



CHARITY

PAYING IT FORWARD



Setting the Stage

A Billionaire's Perspective

By Warren Buffett

In 2006, I made a commitment to gradually give all of my Berkshire Hathaway stock to philanthropic foundations. I couldn't be happier with that decision.

Now, Bill and Melinda Gates and I are asking hundreds of rich Americans to pledge at least 50% of their wealth to charity. So I think it is fitting that I reiterate my intentions and explain the thinking that lies behind them.

First, my pledge: More than 99% of my wealth will go to philanthropy during my lifetime or at death. Measured by dollars, this commitment is large. In a comparative sense, though, many individuals give more to others every day. Millions of people who regularly contribute to churches, schools, and other organizations thereby relinquish the use of funds that would otherwise benefit their own families. The dollars these people drop into a collection plate or give to United Way mean forgone movies, dinners out, or other personal pleasures. In contrast, my family and I will give up nothing we need or want by fulfilling this 99% pledge.

Moreover, this pledge does not leave me contributing the most precious asset, which is time. Many people, including – I'm proud to say – my three children, give extensively of their own time and talents to help others. Gifts of this kind often prove far more valuable than money. A struggling child, befriended and nurtured by a caring mentor, receives a gift whose value far exceeds what can

be bestowed by a check. My sister, Doris, extends significant person-to-person help daily. I've done little of this.

What I can do, however, is to take a pile of Berkshire Hathaway stock certificates – “claim checks” that when converted to cash can command far-ranging resources – and commit them to benefit others who, through the luck of the draw, have received the short straws in life.

To date about 20% of my shares have been distributed (including shares given by my late wife, Susan Buffett). I will continue to annually distribute about 4% of the shares I retain. At the latest, the proceeds from all of my Berkshire shares will be expended for philanthropic purposes by 10 years after my estate is settled. Nothing will go to endowments; I want the money spent on current needs.



This pledge will leave my lifestyle untouched and that of my children as well. They have already received significant sums for their personal use and will receive more in the future. They live comfortable and productive lives. And I will continue to live in a manner that gives me everything that I could possibly want in life.

Some material things make my life more enjoyable; many, however, would not. I like having an expensive private plane, but owning a half-dozen homes would be a burden. Too often, a vast collection of possessions ends up possessing its owner.

The asset I most value, aside from health, is interesting, diverse, and long-standing friends. My wealth has come from a combination of living in America, some lucky genes, and compound interest. Both my children and I won what I call the ovarian lottery. (For starters, the odds against my 1930 birth taking place in the U.S. were at least 30 to 1. My being male and white also removed huge obstacles that a majority of Americans then faced.)

My luck was accentuated by my living in a market system that sometimes produces distorted results, though overall it serves our country well. I've worked in an economy that rewards someone who saves the lives of others on a battlefield with a medal, rewards a great teacher

with thank-you notes from parents, but rewards those who can detect the mispricing of securities with sums reaching into the billions. In short, fate's distribution of long straws is wildly capricious.

“*Too often, a vast collection of possessions ends up possessing its owner.*”

The reaction of my family and me to our extraordinary good fortune is not guilt, but rather gratitude. Were we to use more than 1% of my claim checks on ourselves, neither our happiness nor our well-being would be enhanced. In contrast, that remaining 99% can have a huge effect on the health and welfare of others. That reality sets an obvious course for me and my family: Keep all we can conceivably need and distribute the rest to society, for its needs. My pledge starts us down that course.

? Questions to Consider

- ▶ If you were a billionaire, would you be able to make a similar pledge? Why or why not?
- ▶ How can one give charity with one's time? How does this compare to monetary charity?
- ▶ How do you think the world of investments affected Warren Buffet's perspectives on charity?
- ▶ If you were a billionaire and an internationally renowned investor, what would you want your legacy to be?

דברים טו

ח כי-פתחת תפתח את-ידך, לו; והעבט, תעביטנו, די מחסרו, אשר יחסר לו.

ט השמר לך פן-יהיה דבר עם-לבבך בליעל לאמר, קרבה שנת-השבע שנת השמיטה, ורעה עיניך באחיו האביון, ולא תתן לו; וקרא עליך אל-יהוה, והיה בך חטא.

י נתון תתן לו, ולא-ירע לבבך בתתך לו:

כי בגלל הדבר הזה, יברכך יהוה אלהיך, בכל-מעשך, ובכל משלח ידך.

