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Trust Talks Episode #10: Creating a Lasting Legacy for the Chicago Region

Tim Bresnahan: Good morning, everybody. Welcome to episode 10 of *Trust Talks*. My name is Tim Bresnahan. I'm the Senior Director of Gift Planning at The Chicago Community Trust, and today we are going to be talking about the wild world of endowments, one of the best tools for creating long-term, perpetual impact for regions, organizations, communities. This topic was prompted because I was doing an end of the year conversation on WBEZ about end of year giving, and the host asked for some ideas on innovative approaches for creating impact that's new and different. And I said, actually, I'm going to reach back into the time machine and lift up endowments because they're not talked about as much as they could be or should be. And it's a real opportunity for donors to think about supporting the causes of the organizations they care most about in a really sustainable, meaningful way. And so that's what we're going to talk about today.

We have three wonderful, awesome, intelligent guests here with us, and I am going to ask them to introduce themselves before we jump into the topic. So I'm just going to go around the table and start with Joanne, if you wouldn't mind introducing yourself.

Joanne Otte: Sure. My name's Joanne Otte, and I'm a Program Manager in the Addressing Critical Needs Strategy in the larger community impact department.

TB: Great. Thank you.

Cherita Ellens: Hi, I'm Cherita Ellens, and I'm the President and CEO at Women Employed. Thanks for having me.

TB: Thanks for being here today.

Anne Ladky: And I'm Anne Ladky, and I'm a Senior Advisor to the Corporate Coalition and a member of the Executive Committee of The Chicago Community Trust. And I was the predecessor in Cherita's job, so she's my fabulous successor and it's great to be on the podcast with her.

TB: Wonderful. Thanks to all of you. So I'm actually going to kick things off by talking about what actually is an endowment. So when we think about an endowment, it is in essence, charitable assets that are set aside and restricted for some purpose. The endowment's purpose is to grow over time. It's meant to be perpetual. When we think about The Chicago Community Trust, we were founded in 1915 as a perpetual organization. Our first gift into our endowment was a gift from the Harris family of the Harris Bank lineage here in Chicago, and the goal was that we would have a nest egg that would grow and allow us to be an anchor philanthropic organization, meeting the most pressing needs of the Chicago region in perpetuity. And those assets today have grown from \$400,000 to close to \$1.4 billion of our endowment, and they are overseen by five corporate fiduciaries to ensure that we don't invade the

principle that the assets are stewarded appropriately, and that we honor the intent of the donors who put those assets into The Chicago Community Trust endowment over time.

So when we think about our ability to make grants, convene, affect policy, do all of the things that the community trust does, we're able to do that because of the generosity of donors to our endowment. One quick side story that I think is interesting. Our first estate gift was from a donor named James Patten. He was known as the Wheat King of Chicago, made his wealth in the wheat market, wheat futures, and he gave a large bulk of his estate to the Community Trust to support causes and organizations that were important to him. One of the unique assets in the estate that he gave to us is the land and the building where the University Club sits today. And so that gift is subject to a very long-term lease, but at some point in time that lease will end and we'll be the outright owners of the building. And those assets will be used to further advance our mission, but to honor the impact that James Patten wanted to see, so this history goes back a long time.

So we've set the table on what an endowment is, legally what it's supposed to do. I want to now turn to Joanne. You're a member of our Community Impact team. You have the great privilege of making decisions, creating strategies around how we use those assets and the revenue that's derived from the endowment to do grant making. When you think about the endowment, what does it allow you to do as a member of our Community Impact team?

JO: So, in Addressing Critical Needs, we have a budget of about \$8 million for this year, for example, and about \$5 million of that \$8 million is unrestricted. And so we can use it for any of our grant making, any of the health and human care work that we do across Chicago in the region. But also part of our budget is actually about \$3 million is in restricted funds. And so obviously with that \$5 million we're able to do a huge variety of things. With the \$3 million, some of those funds that are restricted are still broadly restricted.

