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Giving circles: Philanthropy with a twist



Have you heard the story of the jilted bride who turned her wedding reception into a benefit for disadvantaged children? When Kyle Paxman learned six weeks before her wedding that her fiancé was cheating on her, she called off the wedding, and her reception became a benefit for the Vermont Children's Aid Society and the international relief organization CARE USA.

Paxman is admirable, both for her ability to turn a bad situation into something positive and for her innovative approach to philanthropy. In fact, advisors around the country are reporting that individuals and families they work with desire to do more to support the charities they care about than simply write a check.

Across the country, donor-advised funds and foundations are on the rise. But you don't have to start a foundation to become more engaged in and more satisfied with your philanthropy.

A giving circle is a relatively new charitable giving vehicle that has gained in popularity over the last 10 years. As a kind of social investment club, a giving circle involves a group of donors who place their charitable dollars into a pooled fund and decide as a group which charities to support.

Giving circle donors often commit to participate for several years at an established dollar level, but the amount of money varies greatly.

For example, the Daily Muses Fund in Boston requires just a \$1-a-day investment whereas the Barnabus Fund in Indiana requires an annual contribution of \$20,000 from each individual or couple.

In addition to leveraging the impact of their monetary contributions, many giving circles also offer their expertise to the organizations they support. That is, in addition to providing funds, circle members volunteer with the organizations in an effort to contribute to — and learn more about the causes.

Giving circles vary in structure, size, and charitable focus. Some giving circles are nothing more than a group of friends with a bank account who meet in each other's homes to discuss and decide on where their funds will go. Giving circles are also popular for business colleagues. For example, AOL has established Giving Tree Circles that allow AOL employees with common interests to join together to volunteer and/or make charitable contributions. The Robin Hood Foundation in New York City is a collective of Wall Street bankers and brokers that focuses on community and economic development. Giving circles can also be affiliated with foundations. For example, the 120 or so women's community

foundations around the country commonly offer a variety of group activities, including giving circles. You can find more information on women's community foundations at the Women's Funding Network's web site at www.wfnet.org.

The vast majority of giving circles start small. For example, the Daily Muses Fund is made up of ten Boston area professional women interested in fostering the well being of women and children. However, other giving circles have hundreds of members and governing boards, and as the amount of money they control becomes significant, many use a community foundation to manage the financial aspects of their giving.

Forming a giving circle is not as difficult as you may think. First, decide on philanthropy you feel passionate about and form a group of individuals who share your enthusiasm. In some cases, you may find that although you have a large group of people who all share the same passion for giving not everyone in your group may agree on an organization to support. In this case, form a large group and break it down into subgroups. Each subgroup can then focus on its own cause.

Have a meeting to introduce what your goals are going to be. During this time name your giving circle, appoint leaders to help manage your group, and decide what the contribution amounts will be. As a group you will also want to decide on where to put your money once it is collected.

One idea is to open a joint bank account in the name of your giving circle, then write one check to the charity of your choice. Before opening a bank account in the name of your group you may want to consult with a tax advisor to avoid any tax implications. You may want to have a written agreement between members. You will want to be careful about who can write checks. Another option is to have your members make their checks payable directly to the charity itself and send it directly.

As mentioned earlier, as a group you may also volunteer your time to your cause as well. Search the web to find establishments in your local area who are searching for volunteers.

While giving circles can control substantial amounts of money, what members universally report to enjoy most is the opportunity to work in a group of like-minded individuals and to connect meaningfully with the communities and causes they support.

In the same way that venture capital supports innovation in the business world by providing financial and intellectual capital, giving circles are paving the way for future innovations in philanthropy.

Interested? For more information, visit the Giving Network at www.givingnetwork.org and the Giving Forum at www.givingforum.org.

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