

# ATLANTIC REPORTS

INVESTING IN CHANGE

## Turning Passion Into Action: Giving While Living



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### About This Publication

The Atlantic Philanthropies is an international foundation dedicated to making lasting changes in the lives of disadvantaged and vulnerable people. In keeping with the Giving While Living philosophy of our Founding Chairman, Chuck Feeney, we are spending all of our remaining assets and will close our doors by 2020. Like our founder, we at Atlantic believe that we must address the urgent social inequities and injustices of our time without delay.

This publication describes the growing trend of Giving While Living, shares the stories of some of the philanthropists who, like Mr. Feeney, are giving generously in their lifetimes, and offers some tips and

resources for those who may be interested in embarking on a program of Giving While Living. The profiles in this publication demonstrate the wide range of factors that could motivate one to give.

Of course, Giving While Living is just one of the ways in which high-net-worth individuals and families can choose to engage in philanthropy, and it isn't for everyone. Many of the questions, suggestions and resources referenced in this publication are relevant to any strategic philanthropist, not just those committed to Giving While Living. And we believe you'll find the philanthropists' stories as inspiring as we do.

*Note: The Atlantic Philanthropies does not endorse any of the organizations cited in this publication.*

**Cover Images:** Chuck Feeney, Founding Chairman of The Atlantic Philanthropies, supports constructing or improving medical facilities like the Cardiovascular Center of the Hue Central Hospital in Hue City, which is the only heart center serving the 25 million people of central Viet Nam. **Inset Photo:** At left: Dr. Bui Duc Phu, Director of the hospital, gives Mr. Feeney a tour of the hospital's new wing in late 2005. Photos by Dr. Le Nhan Phuong.

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*In 1996, Mr. Feeney sells the Duty Free Shoppers interests of The Atlantic Foundation to LVMH, a leading luxury goods retailer. Harvey Dale, his legal advisor and current director of the foundation, is standing behind him. Photo by Alan Parker.*

## **Turning Passion Into Action: Giving While Living**

“I had one idea that never changed in my mind —  
that you should use your wealth to help people...”

— Chuck Feeney

In 1984, at the age of 53, Charles F. “Chuck” Feeney, co-founder of the Duty Free Shoppers Group, irrevocably transferred his business interests, then conservatively valued in the hundreds of millions of dollars, into a foundation that he had started two years earlier.

He was inspired by the writings of Andrew Carnegie, who believed that surplus wealth should be given away while one is alive to those who can use it well. Mr. Feeney, born to a blue-collar family during the Depression, felt that he had far more money than he needed and he wanted to share it right away. In his view, the problems of today can't wait. “If I have ten dollars in my pocket, and I do something with it today, it's already producing ten dollars' worth of good,” he says.

From the beginning, Mr. Feeney approached his philanthropy in the same manner that he had built his business: He looked for opportunities where his money could have an impact, identified partners who thought as he did, and then committed substantial resources. His international foundation, The Atlantic Philanthropies, followed his lead, beginning with a focus on higher education and the philanthropic sector, and later expanding its initiatives into four areas: aging, children and youth, population health, and reconciliation and human rights. By 2002, it had made grants totaling \$2.5 billion. In that year, Atlantic's Board determined that, in keeping with Mr. Feeney's Giving While Living philosophy, it would spend down its remaining assets and close its doors by 2020. It will be the largest foundation on record to do so.

This publication explores the practice of Giving While Living as exemplified by Mr. Feeney's distinctive story in contemporary philanthropy. At Atlantic, we define Giving While Living as the decision by a donor to spend his or her philanthropic resources while alive, and generally, but not necessarily, with the donor's active participation in the giving program. We respect that this form of philanthropy isn't for everyone and that there are many ways to give and be effective. The intention of this publication is to inspire individuals at varying levels of wealth to follow Mr. Feeney's example: to actively devote their funds, skills and time, and receive enormous satisfaction in the process. While this publication focuses on U.S. donors, high-net-worth individuals around the world are adopting the practice of Giving While Living.

This report shares profiles of 11 philanthropists who have taken a variety of approaches to Giving While Living. They are men and women, at different life stages, with different levels of wealth. They are using a wide array of methods to tackle difficult problems. Some are using established channels, while others have developed their own vehicles for giving or founded their own institutions. All have adopted an active approach to giving, and find it a meaningful, if not central, part

(continued on page 5)

Sharing the Wealth Right Away:

# Chuck Feeney

Entrepreneur Endorses Giving While Living



Photo by Peter Foley.

After transferring his business interests to The Atlantic Philanthropies in 1984, Mr. Feeney, who came from a blue-collar New Jersey background, chose to keep private the transfer of his assets and his giving for 13 years. When the Duty Free Shoppers Group was sold in 1997, Mr. Feeney and the Atlantic Foundation's Board of Directors went public about the existence of Atlantic. Even after that, grantees were not permitted to acknowledge Mr. Feeney's gifts; indeed, they were not even allowed to recognize him publicly when he visited. In 2001, Mr. Feeney and Atlantic ceased anonymous grantmaking, for the sake of transparency and with the hope of encouraging other wealthy people to explore Giving While Living.

Mr. Feeney, a first generation Irish-American, was the first in his family to attend college. He graduated from the Cornell University School of Hotel Administration on the G.I. Bill, and feels that his education played a key role in his success. In his

early days of giving, Mr. Feeney became a major contributor to Cornell, and then branched out to other higher education institutions that he felt could particularly use an infusion of funds. This focus on higher education reached its zenith in Ireland. Mr. Feeney realized that the severely underfunded university system there was holding the country back. His strategic contributions in this area, eventually totaling \$750 million, and a groundbreaking partnership established with the Irish government, sparked a renaissance in Irish higher education that aided the growth of international investment in the country and its subsequent economic boom, which faltered in the recent global economic recession.

Atlantic's areas of concentration gradually expanded. The Foundation followed Mr. Feeney's particular interests, such as Viet Nam, where Atlantic has invested in a thoughtful series of health and education projects. Mr. Feeney is glad that he started the process early in his life and had time to identify the right opportunities for his giving. "It's a lot of work when you are over 65 to start a giving program," he says. "It doesn't happen overnight. If you want to give it away, think about giving it away while you are alive because you'll get a lot more satisfaction than if you wait until you're dead. Besides, it's a lot more fun."

Gara LaMarche, Atlantic's President and CEO, says that when the Foundation decided to carry Mr. Feeney's philosophy of Giving While Living to its logical conclusion and spend down all of its assets, it also narrowed its strategic focus to four program areas in which Atlantic believed it could have an impact in its limited lifespan. To accomplish its mission of bringing about lasting, systemic changes in the lives of disadvantaged people, Atlantic is committed to a social justice approach to giving, increasingly supporting programs that help shape public policy and incorporate advocacy by those most affected by the policies that need to be changed.

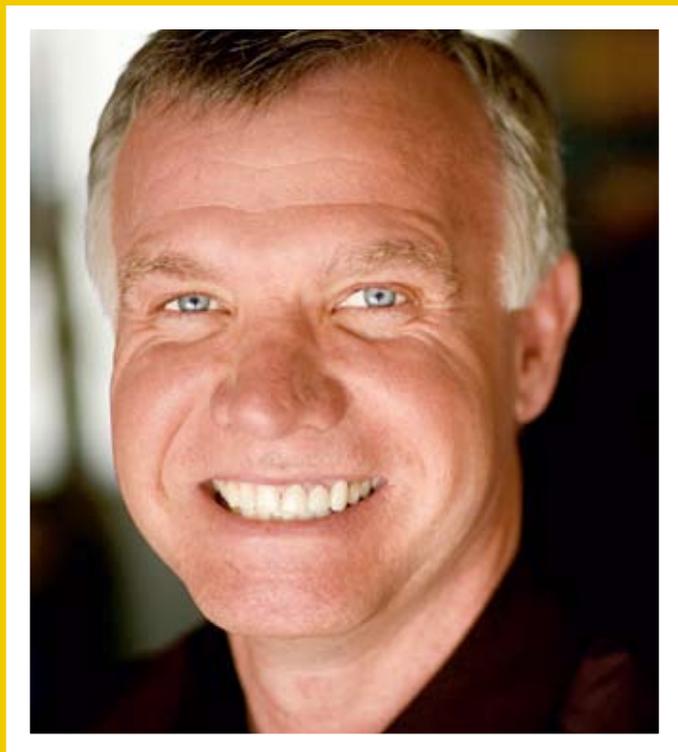
"The problems of the world are urgent, and we believe that we will have a greater impact by investing now rather than later on," Mr. LaMarche says. "Training more resources now on building health-care infrastructure in the developing world, for example, or providing opportunities for middle-school kids to excel, can have a big impact on society later."