For example, one of our large cohorts that focuses on direct services is the Promoting Well-being cohort, and that one is focused on providing a continuum of care across a person's lifespan. So we have restricted funds focused on youth, aging adults and people with disabilities who are able to use those to support some of those multi-year general operating support grants that we make for promoting well-being, which is an amazing use of those resources.

Some examples in our Promoting Well-being cohort would be some neighborhood organizations like Claretian Associates on the far south side, so in South Chicago. They, like many of the organizations in that cohort are doing work that intersects across those populations. So they have their senior services work with the Villa Guadalupe. They also do work with youth and young adults, youth leadership development programs. Another example would be the Chinese American Service League in Armor Square. And again, they're serving people across the lifespan. So they have behavioral health services, senior wellness as well as child youth and development programs.

And then finally, a particular example focused on an organization that works with people with disabilities is the Center for Independence Through Conductive Education. And so they work with families and youth in particular who have disabilities, some of the many profound disabilities. They work both in the suburbs as well as in the city.

TB: That's wonderful overview of how the endowment informs the work that you do. Can you give a quick definition for listeners and all of us here at the table about when you say restricted versus unrestricted, what do you mean by that?

JO: Sure. So in the unrestricted funds, we can use for any of our grant making programs. So for example, besides the Promoting Well-being cohort, we also have the Systems and Policy cohort, which is focused more on systems level change and policy and advocacy work. So we can use unrestricted funds to support organizations doing those kinds of things. The restricted funds were meant for a very particular purpose. So some of them are broad and they'll just say like youth in Chicago. Some of them might be more focused. We actually were able to use one of our very focused restricted funds recently to make a grant to Women Employed.

So we have a restricted fund that's focused on nursing and allied health programs, and so that's supporting their health careers program. And the program encourages and supports black and Latinx women to pursue training, certification and employment and healthcare. And that's in collaboration with community organizations and local employers on the south and west sides of Chicago.

TB: Great, thank you. I think what's really important to draw out of that is we have some gifts that were given to us in the teens, 20s, 30s that may have been restricted for youths or basic human needs or vulnerable populations. And to think how different the definition is today of what youth need or disabled populations need in the 30s versus today, even though that restriction endures, we are able to adjust and adapt and evolve with the times to do grant making that meets those needs. So thank you for that.

I think that's a great segue into talking with Cherita and Anne, and I'm going to have you wear your donor hats in a few minutes, but now I want you both to be wearing your nonprofit leader, civic leader hats. And Cherita, I want to start with you to first ask, could you give us a description of Women Employed? What is the organization, what's the great work that you're doing?

CE: So Women Employed is a nonprofit organization that focuses on growing the economic power for women and eliminating barriers to economic equity. We are celebrating our 50th anniversary this year, so founded as a grassroots membership organization in 1973 to create better workplaces for women and to ensure that those workplaces were inclusive in places where women could thrive. So right now our work is really focused in a few areas around recognizing the value of women's work and ensuring that women are receiving proper compensation for their work, shifting distribution of resources. You can't have a conversation without equity to talk about how you're going to reallocate those resources that are already available because there isn't a plethora of new resources coming, and forging pathways to leadership wealth and economic security. Also, we're focused on driving internal organization sustainability where this conversation becomes so important to that as well.

TB: Happy anniversary. Do you have a celebration coming up this year?

CE: We do have a celebration coming up this year.

TB: Okay. I want to give some commercial time for that really quickly if you can.

CE: Yes. The working launch is on May 25th at the Palmer House. Tickets are on sale right now. You do not want to miss this. We are anticipating a room of about a 1,000 people. Anne Will be in the room with us celebrating as we honor her legacy as she really was the catalyst to build the organization to what it is today.

