding commitments to provide sustained support to organizations, reducing administrative burdens, and fostering deeper partnerships. In addition, they typically make general operating grants instead of program grants, affording grantees the autonomy to allocate funds where they are most needed and enhancing organizational resilience. Financially, the foundation employs meticulous planning to ensure a gradual reduction of its endowment, aligning annual budgets with portfolio performance metrics to work toward the 2040 spend-out goal.

Other impact areas do not lend themselves as readily to a spend-out model. For example, support for arts and culture or religious causes may be more appropriate for a perpetuity mandate. Ongoing funding for these issue areas over the long term can help foster creativity and community resilience that reflects the needs and hopes of future generations. However, even these foundations may face times when there is an increased need for a higher payout rate, such as when government funding for arts and culture is being reduced.

Community-Informed Strategy

A contributing factor to evolving attitudes toward payout and perpetuity is a growing belief that change must be led by the people who are most deeply impacted by social, environmental, and economic challenges, rather than by philanthropists and investors who may – or may not – understand the consequences of grants and investments and what is truly needed to create systemic change. Millennial and Gen Z wealth inheritors are especially inclined to take a skeptical view of the traditional paradigm of wealthy donors making decisions that have deep consequences for lower-income communities. Some NextGen donors are also deeply troubled by the inherent power imbalance that sits between investors/grantors and the organizations/companies they support. This discomfort is amplified when it comes to wealth inheritors who sometimes question why they should be able to make decisions about where and how money is invested when they didn't earn the wealth initially.

For some foundations, engaging grantee partners in deliberations around questions of payout and/or perpetuity can be enlightening and empowering for the grantmakers and the organizations they work with. At the Sewall Foundation, a core value is Emergent Learning, which informs all decisions at the foundation. A commitment to Emergent Learning means that the foundation's strategy is constantly syncing with changing community needs and that their learning emerges through their understanding of community needs. Decisions about increasing payout beyond the required 5% resulted in part from community conversations in which questions about the changing socioeconomic circumstances of the community informed the decision on payout, which was also tied to a multi-year grant budget.

At Gary Community Ventures, the relatively short timeframe for spend-out (2035) has created a sense of urgency not evident in many foundations. One of GCV's core values is innovation, which can sometimes be in tension with the value of stakeholder and community engagement. To address this challenge, GCV created the Community Design Insight Group, comprising 500 households in Colorado with low to moderate incomes, to provide input on emerging ideas. As innovative ideas emerge, the GCV team can poll the 500 households to solicit input on the merit of the idea from their perspectives. This type of rapid prototyping takes advantage of new technologies and helps inform GCV's spend-out plan in real time with stakeholders who are most impacted by their work.

CASE STUDY: GARY COMMUNITY VENTURES

Building Permanent Capital for Colorado's Children and Families

Gary Community Ventures (GCV) partners with community to reshape the arc of opportunity for Colorado's children and families. Following a lifelong commitment to supporting children and families through their foundation, the Piton Foundation, in 2015 Sam and Nancy Gary set out to create a unique structure that combines their philanthropy, impact investing, and policy work into one unified strategic framework. They also determined that they would sunset Gary Community Ventures, which they funded with approximately $400 million, by 2035.

The 20-year timeframe has informed all of the decisions that GCF has made since it was incepted in 2015. Now halfway through its lifespan, President and CEO Santhosh Ramdoss is leading the organization with a sense of urgency and a profound commitment to transform public systems so they can work better for children and their families and build household wealth. And key to their asset transfer strategy in time for their sunset is to ultimately build wealth and ownership in the low-income communities in which GCF works. The goal is always to leave behind permanent capital for wealth building to have a multiplier effect, versus making a traditional grant, which often solves a short-term problem without making a dent on the system that perpetuates inequity. For example, GCV is working with community organizations, policymakers, and other grantmakers and investors to create individual wealth accounts for children, young people, adults, and families. The goal is for this work to create widespread access to children's investment accounts and broader access to retirement accounts, college savings, and diversified financial assets among lower-income families. The hope is that when GCV sunsets, their balance sheet may be close to zero but the balance sheets of families throughout Colorado will have grown and families will have a better path to economic success and well-being.

