All giving is oriented in time, just as it is oriented in space. Whether the result of deliberate calculation or subconscious preference, donations reflect a balancing of responsibilities to the present and to the near- and far-term future, much like they do a calibration of the needs of local, regional, national and foreign communities. For much of the last half-century, one institutional approach to thinking through these considerations has dominated the philanthropic sector: the perpetual foundation, whose corpus is held inviolate, while its income is used for grant-making and administrative expenses. It’s a model undergirded by notions of intergenerational equity, in which the claims of the future are weighed against the claims of the future. But it has also become something like the sector’s default setting; as John Healy, the former CEO of Atlantic Philanthropies, noted in a 2004 exchange in SSIR, “perpetuity is almost accepted as an article of faith.” And like other articles of faith, its prevalence might be less a function of active belief than of passive adherence.

Indeed, if, as Peter Frumkin noted in his 2006 Strategic Giving, “the time dimension of philanthropy” has often been the most “overlooked” among considerations of strategic impact, it is likely because one key element of the time dimension has seemed so settled.

That’s why it is important to historicize this presumption in favor of perpetuity, to explore how it arose and to highlight the thinking that it replaced. Indeed, for the first half-century of modern American philanthropy, starting at the first Gilded Age, a more fluid, provisional understanding of foundation lifespan predominated. It’s especially worthwhile to think about how attitudes toward giving in time have changed over time now, since we seem to have entered a period in which those attitudes are once again unsettled. In other words, the time is ripe for a scholarly engagement with the temporal dimensions of philanthropy.

Scholars have traced the practice of leaving property in perpetuity for future charitable or religious purposes to ancient Egypt and Chaldea, though it was not until the Middle Ages that the use of charitable endowments spread widely. In 1601, endowed charities were granted legal codification in England through the Elizabethan Statute of Charitable Uses, which established Charity Commissioners to review disputed trusts. Such legal sanction encouraged their spread. According to one estimate, more than 80% of all the charitable contributions made between 1480 and 1660 in England went to endowments, many of them made in perpetuity.

But a challenge to the predominance of endowments soon mounted. By the eighteenth century, the fear of “mortmain,” the “dead hand” of the past extending its grip into the present and future, which had shaped legal attitudes toward trusts in general since medieval times, had spread to charitable trusts as well. The public increasingly came to focus on the ways in which these trusts, often holding inalienable land, removed resources from the economy. Political economists also began to highlight the deleterious effects of endowments dedicated to causes or institutions that had become obsolete. As John Stuart Mill remarked in a 1833 essay on charitable bequests, it was “folly” to make
“a dead man’s intentions for a single day a rule for subsequent centuries.” In fact, he wrote, “There is no fact in history which posterity will find it more difficult to understand than…the idea of perpetuity.”

Early Americans exhibited many of these concerns, which were reinforced by particularly American preoccupations with the threats to democracy posed by elite associations and concentrated wealth. For most of the nation’s first century, charitable trusts were generally regarded with suspicion, especially in the South, and were associated with the corrupting institutions of Church and Crown that the Revolution had disowned. Early nineteenth century New England did witness the blooming of a handful of large charitable endowments, which provided pools of investment capital for the burgeoning industrial economy. But the surplus wealth in the hands of the nation’s richest citizens was generally modest and most gifts were directed to current uses. It was not until the second half of the century, with the emergence of truly massive industrial fortunes, that legal, economic and intellectual conditions grew favorable enough for the development of large-scale grant-making foundations.

The new class of philanthropists that helmed these foundations surely inherited some of the suspicion of perpetual institutions that had long defined discourse on charitable giving in the nation. On the other hand, they could take as models the innumerable church and college endowments that dotted the landscape—many of which they supported financially and whose leaders they brought onto their boards. They could also look to the few high-profile benefactions that had privileged the needs of the future over the demands of the present, such as Benjamin Franklin’s bequest of £1,000 to the cities of Boston and Philadelphia, to be spent only after a century. Even more significantly, these philanthropists had grand ambitions and often dedicated themselves to the open-ended eradication of social ills, as opposed to their immediate amelioration. Perpetual life therefore held a special attraction to many of them, while its dangers could be mitigated through the expansive charters most designed, whose adaptability and elasticity protected against the grip of the “dead hand.”

