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Givers Who Keep on Giving

A movement to inspire the wealthy to donate a higher percentage of their riches gathers steam

By Nicole Lewis

Arlington, Mass. – Twenty-seven years ago, Christopher Ellinger learned to his surprise that he had inherited \$250,000, and that another \$300,000 would eventually be on its way from his grandparents' estate. At the time, he was barely out of college, living on little money while finding his way as a social-change activist outside Philadelphia.

At first, he says, his new wealth was overwhelming, but eventually he figured out how much he needed to live comfortably and gave away the rest — more than half of his inheritance.

Now, Mr. Ellinger and his wife, Anne, want to help other people travel the same path through their new venture here, Bolder Giving.

Among its programs is the 50% League, whose members have given at least 50 percent of their income for the past three years or half their assets at some point in their lives to charity. The Ellingers are encouraging people who give that much to publicize their efforts, in the hope that more people will join them.

"We are out there to challenge people to look at their full giving potential and offer support and inspiration to people who are hungry to give more, so that they know they are not alone, they are not crazy, and they can find peers and financial experts who support that direction of giving," says Ms. Ellinger.

The Ellingers are also not alone in seeking to encourage affluent people to give away a bigger share of their wealth sooner rather than later.

In recent years, several groups have gained steam, including the Wealth & Giving Forum, in New York, which has obtained permission from 400 families with assets of roughly \$50-million or more to accept invitations and other information from the group, and the One Percent Club, in Minneapolis, which has attracted nearly 1,000 members who annually give away 1 percent of their assets or 5 percent of their income, whichever is greater.

"There is a sense that there are a lot of urgent issues, global warming particularly, that are time-sensitive," says Ms. Ellinger, who, along with her husband, wrote a book about giving away wealth. "Sure, I might still want to be a giver in my 70s, but what kind of a world is that going to be, and might it be wiser to..."

Mr. Ellinger finishes her sentence, "...give more of my money now and give small amounts in my 70s?"

More Millionaires

The efforts to encourage the wealthy to give a bigger share of their income to charity comes at a time when more and more people can afford to give big sums.

The number of U.S. households with a net worth of more than \$1-million rose to nine million in 2006, up from six million in 2001, and for the first time, the number of households with a net worth of \$5-million or more crested above one million, according to the Spectrem Group, a research and consulting firm in Chicago.

While the wealthy don't necessarily set out to make money in order to give it away, says Christopher D. Carroll, an economics professor at the Johns Hopkins University who has studied the spending habits of the nation's ultrarich, that doesn't mean charities won't benefit.

"When you get rich enough, you run out of things to spend your money on," he says. "If people can be convinced that charitable donations are a good thing to spend their money on, then it might be surprisingly easy to increase the amount of charitable donations."

However, the historical data show that groups seeking to encourage more widespread giving face challenges.

Americans have doubled their incomes in the past 40 years, but the share of giving has never climbed above 2.4 percent of the money they have left after paying for basics like housing and food, according to *Giving USA*, the annual yearbook of philanthropy produced by the Center on Philanthropy at Indiana University.

"There are a lot of issues that constrain people from thinking about this," says Dianna Smiley, a vice president at the National Center for Family Philanthropy, a nonprofit organization in Washington. "Most of us have a fear about not having enough for our own needs, or some need in our family that we might need or want to respond to."

Roots of a Movement

Still, the growing presence of philanthropy advisers points to a brewing interest among donors to give away more money during their lifetimes.

For example, since forming in 2002, Rockefeller Philanthropy Advisors, a group that provides in-depth giving guidance, has more than doubled its staff members, to 32, and has grown from working with 75 donors to handling 135, most of whom give \$500,000 to \$1-million annually, says Melissa Berman, the organization's president.

When Tracy Gary, now a philanthropic adviser in Houston, sought to donate her \$1-million inheritance more than two decades ago, no such guidance was available. "We have infrastructure that has never existed before," she says.