TB: So, Anne, I want to ask you a question. You mentioned you were the previous CEO prior to Cherita coming on, and the Trust has an endowment fund that it holds to support Women Employed. And I'd

love to start with you, Anne, around the origins of that endowment, why it came to be, and then we can move the conversation to Cherita and both of you really to think about what is the impact of that endowment of the organization in a given year, but also just your ability to plan long-term?

AL: Well, that endowment gift of course, was just an amazing thing for an organization to get. What happened was Women Employed had been a grantee of the Grand Victoria Foundation for some time. They supported our workforce development work related to building career pathways in community college training and then into the workforce. In conversations with the Executive Director there at the time, I think she was concerned about the fact that so many of the organizations that Grand Victoria supported really were trying to generate their income every year from scratch essentially. And she was talking with her trustees about how to make some of the organizations that they funded more stable through an ongoing source of support. We were invited in to speak to their trustees about what was our vision for the future, what were the strategic challenges we were facing? How did we think we were going to address them? And we were under the impression that the Trustees just wanted to get to know their grantees better. We had no idea about this endowment.

So after those conversations with the Trustees, the Executive Director came over to see me one day and sat down in my office and said, "We want to give you a \$5 million endowment." There aren't very many days like that and in advanced age that you remember so vividly, but this one is vivid and I still have the letter. So the way this worked was that the Grand Victoria Foundation set up an endowment fund to benefit Women Employed at The Chicago Community Trust. So that was also the beginning of a much closer relationship between the Trust and Women Employed because we had annual meetings with the CEO of the Trust and our program officer and some others at the Trust and really talked about what were the challenges, what was happening at the Trust. It was very positive.

Now, from the point of view of just practically speaking, what that meant for Women Employed, I suppose at the time we were maybe getting close to being a \$2 million organization and that endowment was generating about \$200,000 a year after startup. This happened right before the market crashed in 2008, but the Trust in Grand Victoria really helped us through that. And then it began to generate about \$200,000 a year. So in a \$2 million organization, that's a very meaningful thing.

So that means that in an organization like Women Employed that had to raise \$2 million a year, 10% of that came automatically from the endowment. What a meaningful thing for an organization, particularly one like Women Employed that's not in the human service business, is an advocacy organization and therefore it has some challenges raising systems change money.

TB: Thank you Anne for that historical background on the endowment. Very helpful and also, how exciting to have that sit down with Grand Victoria and kudos to them for thinking big picture for how to support you. I want to move to Cherita now to think about this endowment is generating grants to you every year that you get to use for your purposes. How do you think about leveraging that source of income, from a strategic planning process or just helping the populations you're serving that endowment factor into your planning as a leader of an organization?

CE: Yeah, first can I say I would love to have the experience Anne had. So if there is someone sitting out there waiting to set up an endowment and come sit in my office to tell me that I have \$5 million somewhere, I am waiting and willing to hear that conversation. But for us, the endowment funds really help to alleviate some of those pressures that come with the ebbs and flows of annual fundraising. You're always at the mercy of your foundations or your individual donors who have shifts in giving priorities, who may have shifts in giving cycles, who may be affected by current economic conditions.

And so having that kind of steady income allows us to have a more long-term multi-year outlook on some of our programmatic plannings. But it also, and I think people don't think about, it provides a signal of sustainability and stability to other funders when they know, because you can do great work. Your mission can be very strong, but an investor also wants to know that this organization can exist year over year and that their investments isn't just not going to go into this black hole.

And when we talk about impact, Anne touched on this, since the inception of the endowment in 2007 through December of 2002, we have received nearly \$3 million in disbursement payments from this endowment. That is significant for an organization of our size. We're a little larger than \$2 million now, but that is significant for a nonprofit organization to know you have that type of security sitting in the background.

I would say over the course of the time, the average is about \$191,000, but for the last five years, and if you think about what we've gone through in the last two or three years, it's been averaging about \$210,000 to \$220,000 a year. So, in a time where a lot of nonprofits were really struggling through the pandemic, we knew that we had that income coming in, and it makes such a difference. It provides that level of comfort that you need. So does it allow you to do vision strategic planning when you're in crisis mode going through a pandemic? No, but you know you can make payroll, right? But you know that you can pay your rent where you are. So, it provides that level of security that is so important that many nonprofits just don't have the benefit of having.

