

A young child with curly hair is being held by an adult outdoors. The child is looking to the right with a joyful expression, mouth slightly open. The adult's hands are visible, supporting the child. The background is a soft-focus green field under bright, natural light.

A publication of The T. Rowe Price Program for Charitable GivingSM

GIVINGBACK

SUMMER 2017

A MESSAGE FROM THE PRESIDENT

We are excited about how the Program for Charitable Giving (PCG) progressed in 2016, and this year we look to continue reaching new heights. At year-end our assets rose above the \$250 million mark for the first time, and donations in 2016 reached another record of nearly \$73 million. In addition, our donors made nearly \$48 million in grants to support a wide variety of worthy charities, another record for PCG.

This edition of Giving Back outlines some important perspectives, both from T. Rowe Price and from the philanthropic community. We begin with an interview from of Bill Stromberg, the President and CEO of T. Rowe Price, and his perspectives on the important work of PCG. Additionally, we talk with Bob Ottenhoff, who leads the Center for Disaster Philanthropy, about the importance of considering disaster philanthropy in your future giving. We finish with a piece I wrote on how donors should look at the growing field of philanthropic intermediaries assisting nonprofits in making charitable gifts.

Finally, I wanted to share some exciting changes that were recently implemented based on feedback from our donor-advisors. First, we have eliminated all grant fees based on account size, meaning all accounts can now make unlimited grant recommendations at no added cost. Second, we have reduced the active account balance minimum to \$500 from \$2,500. Both of these changes are aimed at providing you greater flexibility in meeting your charitable goals. We are continuing to review other aspects of the Program with your feedback in mind and hope to share more changes in future publications.

I hope that you are as excited as I am about the growth of PCG, the changes in our offerings to advance your philanthropic goals, and the advancement of our educational offerings to help you keep better informed. As always, I would appreciate any comments or suggestions you may have, and I look forward to connecting with you soon.



*Dr. John Brothers, President
The T. Rowe Price Program for Charitable GivingSM*

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FROM THE PRESIDENT: HOW CHARITABLE GIVING BENEFITS T. ROWE PRICE AND OUR COMMUNITIES



Bill Stromberg, President and CEO of T. Rowe Price, talks about the benefits of The Program for Charitable Giving and how it embodies the company's culture. He also shares his personal thoughts on giving, along with areas where he sees the greatest potential opportunities.

Why is it important for T. Rowe Price to offer The Program for Charitable Giving to our associates?

Bill: Investing in our communities is important to all of us at T. Rowe Price. We've had broad participation over the years—it's part of our culture; it's who we are. The Program encourages giving by making it easy for associates to support their favorite nonprofits using one secure account.

T. Rowe Price emphasizes charitable giving as a core value with our associates. How does the Program support this value?

Bill: Associates in the Program can support their favorite causes through a very simplified process. They can handle all of their charitable giving and invest, while selecting the amount of investment risk they want to take. Using the Program's website, associates can make their contributions when it's most convenient for them.

How does T. Rowe Price encourage associates to make charitable contributions?

Bill: We have a generous matching gift program, and I encourage everyone to consider it. We also conduct a workplace giving campaign in the fall that lets

associates donate to some of their favorite charities. To save time, they can make regular contributions through payroll deduction.

Why do you believe charitable giving is important?

Bill: A guiding principle of our company is to do right by clients and put their interests first. We apply that same principle to our communities. We think it's important to give back and to live in healthy, thriving neighborhoods, and contributing to nonprofits helps make that possible. The unrest that occurred in Baltimore after Freddie Gray's passing highlighted the importance of having healthy communities. I'm excited that the firm and many of our associates stepped up to take on meaningful initiatives in affected areas. For example, I think our program to bring fresh fruits and vegetables to "food deserts" in West Baltimore has made a big difference. Food deserts are parts of the country void of fresh fruits, vegetables, and other healthful foods, often found in impoverished areas.

