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## The ONE PERCENT CLUB

Live fully. Give freely.

news

February/March 2009

### Our Pledge

- To increase philanthropy in our community; specifically, to enlist people to a new standard of giving - -
- To contribute 1% or more of net worth or 5% of income, whichever is greater, annually, to the tax-deductible cause(s) of your choice.

## Balancing Resources and Needs in a Dour Economy

By Henry Owen

In today's dreary economy, philanthropists are at the fulcrum point of a fiscal teeter-totter, striving to balance their giving between what's up (needs) and what's down (assets). Helping givers cope with this divergence is a major task for the Minnesota Council on Foundations (MCF).

MCF is a regional membership association of grantmakers, including private, community and public foundations, as well as other giving programs and public charity grantmakers. Although its focus is organizational giving, MCF offers insights and information for individual givers, especially—says president Bill King—for those whose individual philanthropy is at the level of One Percent Club members.

That's important because, "When we look at giving in Minnesota, about 80 percent of giving comes from individuals," King says. That amounts to \$4 billion out of \$5 billion annually.

In January, MCF published its "2009 Outlook Report," which provides "a snapshot picture" of the gap that's growing between contributor assets and community needs. Surveyed were grantmakers representing 70 percent of the \$1 billion in grants paid annually in the state.

The report forecast a 4 percent decline in grantmaking in 2009. Further asset declines may negatively affect grant levels in 2010 and beyond.

The 2009 Outlook survey found that 40 percent of grantmakers expected their 2009 giving would be the same, 41 percent indicated they would decrease giving, and 15 percent indicated they would increase giving in a modest range.

There is what King calls a great need for grantmakers and individual donors alike to "go back to core values and understand what difference you want to make with the resources you have and recommit to supporting these core values." In a nutshell, the idea—and need—is to "see if you can step up a little more." He adds, "Even if it feels like you've lost a lot, remember that you still have a lot."

That's especially important because nonprofits are going to be further hampered by Minnesota's \$5.2 billion budget deficit—especially those in health and human services that are funded through state contracts. "They're going to lose that funding, and, also face not having the same level of giving from corporations and foundations," King says.

One of several options to consider, King says, is for some grantmakers to draw down a larger portion of their assets in order to maintain their level of giving, which is not unprecedented. He cited the example of The Jay and Rose Phillips Family Foundation, which, in the downturn of 2001-2003, temporarily boosted giving from 5 to 6 percent of assets.

Likewise, the board of The McKnight Foundation—as reported by Neal St. Anthony in the Star Tribune—authorized drawing a larger percentage from its endowment in 2009 "to limit the impact on the communities we support. The net result will not be status quo." That's in spite of a 30 percent reduction—more than \$700 million—of its endowment.

King notes, "If you're giving is at 5 percent that means 95 percent with which to consider new and innovative approaches. These include social investing, also called mission-related giving, which may involve loans as well as grants."

The way to do this is well mapped. King notes, "There's a body of work that says this is what happens, and this is why you would do it." One such report recently was published by Rockefeller Philanthropy Advisors ([www.rockpa.org](http://www.rockpa.org)), "Mission-Related Investing—philanthropy's new passing gear."

"Without a doubt, the field of philanthropy is experiencing change—and in a dramatic fashion," according to the Rockefeller report, commissioned by the F.B. Heron Foundation ([www.fbheron.org](http://www.fbheron.org)), which "makes grants and investments in organizations with a track record of building wealth in low-income communities."

The Rockefeller report suggests, "With over \$600 billion in the endowments of U.S. private foundations, it is logical to consider how these funds can be put to use beyond generating income for grantmaking and begin to be a catalyst for social change by investments in market-driven entities."

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The Northwest Area Foundation, St. Paul ([www.nwaf.org](http://www.nwaf.org)), shows the way. It has implemented two parallel investment strategies: early stage capital to help initiate new businesses, and a venture capital fund to provide capital to sustain businesses. The idea is to “leverage assets” and “stimulate activity centered on its mission.” (A report about the foundation’s “journey through unmapped terrain” is available on the website.)

In another example, Joe Selvaggio, retired One Percent Club executive director, started MicroGrants ([www.microgrants.net](http://www.microgrants.net)), which provides mission-related investments as means for helping “people of potential” who may be of low income but have ideas or opportunities to improve their lives. MicroGrants offers thousand-dollar grants to individuals for myriad start-up necessities such as computers, construction tools, books and other needs.

