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Partners in Philanthropy

Philanthropic Insights and Resources for Professional Advisors
from Greater Tacoma Community Foundation



Excellence. Accountability. Impact.™

Partnering for Philanthropy, Bob Pittman – Professional Advisor



As an estate attorney, Bob Pittman asks clients to share what matters most to them, “What is it that makes you excited? What is it you would like to preserve or change? I really try to help them with their story.

“I remember a nice fellow who was here years ago. His parents had died, and when he was clearing out

their attic, he came across this old radio. It had been a central part of the family. He was so happy he restored it, he wanted to leave it to his daughter. I said, well, have you talked to your daughter about this story? He said, well, no, she is kind of busy and she is off working. I said, you have to talk, you have to write that down and tape it to the back of the radio

if nothing else. It will all be lost when you die if you don't get that down. Sometime later, he started new conversations with his daughter that hadn't existed before.

“When people share their story, I ask, how can we make that happen? And usually it makes sense that they should at least consider doing something with Greater Tacoma Community Foundation, because there is nothing else like it in Tacoma. That kind of work is really fulfilling. I love to see that happen.”

Greater Tacoma Community Foundation can assist your clients in establishing their legacy in the community. Contact our Philanthropy Team to learn more:

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Team Philanthropy Meets Client Vision while Fueling Innovative Community Investment

Professional Advisors aren't alone when it comes to supporting their clients' philanthropic goals. A recent “game-changing” investment in Tacoma is paving the way for renewal and affordable housing in the Hilltop, illustrating the power of taking a team approach to philanthropy.

Key Private Bank Senior Vice President and Certified Financial Planner® Jun Chea is one of the trusted professional advisors of a local investor who had sizable capital gains to manage in early 2019. Following the suggestion of the investor's CPA, Chea and his client researched opportunity zones. Opportunity Zones (OZ) are economically distressed communities where new investments may be eligible for preferential tax treatment.

Then, Chea attended GTCF's Professional Advisor Breakfast in May where the topic was Impact Investing. Toby Levy, Forterra VP of Real Estate Transactions and a panelist at the event, talked about the land trust's impact investing in Tacoma. That set into motion a series of conversations between the investor and his advisors, including a phone call to GTCF.

“We all saw this as a great strategy that would produce tax benefits,” Chea says, “but also would allow the client to invest locally to benefit the entire community.” GTCF helped make the connection to Forterra and work began to develop the Strong Communities Fund II (SCF II).

Levy, who calls SCF II, “One of the most advanced OZ funds in the country,” says, “GTCF set the priority and we all worked with the investor and a whole raft of professional advisors to create the fund.”

Levy credits the cooperative spirit of that process for the tight turnaround of a complex project: “It was an example of Tacoma's enlightened leadership, political will, and innovative mindset, enabled by a community foundation that plays in the political sphere.”



Jun Chea, Key Private Bank Senior Vice President and Certified Financial Planner®

Chea, whose office is a “stone's throw” from GTCF, says, “Having a partner like GTCF in Tacoma, who provides a tremendous amount of value for clients with a passion for charitable giving, has to be part of any financial advisor's practice.”

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For the client, Chea says, the most important benefit of this investment has been, “being able to align their charitable strategy in a local project that will come to fruition because of this launch investment. That was more important to them than just reducing taxes.”

GTCF's Socially Responsible Investment Fund Hits Market Sweet Spot



Environmental, Social, and Corporate Governance Factors Applied for Socially Responsible Investing

Over the last three years, GTCF's Socially Responsible Investment (SRI) Fund has outperformed its endowment fund by 1%. GTCF CFO Mo Mousa, pleased with the SRI fund's performance since its introduction in 2016, likes to think of SRI as, "Doing well while doing good."

With specific regard to "doing well," Mousa offers this: "A look at second quarter returns between our SRI fund and the endowment pool (which was started in 1999), shows a 2.2 return for both. Year to date, the endowment fund gains are at 10.9% and the SRI gained 12.4%."

Unpacking the "why" behind that performance, Fund Evaluation Group's Tim O'Donnell, who manages GTCF's SRI fund, says values-based investment strategies have become more sophisticated over the past 20 years. "Prior investors were a bit too complacent with high fees and low returns," he says. "They were strictly values-focused, relying heavily on the exclusion

of sin stocks (tobacco, firearms, weapons, etc.)." He calls that strategy, "a cudgel when you needed a scalpel."

Certified Financial Planner and GTCF Investment Committee Chair Gary Brooks explains that while the surge in the creation of values-based funds—GTCF's included—may be fueled by heightened social conscience, SRI investing is in a "sweet spot" right now in the marketplace. "SRI funds are more likely to be light on energy, industrials, and other 'values stocks,' which have, over the last several years, performed worst in the market. SRI focuses on innovation-oriented 'growth stocks' such as tech and healthcare, so are doing well just by virtue of where they're invested."

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GTCF's SRI fund employs screens for environmental, social and company governance factors (ESG), which are part of today's more holistic SRI strategy. For example, GTCF's fund managers proactively evaluate the degree to which companies embrace green building and clean technology practices, are engaged in human rights, positive labor relations and workplace safety, exhibit board diversity, and limit executive compensation.

