Please note: This is an AI generated transcription - there may be slight grammatical errors, spelling errors and/or misinterpretation of words.

Mission and Markets Episode: 19

Speaker: Hello and welcome to Mission and Markets, a podcast by CAPTRUST, where we explore trends and best practices for endowments and foundations related to mission engagement, fiduciary governance, and investment management. Hosted by CAPTRUST's Heather Shanahan, each episode shares research, resources, and recommendations from industry insiders.

So your nonprofit can focus on what's most important, the mission.

Heather Shanahan: Welcome to our next episode of Mission and Markets. I'm your host, Heather Shanahan, and today is May 28th, 2025, and for the purpose of this conversation that is important to note. 'cause we are going to cover some topics today that are fluid and changing and, whose outcome is still a little uncertain.

I am joined today by two special guests, ed Cheney of Shell Bray, and Mike Vogel Zang, our Chief Investment Officer here at CAPTRUST. So before we get started, I would love for the two of you just to get a little bit of information biographically about yourselves and we'll jump on in. Ed,

Ed Chaney: thanks Heather, and thanks for having me.

my name's Ed Chaney and I'm an attorney with a firm called Shel Bray out of Chapel Hill, North Carolina. my particular area of practice is, the nonprofit sector in general, but I work with a lot of philanthropic organizations, private foundations, community foundations, donor-advised funds, things like that of all shapes and sizes.

Thank you for joining us. Mike.

Mike Vogelzang: Thanks. I'm Mike Gelang. Chief Investment Officer at CAPTRUST, I oversee our investment functions for, our endowment and foundation space and for other clients historically I've served and worked with clients, on an investment front.

all types of different endowment and charitable clients. I currently sit on, my alma mater, Calvin University's investment committee. We have about a $300 million endowment, and I also chair an investment committee for about an $800 million endowment outta Chicago called the Barnabas Foundation.

So very, very, knowledgeable, in the sort of practical, gives and takes of what we do on endowment and foundation investment management and some of the implications of the tax code that we're gonna talk about today.

Heather Shanahan: Excellent. today we are going to be speaking about the Tax Cuts and Jobs Act, which is set to expire.

At the end of 2025 and the one big beautiful bill, which is currently in motion, and the impact on philanthropy, the economy, and donors. So a little background. On Monday, May 12th, the House weighs and Means Committee released the amendment in the nature of a substitute, which means that it contains key tax provisions.

Later, the Joint Committee on Taxation released estimates of the budgetary effects of this legislation. The committee made recommendations and it was approved with no amendments on May 14th. on May 19th, the House Committee on Rules released Amendments, and on May 22nd, the house passed the bill.

So this impacts multiple entities. Let's start first with private foundations. ed,give us a little bit of information about. The buckets of different types of foundations, what those impacts may be, just to get started

Ed Chaney: the world of 5 0 1 c threes, all charities are divided into two different buckets.

One are typically known as private foundations. These are organizations funded primarily by one donor, one company or a family And then there are public charities, which are organizations that are supported by it. Either broad swath of donors or generate revenue from services they provide, or are defined entities like churches and universities

The reason why this is important is that private foundations are subject to. More rigid rules than public charities, and that is by way of a bunch of excise taxes that are applied to their behavior. one of those excise taxes is an excise tax on net investment income that a private foundation earns from its investments.

the current excise tax rate on net investment income is 1.3900000000000001%. there was a few years ago, two tiers, in between one and 2%, but this tax was implemented. Actually to fund the IRS's oversight of foundations with respect to the other excise tax.

that is the rationale of the tax, to fund the IRS and the exempt organization's oversight. what has been proposed is a pretty big right turn from that original rationale,

Heather Shanahan: Let's talk about the new proposal. This lands in a tiered system, so assets below the 50 million mark will remain at 1.3900000000000001%.

