



Tracy | Annual Family Meeting 2024

**TRACY FAMILY
PHILANTHROPY SERVICES PLAN**

SUMMARY

Introduction

Many Tracy family members have expressed a desire for TFF to use its philanthropic expertise to provide support and services for Tracy family members’ personal philanthropy. This document provides recommendations for the design and implementation of new personal philanthropy services delivered through TFF and 3rd party providers.

Definition of Tracy Family Personal Philanthropy

1. Personal giving outside of TFF to DAFs, charities, & personal private foundations
2. Grantmaking through TFF driven by family members’ interests (e.g., Matching Grants)

The Tracy Family Philanthropy Services Plan

In Q4 2024, TFF will begin offering an expanded set of Free TFF Services to the family. In 2025, TFF will also start offering new Paid TFF Services to family members if there is confirmed demand for the services. The Paid TFF Services will be paid for by the Tracy family member that utilizes the services.

Expanded Free TFF Services	Description
Targeted Charity Identification	Upon request, TFF will identify potential grantees for TFF Matching, Next Gen, and Invitation grant programs by sharing TFF grantees organized by topic and geography.
Basic Philanthropic Planning	Upon request, TFF will help Tracy family members draft a personal philanthropic roadmap to help family members identify their charitable passions and potential strategies.
Collaboration Coordination	TFF will track Tracy family members’ giving interests and passions and connect family members for collaborative investments.
TFF Focus Area Research	Upon request, TFF will share existing TFF expertise and research within any of TFF’s 5 focus areas.
New TFF Paid Services	Description
Personal Advised Fund (PAF) Management	A PAF is a restricted fund within TFF that is established by a Tracy family member(s). Under the family member(s) direction, TFF will distribute grants anywhere in the USA. Grants will not be restricted to TFF Focus Areas but must be consistent with TFF values.
Donor Advised Fund (DAF) Management	TFF will manage distribution instructions and reporting for DAFs held at sponsoring organizations on behalf of Tracy family members.
Private Foundation Administration	TFF will provide a menu of services (e.g., grants management, accounting, IRS reporting) to support a private foundation maintained by a Tracy family member.

DETAILED SUMMARY

Background

Since the creation of the Tracy Family Foundation in honor of Robert and Dorothy Tracy, TFF has been the primary impetus for the development of a philanthropic spirit across the Tracy family. The 2019-2038 TFF Long Range Plan identified a potential need for services that could support and increase individual Tracy family member giving outside of TFF. In October 2023, TFF partnered with Boldly Go Philanthropy to determine if and how the Tracy family should roll-out more personal philanthropy services. Boldly Go’s research concluded that the Tracy family would benefit from a more expansive set of personal philanthropy services. For more about the research and findings, see Appendix (pages 6-8).

Implementation Principles

A list of six implementation principles were developed to guide how services should be made available to family members based upon Tracy family feedback.

	Personal philanthropy services should be . . .	What this means....
1	Easy to use and access	Family members know what services they can access and there is a clear entry point.
2	Aligned with existing ways of working	Services build on what is working and are additive, not duplicative.
3	Private by default	Family members opt into what information they share and with whom.
4	Responsive and focused on excellent customer service	Family members receive a level of service beyond a typical DAF.
5	Consistent with TFF values	Family members are free to choose their charitable interests if consistent with the TFF values. TFF Values are outlined on this page: https://tracyfoundation.org/about-us
6	Demand-driven	Paid services will be developed and provided only if there are confirmed family member “customers” to use services.

Expanded Services Inquiry and Launch

Beginning in Summer 2024, TFF will meet with Tracy family members ages 21 and older to discuss in detail the expanded free and new paid service offerings. TFF will begin rolling out the expanded free services in Q4 2024.

During the inquiry for paid services, if TFF receives confirmation that at least one Tracy family member will use any one of the new paid services, TFF will develop the infrastructure for the service and begin offering the paid services in Q2 2025. As part of the paid service design process, TFF will continue to consult with legal counsel to prevent conflicts of interest and self-dealing when providing paid services.

Paid Services Details and Tentative Pricing Details

TFF has begun exploring pricing models for paid services based on experience and comparisons from the field. For most services, pricing will primarily be based upon the TFF staff needed and hours required for staff to deliver services. Tentative billing rates for TFF staff members are below.

