

*as a woman you may be a...*

MOTHER

WIFE

GRANDMOTHER

DAUGHTER

SINGLE WORKING WOMAN

# A PLAN

{ of one's own }

BUSINESS OWNER

**A WOMAN'S GUIDE TO PHILANTHROPY**

MID-CAREER PROFESSIONAL

CORPORATE EXECUTIVE

GRADUATE STUDENT

RETIRED VOLUNTEER



NEW VENTURES IN  
PHILANTHROPY



*as women we are all philanthropists ...*

women, who care about

*people,* **THE** *community,*  
**AND THE** *future;*

women who give money and time to make the world a better place.

“A healthy society includes the active participation of women through philanthropy, the voluntary sharing of one’s personal and financial resources. Women have traditionally been heralded for their generations of life-changing service to society. But today, women are not limited to contributions of service, as they are achieving full confidence in their capabilities as financial donors.”

WOMEN’S PHILANTHROPY INSTITUTE

THE PAST CENTURY HAS HAD A PROFOUND IMPACT ON WOMEN’S LIVES, RESULTING IN MANY WOMEN COMING INTO LEADERSHIP POSITIONS. COMMUNITY LEADERS, NONPROFIT DIRECTORS, BUSINESS OWNERS, PROFESSIONALS, AND MOTHERS WHO HAVE PREPARED THEIR CHILDREN TO CONTRIBUTE TO SOCIETY, HAVE HELPED SHAPE THE 20TH CENTURY FROM THE INSIDE OUT.

WOMEN CAN NOW SHAPE THE 21ST CENTURY BY BUILDING ON THEIR COLLECTIVE TRADITION OF SERVICE TO GIVE FINANCIAL AND INTELLECTUAL CAPITAL. AS WOMEN BECOME EFFECTIVE PHILANTHROPISTS IN THEIR OWN RIGHT, THEY NEED GOOD INFORMATION TO INFORM THEIR STRATEGIC CHOICES IN THEIR JOURNEY OF GIVING.

# *why philanthropy?*

**PHILANTHROPY** gives our wealth meaning and engages us as stewards in the *betterment of society*.

**PHILANTHROPY** is our *individual response* to human needs; an opportunity to give is an opportunity to be involved.

**PHILANTHROPY** is *nurturing, caring, and serving*.

**BY BEING** a philanthropist, we assist with *community growth*.

**BY GIVING** to charitable and philanthropic organizations, we *exercise our support* for the goals, the people, and the purposes in which we believe.

**PHILANTHROPY** allows us to *shape the future* in which we want to live.

**A PLAN OF ONE'S OWN: A WOMAN'S GUIDE TO PHILANTHROPY IS DESIGNED TO ASSIST AND INSPIRE YOU TO EXPLORE AND CRAFT YOUR OWN PATH TO EFFECTIVE PHILANTHROPY. FIND OUT HOW BEST TO GET INFORMATION ABOUT THE ISSUES YOU CARE ABOUT AND LEARN OF TOOLS TO HELP GUIDE YOU TO THE GIVING OPTION THAT IS BEST FOR YOU.**



## *contents*

- 4 | WHY A SPECIAL GUIDE FOR WOMEN?
- 5 | WHAT MOTIVATES WOMEN TO GIVE?
- 6 | WOMEN ARE BREAKING BARRIERS
- 7 | YOUR JOURNEY: PUTTING IT ALL TOGETHER
- 8 | CREATING YOUR OWN CHARITABLE GIVING PLAN
- 33 | WORKING WITH ADVISORS
- 34 | RESOURCES FOR YOU
- 35 | GLOSSARY OF TERMS
- 40 | BIBLIOGRAPHY & ACKNOWLEDGMENTS

## Why a Special Guide for Women?

**FOR CENTURIES, OUTSTANDING WOMEN HAVE FOCUSED THEIR EFFORTS AND THEIR FORTUNES ON CREATING NEW INSTITUTIONS AND BRINGING ABOUT SIGNIFICANT SOCIAL CHANGE.**

The role of "volunteer" and "giver" is a traditional one for women, yet few people have thought of women as philanthropists. Until recent years, philanthropy has remained uncharted territory for many women.

### **This is changing.**

As leaders in every other area of society, women are beginning to understand their full potential as philanthropists, as shapers of future society. Women have come to philanthropy through their volunteer involvement with the nonprofit causes they believe in; now women are building on that expertise as they forge a path for others.

### **Why now?**

As we begin the 21st century, women in the United States are in a position of unprecedented wealth and economic power. Today, women control more wealth—whether individual, family, shared, or inherited wealth—than ever before. As their wealth increases, women are becoming more knowledgeable about their own financial resources and responsibilities.<sup>1</sup>

Women make up 53% of the workforce and are increasingly moving into higher-paying professional careers. Women make up 1.6 million of the top wealth holders in the U.S., with a combined net worth of almost \$2.2 trillion. Women generated \$2.1 trillion in earnings in 1999.

Perhaps most striking of all, because women live longer than men, they will end up in charge of much of the \$41 to \$136 trillion expected transfer from generation to generation over the next fifty years.<sup>2</sup>

**Great wealth and unprecedented power represent ripe conditions for the growth of independent, strategic philanthropy as women fully discover their capacity to impact the causes that impassion them.**

It is not an overstatement to say that women, as managers of their individual, family, and shared wealth, have the potential to make a profound and lasting impact on society by actively engaging in philanthropy.

In the 21st century, it will be women who make the difference; women who lead the way as philanthropists, principals of society, and leaders in business, politics, the arts, sports, medicine, education, law, and in the nonprofit sector. By building on the tradition of service, leveraging current expertise, and strategic financial giving, women are shaping the future of society.

**Combining volunteerism with financial resources, philanthropy is the next frontier of the women's movement.**

Research has found that women have unique giving patterns as a result of their socialization. Women do not give the same way men do. Grounded in a tradition of volunteerism and sharing, women bring a new voice to philanthropic giving, one that is based on partnership and engagement and is transforming the way philanthropy and fundraising work.

**Many women are looking for information on how to sharpen their philanthropic skills and focus their giving for the greatest impact. *A Plan of One's Own* is designed to help women take control and increase the impact of their giving.**

<sup>1</sup> "She Said: A Study of Affluent Women and Personal Finances," Deloitte & Touche, 1998.

<sup>2</sup> "Report Reveals Significantly Higher Forecasts for Upcoming U.S. Wealth Transfer: Boston College Researchers Project Range of \$41–\$136 Trillion in First New Wealth-Transfer Estimates Since 1990," press release, Boston College Social Welfare Research Institute, October 20, 1999.

## What Motivates Women To Give?

### WOMEN GIVE FOR MANY REASONS:

*"Giving gives me a feeling of value and satisfaction... helps me to perpetuate a certain viewpoint or philosophy... allows me to memorialize a friend or loved one... as a family, give around a purposeful mission.*

*"It's a chance for me to give back to my community... leave a legacy... or satisfy a desire for leadership... and to network with like-minded individuals... capitalize on tax advantages..."*

*"...and most of all, it's an opportunity to create my own journey and make a mark that's important to me."*

In their book *Reinventing Fundraising: Realizing the Potential of Women's Philanthropy* (1995), Sondra C. Shaw-Hardy and Martha A. Taylor, co-founders of the Women's Philanthropy Institute, identified six recurring themes in their discussions with women philanthropists, which they called "the 6 C's":

#### **Create**

- Women want to create new solutions to old problems.
- Women seek to create new organizations or new programs within existing organizations.

#### **Change**

- Women give to bring about social change.
- Women are less interested in providing unrestricted support to preserve the status quo of an organization or institution.

#### **Connect**

- Women prefer to see the human face their gift affects.
- Women want to build a partnership with people connected with the projects they fund.

#### **Collaborate**

- Women prefer to work with others as part of a larger effort.
- Women seek to avoid duplication, competition, and waste.

#### **Commit**

- Women often volunteer for causes which they care about.
- Women often give to the organizations for which they have volunteered.

#### **Celebrate**

- Women seek to celebrate their accomplishments and have fun with philanthropy.

#### **Women who give say they receive the following benefits:**

- Altruism, accompanied by a sense of self-empowerment.
- Being part of a larger community.
- Finding like-minded people—meeting others who share interests and values.
- Participating in the process and watching a project unfold.

**By giving financial, intellectual, and social capital to charitable and philanthropic organizations, women can support what they believe.<sup>3</sup>**

<sup>3</sup> Sondra C. Shaw-Hardy and Martha A. Taylor, *Reinventing Fundraising: Realizing the Potential of Women's Philanthropy*, Jossey-Bass Publishers, 1995.

## Women are Breaking Barriers

**THERE ARE A NUMBER OF BARRIERS TO GIVING THAT WOMEN ARE OVERCOMING; BARRIERS THAT HAVE TRADITIONALLY MADE IT CHALLENGING FOR MANY WOMEN TO REALIZE THEIR FULL PHILANTHROPIC POTENTIAL.**

**More women are:**

- Overcoming racial, cultural, and economic barriers.
- Familiar with financial matters.
- Accepting the power and responsibility associated with money.
- Solicited directly from charities for donations.
- Comfortable making gifting decisions for the money they share with their husbands, even if the husband has earned the majority of it.
- Feeling that they do not need permission to give.
- Becoming financially secure and valuing their giving ability.
- Feeling comfortable about the future.
- Comfortable being a public, visible philanthropist.
- Viewing themselves as philanthropists.

Some of these barriers may be generational. Age and social influences can have an impact on women’s giving. In her article “*No Longer Invisible: The Emerging Role of Women as Philanthropists*,” Andrea Kaminski identifies some generational differences in women’s giving:

- In the “mature” generation (women born prior to 1931), economic upheaval in childhood led many to commit to giving, sharing, and accepting community responsibility to rebuild society. These women also share a fear of losing their money. Many women never brought home a paycheck so may not think of money as something they can replace. In fact, they may not know how much money they have, much less how they can invest it for growth. They may feel a responsibility to pass all their money to their children and continue to support their husband’s causes out of a sense of loyalty.