He points out that Atlantic, the Gates Foundation and George Soros's Open Society Institute did not exist 25 years ago. "In another 25 years, there will be other resources available, so why not do what we can in our lifetime to make an impact on social problems?" □

Motivated by a Cause:

# Tim Gill

Local Election Disappointment Spurs Broad Support to Reduce Discrimination



*Photo courtesy of the Gill Foundation.*

Tim Gill, the software entrepreneur who invented the page layout program Quark, was galvanized to become a philanthropist by a cause close to his heart. In 1992, at age 38, he gave \$40,000 to a campaign to fight the adoption of an amendment in his home state of Colorado that would remove all legal protections from gay people. It was the first time he had given more than a couple of hundred dollars to anything. Mr. Gill recalls: “We lost the campaign, though the amendment was subsequently overturned by the U.S. Supreme Court. It made me very depressed. My business partner suggested that I could publicly announce that I would give \$1 million to convince people that discrimination in any form was wrong. I thought \$1 million was a lot of money because I hadn’t paid any attention to how much money I actually had. Once I figured out that I could afford that, and more, I started the Gill Foundation to work on gay civil rights.”

Mr. Gill sees the need as urgent and immediate. The Gill Foundation, which was founded in 1994 and in 2008 gave grants totaling just over \$10 million, is to spend out within 20 years of Mr. Gill’s death. He continues to add to the foundation’s assets, and is using his money to attack homophobia and other forms of discrimination as well. A separate entity, the Gill Action Fund, a 501(c)(4)<sup>1</sup> that he funds quarterly, exists, Mr. Gill says bluntly, “to promote good legislation and stop bad legislation. That typically involves helping good politicians and getting rid of bad politicians.” A third entity is an operating foundation that runs such programs as Outgiving, which works to build and improve the network of funders for lesbian, gay, bisexual and transgender civil rights efforts. Mr. Gill is its Chairman; staffers run the different operations. For all, the goal is the same.

“If gay people are closer to being treated equally in this country, then we are achieving our goals,” Mr. Gill says. “I get satisfaction when our goals are met. I also get satisfaction when we confound our enemies or, better yet, when we find a way to turn them into our allies.” □

<sup>1</sup> Contributions to 501(c)(4) social welfare and advocacy organizations are not tax-deductible. A U.S. donor who wants to affect policy change might consider contributing to 501(c)(4) efforts, particularly after he or she has already exceeded the tax-deductible limit for charitable giving.



*Melinda and Bill Gates visit grant recipient Manhica Health Research Centre in Mozambique, Africa. The centre was one of many malaria research projects supported by the Bill and Melinda Gates Foundation. Photo by Naashon Zalk.*

of their lives. Their stories suggest the range of possibilities available to philanthropists or potential philanthropists. In addition, the report offers resources and tips for how to embark on a program of Giving While Living.

## **Giving While Living: A Growing Trend**

Giving While Living is becoming an increasingly popular option for high-net-worth individuals. Most famously, Bill Gates, the founder of Microsoft, has committed enormous resources to his philanthropic efforts. In 2008, Mr. Gates stepped away from his day-to-day responsibilities at Microsoft to devote himself full time to the work of the Bill and Melinda Gates Foundation, which then held assets of close to \$30 billion and awarded about \$2.8 billion in grants that year. Two years earlier, he had announced that the foundation would close 50 years after the death of the last of its three current trustees — Mr. Gates,

his wife Melinda French Gates and Warren Buffett, who in 2006 pledged to augment the foundation's grantmaking budget with 10 million shares of Berkshire Hathaway stock, a gift then valued at \$31 billion.

Mr. Feeney, the Gateses and Mr. Buffet are three of the most dramatic examples of Giving While Living in what some might call the new Golden Age of Philanthropy. The last such Golden Age was launched by wealthy American industrialists and bankers like Mr. Carnegie, John D. Rockefeller and Andrew Mellon at the beginning of the 20th century. In 1917, Sears, Roebuck and Co. President Julius Rosenwald and his family established the Rosenwald Fund, the first spend-down foundation on record. The fund gave away all of its assets, granting over \$70 million primarily to public schools, museums and African-American institutions, and closed its doors in 1948. Now, entrepreneurs and financiers who amassed enormous fortunes in technology and finance at the end of the 20th century, as well as people who inherited large sums of money, are turning their attention to the world's problems, seeking to make headway in solving them during their lifetimes.

Melissa Berman, President and CEO of Rockefeller Philanthropy Advisors, an independent, nonprofit firm that advises donors, sees Giving While Living as a powerful trend today. "People have a sense that philanthropy has the potential to make progress on difficult issues," she says. "That sense of optimism encourages people to say that it makes sense to do more funding in the shorter term rather than in the longer term.

"We see, increasingly, an unwritten but broadly shared expectation among families of wealth that philanthropy is supposed to be part of life, and that the family should be productively engaged in it," Ms. Berman says. "It doesn't start at retirement. People in their 40s and 50s want their children to be involved in philanthropy with them. Because they think of it as an integral part of their lives, it's more than just writing a series of checks."

Eric Kessler, founder of the philanthropy advisory firm Arabella Advisors, says that his "younger, more entrepreneurial clients" tend to be interested in Giving While Living. "It makes sense from a psychological perspective. These are risk takers. They move fast, and they are looking for a return in their philanthropy. They earn money on Monday, and start giving it away on Tuesday. They're not in it for the legacy, but for the "impact," he says.

“These new-style donors think of projects — multifaceted, multipronged efforts that involve significant capital — so they are more likely to invest capital, not just income,” adds Ms. Berman. “Many of these newer donors also have a lot of confidence. They’ve made a fortune, and they believe that the next generation will make its own.”

Jane Wales started the Global Philanthropy Forum in 2001 to engage the newly wealthy of Silicon Valley in Giving While Living. “These people were generating a lot of wealth, but they were not distributing it,” she says. “There was some giving to their alma maters or their children’s schools, but it wasn’t about systemic change, and it was modest, given what they were generating.”

One entrepreneur, then in his early 50s, was planning to leave his wealth in a foundation for distribution after his death. So Ms. Wales invited him to a meeting. “He walked into a room that was full of people, most of whom were younger than he was. He said to me, ‘Jane! I don’t have to die!’ While he will die one day, he does not have to wait to start giving. He and his wife set up two foundations, and they have made philanthropy a second career. I suspect it made a huge difference that he saw people like himself who were wearing tee-shirts and jeans. They were giving. They weren’t yet grandparents, and they certainly weren’t dead.” Ms. Wales says that the Global Philanthropy Forum was able to attract 583 participants to philanthropy within 18 months, far outstripping her expectations. Today, the Global Philanthropy Forum is an important resource and learning network for donors.

Anecdotal evidence of a new interest in Giving While Living is borne out by studies. “Wealth and Giving by the Numbers,” published in 2006 by the Center on Wealth and Philanthropy at Boston College, found that the majority of high-net-worth individuals in the survey planned to do most of their giving during their lifetimes. These individuals saw philanthropy as a second or third career, and many worked simultaneously on accumulation and giving.

The economic downturn of 2008 has not necessarily discouraged such givers. Many recognize that their money is worth even more to recipients when times are difficult. Hedge fund manager Kenneth Nickerson, 46, who started the

Eos Foundation to fight poverty in Boston, saw the foundation’s endowment drop 30 percent in 2008, so he and his wife put in another \$10 million — about a quarter of their wealth — to recapitalize it. In May 2009, the Robin Hood Foundation’s annual benefit and auction raised more than \$72 million to target poverty in New York, the highest ever for the group. In March 2009, after The Atlantic Philanthropies pledged a \$125 million matching gift to a California medical center, its largest single grant ever, Mr. Feeney told *The New York Times*, “Just think, if wealthy people had given away more of the money they had over the last decade, they wouldn’t have lost it.”

## Motivations for Giving While Living

The impetus for Giving While Living may spring from any number of directions. Mr. Feeney is among the high-net-worth philanthropists who enjoy the satisfaction of sharing their good fortune with people who have not had the same opportunities in life. Software entrepreneur Tim Gill and other philanthropists choose to dedicate their giving to particular causes or social issues that inspire them, often due to personal experience. Others wish to go beyond making and giving money to use their business or professional expertise to address urgent social and other problems. The range of motivating factors is broad, but the end result is a commitment to giving away one’s money during one’s own lifetime.

While Mr. Feeney, Mr. Gates and Mr. Gill had vast resources that they could put to work to initiate their philanthropic efforts, many people with widely varying levels of net worth are also spurred to action by the urgency of current problems and the desire to help solve them now. Though sometimes social change may take generations, these philanthropists feel optimistic about the possibility of change, and their ability to help make it happen. In this way, many funders become increasingly strategic in their giving and goals. Furthermore, wealthy people who take up philanthropy often find satisfaction in their giving that they experience in no other realm.

