



Better serving community needs



Optimizing donor funding, gift processing, and administration for community foundation



Client case study

The client

A donor-funded community foundation located in the United States. The foundation provides resources to non-profits through grant-making, scholarships and impact funding for social issues in its local community, such as: homelessness, hunger and education.

The challenge

The foundation had over 300 separate funds, which translated into a variety of differing spending timelines, investment-style preferences and liquidity needs among donors. The organization wanted to provide donors with the opportunity to direct how their funds were invested. In addition, the foundation wanted to alleviate the administrative burden placed on its staff members overseeing the funds, freeing up more time for them to focus on activities core to the organization's mission.

The solutions

Customized investment pools for donors

After conducting a thorough assessment of the foundation's goals and donor needs, Russell Investments set up three customized investment pools for donors to choose from, each with unique risk/return profiles and diversified asset allocations (see description below).



1. Endowment pool

This pool has the most aggressive growth strategy, with a majority of the portfolio allocated to equity assets, amid a primary objective of generating higher rates of return.

Spending horizon:
5-7 years+ (Long-term)



2. Balanced pool

It employs a moderate growth strategy, with a less aggressive mix of stocks and bonds, and is also marked by higher liquidity, due to the shorter time horizon. The balanced pool's higher allocation to fixed income assets also makes it less volatile, suiting the needs of more risk-averse donors.

Spending horizon:
3-5 years



3. Money market pool

To meet this request, funds in the money market pool are invested solely in U.S. Treasuries, providing maximum liquidity while preserving capital.

Spending horizon:
0-2 years (Short-term)

Security gifting platform

In addition, we created an effective security gifting process which allows donors to gift individual securities directly to the foundation. We handle the sale of the security, transfer the proceeds into the foundation's investment account and provide the foundation with the trade details and donor information. The donor receives a tax deduction on the market value of the donated security and the foundation benefits from a larger donation because the tax on the appreciated security was avoided.

Administrative support

Our administrative solutions team also streamlined processes and worked to reduce the administrative tasks associated with running the different investment pools and the back-office administration of donor services. This included the compilation of quarterly fund reports and the production of semi-annual donor communications.

The results

With three different investment options for donors to choose from (structured according to their preferred spending timelines) and the ability to gift individual securities in lieu of cash, the foundation now has an attractive investment platform that appeals to a wide cross-section of donors. This has helped the foundation make meaningful strides toward its key objective—expanding its donor base and funding in order to better serve the needs of its community. In addition, by transferring the administrative tasks associated with the investment pools to our team of specialists, the foundation's staff members are able to focus more of their time on core activities.

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Important information

This case study represents a unique situation faced by a donor-funded community foundation seeking to provide the opportunity for donors to direct how their funds were invested as well as free up staff members' time. Case studies are problem-solving stories. We select a situation that is indicative of problems clients in this category are facing. The recommendations described do not represent a standard strategy or set of recommendations made for all advisory clients with similar issues. Each client has unique requirements, challenges, and constraints, and our advisory solutions are tailored to each client's specific needs. Every client's situation, experience and needs are different, and Russell Investments does not imply that the solution herein is appropriate for any other client.

The case study provided is for illustrative purposes only and is meant to provide an example of a type of financial issue a client may have and our process and a methodology to address it. Individual client results will vary based on individual circumstances and market conditions. The results presented were based on a period of fluctuating marketing conditions and the underlying asset allocation, market criteria and assumptions, or the investment advice/strategy followed may have changed materially. There is no guarantee that all clients will experience the same results.

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Please remember that all investments carry some level of risk, including the potential loss of principal invested. They do not typically grow at an even rate of return and may experience negative growth. As with any type of portfolio structuring, attempting to reduce risk and increase return could, at certain times, unintentionally reduce returns.

Diversification and strategic asset allocation do not assure profit or protect against loss in declining markets.

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