TB: That's awesome. And great insights, and I'll take a slightly technical boring detour for a second. So bear with me. When we think about an endowment at the Trust, our goal is to create a sustainable, predictable, relatively predictable stream of income to an organization, whether it's back to ourselves or to an organization like Women Employed. And so when you think about the markets over the last three years, there's been a lot of ups and a lot of downs. How we fix for that or how we plan for that is we do smoothing.

And so we look, we take a 12 quarter look back when we think about calculating the distribution from an endowment. That creates a smoothing effect over years so that an organization isn't getting \$140,000 one year and \$270,000 the next year and they don't know what is year three or year 12 going to look like. So that's just in response to what Cherita is sharing. We do try to create an endowment model that allows for that.

And I want to come back to your individual donors in a second, but I want to shift to one of our individual donors and presumably one of yours, Anne, to put on your hat on that front, because you are the Executive Committee of The Chicago Community Trust. You and your wife are part of our 1915 Society of legacy donors. And so you've indicated your intention to include the Trust in your estate plans for your charitable giving. And I'm wondering why did you do that? As a donor, how do you think about including an organization like the Trust or including an organization like Women Employed in your charitable giving from a legacy perspective?

AL: Well, Tim, I think, our thinking about this evolved because when you're less experienced in this whole issue of legacy giving, we thought, "Okay, well, we'll set up our wills to provide for these 10 organizations that we think are really important." And then as time goes on, you realize, well, the circumstances change, the organizations themselves may change, they may not even be here in some number of years. And the more I got to know the Trust, I recognized the depth of expertise in the grant making side is really so strong.

And then we also have the benefit of the philanthropic expertise of Tim and others on his team. So it's a pretty powerful combination, and what we realized was that we could have an impact in the areas that

we care about without being so specific and trying to make all those very fine point decisions, but to say, "Here's how we want whatever assets we've accumulated, here's what we want them to mean to the Chicago region," and we can trust the Trust to make sure that that happens because we have the expertise on the program side and the expertise on the philanthropic side. So it was pretty easy decision really for us to do that.

TB: That's great. It reminds me of so many other donors that I've had the privilege and benefit of working with over the years where I'm thinking of one that I saw just this week, the Trust in partnership with Cranes hosted an event called Beyond Philanthropy where we had a panel of philanthropists talk about how they give in the variety of ways that they give. And I saw one of our other 1915 society members there, she and her husband, including the Trust in their estate plan, and they care passionately about entrepreneurship, that they've been the beneficiary of access to capital, access to mentors where they've been able to build a business and have a very nice life as a result of that business. And they're thinking about what are ways that we can make sure that in 50 years or a 100 years, that there will be some stream of income, some stream of grants that will support entrepreneurship in the region.

They don't know what it will look like. It will probably look different than how they built their business, and that's okay. They don't need to have all the granularity. And candidly they said, "It won't really matter because we'll be dead." What will matter is that there's a philanthropic fiduciary like the Trust that will always be supporting entrepreneurship in the region so that others like them in a 100 years can also create businesses and grow businesses.

So in our last few minutes I have just have a couple more questions. So I want to come back to you Cherita on the individual donor front. So I'm curious, do you have the opportunity to talk about endowments with your individual donors or even your institutional funders for that matter?

CE: Absolutely. So we actually talked to our individual donors more about estate planning because that they get, and starting in 2014, Women Employed before me formalized its generation circle and its estate planning strategy that we are realizing the benefits of that today. At that time, the people on staff understood that many of our individual donors were getting to an age where estate planning became really important to them and we knew that that was a time for us to capitalize on that.

