

the Observer



Are you a Philanthropist?

When posing this question to clients, friends and family members the responses we hear are quite often clouded by the preconceived notion that “philanthropy is for the rich”—the Rockefellers, Morgans, Carnegies and Vanderbilts. Maybe this was true 100 years ago, but not so today.

If we could shrink the earth’s population to a village of precisely 100 people with all existing human ratios remaining the same, these are the statistics:

- 60 Asians
- 12 Europeans
- 14 from the Western hemisphere, both north and south
- 13 Africans
- 50 female and 50 male
- 6 people (all living in the US) would possess 59% of the entire world’s wealth
- 25 live in substandard housing
- 17 would be unable to read
- 1 would be near death

- 1 would be newly born
- 4 would own a computer¹

If you can attend a church meeting without fear of harassment, arrest, torture or death you are more blessed than three billion other people in the world. If you have food in the refrigerator, clothes on your back, a roof overhead and a place to sleep, you are richer than 75% of the humans on this planet. If you have any money in the bank, in your wallet and spare change in a dish some place you are among the most fortunate 8% of the world’s population.¹

This is the human condition of our world today. The American Heritage Dictionary defines philanthropy as the effort or inclination to increase the well-being of mankind, as by charitable aid or donations, the love of mankind in general and, an action or institution designed to promote human welfare. In monetary terms, the United States is the most charitable nation in the world as measured by the \$200 billion given to charities in the year 2000. The United States is obviously in a position to be generous due to its great accumulation of wealth when compared with the rest of the civilized world. There are only four countries that have economies that are larger than that of the state of California. Money, however, is only one part of philanthropy. Our most precious commodities, our time and our talents, make up the most important legs of this three-legged stool. Giving money is not really part of philan-

thropy, it is incidental. Having the money becomes a tool and, when used properly, promotes our human existence.

In our consulting process with clients we typically start with a review of income and expenses. While documenting core and other expenses, we also inquire about charitable giving. Many times the response is “charity starts at home” or “I’m my favorite charity.” While these comments are uttered with tongue in cheek, they do reflect the underlying reality of our selfish instincts. After all, philanthropy is a learned behavior. As human beings we are born wired to be self-centered and focused on our own survival. Ask any young mother dealing with a child going through the “terrible twos”. Everything is mine. Anything you have, I want. Absent the conscience and constraints of civilized society, I may take your food, your clothes, your home and, if threatened, possibly your life. It is a long evolution from this instinctive state of mind to a philosophy of philanthropy. Adding to this the pervasive view that philanthropy is for the ultra rich leaves very little impetus to motivate, develop and foster philanthropic attitudes and habits in our daily lives.

The number one reason Americans give is to help others. In the April 2002 Journal of Financial Planning, Eileen Gallo’s article on philanthropy outlines the world’s three major religions, Christianity, Judaism and Islam and their common recognition of the importance

¹Source: SustainableVillage.com



of giving. Christianity is “to love your neighbor as yourself.” Judaism is “what is hateful unto you, don’t do unto your neighbor.” Islam is “none of you believes completely until he loves for his brother what he loves for himself.” These are all different versions of the Golden Rule. In addition, each religion has its own version of charitable giving. Christianity encourages tithing, Judaism gives us Tzedakah (charity) and Tikkum Olam, the requirement that man has a responsibility to work with God in perfecting the world and Zakaat, or alms giving, is one of the Five Pillars on which Islam is based.

In his late 30’s Bill Gates, the founder of Microsoft, started a private foundation with a gift of about \$27 billion of Microsoft stock. Since then he has gifted even more Microsoft stock to the foundation. Bill has stated that 95% of his estate will go to charity upon his death. Warren Buffet, the investment guru, has said he will only leave enough money to his children so they “must do something, but not enough to not do anything.” “Leaving children wealth is like leaving them a case of psychological cancer,” says broadcasting magnate Jim Rogers. Jessie O’Neill in the Golden Ghetto writes about the psychology of affluence and the pain and isolation that great wealth may bring to those who are unprepared to deal with large inheritances. In a past Observer we talked about the entitlement that young people in our country feel today as they become further and further removed from the sacrifice that preceded the initial creation of their family’s wealth. These fears surrounding the inheritance of wealth are certainly more of a concern to the mega-wealthy as opposed to the modestly wealthy