Assets between 50 million and 250 million move to 2.7800000000000002%, which impacts roughly 2,600 private foundations assets between 250,000,058 billion. go to 5% impacting roughly 720 organizations assets over 5 billion, and the private foundations go to an excise tax of 10%, which impacts approximately 23 organizations.

And overall, it's estimated that this tax change will generate 15.9 billion. And Ed, you pointed out, that's a conservative number over the next 10 years, so certainly significant. Numbers, significant excise tax changes for these larger organizations. Mike, we played around with some scenarios of what does that mean?

if you were taking a $10 billion private foundation What does this look like?

Mike Vogelzang: if you work through and you make some simplifying assumptions Like a foundation of 10 billion makes investment income of about 5% a year. Roughly.

They distribute 5% a year. This looks like it's going to add an excise tax in about a half a percent a year. on top of the endowment. if you're donating or granting, 5% a year to your. Grantees, you're now gonna have another half a percent that you're either gonna have to add on top of that for a total distribution of 5.5%, or keep your 5% distribution the same, and you're only gonna be able to give about four and a half percent to your grantees.

So somewhere somebody's gonna get hit on this,

Heather Shanahan: So what do we do? We're running a private foundation. we're faced with this challenge. How do we solve for it? What are the impacts?

Ed Chaney: And I think it's important when we have this conversation to clarify that the tax itself is not necessarily a tax on the private foundation.

Because the private foundation is obligated to spend 5% of its net assets every year, for charitable purposes.

Heather Shanahan: And that doesn't change with any of this,

Ed Chaney: the amount of tax paid essentially counts towards that 5%.

in some ways this is a bit of a tariff because the burden of the tax ends up downstream. By way of reduced grant making dollars, to the sector. So that 17 billion, isn't being really, paid by the foundations, but the cost of that is actually being boarded By operating charities.

And I think a lot of people are not fully understanding that, but that's a policy issue that I think is a broader discussion we need to deal with. that brings us to the question Mike was raising if we have this extra. Half a basis point.

Mike Vogelzang: 50 beeps. Yeah. As we say in our world, 50 basis points.

Ed Chaney: That's why you're here. do we reduce our grant making by that amount, or do we pull down more from our corpus, our endowment to offset that so we can push the same amount of money out to our grantees.

So that is the very first decision that foundation fiduciaries are gonna have to make. Yeah.

Mike Vogelzang: Well, before we go on, that raises an interesting question. are you cutting back your current grant making to go to say, from 5% to four and a half? Or do you keep your grant making at 5%?

Raising your total payout on your fund, two, 5.5%. So your payout goes down or goes up which means your long-term value goes down, which is effectively drawing away from long-term grantees. So you've got this interesting short-term tactical decision. do we cut immediate grantee, amounts or do we invade the corpus of the endowment or foundation at a larger level so the future folks have less money?

it's a simple trade off from that perspective.

Heather Shanahan: So I think that term is intergenerational equity and it's something that we struggle with. Always sure that this puts it under a microscope in a different way.

Mike Vogelzang: and as investors in foundations like this, it's, about trade-offs between current needs and future needs.

this just makes that calculus a little more complicated.

Ed Chaney: there are three different perspectives that private foundations are gonna come from when making this decision. In one bucket, you've got private foundations that are not legally endowed. This means they can spend their entire corpus down to zero at any time without any legal repercussion.

Then there are those private foundations that are legally endowed. By state law, they are required to maintain the corpus of their endowment and the spending power of that corpus endowment in perpetuity.

so different considerations there. And then you've got your third bucket of people who, are like the first bucket in that they can spend down to zero at any time, but they've actually already made that decision.

they're gonna spend it down over 20 years and you're seeing a few of the giving pledge members. Deciding that they are going to, right,

Mike Vogelzang: I think the Gates Foundation just did that. I don't know what timeframe they're talking about.

Ed Chaney: think it's 20 pay down.

Mike Vogelzang: it's a lot of money to give away in 20 years.

Ed Chaney: I could do it.