What are some of your favorite areas to support?

Bill: My wife Lisa and I and our three children are huge believers in education and the environment. We focus on these areas and believe everyone can bring about real change with relatively small contributions. Education in particular is one of the greatest gifts you can give to a young person, and it's the ticket to raising self-esteem and making the world a better place.

Finally, if you were head of the Gates Foundation, what global initiative would you take?

Bill: Health care would be one area because there are some basic things you can do to improve underlying health and prevent diseases around the world. Second would be education—if you empower someone with an education they can go on to solve problems, so the value of your money compounds with each child you educate. The combination of health care and education on a global basis is really powerful.

"The Program for Charitable Giving is an underutilized gem. People don't realize how easy it is to use, the service is outstanding, and it's a great way to pull all of your giving into one flexible account you control."

—Bill Stromberg,
President and Chief
Executive Officer of
T. Rowe Price

CREATING A PERSONAL STRATEGY FOR DISASTER GIVING



Natural disasters can pose a dilemma for donors. The desire to give immediately to alleviate suffering means they may not always take time to find the best available nonprofits to deal with that particular disaster.

In this interview, Robert G. Ottenhoff, President and CEO of the Center for Disaster Philanthropy (CDP), offers practical guidelines to help ensure donations go where they're needed to achieve the maximum benefit. Mr. Ottenhoff has more than 25 years of management experience in public broadcasting and high-tech companies, including nine years as CEO of the Public Broadcasting Service.

What inspired you to join the Center for Disaster Philanthropy as opposed to other charitable organizations?

Bob: I spent 10 years building GuideStar, providing information to encourage

more effective giving. I noticed that most donors knew very little about the proper strategy for dealing with disasters. That's not surprising because people generally have a group of nonprofits they support regularly, but disasters tend to be episodic and unplanned.

When the founders of the CDP approached me, I was interested because the hundreds of millions of dollars given each year to disasters aren't always well spent or coordinated. There's a sense of urgency when a disaster occurs, and that doesn't always lead to effective giving.

For American donors, is there a trend toward contributing more or less to international causes?

Bob: Over the last decade, donors have tended to give more to internationally focused causes—of certain kinds. The tsunami in Japan and earthquakes in Nepal really attracted people's attention. Environmental and health

issues such as Ebola also played a part, although less so.

In the short term, however, the most recent presidential election may cause donors to reorder their priorities. We're seeing proposed cuts in government support for domestic and international programs, which may cause people to consider whether they should give more to those areas.

What is the biggest mistake donors make when they give for disaster relief?

Bob: Our research shows that about 80% of all disaster giving happens within a very short period to support immediate relief. Virtually all disaster-related giving stops within about three months, while long-term recovery efforts can take many months or even years. It's not until later that you see the full impact of a disaster in terms of mental health, housing, and the economy.

We want people to think about the full life cycle of disasters—making contributions to planning and preparation and mitigation activities. That helps build more resilient communities that can bounce back faster after a disaster.

You talk about donors needing to create strategies in line with their priorities and values. How is this possible since many people often make donations for disasters based on emotional criteria?

Bob: Donors can become more strategic, starting with defining their values and priorities. Before disaster strikes, they should identify what they are interested in (children, the environment) and find organizations that do good disaster-related work in these areas. See which organizations excel at different stages of a disaster and who has expertise and facilities in the affected area. Then donors have the information they need when a disaster occurs.

What is the best way for donors to address the long-term needs of communities after catastrophic disasters?

Bob: Donors should realize nonprofits will need their dollars as much or even more one to three months out compared with immediately after the disaster. They should check an organization's website for a needs summary, which shows what they'll be working on over the next few months and how they can use donor support.

“Disasters are becoming so frequent that our old ways of responding to them are not appropriate anymore. We have to think strategically and develop a game plan to get better.”

—Robert G. Ottenhoff,
President and Chief
Executive Officer
of the Center for
Disaster Philanthropy

What types of guidance do your clients request most often?