who simply want to help their children to continue to live comfortably after they are gone. There is a better way. Philanthropy can be learned. There are many ways to learn how to give, most of which have nothing to do with money. This may explain why Warren Buffet, Jim Rogers and other self-made entrepreneurs are adamant about leaving very little to their heirs. The very wealthy do not want to produce children who are arrogant and lazy. They want their children and grandchildren to struggle to achieve their goals, build character and truly understand how difficult it is to obtain wealth, not be born on third base believing they hit a triple. They want them to learn the seven virtues of justice, prudence, temperance, fortitude, faith, hope and charity. They want them to avoid the seven vices of gluttony, greed, pride, lust, avarice, envy and sloth. Money is not the problem, rather it is the love or addiction to money.

A few years ago my family volunteered to ring the bell for the Salvation Army. The children grumbled a little about having to be out in the cold over the Thanksgiving holiday, standing in front of the red pot ringing the bell. I was not looking forward to it either as I envisioned standing in the cold for two hours counting the minutes until we would be relieved by the next volunteers. I should have known better, but it just did not seem very appealing with all of the other activities happening over the holiday. The day after Thanksgiving arrived and we headed for our position in front of a local grocery store. Parents helped their children place a quarter or dollar into the pot, maybe taking the first steps in teaching them about charity. Most people deposited between a quarter and a dollar—and then it happened. A

rusty, older model car driven by an elderly woman pulled into a handicapped parking spot. The woman emerged from her car and began to slowly make her way across the street to the grocery store. Her clothes were worn, she wore a shawl over her head, stockings with a run and shoes that were a decade older than my children. As soon as she spied our position she moved slowly in our direction and stopped in front of the red bucket. She reached into her overcoat pocket and produced an old change purse. Inside the purse were a \$5 and a \$10 bill along with a small amount of loose change. She hesitated a moment and then reached into the purse for the \$5 bill, folded it and pushed it through the slot in the red bucket. She then looked up displaying a smile from ear to ear and proceeded into the store to do her business. My children were beside themselves. They had never witnessed someone give so much who appeared to have so little. They could not stop talking about that elderly woman for days. They had just witnessed what philanthropy and giving is all about. Giving without any expectation of a return. Giving without regard to one’s financial status. Spreading the joy of giving. Being grateful that there are many good people on this earth—to believe in humankind amidst all the violence and bad news. How did we feel? I have never felt so warm on such a cold day. That elderly woman lifted our family’s spirit for days to come. Retelling the story even now gives me joy and completeness. It was not the money. It was her generous attitude and obvious happiness to give despite the appearance that she may have needed that money for herself that touched me.

The American Dream is based on improving the human condition

through the power of democracy and capitalism. It's about providing your children with a better life, without the struggles you encountered when you were young. Our founding fathers spoke of "life, liberty and the pursuit of happiness." It is much easier, however, being poor. There are fewer choices.

There is nothing to protect, watch over, manage or fret about. It is fairly basic. Each day find food, seek shelter and stay clothed. The poor are much closer to the end—death. They are quite aware that we all come into the world and leave the world the same—naked and alone. All worldly possessions mean nothing, they are passed on to the living. The concept of possession and property rights is not part of our being. It is a contradiction to the temporary condition of life. Anyone traveling along the Mississippi river can view the vast antebellum estates with their huge tree lined lawns with intertwining branches creating a beautiful crown of greenery. These trees have stood through the passing of ten generations of southern families and even this fauna is temporary. The poor remind us of our ultimate fate. The rich are able to save the poor and likewise the poor can save the rich.