So to our knowledge, we know that there are at least 30 individuals that have us included in their estate plans. And since 2019, we've actually received nine planned gifts from three households totalling more than \$1.3 million. And so again, when you think about the last two years, it has truly been a lifeline for our organization in terms of the first planned gift that came in 2019 in the heart and the middle of this pandemic was for \$330,000 in one year and we didn't know it was coming.

And so when you think about that type of income coming into an organization our size, it allows us not just to stay above board but make the investments in our organization so that we moved quickly into a hybrid environment. We were able to make the technology investments necessary for us to be effective in our work. We were able to support our community-based organizations that we partner with, whose funding was cut off and to be able to provide small stipends to them so that they can continue doing the programs that we are funded to work with them to do.

So there's so many things that those planned gifts coming in allowed us to be able to do as an organization, but it also allows us if we weren't in a pandemic and we didn't have to make those investments in the operational side during that time, we could have done long-range planning because we talk investments strategy at our organization. So we have a bucket of reserve funds that's for immediate use. We have working capital. So these individuals, you can accord them over the years and

then they leave in your work and they want to make sure that their legacy is continuing to do their work long after they're gone.

TB: I think that seed planting concept is so important, especially for those donors listening. And when you think about, you may be in your 50s and 60s, you may have 30 or 40 years ahead of you, but now is the time to be thinking about, well, what's the plan in a worst case scenario? So how do I think about making sure my retirement beneficiaries are up-to-date if I want to support charity through them or my will or my trust? I think about the Cone fund at the Trust that in part supports basic human needs.

That relationship first started in the mid-80s with the donor advised fund and came to culmination with a final gift from the estate of the daughter, of the parents and the teens. And so you think about a 30-year runway for engaging a family, but that planning has to start at some point. When you talk to donors, those listening on this podcast today, no matter your age, to be thinking really long term about what do I want to do through my estate, whether it's supporting a specific organization or issues that I can start thinking about now?

I'm going to ask Joanne one unscripted question just because I'm curious about this. the Trust has a North Star goal right now of reducing the racial and ethnic wealth gap in the region, doing that through wealth creation in households, driving neighborhood investments in communities that have been traditionally under invest or cut off from investments. Can you help explain to the listeners on the podcast, how does addressing critical needs ladder up to that overall goal of reducing the racial and ethnic wealth gap in creating a thriving region that is economically equitable and just?

JO: Sure. So the Addressing Critical Needs strategy is really the evergreen strategy of the Trust. It is something, as you can see through these endowments, that people have invested in, the Trust has supported since its inception and we will continue to support that kind of work ongoing. But the way I would say that it connects to our larger goal of closing the racial and ethnic wealth gap is that we recognize meeting people's basic needs, meeting their human needs is the first step in that long trajectory of closing the racial and ethnic wealth gap.

People need to have housing, people need to have food, people need to have healthcare. All of these things are basic human needs that all of us should have. And until the time that we do all have those things, the Trust wants to be able to support the organizations doing the good work to end homelessness and to end food insecurity. So certainly also recognizing that for example, in Chicago, the population of people who are most impacted by homelessness are black Chicagoans. Over 50% of the people who are homeless in the city are black. And so we see those disparities in the basic human needs that the organizations are supporting through the work of the Trust.

TB: Great, thank you. So for the final question for the group, can you share some last thoughts that you'd like to share with the listeners today, who maybe haven't thought about endowment building as part of their philanthropic plan, whether it's during life or at death, what could they be thinking about now? Any sort of calls to action? And we'll start with Anne and then come back around.

AL: I guess Tim, my call to action is really to be thinking about what impact do you want to make now and beyond that? I think what we always said at Women Employed is that people can be philanthropists at just about any level. The point is to get started and as you get started and experience the joys of that, you think more about what impact do I want to leave and why I feel the kind of planning that you do should start early enough? So you can really give that some thought and you can really build relationships with the Trust, which is where I think really makes sense to do this because people can make gifts. They can specifically say, "I want to give this from my estate to a particular organization."