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*Thanks to advocacy efforts supported by the Gill Foundation and a U.S. Supreme Court ruling in April 2009, (back left) Stephanie and Mary McFarland were able to marry legally in Iowa, and they now enjoy the protections and benefits of a typical family for themselves and their adopted daughters: Audrey (left) and Francis. Photo courtesy of the Gill Foundation.*

## Family Giving With a Donor-Advised Fund:

**Arnold Zaslow**

Three Brothers and Their Families Give Locally with a Personal Touch

At 78, Arnold Zaslow is still running the family business in Pennsylvania, ATD-American, which sells institutional furniture and equipment. He had long been a self-described “check-writing donor,” and in 1997, a big income year, he and his two brothers looked into setting up a foundation to provide a vehicle for philanthropy and to recoup a tax benefit. “If we were ever going to put money away for charity, that was the year to do it,” Mr. Zaslow says.

However, the reporting and filing requirements for a foundation seemed onerous to them. They opted to create a \$1.5 million donor-advised fund at the National Philanthropic Trust and added more assets in 2002 to make some larger grants. The brothers’ spouses and nine children are included in the decision-making process. “We never set a budget,” Mr. Zaslow says. “If a project comes up and we’re able to afford it, we’ll fund it. If we run out of dollars in the fund and can afford to put more in, we will do so, until we die.”

The Zaslows’ giving is local and personal, often reflecting, he says, “the grateful patient syndrome” with gifts to medical facilities and research. Some have a special twist: One hospital received an endowment that provides massage and reflexology treatments for its 500 nurses. At another hospital, the Zaslows built a fitness center that is open free of charge to all the personnel, from doctors to custodians. “My brothers and I get to use it too, and when we go, and overhear others talking about it, it makes us feel good to hear how pleased people are to have it. That’s one selfish advantage of Giving While Living rather than after your death — there’s enormous gratification in seeing projects come to fruition that wouldn’t have happened had you not provided the resources. Also, when you see what happens with your money, it’s an inspiration to give more in the future.”

Involving the next generations in Giving While Living helps train them in the values of thrift, hard work and generosity that he inherited from his parents, says Mr. Zaslow. His thoughts about inheritance follow suit. “I feel like Warren Buffett does — I want to help my children and their children, providing bequests that help them achieve their objectives, but are not of such magnitude that it would ruin their spirit and discourage them from being productive,” he says. □



From left are Jerry, Arnold and Spencer Zaslow. Photo courtesy of Arnold Zaslow.

# Strategic Giving While Living

Generous people usually begin their philanthropy by giving to their favorite worthy causes. Many, if not most, individuals with means have practiced giving in various forms: a check to a favorite charity, a table at a benefit to oblige a friend or colleague, a gift to an alma mater, and, perhaps most commonly, a contribution to a religious organization.

Over time, many donors who want to increase their giving choose a focus and become more strategic. In general, Giving While Living involves planning how best to employ one's resources, talents and passions in giving. As is true for any good philanthropic grantmaking, problem solving is at the heart of strategic philanthropy. Once a donor knows what he or she wants to accomplish, they can develop a plan with realistic goals and benchmarks, follow it through, and enjoy the satisfaction that comes from seeing the results of their investment. Of course, achieving impact is never a guarantee, but strategic planning offers the best chance for a donor to see positive results from their giving.

In his article "Catalytic Philanthropy,"<sup>2</sup> Mark R. Kramer, Co-founder and Managing Director of FSG Social Impact Advisors, tells the story of Bob Pattillo, an Atlanta real-estate developer with a small family foundation, whose goal was to increase access to microfinance in the Middle East. Mr. Pattillo used a variety of means, including commissioning the translation of microfinance literature into Arabic, organizing a conference, sponsoring research about the need and opportunity in Arab countries and bringing it to the attention of global microfinance lenders, and nurturing the growth and development of the only coordinating agency in the region. After seven years, with an expenditure averaging \$400,000 a year, the number of Arab microfinance borrowers had increased from 40,000 to 3 million.

This example illustrates how one donor, with a relatively small investment, achieved impact by taking responsibility for his philanthropic project and its results and by using a variety of available tools and resources to pursue his goal. An example of strategic giving at the local level is the Zaslow brothers (profiled on page 8), who made a modest donation to build an exercise facility in a hospital free-of-charge to all personnel, and now get satisfaction from seeing the staff stay healthy. For

## Some Reasons for Giving While Living

- Urgent problems that require investment now rather than in the future
- Sense of obligation, faith-based or otherwise, about sharing wealth
- Wish to personally direct one's giving and enjoy the satisfaction that the results bring
- Opportunity to have philanthropy as a second or third career
- Desire to use one's own skills and experience to tackle problems
- Concern about "mission drift" after the donor's death
- Confidence that future generations will make their own fortunes, and use their money to address the problems of tomorrow
- Concern that burdening one's children with excessive wealth will sap their motivation

them, strategy paid off. "Achieving change doesn't mean you have to write a \$100 million check," Mr. Kramer says. "This is about showing high-net-worth donors their power. They get actively engaged. They think, 'I'm going to find solutions...' It is so much more fulfilling, and it is motivating."

## What to Do? Identifying Passions and Goals

Giving While Living requires donors to look inward and determine their own motivations, expectations and goals. Advisors stress that it is critically important to identify one's passions and goals as a donor and then determine the most effective

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<sup>2</sup> Published in *Stanford Social Innovation Review*, Fall 2009.

Researching Philanthropy Targets:

# Wynnette LaBrosse and Darlene Daggett

Philanthropists Devote Time and Resources to Learn How to Best Apply Their Money

Wynnette LaBrosse and Darlene Daggett are in their mid-50s and have embarked on major Giving While Living projects. Ms. LaBrosse's Open Square Foundation, a supporting organization (see page 22) at the Tides Foundation, is focused on women and girls, particularly violence against women. Ms. Daggett, a former president of QVC Inc., has embarked on a new full-time, self-funded project, Ikatu International, creating youth employment opportunities in the developing world. Each went through a concentrated process to figure out where she would commit her philanthropic efforts.

Ms. LaBrosse, who began her philanthropy work in 1999 with her former husband when their Silicon Valley startup went public, changed direction in 2007. With the help of Executive Director Richard Matgen, she spent a year of focused soul-searching about how to target her philanthropy. "It was the most fulfilling journey that I have ever experienced other than raising my children," Ms. LaBrosse said. "Dick asked five questions: What is love to you? What is compassion to you? What makes you angry? What are you afraid of? and What is beauty to you?"

"When I was not afraid to admit that I didn't know what caused my personal fear and anger, and not embarrassed to say what I loved or what was beautiful to me, I was freed from a lot of stigmas. Open Square was born out of that. It is crucial for people to have a voice about what impacts their life," she says.

Through this process, Ms. LaBrosse recognized that partnerships are key in her entrepreneurial approach to complex problems, and that challenges facing women and girls must be addressed now. Both concepts motivate her to achieve her goals while she is alive and led her to double the size of her foundation, which now manages assets of \$25 million.

Also in 2007, Ms. LaBrosse moved her grantmaking funds to Tides, whose progressive mission was closely aligned with her own. Recent grants include a large capital gift to the Family Violence Prevention Fund and a substantial commitment to the International Rescue Committee for its work in the Democratic Republic of the Congo, combating rampant violence against women. Open Square's funds are not handled as an endowment: Ms. LaBrosse intends to spend its assets and add even more of her personal wealth

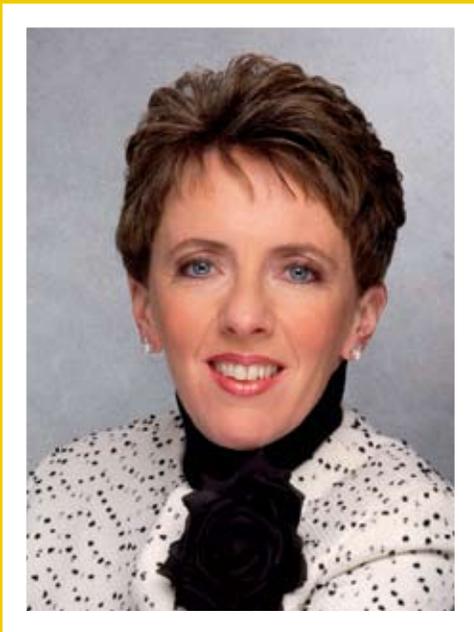


Photo courtesy of Wynnette LaBrosse.

on these issues during her lifetime. "I am committed to this for the rest of my life. I will be intimately engaged with it for the long term. These are hard problems. It is my very deep-seated passion to fund this for as many years as it takes to make significant impact."

