



Even small gifts can make a big difference.

**DOLLARS ARE LIKE STONES.** When you toss them at an organization, they can sometimes sink to the bottom like rocks in a lake. However, if you direct them in exactly the right manner, they skip across the surface, leaving a ripple effect of positive impact.

Although philanthropists are used to stones that sink, a growing number seek stones that skip, says David Gutzke, Wealth Management Advisor for The Private Client Reserve. “When you get toward the end of the road, you realize that it’s all about what you’ve done and what kind of life you’ve led,” Gutzke says.

That realization has persuaded many donors to focus on impact, notes Katherina Rosqueta, executive director of the University of Pennsylvania’s Center for High Impact Philanthropy. In the December 2014 issue of *Money* magazine, she says, “If you want to make a big impact, it’s not about the money you give. It’s about how well you give that money.”

Although many donors seek impact on a grand scale, those who want to make a difference may want to look locally instead of globally.

“If you really want to make an impact, one of the best ways to do it may be one life at a time,” says Mike Penfield, National Director of U.S. Bank’s Charitable Services Group.

Here are three compelling ways to make a direct impact:

## 1 EDUCATION

It's often said that children are the future. That's why education is an ideal focus for philanthropists. Third-grade reading levels are a predictor of high school graduation rates and college attendance, according to a 2010 study by Chapin Hall, a policy center at The University of Chicago.

"We learn to read up to third grade, and after third grade, we read to learn," says Tom Crotty, Managing Director in the Family Office Advisory Group at Ascent Private Capital Management of U.S. Bank. "If you cannot read at the third-grade level when you're going into fourth, fifth or sixth grades, you fall behind in math and English. When that happens, kids often get frustrated, drop out of school and become troubled. So if we can solve that one problem — kids reading at a third-grade level — we may improve society tremendously."

There are many philanthropic opportunities in education:

- **Donate to primary or secondary private schools:** "There are many, many small private schools where donor dollars are precious because the schools run on a shoestring budget," Penfield says.
- **Provide scholarships:** "Choose a school — primary, secondary or college — and provide scholarships," Penfield says. "It's a way to get one-on-one with a student and affect scholars at the grassroots level. For disadvantaged kids, a scholarship can be a life-changer."
- **Fund a professorship:** As a donor, you can help a college or university bring in a quality professor to further the teaching of a subject the school hasn't had the funds to pursue.
- **Start a school:** "We had a client who was originally from Vietnam who set up schools in that country that were highly impactful," Gutzke says. "The value of the U.S. dollar in emerging countries can allow you to do a lot of good without spending a lot of money."

## 2 MICROLENDING

Microlending is the practice of loaning money to non-traditional borrowers, such as women and minority business owners in developing nations who don't qualify for traditional bank loans. It can stimulate job creation and innovation in communities, especially when it combines startup capital with practical business training.

"Investing in microlending is attractive for two reasons," Gutzke says. "It's intellectually stimulating because the donors, using their own business knowledge and expertise, can often assist the entity that's receiving the loan. It's also impactful. You're helping someone get their business running by giving them access to capital that they might not have otherwise."

Because microlending is complex, donors typically avoid

## TOP PREDICTORS OF DONOR SATISFACTION:

1. Responsiveness of foundation staff to donor questions
2. Impact on the community

Source: The Center for Effective Philanthropy

making loans directly to borrowers. "There are many established international organizations that do microlending really well," Penfield says.

## 3 VENTURE PHILANTHROPY

For impact in your own backyard, you can consider making grants to small, local nonprofits through a practice sometimes known as venture philanthropy. This practice uses techniques and philosophies borrowed from venture capital. The focus is often on strategic growth and measurable results.

"Philanthropists are investors, and all investors want to get the biggest return on their investment," Penfield says. "Grants are a good way to work in partnership with an organization to fund a specific goal benefiting the community you live in."

Grants allow you to target your money toward a very specific purpose, such as building a homeless shelter or purchasing new equipment for a sports league for the disabled.

"You may want to look for mom-and-pop nonprofits," Penfield says. "They have very small budgets but often serve very important needs."

To expand your impact even further, consider challenge grants. "You challenge the organization to raise funds from its donor base in exchange for a one-to-one or two-to-one match," Crotty says. "It allows the organization to raise a lot more money."

Finding high-impact opportunities might take research, but the fruits of your labor can be sweet. "When you give a grant to a local homeless organization, they'll give you reports showing you the multiple lives they're touching every day," Penfield says. "When you establish a scholarship fund, you'll get letters from kids thanking you. You'll know you're changing lives, one life at a time." ■