- Women in the generation born between 1931 and 1945 may hold views similar to those of the mature generation, but also may have attended college and entered the workforce as pioneers in a male-dominated world. This generation tends “to be wary of issues related to money and power” and prefers giving to traditional women’s interest areas.
- Baby Boomers (born between 1946 and 1964) are more likely to earn money, make decisions about it, and seek accountability in the organizations in which they invest.
- Women born after 1964 tend to resist a separate focus on women. They typically earn their own money and depend less on others for financial support.<sup>4</sup>

**Today, women have increased control over more money than ever before and are viewing strategic philanthropy as an opportunity to help shape the future of society. Barriers do exist ... but as women become more aware of opportunities to give, these barriers will continue to be broken.**

<sup>4</sup> Andrea Kaminski, “No Longer Invisible: The Emerging Role of Women as Philanthropist,” *Connections* (The Association of Professional Researchers for Advancement), Spring 2001.

## Your Journey: Putting It All Together

### TIRELESS AND DEDICATED VOLUNTEERS, WOMEN HAVE LONG BEEN THE BACKBONE OF PHILANTHROPY.

Women are increasingly learning of the benefits and rewards of leveraging time, talent, and resources on behalf of their interests. Women are now merging power, wealth, and the desire to act as catalysts for change within their communities. Through strategic giving, women are at the leading edge of a new era of philanthropy.

### Combine women’s thoughtful approach to giving with their growing philanthropic potential, and a blueprint for a new philanthropic landscape emerges.

You may be overwhelmed with information and uncertain about where to begin. Here is some advice from Martha Taylor and the Women’s Philanthropy Institute:

- Begin your philanthropy as early in life as possible. Even if you can’t give as much as you’d like, your gifts will add up and begin to form your legacy.
- Find your passion, and focus your gifts rather than scattering them.
- Think about two or three areas or causes you want to support and make this your philanthropic vision. Not only will your gifts have more impact, but you will find your giving more satisfying.
- Work for parity in giving in your household. You and your spouse/ partner should have equal say about which causes your contributions support and what amount is given.
- If you can, give out of your assets to the causes about which you are passionate. Think of your philanthropy as you would a child—your investment in the future of our world.
- Consider the strength of numbers. Organize with others to provide a pooled gift that can make a project possible.
- Leverage your giving. Increase your impact by challenging others to support the causes you hold dear.

- Teach the art of philanthropy to the next generation. Instill in your children, and the young people you associate with, the values you treasure and your commitment to support them.
- Have fun with your philanthropy. Celebrate your birthday with a philanthropic gift that you might not have thought was possible. Surprise your friends and family by giving in their names, or giving to a nonprofit of their choice. The possibilities are endless!

Each individual or family who establishes a charitable giving program is making a far-reaching contribution to improve the human condition. It is an investment in humanity that brings a great sense of accomplishment and satisfaction. It proves the truth of the poet James Russell Lowell’s observation: “All the beautiful sentiments in the world weigh less than a single caring action.”

Women have emerged as leaders in business, government, and other professional careers, and are poised to make a major philanthropic impact by seeking guidance regarding choices about what becomes of their wealth—how much they spend, how they invest, how much goes back to society in the form of taxes, and what they accomplish through strategic philanthropic giving.

### Consider ...

- If women continue to give more strategically, the impact will be magnified across the country.
- If more women give to the causes they care about, and women who already donate give more, women will help shape a better society for future generations.
- If more women give to causes that reflect their beliefs and values, they will transform the philanthropic landscape.
- If more women give to organizations benefiting women, some basic gender inequities will be addressed.

**Now, let’s begin to create your own charitable giving plan.**

## Creating Your Own Charitable Giving Plan

**THE FIRST STEP IN CREATING A GIVING PLAN IS TO DEFINE YOUR MISSION AND DETERMINE HOW YOU WOULD LIKE TO STRUCTURE YOUR GIVING. AS WITH ANY IMPORTANT ENDEAVOR IN YOUR LIFE, THOUGHTFUL PLANNING IS IMPORTANT.**

Before determining how you would like to structure your giving, try answering the questions below. Your honest, thoughtful responses to these questions will better prepare you when you structure a charitable giving plan that best reflects your life’s experiences, values, goals, and passions.

### **GIVING QUESTIONS:**

- Why are you interested in charitable giving?
- What would you like to accomplish with your giving?
- What are your values and goals for your giving?
- How would you like to be involved in, or manage, your giving?
- How much money do you want to commit to your philanthropy during your lifetime? After your death?
- Do you want to involve others in your giving, either inside or outside your family? If so, who?
- Are there time-sensitive tax considerations influencing your giving decision?
- Are you comfortable with a legally binding commitment for a period of time?
- Do you need income from your financial assets now? What are these needs?
- Would you like your charitable giving to be part of your retirement planning? If so, in what ways?
- How have you given to charity in the past?

### **WHERE TO GIVE?**

For some people, one of the most difficult aspects of charitable giving is determining where to give their money. There are so many opportunities to give that it can be overwhelming to decide where to put your resources. Thousands of organizations and causes compete for funding to do their good works.

### **How do you begin?**

Tracy Gary and Melissa Kohner, authors of *Inspired Giving: Creating a Giving Plan*, write that creating a giving plan is a process of distilling what you love and are concerned with and threading those issues with your own values, money, and time. It’s also choosing initiatives, leaders, and non-profits whose missions and strategies are working to make the changes you want to see.

Gary and Kohner believe that knowing what you feel passionate about is the first step in determining how your personal contributions of money, time, and energy will be most effective ... and that giving money is about giving part of yourself.

The authors suggest identifying your top three values and top three interest areas and concerns and then determining if there is a relationship between the two. They give the following example:

My top three values are dignity, equality, and opportunity, and my top three issue areas are education, economic justice, and youth development. I believe that the opportunity for a good education, particularly for young people who are shut out of their full potential early on because of poor schools, is vital to dignity, equality, and finally, economic justice for everyone.

In deciding where to make your charitable gifts, you'll want to make sure that the recipients of your gifts have tax-exempt status from the Internal Revenue Service, so that you may claim the appropriate federal tax deduction for your gift.

There are also a growing number of resources available to help you find a charity that provides programs and services reflecting values similar to your own. Research nonprofits working in areas of particular interest to you, and learn more about a particular nonprofit before making a giving decision.<sup>5</sup>

### HOW MUCH TO GIVE?

Determining how much to give to charity is a personal choice. The only legal requirements for giving levels relate to private foundations, which are required by federal law to pay out annual grants totaling a minimum of 5% of their assets.

The appropriate charitable giving amount will be different for every person. Deciding how much to give to charity can be influenced by many factors including your family situation, retirement goals, financial picture, personal values, and passions.

Do you want to set a target amount or percentage of income each year? The national average for those who itemize their charitable contributions is 2%. Some faith-based institutions recommend “tithing”—based on the belief of giving the first and best to faith—which can be up to 10% of your before or after tax income.

### What is comfortable for you?

#### What would be a good challenge or stretch?

A number of experts believe many Americans can give a great deal more to charities than they currently give. New Tithing, a nonprofit organization dedicated to increasing the charitable donations of Americans, uses a formula to determine a feasible level of giving for donors. The organization's website ([www.newtithing.org](http://www.newtithing.org)) has information and an online calculator to assist donors in determining comfortable and affordable donations. The formula is based on your annual surplus income and investment assets minus your current debts.

### WHAT TO GIVE?

With the variety of giving options available, your contribution may consist of almost any property, tangible or intangible. The following list provides some of the most common types of assets that you can donate to charity. This can help to give you an idea of what assets you might consider using as you develop your giving plan. Consult a professional advisor for specific details.

- Cash and cash equivalents
- Publicly traded securities
- Closely held securities
- Life insurance
- Real estate
- Personal property
- Retirement assets
- In-kind gifts and pro bono services

### WHAT GIVING VEHICLES WORK FOR YOU?

Charitable giving comes in many forms—all of them helpful and beneficial to society. The key is to give in a way that is most consistent with your personal values and passions. The following summaries outline the major variations among giving options. This information is not meant to be all-inclusive but rather to serve as a first step in helping you move to the next phase of your giving plan.

Creating a charitable giving program is exciting in that you are not limited to just one giving vehicle! Each donor has unique, specific, interests and conditions that must be analyzed in detail together with a professional advisor (lawyer, accountant, insurance broker, or financial advisor) before moving forward to the next phase. The chart on page 32 provides a simple way to compare and contrast giving options based on a number of criteria.

<sup>5</sup> Tracy Gary and Melissa Kohner, *Inspired Philanthropy—Creating a Giving Plan*, Chardon Press, Berkeley, CA, 1998.