In contrast, Darlene Daggett embarked on her philanthropic journey with great certainty, but very quickly changed course. The mother of several adopted Vietnamese children, Ms. Daggett had decided to leave QVC and dedicate herself to a new task: setting up an alternative to the institutional orphanages in Viet Nam. But when she arrived in Ho Chi Minh City in May 2007, she realized that her original idea — to create a village environment — was neither sustainable nor scalable.

Knowing she had to dramatically alter her course, Ms. Daggett looked at the "value chain for youth in the social system." Early childhood caregiver training, adoption and education



*Photo courtesy of Ikatu.*

did not seem right for her; a better choice was finding a positive exit strategy for this group of young adults, who are often pushed out of the system without parental guidance, a place to live or a job. So Ms. Daggett decided to focus on the issue of youth employability, given her experience as an entrepreneur and her 30 years in the private sector.

Ms. Daggett hired a young MBA and engaged a public policy research firm to do a comprehensive scoping report on youth employability. "Utilizing World Bank data, we analyzed 289 programs across 84 countries and came to the conclusion that the need was greatest for demand and match-making and mediation interventions in Sub-Saharan Africa, which is a long way from Viet Nam," she says.

The next step, choosing one country out of 47 possibilities, involved the creation of "a customized, highly dynamic matrix," analyzing data on economics, education, health, ease of doing business, governance, infrastructure and civil society.

Quantitative data analysis narrowed the choices to Namibia, Botswana and Ghana: Ms. Daggett then engaged the research team to do the qualitative analysis to assess the nuanced information (such as each country's religion, culture and traditional authority status) that would further influence their decision making. As a result of this three-phase process, Ms. Daggett has chosen to begin her work in Ghana. She anticipates beginning with a comprehensive stakeholder analysis, convening all the relevant parties to determine what has been done, what is needed, and make recommendations for actionable next steps. Ultimately, she expects this work to inform future programming efforts.

So far, Ms. Daggett has paid for all the development work on Ikatu (Guarani for "Yes I can"). She works full-time on the project and, in the future, hopes to bring other funders in, once she has proven the effectiveness of the work with her own money. "If we can marry evidence-based research with rigorous discipline around impact measurement, I think we will have a compelling story to share. My personal belief is that investors want the same level of discipline in their social investments as they do in their financial transactions," she says.

"I believe that life is a test. It's about the distance that each one of us travels with the tools we were given," Ms. Daggett says. "I have been given this very unique set of personal and professional experiences to do something important with, and that's where the intersection of my personal life — six children, multiple cultures — and business experience converge into this project. I am more intellectually engaged than I have ever been. Someone has got to come up with another word for 'retirement!'" □

“What I find striking about entrepreneurs is their willingness to take on exceedingly large problems. They don’t seem daunted at all.”

—Jane Wales, Global Philanthropy Forum

way to meet them. In philanthropy, as in other sectors, form follows function. In fact, many of the questions and suggestions outlined below are relevant to any strategic philanthropist, not just those committed to Giving While Living.

When setting one’s goals, there is no correct route for a new philanthropist to take. Wynnette LaBrosse’s personal exploration (profiled on page 10) is an example of one path to initial understanding. Intense information-gathering journeys may lead donors in a totally different direction than expected, as was Darlene Daggett’s experience (profiled on page 10).

For some philanthropists, the route to giving involves identifying a particular problem and investigating ways to solve it. Chuck Feeney saw Ireland’s economic stagnation firsthand in the mid-1980s and recognized that improving the university system could help build the economy. As a successful entrepreneur, it was Mr. Feeney’s appreciation for a maverick leader that first attracted him to working with Ed Walsh, head of the then Limerick Institute for Higher Education, Atlantic’s first grantee in the Irish university system. Problem solving is at the heart of strategic philanthropy.

Jane Wales from the Global Philanthropy Forum says: “What I find striking about entrepreneurs is their willingness to take on exceedingly large problems. They don’t seem daunted at all. They look for the system that underlies the problem, and they try to find a different system to replace it. Having that systemwide approach to a problem makes them naturals for strategic philanthropy.”

Seeing oneself in others can also be a powerful motivator. Anthony Welters (profiled on page 13) grew up poor in New York and has devoted considerable resources — both money and time — to helping young people get the high-quality education they need to succeed, as he did.

## Consider the Time Horizon

Time horizon is a key variable in setting and achieving philanthropic goals and a fundamental question that strategic philanthropists ought to ask themselves. Given a donor’s goals, a program of Giving While Living may make the most sense strategically.

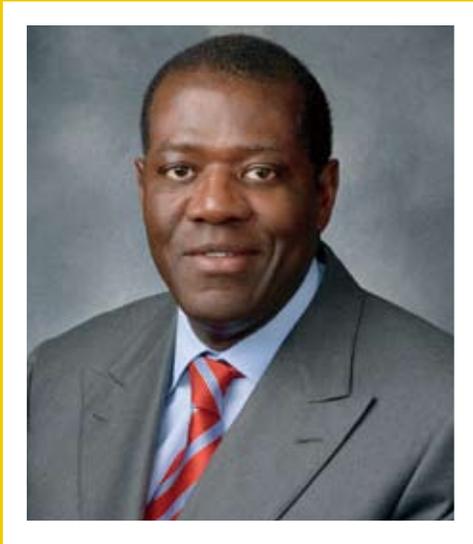
“If a donor is interested in abating or preventing the spread of AIDS, now is the time to invest — not a generation from now —

(continued on page 15)

Seeing Oneself in Others:

# Anthony Welters

Programs Help Level the Playing Field for Low-Income Students



*Photo courtesy of Anthony Welters.*

Anthony Welters grew up in extremely humble circumstances in the Bedford Stuyvesant neighborhood of Brooklyn, New York, and believes that education is “the great equalizer.” “It is the only place I have found where everything is based on performance,” he says. “If you have a good core education, opportunities abound. Absent that, you may struggle through life.”

Mr. Welters, who earned a full scholarship and graduated from Manhattanville College in two and a half years and New York University (NYU) Law School in 1977, built AmeriChoice, an HMO, into a profitable business that was acquired by UnitedHealth Group in 2002. He and his wife Bea have used their wealth to build educational and scholarship programs.

“Philanthropy isn’t something that happens overnight. It builds over time,” he says. “I saw an opportunity to be supportive of others, in the same way that people were supportive of me. As I became more successful, I continued sharing with others. It’s what my wife and I do in the normal course of our lives.”

The Welters determine what they want to accomplish and set aside the required resources. “It’s an integral part of how we do budget planning. It’s not a one-off, not something that we cut back on. If the economy is down, we do more since the need is greater, and make sacrifices elsewhere.”

Bea Welters had warm memories of learning at her grandmother’s summer camp in the Catskill Mountains in New York,

and she wanted to replicate that experience for other children. In 1996, the Welters founded Camp Dogwood Summer Academy in rural Virginia, which offers children from low-income families a summer retreat as well as academic support, character development and leadership training. Approximately 110 children, ages 6-18, attend the camp each summer. They also attend Saturday classes in Washington, D.C., during the school year.

The Welters fund the entire operation, at about \$1 million a year, through their AnBryce Foundation, and Mrs. Welters is deeply involved with the program’s continuing development and improvement. “It’s not an inexpensive undertaking, but you have to take a holistic approach if you want to have a long-term impact,” Mr. Welters says. “Follow-up is one of the critical components in all undertakings. We can be supportive financially, but it’s just as important that during the year, when they have challenges and get discouraged, they know someone out there is concerned about them.” A full-time staff is in touch with the students year-round, and tracks them as they go off to college, which range from community colleges to the Ivy League.

A second major undertaking was the establishment in 1998 of the AnBryce Scholarships at NYU Law School, an endowment that pays full tuition for 30 students each year, ten per class. “Without the opportunities I had from NYU Law School, I wouldn’t have the career success that I have had,” Mr. Welters says. “We wanted to provide those opportunities to people with backgrounds like our own. They are the first in their families to attend law school. They come from challenging backgrounds, and they are extraordinary students.” Program alumni include a clerk for a Supreme Court justice and an assistant to the Secretary General of Interpol.

As is the case with the camp students, mentoring is a key factor in the program, and Mr. Welters participates. “Time is more important than dollars,” he says. “Money doesn’t develop a person. Time is the critical ingredient.” A third recent initiative was establishing a \$10 million endowment to fund scholarships for NYU undergraduates.