Prototyping Wealth-building Strategies

In a relatively short span of time, Gary Community Ventures has incubated numerous ventures that now have a life of their own. By infusing capital in models that lead to long-term wealth creation and ownership, such as an impact investing fund that supports Black homeownership, GCV is helping to fill crucial gap for social entrepreneurs that are in the proof-of-concept stage and are dependent on nontraditional forms of capital. Today, the success of the homeownership fund is generating meaningful conversations with legislators who are looking to replicate the fund for teachers who are locked out of home ownership due to the skyrocketing cost of housing. As Ramdoss says, "Our goal is to put ideas out into the world and then disappear. That's what we need to do more of." Having the knowledge that their assets can be used today for the benefit of families tomorrow has been an essential tool that is helping to achieve that goal.

Intermediaries as Long-term Solution for Spend-out

As philanthropy has evolved and the limitations of funders have become more apparent, especially their limited ability to understand the dynamics of communities outside of the places where they live and work, intermediaries have become important actors in the philanthropic landscape. Intermediaries (also referred to as re-grantors) pool assets from funders and distribute grants to a targeted region or community. In addition to providing grants, intermediaries can play a powerful role in building infrastructure and capacity for a movement. They also provide consistency for organizations that can be challenged by grantmakers whose strategies might change over time.

Intermediaries, such as Global Greengrants Fund, whose mission is to mobilize resources for communities worldwide to protect the shared planet and work toward a more equitable world, can serve as a long-term solution for movement building by allowing a sustained and continuous flow of funding to movements. Intermediaries can also provide core grantmaking infrastructure instead of a spend-out foundation, mitigating the potential for unintended consequences of a spend-out strategy that could end up causing nonprofit organizations to use their precious resources managing grants or investments instead of engaging in critical mission work.

> "Activist organizations should not be asked to do the work of a funder and their own work simultaneously. Shifting the power to movements does not mean transferring the administrative and operational work of philanthropy to activists because that would actually reinforce power by exploiting labor-intensive work and distracting activists and movements from their mission and work. An important value of grassroots re-granters is that they put a lot of the work, the time and resources to effectively manage grantmaking models that are accountable to grassroots movements needs and priorities."
>
> *- Laura Garcia, Chief Executive Officer, Global Greengrants Fund*

Deliberate Decision-making on Purpose, Payout, Perpetuity

Perpetuity and payout should naturally follow purpose. The purpose of a foundation or a DAF may be multidimensional. For example, a family foundation may exist to bring family members together around common interests or to teach nextgen family members about ethical philanthropy while also striving to achieve its mission. Getting clear about the purpose of a foundation or a DAF can open up a logical next-order line of questions and answers that can inform decisions around perpetuity and payout.

Understanding the dynamics that affect communities and movements is essential to a determining how to best support and partner with communities. In a recent article in the Stanford Social Innovation Review, Farhad Ebrahimi and Ash-lee Woodard Henderson of the Chorus Foundation, which recently spent down its assets and closed its doors, framed a number of **essential questions** for philanthropists to consider when deciding whether a spend-out is best for them:

- Will this spend-down allow the foundation to support urgent work at a scale and on a timeline commensurate to that urgency?
- Will this spend-down support grantee organizations in raising funds more effectively from other funders?
- Will this spend-down support grantee organizations to engage in activities that make them credibly less dependent on philanthropy moving forward?

Other mission-critical questions may include:

- What is the trajectory of the movements we are working in, and will they be better served by larger investments/grants now or will preserving capital for the long term better serve the movement?
- Do the organizations you may want to invest assets in have the capacity to manage larger pools of assets and, if not, is there a way you and other grantmakers can help them build their capacity to do so over a finite period of time?

