

Giving Back to Your Community

The traditional meaning of philanthropy, derived from a Greek word, means love of mankind. In recent times it has come to be associated with the donation or granting of money, goods or other support to various charitable causes, usually over a long period of time. It is a way to directly affect change in society without recourse to the bureaucratic mechanisms of government. It is the voluntary giving by individuals or groups in order to promote the common good. Among new trends is engaged philanthropy, involving combinations of funding, expertise, direct engagement with nonprofit leadership, performance monitoring and an exit strategy. An even newer trend is entrepreneurial philanthropy-“the day to day conscious giving of time, talent, encouragement and dollars, the mix of which changes as the giver’s life situation changes. Giving is done in a way that enlivens both the giver and the receiver and has a lasting impact on both”.

(<http://givingback.wordpress.org>)

While philanthropic giving is frequently associated with wealthy people, people perform philanthropic acts every day without possessing great wealth. In fact, statistically, people with incomes of less than \$20,000 who make contributions give more as a percent of their income than wealthy individuals. Everyone is a prospective donor. People tend to give where they live and work, and they take advantage of the advisory services of local banks, attorneys, accountants, and financial planners. A growing number of people who may not have evident wealth still have an increased amount of disposable income and assets. These may be ranchers, farmers and business people who have accumulated assets, as well as others who have inherited assets.

Financial wealth consists of more than just bank deposits or stock ownership in public companies. Assets in rural areas often include mineral rights, land, timber, life insurance, farm equipment and other property. The challenge for anyone interested in building a community’s charitable assets is to identify these resources and harness them for the common good. By pooling gifts from many citizens-not just the wealthy-it is possible to build significant charitable assets.

Rural places face a long list of challenges, ranging from declines in agricultural and manufacturing industries to the out migration of young people to the in migration of retirees and wealthy individuals who change the traditional character of their adopted communities. While rural communities are becoming more diverse, wealth and income disparities are widening. And, rural places are most at risk of lagging behind in basic services such as medical care, high-speed communication, and even ready access to such basics as food and clothing.

These challenges are difficult but not insurmountable. People are recognizing visible assets and the hidden opportunities in rural places, among them talented people, money and land, and deeply held values about the nature and value of community. When they view themselves as places of abundance rather than places with problems, rural

communities can move from crisis toward social and economic vitality. Many are discovering this through the process of building local endowments and other philanthropic assets by engaging local residents in both giving and working with others to develop a vision and a plan for the community.

An endowment is a *permanent* capital fund that is invested, generating interest that becomes a funding stream to support charitable causes according to the donor's priorities. A typical payout is five percent of the endowment value, which allows the endowment to grow and remain inflation proof. Whether independent or linked to a community foundation, community based philanthropy creates an unusual sense of community ownership based on the promise of future returns. If the fund is built as an endowment, it represents a generational project that will leave permanent capacity for investing in the community.

One tool to use in this process is the intergenerational transfer of wealth. Using the research of John Havens and Paul Schervish at Boston College regarding the nation's projected intergenerational transfer of wealth, the Wealth in Wyoming study was created to show the potential transfer of wealth in Wyoming over the next 50 years. By examining the transfer of wealth estimates, rural communities have a concrete basis on which to build community consensus, set goals and strategies, and ultimately capture planned giving commitments that might otherwise be given to interests outside the community. The Wyoming study provides county level estimates of the projected wealth transfer. If we could capture only five percent of that wealth transfer and invest it in an endowed fund that paid out five percent each year, the potential for building charitable assets in the poorest of our counties is astounding. For example, in Niobrara County, the estimated transfer is \$4.49 million annually. Capturing five percent of that would provide a fund of \$2.25 million. At a five percent payout rate, the county would initially have charitable assets of \$112,330 to invest annually in organizations such as libraries, museums, school programs and social service providers deemed worthy by local residents who would direct such investments.

For many years, Wyoming families have sent their children out of the state for jobs and education, and many of those children have not returned to operate a family farm or ranch. When the parents die, there is strong likelihood that the real assets they have built over a lifetime of agricultural operations will be sold and the assets distributed to children not living in the community in which they grew up. Everyone wants to provide for their surviving spouse and children in an estate plan; it is possible to provide for family and leave assets to the community at the same time by creating an endowed fund. By treating the community as if it were another family member, a donor creates a permanent asset for that community that can be added to by other community members. It is also a way to engage the energy and creativity of community residents as they respond to the challenge of investing in their own community and changing the social and financial landscape of that community.

Not only can the Wyoming Community Foundation can provide assistance in developing a community plan and the charitable assets needed to implement it, the Foundation

provides administrative support, investment management, and tax reporting, thus eliminating the need to duplicate organizational structures.

Please contact George H. Gault, President of the Wyoming Community Foundation at 313 S. 2nd. St., Laramie, WY 82070, or george@wycf.org. The phone number is 307-721-8300. Please visit the Wyoming Community Foundation web site at www.wycf.org.