Several people leading today's efforts to encourage people to give a bigger share of their money to charity say they were inspired to do so by watching Claude N. Rosenberg, who founded RCM Capital Management, in San Francisco. In 1994, Mr. Rosenberg wrote *Wealthy and Wise: How You and America Can Get the Most Out of Your Giving*.

Four years later, he bankrolled the NewTithing Group, also in San Francisco. The group, which operated on a budget of \$400,000 last year and employed two full-time staff members, used statistical analysis to show that people could afford to give more each year based on all their assets, instead of using their annual income as a benchmark.

But the group published its last two reports in 2006, and in March, NewTithing closed. Mr. Rosenberg, who is in his late 70s, has faced health troubles, and his family had other "funding priorities," says Tim D. Stone, the group's former executive director.

Instead of focusing so much on research, several of the most-prominent efforts now in operation rely heavily on getting affluent people to meet with one another and talk about giving.

Leonard Kaplan, founder of the Wealth & Giving Forum, became a multimillionaire in the mid-1990s after selling his family's company, Kay Chemical, in Greensboro, N.C., to Ecolab, in St. Paul.

"When he came into that much wealth, all of a sudden stewarding a large amount of capital, he wanted to do the right thing," says Glen Macdonald, the forum's president and a principal at CMS Companies, a private-equity firm in Wynnewood, Pa. "While he would talk with his friends at social gatherings or at the club, they really didn't have a place or venue where they could really engage in a serious way in a safe environment, and go deeper into questions like 'How do I focus my giving? How do I determine how much to give now?'"

Mr. Kaplan started the forum in 2003 as a place where people with assets of \$50-million or more could meet and talk with one another about developing their giving strategies.

"I felt there was no gathering in such a format that would allow people to give great reflection and discourse, without any pressure," he says.

\$250-Million in Pledges

The group has held five multi-day meetings so far, with between 45 and 75 couples or families attending each one.

While the focus of the meetings is getting donors to talk to one another, Larry Brilliant, executive director of Google.org, and the philanthropist Kenneth E. Behring have spoken at events.

After a 2005 session where Jeffrey D. Sachs, director of the Earth Institute at Columbia University, in New York, talked about an effort to fight malaria in Africa, seven people at the forum committed a total of \$2-million to the cause.

Patrick P. Grace, who leads grant making for his family's two foundations, which have \$40-million in combined assets, was among the donors.

Since attending his first forum event, his family's philanthropy has shifted 30 percent of its giving into new causes, including donating money to organizations that provide small loans to entrepreneurs in Latin America and the malaria project in Africa. Previously, the family had supported the construction of a hospital in Tanzania.

He has also joined the board of an organization he discovered through the forum, KickStart International, a San Francisco group that develops and produces devices that poor people in sub-Saharan Africa can use to build successful small businesses.

"Now I am in contact with all sorts of other philanthropists," says Mr. Grace. "It's opened my eyes to a world that I guess should have been noticeable but wasn't."

Mr. Kaplan estimates that \$250-million to \$300-million in new commitments, either in current gifts or in charitable estate plans, have flowed to charities from forum participants since 2004.

Embracing Global Causes

While the forum avoids embracing certain causes, a meeting last month in White Sulphur Springs, W.Va., for the first time and at the request of attendees, focused on a theme: philanthropy and water.

Ms. Berman of Rockefeller Philanthropy Advisors, which handles administrative affairs for the forum, sees the selection of a theme as a sign that the group's members are maturing as donors.

"If three years ago they had sent invitations to the same group of people, to a meeting about the global issues of water, probably no one would have come," she says. "They would have felt it was a remote issue that they didn't understand, and said, 'Who knows where the money goes?' and 'It's not my problem.'"

She adds: "Now this group has much more of an appetite for thinking about problems on a global scale, because they have a much higher sense of comfort that they can assess the issue, the problem, and a way to solve it."

