

# finance matters

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## Philanthropy

Who needs it? Claire Costello knows.

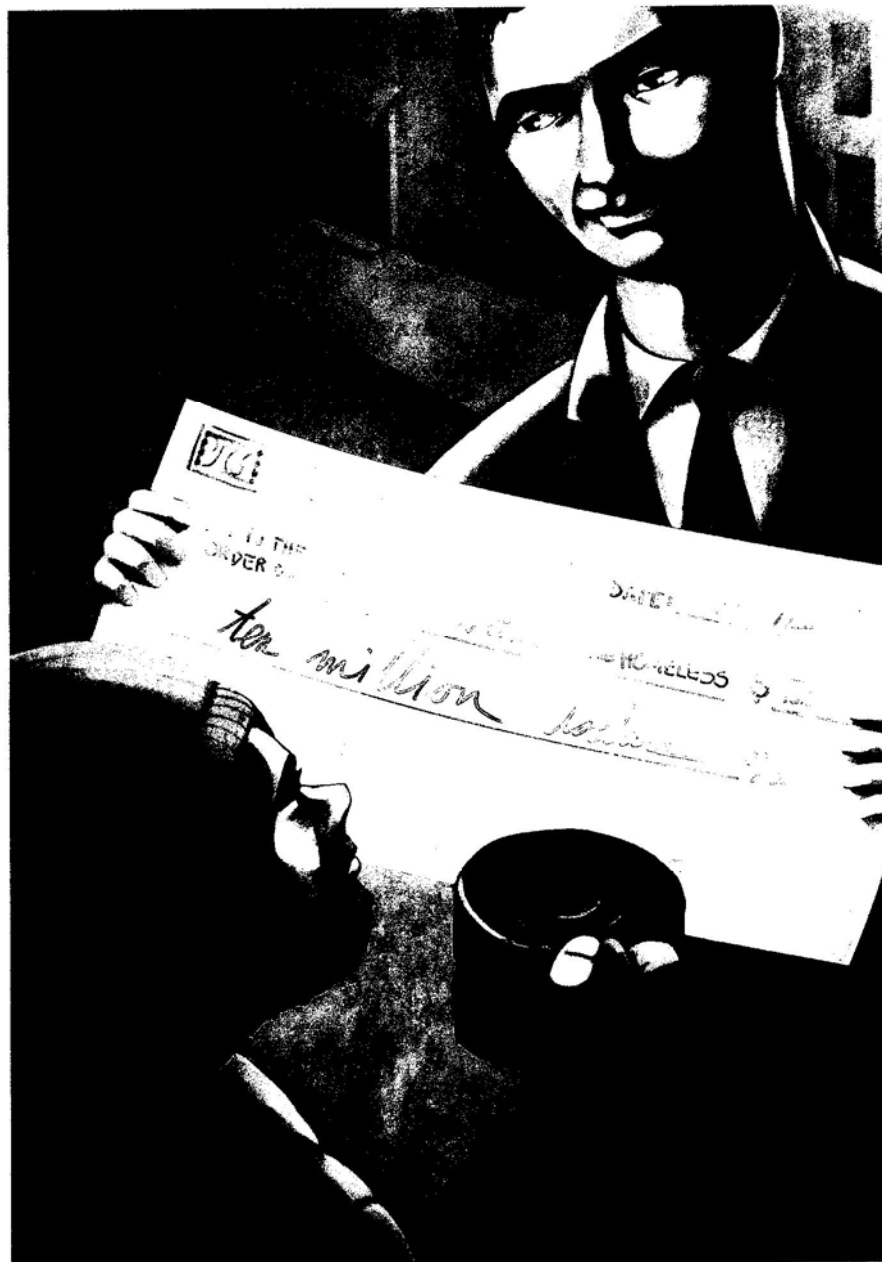
Sixty years ago a young soldier, serving on the foreign soil of Europe in the Second World War, took comfort in a free cup of coffee. He and his buddies were treated to the java by a humanitarian organization while stopped at a train station. No one in his company had to drop so much as a dime.

Through the decades that man built up a significant fortune. In the twilight of his life, he's been looking for ways to give it away, and he wants his donation to have meaning. Never forgetting that moment in Europe, he's found a way to pay for that coffee—through a seven figure donation to the group that brewed it.

For high net worth individuals and their families, the cost of a cup of coffee, even the most complicated half-caf, extra-sweet, non-fat, cappuccino, is barely a drop in the proverbial bucket. So how do you give meaning to a million dollars? Or ten million? Or more? The threshold question, says expert Claire Costello, is, "What matters to you?"

Costello, head of the Philanthropic Advisory Service of The Citigroup Private Bank, helps find that answer. She guides the wealthy through the maze of philanthropic opportunities out there by getting them "engaged in their giving", and by showing them how they can distribute their wealth. She helps the highly successful, those who have completed the checklist of providing for their spouse, their kids, and their retirement, give meaning, beyond net worth, to their money.