יא כי לא-יחדל אביון, מקרב הארץ; על-כן אנכי מצוך, לאמר,

פתח תפתח את-ידך לאחיו לעניו ולאביו, בארץ.

Devarim (Deuteronomy) Chapter 15

- 8 Rather, you must surely open your hand generously to him, and you must surely extend a loan to him to cover the wants which he lacks.
- 9 Look out for yourself lest there be an evil thought in your mind, saying, “The seventh year is approaching, the shemita year,” and you will look askance at your destitute brother and will not give him; and if he cries out concerning you to Ad-ny, you will be regarded as sinful.
- 10 You must surely give him, and let your heart not hurt when you give him; for, as a consequence of this thing, Ad-ny, your G-d, will bless you in all your work and in all your commerce.
- 11 For the destitute will not cease to exist within the land; therefore I am commanding you saying, “Open your hand generously to your brother, to your indigent, and to your destitute in your land.”

רמב"ם הלכות מתנות עניים פרק י

הלכה א

חייבין אנו להזהר במצות צדקה יותר מכל מצות עשה, שהצדקה סימן לצדיק זרע אברהם אבינו שנאמר כי ידעתיו למען אשר יצוה את בניו לעשות צדקה, ואין כסא ישראל מתכונן ודת האמת עומדת אלא בצדקה שנאמר בצדקה תכונני, ואין ישראל נגאלין אלא בצדקה שנאמר ציון במשפט תפדה ושביה בצדקה

Maimonides: Hilchos Matanos L'Evyonim: Chapter 10

Halacha 1

We are obligated to be careful with regard to the mitzvah of charity to a greater extent than all [other] positive commandments, because charity is an identifying mark for a righteous person, a descendant of Abraham, our patriarch, as [Genesis 18:19] states: "I have known him, because he commands his children... to perform charity." The throne of Israel will not be established, nor will the true faith stand except through charity, as [Isaiah 54:14] states: "You shall be established through righteousness." And Israel will be redeemed solely through charity, as [ibid. 1:27] states: "Zion will be redeemed through judgment and those who return to her through charity."



Questions to Consider

- ▶ Why is being charitable a definitive characteristic of Judaism?
- ▶ In what ways is charity redemptive?

רמב"ם הלכות מתנות עניים פרק י

הלכה ז

שמנה מעלות יש בצדקה זו למעלה מזו, מעלה גדולה שאין למעלה ממנה זה המחזיק ביד ישראל שמך ונותן לו מתנה או הלואה או עושה עמו שותפות או ממציא לו מלאכה כדי לחזק את ידו עד שלא יצטרך לבריות לשאול, ועל זה נאמר והחזקת בו גר ותושב וחי עמך כלומר החזק בו עד שלא יפול ויצטרך

הלכה ט

פחות מזה הנותן צדקה לעניים ולא ידע למי נתן ולא ידע העני ממי לקח, שהרי זו מצוה לשמה, כגון לשכת חשאים שהיתה במקדש, שהיו הצדיקים נותנין בה בחשאי והעניים בני טובים מתפרנסין ממנה בחשאי, וקרוב לזה הנותן לתוך קופה של צדקה, ולא יתן אדם לתוך קופה של צדקה אלא אם כן יודע שהממונה נאמן וחכם ויודע להנהיג כשורה כר' חנניה בן תרדיון.

הלכה י

פחות מזה שידע העני ממי נטל ולא ידע הנותן, כגון גדולי החכמים שהיו צוררים המעות בסדיניהן ומפשילין לאחוריהן ובאין העניים ונוטלין כדי שלא יהיה להן בושה.

הלכה יא

פחות מזה שיתן לו בידו קודם שישאל.

הלכה יב

פחות מזה שיתן לו אחר שישאל.

הלכה יג

פחות מזה שיתן לו פחות מן הראוי בסבר פנים יפות.

הלכה יד

פחות מזה שיתן לו בעצב.

Maimonides: Hilchos Matanos L'Evyonim: Chapter 10

Halacha 7

There are eight levels in charity, each level surpassing the other. The highest level beyond which there is none is a person who supports a Jew who has fallen into poverty [by] giving him a present or a loan, entering into partnership with him, or finding him work so that his hand will be fortified so that he will not have to ask others [for alms]. Concerning this [Leviticus 25:35] states: “You shall support him, the stranger, the resident, and he shall live among you.” Implied is that you should support him before he falls and becomes needy.