Mr. Kaplan, who says he plans to give away a large part of his wealth while he is alive, has poured \$6-million into the group, which is starting to reach out to other people for additional support. Mr. Macdonald says Mr. Kaplan hopes to "create a movement among wealthy people to get off the achievement wheel and into the giving game."

'More Bang for the Buck'

In Minneapolis, the One Percent Club does not use a threshold of wealth as a criterion for membership.

"Our target market is theoretically anybody who could stretch to give more," says Judson M. Dayton, the organization's board chair and a son of Kenneth Dayton, the department-store entrepreneur who was an early supporter of the club. But "we hope we are going to get more bang for the buck if we go to the wealthy who are not giving enough," he says.

Mr. Dayton, a self-employed venture capitalist, estimates that \$300-million has flowed to charities from members since the group was founded a decade ago.

"We are just trying to show the wealthy: If you only give 1 percent of your net worth away, you get to keep 99 percent of your net worth, but still do nice things with that 1 percent," he says.

The group produces a quarterly newsletter and puts on an annual dinner; no membership dues are collected. Members are recruited via one-on-one conversations, and it has taken the group a lot longer to get to its goal of 1,000 members than the leaders thought it would, says Mr. Dayton.

The people most resistant to joining, he says, are mostly donors who already give away the requisite amount but don't want the recognition.

"That is our hardest sell," he says. "Harder than someone who says they just don't want to give."

Still, he recently traveled to Lacrosse, Wis., to talk to people interested in setting up a similar organization there, and some members of the Minneapolis club who spend the winters in Florida are considering setting up chapters there.

Getting Attention

The One Percent Club is not alone in its uphill climb to attract interest among would-be donors. Officials at the Community Foundation of Santa Cruz County, in Soquel, Calif., have organized several gatherings open to the public to encourage people to think more about philanthropy. Topics have included developing a giving plan, how to give away an inheritance, and how much wealth individuals could comfortably give away.

Ms. Gary, the philanthropic adviser, and the Ellingers, the couple who started Bolder Giving, the Arlington, Mass., group that hopes to encourage more people to give away wealth over their lifetimes, have spoken at the meetings.

But attendance at the first such conference in 2004 was not huge, which frustrated the two community-foundation donors who came up with the idea for the meeting, says Robin Larsen, the foundation's donor-services officer.

"They have been disappointed that people aren't going 'yea' and pouring out of the hills to come to the workshops," she says. "People are busy, and it's hard to get their attention. Plus, it's a tough subject — they don't like to talk about money."

Mr. Ellinger agrees.

"I hear people on the train talking about sex and I don't hear anybody saying, 'Well, how much did you give last year?'" he says. "People are afraid of being judged, then people are afraid of being over-solicited."

Part of the reason he and his wife started their group, he says, is that while many groups are willing to help donors decide where to place their gifts, few are willing to ask donors if they have thought about how much they could afford to give away, he says.

Bolder Giving is also on a publicity blitz to get its message out in the hopes of encouraging people to give a bigger share of their wealth to charity.

Articles about the group and members of its 50% League — donors who have given away at least half of their assets in their lifetime, or half of their income in the past three years — have appeared in *Worth* magazine, *The Christian Science Monitor*, and *The Boston Globe*, and CBS News is planning an interview with the couple this month.

Eleanor Clement Glass, chief giving officer at the Silicon Valley Community Foundation, in San Jose, Calif., says the Ellingers are providing an important service to groups like hers because they are showcasing role models for other donors.

"It's one thing to respond to the envelope in your mail or maybe the organization where you are on the board," says Ms. Glass, who is considering linking to the Bolder Giving Web site from her foundation's online home. "It's another thing to think, 'Gosh, I really could make a difference' and to understand your own capacity."

The Ellingers, who also offer one-on-one consultations for wealthy donors considering increased giving, aren't sure whether the effort will be short- or long-term.

"When we show up at a conference and see somebody else leading the workshop on 'What is your giving potential?'" says Mr. Ellinger, "we'll know we have been successful."

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