Bob: Most requests come after disasters—we wish more people would contact us before. Typically, donors see something on television and are unsure where to direct their donations. People want to know if organizations are legitimate and who does the best work in a given area.

What are low-attention disasters, and what challenges do they present?

Bob: There's a direct correlation between media coverage of disasters and giving. For example, tornados and hurricanes are very high profile. In contrast, floods in the Midwest and Louisiana (where 200,000 households were affected) often get only one day's coverage.

People are surprised when I say there were 15 disasters in the United States in 2016 that caused \$1 billion or more in damage. They remember hurricanes, not so much floods or wildfires.

Internationally, there are 60 million displaced people in the world—a large number because of natural disasters. This receives relatively little media attention compared with the scale of the suffering.

How can pooling donations through CDP help donors be more efficient?

Bob: We do research, consult with subject matter experts, and may even visit affected countries. When donors work with us, they can commit to giving right away and be assured their money will be well spent to achieve the maximum effect.

All donations are well managed by CDP experts—we're like a mutual fund for disaster giving.

Many people probably don't think in terms of mitigating the effects of disasters before they happen. Why is this important, and how can donors contribute to projects in this area?

Bob: As sea levels rise and there's more flooding, we need to emphasize mitigation. For example, groups are doing coastal restoration in Louisiana—rebuilding river banks and forests and planting marsh grass.

As the number of disasters grows in frequency and intensity, we need to be better prepared.

SUPPORTING THE WORK OF INTERMEDIARIES



In the business world, the word “intermediary” often refers to a bank, insurance company, investment bank, or pension fund. The goal of financial intermediaries is to help facilitate the different needs of various lenders and borrowers. In the nonprofit and philanthropic world, the word “intermediary” often refers to an organization that facilitates the charitable needs of a network of organizations or individuals.

Nonprofit intermediaries are usually associations or membership organizations, but they can also be nonprofits that provide products and services to strengthen other nonprofits. Intermediaries can serve locally, nationally, or internationally, and frequently nonprofit intermediaries work in partnership with a foundation or group of funders to assist or lead grant-making activities.

With the growth of the nonprofit sector, there has also been a growth in the number of nonprofit intermediaries, adding another option for donors to consider when making a charitable gift. While donors have become increasingly

committed to seeing their charitable investments have a societal impact, funding an intermediary can decrease their donation’s immediate impact since intermediaries are often a degree or two removed from directly serving an individual or community.

The following considerations can help donors provide effective financial support for intermediaries:

1. **Stronger Network**—Intermediaries should be able to prove that the network of organizations or individuals they serve are strengthened through the programs and services they offer.
2. **Stronger Field**—While intermediaries are removed from serving on the ground, that does not remove them from the requirement that the nonprofit’s overall work on the ground is stronger as a result of their work.
3. **Connection to the Field**—The difference between a good intermediary and a great intermediary is how well they understand the needs of the community or network they support. Great intermediaries should be able

to convey the assets and challenges of their network, citing network data and on-the-ground stories.

4. **Projecting the Needs of the Community and/or Field**—Strong intermediaries are able to assess the ecosystem of their network, using their understanding of the strengths and needs of their network and project outward the future state of the field.

While many donors who seek to have immediate impact in their communities give directly to organizations serving on the ground, funding intermediaries provides another option that offers a broader or more global impact.

To learn more about intermediaries, the following are helpful resources:

- **Stanford Social Innovation Review**—Several articles on intermediaries from the nonprofit sector’s leading publication on social good innovation: ssir.org/topics/category/intermediaries.
- **Social Impact Exchange (SIE)**—Leading national organization that works on assisting philanthropic organizations to have impact in their local communities. SIE has a white paper on the potential pitfalls of the funder/intermediary relationship: socialimpactexchange.org/files/publications/Funder-Intermediary_Survey_Report.pdf.

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