

As a follow-up to my last column, public reaction to news about the billionaire pledge campaign inspired by Warren Buffet and Bill and Melinda Gates known as the “Giving Pledge” has stirred quite a national debate. To date, over 40 of the world’s billionaires have pledged to give the majority of their wealth to charity as part of The Giving Pledge. Some people are questioning whether billionaires’ giving to charity is an act primarily motivated by ego versus altruistic desires. Others argue that there is room for altruism in a capitalistic society, no matter the motivation, and that philanthropy and capitalism should work hand-in-hand. Clearly, whether efforts such as The Giving Pledge are a good or a bad idea depends on your political and philanthropic philosophy.

Some people believe it is the role of government to create and fund social programs through taxation of income and estates resulting in the government redistributing wealth. They believe the rich have “unfairly” become rich at the expense of others and their income and estates should be taxed and redistributed by government, and that “philanthrocapitalism”, as it is referred to, is simply social engineering by rich people. Others find the idea of encouraging raising the level of philanthropy is a better alternative than bigger government. They believe it is a personal choice when it comes to distribution of accumulated wealth.

The government, for the most part, has demonstrated contentment to let philanthropy and the wealthy pick up the tab for shortcomings in its social programs. Currently, philanthropy steps in where government social programs prove inadequate or insufficient, or to fund innovative projects or causes that require funding that is otherwise unavailable. In the United States, philanthropists can choose their philanthropic goals and receive personal satisfaction, along with credit and tax breaks for funding their chosen causes. However, all eyes are on Congress as the current income and estate taxation rules are scheduled to reset in 2011 and will dramatically impact personal income tax and estate planning. Plus there’s speculation this latest large infusion of donations may result in more scrutiny and regulation of philanthropy.

In addition to belief about the role of government, giving habits are also influenced by religion, family, and source of income. But regardless of your political or philanthropic beliefs, any act to inspire philanthropy would be welcomed by most charities and the clients they serve—many of whom are our neighbors, friends and family members.

Of 7,000 charities surveyed by Guidestar in June, one out of 12 organizations indicated the danger of closing due to financial reasons is imminent. Forty percent have experienced a decline in contributions during the first five months of this year compared to 2009, while 63 percent of the organizations reported an increase in demand for services. These 2010 giving statistics follow the 5% decline in charitable giving in 2009 and 6% decline in 2008. But there is hope on the horizon with a prediction that individual charitable giving will increase for 2010, and higher tax rates in 2011 will spur increased giving.

Philanthropy is an American tradition, and it’s important to acknowledge its value in our society and culture. Americans remain free to support causes that advocate for alternative points of view. Philanthropy can be an investment in saving lives and world changing ideas. You don’t have to be a billionaire, or a millionaire, to experience the joy of philanthropic giving. In fact, The Giving Pledge donors state they were “inspired by the example set by millions of Americans who give generously (and often at great personal sacrifice) to make the world a better place.”

Anyone with the desire to help other people, to address today’s problems, or leave money for tomorrow’s needs has access to the tools to accomplish their philanthropic passions. Donor advised funds are an excellent mechanism for individuals who may not have the wealth of the mega-rich to create a private

foundation to support their favorite charitable causes over time. Plus, donor advised funds offer many advantages over creating a private foundation such as reduced costs and administrative overhead and tax savings. A number of national investment firms offer donor advised funds as a service, along with the more than 700 community foundations located in communities across the United States. Community foundations encourage the power of collective giving maximizing the impact of individual gifts.

With local roots and knowledge, community foundations are designed to encourage people across the economic spectrum to make investments in their communities and get the advice and support that billionaires get. Everyone can be a philanthropist. So why let the billionaires have all the fun?