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## Letter to the Editor: Wall Street Journal

Re: "What's Wrong With Charitable Giving & How To Fix It" by Mr. Pablo Eisenberg

Monday, November 9, 2009, Section R, pgs. 1,4.

Sir:

Mr. Eisenberg allows his heart to over-rule his intellect when he chooses to ignore the basic fact that several studies have demonstrated that foundation spending around the mandatory minimum of 5% annually generates an even larger flow of dollars over time than those foundations spending at higher rates. The often mystical effects of compounding returns on a stable capital base tend to be over looked in such discussions.

Since 1900, US equities have enjoyed an average annual return of just over 10% and bonds of about half that producing a weighted return of 8.8%. A foundation with an asset mix of 70% equities and 30% fixed income under an inflation rate of 3% and average investment costs of less than 1% maintains the real value of its corpus by spending roughly 5% annually.

As to his other suggestions for improvement, as I point out in my recent book, "**Supercharged Giving: The Professional's Guide to Strategic Philanthropy**", he misses the most important weakness of modern philanthropy. Too few donors take a strategic interest in their giving and rarely decide in advance what they want to accomplish and how they will know if it has been achieved. If an archer releases his arrow and only then adjusts the target, it is amazing how many shots are perfect.

Respectfully

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