Selvaggio was inspired by the microlending programs of Muhammad Yunis, winner of the 2006 Nobel Prize. However, Selvaggio chose to offer microgrants, instead of microloans, because he believes “lower-income Americans should be taught to accumulate wealth, not acquire debt.”

In spite of all this activity and innovation, King warns, there is a tendency to overestimate the capacity of Minnesota philanthropy. He hopes the 2009 Outlook Report will help give all audiences an accurate picture that allows the charitable community to keep its equilibrium on that teeter-totter between the declining assets of givers and the rising needs of non-profits.

Whatever philanthropic juggling is done, King concludes, “Charities can’t pick up all the slack.” The issue is one not only for individual and organizational givers but also for “all communities. It’s for the public, the media, the non-profit community. It’s for state legislators and members of state government.”

*This article includes information from the website of the Minnesota Council on Foundations ([www.mcf.org](http://www.mcf.org)) as well as its 2009 Outlook Report.*

## Living & Working Outside the Comfort Zone

By Henry Owen

An old cartoon shows a blocked writer, catatonic at the typewriter, with his desk and the floor littered with crumpled paper. He smiles when the muse drifts in, bringing inspiration, he hopes. But this muse is not smiling; she’s frowning as she intimidates the recalcitrant writer back to work with a baseball bat.

The writer in that cartoon is outside of his comfort zone, and so is financial adviser Aimee Hatlestad. The difference is that Hatlestad welcomes working and living outside of her comfort zone, when it comes to effecting and promoting philanthropy on the job and in her own life.

She strongly believes in “finding energy and happiness by going into areas that are new ground. I haven’t pushed myself enough, if I find my routine is too comfortable.” To her that involves not only what you do at work but also “getting involved with groups where new friends are found and new relationships are formed.”

For example, work isn’t always comfortable as she grows and manages the Family Legacy business for JRA Financial Advisors in Maple Grove. This business model includes the element of philanthropy in what otherwise would be conventional wealth management and financial planning.

The present economic downturn adds to this discomfort as she calls prospective clients to introduce and establish the kind of trust-oriented relationship “that requires more than an ad in the Yellow Pages.”

Hatlestad says, “It can be hard not to get beaten down some days—since it’s a business—there is pressure to show results.” However, she’s confident that—as with the

Field of Dreams—“build it right and they will come.”

Between client calls recently, the muse in Hatlestad’s life arrived with an idea not only for reinforcing the philanthropic element of financial planning but also to extend it into personal giving and the community at large. She’s in the process of fleshing out the details of this idea, which she calls Inspired Generosity. It’s based on the premise of “using this economic crisis as a time to provide great impact in meeting the true needs of others and finding great happiness in doing so.” As with the Family Legacy business, the idea is “to help people see their way not to turn in-



ward financially, consequently losing sight of what’s important.” That means digging deep to find your way to help out. It’s important, she adds, “Because like no other time before, your actions can have huge impact.”

In her personal life, Hatlestad is a wife and mother of a daughter, 4, and son, 1, and is moving into community involvement in a number of ways. One is as treasurer of World Peace Lutheran Church in Rogers, northwest of the Twin Cities, where she lives. Other ways involve philanthropic groups in the Twin Cities as well as The One Percent Club. As in financial planning, she believes in inspiring others through her personal philanthropy.

“Building new relationships and learning

more about charities in our community” is why she recently became a member of the Community Capital Alliance ([www.ccalliance.net](http://www.ccalliance.net)), which was formed in 1998 to encourage philanthropic development and leadership among a group that now numbers about 45 Twin-Cities-area professionals, mostly in the 25-45 age group and representing large companies, universities, small

businesses and non-profits. Members each contribute a minimum of \$350 annually and then decide, as a group, which issues they want to fund for the year.

That annual contribution, however, is only the beginning. Members also seek to expand their personal commitment to the non-profit sector and also enhance their understanding

of critical social issues in the Twin Cities and extend their influence through networking with other younger professionals in the area. The pool approach of the Alliance is what drew Hatlestad to the group. It also is the impetus behind her membership in the Women’s Leadership Council, part of the United Way. “The idea is similar to that of the Community Capital Alliance, but the

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## From the Executive Director’s Desk

By Jennifer McDonald, Executive Director

### What We Have Achieved

We completed our first ten years, reached our Founders’ goal of engaging 1,000 or more people in thinking proactively about their charitable giving, looking to their net worth as a source of charitable dollars, and committing to give annually the greater of 1% of net worth or 5% of income to the charities of their choice. In our first ten years, according to annual anonymous member surveys, our members have given an additional \$105 million more to charity as a result of their joining The One Percent Club.

