

## **Face To Face With Foundation Trustees**

An informative 15-20 minute program to be used by local chapters to educate them about the P.E.O. Foundation. This program could also be used for presentation at state conventions and other P.E.O. events.

### **Program Participants:**

4 main speaking parts (1-program leader; 3-trustees) 9 members to ask questions

### **Program Requirements/Suggestions:**

1. Make 3 additional copies of the complete program and distribute to the main speaking parts.
2. Cut the question sheet into individual questions and distribute to chapter members. Although questions are numbered, the program will flow smoother if you make a note of the number of the question handed to members and call on them by name rather than number.
3. Refer to the of The P.E.O. RECORD and identify which trustee is your state contact person and make mention of that in the paragraph at the end of the program.
4. Please feel free to omit any questions or comments that would not be relevant to your chapter. In addition, the program may be shortened to meet your time restraints.

### **QUESTIONS:** (cut apart and distribute to members)

**Question # 1** Toots, our chapter wants to support our International projects so would you explain how giving money to establish a fund in the Foundation to benefit a project is different than making a gift directly to that project or projects?

**Question #2** Our chapter has been administering our own scholarship for local women for several years, but donations have been decreasing and the amount we can award seems to be lower every year. Do you think transferring it to the Foundation could improve our numbers?

**Question #3** You certainly make some good points about increased donations and the growth of our principal but would our chapter lose control in selecting our scholarship recipient?

**Question #4** You mentioned that a chapter or individual has four years to reach the minimum \$5,000 contribution. What happens with the contributions until that time? Also, what if we decide to start raising money for a fund but have not made a final decision about whether to simply transfer income to our projects or to have our own scholarship?

**Question #5** My mother is a loyal and dedicated P.E.O. and has been talking about giving part of my inheritance to the Foundation for one of our projects in her will. Is this a common practice?

**Question #6** By the program leader (shown in written program)

**Question #7** I have just inherited a large sum of money from my dear aunt, Felicia Trump. She was a wonderful P.E.O. and especially fond of the Program for Continuing Education. I would like to honor Aunt Felicia by giving \$10,000 to P.E.O. Should I write a check to our chapter and request that they send it to PCE or should I give the money to the Foundation?

**Question #8** I don't want to offend you but how are you three qualified to invest this large amount of money?

**Question #9** If an individual, state or local chapter sets up a fund, what are the choices for the projects that can be funded?

**Question #10** Could you tell us about the variety of bequests/gifts that have been given to the Foundation?

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### **FACE TO FACE WITH THE FOUNDATION TRUSTEES**

Program Chairman:

Today (tonight) we are very fortunate to have three special guests who have traveled great distances to be with us for our meeting. Our guests are the three trustees of the P.E.O. Foundation. We've spared no expense to bring them to our chapter meeting. By sheer coincidence, they do look a lot like three of our chapter members. At this time I would like to introduce the chairman Toots Green, a past president of New Mexico State Chapter. Welcome Toots, please tell us about yourself.

Toots:

I bring greetings from Chapter AO in southern New Mexico. I retired as the CEO of a school employee's credit union. I am now serving on the newly organized New Mexico Spaceport Authority. I enjoy my volunteer work on the Chamber of Commerce Committee of 50, Holloman Air Force Base and my church.

Leader:

We are so pleased to have you with us today and look forward to learning more about the Foundation. Could you please give us some basic information about the Foundation?

The minimum to establish a fund is \$5,000 but the entire amount does not have to be sent immediately. We do strongly suggest a \$1,000 minimum initial deposit. Once the initial deposit has been made to the Foundation, you have four years in which to reach the \$5,000 amount. Donations to the fund can be made at any time by members, spouses, non P.E.O.s, and chapters. For individual donors their donations would be tax deductible as long as the checks are made payable to the P.E.O. Foundation.

Gifts can be in the form of cash, marketable securities, income-producing properties, life insurance and bequests in wills. They may be designated as honorariums or memorials.

Donors establishing new funds may choose between three options. Funds may transfer income to one or more of the International projects. Funds may be established to provide money for scholarships or funds may transfer income to our undesignated funds. We'll explain about these undesignated funds later in our program.

Leader:

I think that some of our chapter members have questions about the Foundation and its operation.

**Question #1** *Toots, our chapter wants to support out International Projects so would you explain how giving money to establish a fund in the Foundation to benefit a project is different than making a gift directly to that project or projects.*

Toots:

When an individual or a chapter gives money directly to one or more of our projects, the money is typically used for current spending by that project. It will have a more immediate impact on the project.