In addition to his job as Executive Vice President and President of the Public and Senior Markets Group at UnitedHealth Group, Mr. Welters also chairs the boards of NYU Law School and Morehouse School of Medicine. “My philanthropic activities help me to be a more effective executive,” he says. “I know why I’m working. What I earn from UnitedHealth provides me with added resources for philanthropy.” □

Encouraging Philanthropy:

# Declan Ryan

Urgent Problems Require Urgent Action



*Children are among the refugees and asylum seekers helped by the Irish Refugee Council, a grantee of the One Foundation. Photo courtesy of the One Foundation.*

One of the philanthropists around the world to embrace Giving While Living is Declan Ryan, who seeks to inspire others to give as Chuck Feeney inspired Mr. Ryan, and recognizes the value of limited publicity about his philanthropy in the Republic of Ireland. In 2004, Mr. Ryan, son of Tony Ryan, the founder of Ryanair, decided to give away a substantial amount of his wealth. He established the One Foundation, with a mission of serving disadvantaged children in Ireland and Viet Nam, which would use a venture philanthropy model and operate for only ten years.

Deirdre Mortell, who co-founded the One Foundation and runs it, says that Mr. Ryan, now in his mid-40s, considered various models for his giving, both perpetual and time-limited. “Declan was inspired by Chuck Feeney’s Giving While Living approach,” she says. “He felt that there are causes that are urgent now, so why hold back money? We see philanthropy

as a relay race. We’re carrying the baton now; we want to pass it on to other people. Philanthropy is a team sport.”

At first, the One Foundation kept its work quiet, in keeping with the Irish way, but in March 2009, the five-year mark, it went public in order to inspire others to “take up the baton.” “We wanted to show that it is possible to have a dramatic impact on people’s lives — to reduce suicide rates, and lift people out of poverty,” Ms. Mortell says. “People don’t think it’s possible, and we’re happy to show that it can be.”

At that point, the foundation had spent €27 million (\$40.6 million), supporting 26 organizations, and expects to spend a like amount in the second five years. Its investment model is geared toward scaling up organizations, which must meet performance goals in order to be eligible for the next year’s funding; the One Foundation also provides consultants and staff support. Each investment fits within one of the eight goals that the foundation has established in the areas of youth mental health, children and families, integration, and promotion of social entrepreneurship.

The One Foundation’s portfolio includes such organizations as Big Brothers Big Sisters of Ireland, which provides mentors for young people, and Educate Together, which offers the alternative of multid denominational education in a country where schooling is almost exclusively church based. The foundation also funds advocacy efforts, such as raising awareness about mental health needs before the last national election, and spotlights hidden issues, such as the plight of unaccompanied immigrant children. Ms. Mortell stresses the crucial role of private philanthropy, even with a state-run social system. “The state can’t take risks and innovate — we are able to do that. We fund advocacy and monitoring of the state’s delivery systems. And by funding new issues, we build evidence of need.”

Mr. Ryan, who runs an investment company, spends about half his time on work for the One Foundation. He has been on several boards of organizations he has supported, chairs the board of Social Entrepreneurs Ireland, and has his own portfolio within the One Foundation. “He loves hanging out with the CEOs in our portfolio,” Ms. Mortell says. “These are charismatic people who get things done. He made the decision to do Giving While Living early. He has now discovered the thrill of it, and he wouldn’t change it.” □

because the epidemic is devastating people now,” says Betsy Brill, President of Strategic Philanthropy, Ltd. “The same is true for climate change. We need to invest now in alternative energy solutions, policy reforms and assistance in the developing world; a philanthropic entity that provides support over 50 years will not yield the same strategic outcomes.”

According to Ms. Brill, advisors do not always pose the question about time horizon to new philanthropists because they often assume perpetual foundations to be the standard practice, and donors may not think on their own to consider the difference between time-limited and perpetual charitable vehicles. Doing so may help them select the best form of giving to meet their goals.

For example, Declan Ryan, an Irish philanthropist (profiled on page 14), is committed to Giving While Living because he wants to help tackle urgent problems now and inspire the next generation of philanthropists to then “take the baton.” Because real-estate developer Aaron Diamond and his wife Irene limited the lifetime of their foundation to ten years and were willing to commit substantial resources over a short period of time, the research they supported progressed swiftly and led to the breakthrough discovery of the protease inhibitor “cocktail,” which prolongs the lives of people living with the HIV virus. The Aaron Diamond Foundation also funded the development of several “small school” models that have since been replicated across the New York City public school system and the United States with support from private and public sources.

“With a limited and constrained time horizon, donors are forced to act strategically — to reach further, be engaged in a way that affects outcomes more quickly. Time limits encourage us to create a certain set of realizable benchmarks to reach that ultimate systemic change,” says Ms. Brill.

For some donors, timing can be fortuitous: the sudden availability of major resources and the realization of an important goal coincide. Private equity billionaire Peter Peterson, for example, saw a burning need to put resources into fighting the national debt, and started the Peter G. Peterson Foundation with \$1 billion in July 2008 after his firm, The Blackstone Group, went public.

**“If a donor is interested in abating or preventing the spread of AIDS, now is the time to invest — not a generation from now — because the epidemic is devastating people now.”**

—Betsy Brill, Strategic Philanthropy, Ltd.

## **Contact Intermediaries and Philanthropy Advisors**

Local and regional community trusts are valuable, inexpensive resources for philanthropists gathering information, particularly because many new philanthropists like to begin by giving to local issues. There are roughly 700 community foundations in urban and rural areas of the United States and they hold approximately \$45 billion in assets. Community foundations’ assets come from pooled and invested donations, and they award grants for services, development projects or other issues affecting given communities.

Community foundations are independent public charities that steward philanthropic resources from institutional and individual donors to community-based organizations. They range in size from \$2.3 billion in assets to \$100,000 or less. Community foundations offer tremendous resources and in-depth knowledge of local issues so potential donors can invest in issues about which they care. They help design gift plans tailored to diverse economic situations, maximizing the benefits for donors as well as the impact of their philanthropic dollars.



*Supporting women's causes is the focus of the International Rescue Committee (IRC), which is a beneficiary of Wynnette LaBrosse's funding, and networks like Women Moving Millions (see page 25). This woman near Goma, North Kivu, Republic of the Congo, receives firewood donated by the IRC in an effort to protect women by allowing them to remain within the security of refugee camps. Photo by Emily Meehan, courtesy of the IRC.*

Organizations like the Tides Foundation, the Proteus Fund, Public Interest Projects and the National Philanthropic Trust, which hold donor-advised funds, also offer services, including research, docket assembly and introductions of the donors to grantees. About one-third of Tides' clients hire it not only to manage grantmaking, but to develop dockets and give advice. Drummond Pike, the founder of Tides, says, "Our goal is to get people engaged in their philanthropy. It's not that we want to get their money out of them, but we have learned over the years that inviting engagement is the best strategy of all."

In recent years, there has been enormous growth in nonprofit and for-profit philanthropy advisory services, particularly in the United States. These firms offer a wide array of services to potential donors, beyond the legal and tax advice provided by more traditional wealth managers. On its Web site, the National Network of Consultants to Grantmakers offers a searchable directory of consultants across the country.

## Join Networks and Attend Seminars

Many donors like to learn from each other. "We have learned that very often people stay with a commitment when they have company," Jane Wales says. "If they are isolated, and they don't have colleagues going through the same experiences, they are more likely to walk away at the first hurdle. That's why we started the Global Philanthropy Forum conferences and do programming, and that's why I introduce them to each other."

Some networks, workshops and other educational opportunities for philanthropists include:

- **The Philanthropy Workshop**, founded in 1995 by the Rockefeller Foundation, is an intensive introduction to philanthropy, with hands-on workshops, seminars and site visits in the U.S. and other countries. Since 2006, the Institute for Philanthropy has run it from its New York office.
- **The Philanthropic Initiative, Inc.** offers seminars, workshops and trainings for individual donors and senior staff and trustees of foundations, including a workshop for donors interested in raising their children with philanthropic values.
- **Public Interest Projects**, an intermediary that supports social justice grantmaking by individual and institutional

donors and funder collaboratives, brings together donors with common interests for strategy discussions and joint grantmaking opportunities.

- **The Social Justice Philanthropy Collaborative** hosts an annual, three-day retreat for high-net-worth individuals under age 35 to share ideas about using their wealth to affect social change, co-hosted by the Tides Foundation, Funding Exchange, Third Wave Foundation and Resource Generation.
- **The Ms. Foundation for Women** links donors, activists and organizations committed to principles of gender and race equity, bringing them together for joint grantmaking and to network and learn from one another.
- **The Threshold Foundation**, founded in 1981 to bring people with inherited wealth together around philanthropy, combines community-building activities and a grantmaking foundation.
- **Synergos' Global Philanthropists Circle**, an association of 60 families from all over the world, offers donors the opportunity to connect with like-minded people, to pool their experience and their contributions.
- **The Global Philanthropy Forum**, founded in 2001, is an invitation-only organization that connects over 750 philanthropists from around the world working on global issues, with opportunities to learn from each other and from experts in various social development areas.
- **The National Center for Family Philanthropy, Philanthropy Roundtable** and **Center on Philanthropy at Indiana University** offer educational opportunities, primarily classes and seminars. Similar services are offered by many community foundations, associations of regional grantmakers and national associations.