### What Next?

The One Percent Club Board of Directors is looking forward toward the next ten years. After two strategic planning board meetings, the board has decided that our mission to increase giving remains relevant and important, but how we pursue that mission is changing.

**What is unique about The One Percent Club?** We are a group of philanthropists who are working to promote and engage others in philanthropy. Specifically, The One Percent Club seeks to engage people in giving money to charities. We plan to increase charitable giving by individuals, couples and families by:

1. Promoting the importance of giving through outreach efforts including collaboration with other organizations that serve individual philanthropists (Partners in Building Philanthropy), partnering with professionals who advise individuals regarding the disposition of their assets (Ambassador Committee), conducting a philanthropy publicity campaign, hosting guest speakers regarding giving, conducting one-to-one outreach, and building a strong internet presence.
2. Supporting members and others in their charitable giving by conducting workshops, hosting symposiums, offering networking and mentoring opportunities, and connecting people with resources.
3. Establishing local One Percent Club chapters throughout Minnesota, the country and the world.

In order to implement these objectives, The One Percent Club has created the following committees:

**Outreach Committee** – conceives, organizes and produces outreach and member activities including the bi-monthly newsletter, networking and mentoring events, symposiums and workshops. Leads publicity efforts including improving website, supporting publication of articles regarding charitable giving, etc

**Ambassador Committee** – establishes network of professionals who advise people regarding the management of their assets, promotes charitable giving to professional advisors (e.g., attorneys, financial advisors, wealth coaches, accountants, CPAs, etc.), hosts roundtable of professional advisors regarding talking with their clients about charitable giving, etc.

If you are interested in serving on one of these committees, assisting with any of these activities, or have other suggestions for how we can promote charitable giving, please send an email to [info@onepercentclub.org](mailto:info@onepercentclub.org) or call the office at 612-874-2850.

We look forward to increasing charitable giving by another \$100 million or more over the next decade!



group dynamics are more established,” she says. “We have come together for networking toward a common goal [which is] to promote early childhood development.”

The council has 135 members who, each year, individually donate \$2,500 or more to a pool intended to “help ensure our community’s children enter kindergarten ready to succeed in school,” according to its website ([www.unitedwaytwincities.org/WomensLeadership/](http://www.unitedwaytwincities.org/WomensLeadership/)). The council’s efforts have produced cumulative giving of \$850,000 through membership fees, gifts and matching grants.

Hatlestad also is an advocate and promoter of a book, “The Ultimate Gift,” which was written by lecturer Jim Stovall and made into a movie in 2007. It’s the story of a trust-fund brat who was drooling over a large inheritance from his grandfather, whose will, instead, set out a dozen life tasks that led the playboy to choose happiness over money.

As with her business and personal philanthropy, Hatlestad seeks to embrace her par-

ticipation in The One Percent Club. She currently is working with Tom Welch, board member and treasurer, to create an Ambassador Committee to encourage financial advisers, accountants, attorneys and other trusted advisers to include social capital planning in their advice. She’s also involved with the club’s Outreach Committee, “to promote active philanthropy beyond our group.”

Although Hatlestad spends a lot of time outside of her comfort zone, it’s a good place to be. “I’m in alignment,” she says: “My personal values are in alignment with my capacities, health, family, work and resources—all of the things I am blessed with.”

It’s her field of dreams.

*Securities offered through Financial Network Investment Corporation, Member SIPC. JRA Financial Advisors and Financial Network Investment Corporation are not affiliated*



The ONE PERCENT CLUB

## SAVE THE DATES

### Philanthropy for Extraordinary Times: Reflections, Ideas, and Action

A conversation with the  
Louis W. Hill, Jr.  
Fellows in Philanthropy  
Hosted by  
Hubert H. Humphrey Institute  
of Public Affairs

Thursday, April 23, 2009  
8:30 – 11:30 a.m.  
Humphrey Institute  
University of Minnesota

Second Annual  
Engaged Philanthropy Conference  
Hosted by Social Venture Partners

Thursday, June 18, 2009  
9:00 a.m. – 4:00 p.m.  
Graves 601 Hotel

For more information, please see  
the Events page of our website:  
[www.onepercentclub.org](http://www.onepercentclub.org).

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