## 1 | Make a direct gift to an established charity

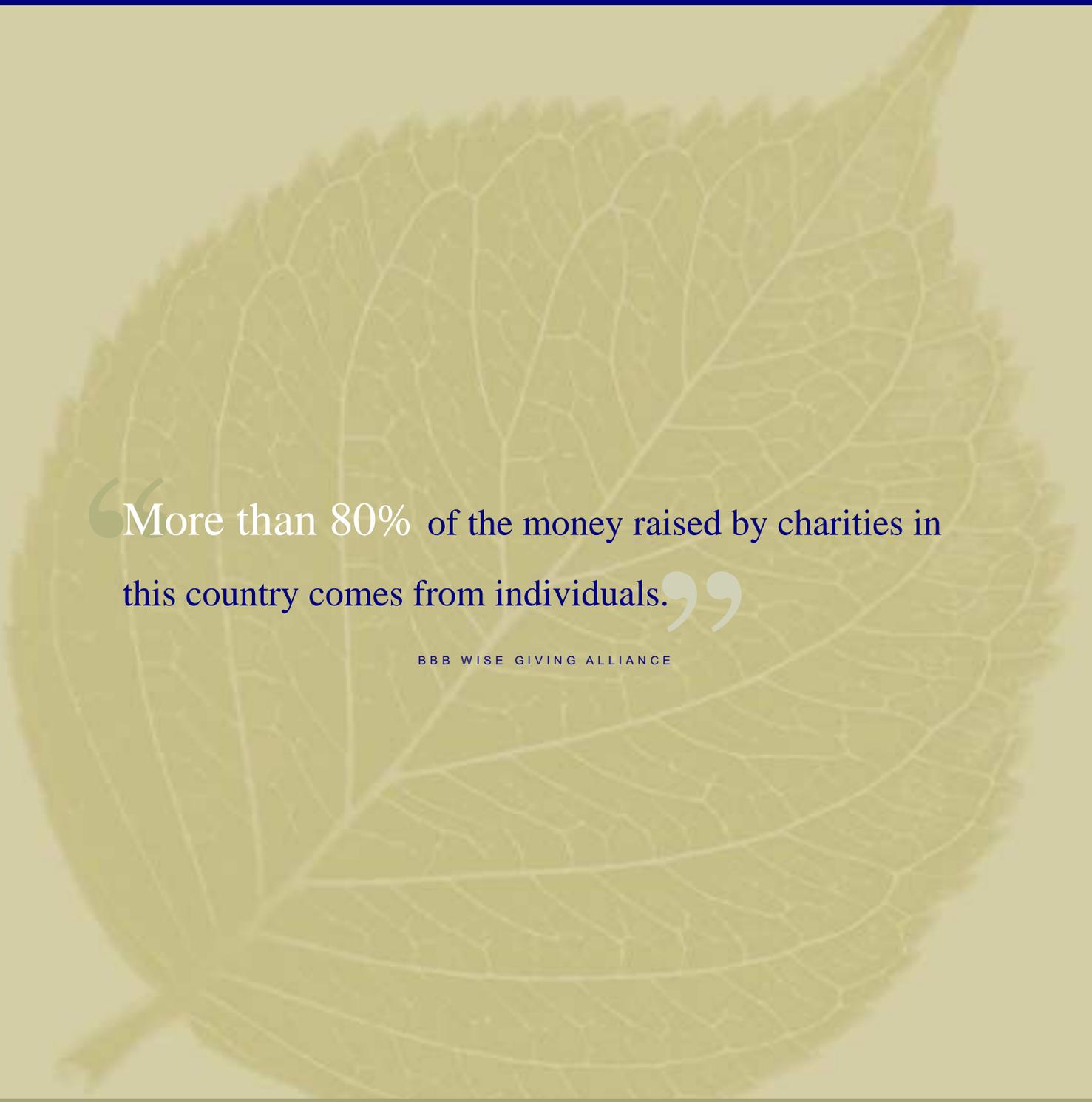
*Established charities include charitable organizations such as churches, educational institutions, or other nonprofits working in health care, education, the environment, human services, arts, and others.*

Finding a charity that provides programs and services that reflect values similar to your own is usually not difficult—you probably know of some already. If you have questions about the reliability of a particular national nonprofit, the BBB Wise Giving Alliance (formerly the National Charities Information Bureau and the Council of Better Business Bureaus Foundation) is a source of information on larger, well-established nonprofit organizations ([www.give.org](http://www.give.org)). Remember to verify the organization's tax-exempt status.

The tax deduction for gifts of cash to charity can be up to 50% of your adjusted gross income for the year. It is also possible to give gifts of property to charity, including real estate, mutual funds, stocks, and other securities. These gifts provide different deductions for tax purposes.

An increasingly popular way to give is through federated funds, like the United Way, the Combined Federal Campaign, the Black United Funds, and others that collect and distribute donor dollars to nonprofit organizations. Federated funds raise their funds largely through annual workplace giving campaigns, and distribute to local, state, and national nonprofit organizations. Check with your employer for details about workplace giving options available.

**NEXT STEP:** TO FIND OUT MORE ABOUT NONPROFIT ACTIVITIES IN YOUR AREA, CONSULT YOUR LOCAL COMMUNITY FOUNDATION, UNITED WAY ([WWW.UNITEDWAY.ORG](http://WWW.UNITEDWAY.ORG)), WORK PLACE GIVING PROGRAM, STATE ASSOCIATION OF NON-PROFITS, CHAMBER OF COMMERCE, OR THE ONLINE DONATION SITE NETWORK FOR GOOD ([WWW.NETWORKFORGOOD.ORG](http://WWW.NETWORKFORGOOD.ORG)).



“More than 80% of the money raised by charities in this country comes from individuals.”

BBB WISE GIVING ALLIANCE

## 2 | Create a private or family foundation

*Private foundations are a popular, long-standing form of philanthropy in the United States.*

Private foundations are generally founded by an individual, a family, or a group of individuals and organized as nonprofit corporations (giving the foundation the same tax-exempt status as a charitable organization) or charitable trusts. You can appoint yourself, as well as other family members or friends, to the foundation's governing board, which is charged with fiscal oversight and allocating funds.

Private foundations are flexible in terms of who can start one and why. Families sometimes use a family foundation as a forum in which family members can work toward common goals, or as a way to instill the value of charitable giving in future generations. Individuals who start a private foundation may do so to retain personal control and flexibility in their giving program. A group of individuals may choose to create a private foundation to work toward common goals. Private foundations can vary greatly in size and levels of involvement. Some are staffed with professional grantmakers, others rely on a collective decision making process to award grants, and others allocate funds based on donor choice.

As a charitable organization, a private foundation is exempt from federal income tax, and your gifts to the foundation afford you certain tax advantages. You may deduct up to 30% of your annual adjusted gross income for cash donations. Gifts of property may be deducted as indicated by the chart on page 32. If any of your gifts in any year exceed the allowed maximum deduction, you may carry over the excess deduction for up to five years.

Another important benefit of a private foundation is that the funds continue to provide charitable capital as long as the foundation exists. This allows foundations to provide for the long-term needs of the organizations and the issues you want to support, typifying the kind of long-term impact philanthropy can have on social change. By making endowed gifts, whereby the principal gift generates annual revenue, the donor's influence can continue to make an impact for generations to come.

Private foundations must make charitable expenditures of approximately 5% of the market value of their assets each year. For example, if foundation assets are \$5 million, the annual payout in grants would be \$250,000. Although exempt from federal income tax, private foundations must pay a yearly excise tax of 1%–2% of their net investment income.

In addition to the private grantmaking endowed foundation, there are two other variations of private foundations to consider:

The **Pass-Through Foundation** is a private grantmaking organization that distributes all of the contributions it receives each year—not just 5% of assets. A pass-through option may be made or revoked on a year-to-year basis.

The **Private Operating Foundation** uses the bulk of its income to actively run a charitable program or service, thus eliminating the need to decide annually where funds should be granted. Examples include the operation of a museum, library, research facility, or historic property. Some private operating foundations also choose to make some grants to other charitable organizations, but this is individually determined.

**NEXT STEP:** CONTACT THE COUNCIL ON FOUNDATIONS ([WWW.COF.ORG](http://WWW.COF.ORG)), THE NATIONAL CENTER FOR FAMILY PHILANTHROPY ([WWW.NCFP.ORG](http://WWW.NCFP.ORG)), THE FORUM OF REGIONAL ASSOCIATIONS OF GRANTMAKERS ([WWW.GIVINGFORUM.ORG](http://WWW.GIVINGFORUM.ORG)), OR YOUR LOCAL COMMUNITY FOUNDATION ABOUT YOUR CHARITABLE INTERESTS. TO FIND YOUR LOCAL COMMUNITY FOUNDATION OR REGIONAL ASSOCIATION OF GRANTMAKERS, CONSULT THE COUNCIL ON FOUNDATION'S COMMUNITY FOUNDATION LOCATOR ([WWW.COF.ORG](http://WWW.COF.ORG)) OR THE FORUM OF REGIONAL ASSOCIATIONS OF GRANTMAKERS.

“Private and community foundation giving has more than doubled since 1995 and **private foundation growth** has been strong in recent years, in part due to the New Economy, with 50,201 grantmaking foundations operating in 1999.”

*Foundation Yearbook*, THE FOUNDATION CENTER

### 3 | Give to, or through, a community foundation or public foundation

*Community foundations are local charitable organizations that administer a number of endowed and non-endowed funds for local purposes.*

Because community foundations are geographically focused, they are able to become expert in solving community or regional problems and improving the lives of people in their area through the funds they administer.

**Community foundations** are found in most major cities and in numerous counties and smaller towns; some are statewide. Growing in popularity among donors and nonprofits, community foundations do offer some distinct advantages and options when targeting giving for community needs.

As a donor, you have several ways in which you can make a gift to a community foundation. You may simply make an **unrestricted gift**, the income from which is used where the community foundation's board of knowledgeable local leaders/volunteers deem it is most needed. You may support a **field of interest fund** for the arts, education, environment, or other area of charitable interest. Or you may identify one or several nonprofit organizations to benefit annually from your endowed gift.

Because community foundations are public charities supported by donors from across the community, all contributions are eligible for the maximum tax benefits (up to 50% of adjusted gross income).

Many individuals, families, and even corporations are creating donor-advised funds within their local community foundations. **Donor-advised** funds are exactly what they sound like. You can name the fund, establish a broad purpose

for the fund, or designate a specific charitable organization, such as the local library, to benefit. While the final decision on grant distributions rests with the board of trustees of the community foundation, your fund is not subject to the excise tax and payout requirements of a private foundation.