Staff Member	Tentative Billing Rate
TFF President	\$100/hour
Program Manager	\$45/hour
Admin/Clerk	\$30/hour

Some services may have additional expenses, such as one-time setup fees. More details about each of the paid service options and tentative pricing follows.

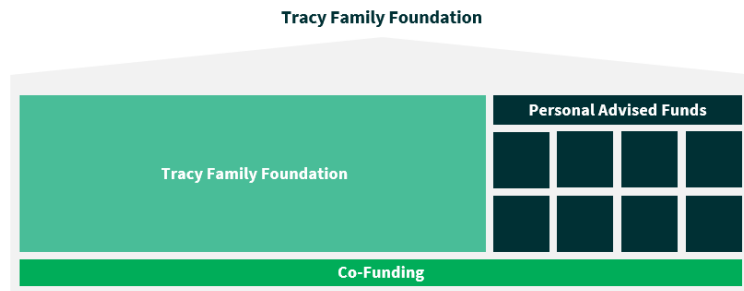
More About Each TFF Paid Service

Personal Advised Fund Management

This is an innovative opportunity for Tracy family members to have a restricted TFF account that would allow the foundation to manage Tracy family members’ personal charitable passions with high-touch customer service. Personal Advised Funds (PAFs) will be structured similarly to donor advised funds (DAFs) provided by community

foundations, and can support grantmaking outside of TFF focus areas. After a family member contributes to the account, TFF will distribute grants with the family member’s direction. TFF can also help family members identify grantees and measure charitable impact, though

some services may require billing at staff hourly rates. The minimum amount to establish a PAF will be \$25,000. A PAF may be established from funds pooled from more than one family member. At least 5% of the PAF balance must be distributed annually to public charities. Grants from the fund must be for at least \$1,000 each. The table below provides the tentative pricing for PAFs. These expenses, as well as any other PAF grantmaking expenses, can be paid from the PAF.



Expense	Tentative Fee
Fund Establishment Fee	\$1,000
Annual Maintenance Fee	\$1,500
Investment Management and Excise Tax	Proportionate share of TFF costs
Grant Transaction Fee*	First 15 free; then \$50 per grant

*Includes basic grant distribution only. Additional consultation, research, impact reporting, etc. may require billing at staff hourly rates

External Donor Advised Fund Management

TFF will provide staff support to manage a DAF maintained by a Tracy family member at a sponsoring organization (e.g., Fidelity Charitable, community foundations). TFF staff time will drive pricing. The table below provides the tentative pricing for external DAF fund management.

Expense	Tentative Fee
One-Time Relationship Setup Fee	\$500-\$1,000
TFF Staff	Hourly billing rates
Overhead & Expenses	Varies based upon service