However, given this appeal, it is striking to note the variety and indeterminacy of attitudes toward foundation lifespan in this first generation of major philanthropists. There were, of course, some vocal advocates for perpetuity, the most notable among them being Andrew Carnegie, the diminutive Scots-born steel magnate. The lure of immortality certainly drew Carnegie, a man with a genius for self-promotion. But his attraction to perpetuity was also rooted in his liberal faith in human progress. He did not regard his day as embodying some exceptional moment of crisis, but as one chapter in the steady march of humankind to its own perfection. Carnegie assumed that a perpetual foundation would track and aid this grand unspooling of human potential. Only this inordinate hopefulness can explain the proviso he attached to his establishment of the Carnegie Endowment of International Peace in 1919 as a perpetual institution: when war had been abandoned in the future, as he was sure, even in that season of great bloodshed, that it would be, the trustees would direct the Endowment’s funds to “the next most degrading remaining evil or evils whose banishment…would most advance the progress, elevation, and happiness of man, and so on from century to century without end.”

Other prominent Gilded Age philanthropists were more ambivalent about the virtues of perpetuity. The statement often attributed to John D. Rockefeller—“Perpetuity is a pretty long time”—might be apocryphal, but it is clear that Rockefeller had a much
more profound sense of the danger of perpetuity than did Carnegie, as did his many of his chosen philanthropic associates.

Rockefeller did not advocate for “spending-down,” but he designed his foundations to at least allow for that possibility. His institutions were the most prominent early examples of the “optional perpetuity” in which the founder leaves it to the trustees’ discretion to determine the foundation’s lifespan, granting them the power to dip into principal and even to spend the entire corpus. (George Peabody established what is often considered the first modern American foundation, the Peabody Education Fund, as an optional perpetuity in 1867; it closed its doors in 1915).

The Rockefeller-funded General Education Board, established in 1902, spent itself out of existence by 1964; at various points in its first half-century, the Rockefeller Foundation trustees considered doing the same. (In 1910, Rockefeller had in fact been willing to accept a time limit of 100 years for his foundation to secure a federal charter; Congress rejected his request, and in doing so, missed an opportunity to establish limited life philanthropy as a primary template for the embryonic philanthropic sector). At any given moment, the urgency of a particular crisis or opportunity—the aftermath of the First World War, for instance—might convince Rockefeller Foundation leaders of the need to spend from principal; but these occasions did not lead to a definitive embrace or rejection of limited life, or to a decisive tilt in the balance between the needs of the present and those of the future. And although at a 1939 board meeting, trustees did pass a resolution sympathetic to the prospect of a full spend-down, the policy was never pursued.

During the early decades of the twentieth century, it was Julius Rosenwald, the long-term head of Sears, Roebuck, who served as the most aggressive promoter of limited life philanthropy. He established the first foundation to spend itself out of existence based on the instructions of its founder, the Rosenwald Fund. In 1928, he announced that the Fund would be required to close down 25 years after his death (it did so in 1948, nearly a decade ahead of schedule).

Rosenwald’s philosophy of giving was grounded in the conviction that communities should bear as much of the burdens of their own social uplift as possible. These communities were most often defined geographically and so Rosenwald became an early champion of challenge grants, in which in order to receive funding for new school construction, local and state government were required to raise significant funds themselves. But he defined the beneficiary communities temporally as well. Indeed, he considered what he termed “timeliness”—giving rooted in the particular needs of the current moment—to be “one of the basic prerequisites of worthwhile philanthropy.”

Although he was largely responsible for the bureaucratization of Sears’ massive mail order system, Rosenwald suspected the bureaucratization that befell foundations. “As trustees and officers grow old,” he wrote, “they become more concerned to conserve the funds in their care than to wring from those funds the greatest possible usefulness.” Limiting a foundation’s life guarded against this danger.

Rosenwald felt a keen need to promote his views on giving to other wealthy citizens, an imperative he inherited from Andrew Carnegie, the author of the “Gospel of Wealth,” and passed on to many of the current adherents of limited life philanthropy. In doing so, Rosenwald became the nation’s leading critic of perpetual endowments. In a series of articles published in the Saturday Evening Post and the Atlantic Monthly, he laid
out his case against them. He offered not only traditional warnings about the “dead hand” of the past, but also provided the first sustained affirmative brief in favor of limited life philanthropy. It was based both on the natural affinity that existed between a donor and his or her age, and on his sense that “the generations that will follow us will be every bit as humane and enlightened, energetic and able, as we are, and that the needs of the future can safely be left to be met by the generations of the future.”