A donor-advised fund can be established quickly and easily. While the community foundation will charge a small annual fee for administering your fund, research indicates that, depending on asset size, it is normally less expensive than the annual operating expenses of a private foundation.

You may also choose to support one of the other **public foundations** in your area. A typical public foundation is a charity established to address a particular issue (such as the environment) or support the needs of a particular demographic segment (such as the African American community). Its geographic focus may be local, statewide, national, or international. Examples include the Associated Black Charities of Maryland, the Florida Education Fund, the Foundation for the Jewish Community, and the Children Affected by AIDS Foundation.

Public foundations offer the same giving opportunities and tax advantages as community foundations. (Community foundations are, in fact, a special kind of public foundation.)

#### **CHARITABLE GIFT FUNDS**

Many financial institutions provide opportunities for clients to establish **charitable gift funds**. These tax-deductible funds allow the donor to make recommendations about charities they wish to support.

**NEXT STEP: CONSULT YOUR LOCAL COMMUNITY OR PUBLIC FOUNDATION OR FINANCIAL INSTITUTION ABOUT YOUR CHARITABLE INTERESTS. TO FIND LOCAL INSTITUTIONS FOR FURTHER INFORMATION, CONTACT THE COUNCIL ON FOUNDATION'S COMMUNITY FOUNDATION LOCATOR ([WWW.COF.ORG](http://WWW.COF.ORG)) OR THE FORUM OF REGIONAL ASSOCIATIONS OF GRANTMAKERS ([WWW.GIVINGFORUM.ORG](http://WWW.GIVINGFORUM.ORG)) TO FIND YOUR LOCAL REGIONAL ASSOCIATION.**



“In 2000, U.S. community foundations gave an estimated \$2.2 billion to communities across the country—a record level of giving.”

*Foundation Yearbook*, THE FOUNDATION CENTER

#### 4 | Join or start a women's fund or foundation

*A women's fund or foundation can channel women's philanthropy to support programs that primarily benefit women and girls (though sometimes the money may be distributed to other causes).*

Women's funds are public funds, and so like community foundations and other public funds, both receive donor resources and make grants to women and girls' organizations. Though women's funds share the mission of serving women and girls, the breadth and depth of issues is extensive. There are funds that focus on social, economic, and cultural issues impacting women and girls,

including funds focused just on, for example, women's athletics or women in the arts.

Additionally, there are some women's funds that are dedicated to social change philanthropy, which invests in the solutions that marginalized communities design. These include organizing and advocacy strategies that create social and policy changes to promote equity for people of color, low-income populations, women, immigrants and refugees, international communities, disabled people, and lesbian and gay people. Social change philanthropy involves community leaders, change agents, and disenfranchised populations in grantmaking, since they know best how to allocate resources in their communities.

**NEXT STEP: CONTACT YOUR LOCAL WOMEN'S FOUNDATION AND/OR THE WOMEN'S FUNDING NETWORK ([WWW.WFNET.ORG](http://WWW.WFNET.ORG)), WOMEN & PHILANTHROPY ([WWW.WOMENPHIL.ORG](http://WWW.WOMENPHIL.ORG)) OR WOMEN'S PHILANTHROPY INSTITUTE ([WWW.WOMEN-PHILANTHROPY.ORG](http://WWW.WOMEN-PHILANTHROPY.ORG)) FOR FURTHER INFORMATION ON STARTING OR GETTING INVOLVED IN A WOMEN'S FOUNDATION.**

“The trend of **women funding issues** affecting women and girls has grown substantially in recent years, as evidenced both in the growth of women’s funds and support of traditional female causes, such as breast cancer. In 1979, there were 5 women’s funds; and in 2001, there are over 95 women’s funds.”

WOMEN’S FUNDING NETWORK

## 5 | Develop a corporate giving program or corporate foundation

*If you are the owner of a family business or an officer of a corporation, there are at least two company-run charitable giving vehicles for you to consider.*

Many companies have an **annual giving program** to make grants, funded as part of each year's operating budget for the company. Owners can blend the family business with family philanthropy by channeling support through their family corporation(s). This kind of program has no independent endowment. Corporate staff, directed by the CEO or an advisory committee of management staff members, administers its budget. The corporate giving program is not subject to the rules and regulations governing private foundations.

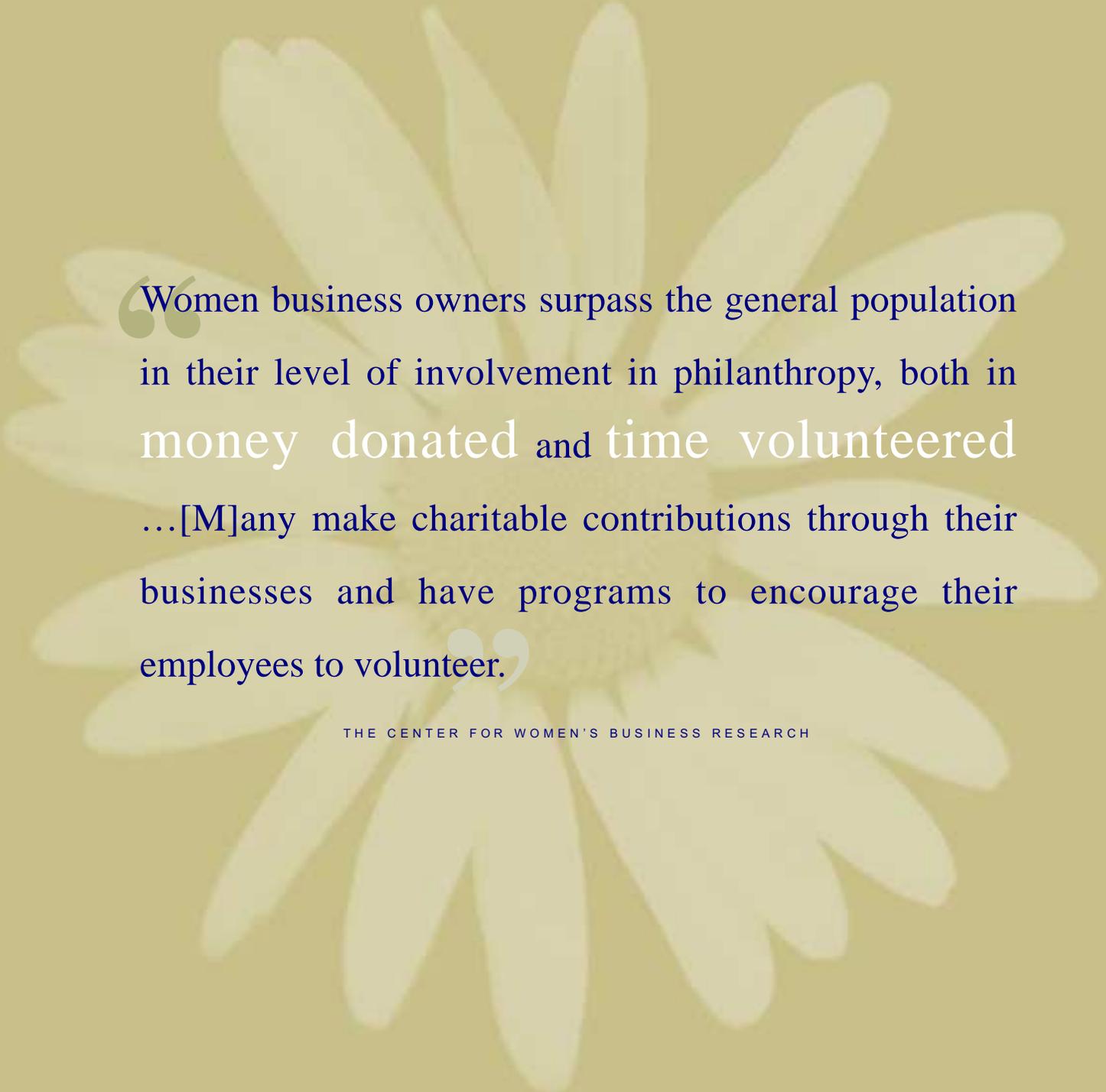
However, many corporate leaders have chosen to take the next step by creating a **corporate foundation** as an independent tax-exempt private foundation or creating a fund at a community foundation. Advantages that may appeal to you in this option include the ability to preserve the company's charitable giving during lean economic

times and the ability to preserve the company's name in an era of mergers and acquisitions.

The corporate foundation is usually started with a single gift that can become the endowment, which may be added to on an annual basis or when profits allow. Like a private foundation, a corporate foundation typically allocates grants based on the profits from the invested principal (endowment) and payout 5% of assets each year. The foundation's officers are usually the company owners and key executives. At some companies, committees of employees make recommendations about projects they believe are worthy of support. The corporate foundation is subject to the same rules and regulations applicable to other private foundations.

In addition to grant programs that enhance the corporation's strategic business interests, corporate foundations and giving programs often offer to match employee gifts of cash and volunteer time to nonprofit organizations. Companies may also make gifts of in-kind products to nonprofits and/or organize workplace volunteer efforts for the good of the community.

**NEXT STEP: CONTACT THE FORUM OF REGIONAL ASSOCIATIONS OF GRANTMAKERS ([WWW.GIVINGFORUM.ORG](http://WWW.GIVINGFORUM.ORG)) TO FIND YOUR LOCAL REGIONAL ASSOCIATION, AND/OR THE COUNCIL ON FOUNDATIONS ([WWW.COF.ORG](http://WWW.COF.ORG)) FOR FURTHER INFORMATION ON HOW TO DEVELOP A CORPORATE GIVING PROGRAM.**



“Women business owners surpass the general population in their level of involvement in philanthropy, both in money donated and time volunteered ...[M]any make charitable contributions through their businesses and have programs to encourage their employees to volunteer.”