Today's SRI investors, O'Donnell says, "can get returns that are comparable to the overall marketplace and invested in a relatively high ethical manner. Saving the world is a fabulous ancillary benefit to this type of portfolio."

Indeed, their alignment with GTCF's philanthropic work is part of why GTCF Senior Director of Philanthropic Services Evelyn Ryberg says she enjoys working with fundholders to establish values-based portfolios. But, she says, SRI is not the "lead" in those discussions: "We spend a lot of time discovering what fundholders charitable goals are and what they're trying to accomplish. Once we've identified a pathway, the SRI fund is an option to invest those dollars."

O'Donnell concludes, "All of these discussions are not exclusive to investing in SRI/ESG. They are exclusive to investing. Period. Know what you own and don't own. And why. Know what your portfolio looks like when things are bad, and when they're good. And why. Recognize that SRI is a common-sense approach through which your values can be reflected in your portfolio and that you don't have to give up returns."

2018 Giving Numbers Point to the Importance of Individual Philanthropy



Charitable giving in 2018 set another overall record, reaching \$427.71 billion nationally. Although that is an increase of nearly \$3 billion in current dollars from 2017, adjusting for inflation, total giving decreased by \$7.4 billion.

Those numbers came from Giving USA's annual report on philanthropy, offering research into the who, what, and where of giving in 2018.

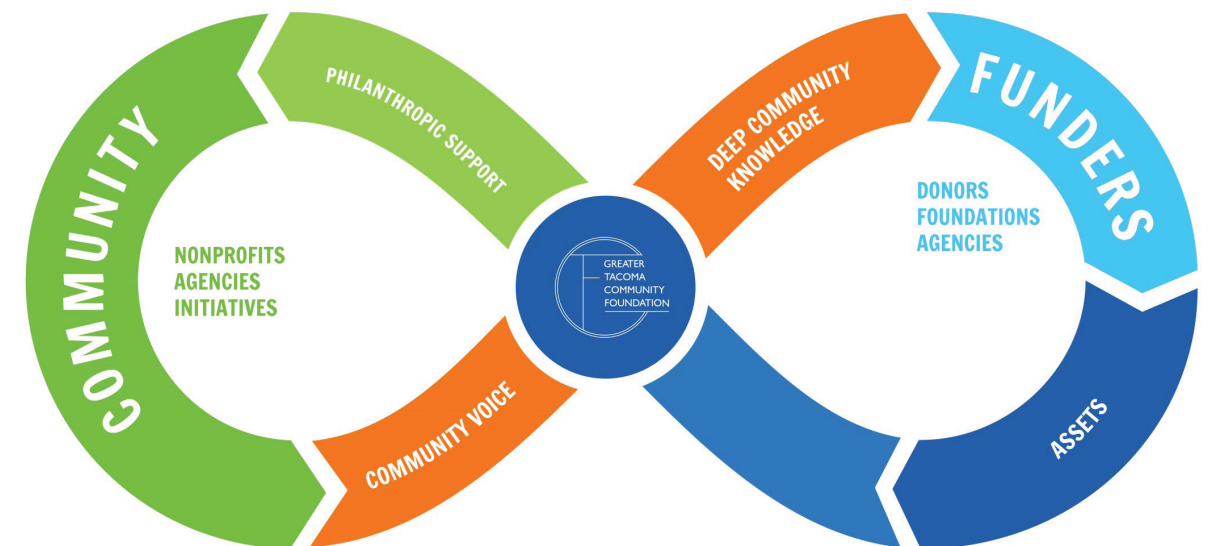
In 2018, individuals made up 68% of total giving. When you include bequests and family foundations with individuals, the shared philanthropy powered by people rises to 85.7%. Though taxes may impact when and how individuals make a gift, they are motivated to give, and to continue giving, by the impact they believe their gifts are making.

As Baby Boomers age, there is also an anticipated uptick in planned giving. Pierce County is in the middle of a generational transfer of wealth. In 2010, Pierce County had an estimated net worth of \$62.3 billion. By 2020, \$13.7 billion will have transferred from one generation to the next. By 2060, an estimated \$164 billion will be transferred.

Overall, the numbers underscore the fact that the landscape is changing for charitable giving. Philanthropy responds to current events. Impact investing as well as the role of political giving are important emerging forces influencing individual giving.

For individual donors, this points to the importance of their giving and their ability to make a significant impact on their community.

Connecting Community for Greater Impact



Greater Tacoma Community Foundation is committed to providing fundholders exceptional and up-to date information about community needs and initiatives. GTCF develops and maintains authentic relationships and partnerships with the people, organizations, and networks that build a thriving Pierce County. This enables us to connect philanthropists with the opportunity to achieve meaningful and inspiring impact where it matters most.



Mo Mousa, GTCF CFO



Tim O'Donnell, Fund Evaluation Group



Gary Brooks, CFP® & GTCF Invest. Committee Chair