## Seek Research to Inform Giving

The existence of reports and data for potential donors doesn't mean the information is accessible in a form that is useful to the individual donor who may not have the time, the training or the inclination to plow through it. This problem was the impetus behind the creation of the University of Pennsylvania's Center for High Impact Philanthropy, housed at Penn's School of Social Policy & Practice founded by several graduates of the university's Wharton School of Business, and headed by Katherina Rosqueta, a Wharton alumna who had worked at the management-consulting firm McKinsey & Co. The Center's

(continued on page 21)

## Tips for Donors Considering Giving While Living

This publication addresses some of the key steps for donors considering a Giving While Living program, and a range of ways to carry it out, but much of this information is applicable to any type of giving program. In order to act strategically in creating and implementing a plan, it is important for donors to think deeply about their own feelings and goals for their giving. Philanthropy advisors, wealth advisors and attorneys are valuable resources, as are the networks and information sources cited, both in exploring ideas about philanthropy and getting started.

### **Determine what you have a passion to support**

- What cause(s) resonates with you?  
Social justice? Access to health care?  
Conservation? Women's rights?  
Poverty? Education? Why?

### **Decide what problem(s) you want to focus on**

- What *specific* issue or problem do you want to tackle?
- What ideas do you have about possible solutions?
- What are your convictions about how that change is going to happen?
- What resources can you bring to the issue?

### **Do your research**

- Who else is working in this field, and what are they doing?
- What are the successful models? Unsuccessful ones?
- Are there existing organizations to partner with to reach your goals?
- Where can you most effectively intervene in an issue?
- How much can you narrow your area of focus to have the most impact?
- What are realistic expectations and how can you measure progress?
- What giving vehicle suits your goals best?

### **Select your geographic area(s) of concentration**

- What geographical area do you want to target? Local? National? Global?

### **Consider your level of resources, interest, risk tolerance and desire for involvement**

- Will you give both time and money? How much?
- What is your strategy for making change?
- What are your goals and expected results? Time frame?
- Is this a one-time gift, or will you provide ongoing resources?
- Do you envision a short-term or long-term investment of time and money?
- What are your core competencies that you are willing to put to work?
- Do you want to plan and execute your strategy yourself, or hire others to help you?
- Are you interested in supporting new, unproven initiatives or well-established ones?

### **Think about how you want to give**

- What motivates you to give?
- Do you want to give anonymously, or play a visible role in your giving?
- Do you like to work in cooperation with other donors?

### **Consider what results you hope for**

- How do you define and assess success? In the short term? Long term?
- Do you want to invest in formal evaluations to measure progress?
- What sort of recognition are you seeking for your giving?
- How do you plan to communicate your progress and results?
- How do you plan to get others involved in your cause?
- Are you willing to accept setbacks and even failure on some projects you support?

### **Develop a plan**

- Will you devise a plan yourself, or do you need to hire someone to do it?
- What combination of activities will further your goals?
- What resources do you need beyond what you plan to give? How will you get them?
- What are your benchmarks for progress and success?

### **Explore different giving channels and methods**

- Will a foundation work best for you, or would some other entity be better?
- Is there an existing organization that embodies your goals, or do you need to start one?
- If a new foundation, do you want to establish it in perpetuity or with a limited lifespan?
- How much money do you have to give away?
- Will tackling your chosen problem involve investing in both nonprofit and for-profit groups?
- Can the skills that you have be an integral part of your program?

### **Join networks**

- Don't rely on answers from any single nonprofit or peer philanthropist.
- What conferences would be most helpful to attend?
- What questions do you want to ask experienced philanthropists?
- What other groups are supporting your area of interest?
- Will they allow you to investigate their methods and models?
- Do you need to form your own network in your funding area, if none exists? □

Giving While Living on Principle:

# John Hunting

A Limited-Life Foundation Addressed  
Critical Policy Issue



*Photo courtesy of John Hunting.*

During his 30s, John Hunting started giving away all the money he didn't need. "I feel that's what wealthy people should do," he says. Mr. Hunting had a simple formula: He donated 50 percent of his income (from stock in Steelcase, where his father had been an executive) to charitable causes; then, after paying his living expenses and taxes, he gave whatever was left to other organizations such as political campaigns, for which he could not take tax deductions.

In 1997, when Steelcase went public, Mr. Hunting had a great deal more money to give away. His small foundation, the Beldon Fund, which he started in 1982 as a reaction to the appointment of the anti-environmentalist James G. Watt as President Ronald Reagan's Secretary of the Interior, had been giving between \$300,000 and \$400,000 annually in grants to grassroots conservation organizations, but Mr. Hunting realized that his new, larger resources required

a more targeted and strategic approach. He re-launched the Beldon Fund, recruited a board of directors and an executive director, and, in keeping with his Giving While Living approach, decided to disburse its entire \$100 million in assets as well as income in ten years.

Mr. Hunting felt strongly that foundations should have a limited lifespan, and that today's donors should tackle today's problems. When he re-launched the Beldon Fund as a spend-out foundation, Mr. Hunting was in his late 60s, and he wanted to see the results of his philanthropy in his lifetime. If he had been 37, Mr. Hunting says, he might have opted for a longer period than ten years; however, he also believed that a limited time frame would focus the foundation's programs.

Perhaps most critically, he was deeply concerned about the acceleration of environmental destruction, particularly the new information that was emerging about global warming, and felt that it was essential to act, rather than save money for a future that might not exist.

The Beldon Fund's goal was to build public and policy support for environmental protection. In its ten years of operation, the Fund distributed \$120 million. In "Beldon I," Mr. Hunting handled the grantmaking along with one staff person. For "Beldon II," the operation of the Fund was turned over to a very experienced staff, and Mr. Hunting exercised oversight and control as the Board Chair. "I was involved, but I didn't live in New York, for which staff was probably very grateful," he says. He was on all the board committees and on the phone with the executive director at least once a week. Vetting the grantees, he says, was the staff's job.

For Mr. Hunting, the Beldon Fund was a calling. "It was a lot of work. To say it was fun is a little much, but I have received a great deal of satisfaction from what I did," he says. Mr. Hunting believes that the short time frame and intensive investment paid off in results, strengthening environmental advocates to take advantage of policy opportunities and respond to new threats.

Since the spend-out in 2009, Mr. Hunting has continued to give away more than 50 percent of his income, according to the same formula, to environmental and progressive causes, and acting as a resource on environmental grantmaking and spending out. He lives in Michigan and doesn't expect to be bored. □

mission is to analyze existing evidence and assemble it into usable form.

One of the Center's first studies, "I'm Not Rockefeller: 33 High Net Worth Philanthropists Discuss Their Approach to Giving," (September 2008), includes interviews with several dozen individuals with the capacity to give \$1 million or more, and revealed that many of them had the financial capacity and the intention to give, but were holding back because they did not feel that they had the information that would ensure giving with impact.

"The challenge for the field is to help individuals get to smarter decisions faster, so that existing philanthropy does more good and this latent capital gets released," Ms. Rosqueta says. The Center's subsequent work has been devoted to providing analysis that will serve that purpose.

The Center has now issued three more donor guides, "Pathways to Student Success: A Guide to Translating Good Intentions Into Meaningful Impact" (December 2008) on education; "Lifting the Burden of Malaria: An Investment Guide for Impact-Driven Philanthropy" (February 2009), which identify points of entry for philanthropy; and "High Impact Philanthropy in the Downturn: Focus on Housing, Health and Hunger" (November 2009). They describe strategies employed by organizations that have led to meaningful change, and show the cost of different kinds of change. These guides, which are both evidence-based and actionable, are available free on the Center's Web site ([www.impact.upenn.edu](http://www.impact.upenn.edu)). In 2010, the Center will be releasing guides describing models for long-term impact in Haiti and philanthropic strategies for improving teaching quality in the United States.

## What's the Best Method?

### Philanthropy Vehicles

Victoria B. Bjorklund, an expert in nonprofit law and a partner at the firm of Simpson Thacher & Bartlett LLP in New York, takes her clients through a checklist in order to determine which giving vehicle best fits their goals, based on what

they want to accomplish, what assets they have to give, and their time frame, as well as the flexibility they want to retain. The vehicles below are some of the options available to all philanthropists, not just those committed to Giving While Living. Certain basic principles apply, but every case is different. Donors need to visit advisors to discuss the most appropriate vehicle for their interests.

### Private Foundations

Establishing a private foundation gives the donor a high level of control over grants and investments, but involves set-up costs, ongoing paperwork and reporting requirements in addition to lower tax deductibility. It may also involve hiring staff. Endowed foundations may be set up to exist in perpetuity or for limited time spans; they are required by federal law to pay out a minimum of 5 percent of their value each year in grants and qualified expenses. Donors no longer consider it automatic to set up a foundation and pay out 5 percent, though. For example, more than a decade after John Hunting (profiled on page 20) started his foundation, the Beldon Fund, he re-established it with a limited lifespan of ten years that ended in 2009.

