

# Democratizing Charitable Planning

An Interview with  
Sarah C. Libbey, President, Fidelity Charitable

**EDITORS' NOTE** Sarah Libbey began her career at Fidelity Investments in 1981 and has since held a series of leadership positions in the company's retail and institutional businesses. She was named to her current post in 2008. Libbey is on the board of directors for the UNH Foundation, which builds private support for the University of New Hampshire. Among her many philanthropic interests, she has had a long-standing commitment to furthering social justice and economic opportunities in the Ixcán region of Guatemala. Libbey earned a bachelor of arts in Sociology and English at the University of New Hampshire in 1979.



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**ORGANIZATION BRIEF** Fidelity Charitable ([www.fidelitycharitable.org](http://www.fidelitycharitable.org)) is an independent public charity with a donor-advised fund program. Established in 1991, Fidelity Charitable launched the first national donor-advised fund program and it is now the largest such program in the country providing charitable solutions to both donors and advisors. Fidelity Charitable allows individual donors to establish a dedicated Giving Account® which can support short- to long-range plans for giving to their favorite charitable organizations.

## When Fidelity Charitable was created, what was its mission and how has that evolved?

The Chairman of Fidelity, Ned Johnson, wanted to focus on how we could make the concept of a planned giving vehicle more accessible to every American. While he realized that structures like private foundations and different kinds of trusts were available to help wealthy individuals plan and organize their philanthropic mission, he wanted to make that concept available for all Americans at any level.

He envisioned that we could take some of the concepts that we had deployed elsewhere at Fidelity, such as stock investing, and democratize it. That's how we became a leader in mutual funds. Managing pooled accounts creates efficiencies and offers a lot of value at minimal cost. We applied that same concept as our way to democratize giving.

That is the concept that led to the origin of Fidelity Charitable. It's a charitable organization that gained its tax exempt status with a mission that has remained the same since day one: to further the American tradition of philanthropy by providing programs that make charitable giving simple and effective.

It guides us still today. Our emphasis is bringing the power of strategic giving to more households and providing Americans with programs that simplify giving and, at the same time, make giving more effective.

## Has this concept become more broadly accepted and has it changed some of the way that giving is done?

Yes, it has become more accepted. We celebrated our 20th anniversary two years ago and at that time, we reflected on our impact.

One measure is that we now have over 57,000 donors. Another measure is the increasing popularity of donor-advised funds, which are now the fastest growing planned giving vehicle in the U.S.

When we started, a donor-advised fund concept already existed through community foundations. That concept was developed through banks sponsoring community foundations and their donor-advised fund programs in the 1930s.

What we brought to the landscape was a "national" donor advised fund to provide donors more flexibility in giving. Fidelity Charitable is both cause and geographically agnostic – we are not focused on any particular nonprofit sector or region of the country when it comes to where grant dollars are dispersed.

Twenty-plus years later, we have been able to attract more philanthropists who have latched onto this Giving Account concept. We have also been able to attract more high-net-worth donors who might have previously desired a private foundation. They realize that there are a lot of efficiencies with our Giving Account and we are able to satisfy the mission they had in mind for their private foundation.

## What results have you achieved and what metrics have you put in place to track impact?

One of the measures of our cumulative effect over 20 years is how many grants have gone out to nonprofits across the country on behalf of our donors. Since inception, we have processed more than three million grants totaling more than \$14 billion for more than 160,000 nonprofit organizations.

On average, more than 20 percent of our assets are being granted out every year. We feel that is an excellent measure of success because we're looking for engagement on behalf of donors who understand that we are here to help them get their giving dollars to their favorite causes.

Donors have the ability to suggest how they would like their Giving Account assets invested

for tax-free growth. We coined the phrase, "Give, grow, and grant."

Throughout our history, we have grown those assets by \$1.7 billion above the original contributions. This helps grow giving power beyond the original contribution and allows our donors to feel even more empowered about the impact they can have.

We also have many wonderful stories from the donors we have helped support causes they are passionate about. For example, we worked with a donor who, sadly, had a family friend who lost a baby to oxygen deprivation at the time of birth. The donor heard about a charity in Great Britain that is involved in researching techniques to improve the chances of a full recovery for other babies. Through our international granting program, we helped him make a grant to support this cause that was very important to him.

## How have you utilized technology to enhance the donor experience?

First and foremost, we want to provide access to donors at any time so we focus on what our donors want from our Web site. About 80 percent of all of our transactions are now executed through the Web.

One of the most notable ways the site comes into play is for what we consider a spontaneous act of giving, such as donating to a disaster relief effort. In those instances, we update our homepage with pre-vetted organizations that are local to wherever that disaster might be. With Hurricane Sandy, for instance, we have processed about 5,000 grants totaling \$26 million.

Last year, we developed an iPhone app for granting, so donors have immediate access.

The giving strategies tab on our site is full of resources to help donors maximize their charitable dollars and give effectively.

## Did the economic landscape in 2012 enhance the awareness of what this model can do?

The year 2012 did accentuate things that we have seen over the years: an improving stock market, for instance, correlated the most with incoming contributions. If people have the disposable income, they want to make sure they support causes they care about. If it's a higher earning year than the previous year, they can up the ante and put a bit more into their Giving Accounts.

The donors that we attract are those that are very dedicated to philanthropy. So these aspects of the stock market being up, thereby allowing them to give more or having a tax strategy that allows them to give more, is excellent, but giving always comes from their hearts. ●