We have worked with many well-to-do families and moderately wealthy families. Survey after survey indicates that 95% of Americans want to give "more" to charity. This more is more MONEY. So, why do so few actu-



"All I'm saying is, giving a little something to the arts might help our image."

ally give? Primarily because they don't feel they can afford it. Many times we are able to restructure assets to provide more income or save taxes. However, no additional giving will take place unless there is true underlying charitable intent. Charitable intent means precisely the willingness to give money to charity if that money were available. We find this "charitable intent" is something that is learned. We know the majority of Americans want to give and we know through experience that Americans don't know they CAN afford to give. Americans who can give are typically financially better off, and most of them are in the category of what is called the new wealthy. This segment of our society is estimated to include between three to five million Americans. This is an infinitely larger number than the original few mega-wealthy philanthropists of our parents' and grandparents' generations. How do these new potential philanthropists develop charitable intent?

One of the first laws we learn as toddlers is the Law of Reciprocity, as when a child shares his toy or food with another child and the

favor is returned. For those of us raised in such a manner, it is normal for us to want to give back to someone who has given to us. Even the acts of saying "please" and "thank you" represent the social equation of gratitude for someone's kindness to us. The Law of Reciprocity, however, can be taken too far. There are some people who are taught or believe that help should not be accepted from others. We were out with one of my daughter's friends on a shopping excursion one Saturday and treated her to lunch. She insisted we wait for her when we dropped her off at home so that she could retrieve money from her house to repay us. Months later when we again attempted to treat her to lunch, we received the same response. Sensing we were somewhat puzzled by her rejection, she explained that she was taught that anyone who offered money or paid for anything on her behalf would hold her in debt for a return favor. It was as if an offer to pay for lunch were part of an evil pact concocted by bad people to hold her and her family hostage to return a favor not of their liking. Obviously, this is not the Law of Reciprocity.

If Reciprocity is the first step of learned philanthropy, the next step is Giving with no expectation of a return. An unintended return, however, may be the deep feeling of gratitude of being in a position to be able to give or a warm feeling of "giving back" or even a sense of passing your wisdom on to the next generation. The Law of Wholeness is defined as a transformation of selfish wants and desires to giving of one's self, one's time or one's money without any expectation of a return. As we described above, however, there is a return. It does not come back directly from the recipient of the gift. The return comes from numerous

seemingly unrelated sources. There is a book written by Jim Stovel titled The Ultimate Gift. The book is about the journey of a young man, Jason, from a self centered, egotistical, lazy, ill tempered young man to a self assured hard working contributing member of society. In this fictional story his great uncle "Red" has just died at the age of 75 leaving a vast amount of wealth to his family. Red leaves his business worth \$800 million to his son to be operated completely by the Board of Directors. He leaves his home along with \$1 billion of securities to a daughter to be managed and controlled completely by his trusted good friend and attorney. Finally, he leaves a contingent gift to his great nephew, Jason, if, and only if, he goes through a 12-month process designed by Red to turn his life around. As the months pass, Jason follows the program, practicing, learning and understanding the gifts of hard work,

friendship, gratitude, and so on. Red had formulated this great experiment to be performed after his death with the assistance of his good friend and attorney to contribute to humankind by making a difference in at least one life after his death, the life of his great nephew, Jason. Red knew his wealth had spoiled most of his family and he was committed to salvaging one out of the whole lot. Jason makes it through 12 very challenging months and comes out the other end with a brand new attitude, a strong work ethic, a sense of friendship, community and family and, indeed, an understanding of the true ultimate gift left to him.

The last step in this journey of self renewal turns out to be a final gift of substance from his Uncle Red. Upon successful completion of the 12-month test, Jason assumes the leadership and management of

Red's \$1 billion private foundation. Jason had successfully made the transformation to and completely understood the Law of Wholeness. There was no one person better suited than Jason to operate this vast foundation for the betterment of mankind. This story is the essence of philanthropy. It is not about the money. It is about the transformation from needs to wants to gifts. Ultimately, money becomes a powerful tool in the right hands.

Red provided Jason with two bequests. The first was a comfortable life absent the struggles encountered by Red in his youth. The second was a respect for his good fortune and a dedication to make a positive contribution to the world. It will be his responsibility to teach this lesson to his children, or, perhaps, his great nephew.



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