Private Foundation Administration

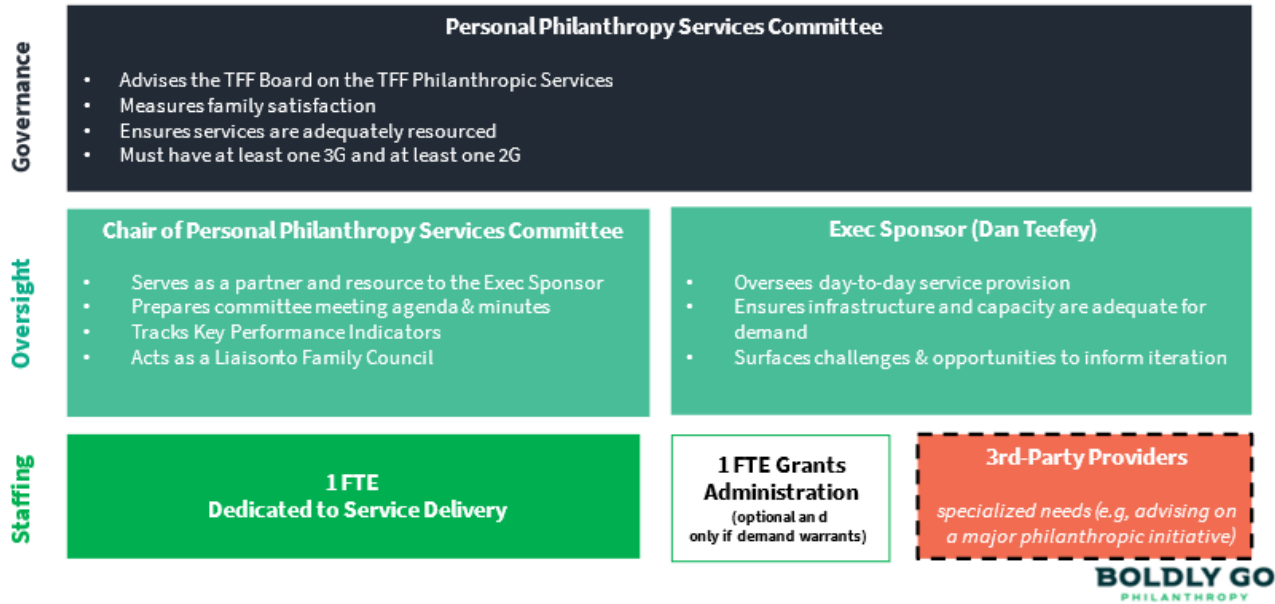
TFF will provide a menu of services to support a private foundation (PF) maintained by a Tracy family member. A private foundation that engages TFF to manage their PF will select the services they need and want. Examples of services include staff support, board meeting preparation, process and procedures, grants management, grants distribution, accounting, issue or topic research, and IRS and state reporting. Pricing will primarily be driven by TFF staff time, but some services may need to be provided by 3rd-party providers, which would have their own fee schedules. For example, if a Tracy family member’s private foundation would like TFF to oversee the preparation of the 990-PF, the private foundation would incur expenses for both TFF staff time and the 3rd party provider who prepares the 990-PF. A Service Agreement would be drawn up that clearly outlines the agreed upon services between the TFF and the Tracy family member’s Private Foundation. The table below provides the tentative pricing for private foundation management.

Expense	Option 1: Managed by TFF	Option 2: Managed by 3 rd -Party with Support from TFF
One-time Relationship Setup Fee	\$2,500-\$5,000	\$1,000-\$2,500
TFF Staff	Hourly billing rates	Hourly billing rates
Overhead & Expenses	Varies based upon service	Varies based upon service
3 rd -Party Provider	Not applicable	Varies based upon service

Governance & Oversight

It will be critical to have dedicated oversight of expanded and new services to continually assess what is working well, where there is room for improvement, and relevance of the personal services that TFF is able to offer to the Tracy family. A Steering Committee and the TFF President will assume responsibility of overseeing the Personal Philanthropy Services.

A dedicated steering committee and an executive sponsor on TFF staff will oversee services. TFF will determine staffing required based on demand for services.



Timeline

Activities	Q1	Q2	Q3	Q4
2024				
Share Plan with family at AFM in May				
Meet with individual family members to explain the available services and confirm whether family members plan to utilize any paid services				
Draft a Job Description for Staff Position(s) to support Personal Philanthropy Services				
Prep internally to rollout expanded free services and paid services, including internal policies. Populate the Personal Philanthropy Services Committee and identify the Chair. Launch expanded free service – Targeted Charity Identification - in Q4 2024				
Allocate or hire the needed TFF staff capacity to deliver the services				
2025 and Beyond				
Continue internal prep to prepare rollout of paid services				
Launch paid personal philanthropy services. Hire an additional grants administrator if demand warrants the additional support. Personal Philanthropy Services Committee monitors usage and overall satisfaction with services.				

What Success Looks Like

The overall goal of providing personal philanthropy services is to increase Tracy family philanthropy.

The Personal Philanthropy Services Committee will set success metrics prior to services launch and agree upon goals for growth in personal and collaborative philanthropy. Key Performance Indicators (KPIs) will be centered on the original goals TFF sought to achieve in establishing a personal philanthropy services framework. Below are examples of some potential KPIs.

- **Efficient** | # and % of family members who report that the services have made their giving easier and thus less stressful and time-consuming.
- **Effective** | # and % of family members who access the new and expanded services.
- **Collaborative** | # of collaborative projects (service projects and funding projects).
- **Impactful** | Total \$ supported by one or more services and contributed collectively through Tracy family Personal Advised Funds, check writing, DAFs, and Private Foundations.
- **Strategic** | # and % of family members that participate in Philanthropic Planning and note that their giving is more strategic.

Formal and informal interviews with family members to understand levels of satisfaction can also help measure the success of TFF's new and expanded services. Through regular monitoring and communication with users during 2025, the Committee can best adapt services, pricing, and delivery for 2026 and beyond.