For a family that may be interested in philanthropy as tool for intergenerational learning and making a lasting impact, some of the questions that may help to ask include:

- Do NextGen family members have an interest in carrying on the work of the foundation or DAF?
- Do we have a realistic succession plan for managing the foundation or DAF that will keep the work of the entity vibrant for multiple generations?
- Does the foundation or DAF have clarity about the original intent of the founder and is there a clear path for continuing or deliberately evolving that intention?
- What are the financial costs of managing a spend-out vs. managing a foundation in perpetuity?

It is feasible that the answers to the questions above may be at odds with one another or that there may be several focus areas with different trajectories. Multiple entities with different timeframes may be the best choice in such circumstances. For example, Pritzker created the Kataly Foundation with a ten-year spend-out while also continuing to work with her family foundation, the Libra Foundation, which does not have a spend-down mandate. Pritzker notes, "Having both is less dissonant than I thought it would be. Kataly exists in part as a reaction to the boundaries at the Libra Foundation, where there's not a mandate to spend out and we want to be around for the future. Libra is a family philanthropy, and we have a job to do within the existing system. I have come to understand the value of having a foot in both worlds."

When Spend-out Is Your Choice

If you have decided that you want to spend out your foundation or DAF, there are several factors to consider. For example, it is important to construct and communicate a plan that will give you and your stakeholders clarity about what your goals are and what your process will be. Learning from others that have decided to spend out their assets can also be instructive.

Nicholas Palahnuk, CEO of **PhilanthPro**, advises spend-out philanthropists to:

- Set clear expectations with stakeholders, including advisors, family members, and frontline nonprofits.
- Choose a definitive spend-out date.
- Develop a structured financial plan.

CASE STUDY: THE JAMES B. MCCLATCHY FOUNDATION

The Sunrise Plan

An example of a structured spend-out model is the **James B. McClatchy Foundation's Sunrise Plan**, which commits the foundation to fully distributing its resources by 2030. The model of a sunrise is based on the vision of the sunrise beyond the foundation's sunset – an awakening of a new day and a new plan for a thriving Central Valley in California for generations to come.

In the plan, the foundation has established and publicized its timeline and efforts. It lays out a sequenced approach to thoughtfully spending down their assets:

Seed - 2023-2025: Capacity Building. Investing in the vision of Central Valley communities to guide initiatives and infrastructure that have the potential for long-term sustainability.

Cultivate - 2026-2028: Anchor Partnerships. Building organizational capacity and strengthening inclusive collaborations and leadership to drive systems transformations.

Grow - 2029-2030: Sustainability. Scaling up approaches and organizations that have the readiness for greater impact, and the capacity to leverage resources and become self-sustaining.

This model exemplifies how careful planning can make a spend-out strategy successful while fostering long-term impact.

Another approach to spend-out is Gary Community Ventures' focus on transforming systems and building wealth so that all children in Colorado have the opportunity to grow up healthy and reach their full potential. GCV's work is pioneering a range of models that make it possible for every family in Colorado to have assets/minimum wealth on their balance sheet by transferring its assets to the community by 2035. The four core strategies include the following.

Figure 2. Gary Community Ventures Sunset Strategies

01	Individual wealth accounts for children, young people, adults, and families	• Children's investment accounts and trust funds • Broader access to retirement accounts, college savings, and diversified financial assets
02	Broad-based business ownership	• Make ownership and equity for employees universal
03	Real Estate ownership	• Home ownership • Renter wealth through tenant equity • Community owned real-estate
04	Building wealth for community institutions	• Invest in organizations that can carry forward the work in key areas of systemic focus and wealth building

Source: Gary Community Ventures

Both of these models are rooted in a systemic understanding of the challenges and opportunities facing the communities they are working in and provide interesting and unique approaches that are made possible through their willingness to work within a spend-out framework.

Conclusion

The debate over perpetuity and spend-out is not just about financial strategy—it is about values, urgency, and impact. The spend-out model represents a bold shift in philanthropy, challenging conventional wisdom and prioritizing immediate impact over or alongside institutional longevity, but it is not a fit for every situation. In some cases, increasing payout within a perpetuity framework may be a better solution. And in still other situations, maintaining a steady 5% payout may remain optimal. The best option for any philanthropist can change over time, but the determination of the best solution should always be informed by purpose.

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