Rosenwald sent out more than 50,000 copies of his articles to foundation, academic and business leaders, and received responses back that amounted to, in his words, “a chorus of Amens.” He assumed that this initial flurry of support portended a wide-scale embrace of limited life philanthropy. But though he did inspire a few philanthropists to commit to a spend-down, the revolution never arrived.

Perpetuity had sunk its roots too deep in the American soil to be so easily dislodged. What Rosenwald did encourage, however, was the continued indeterminacy of prevailing attitudes toward philanthropic “timeliness.” If, in the middle decades of the twentieth century, many foundations continued to embrace perpetual life, others pushed against the presumption toward perpetuity. In fact, in 1946, two foundation researchers surveying the field noted a trend in “the direction of allowing at least discretionary liquidation.” A 1952 Congressional investigation seemed to confirm this finding, when it reported that a majority of the larger foundations it had probed had charters of this type. At the Rockefeller Foundation, in the 1940s, trustees seriously considered spending down its funds within a quarter-century, and though the policy was never enacted, the question of lifespan remained actively unresolved for the next several decades; in 1964, the board stated that the matter “should be reviewed frequently in the light of changing financial conditions and world needs.” Similar discussions occurred at the Ford Foundation, another optional perpetuity. In 1966, its new president, McGeorge Bundy, declared in his first annual report that “a foundation should regularly ask itself if it could do more good dead than alive.”

By the final decades of the century, many major foundations seemed to have arrived at a settled answer to that question; the presumption toward perpetuity had hardened. What had changed? A series of congressional investigations, begun in the 1950s, placed timespan at the center of debates over foundation legitimacy and promoted time-limits as a remedy to perceived widespread foundation abuses and the inefficiencies of the tax exemption system. These investigations prompted a counter-mobilization by foundation leaders, an effort to develop the protective carapace of a coherent shared sector-wide identity. A defense of the right to perpetuity became a core principle in this campaign.

A 1965 report from the Treasury Department explained the main concerns regarding the prevalence of perpetuity that lay behind the Congressional push to limit foundation lifespan. “It has been contended that the interposition of the foundation between the donor and active charitable pursuits entails undue delay in the transmission of the benefits which society should derive from charitable contributions; that foundations are becoming a disproportionately large segment of our national economy; and that foundations represent dangerous concentrations of economic and social power.” These critiques, advanced by the fiery Texas Democrat, Rep. Wright Patman in the early 1960s, were taken up by a number of senators, including Al Gore Sr., during
deliberations over the legislation that would become the Tax Reform Act of 1969. A 40-year limit on tax-exemption as well as on income, estate and gift tax charitable deductions for foundations made it out of the Finance Committee.

The bill provoked a furious lobbying campaign by foundations and their allies. Opponents of the time-limit provision, led by Minnesota Democrat Walter Mondale, labeled it a “wholesale and indiscriminate 40-year death sentence” that would “destroy” foundations, which were “one of the most creative and dynamic and unique institutions in American life.”

In his remarks on the senate floor, Mondale dismissed the bugbear of the “dead hand,” insisting that the vast majority of foundations had expansive general charters that granted them an impressive degree of responsiveness to the changing times. Indeed, he and his allies argued against the claims by supporters of time-limits that older foundations tended to become sclerotic and ineffective. On the contrary, he argued, the more mature foundations were often those leading the most ambitious programs. If the forty-year time limit had been imposed, he reminded his fellow senators, the Rockefeller Foundation would have closed before it could have sparked the Green Revolution, while the Carnegie Corporation would have shut down before it could have midwifed the birth of public television.

They agreed, however, with the supporters of the lifespan limit that perpetuity should not be granted “unconditionally.” Instead of imposing time limits, they insisted that foundations earn the privilege of perpetual life through a minimum distribution rate (which, after much fine-tuning, was set at 5% of foundation assets). As stated in a report produced by the Peterson Commission, a group of political, academic and business leaders that had first proposed the alternative of a pay-out requirement, it would help prune the sector of foundations that lacked a commitment to the public good and represented a finely-calibrated “balancing of priorities between the present and the future.” Many senators agreed; the amendment to strip foundation time-limits from the Tax Reform Act passed by an overwhelming majority.