TFF reserves the right to amend details of this plan (services and fees) at any time in response to staff capacity, true costing, legal advice, family demand for services, or family circumstances.

APPENDIX

RESEARCH

Process

Boldly Go designed a research process that leveraged the existing research conducted by TFF, captured the family's motivations and preferences regarding personal philanthropy services, and drew from the experience of other multi-generational families. TFF established a Steering Committee of TFF staff and family members who represent multiple family lines and two generations.

Key areas of research and analysis included:

- **Steering Committee Workshops:** Facilitated four workshops to better understand the need for personal philanthropy services and co-develop recommendations.
- **Family Interviews:** Conducted 16 interviews with members from 11 family branches. Met with up to two family members per interview.
- **Document Review:** Reviewed TFF's work to-date on personal philanthropy services.
- **Benchmark Family Examples:** Interviewed and researched four peer families who have developed personal philanthropy services for their family.

Findings

Below are the key findings from Boldly Go's research and interviews with family members, which provide the basis of our plan:

- Most family members expressed interest in receiving additional support for their personal philanthropy. Most agreed that personal philanthropy services would increase overall family giving in the long-term, reduce administrative and operational burden, increase opportunities for collaboration, and result in more cost effective and less time intensive philanthropy for family members.
- The most requested services were Grants Administration and Management, Nonprofit Research, and Collaboration Support for shared family philanthropic investments.
- There also appears to be an immediate demand for cost effective, value added, administrative services for 2G private foundations.
- Family members are at different points on their personal philanthropic journeys. We expect uptake of services to increase over time as family members have greater resources and time to dedicate to their philanthropy.
- While 2Gs may be early adopters, it is important for services to be built to serve the needs of 3Gs and beyond.
- Family members trust TFF. It makes sense to embed personal philanthropy services in TFF. However, over time, who provides services may need to evolve to support family members' philanthropy outside of TFF.
- Family members were supportive of a pricing model that did not make cost an impediment, while being fair and transparent to the family at-large.
- Most family members lean towards keeping the organizations they personally support and how much they support them private with the option to opt into family-wide sharing.
- **Conclusion:** Boldly Go's research concluded that the Tracy family desired a more expansive set of personal philanthropy services.

Tracy Family Members Engaged During Project

<u>Steering Committee</u>	<u>Interview Participants</u>
Dan Teefey	Don Tracy
Jean Buckley	John Tracy
Linda Tracy	Dick Tracy
Ben Tracy	Joe Tracy
Megan Costigan	Pat and Jane Tracy
Angie Schlater	Jim Tracy
Susan Stamerjohn	Jay Sullivan
	Scott Stamerjohn
<u>Focus Group Participants</u>	Jane and Fred Schmidt
Brian Buckley	Liz Tracy
Jane Schmidt	Erin Bird
Catherine Tracy	Catherine and Micaela Tracy
Don Tracy	Kristin Tracy and Ellie Stamerjohn
Joe Tracy	Ryan Tracy
Kristin Tracy	Teresa and Samuel Sullivan
Pat Tracy	Anne and Ray Capestrain

Potential 3rd-Party Providers

Some services will be beyond in-house services that TFF can provide due to self-dealing issues and capacity. TFF will be happy to connect Tracy family members to 3rd party providers who could provide the needed services. There are many 3rd party providers with different specializations and varying price points, from individuals working independently to large firms. The providers listed below are only examples and have not necessarily been reviewed and evaluated by TFF yet.

Type of Service	Description of Service	Example of Providers
Private Foundation Management	Outsourced 3rd-party management of private foundations. Typical services: Grant due-diligence, processing & management; compliance oversight; tax preparation.	<ul style="list-style-type: none">• Boldly Go Philanthropy• Foundation Source
Financial	Administration of financial management such as bookkeeping, audit, 990 filing, etc.	<ul style="list-style-type: none">• Beckwith & Brown,• Grey, Hunter, Stenn
Legal	External legal expertise to weigh in on complex questions and/or provide ongoing legal advice on governance, compliance, etc.	<ul style="list-style-type: none">• Morgan Lewis• Adler & Colvin• Dechert
Strategy	External support on strategy, programs, and/or operations.	<ul style="list-style-type: none">• Winding River Advisors• Boldly Go Philanthropy