Adam Meyerson, President of The Philanthropy Roundtable, an association of individual, corporate and foundation donors, points out: "Even if you plan to have a foundation that survives you, one of the best ways to establish your intent is to have a long track record of Giving While Living, to discuss in multiple conversations with your board of directors your understanding of your mission statement, and to share with your board what you have been happy and unhappy with in your giving. If you want your own values and problem-solving spirit to guide a foundation, it helps to have been actively engaged in showing how you do that and to have given the board substantial experience in working with you to determine how best to achieve your charitable objectives."

### Donor-Advised Funds

Donor-advised funds (DAFs) are an increasingly popular option. Such "charitable bank accounts" may be established at community foundations; at grantmaking entities with particular missions, such as the Tides Foundation, which has a progressive mission, and DonorsTrust, which is more conservative;

“Even if you plan to have a foundation that survives you, one of the best ways to establish your intent is to have a long track record of Giving While Living....”

– Adam Meyerson, *The Philanthropy Roundtable*

and at commercial investment management companies. Up to 50 percent of adjusted gross income may be donated to a donor-advised fund, and the parent group looks after the paperwork, reporting, governance and investments for a fee. The donor “recommends” the disposition of the funds.

Other benefits of DAFs include a flexible time commitment, anonymity and appropriateness for smaller giving programs, but there are limits to what one can do through a DAF. For example, buying tables at charity benefits, paying travel expenses to explore grantmaking possibilities or incubating grassroots organizations without tax-exempt status are not permitted. (Making a grant through a nonprofit organization that offers a fiscal sponsorship program is a possible solution to the last example).

## Supporting Organizations

A supporting organization is a 501(c)(3) established as a subsidiary of an existing charity, such as a public university, the National Philanthropic Trust or a community foundation. A supporting organization offers more autonomy in grant-making and investment decisions than a donor-advised fund. Supporting organizations have their own boards of directors, although the parent organization holds the majority of the board positions. (Wynnette LaBrosse’s Open Square Foundation on page 10 is a supporting organization at Tides.) As is the case with DAFs, the donor participates in, rather than directs, the grantmaking. Supporting organizations do not have a required payout, and they are less expensive to set up and administer than private foundations, but grants are restricted to only those groups that the parent organization can fund.

## Operating Foundations and Custom-Designed Entities

Some donors prefer to create an organization that is expressly tailored to their goals. Venture philanthropy entities, such as the one created by Mario Morino (profiled on page 23), are philanthropic investment organizations that apply the principles of private investment to nonprofits. Venture philanthropy operations are most concerned with building organizational capacity rather than funding specific programs; they offer services as well as investment to their grantees.

Mary Stranahan (profiled on page 24) set up a two-pronged entity that awards grants to nonprofits and makes equity investments in for-profit companies. The Omidyar Network is a much larger example of that sort of entity. Pierre Omidyar, the founder of eBay, who is interested in microfinance, was persuaded that while much of the work in this area had been done through nonprofit entities, for-profit investment could drive the field further.

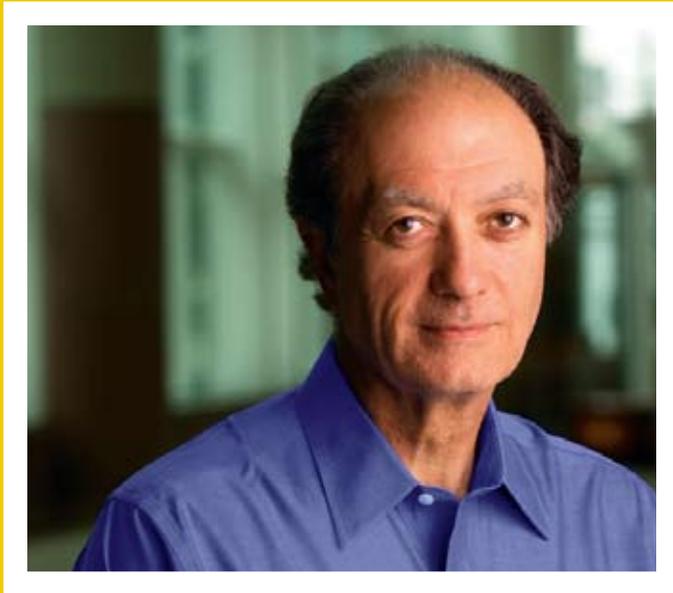
Some donors even start their own charitable organizations or develop campaigns that use a variety of methods and resources. Thomas Siebel, founder of the software company Siebel Systems Inc., launched a highly successful advertising campaign, the Meth Project, which is often credited with contributing to a reduction of crystal meth abuse in Montana.

(continued on page 25)

Building a Second Career:

# Mario Morino

Business Savvy Helps Tackle Social Problems



*Photo courtesy of Mario Morino.*

For Mario Morino, 66, Giving While Living has become a true second career, one that he has pursued with the same skills and energy that he devoted to making his fortune in the first place. In 1992, Mr. Morino “retired” from his software startup with a net worth of \$100 million, light years from his “technically poor” childhood in Cleveland, where his mother would take in members of their extended family. Married with his first child, he started to consider how he was living his life, and decided to explore how he could use some of his good fortune and resources to help others.

Mr. Morino feels that successful philanthropy is grounded in one of three things: “the values set that you are raised with, your faith or a trauma that puts you into a particular space. Mine was values. I’m doing what my mother did, just on a different scale.” He wanted to be involved with youth, community and learning; he was disturbed by the deterioration of his old Cleveland neighborhood, where “the kids don’t have 1/1000 the chance that I had to succeed.” After interviewing 700 people, from college presidents to community activists, Mr. Morino started projects to give young people access to computers and the Internet, and knowledge about how to use those tools effectively.

In 2000, his philanthropy took a new turn when he launched Venture Philanthropy Partners (VPP). Using the venture capital model he learned when he helped build his for-profit business, Mr. Morino collected 29 high-powered “investors” to provide cash (\$34 million), expertise and contacts to a dozen promising nonprofits serving children and youth of low-income families in the National Capital Region. The idea was to “find great community leaders who were doing meaningful and lasting things, with the interest and the aptitude to grow their impact,” he says. VPP provides not only money, but also strategic assistance — staff time, expertise and brokering — to help the organizations develop.

One successful example is the See Forever Foundation, the brainchild of two entrepreneurs who had started a school to serve young people caught in the juvenile justice system. VPP helped with a six-month, \$300,000 planning process, and then made a \$2 million, five-year investment. “They had to go through an initial stress period that would allow us to trust one another,” Mr. Morino says. “When they learned to use us to open doors, our contacts and expertise became relevant. They are currently on their fifth campus, serving more than 600 kids.” See Forever also won a \$21 million contract from the District of Columbia to manage a school at a detention center.

VPP is now raising its second investment fund, this time with 60 committed investors and more in the pipeline. In 2007, Mr. Morino withdrew from the day-to-day operations, though he remains Chairman. Giving and encouraging others to do so remain his full-time occupation. He has personally contributed \$21 million to VPP, and, in the last 15 years, another \$20 million or so to other initiatives. He manages two financial investment portfolios: one, covering his family, is conservatively invested, while a second, invested more speculatively, generates funding to go to philanthropy, planned out through five-year forecasts that are regularly reviewed. Mr. Morino is not interested in putting his name on buildings: Active participation defines giving for him. “You do it while you can,” he says. “You want to see the work and be part of it, and help — as long as you don’t try to control it.” □

Finding the Right Formula:

# Mary Stranahan

Grants and For-Profit Investments Help to Achieve Goals

Mary Stranahan, 64, formerly a doctor on the Flathead Reservation in Montana, wanted to do something special with her personal giving. A Play BIG workshop given by Carol Newell showed her the way. Ms. Newell, who gave away over \$60 million through an unusual structure of nonprofit grantmaking and for-profit investing in sustainable economic development and social and environmental justice in British Columbia, started the workshops to encourage other donors to use all their assets quickly and thoughtfully, rather than stashing them in perpetual foundations. “I was low-hanging fruit,” Dr. Stranahan says. “I was ready to make the move, to be more focused, build a team and spend down.”

Dr. Stranahan adopted the Newell model, creating the High Stakes Foundation for grantmaking and Good Works Ventures for investing in for-profit enterprises, all with the goal of creating a sustainable environment, sustainable communities and rural economic development leadership in Montana. “It’s a doable state,” she says. “There are fewer than one million people, and it is possible to make change happen. I saw how (Newell’s) Endswell Foundation/Renewal Partners built up a hell of a network in British Columbia, and we can do it here. If we’re going to survive as a species, we have to learn to live sustainably in this world, not over-consume. One little fat cat from Montana is not going to solve the world’s problems, but the local work that we do in Montana can help perhaps in making models.”