While we never want to steer money into the Foundation that could be used for current spending by our International projects sometimes chapters or individuals wish to establish a fund in honor or memory of someone. A fund is actually an endowment where the principal continues to grow and portions of the earnings are available for yearly transfers to the projects. Earnings from these funds can be designated for one or more of our five projects or may be undesignated, in which case trustees will make the distribution based upon current needs of our projects. A fund will provide for future support of our projects.

**Question #2** *Our chapter has been administering our own scholarship for local women for several years, but donations have been decreasing and the amount we can award seems to be lower every year. Do you think transferring it to the Foundation could improve our numbers?*

Patricia:

Many chapters do have scholarship funds with the Foundation. A primary advantage of having a fund administered by the Foundation is that all contributions by individual chapter members would be tax-deductible for state and federal income tax purposes, as long as the checks are made payable to the P.E.O. Foundation. Because of the tax deductibility, chapters may find that donations from individuals increase, both in size and in number once a scholarship is transferred to the P.E.O. Foundation. A transfer to the Foundation also relieves the local chapter treasurer of handling the money and making investment decision. The fund may be established in a chapter's name, a donor's name, as well as in honor or memory of someone. Each year you will be advised of earnings available for your scholarship. Net earnings in excess of the payout are added to the principal, which will increase and grow your core investment on which income is earned.

**Question #3** *You certainly make some good points about increased donations and the growth of our principal but would our chapter lose control in selecting our scholarship recipient?*

Patricia:

No, your chapter may retain as much or as little control as you desire over your fund. The guidelines you have used up to now are more than likely the guidelines you can continue to use. For scholarships awarded from funds held by the Foundation, we require that the recipient be a woman who is a high school graduate or who has had equivalent training. In order to protect our tax exempt status, the recipient cannot be related to a member of the scholarship selection committee and a non-biased selection process must be used. Other than that, your scholarship committee would continue to function as it always has, seeking and screening applicants, and selecting the recipients. We do provide you with instructions and appropriate forms for getting us the information we need in order to pay a scholarship. Once all the appropriate forms have been received and the process approved by two of the three trustees, the scholarship would be paid.

Leader:

Let's have another question. (Question #4)

**Question #4** *You mentioned that a chapter or individual has 4 years to reach the minimum \$5,000 contribution. What happens with the contributions until that time? Also, what if we decide to start raising money for a fund but have not made a final decision on whether to simply transfer income to our projects or to have our own scholarship?*

Toots:

During the time your fund is growing it will earn interest and building income for your first financial award. We have often been asked to establish a fund whose purpose will not be decided until the minimum amount has been reached. Chapters are encouraged to continue making gifts to their funds even after the minimum balance is reached. Continued growth of the funds will provide additional income to offset the increasing cost of higher education.

**Question #5** *My mother is a loyal and dedicated P.E.O. and has been talking about giving part of my inheritance to the Foundation for one of our projects in her will. Is this a common practice?*

Patricia:

A large number of our funds are derived from bequests. While local chapters are not adequately equipped to administer large amounts of money, the Foundation and the executive office in Des Moines have the resources to do so. A separate account is set up for each fund established in the Foundation. Each fund's share of income and expense is recorded as well as any additional gifts and disbursements. Just as your mother touches the lives of those around her, a fund established through her generosity could continue to have a positive influence in the lives of women for many years to come.

Leader: (**Question #6**)

*Sometimes our chapter has money to give to the projects, but doesn't know which project needs it most. Can the Foundation help with this decision?*

Barbara:

Indeed we can. Chapters may make undesignated contributions to the Foundation. Each year

in the Fall, the Foundation trustees meet to distribute the "undesignated funds". We do research to determine the current financial needs of the projects and distribute the funds as needed. At the 2005 Convention of International Chapter over \$1,301,015 from "undesignated funds" was awarded to our five projects, and to Iowa Wesleyan College to assist with the care and maintenance of the Memory Rooms of our Sisterhood in Old Main. This was the largest amount of undesignated funds ever awarded.

**Question #7** *I have just inherited a large sum of money from my dear aunt, Felicia Trump. She was a wonderful P.E.O. and especially fond of the Program for Continuing Education. I would like to honor Aunt Felicia by giving \$10,000 to P.E.O. Should I write a check to our chapter and request that they send it to PCE or should I give the money to the Foundation?*

Toots:

Making the check payable to your local chapter is one option, but it would not allow your gift to be tax deductible. You do have two additional options, each of which would give you a charitable deduction. You could make your check payable to the P.E.O. Program for Continuing Education and send it through your state treasurer, or directly to the Executive Office in Des Moines, indicating whether it was to become part of the permanent endowment with only the income being used, or if you wanted the entire amount to be used to meet current needs of PCE. If you were interested in creating a permanent fund to honor the memory of your aunt Felicia, you would want to make your check payable to the P.E.O. Foundation and send it our office in Des Moines, indicating your desire to establish the Felicia Trump Fund with the income being transferred each year to PCE. With the latter option, you would be honoring your aunt, getting a tax deduction, and having the joy of watching the money grow into a lasting memorial for your aunt.