THE CENTER FOR WOMEN'S BUSINESS RESEARCH

## 6 | Establish a supporting organization

*A supporting organization is a way for a donor to support one nonprofit organization in a deep and meaningful way while still being involved in the grant decisionmaking process and receiving tax benefits.*

This approach is beneficial if you are seeking an alternative to establishing your own private foundation but still prefer close involvement with grant decisions. In terms of donor control, a supporting organization, in all its forms, lies somewhere between a private foundation and a donor-advised fund at a public foundation.

Since the supporting organization is identified with a publicly supported nonprofit organization, the donor enjoys the tax benefits and the donor and/or members of the donor's family may serve as members of its separate board. This board is normally composed of members appointed by the donor and members appointed by the nonprofit. In

the most common form of a supporting organization, the nonprofit controls a majority of the board appointments. The mission of the supporting organization must also be compatible with the mission of the nonprofit with which it is identified. The donor, as a board member, is involved in making grants to specific projects or requests from the nonprofit organization.

Creation of a supporting organization provides an excellent means for a donor to involve family members in grantmaking decisions, and often provides access to the program staff of the nonprofit for assistance with those decisions. The popularity of the supporting organization as a philanthropic vehicle has grown rapidly as donors have come to realize that this option avoids many of the disadvantages of private foundations (such as a need for staff) without requiring that the organization abide by other restrictions on public charities.

**NEXT STEP: CONTACT YOUR LOCAL COMMUNITY OR PUBLIC FOUNDATION, THE FORUM OF REGIONAL ASSOCIATIONS OF GRANTMAKERS ([WWW.GIVINGFORUM.ORG](http://WWW.GIVINGFORUM.ORG)), AND/OR THE COUNCIL ON FOUNDATIONS FOR FURTHER INFORMATION ON HOW TO DEVELOP A SUPPORTING ORGANIZATION.**

“Establishing a **supporting organization** at a community foundation is a great approach if you are seeking an alternative to establishing your own private foundation but still prefer close involvement with grant decisions.”

FORUM OF REGIONAL ASSOCIATIONS OF GRANTMAKERS, NEW VENTURES IN PHILANTHROPY INITIATIVE

## 7 | Establish your own giving circle

*Many women who are involved in giving circles may also give through other vehicles.*

A giving circle is a group of individuals who contribute equally to a pooled fund; invest the money; and participate in decisions about how to distribute these funds to philanthropic organizations or causes. According to Sondra Shaw-Hardy, a founder of the Women’s Philanthropy Institute, giving circles work well because everyone gives the same amount and makes decisions collaboratively—there is an equality and inclusiveness women appreciate.

With the collective gifts of a circle, the members can experience the benefits of being a major donor, because the grants made by giving circles are large enough to give the members the power to designate the use of the gift. In addition,

the level of involvement can be flexible; women can choose to serve on committees, take on a leadership role, or simply serve as a general member. Perhaps the most important part of a giving circle is that it provides a way for donors to learn about philanthropy in an engaged yet non-threatening way.

Donors often commit to participation in a giving circle for a number of years at an established dollar level. The pooled funds may be held at a public foundation in the form of a donor-advised fund, for example, at a local bank, or by some other nonprofit or commercial entity that will invest the funds and enable them to earn income. Many women enjoy the collaboration, camaraderie, and leveraged impact of a giving circle.

**NEXT STEP:** A “GIVING CIRCLE STARTER KIT” IS AVAILABLE FROM THE FORUM OF REGIONAL ASSOCIATIONS OF GRANT-MAKERS ([WWW.GIVINGFORUM.ORG](http://WWW.GIVINGFORUM.ORG)). CONTACT YOUR LOCAL COMMUNITY OR PUBLIC FOUNDATION AND THE WOMEN’S PHILANTHROPY INSTITUTE ([WWW.WOMEN-PHILANTHROPY.ORG](http://WWW.WOMEN-PHILANTHROPY.ORG)) FOR FURTHER INFORMATION ON HOW TO START A GIVING CIRCLE.



“Giving circles, a kind of social investment club, are an enormously powerful way to impact social change and pave the way for a new frontier in philanthropy.”

SONDRA SHAW-HARDY, WOMEN'S PHILANTHROPY INSTITUTE

## 8 | Venture philanthropy

*Venture philanthropists “invest” in nonprofit organizations in the same manner as one invests in for-profit enterprises, which typically includes providing financial resources, as well as management and technical support over a sustained period of time.*

Venture philanthropy came of age during the boom of the New Economy and borrows both language and technique from the venture capital world, with the fundamental difference and emphasis on the social return on investment.

With a focus on donors who give both in terms of financial resources and intellectual capital,

venture philanthropists seek to fund intensively to build capacity and grow strong nonprofit organizations.

Individuals can join a number of venture philanthropy funds. Each is different in what it asks from donors, in terms of involvement in grantmaking and intellectual capital provided to selected nonprofits. Some individuals, also venture philanthropists, make strategic donations through their private foundations or direct gifts that are often multi-year, capacity-building, or operational in nature.

**NEXT STEP:** VISIT NEW PROFIT, INC. ([WWW.NEWPROFIT.ORG](http://WWW.NEWPROFIT.ORG)), THE MORINO INSTITUTE ([WWW.MORINO.ORG](http://WWW.MORINO.ORG)), SOCIAL VENTURE PARTNERS ([WWW.SVPSEATTLE.ORG](http://WWW.SVPSEATTLE.ORG)), AND THE FORUM OF REGIONAL ASSOCIATIONS OF GRANTMAKERS ([WWW.GIVINGFORUM.ORG](http://WWW.GIVINGFORUM.ORG)), FOR FURTHER INFORMATION ON VENTURE PHILANTHROPY.

“Venture philanthropists ‘invest’ in nonprofit organizations in the same manner as one invests in for-profit enterprises, which typically includes providing financial resources, as well as management and technical support over a sustained period of time.”

ASSOCIATION OF BALTIMORE AREA GRANTMAKERS, BALTIMORE GIVING PROJECT

## 9 | Explore your local women's initiatives, giving programs, or alma mater programs

*Over the past decade, an increasing number of nonprofits have identified the need for special programming designed to reach and involve more women as donors.*

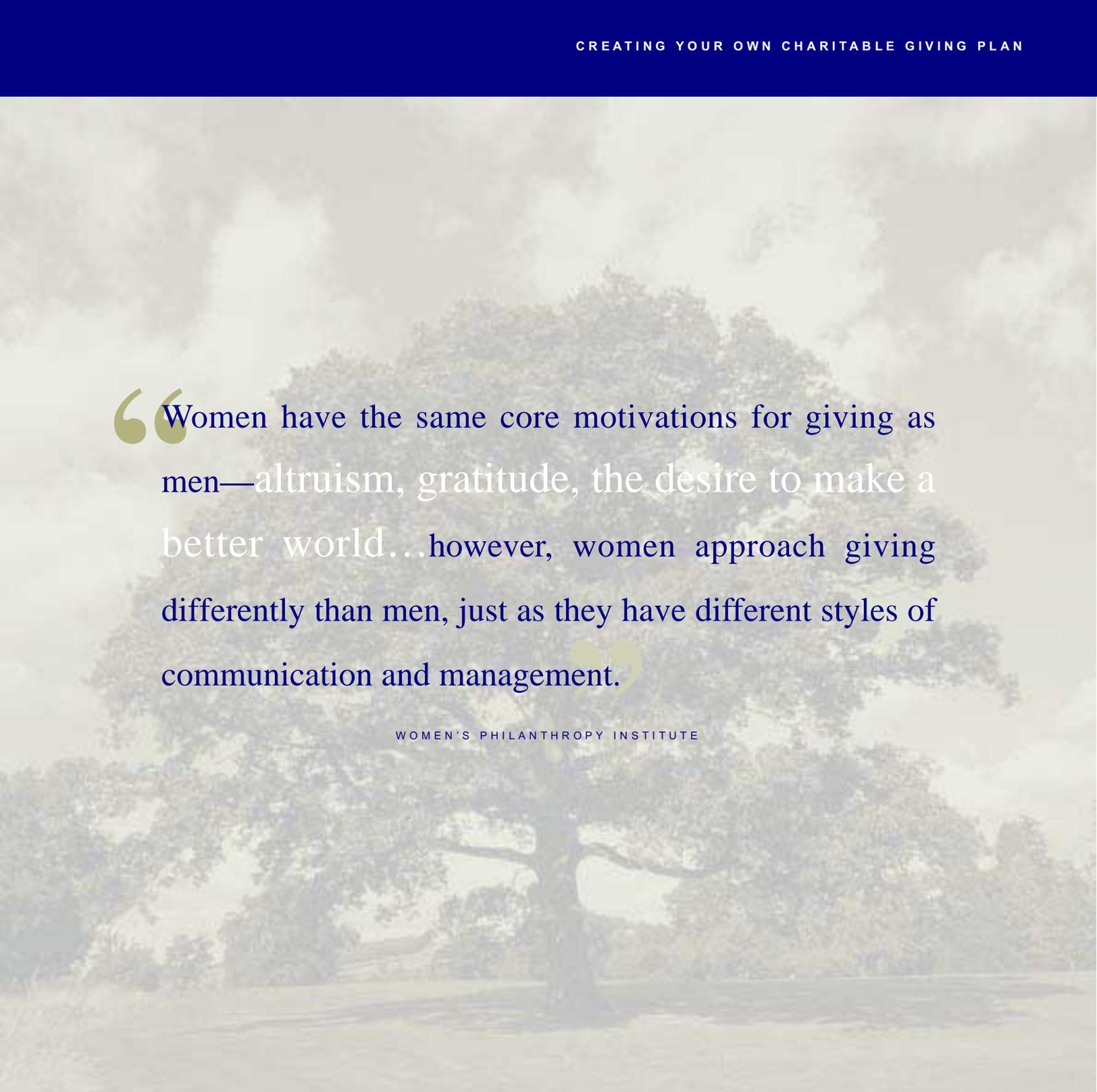
Women's philanthropy initiatives are up and running in nonprofits as diverse as universities, private schools, YWCAs, environmental organizations, and United Ways. These programs provide a wonderful opportunity to learn about philanthropy, support a favorite charity, and find out more about how women give.

