

Philanthropy

Philanthropy Camp

Richard C. Morais 06.01.07, 5:00 PM ET

Leonard Kaplan of Greensboro, N.C., sold a cleaning chemicals company in 1994 and, in that transaction alone, walked away with \$38 million. He and his wife, Tobee, had always been civic-minded; they gave to United Way, Hillel Foundation and the Boy Scouts. But Kaplan wanted more, and out of that has come a "give now" push targeting his fellow rich.

"I didn't have any hobbies," he says. "The only hobby I had was being in business. So I woke up one morning and said, 'I want to do "creative philanthropy." ' I wasn't sure what that was, but was there any way I could transpose my talents in marketing and sales to philanthropy?"

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Shortly thereafter, he read *Wealthy & Wise*, a book written in the mid-1990s by Claude Rosenberg, an asset manager in California. Rosenberg's dense book made the argument that Americans rarely raised their donations in line with inflation, never counted the after-tax costs of donations when determining what they could afford, and then rarely added back into the pot how much their invested assets increased over time. The book outlined a five-step formula for determining true "surplus income" available for charitable works. By his calculations, Americans could comfortably afford giving away \$150 billion more a year to charity, almost double the existing rate.

The book deeply impressed Kaplan--the rich weren't giving enough soon enough--and he decided to bring this message home to those similarly blessed by fortune. After searching for a leader--he even interviewed Elizabeth Dole--Kaplan tapped Glen Macdonald, a high-powered consultant with Pricewaterhouse, to spearhead his new cause: the Wealth & Giving Forum.

Backed by \$6 million of Kaplan's funds, the Wealth & Giving Forum was launched in 2004 with a high-profile event for the super-rich at the Greenbriar resort in West Virginia. At such semiannual, invitation-only Forum retreats, the likes of former Forbes 400 member Kenneth Behring give emotional testimonials on how their philanthropy has brought meaning to their lives, encouraging others to generously follow suit.

"We want to be a destination for inspiration and information on how to allocate wealth effectively in philanthropy. Learning from peers is an underutilized source of valuable information," says Macdonald.

Cynics might argue that spending millions on a bunch of rich folk hanging out with Vaclav Havel and Bill Moyers is a waste of philanthropic resources. Such critics, however, don't understand leverage. Kaplan, 78, used his \$6 million to touch the hearts and minds of 250 prominent families; 15% were moved to change their philanthropic giving in a big way, collectively donating far more than Kaplan spent on the Forum.

He also practices what he preaches. "I give myself and Tobee an A for walking the walk," he says. "We've organized our affairs so all our wealth will be given away by the time we die."

Relevance? The very rich, realizing too much inherited wealth is more curse than blessing, have for some time been quietly giving more to charities than to their own heirs. Paul Schervish and John Havens at Boston College figure that in the 2005 "final-estate" settlements ("first" estates go to the surviving spouse,) families worth more than \$20 million bequeathed 40% of their estate to charities and paid 30% each to the IRS and heirs.

Warren Buffett and Leonard Kaplan are the latest trend: Move this deathbed charity forward in so-called inter vivos giving. It's more rewarding and easier to control if you make big donations while you are still alive.

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