

Philanthropic Opportunity Within Reach

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Warren Buffett amazed the world this summer when he announced his plans to donate his fortune to charity. In the wake of that historic move, Washingtonians have their own positive piece of philanthropic news to consider.

Earlier this year, Chevy Chase Trust commissioned a study by Boston College's Center on Wealth and Philanthropy to better understand the conditions that will affect giving in the region over the next few decades. The analysis, just completed, finds that the quantity and distribution of wealth in our area offer the prospect of a "Golden Age of Philanthropy" that could extend well into the 21st Century.

The study projects that approximately \$2.39 *trillion* will change hands in the metropolitan region through 2055 as assets are distributed from final estates – if wealth grows at an annual rate of 3 percent, below the 3.3 percent annual rate of the past half century. Almost one-fifth of this wealth – nearly \$460 billion – is expected to be given to nonprofit organizations. An additional \$261 billion is expected to be made as lifetime donations – meaning total charitable and other nonprofit contributions in our region could exceed \$720 billion over the next 50 years.

Unique conditions will drive area residents' giving. Specifically, households in the region are on average about 33 percent wealthier than households in the nation as a whole. This bodes well for philanthropy because wealthier households tend to distribute a disproportionately large portion of their estates and lifetime giving to charities and other nonprofits.

All around, it is remarkably encouraging news for everyone who lives in and cares about the region. Still, it is too soon for celebration.

Recent research on broader philanthropic trends shows that many potential donors do not trust nonprofit organizations. That skepticism already affects charitable giving across the nation, and could limit prospects for the DC area. In addition, astounding as it is, even a \$720 billion windfall may be insufficient to meet our area's pressing needs – educational, environmental, cultural, and most important, human. Poverty in Washington, D.C. is higher than in almost every state in the country, especially among children under age 18, according to a 2004 U.S. Census Bureau report, and area suburbs face a similar challenge: approximately 60 percent of all people in poverty in the region reside in communities outside the boundaries of DC proper.

With tremendous opportunity and tough realities in the balance, all of us can take action to tip the scales:

1) For starters, those who are in a position to help others can begin by being more intentional about giving while alive. “Giving while living” allows for immediate impact and the satisfaction of seeing what can be done. There also are benefits within the family circle: parents who involve their children in giving decisions generally report increased family unity and strengthened charitable values in their children.

2) It also makes sense to take steps to promote charitable distributions after death. One recent survey revealed that two-thirds of high-net-worth respondents do not yet have a proper estate plan. To encourage planned giving, we might turn for guidance to the will-writing campaign that Gateway to Giving, a coalition of St. Louis-area business, philanthropic, and nonprofit leaders, has launched with Leave A Legacy St. Louis.

3) Financial and legal advisors can play a role. They have a unique capacity to ascertain their clients’ interest in philanthropy, and can offer advice and support for those looking to make a difference. They also can have an impact by clarifying clients’ financial situations and helping them feel secure when they, in fact, are. Studies show that individuals who feel financially secure contribute twice as much as those with comparable wealth who do not.

4) The business community can foster an environment of giving and volunteerism by supporting employees’ charitable interests and encouraging them to get involved, even on company time. Greater DC Cares, an organization that advances corporate giving, reports that collateral benefits for such companies include a stronger corporate image, better employee recruiting and morale, and lower turnover.

5) Finally, nonprofit groups can do a better job of communicating, in specific terms, the effectiveness and efficiency of their efforts, and explaining to donors exactly how their gifts will be used. They can build better, more personal relationships with donors and work to increase understanding of the personal satisfaction of giving, because most large gifts result from deep, long-term identification with the needs of others. They also can help donors understand the range of options available for donating assets.

For the Washington area – indeed for any area, at any time - \$720 billion in community giving would be a jackpot of extraordinary proportions. It is within reach, and may even be surpassed, but it will not happen spontaneously. The challenge for all of us is to commit the energy, creativity, and generosity to make it happen.

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This op-ed piece appeared in *The Washington Examiner* on September 4, 2006.