

Turning Passion into Impact: Philanthropy at the Next Level

Today's philanthropists want to channel a desire to "do something" into purposeful and strategic action, investing in the people and programs able to make a measurable difference. For many, however, understanding how to discover a passion, effectively incorporate giving goals and navigate the many giving vehicles available can prove overwhelming. Fortunately, successful outcomes may be achieved through focus, discipline and sound planning.

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Discovering Your Passion

For some individuals, identifying a passion may seem like a momentous task. Life experiences fuel our outlook, and the process of discovering an inner passion may be facilitated through a series of questions that identify core personal values and recognize the influences that frame our perspective.

Questions to Consider

- Who has significantly impacted my life and why? What did I learn as a result?
- Is there a particular lesson or idea I want remembered?
- What do I see as my greatest accomplishment and why?
- What values and experiences guide my life choices?
- What is the legacy for which I wish to be known?

The answers may reveal themes and patterns that will narrow our focus to an area about which we are most passionate, building a bridge between good intentions and the fulfillment of philanthropic goals.

From Passion to Planning

Effective philanthropy begins with a sound plan that clearly defines objectives and areas of focus. The plan develops as relevant procedures and guidelines are added that are structured, sustainable and flexible for changing times. One of the most challenging steps is selecting an appropriate giving vehicle to reach the desired outcome. Determining goals upfront may help make this decision easier. Questions to pose include:

- What are the goals I aim to achieve through my giving?
- How much of my assets should I give?
- How long do I want my giving to last?
- How do I involve my family?

A third-party advisor is often able to assist in the planning process and provide impartial guidance. For example, an advisor may facilitate family discussion around defining goals, helping to establish a formal mission statement, as well as educate givers about the wide-range of giving options. Some of the most common possibilities include: private foundations, giving circles, donor-advised funds and personal giving. In the table below, we outline each:

	PRIVATE FOUNDATION	GIVING CIRCLE	DONOR-ADVISED FUND	PERSONAL GIVING
Definition	A nonprofit organization usually created from a single primary donation. Funds and programs are managed by the trustees.	A group of individuals raising, pooling or granting money collectively. Giving circle members often donate their time and skills to support causes.	A charitable giving vehicle administered by a public charity and created to manage charitable donations on behalf of organizations, families or individuals.	Individual charitable gifts made by the general public through cash/check, shares, property and other assets, or by setting up charitable trusts.
Distribution Requirements	Requires 5% annual payout of the total assets per year.	None	None	None
Privacy	Tax returns are public record and readily available.	Donor identity known to recipient organization; public availability of information at donor's discretion.	Availability of information at donor's discretion.	Donor identity known to recipient organization; public availability of information at donor's discretion.
Tax Benefits for Donors	Deduction limited to 30% of adjusted gross income (AGI) for cash gifts*.	Deduction limited to 50% of adjusted gross income (AGI) for cash gifts*.	Deduction limited to 50% of adjusted gross income (AGI) for cash gifts*.	Deduction limited to 50% of adjusted gross income (AGI) for cash gifts*.
Control/ Decision Making	Donor retains full control over investments, grantmaking and governance.	Donors retain full control over funds, including amount and recipients.	Advice and recommendations are accepted, however, sponsoring organization has final control over decision-making.	Donor retains full control over funds, including amount and recipients.
Administration	Recordkeeping and administration managed by the foundation.	Recordkeeping and administration managed by the donors.	Recordkeeping and administration managed by the sponsoring organization.	Recordkeeping and administration managed by the donor.

**Non-cash gifts are subject to other limitations*

The best giving option will depend upon the objectives, resources, tax planning needs and goals for family involvement. For example, if a private foundation is deemed the optimal structure, planning around grantmaking and education on legal and regulatory requirements may be necessary. This is where the expertise of a third-party advisor may prove helpful.

Philanthropic Diversification

Philanthropically-minded individuals begin at differing start points. Similar to an investment portfolio, philanthropic plans may benefit from diverse strategies and the subsequent goals may be incorporated into client portfolios. A growing trend is to employ impact investing, an investment style that blends financial performance with a measurable social benefit. It could also mean philanthropic involvement by donating time, talent, treasures or ties—building connections among like-minded individuals or organizations with complementary missions to encourage collaboration.

Philanthropic diversification may lead clients to reevaluate current giving models. For example, if awarding annual grants is the traditional means of giving, other options include participating in microloan programs, funding advocacy programs or expanding grant-making plans to include seed or overhead grants. An organization may want to strategically partner with a U.S.-based tax-exempt organization that is able to facilitate the funding of international microloan programs and expand the type of giving (microloans) as well as the organization's reach.

Putting Purpose into Practice

By adopting a hands-on approach to philanthropy, we undertake a personal journey inspired by life experiences and passions discovered along the way. Clients who create a focused, sustainable plan, while remaining open to diverse opportunities, will be able to make significant impact.

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