Mike Vogelzang: Lemme have a shot at for the middle group I think is really the folks who have decisions to make. that permanently endowed private foundation that's trying to figure out where to take this additional, for argument's sake, half percent pay to pay out of an excise tax to the government.

where does that come from? Does it come from current beneficiaries or current grantees, or does it come from future ones through lower long-term value?

Heather Shanahan: for that group that's kind of in the mid-range, maybe the 50 to 250 million, does the DAF make sense to consider? I think I was surprised that in all of this pending legislation, DAFs have been on the table, but they're not right now.

Mike Vogelzang:

Ed Chaney: Just to be clear that the audience understands a donor-advised fund is a philanthropic vehicle that is not a legal entity. It is a fund on the books and records of a public charity to which a donor may contribute, and for which a donor has advisory privileges on where distributions go.

so like a foundation in that regard. It's your bucket of money that you can distribute to charities. but it's unlike a private foundation in that you ultimately don't have control over that. investment decisions are not necessarily yours,

your grant making is by way of a recommendation to the public charity, which is typically honored. It is typically honored, yeah. Mm-hmm. so DAFs are. Relatively controversial these days simply because the amount of funds that are now held in donor-advised funds, particularly in the very large funds, like Fidelity Vanguard and Schwab, those, exactly.

Mm-hmm. and there has been over the last decade or so, some push to make DAFs distribute more.

Mike Vogelzang: donor advised funds don't have a minimum distribution every year.

Ed Chaney: And they also have a more favorable tax treatment.

As to the donors then do private foundations. they're not subject to the a MI limitations that private foundation contributions are. They're subject to the a MI limitations that public charities are subject to. So for instance. I can deduct a contribution to a public charity up to 50% of my A MI, and I can deduct a cash contribution to a private foundation only up to 30% of my a MI.

that's one of the criticisms is that you can put money in a private foundation, get 30% tax deduction, but you're required to spend out. But meanwhile, I can get a 50% tax deduction to a DAF and just let it sit. I think most of us think that donor advised funds are the real winner in this mm-hmm.

Tax bill. it's gonna be ultimately a even more tax efficient vehicle than it was before. there's also something here around why people create private foundations. I talk to many of my clients who create private foundations, and not all of 'em are oriented this way, but many are.

They wanna make sure that they're a state. does not go off to pay government debt Or go into the government Fisk. they create a private foundation as a vehicle to absorb most of their, estate tax free. you might have a situation where that private foundation would actually create an endowment to pay the government on an annual basis.

if you have a very large estate, you might be looking at. 5% of your net income every year going to, the government when you're trying to avoid your estate going to the government in the first place. you may end up with some interesting new estate planning, results, here as well.

Heather Shanahan: Mike, you sit, as you shared on a couple of committees, I think one of them is a university endowment.

And then the other, is that a public or private?

Mike Vogelzang: it's a plan giving organization we have a donor-advised fund.

Mm-hmm. We have, different types of clients give us money for either investment management or eventual Donation to the original donors, wishes. there's a number of different aspects to it. I, honestly don't know the exact legal structure.

but it's tax free investing for the most part.

Heather Shanahan: wearing your committee member hat.

What are your thoughts about your next steps and the things that you're gonna want to take a look at?

Mike Vogelzang: it raises the question does, a half a percent drag on an endowment.

Corpus or a foundation rather. and also university endowment. If you're a large university, if you use a half a percent, does that actually lead you to changing your asset allocation? Does it change the way you think about your long-term investment? is it gonna fundamentally change how you try to keep up with inflation and grow your gifting programs, in a foundation?

So, it feels like given the newness of this legislation. Without really knowing how long or how permanent this will be, because the next administration could undo it. whether this will be sunset with tax cuts, even though this is a tax increase. it's a little hard to say.