Halacha 8

A lower [level] than this is one who gives charity to the poor without knowing to whom he gave and without the poor person knowing from whom he received. For this is an observance of the mitzvah for its sake alone. This [type of giving was] exemplified by the secret chamber that existed in the Temple. The righteous would make donations there in secret and poor people of distinguished lineage would derive their livelihood from it in secret.

A level close to this is giving to a charity fund. A person should not give to a charity fund unless he knows that the person managing it is faithful, wise, and capable of administering it in a proper manner as Rebbe Chananya ben Tradyon was.

Halacha 9

A lower level than that is an instance when the giver knows to whom he is giving, but the poor person does not know from whom he received. An example of this was the great Sages who would go in secret and throw money into the doorways of the poor. This is a worthy way of giving charity and it is a good quality [to express] if the trustees of the charitable fund are not conducting themselves appropriately.

Halacha 10

A lower level than that is an instance when the poor person knows from whom he took, but the donor does not know to whom he gave. An example of this were the great Sages who would bundle coins in a sheet and hang them over their shoulders and the poor would come and take them so that they would not be embarrassed.

Halacha 11

A lower level than that is giving [the poor person] in his hand before he asks.

Halacha 12

A lower level than that is giving him after he asks.

Halacha 13

A lower level than this is giving him less than what is appropriate, but with a pleasant countenance.

Halacha 14

A lower level than that is giving him with sadness.

Questions to Consider

- ▶ Why is the manner in which we give charity so important?
- ▶ What gives us the right to force others to perform this mitzvah?
- ▶ How do we become the ideal giver?

ENGAGING THE TEXT

How Do We Become Givers?

משנה אבות ג"ט

הכל צפוי והרשות נתונה ובטוב העולם נדון והכל לפי רוב המעשה:

Mishlei (Proverbs 2:20)

All is foreseen, and freedom of choice is granted. The world is judged with goodness, but in accordance with the amount of man's positive deeds.

פירוש הרמב"ם שם #31

אחר כך אמר, שהמעלות לא יושגו לפי שיעור גדול המעשה, אלא לפי רוב מספר המעשה. וזה, שהמעלות אמנם יושגו בכפול מעשי הטוב פעמים רבות, ובזה יושג הקנין, לא בשיעשה האדם מעשה אחד גדול ממעשי הטוב, שבזה לבדו לא יושג קנין.

משל זה, שהאדם אם יתן למי שראוי אלף דינר, בפעם אחת ולאיש אחד, לא תושג לו מעלת הנדיבות בזה המעשה האחד הגדול, כמו שתושג למי שיתנדב אלף פעמים באלף דינר, ויתן כל דינר מהם על צד הנדיבות, לפי שזה ייכפל על ידו מעשה הנדיבות אלף פעמים, ויושג קנין חזק, וזה פעם אחת בלבד התעוררה הנפש התעוררות גדולה למעשה טוב, ואחר כן פסקה מזה.

וכן בתורה אין שכר מי שפדה אסיר במאה דינר, או נתן צדקה לעני במאה דינר שהיו די מחסורו, כמו מי שפדה עשרה אסירים, או השלים חסרון עשרה עניים, ואפילו בעשרה דינרים. ולזה תקיש. וזה הוא ענין אומרו: לפי רוב המעשה אבל לא על פי המעשה.

Rambam, *ibid.* Comment #13

The greatness of giving is not calculated by how much you give, rather by how many times you give. One acquires and sets a foundation in giving by contributing over and over again and not by one big giving.

A parable to this idea is of a man who gives a large donation to one person and another who gives a smaller sum of money to many people. The latter is given the title “giver.” Each time he provides he creates a foundation of giving, and transforms himself into a giver. The former on the other hand only donated out of a moment of inspiration and as soon as this inspiration leaves he will no longer give.

The Torah views giving in a similar way. Someone who redeems one captive for a large sum of money, or supports one poor person with a large contribution, will not be rewarded more than someone who gives lower amounts of money to help a multitude of people.

This is what the Rabbis meant when they said: *“But in accordance with the amount of man’s positive deeds.”*



Questions to Consider

- ▶ What are the advantages of giving a lot of little donations, instead of one large one?
- ▶ Do you agree or disagree with the Rambam’s perspective on philanthropy?
- ▶ How can we incorporate these concepts of charity into our own lives?