The Congressional investigations, with their exposure of deep-seated antagonisms toward philanthropy in certain quarters, unnerved foundation leaders and encouraged the non-profit sector’s coalescence around a defense against threats to its autonomy and challenges to its legitimacy. The right to perpetuity proved central in that campaign, as Alan Pifer, president of the Carnegie Corporation, made clear in an essay written in the midst of those investigations. Against the attacks on perpetuity, Pifer asserted the “unity of charitable organizations.” Of all the nonprofit institutions that relied on perpetual endowments in the United States—schools, museums, churches—only foundations had been targeted for a lifespan limit. That selective censure violated what Pifer insisted was a key principle of the American voluntary system—its uniformity in the eyes of state. But the principle of non-discrimination blurred into a more affirmative vindication: “the principle of the indivisibility of the right to perpetuity of all charitable trusts and corporations,” he wrote, was “one of the most ancient, basic, and well-proven principles of the common law tradition...[which] has been fundamental to the development of a vigorous voluntary sector in this country.”

The 1969 investigations also galvanized the sector’s advocacy organizations, led by the Council on Foundations and, in the 1980s, by the newly formed Independent Sector as well, to uphold the right to perpetuity. Over the following decades, that right’s
inviolability became a key instrument in the sector’s campaign to push back against stricter payout requirements (including calls to prohibit the inclusion of administrative expenses in calculations of payouts). Foundation leaders increasingly invoked the importance of preserving a donor’s intent to endow a foundation in perpetuity, along with research commissioned by the Council on Foundations that suggested that payout rates above 5% would significantly deplete a foundation’s corpus. Leaders of the sector came to treat the 5% payout rate less as the price or proof of perpetuity’s conditional legitimacy, based on a willingness to address current needs, than as the guarantor of perpetual life. In other words, the balance between the present and the future represented by the inclusion of the payout requirement in the Tax Reform Act seemed to tilt toward the years to come.

And so the presumption toward perpetuity grew increasingly entrenched within the sector. But, as we’ve seen, if that status was historically determined, history can also have a hand in its dissolution. There are in fact signs that the last decade has brought about a return to the indeterminacy and fluidity that characterized much of the thinking about foundation lifespan in the first part of the twentieth century.

True, what limited data we have on such attitudes certainly does not show a full-scale rejection of perpetual life. The few surveys of foundation lifespan plans conducted over the last decade (by the Foundation Center and the Urban Institute), suggest that between 8 to 12 percent of foundations have committed to limited life, rates which also match the findings from surveys in the 1980s.

But modest stirrings of change are detectable. A 2015 study of 341 family foundations, for instance, found that while 10 percent of the foundations surveyed planned to spend down their assets within a limited time-span, 19 percent of those formed between 2010 and 2014 reported they plan to do so, compared with only 3 percent of those established before 1970. The Bridgespan Group’s Amy Markham and Susan Wolf Ditkoff recently pointed out that while only 5% of the total assets held by America’s largest foundations in 1960 were in foundations committed to limited life philanthropy, the figure in 2010 was 24% (and the proportion is even higher, they note, when calculated in terms of percent of total giving in the sector, since spend-downs disburse funds at a higher annual rate).

If change is afoot, what might be responsible for it? First, we can point to the emergence of a small handful of high-profile philanthropists who have committed to limited life philanthropy. As the Bridgespan researchers admit, the statistics they cite are warped by the presence of the Bill & Melinda Gates Foundation, the world’s largest. In 2006, the same year that the Gates Foundation received a massive pledge from Warren Buffett of more than $30 billion, the Gates’ determined that the Foundation would close its doors and spend all its assets fifty years after their deaths (in 2013, an adjusted 20-year limit after their deaths was made public).

