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## New Direction For Giving

### GIVING: Platform Connects Donors to Specific Research

■ By BRITTANY MEILING

**Benefunder**, a San Diego-based nonprofit, has created a more direct way to connect philanthropists to top researchers — avoiding the high overhead costs associated with charitable foundations and filling the funding gap left by federal budget cuts to research programs.

Publicly funded research has been decreasing for decades, but in recent years sequestration has made matters worse. Grant awards from the **National Institutes of Health** that historically increased with inflation flat-lined during the recession, hitting a near-record low in 2014.

This problem became readily apparent to **Christian Braemer**, co-founder and CEO of Benefunder, when he tried to license promising technologies from **University of California, San Diego** laboratories. Braemer has a background as a financial adviser, first with **Morgan Stanley** and later with **Merrill Lynch**, and from there he began launching startups and searching for new ideas in which to invest. In recent years, Braemer met **Gert Lanckriet**, a researcher at UCSD who was working on a promising new application in music matchmaking. Braemer was interested in turning the technology into a business, but the progress was slower than he anticipated.

“When the conversation continued to hit a dead-end due to insufficient funding, we started talking about solutions to address the bigger problem,” Braemer said.

The pair set out to find a way to connect some of the wealthiest people in the world with some of its leading researchers to continue a legacy of giving and innovation that fuels the U.S. economy.

#### Tool for Wealth Management Firms

Lanckriet and Braemer combined expertise in the research world with expertise in wealth management to create Benefunder as a one-stop shop for research-related philanthropic giving. Starting with a strategic partnership with Braemer’s former employer, Merrill Lynch, Benefunder is now offering itself as a tool for wealth management firms.

Of the \$240 billion in charitable giving that was made by wealthy individuals last year, \$93 billion went through the top 10 wealth management firms in the country. Braemer saw this as a unique opportunity to influence the middle man between the money and the research.

When clients go to their wealth managers for suggestions on reputable charities, the manager can offer Benefunder as an alternative to traditional foundations. The philanthropist can log on to the Benefunder website and peruse profiles of reputable researchers pursuing research that the donor personally supports. Braemer jokingly calls it the “eHarmony of the research ecosystem.” The difference to the donor lies in the amount of their gift that will go directly to research.

#### Gifts Go Primarily to Research

Most people are familiar with the **ALS Association’s** admission this summer that only 28 percent of the \$100 million raised from their “ice bucket challenge” went directly to research. The rest of the contributions went to things like administrative costs, fundraising campaigns and patient education.

This is too often the case with charitable foundations, Braemer said.

“The traditional model is very overhead heavy, and ALS is a perfect example,” Braemer said. “You have these foundations that are rated Four-Star on **Charity Navigator**, and yet only 25 percent to 30 percent of their dollars go to research, despite the fact that all of their campaigns are centered around the concept ‘help support our research.’ There’s a real disconnect.”



Melissa Jacobs

Christian Braemer, CEO and Co-founder of Benefunder.



Melissa Jacobs

From Left to Right: Ben DeJackmo, director, philanthropic adviser solutions; Christian Braemer, co-founder, CEO; Tom Paparatto, managing director, philanthropic solutions; Sasha Kokuashvili, project manager

#### 10% for Benefunder

Benefunder’s business model takes only 10 percent of the donation for its overhead; about 85 percent goes to research after expenses.

Benefunder just received its 501c3 designation, and as a community foundation and charity, the nonprofit can offer a donor-advised fund to clients. These advised funds basically work like a charitable account in which an individual can implement a giving strategy and disburse funds over time to a variety of researchers, while only claiming a single tax deduction.

“We think people should have the same strategies and discipline around their giving as they do around their financial lives,” Braemer said.

The benefit of the wealth management tool is that the donor can remain anonymous, thereby preventing unwanted solicitations for donations. Benefunder also does the work of vetting the researchers.

#### Who Is On Board?

Benefunder has already aligned itself with 300 of the nation’s top researchers, including those from **Harvard University**, **Yale University** and **Duke University**. In California, Braemer said that all the **University of California** campuses are on board, including UCSD.

The relationship is obviously symbiotic, giving researchers access to a large pool of money from high

net worth individuals. Universities primarily rely on wealthy alumni and National Institutes of Health (NIH) grants for research funding.

“Our researchers work on some of the most critical issues facing the world today,” said **Sandra Brown**, vice chancellor for research at UCSD. “Benefunder is a way for donations to have a direct and powerful effect — to help understand and solve problems and enhance the quality of lives around the world. The hope is that working together we will actively expand funding opportunities for our researchers through new engagements.”

Braemer said the next step is to get more wealth management companies on board. The partnership with Merrill Lynch is a good first step, as \$32 billion in charitable funds were granted through the wealth management firm last year. Keep in mind that \$32 billion is equal to the entire NIH budget.

“As we launch our fundraising efforts, the opportunities and challenges ahead are immense,” Braemer said. “A recent **U.S. Trust** study showed that 98 percent of high net worth individuals give, yet only roughly 40 percent were satisfied with their giving experience. That said, nearly everyone already has a relationship with one or more foundations, and changing the status quo and introducing a paradigm shift are never easy tasks.”