As was the case with the elderly gentleman and the gratis coffee, Costello says answering the question of "why give" comes down to an individual's core values and experiences. Knowing that a certain hospital went the extra mile for a friend, or fond memories at university, can play a role. And, a sense of obligation can open a cheque book. She speaks of a client, a woman who had never made any large donations, who stepped up to the plate



after being moved by news coverage of conditions in Afghanistan.

"There was no proper infrastructure at the time, so we had to find the right channels so she could give with confidence," says Costello. That donor, who intended to give only once, has renewed her donation several times. For some would-be philanthropists, there is a desire to leave a legacy. A name on a building or attached to a scholarship fund. Maybe they want the ribbon-cutting photo-op at the new 'insert-family-name here' centre. For others, there is a need to have an impact on society or set an example for the next generation, says Costello.

Foundations are a popular philanthropic tool, as many are in the public eye. There is a long line of well-known family foundations: the Carnegie, Rockefeller, Getty, and Gates to name a few. Foundations offer structured environments in which funds can be tightly controlled. A board of directors may adjudicate grant applications, for example, to choose those that align most accurately with a foundation's mission. Costello worked with one family for several years to establish their foundation, as they carefully crafted its identity and mission statement. When they made their first grant, the family gave themselves a standing ovation. "It was a very powerful moment," says Costello, adding, "There is no healthier family than the family that gives together."

Establishing a charity, similar to the structure of a foundation, can also provide an opportunity to attach a name to a specific cause, or, in some cases, create a new brand. Welcome Home, a counselling and training centre for down-and-out kids, was established by John Volken, owner of a chain of furniture stores in Western Canada and the United States. Volken saw a hole in services for street youth, and decided to fill it by providing the funds to launch and support Welcome Home.

There are other less structured methods of giving. Instead of going through the forest of paperwork needed to bring a foundation to fruition—ask Revenue Canada for the necessary forms and the dream of a foundation may choke to death on red tape—budding philanthropists can choose an existing organization and bestow upon it a gift. And that gift doesn't have to be in the form of giant novelty cheque. Give real estate, stocks, securities or objects, such as art or antiques. Take the H. Colin Slim Stravinsky Collection at the University of British Columbia, a series of priceless artifacts related to the famed Russian composer. Slim gave the collection, the second largest of its kind in North America, to

UBC because as a student there, he had the chance to conduct the Canadian premiere of one of Stravinsky's works.

Universities, as an example, look to endowments to provide scholarships. The principal of an endowment remains intact and the income generated by the gift is given to starving students. The amount of funding may fluctuate with the market, but a substantial endowment can generate income for years.

And, there's the realm of planned giving. As in, you plan to give it away when you're six feet under. While not necessarily the cheeriest topic to discuss with a charity or a



financial advisor, the non-profit world counts on funds from planned giving, such as life insurance or charitable bequests in a will.

**W**hile lacking the control of a foundation, gifts generally provide simpler, more immediate benefits to both the charity and the donor. Less paperwork, an instant reaction from the recipient, and usually a cut and dry tax receipt.

For those exploring their charitable options, The Citigroup Private Bank offers Meaningful Assets, a philanthropic program with a global edge that allows clients and their families to link with non-profits down the street, or around the world. By enrolling, a donor has access to a personal philanthropic advisor, and that advisor helps develop a strategic giving plan. Together, the donor and advisor zero in

on the client's reasons for giving and find the right channels for distributing donations.

Meaningful Assets is flexible—through it, grants can be made from your portfolio directly to the charities of your choice, without the hindrance of establishing a foundation or reading countless annual reports to find a suitable charity. Clients can designate a family member, or the whole clan, to direct donations now and in the future.

Whatever the motivation or the giving vehicle, Costello says the only common thread amongst her clients is the desire to give. "I could give fifty clients the same amount of money and they would deal with it in fifty different ways. Everyone comes at it so differently. Donors have many stripes."

Most of Costello's clients, two-thirds of which are outside the U.S., are referrals from personal bankers and wealth managers who identify services, such as Meaningful Assets, to a client looking for philanthropic direction. Some attend The Citigroup Private Bank seminars on philanthropy. Some take part in The Citigroup Private Bank trips to view charities in action—potential donors can hop a flight to Africa and see what their money could mean to the poor, up close and personal. Costello also has clients who come directly to her. Not many, though, come through the door with a concrete idea. Her job would be easier, she says, if clients came prepared with a dream: to start a foundation for education, to fund cancer research, to support an arts group.

"Philanthropy," says Costello, "is about what excites you in the world, and what troubles you in the world." It's a growing industry and with the impending intergenerational wealth transfer, philanthropy may soon enter a golden age. Costello believes that with this influx, giving may take on a more global perspective, hence the worldwide reach of Meaningful Assets. Events such as 9/11 brought philanthropy to the front page and encouraged international donations, and major gifts bring awareness to the needs of developing nations.

Before hopping on a plane bound for Africa, though, or searching the coffee grounds at the bottom of your latte for a sign, Costello suggests brainstorming your options. Examine your motivations, talk with your family and financial planner, and take advantage of philanthropic services that offer advice and options. "Philanthropy," says Costello, "is the best articulation of yourself. It is about notions of true prosperity."

Earning that money took thought and planning. Giving it away deserves just as much attention. ◊