**NEXT STEP:** CONTACT THE WOMEN'S PHILANTHROPY INSTITUTE ([WWW.WOMEN-PHILANTHROPY.ORG](http://WWW.WOMEN-PHILANTHROPY.ORG)), THE UNITED WAY ([WWW.UNITEDWAY.ORG](http://WWW.UNITEDWAY.ORG)), YOUR ALMA MATER, OR YOUR LOCAL NONPROFIT ASSOCIATION FOR FURTHER INFORMATION ON WOMEN'S PHILANTHROPY INITIATIVES IN YOUR AREA.

### WOMEN'S PHILANTHROPY PROGRAMS MAY TAKE THE FORM OF:

- a **women's major gift club**, which may include *volunteer fundraising*;
- a **women's *campaign***;
- a **women's *giving circle***; or
- a **leadership council** that advocates for women in a nonprofit institution and provides *opportunities for leadership*;
- a **combination** of these programs.
- a **"focus on connection"** that provides *programming of interest* to women donors;

These women-focused programs differ from women's foundations and funds in that they do not generally target women's issues.



“Women have the same core motivations for giving as men—altruism, gratitude, the desire to make a better world...however, women approach giving differently than men, just as they have different styles of communication and management.”

WOMEN'S PHILANTHROPY INSTITUTE

## 10 | Explore your planned giving options

*Planned giving makes it possible for you to give to the nonprofit of your choice while meeting your current income needs and providing for your heirs.*

Recent research by Cindy Sterling indicates that in planned giving women are more likely to give through bequests, while men are more likely to make life-income gifts. One expert quoted speculates that a bequest may feel safer to women, who may fear outliving their resources or not leaving enough money for their children and grandchildren.<sup>6</sup> Yet choosing to make a life-income gift will provide you with annual income, and may provide significant tax advantages, as well as enable you to see the results of your philanthropy during your lifetime.

There are several options in planned giving, all of which can be further discussed with a trusted advisor who can fully explain the impact of each choice and assist you in making this decision. One choice is to establish a **charitable remainder trust**, which provides you with an income with the remaining assets passing on to the nonprofit you designate upon your death. A charitable remainder trust allows a tax deduction the year the trust is formed. Another choice is a **charitable lead trust**, which pays regular, fixed amount to a nonprofit for a specific number of years. At the end of that time, the remainder of the trust passes to your heirs.

**NEXT STEP: SPEAK WITH A TRUSTED FINANCIAL OR LEGAL ADVISOR ABOUT YOUR PLANNED GIVING OPTIONS. FOR GENERAL INFORMATION ABOUT PLANNED GIVING, VISIT THE NATIONAL COMMITTEE ON PLANNED GIVING ([WWW.NCPG.ORG](http://WWW.NCPG.ORG)) AND THE SOCIETY OF FINANCIAL SERVICE PROFESSIONALS ([WWW.FINANCIALPRO.ORG](http://WWW.FINANCIALPRO.ORG)). THE NATION-WIDE "LEAVE A LEGACY" PROGRAM PROVIDES LOCAL INFORMATION REGARDING PLANNED GIVING AT [WWW.LEAVEALEGACY.ORG](http://WWW.LEAVEALEGACY.ORG).**

<sup>6</sup> Cindy Sterling, "New Research Finds Gender Differences in Planned Giving: Parts One and Two," *Women in Philanthropy Institute News* (Women's Philanthropy Institute), March 2001, June 2001.

“Women outlive men by an average of 7 years, and an estimated 85–90% of women are left in charge of family financial affairs. All money that is not bequeathed in a will ends up as a donation to the United States government—75% of Americans do not have wills.”

KELLY BOLTON, MERRILL LYNCH

## 11 | Volunteer and share your skills

*In addition to giving dollars to nonprofit organizations, another important way to help your community is to give your time.*

Nonprofit organizations are in great need of capable, committed volunteers. Volunteering may also be a way to donate your intellectual capital. Your volunteer involvement can help you get to know the programs of the nonprofit in order to decide if you want to donate funds and can leverage the financial contributions you make to an organization.

Do you have long-standing commitments? Are there new organizations you'd like to explore as a volunteer? Does your volunteering reflect your philanthropic passions and interests? Can you increase your efforts by serving more hours or in

an enhanced capacity? If you're providing direct service, how about serving on a board of directors or on an advisory board? Can you provide much needed professional services pro bono (legal, accounting, graphic design) as part of your volunteer commitment? Could you become a volunteer fundraiser? Most people find they can leverage many more dollars for their cause this way than they ever could give on their own. You can stretch the impact of your own financial contribution by asking others to join you.

In its most recent survey, the Independent Sector calculates the value of volunteer service at \$15.39 per hour. Use this figure, if you like, to give a dollar value to your volunteer work and make it a part of your formal giving plan.

**NEXT STEP: CONTACT YOUR LOCAL VOLUNTEER BUREAU, VOLUNTEERMATCH.ORG, YOUR STATE ASSOCIATION OF NONPROFITS (WWW.NCNA.ORG), OR UNITED WAY (WWW.UNITEDWAY.ORG) FOR FURTHER INFORMATION ON HOW TO VOLUNTEER YOUR TIME.**



“An estimated 83.9 million adults formally volunteered approximately 15.5 billion hours in 2000. Women were more likely to have volunteered than men—62% of women and 49% of men volunteered in 1998.”

INDEPENDENT SECTOR

**COMPARISON OF OPTIONS FOR GIVING**

The decision to create a private foundation, give directly to an established nonprofit organization, establish a fund within a community foundation, or another option should be determined based on a variety of factors. Detailed professional advice should be secured from an attorney or certified public accountant familiar with foundations, trusts, and planned giving. Your area’s Regional Association of Grant-makers will be glad to advise you on how to move forward with the next important step.

The table on this page suggests differences in tax deductions. It is admittedly simplistic, but provides a basis for comparisons.

**Notes**

- <sup>1</sup> A restricted gift can be confined to the stated purpose, but the donor relinquishes control of the investments and its disposition. A donor-advised fund permits the donor to make recommendations subject to the ultimate control of the community foundation.
- <sup>2</sup> Any citizen may be elected or appointed to the board of any public charity. The donor gift does not guarantee such an outcome except in the case of supporting organizations.
- <sup>3</sup> Community foundations often assess a management or administrative fee.
- <sup>4</sup> Corporate foundations must pay the same excise tax as any private foundation. See earlier discussion of private foundations regarding the payout requirement.
- <sup>5</sup> One years excess donations can be carried forward for five years.
- <sup>6</sup> The deductible value of lifetime gifts of closely held stock or real property is limited to the cost, not market value. The deductible value of gifts of publicly traded stock is fair market value.

FACTORS	GIFTS TO ESTABLISHED CHARITY	PRIVATE FOUNDATION	GIVING TO A COMMUNITY FOUNDATION OR OTHER PUBLIC FOUNDATION	CORPORATE GIVING OR CORPORATE FOUNDATION	SUPPORTING ORGANIZATION
<b>Donor Can Control Assets and Priorities</b>	No	Yes	Limited <sup>1</sup>	Yes	Limited
<b>Likelihood of Being Perpetual</b>	Low	High	High	NA	High
<b>Donor or Family Member May Sit on Governing Board</b>	No <sup>2</sup>	Yes	No <sup>2</sup>	Yes	Yes
<b>Requires Donor Time and Effort, Plus Expense of Staff and Management</b>	No	Yes	No <sup>3</sup>	Yes	Yes
<b>Minimum Payout Required</b>	No	Yes	No	Yes, if a foundation	No
<b>Must Pay Tax on Investment</b>	No	Yes (1–2%)	No	Yes, <sup>4</sup> if a foundation	No
<b>Tax Deduction for Gifts of Cash</b> (% of adjusted gross income that may be deducted)	50% <sup>5</sup>	30% <sup>5</sup>	50% <sup>5</sup>	10% of pre-tax profits	50% <sup>5</sup>
<b>Tax Deduction for Gifts of Stock or Real Property</b> (% of adjusted gross income that may be deducted)	30% <sup>5</sup>	20% <sup>5,6</sup>	30% <sup>5</sup> , 10% of pre-tax profits <sup>5</sup>	30% <sup>5</sup>	

## Working with Advisors

### PROFESSIONAL ADVISORS CAN BE INVALUABLE GUIDES IN HELPING YOU PLAN AND EXECUTE YOUR CHARITABLE GIVING.

When fully apprised of your values, interests, and intentions, advisors help provide thorough information on your giving options and how these options will work in your specific financial situation. They can also project how each option will affect your tax savings and legacy planning. The type of advisor and expertise you most need may depend, in part, on the kinds of giving options you'd like to examine in depth. What is most important in selecting an advisor, however, is the level of trust and care you receive as a client.

#### Types of Professional Advisors:

When planning their charitable giving, people most often work with one or more of the following types of professional advisors:

- Attorney (may include estate planning, tax, mergers and acquisitions, or corporate)
- Accountant
- Estate Planner
- Financial Planner
- Stock Broker
- Insurance Broker
- Planned Giving Officer (These advisors work for the nonprofits who would accept your donation, but can provide good information to share with your personal advisors.)
- Philanthropy Consultant (Some advisors from the disciplines listed above are concentrating their businesses solely on helping clients with their charitable giving.)

#### Selecting Professional Advisors:

Because advisors have different expertise and different products and services to sell, you may get a variety of opinions when asking for a recommended course of action. As a consumer, you need to find the right match of skills and personality to meet your needs. You can interview prospective advisors about their expertise in the giving vehicles you are considering, but it may also be important to learn about an advisor's experience in helping clients make determinations about their values and giving style.