Good Works has a paid executive and invests \$150,000 to \$220,000 annually, thus far in triple-bottom-line companies that expand the traditional reporting framework to account for environmental, social and financial performance. Dr. Stranahan does the site visits and proposal reviews for the foundation, which gives between \$300,000 and \$700,000 a year (“That’s big for Montana”). Grants range from land preservation to making local farming sustainable. Dr. Stranahan funds the work from a trust set up by her father.

In addition to achieving a positive outcome in her state, Dr. Stranahan’s personal satisfaction comes from participation. “I get to play in that sandbox, to be part of the power analysis and the convening,” she says. “Our goal is to become the go-to organization for Montana.” □



*Photo courtesy of Mary Stranahan.*

## Why Start Your Own? Join Someone Else's

Potential donors may also become part of philanthropy organizations launched by others. These include venture philanthropy groups, such as Mr. Morino's Venture Philanthropy Partners, or Social Venture Partners, founded in 1997 in Seattle, which now has over 400 partners and 20 affiliates in other cities. Such organizations, nonprofit versions of the venture capital model, aggregate contributions — both money and skills — of their investors into the development of entrepreneurial organizations and stress measurable outcomes.

Women Moving Millions, a campaign to encourage high-net-worth women to give specifically to women's issues, is an example of philanthropists joining forces for a common goal. In 2006, two sisters — former U.S. Ambassador to Austria Swanee Hunt and Helen LaKelly Hunt, Ph.D. — provided a “spark” gift of \$10 million, challenging other women to give gifts of \$1 million or more to various women's and girls' funds. As of April 2010, Women Moving Millions, in partnership with the Women's Funding Network, has raised more than \$187 million from 105 donors for 53 women's funds.

Another model of a collaborative donor organization is The Robin Hood Foundation, founded in 1988 by hedge fund billionaire Paul Tudor Jones, which raises large sums, primarily through its annual auction, to attack root causes of poverty in New York through vehicles such as charter schools. Selected donors serve on its leadership committee. A smaller — and very replicable — model is Elizabeth Ellers' globalislocal Fund (profiled on page 26), which aggregates the donations of several dozen donors who decide as a group where to invest in global development.

## Conclusion

For Chuck Feeney, Giving While Living is its own reward. He gets satisfaction from seeing students work in university libraries in Ireland, or patients being treated in clean new hospital wards in Viet Nam. Giving his money away — imaginatively and with purpose — has been one of his life's most pleasurable, and perhaps most meaningful, acts.



*Mr. Feeney visits with students using the Atlantic-built and equipped labs at the Learning Resource Center at Da Nang University in Viet Nam. He makes a point of seeing how the grants affect the ultimate beneficiaries and learning how to improve future grantmaking. Photo by Dr. Le Nhan Phuong.*

His motivation was simple. Mr. Feeney told his biographer, Conor O'Clery: “I had one idea that never changed in my mind — that you should use your wealth to help people. I try to live a normal life, the way I grew up. I think there's something in the makeup of people from the way they are brought up. I set out to work hard, not to get rich. My parents worked hard and they didn't get rich, but there was always the effort to find out who needed some help.”

By applying his formidable intelligence, entrepreneurial instinct and ability to think big, Mr. Feeney has not only generated results in his chosen areas, but also galvanized new thinking about philanthropy.

Other high-net-worth individuals who have pursued a similar path of Giving While Living — on whatever scale and in whatever form — find similar fulfillment. These philanthropists, who use their financial resources and often their time and skills to tackle urgent problems, set goals and see the results in their lifetimes, have the satisfaction of knowing that they have accomplished something important. Their choices to give generously in their lifetimes may even inspire the next generation of philanthropists to do the same or even more. □

Creating a Giving Network:

# Elizabeth Ellers

Aggregated Contributions Engage Donors  
in a New Global Arena



*Photo courtesy of The globalislocal Fund.*

Elizabeth Wallace Ellers, who left a career in finance after the birth of her son in 1990, found a new vocation as a donor, learning all she could about economic development. She became part of a multifoundation collaborative studying the issue and attended The Philanthropy Workshop. Several years ago, she decided to put her learning in economic development, as well as her experience and contacts in global philanthropy, to work for other philanthropists. “I realized that in following my passion for 15 years, I had developed a body of knowledge and a network that most philanthropists and many family foundations can’t come by

so easily,” Ms. Ellers says. “If you’re not doing this pretty much full time, it’s hard to figure out how to target your interests, what the funding opportunities are, and where you can most effectively intervene in an issue. Many people may find the scope and scale of global issues too big.”

Ms. Ellers started The globalislocal Fund, a collaborative funding partnership that addresses the root causes of poverty. It is structured as a donor-advised fund of the National Philanthropic Trust. Each partner makes a minimum annual contribution of \$1,825 (the idea is that 4 billion people live on less than \$4 a day, so a person with an extra \$5 a day gives \$1,825 each year). Some give more. The group, which numbers about 50, mostly women, has three meetings a year to hear presentations from important leaders in the global social innovation field, and at a fourth meeting, the partners decide how to allocate their funds. So far, their largest pool has been \$170,000, with three to six projects funded each year. The largest single grant has been \$56,000 and the total invested in globalislocal’s first four years is \$500,000. The fund’s grants include microcredit for women in Latin America and a partnership with the Acumen Fund<sup>3</sup> to invest in drip irrigation in India and Pakistan. The partners also go on site visits: In 2009, they went to Haiti. “Nothing engages a donor more than seeing firsthand what is possible,” Ms. Ellers says.

The globalislocal Fund represents a unique philanthropic opportunity for the partners. “This may be a small piece of their philanthropy,” Ms. Ellers says. “It allows people for whom global investing is not their primary focus to participate strategically and meaningfully, and to engage at whatever level suits them based on their personal philanthropic goals.” Most of her founding partners have remained with the fund, and she hopes that “as they see results over the years, they will get more engaged, and that what they learn in globalislocal will apply to their other philanthropy.” □

<sup>3</sup> The Acumen Fund awards equity or loans, rather than grants.

# Resources

## Nonprofit Associations, Institutions and Services Cited in this Publication

Center for Effective Philanthropy  
[www.effectivephilanthropy.org](http://www.effectivephilanthropy.org)

Center for High Impact Philanthropy,  
University of Pennsylvania  
[www.impact.upenn.edu](http://www.impact.upenn.edu)

Center on Wealth and Philanthropy at Boston College  
[www.bc.edu/research/cwp](http://www.bc.edu/research/cwp)

Center on Philanthropy at Indiana University  
[www.philanthropy.iupui.edu](http://www.philanthropy.iupui.edu)

Community Foundations  
[www.communityfoundations.net](http://www.communityfoundations.net)

Council on Foundations  
[www.cof.org](http://www.cof.org)

Giving USA Foundation  
[www.aafrc.org/gusa/gusa\\_foundation.cfm](http://www.aafrc.org/gusa/gusa_foundation.cfm)

Global Philanthropy Forum  
[www.philanthropyforum.org/forum](http://www.philanthropyforum.org/forum)

Institute for Philanthropy (Philanthropy Workshop)  
[www.instituteforphilanthropy.org](http://www.instituteforphilanthropy.org)

Ms. Foundation for Women  
<http://ms.foundation.org>

National Center for Family Philanthropy  
[www.ncfp.org](http://www.ncfp.org)

National Network of Consultants to Grantmakers  
[www.nncg.org](http://www.nncg.org)

National Philanthropic Trust  
[www.nptrust.org](http://www.nptrust.org)

Philanthropy Roundtable  
[www.philanthropyroundtable.org](http://www.philanthropyroundtable.org)

Public Interest Projects  
[www.publicinterestprojects.org](http://www.publicinterestprojects.org)

Social Justice Philanthropy Collaborative  
[www.changingfunding.org](http://www.changingfunding.org)

Synergos' Global Philanthropists Circle  
<http://www.synergos.org/philanthropistscircle>

The Philanthropic Initiative, Inc.  
[www.tpi.org](http://www.tpi.org)

Threshold Foundation  
[www.thresholdfoundation.org](http://www.thresholdfoundation.org)

Tides Foundation  
[www.tides.org](http://www.tides.org)

## Additional Resources

Giving Institute  
[www.aafrc.org](http://www.aafrc.org)

*The Chronicle of Philanthropy*  
[www.philanthropy.com](http://www.philanthropy.com)

*Global Giving Matters e-newsletter*  
[www.synergos.org/globalgivingmatters](http://www.synergos.org/globalgivingmatters)

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