We're gonna change our hundred year asset allocation decisions for something that feels at the moment fairly new and fresh.

so, the way this is. Attending. this is a general push in the direction for endowments to take a little bit more risk,

If you're effectively asking for a 0.1 or 0.5% drain on the endowment over time, that's gonna add up. it accrues over time. you want to try to make up for that. How much of that do you make up for and how do you do it? anytime you need to increase your returns, you're gonna have to take on more risk.

So then the question is, where does the risk bucket come from? where do you add to it? is it liquidity? That is, do you use more private investments with the hope of getting a higher return? with some of the drawbacks that those have, Or do you go further out on the equity risk spectrum?

So selling some of your fixed income and adding to your equity. But again, we know what kind of roller coaster that can be over the last few months. there's no right answer, but I do think it will prompt some discussions to increase the level of risk in the portfolio to make up, if possible, this additional half a percent, drag.

Heather Shanahan: So if you were gonna say, all right, fire sale 2025, short term, anything that we could think about doing, what would your thoughts be before this present into effect?

Mike Vogelzang: donor advice, funds, wherever I can,

Heather Shanahan: frankly.

Mike Vogelzang: whoever's offering donor advice, funds would be the big winners here.

we're talking about long-term changes. the challenge with any foundation or endowment management or university management is the committees that make up these things are humans. We all have the same visceral, emotional reaction to market events you know.

Many, many schools are facing shortages of students, Because,the global financial crisis ended up causing a drop in birth rates. Those kids would now be starting to show up in college. a lot of universities and colleges they don't have the problem that Yale and Harvard and Princeton have with massive endowments.

they're pay as you go. So, it's really important for good governance and hygiene in an investment committee to think through some of these cyclical events

When you're planning your long-term asset allocation. I don't think there's anything immediate, but I do think it's time to start dusting off the investment policy statement.

Think about asset allocation for the longer term, and are there some modest change you can make to try to improve your risk allocation? with an eye towards improving your outcome and your long term return.

Heather Shanahan: so we've. Bounced on higher ed a couple times through this conversation.

Let's take a look there next. currently we have an excise tax on net investment income of colleges and universities set at 1.4% for private colleges and universities with at least 500 tuition paying students, which is really the majority. and the majority of students must be in the us.

And assets of at least 500,000 per student. The new proposal, is that private colleges and universities with at least 500 students, the majority of which are located in the US with assets between 500,700 50,000 per student will pay a 1.4% excise tax. I think there was some concern that that number might drop down to 250,000, which would impact a lot more schools.

Then in the 750,000 to 1.25 million per student range, they'll pay 7%, 1.25 million to 2 million bumps up to 14%. And then biggest increase we see is in these much larger endowments of $2 million per student looking at excise taxes of 21%. With this new proposal, it is estimated that these additional excise taxes will generate.

$6.69 billion over the next 10 years. and you're hiding under a rock if you're not aware of some of what's going on right now in this space, because there's certainly a lot of back and forth with some of these larger institutions with very large endowments that have,

a long history there. So, let's talk about impact ed. What are the first things that come to mind with some of these proposed changes?

Ed Chaney: when you look at college and university endowments, I think a lot of people view them as just a monolith. It's a vault of money that benefits the university, but in reality.

It is actually the accumulation of a bunch of different funds. for varying purposes, some of these funds are gonna be subject to that state law that I mentioned earlier about prudent investing and prudence spending. 'cause they're gonna be endowed and they're gonna be for. Purposes that don't have anything to do with financial aid

it could be the maintenance of a library, research in a certain area of science, or something like that.

Mike Vogelzang: Could be for pianos in the music department.

Ed Chaney: Whatever the donor intended. some of the analysis here is.

at least on the colleges and university side, how does this impact our various funds? Which of them are endowed, which are not endowed, even though they're all considered part of the endowment? And how is this disparate impact going to, affect our.

operations. so step one is gonna be a lot of looking through things, to prepare for what comes, in some regards, this tax is also a bit of a tariff if you do have a tax on an endowment meant for financial aid, the university is not necessarily.