#### Donors are most satisfied with their advisors when the advisor:

- Discusses philanthropy with them in detail, asks questions, and listens.
- Makes philanthropy a discussion about life goals, rather than about estate planning and mortality.
- Keeps the giving plan simple and/or limits discussions of complex giving vehicles to the top few options.
- Treats the plan as a vehicle for giving rather than as a financial product he/she is selling.
- Is a giver him/herself.
- Knows when to look for additional assistance rather than trying to be an expert on all aspects of giving and family dynamics.

**Since charitable giving plans deal with personal and sometimes sensitive issues, it is important that you work with an advisor with whom you feel absolutely comfortable. When it comes to narrowing the field, trust your instincts.**

“WOMEN ARE BRINGING A ‘DIFFERENT SENSIBILITY’ TO PHILANTHROPY, BECAUSE THEY CARE ABOUT AND ARE CONTRIBUTING TO THE IMPORTANT THINGS: HEALTH CARE, CHILDREN, EDUCATION, AND THE ENVIRONMENT. AND THE AMAZING THING IS, THEY DON’T CARE WHO GETS THE CREDIT. WOMEN JUST KNOW THAT A JOB NEEDS TO BE DONE, AND THEY ARE DOING IT.” Sondra Shaw-Hardy, *Creating a Women’s Giving Circle*

### Council on Foundations

The Council on Foundations helps foundation staff, trustees, and board members in their day-to-day grantmaking activities and has a variety of information available on their website and in print.

1828 L STREET NW  
WASHINGTON, DC 20036  
202.466.6512  
WWW.COF.ORG

### Forum of Regional Associations of Grantmakers

Regional Associations of Grantmakers (RAGs) are nonprofit membership associations created by private grantmakers to enhance the effectiveness of philanthropy in their cities, states, or regions. New Ventures in Philanthropy, a national initiative of the Forum, supports coalitions located across the United States that aim to increase philanthropy in their regions. Your local RAG and/or New Ventures coalition can provide you with information and resources based on your philanthropic interests.

1828 L STREET NW, SUITE 300  
WASHINGTON, D.C. 20036-5168  
202.467.0383  
WWW.GIVINGFORUM.ORG

### National Center for Family Philanthropy

The NCFP was established by a group of family philanthropists to focus on the importance of families engaged in philanthropy and their effective giving.

1220 NINETEENTH STREET NW, SUITE 804  
WASHINGTON, D.C. 20036  
202.293.3424  
WWW.NCFP.ORG

### National Resources on Women and Giving

BBB Wise Giving Alliance (Formerly the National Charities Information Bureau and the Council of Better Business Bureau Foundation) is a source of information on larger, well-established nonprofit organizations.

4200 WILSON BOULEVARD, SUITE 800  
ARLINGTON, VA 22203  
703.276.0100  
WWW.GIVE.ORG

### New Tithing Group

New Tithing Group is a philanthropic research organization committed to increasing charitable giving.

ONE MARKET STREET, STEUART TOWER, SUITE 2105  
SAN FRANCISCO, CA 94105  
415.274.2765  
WWW.NEWTITHING.ORG

### Resourceful Women

Resourceful Women promotes positive social change by educating and empowering women to make informed choices when investing, spending, and contributing their money.

P.O. BOX 29423  
SAN FRANCISCO, CA 94129  
415.561.6520  
WWW.RW.ORG

### Women’s Funding Network

WFN is an umbrella organization for women’s funds and foundations internationally.

1375 SUTTER STREET, SUITE 406  
SAN FRANCISCO, CA 94109  
415.441.0706  
WWW.WFNET.ORG

### Women’s Philanthropy Institute

WPI is a nonprofit educational organization, governed by women, that brings together philanthropists and volunteer and professional fundraisers to educate, encourage, and empower women as philanthropists.

134 W. UNIVERSITY DRIVE  
ROCHESTER, MI 48307  
248.651.3552  
WWW.WOMEN-PHILANTHROPY.ORG

### Women & Philanthropy

Women & Philanthropy is an association based in Washington, D.C., of 300+ grantmakers and others mobilizing the resources of the philanthropic community to achieve equity for women and girls.

1015 18TH STREET NW, SUITE 202  
WASHINGTON, DC 20036  
202.887.9660  
WWW.WOMENPHIL.ORG

**501(c)(3)**

Section of the Internal Revenue Code that designates an organization as charitable and tax-exempt. Organizations qualifying under this section include religious, educational, charitable, amateur athletic, scientific, or literary groups, organizations testing for public safety or organizations involved in prevention of cruelty to children or animals.

**509(a)**

Section of the tax code that defines public charities (as opposed to private foundations). A 501(c)(3) organization also must have a 509(a) designation to further define the agency as a public charity. (*See Public Support Test.*)

**Advisory Board**

A group of individuals, who offer advice, inform, or notify. An advisory board differs from an elected board in that they do not have any oversight responsibilities.

**Altruism**

Altruism, like passion, is the key intent that philanthropy expresses; a concern for the welfare of others; selflessness.

**Annual Report**

A voluntary report published by a foundation or corporation describing its grant activities.

**Assets**

Cash, stocks, bonds, real estate, or other holdings of a foundation. Generally, assets are invested and the income is used to make grants. (*See Payout Requirement*)

**Bequest**

A bequest can be a legacy; a sum of money committed to an organization and donated upon the donor's death.

**Board of Directors**

An organized body of advisors with oversight responsibility.

**Challenge Grant**

A grant that is made on the condition that other funding be secured, either on a matching basis or some other formula, usually within a specified period of time, with the objective of encouraging expanded fundraising from additional sources.

**Charitable Giving Plan**

A plan that best reflects one's life experiences, values, goals, and passions that structures giving to a charitable organization(s).

**Charitable Lead Trust**

A legal device used to set aside the money or property of one person for the benefit of one or more persons or organizations. Specifically, this type of trust allows for a regular, fixed amount to go to a charity for a specific number of years. At the end of that time, the remainder of the trust passes to one's heirs.

**Charitable Remainder Trust**

A legal device used to set aside the money or property of one person for the benefit of one or more persons or organizations. Specifically, this type of trust allows one to take a deduction for a gift to the trust in the year in which the trust is formed. One receives income from this type of trust for life and after one's death, the assets pass to the charity you designated.

**Charity**

In its traditional legal meaning, the word "charity" encompasses religion, education, and assistance to the government, promotion of health, relief of poverty or distress and other purposes that benefit the community. Nonprofit organizations that are organized and operated to further one of these purposes generally will be recognized as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (*See 501(c)(3)*) and will be eligible to receive tax-deductible charitable gifts.

**Community Foundation**

A community foundation is a tax-exempt, nonprofit, autonomous, publicly supported, philanthropic institution composed primarily of permanent funds established by many separate donors for the long-term diverse, charitable benefit of the residents of a defined geographic area. Typically, a community foundation serves an area no larger than a state. Community foundations provide an array of services to donors who wish to establish endowed and non-endowed funds without incurring the administrative and legal costs of starting independent foundations.

**Corporate Foundation**

A corporate (company sponsored) foundation is a private foundation that derives its grantmaking funds primarily from the contributions of a profit-making business. The company-sponsored foundation often maintains close ties with the donor company, but it is a separate, legal organization, sometimes with its own endowment, and is subject to the same rules and regulations as other private foundations.

**Corporate Giving Program**

A corporate giving (direct giving) program is a grantmaking program established and administered within a profit-making company. Gifts or grants go directly to charitable organizations from the corporation. Corporate foundations/giving programs do not have a separate endowment; their expense is planned as part of the company's annual budgeting process and usually is funded with pre-tax income.

**Designated Funds**

A type of restricted fund in which the fund beneficiaries are specified by the grantors.

**Discretionary Funds**

Grant funds distributed at the discretion of one or more trustees, which usually do not require prior approval by the full board of directors. The governing board can delegate discretionary authority to staff.

**Donee**

The receiving organization of a donor's resources. (*See Grantee.*)

**Donor**

A donor is anyone who gives resources—financial, social, intellectual, and time—to a nonprofit organization, public charity or fund. A donor is committed to making a difference in society. (*See Grantor.*)

**Donor Advised Fund**

A fund held by a community foundation or other public charity, where the donor, or a committee appointed by the donor, may recommend eligible charitable recipients for grants from the fund. The public charity's governing body must be free to accept or reject the recommendations.

**Donor Designated Fund**

A fund held by a community foundation where the donor has specified that the fund's income or assets be used for the benefit of one or more

specific public charities. These funds are sometimes established by a transfer of assets by a public charity to a fund designated for its own benefit, in which case they may be known as grantee endowments. The community foundation's governing body must have the power to redirect resources in the fund if it determines that the donor's restriction is unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served.

**Endowment**

The principal amount of gifts and bequests that are accepted are subject to a requirement that the principal be maintained intact and invested to create a source of income for a foundation. Donors may require that the principal remain intact in perpetuity, or for a defined period of time, or until sufficient assets have been accumulated to achieve a designated purpose.

**Family Foundation**

"Family foundation" is not a legal term, and therefore, it has no precise definition. Yet, approximately two-thirds of the estimated 44,000 private foundations in this country are believed to be family managed. The Council on Foundations defines a family foundation as a foundation whose funds are derived from members of a single family. At least one family member must continue to serve as an officer or board member of the foundation; they or their relatives play a significant role in governing and/or managing the foundation throughout its life. Most family foundations are run by family members who serve as trustees or directors on a voluntary basis, receiving no compensation; in many cases, second- and third-generation descendants of the original donors manage the foundation. Most family foundations concentrate their giving locally, in their communities.

**Federated Fund**

A centralized campaign whereby one organization raises money for its member agencies. These annual workplace giving campaigns raise millions of dollars for distribution to local, state, and national nonprofit organizations. The United Way and Community Works are examples.