There's lots of ways you can do this and it shouldn't be put off as something to fear like, "Oh, I don't really want to think about my death." It's really thinking about your philanthropic impact in a way that's very generative and very optimistic.

TB: Love that framing. Thank you. Cherita?

CE: To add on to that, I also appreciate that framing, but I think that the planning allows you to make sure that your wishes are going to be carried out in the way that you want them carried out and not left to someone else to decide. And that is why you want to do estate planning. It is to make sure that yes, your family is taken care of, but in the way that you want it done. We work with our donors to think about how do you use your RIA? How do you use your donor advised funds? How do you use all of these vehicles that are available to you that help you build the impact that you want right now and after you're gone?

So I would say start with your financial planner, start with your legal advisors and really start putting pen to paper on what that looks like in thinking through what matters most to you and what is it that you want your legacy to be? And then figure out how to get that done. Yes, you can go directly with organizations, but as Anne said, you can work with someone like the Trust and still dictate how you want those funds to be done, but just make sure that you are taking control of that and you are using your agency.

TB: Control and agency come up daily in my work with donors and it matters. And so I think that's a really great call out.

AL: Tim, could I just interject that I think as I recall on The Chicago Community Trust website, there are also some good tools for people to start the thinking process if they even are at a point where they don't yet have a financial planning advisor or engaged yet with a lawyer about their will or whatever, they're good tools out there and I think the Trust has some of them.

TB: Thank you for that. Yes, we've got great tools on the website, creating a philanthropic legacy that talks about where to start and the option. We actually just recently launched a whole gift planning and legacy planning website that has probably more than most people want, but it's a great place to dive in and be curious or even around case studies, recent case law, basic planning tools. So yes, definitely thanks for that call out, Anne. Got to cct.org to see more. And when in doubt, call Tim. I mean, I will help you figure out what you need to do and where to get you on your path. Joanne, what are your final thoughts and calls to action?

JO: Yeah, I would say the thing that I am most impacted by in my work in addressing critical needs is really thinking about collective impact. So for example, when I talked about the budget and how we have \$5 million of unrestricted funds, well, that came from many different places. That came from many different people, many different institutions. Even the \$3 million I'm talking about restricted funds, that's not one bucket of money. It's actually many buckets of money where different people said, "I want my legacy to be supporting organizations who work with people with disabilities," and a different fund who said, "I want my legacy to be supporting youth in Chicago.

When I think about the collective impact of all of those people who contributed to make this long-term impact for the city and the region of Chicago to continue supporting people's basic needs, that is huge. So even if you have a small amount of money and want to create an endowment, that can have a great impact at the Trust.

TB: Because you're joining a huge pool of donors that have come before you with the same mentality around long-term sustainability, consistent grant making, and really having a vision for how do I want to support the region after I'm gone, but do it with the most long-term strategic perspective that I can have.

JO: Absolutely.

TB: Thank you to the three of you for those final thoughts. I think my final call to action is start thinking about what really matters to you as listeners and know that if there are issue areas like investing in neighborhoods, like youth career-building, like helping women, specific communities, specific organizations, we can help you achieve any and all of those goals, but we can't help you if we don't have the conversation first. And so my call to action is go to the website, pick up the phone, send an email.

If you don't know where to begin, that's okay. That's why we're here. But really, I encourage my final call to action is for those that have not thought about endowments as a critical part of how they can create impact with their giving, please start to think about it because it is really essential. And we've heard three experts in their fields share today why and how endowments are meaningful to the work that they do, but more importantly to the communities that they serve.

So I want to thank Anne and Cherita and Joanne for joining me today. I've been surrounded by experts and passion, and that's a really great way to spend an hour on a Thursday in Chicago. So thanks to the three of you and keep doing the good work.

JO: Thank you.

CE: Thanks, Tim.

AL: Thank you.