Paying the tax is just gonna reduce the amount of financial aid that it offers. so there's gonna be some budgetary considerations too, and whether universities who really rely on those endowment dollars for financial aid, need to look for, different sources or for more current giving funds rather than endowed funds.

Heather Shanahan: And the reality is that many of these much larger universities and colleges provide some of the most generous financial aid packages in the country I always joke my father wants to include his alma mater in his estate planning, which is great. I keep telling him they don't need your money.

They're quite large and they'll be just fine without you. But. That school also has a commitment that none of their students graduate with debt. so, you take a look at these big endowments and the impact on students.

Often quite significant.

Mike Vogelzang: it's very clear, which schools and universities is targeted for. if you do the math and say, $2 million per student and you've got 10,000 students, Reasonable size for an eastern liberal arts school, you'd need a $20 billion endowment.

So we're talking about the most. heavily endowed universities and colleges in the country. if you look at University of Michigan, university of Ohio, and Ohio State California's universities, they don't have endowments.

And if they do, they're relatively small relative to the 50, 70,000 students, that main place, right? He's clearly not targeted for those universities. That, educate the majority of our students, these are a very fine layer of, Organizations that, have somehow, really annoyed this particular administration.

They're being targeted with attacks

Ed Chaney: and ironically produced.

Mike Vogelzang: most of the politicians are from those schools. That's right. a $2 million endowment, per student would be 10,000 students at $20 billion.

So we're talking about a lot of money.

for those endowments.

Heather Shanahan: Really an elite set Of organizations

Ed Chaney: a lot of those endowments. have been. Trailblazers in charities investing in private equity.

Mike Vogelzang: A hundred percent.

Ed Chaney: how will that play out with this?

Mike Vogelzang: Well, it's a good question. I think, Yale has been a leader with Swensen there. and really created and built the endowment model, which is generically known now as the endowment model, which is. Up to 40 or 45% in, in private investments. alternatives.

private equity, private credit, private real estate, all those kinds of things. that has allowed those organizations to do really well and build those endowments because they have a perpetual life. It's longer than a hundred year life cycle so the liquidity needs aren't all that great.

Now, the global financial crisis in 2008, 2009, some of those. Folks got on the back foot pretty quickly, and they actually had to sell some of those assets at depressed prices because. the traditional or public investments fell in value so much during the GFC that their private equity didn't get marked to market as quickly, and as a result became too big a piece of their total.

And they had to sell some of it to fund some of the school responsibilities. So that carries with it a particular burden. yes, longer term horizon, and higher returns over time, but not without its challenges. I think for some of these universities, this will push them even further into the risk spectrum if they don't want to have a simply lower level of return assumption

given the tax they're gonna have to pay.

Ed Chaney: But some of them are already gonna have. Investments that might have a 10 year horizon on them, that will have a significant gain.

Mike Vogelzang:

Ed Chaney: Do they continue to bear those or do they

Mike Vogelzang: it's an interesting question. We talked about this before.

net investment income includes interest, dividends, and capital gains. if you have lots of built-in capital gains, particularly in public securities that you can buy and sell tomorrow, you may see universities and endowments or even private foundations beginning to realize some of Those long-term capital gains, selling Microsoft for example, or Apple or Google or Meta or some of the huge winners over the last 15 years, to sell those before these taxes go into effect, to effectively reset their basis. it would be an interesting tactical tool, to lower future gains, by resetting your basis now before you get taxed on the income.

we'll see. I haven't heard anybody talking about that yet, or seen any research on it, but it certainly makes some sense from a practical perspective.

Heather Shanahan: let's take it down a notch from these mega organizations, and talk about the potential impact on individual giving.

the hope is, some of the holes in these buckets are made up. By, individual donations and, philanthropy in general. I'm not sure how sustainable that idea is, but I think that's the thinking. and so currently charitable deductions for non-MS current law is if you don't itemize, you're not.

