

Philanthropy: The Art, Joy and Planning of Giving

In the Webster Dictionary of Language you can read the definition of philanthropy as: "Affection for mankind especially manifested in donations of money or work to needy persons or socially useful purposes."

Whenever I think of the art of giving, what comes to my mind are scenes which I have observed in mostly modest places in Mexico; in a food market, an old man playing an almost unrecognizable melody on his dilapidated violin, with a boy next to him, his extended eyes, arms, and feet. A passer-by, maybe a woman of similar modest origins, with a sad expression in her eyes, quietly handing the boy some coins, which without any doubt she could use for her own needs. Or a woman making the round in a crowded bus in the city, and as she leaves it, the bus driver quickly hands her some small change. The way these people give has a very special feeling; from the economical point of view, they are with their small contribution extremely generous, compared to what they own. Whether because they are themselves so near to the situation of those asking for help, whether they feel the unknown force of karma or whatever other reason, their giving is unpretentious and full of unsentimental empathy.

There are unfortunately many people who don't have the time or the desire to get involved with these thoughts. On the other hand, there are many reasons why people have the urge to make charitable efforts; philanthropy can be performed in many ways, and there is one possibility for each person who has the wish to help to find an outlet for their desire. **I want to share with the reader some of these thoughts, to explain the meaning of the art, the joy, and the planning of giving.**

There is no doubt in my mind that the people who take upon themselves the direct responsibility to help on- the-spot are the ones with the toughest job. They can see and feel firsthand the needs and misery of the people they help, and feel as well the gratitude and the effect of their efforts. It is also a most consuming task; I remember spending one day in a foster home for abandoned girls in Mexico City, sharing every moment with the organizers and the girls. Notwithstanding my good intentions, as I left the home in the evening I was emotionally drained, unable to repeat my work the next day. However, the energy, altruism, and empathy radiated by the director of the home were staggering. A woman who could have had a leisurely life in an upper middle class environment, but chose to spend eight hours a day, Mondays till Fridays talking, organizing, and fighting for the 40 girls she takes care of. Or the ophthalmologist in Acapulco, a brilliant doctor who could have many other ambitions and desires at that stage of his life. Instead, he works every morning in his private practice in the well to do area of the city and spends every afternoon in a local hospital in the slums of the city, performing cataract operations to people who otherwise would be totally blind, thus giving them a chance to reintegrate into normal life.

Not everybody has the altruism and possibility to make such a direct contribution to philanthropy, but as said before, for anybody who wants to do something for one's fellow human being, there is an adequate possibility. Philanthropy has to be a win-win game. In my experience, it has been so, but not necessarily for others, who feel cheated or not correctly acknowledged, or who help a wrong cause. You do philanthropy with your heart, but sometimes emotions stop you from doing it. These negatives are the ones I want to dissipate through rational considerations.

I have been an investment adviser for the last 30 years, and as such, the first responsibility is to look for the safety of my clients' investments. Also, to educate them on the principles of risk and reward to enable them to find the equilibrium, which each one should ultimately define, between their two internal demons, greed and panic. One aspect which was largely ignored, and yet I consider of paramount importance when talking about money, is the attitude each one has towards philanthropy.

Most family offices which manage larger funds and look for a wider balance of the assets owned by a group of people must cover on one side the problems of making money: thinking in terms of asset allocation in liquid assets, real estate investment, etc. They also must take into account tax considerations and inheritance problems. On the other side, they should also think of the spending side of the equation, such as the needs of each individual, and the budgeting of their yearly expenses. On that spending side, depending on the client's attitudes, the philanthropy concept takes a quantitative importance which has to be well thought out and implemented.

Each one of us should do what a family office does, no matter how big or how small our assets and earnings are, and how big the disposable income is; and in fact, most people do have a system in their finance planning, whether it is a housewife, a dentist, or a retired person.

However, of all the departments they have to think of, philanthropy is the most commonly neglected, and I have come across a variety of reasons for this.

Reasons for Philanthropy

Here a list of some of the many reasons why people look at philanthropy:

- gratification for doing a good deed
- ethical responsibility
- socio-political consciousness
- religious thoughts
- the desire to be acknowledged by the surrounding society for their responsible attitude
- tax considerations
- karma reasons (I am not including support to political movements, which I do not consider as having philanthropic character, though others might)

Some, however, have no sensibility to the above mentioned reasons, or any other that I might have not mentioned. They believe that their sole responsibility is themselves and their heirs for their savings to grow indefinitely, for security (or insecurity). Their view must be respected, and they should no longer waste their time reading these thoughts.

Fulfilling any of the above mentioned reasons should ultimately give you an inner pleasure, a good feeling on account of the fact that you are doing something altruistic for an known or unknown human being, for a world cause, or for a neglected animal. However, to achieve that inner gratification, some elements need to be in place, in order that it really happens; otherwise the individual risks frustration because her efforts are not bringing the desired effect. One of them is to define "to whom to give."

The "To Whom"

There is today a whole universe of organizations whose only objective is philanthropy, coming in all sizes and flavors. Some are huge, others are one-person operations. They help humanity in general, or special groups such as unprotected children, ill people, unwed mothers, drug addicts, and old people. There are ecological organizations wanting to help the world stay as it is or even improve it for our next generations. Groups of people who help all, or specific types of animals, etc. The list is endless. The donor has to define to which of the many groups or subgroups, or specific charitable activity he wants to channel his funds, because as said before, the giving has to produce a personal gratification, which is not necessarily felt for all defined causes.

It is wrong to assume that all organizations either spend too much money in administrative activities, or lose the funds on the way to the ultimate beneficiary, or whatever the reasons one invariably hears as an argument for not giving. For every well-defined cause, I can guarantee finding the optimal organization which applies the largest proportion possible of the donated funds efficiently to the right cause. You might want to ask for exact information from the organization you support, which you should have a right to receive, such as:

- the objective of the project
- the geographical location where help is given
- the size of the project
- the transparency of their financial activity
- the regular reporting of the progress of the project
- the direct contact with the organizers, or with the helped persons
- the possibility to visit, in situ, the project you are supporting

In short, the project in question should be of such nature that it fulfils the donor's desires, and clarifies his doubts. And this can be done.

The "How Much"

Philanthropy should be a constant responsibility, not one which is activated only in a special season of the year, or in a specific state of mind. It is a self-defined allocation of funds, which should cause a win-win situation; for you a gratification and for the receiver help, no matter how small or how large. For the donor, the amount could be calculated in relation to various factors, and should be defined by the donor himself. The alternatives are:

- from a percentage of your total assets
- from a percentage of the yearly returns of your assets
- from a percentage of your professional income
- from a percentage of the amounts you spend for your own pleasure

Of paramount importance is the fact that the allocated amounts should be segregated from ones flowing from earned and spent funds, not only to have a better control for secondary aspects such as tax considerations, but for one's personal awareness and ability to take decisions regarding the direction the funds will follow. Once a year, one can spend one hour of precious time thinking and discussing with somebody interested in the subject, and one will have overcome an obstacle in the process of giving.

I want to assist anybody who wants to discuss these questions and find the right kind of information regarding this subject.

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