**Field of Interest Fund**

A fund held by a community foundation that is used for a specific charitable purpose such as education or health research.

**Giving Pattern**

The overall picture of the types of projects and programs that a donor has supported historically. The past record may include areas of interest, geographic locations, dollar amount of funding or kinds of organizations supported.

**Grant**

An award of funds to an organization or individual to undertake charitable activities.

**Grant Monitoring**

The ongoing assessment of the progress of the activities funded by a donor, with the objective of determining if the terms and conditions of the grant are being met and if the goal of the grant is likely to be achieved.

**Grantee**

The individual or organization that receives a grant.

**Grantor**

The individual or organization that makes a grant.

**In-Kind Contribution**

A donation of goods or services rather than cash or appreciated property.

**Independent Foundation**

An individual usually founds these private foundations, often by bequest. They are occasionally termed “nonoperating” because they do not run their own programs. Sometimes individuals or groups of people, such as family members, form a foundation while the donors are still living. Many large independent foundations, such as the Ford Foundation, are no longer governed by members of the original donor’s family but are run by boards made up of community, business and academic leaders. Private foundations make grants to other tax-exempt organizations to carry out their charitable purposes. Private foundations must make charitable expenditures of approximately 5% of the market value of their assets each year. Although exempt from federal income tax, private foundations must pay a yearly excise tax of 1%–2% of their net investment income. The Ford Foundation and the John D. and Catherine T. MacArthur Foundation are two examples of well-known “independent” private foundations.

**Intellectual Capital**

Intellectual material—knowledge, information, intellectual property, experience—that can be put

to use to effect change. It is the leveraging of collective brainpower.

**Legacy**

The gift that an individual leaves, both in the details of their will and in the tradition of giving they shared with their descendants. (*See Bequest*)

**Leverage**

A method of grantmaking practiced by some foundations and individual donors. Leverage occurs when a small amount of money is given with the express purpose of attracting funding from other sources or of providing the organization with the tools it needs to raise other kinds of funds; sometimes known as the “multiplier effect.”

**Matching Gifts Program**

A grant or contributions program that will match employees’ or directors’ gifts made to qualifying educational, arts and cultural, health or other organizations. Specific guidelines are established by each employer or foundation. (Some foundations also use this program for their trustees.)

**Matching Grant**

A grant or gift made with the specification that the amount donated must be matched on a one-for-one basis or according to some other prescribed formula.

**Memorialize**

To commemorate; to present a memorial to; to honor the memory of an individual or group by donating resources or establishing a fund that reflects the gifts, values or concerns of the individual or group.

**Nonprofit Organization**

A term describing the Internal Revenue Service’s designation of an organization whose income is not used for the benefit or private gain of stockholders, directors, or any other persons with an interest in the company. A nonprofit organization’s income must be used solely to support its operations and stated purpose.

**Operating Foundation**

Also called private operating foundations, operating foundations are private foundations that use the bulk of their income to provide charitable services or to run charitable programs of their own. They make few, if any, grants to outside organizations. To qualify as an operating foundation, specific rules, in addition to the applicable

rules for private foundations, must be followed. The Carnegie Endowment for International Peace and the Getty Trust are examples of operating foundations.

#### **Operating Support**

A contribution given to cover an organization's day-to-day, ongoing expenses, such as salaries, utilities or office supplies.

#### **Parity**

Equality, as in amount, status, or value. Parity in philanthropy is the equal participation by spouses or other family members in the allocation of charitable dollars and in receiving the satisfaction and recognition of their contributions.

#### **Passion**

Boundless enthusiasm; deep and positive emotion; fervent expression of hope; belief in the essential connection of individual and community; and love of humanity. Passion, like altruism, is essential to the action of giving and the purpose of philanthropy.

#### **Payout Requirement**

The minimum amount that a private foundation is required to expend for charitable purposes (includes grants and necessary and reasonable administrative expenses). In general, a private foundation must pay out annually approximately 5% of the average market value of its assets.

#### **Philanthropist**

A person who loves humanity, is committed deeply to making society a better place, and who believes that each individual, each dollar, and each action makes a difference.

#### **Philanthropy**

Philanthropy is defined in different ways. The origin of the word philanthropy is Greek and means love for mankind. Today, philanthropy includes the concept of voluntary giving by an individual or group to promote the common good. Philanthropy also commonly refers to grants of money given by foundations to nonprofit organizations. Philanthropy addresses the contribution of an individual or group to other organizations that in turn work for the causes of poverty or social problems, improving the quality of life for all citizens. Philanthropic giving supports a variety of activities, including research, health, education, arts and culture, as well as alleviating poverty.

#### **Pledge**

A promise to make future contributions to an organization. For example, some donors make multiyear pledges promising to grant a specific amount of money each year.

#### **Private Foundation**

A nongovernmental, nonprofit organization with funds (usually from a single source, such as an individual, family or corporation) and program managed by its own trustees or directors, established to maintain or aid social, educational, religious or other charitable activities serving the common welfare, primarily through grant-making. U.S. private foundations are tax-exempt under Section 501(c)(3) of the Internal Revenue Code and are classified by the IRS as a private foundation as defined in the code.

#### **Professional Advisor**

Individuals who assist in planning and executing charitable giving through providing information on giving options according to one's specific financial situation. Types of professional advisors include: attorneys, accountants, estate planners, financial planners, stockbrokers, insurance brokers, planned giving officers, philanthropy consultants.

#### **Public Charity**

A nonprofit organization that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and that receives its financial support from a broad segment of the general public. Religious, educational and medical institutions are deemed to be public charities. Other organizations exempt under Section 501(c)(3) must pass a public support test (*See Public Support Test*) to be considered public charities, or must be formed to benefit an organization that is a public charity (*See Supporting Organizations*). Charitable organizations that are not public charities are private foundations and are subject to more stringent regulatory and reporting requirements (*See Private Foundations*).

#### **Public Foundation**

Public foundations are nonprofit organizations that receive at least one-third of their income from the general public. Public foundations may make grants or engage in charitable activities. The IRS recognizes public foundations, along with community foundations, as public charities. Religious, educational and medical institutions are deemed to be public charities.

**Restricted Funds**

Assets or income that is restricted in its use, in the types of organizations that may receive grants from it or in the procedures used to make grants from such funds.

**Seed Money**

A grant or contribution used to start a new project or organization.

**Social Capital**

Those stocks of social trust, norms and networks that people can draw upon to solve common problems.

**Social Investing**

Also referred to as ethical investing and socially responsible investing, this is the practice of aligning a foundation's investment policies with its mission. This may include making program-related investments and refraining from investing in corporations with products or policies inconsistent with the foundation's values.

**Strategic Giving**

Engaging in philanthropy in a strategic manner to make a major philanthropic impact through making better choices surrounding how much one spends, invests and gives back to society.

**Supporting Organization**

A supporting organization is a charity that is not required to meet the public support test because it supports a public charity. To be a supporting organization, a charity must meet one of three complex legal tests that assure, at a minimum, that the organization being supported has some influence over the actions of the supporting organization. Although a supporting organization may be formed to benefit any type of public charity, the use of this form is particularly common in connection with community foundations. Supporting organizations are distinguishable from donor-advised funds because they are distinct legal entities.

**Tax-Exempt Organizations**

Organizations that do not have to pay state and/or federal income taxes. Organizations other than churches seeking recognition of their status as exempt under Section 501(c)(3) of the Internal Revenue Code must apply to the Internal Revenue Service. Charities may also be exempt from state income, sales and local property tax.

**Technical Assistance**

Operational or management assistance given to a nonprofit organization. It can include fundraising assistance, budgeting and financial planning, program planning, legal advice, marketing and other aids to management. Assistance may be offered directly by a foundation or corporate staff member or in the form of a grant to pay for the services of an outside consultant. (*See In-Kind Contribution*)

**Tithing**

A belief, found in many faiths, of giving 10%—the first and best part—back to the place of worship.

**Trust**

A legal device used to set aside money or property of one person for the benefit of one or more persons or organizations.

**Trustee**

The person(s) or institutions responsible for the administration of a trust.

**Unrestricted Funds**

Normally found at community foundations, an unrestricted fund is one that is not specifically designated to particular uses by the donor, or for which restrictions have expired or been removed.

**Venture Philanthropy**

An approach to philanthropy that borrows some of the best practices of the venture capital world to invest deeply in nonprofits to build their capacity effectively. Venture philanthropists value their donor dollars in terms of the social return of investment.

**Volunteerism**

Performing an act of kindness, freely giving of your talent, time, and effort for the simple fulfillment of community expectations.

**Women's Giving**

Considered by some to be the next frontier of the women's movement, women's giving builds on the tradition of volunteerism and is empowered with women's financial resources.

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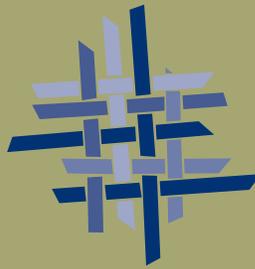
**THIS PUBLICATION IS A PROJECT OF NEW VENTURES IN PHILANTHROPY, A NATIONAL INITIATIVE OF THE FORUM OF REGIONAL ASSOCIATIONS OF GRANTMAKERS, AND PARTNERS AROUND THE COUNTRY, INCLUDING: THE BALTIMORE GIVING PROJECT, GIVING NEW ENGLAND, GIVING NORTHERN CALIFORNIA, LOUISIANA PHILANTHROPY INITIATIVE, SOUTH-FLORIDA PROMOTION OF PHILANTHROPY, NORTHWEST GIVING PROJECT—PORTLAND, GIVING GREATER CHICAGO, WASHINGTON GRANTMAKERS, AND THE WOMEN’S PHILANTHROPY INSTITUTE.**

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