



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.

For more information

Call Russell Investments at **866-739-7979** or visit russellinvestments.com/nonprofit

Important information

Nothing contained in this material is intended to constitute legal, tax, securities, or investment advice, nor an opinion regarding the appropriateness of any investment, nor a solicitation of any type. The general information contained in this publication should not be acted upon without obtaining specific legal, tax, and investment advice from a licensed professional.

Case study provided for discussion purposes only. Individual client results will vary based on individual circumstances and market events. There is no guarantee that all clients will experience the same positive results.

The information expressed herein represents the current, good faith views of the author(s) at the time of original publication, and has not been updated. Any predictions, opinions, and other information contained in this material are subject to change continually, without notice.

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.

Russell Investments' ownership is composed of a majority stake held by funds managed by TA Associates with minority stakes held by funds managed by Reverence Capital Partners, Russell Investments' management, and Hamilton Lane Incorporated.

Frank Russell Company is the owner of the Russell trademarks contained in this material and all trademark rights related to the Russell trademarks, which the members of the Russell Investments group of companies are permitted to use under license from Frank Russell Company. The members of the Russell Investments group of companies are not affiliated in any manner with Frank Russell Company or any entity operating under the "FTSE RUSSELL" brand.

Copyright © 2021. Russell Investments Group, LLC. All rights reserved. This material is proprietary and may not be reproduced, transferred, or distributed in any form without prior written permission from Russell Investments. It is delivered on an "as is" basis without warranty.

First used: June 2021

AI-28870-06-24