Eligible for charitable deduction. The new proposal creates a charitable deduction for non-MS set at $150 or $300 for joint filers, not including contributions to DAFs. so standard deduction changes right now in 2025 at 15,013 30,000 for joint filers. And the new proposal, temporary increase, to.

2028 of $16,000 per individual, 32,000 for joint filers.is this really impactful at all?

Ed Chaney: I think one thing, we've got donor advised funds continuing to be a winner here because the increase of the standard deduction.

Encourages what we call bunching bunching is making multi-year gifts or taking your charitable budget for three years and making one a gift in the front end mm-hmm. Of the year. Mm-hmm. that way you can hurdle, the standard deduction. since the TCJA DAFs have really.

Increase, they've blown up. And some of that is a result of DAF providers marketing, the bunching aspect

Mike Vogelzang: it's a terrific financial and tax planning tool. we talk about it all the time with some of our wealth clients about, this idea of bunching.

give three years of your stuff today, put it in the donor advice fund, and then you can dole it out as you see fit.

I think an interesting question is whether that small. Above the line deduction for, donors that do not itemize

Ed Chaney: is gonna move the needle at all. I've seen some studies that have stated that won't be the case. That it hasn't historically moved the needle. one issue that we have as a society with the charitable contribution deduction is that the greater wealth disparity we have.

And the higher hurdles you have to take advantage of the deduction, the more it becomes a tool solely for high income earn.

if we are able to maintain some energy around giving at lower income earners That's gonna be a good thing. Even if it doesn't move the needle.

Because it will keep, charities. Their radar screens, both at the grassroots and at the high end, level. So there could be some good that comes out of this even if it's not really material financial difference. Yeah,

Heather Shanahan: I think a lot of the data supports that, folks who are not itemizing, if they're gonna give, they're gonna give because they're charitably inclined and things that they're passionate about, and it really isn't as much about tax strategy.

So I'm not sure how much difference it makes.

Mike Vogelzang: Well, I. That the Princeton and Yale endowments have been built in the backs of $150 tax deductions. Right. I think that's fair. They, have not made it that way. I do think, about strategically what this is targeting and it's targeting the biggest donors, the biggest gifts, the biggest endowments, the biggest private foundations.

and, this seems to be hitting 'em right in that pocketbook, it's hard to see how a standard deduction will move the needle other than philosophically,

Heather Shanahan: let's wrap up talking about corporate grant makers.

current law is that corporations can deduct their charitable contributions from their taxable income up to a maximum of 10% of their taxable income. The new proposal builds in a 1% floor. Corporations would have to contribute at least 1%

of their taxable income to qualify for a charitable tax deduction, but it does not change the 10% ceiling.

It does allow for a five year carry forward of contributions in excess of 10%. do we think this moves the needle at all? Any thoughts here?

Ed Chaney: it's

Heather Shanahan: gonna create

Ed Chaney: a headache for the accountants.

Heather Shanahan: Start with that.

Ed Chaney: Okay.

Mike Vogelzang: Well, yeah. this is all the accounting professions full-time employment act.

I mean I kinda like the idea of If you're gonna claim a deduction, let's make it worth your while. Let's put a 1% floor in so you're not just, giving fifties and hundreds out. and again, this is probably more targeted at smaller organizations than the big, huge, corporations.

and again, it's good for corporations to be good corporate citizens. it's a society and that seems to be what this. Sort of pushes,

Ed Chaney: I guess, but it's also in here because it's raising revenue.

Mike Vogelzang: if you take, what did we say?

the university endowment number is 6.9 billion over 10 years. 690 million a year. that's nothing in the federal government budget, I don't think the motivation here is really all about raising revenue. we're comparing what's coming in via.

