



Changing Lives

The Distinguished Professors

How one family optimized their donation to make a difference

THE BACKGROUND

The Smith family had developed a joy for giving and generosity after partnering with Excellence in Giving. Every contribution the Smiths made was special, but Marty Smith had one cause that meant a little more to him: the university in his hometown. The Smiths had previously donated \$5 million to the school to create a new business school at the university.

The school was named the Smith College of Business Administration and became a well-regarded program. Excellence in Giving asked the Smiths what they wanted to do to celebrate this momentous occasion.

A little surprised at the question, the Smiths told Excellence in Giving that they would love to have Dr. Condoleezza Rice speak at the opening of the new building. Excellence in Giving went to work and managed to get the former United States Secretary of State to speak

in front of students and join a small private dinner with alumni celebrate the Smith's donation.

THE OPPORTUNITY

The president of the university, Dr. John L. Wood, came to the Smith family a few years after their initial investment in the school with a request. Dr. Wood wanted to promote two of the most highly regarded professors in the business school to the position of "Distinguished Professors."

THE SCHOOL'S PROPOSAL

Dr. Wood asked the Smiths for a gift of \$3 million. The money would be added into the university's endowment and would be used to pay the additional amount for the two professors' new salaries.

The Smith family had been a longtime client of Excellence in Giving, so Al Mueller, president of Excellence in Giving, met with Dr. Wood.

Dr. Wood explained that each professor would see an increase of \$37,500 in their salary, so the total increase would come to \$75,000 a year for the “Distinguished Professors.” The \$3 million would be put into the endowment would grow at a conservative 3% and would be used to pay the increased salaries.

EXCELLENCE IN GIVING’S ENHANCEMENT

Excellence in Giving developed a different solution that would benefit both the Smiths and the school equally. The Smith family would give \$75,000 a year for ten years to pay the additions in salary. The Smiths would also have the option to opt out of the agreement after five years if the professors left the school or the program ended.

Both Dr. Wood and the Smiths loved the idea. The maximum costs to the Smiths would be \$750,000 versus the \$3 million requested. The Smiths were able to retain their capital.

THE RESOLUTION

With the help of Excellence in Giving, the Smith family was able to optimize their giving.

Coming from a finance background, Marty Smith knew that endowments grow at a very conservative rate and that his \$3 million wouldn’t be optimized the way he knew it could be. Instead, by donating just \$75,000 a year, the Smiths were able to continually see a tangible impact in their investment in the school.

Even though the Smiths paid \$2 million less than the school asked, they saw the same impact as if they accepted their proposal. They also knew exactly where their donation was going every year.

“We are delighted by the generosity of Mr. Smith and the Smith family and pleased to add the Smith name to the list of persons who, over the years, have expressed their confidence in MSU by lending their names and their financial support to the university.” – Dr. Wood.

The professors were beyond grateful of the Smith family and honored to be promoted to this new position. The \$2 million the Smiths saved could then be donated to another cause with the help of Excellence in Giving.

Contact Excellence in Giving at (719) 329-1515 or visit ExcellenceinGiving.com to learn how your family can optimize your donation.