More than any other modern philanthropist, Bill Gates has evangelized for an urgent, technocratic faith in the radical, transformative possibilities of the present moment. Because of the opportunities available to contemporary donors to make major breakthroughs—eliminating many infectious diseases from the world, for instance—they face a moral imperative to be “impatient optimists,” as the Gates’ term themselves, and to focus their giving in their own lifetimes.
Although the terms of Buffett’s gift require the Gates Foundation to give away each installment within a year of the transfer, given the apparent good health of the founders, the Gates Foundation’s termination date is still well off into the future. On the other hand, Atlantic Philanthropies, established in 1982 by Duty Free Shoppers co-founder Chuck Feeney, will be the largest foundation ever to spend-down when it ends its grant-making at the end of this year. Although Atlantic began its life pledged to anonymity, it has recently embraced a policy of publicly chronicling its journey and of demonstrating how a commitment to limited life has bolstered its impact, which has in turn generated a wave of press coverage of the spend-down phenomena (Atlantic has also supported scholarship on the topic, including my own). Several funders have recently cited the example of Feeney and Atlantic when explaining their own decision to embrace limited life philanthropy.

Two other camps within the philanthropic sector have also chipped away at the presumption toward perpetuity. The first are conservative donors. In the last decades, the preservation of donor intent has served as one of the central principles around which a distinctly conservative philanthropic subsector has rallied. Surveying the history of the sector, conservatives have come to suspect that foundations, over time, most often drift leftward, wafted along by the progressive ideology of most philanthropy professionals (the Ford Foundation serves as their prime cautionary tale). Many conservatives have come to believe that imposing a time limit represents the best means of ensuring that a foundation, dedicated by its founder to free market values, would stay true to them. This line of thinking represents a striking shift in the debates over the merits of perpetuity. The problem with the “dead hand” of the past here is not the power it wields over the future, but the likelihood that its grip will slacken.

Many donors from the tech sector have issued a version of this argument, based less on the desire to propagate a particular ideology than on their regard for their own entrepreneurial talent. Unsurprisingly then, tech entrepreneurs as a class have demonstrated an affinity for both an ethic of philanthropic “timeliness” and for limited life philanthropy. Many of these tech donors made fortunes very quickly and at a very young age. If it has long been assumed that a central attraction of perpetuity is the promise it holds of immortality, and if immortality is most attractive to those most attuned to their own imminent mortality, than perpetuity should offer fewer consolations for those in the flush of relative youth. (Though it is an open question whether their enthusiasm for sowing an institutional legacy through a perpetual foundation will change as they age).

Further, for entrepreneurs in their twenties and thirties, the career of philanthropy that likely awaits them—which could involve more than a half century of active giving—can feel very much like an eternity. The anti-establishmentarian ethos of Silicon Valley, which has led many donors to eschew the construction of large philanthropic bureaucracies in favor of smaller, leaner organizations—or to turn to donor-advised funds—makes it easier to conceive of those institutions as impermanent, and even disposable entities. For these reasons, Napster co-founder Sean Parker has included limited life philanthropy as one essential element of what he’s termed “hacker philanthropy.”

Finally, the weakening of a presumption toward perpetuity might also stem from shifts in beliefs regarding the present’s place in the broader sweep of historical change.
and the urgency of the moral imperatives those beliefs place on donors. The recent threats posed by global epidemics, by environmental degradation, and especially by climate change have stoked a general sense of existential crisis, which call into question the practice of warehousing funds within foundations for future use. Melting ice caps can shift the calculus of intergenerational equity. Similarly, the pall of economic malaise that has darkened many sections of America over the last decade has led to calls for a “faster charity” to meet the exigencies of the moment, to cite the title of one *New York Times* op-ed written in the midst of the 2002 recession. Limited life philanthropy seems especially attuned to these conditions.

There might be good reasons to affirm a commitment to perpetuity in the face of these challenges. And it is quite possible that, even with a few high-profile adherents, limited life philanthropy will not attract a greater proportion of donors in the decades to come. But the challenges are welcome nonetheless, because the more strenuous they are, the more likely the decision to endorse perpetual life will reflect a vigorous engagement with questions of giving in time. Scholars of philanthropy should take an active part in stoking and addressing those questions. The decisions and scholarship that arise will then represent less an “article of faith” than the well-considered response to the question, asked by McGeorge Bundy a half-century ago, of whether a foundation “could do more good dead than alive.”

Benjamin Soskis is a Fellow at the Center for Nonprofit Management, Philanthropy and Policy at George Mason University and the co-editor of *HistPhil*. This article is based on a monograph on the history of limited life philanthropy and the Giving While Living Movement he is completing for Atlantic Philanthropies.