Foreign tariffs

Into the US Treasury and what the new tax of the big, beautiful bill is going to cost. And they're actually just about paid for. With tariffs. and that's to the tune of, 600 billion a year. Something, I can't remember the number, but, the tax cuts and the tariffs are sort of offsetting each other, which is part of the rationale for the tariffs originally. this is tiny stuff. in the overall scheme of tax income.

Ed Chaney: does that potentially make some of these tax increases, on the colleges and universities and private foundations?

bait for. The Senate to cut when they revisit these bills?

Mike Vogelzang: I don't think this is really a revenue issue.

this is a philosophical, targeted issue around, the politics of some of these organizations. This is my read on it.

lots of folks are gonna get caught up in it.

Ed Chaney: yeah, and I think in that regard, if one of these gets cut, I think it's more likely to be the private foundation. Tax, even though it's a bigger revenue raiser, it's 17 billion as opposed to the

Mike Vogelzang: Right. But that's again, over 10 years.

So you're talking less than 2 billion a year. It's not gonna move the needle on any major proposals on Capitol Hill.

Ed Chaney: That's right. But meanwhile, there are. private foundations of all sizes, but particularly large private foundations that run this political spectrum. So the assumption that this might a

Mike Vogelzang: hundred percent.

Ed Chaney: Hit the woke foundations, was probably not the right

Mike Vogelzang: there are plenty ofprivate foundations that are really focused on much more conservative causes.

gonna be targeted here. So, the brush is pretty broad and it's gonna be hitting lots of folks.

Heather Shanahan: the undercurrent is such a challenge too, because you've got, I.

Really fatigue among nonprofit leaders you survive COVID andall the precariousness andadditional opportunities to apply for funding are tedious you try to keep your staff and then. add in the uncertainty this creates, just trying to understand and navigate and the fact that it's changed, multiple times through variations.

And we're still not the final version here. So what does that mean? and then funding in addition to, cuts the funding piece is also a challenge federal funding in particular. So there's just just a lot of moving parts,

the goal of our conversation today was to try to drill down and provide some background information, some current information of where we are. I'm sure we'll have to do a follow up with this. soon. It was important to date stamp, but any final thoughts from either of you as we look ahead of what to expect, what to address first?

Ed Chaney: My biggest concern right now is with respect to the private foundation tax, because as we talked about earlier.

The burden of the tax will be on the operating charities. And if you pull 16 to 20 billion out of the charitable sector, that's a lot. Even though it's not that much for the governmental sector, at the same time that that is being pulled back, I think the demand for services from charities.

Is going to increase in part because of the pretty significant cuts that are gonna come to central government services. Like Medicaid, snap, and things like that. So from council to the nonprofit sector, I'm worried about my clients getting it from both sides, getting a bigger demand with less funding supply in order to meet that, bigger demand.

Mike Vogelzang: that's clearly the human side of this, That's clearly where the rubber hits the road. I think as investment trustees, foundations are gonna have to be thinking very. Differently or more creatively around that tension between short term needs, short term requirements. 5% becomes five and a half percent.

and balancing that with the long-term nature of these perpetual funds. do you sacrifice the intergenerational 30, 50 and a hundred year beneficiaries of these grants, for today's beneficiaries? and there's no right answer every. Foundation's gonna have to sort that out themselves.

but I do think it's gonna be real lively debate and a revaluation and a re-look at how they try to achieve, slightly higher, return objectives.

Heather Shanahan: Well, thank you both for your insight and for your time, to be continued as things evolve. But grateful for you joining us here today for Mission and Markets.

Ed Chaney: Thank you. This is an important conversation. I'm glad you're doing

Mike Vogelzang: this. It is, and happy to come back anytime. Thanks.

The discussions and opinions expressed in this podcast are those of the speaker and are subject to change without notice. This podcast is intended to be informational only. Nothing in this podcast constitutes a solicitation, investment advice, or recommendation to invest in any securities. CAPTRUST Financial Advisors is an investment advisor registered under the Investment Advisors Act of 1940.

Nancy: This presentation does not contain legal, investment, or tax advice.