**Question #8** *I don't want to offend you but how are you three qualified to invest this large amount of money?*

Patricia:

That's a very good and reasonable question. Management of our investments follows an established investment policy that was adopted by the Executive Board of International Chapter based upon the recommendation of the Finance Committee and the P.E.O. Foundation Board of Trustees. During 2005, we worked with the Finance Committee to revise our investment guidelines and recommend a new asset allocation. These changes were developed with expert advice from or newly hired investment consultant who assisted us in the selection of our six money managers.

Barbara:

All funds of International Chapter and the P.E.O. Foundation are invested for optimum production of income and growth of principal consistent with safety of that principal. Attention is given both to securities that are expected to provide "spendable" income as well as securities that are expected to grow in value, producing investment gains, thus increasing principal. All funds are invested on a pooled basis; total income and operating expenses are allocated on a pro rata basis among all funds held. The largest expenses are for salaries and investment

management. Expense allocations continue to average less than 1% of a fund balance, well within the guidelines suggested by the Council on Foundations. All funds are audited and financial reports are prepared annually for each fund.

**Question #9** *If an individual, state or local chapter sets up a fund, what are the choices for the projects that can be funded?*

Toots:

You may specify that the income from your fund can provide money for ELF, PCE, IPS, Scholar Awards, Cottey College, Cottey College General Endowment Fund, or Cottey College Building Fund, or a state or local scholarship. While we appreciate the desire of our local and state chapters to assist with scholarships please remember that as P.E.O. sisters we are the only ones who support our projects.

You might be interested in knowing that of our established funds, 26% of those are state scholarship funds and the recipients are chosen by a state committee. Local chapter scholarship funds account for 28%. Of these scholarship funds, 32% are for students at Cottey and the other 68% are general scholarships for students studying at other institutions of higher learning.

**Question #10** *Could you tell us about the variety of bequests/gifts that have been given to the Foundation?*

Patricia:

The first large bequest was received from the estate of Uretta Hinkhouse after her death in 1964 while serving as president of then Supreme Chapter. More than \$500,000 was divided among ELF, IPS and Cottey College. The largest bequest was received in 1995 from the estate of Rubie Burton, a 68-year member in California. More than \$3 million was received; half of which established an endowment for Cottey scholarships and the remainder provided funds for the new Rubie Burton Academic Center on Cottey's campus. In September 2005, we received a \$1.2 million bequest to establish a fund to provide income for our Undesignated Fund. But, you don't have to win a million in the lottery to establish a fund; many of our funds are much smaller and start at the minimum level.

Leader:

What are some of your specific duties as trustees?

Barbara:

As trustees we are in constant communication with each other via phone, fax and e-mail. We all write thank-you notes for contributions to the foundation. Approve scholarship awards and respond to inquiries about the foundation. We also have the opportunity to write articles for THE P.E.O. RECORD. We are each appointed for a 6-year term on the board and during our 3rd-6th year have the opportunity to visit state conventions as representatives of International Chapter.

Leader:

Do you have any final comments for our chapter?

Toots:

On behalf of our board, we want to thank you for asking us to be part of your meeting. We are constantly overwhelmed with the financial generosity of our P.E.O. sisters, their families and our chapters in supporting our P.E.O. projects and providing educational opportunities for women. If we can ever be of help or assistance to you or your chapter, please contact us. Each year in the September-October issue of THE RECORD, a list is published showing the division of state, district and provincial chapters among the three trustees. You may also contact the Foundation Supervisor at the P.E.O. Executive office with any questions about establishing a fund.

Leader:

Toots, Patricia and Barbara, thank you so much for being with us at our meeting. I know that we all know much more about the Foundation. It is a wonderful service for our Sisterhood and definitely benefits our International projects and other educational scholarships. We thank you for your efforts on behalf of the Sisterhood. Now that we know more about the Foundation it could be that someone in our chapter may want to establish a fund or perhaps our chapter may wish to utilize the services of the Foundation. According to THE RECORD, \_\_\_\_\_ (Toots, Patricia or Barbara insert correct name) is the contact person for \_\_\_\_\_ (your state, district or province name) and her address is printed inside the front cover of the magazine as well as in the September-October CARE issue where her e-mail and fax number also appear. Thank you again for visiting Chapter \_\_\_\_\_.

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P.E.O. International Headquarters 3700 Grand Avenue Des Moines, Iowa 50312 Phone:  
515-255-3153 Fax: 515-255-3820