



A Re-boot: Centering the USAA Foundation anew on military men and women

In 1922, a group of military officers in San Antonio, Texas, were having trouble qualifying for car insurance, so they formed their own member-owned company, the United Services Automobile Association, to provide coverage to other servicemembers like them. Eventually, rules were relaxed to serve many civilians as well. Today, USAA provides insurance, banking, investments, and financial advising to over 11 million individuals.

Eventually the firm established the USAA Foundation and USAA Educational Foundation as independent nonprofit arms. They were endowed by the company to make small charitable grants in the communities that hosted large corporate offices—first San Antonio, then Phoenix, Norfolk, Colorado Springs, and Tampa. Eventually they began to serve the public at large.

Paths to a brand-new giving strategy

In 2013, the long-time leader of the USAA Foundation retired and the company sought a successor. It was looking for someone who knew the company inside and out and could bring a fresh set of eyes to its allied charitable efforts. Enter Harriet Dominique. Her view of the foundation was that “this is a business we’re running and our bottom line is social impact. Business changes with the times, and we must be no less disciplined.” A broad review of the foundation’s mission, and opportunities for the future, was launched.

The review suggested that for a national company, too much of its charitable giving was devoted to its San Antonio hometown, and that a new strategy for making gifts should accompany a more national focus. USAA’s corporate philanthropy, it was proposed, should be grouped into two broad categories: continued local giving, and a signature cause. “We have a responsibility to take care of the backyard in which our employees live and serve,” says Dominique. But USAA also wants to be “a leader on an important national cause. That’s why you see two components of our strategy.”

In each of its major communities, USAA would support charities devoted to three local priorities: Education, especially financial literacy and STEM-related learning. Disaster relief (both response and prevention). And family homelessness and hunger. These topics fit with USAA’s expertise as an insurer and bank.

When it came to establishing a national-level signature cause, the foundation started with its company’s original mission: boosting financial security in the military community. It spoke to more than 150 experts about the status and needs of our military population. Then it commissioned a survey of 2,500 members, customers, and employees to better understand what they would like to see from the company’s corporate philanthropy. Finally, it studied the giving practices of 55 peer financial institutions and excellent corporate philanthropies.

As Dominique’s deputy Justin Schmitt commented, “Identifying what *won’t* be done is the first and hardest part.” The foundation had to

pass on lots of worthy causes as it sought the area where it could do the most good. Eventually it decided that its signature national charitable work would center on supporting wounded or killed servicemembers and their families, boosting the financial status of servicemembers, and helping veterans and military spouses get jobs.

Twice annually, the foundation seeks feedback on its direction from outside experts. “It’s easy to hear all the pretty stuff,” notes Dominique, but she asks these advisers “to tell us what’s missing.” A small working group of USAA employees was also created for each topic area to offer suggestions for giving. And a few company leaders started serving as a brain trust for Dominique and the foundation.

Ultimately, final decisions lay with the foundation officers. But with all of this expertise available, why not use it? Dominique says these various formal advisers “have such rich discussions and debates that it makes for a better product. And then they are ambassadors for our work across the business.”

As part of this reorientation, USAA’s executives and board committed to increasing the company’s charitable giving from 0.4 percent of pre-tax income to 1.0 percent by 2018. USAA employees would also be offered two paid days per year where they could volunteer their services to charities, with special support for skills-based volunteering that would allow accountants, marketers, lawyers, and techies to donate their valuable talents to nonprofits. For the annual employee giving campaign, USAA would allow donations to any nonprofit, and match all contributions that fit the USAA Foundation strategy.

Before, few people “understood where USAA gives, why we give, and what drove our decisions,” states Dominique. Now the company foundation takes care to communicate its decisions to everyone with a stake in the charitable enterprise—company employees, customers, and grantees, and to connect them with the clear new board-approved strategy. To give previous beneficiaries time to adjust to the foundation’s new giving patterns, previous donations were wound down over a period of three years: Full funding in 2015. Two thirds of prior funding in 2016. Then one third in 2017. By 2018, all proposals will be assessed purely against the new strategy.

As it winnows down recipients and prepares to make fewer, but on average larger, gifts, USAA has divided beneficiaries into three groups. Signature gifts tend to extend over several years and exceed \$250,000 in size, and require detailed reporting. Integrated gifts fall between

\$100,000 and \$250,000 and usually combine some sort of funding with employee volunteer opportunities. Philanthropic gifts are smaller donations to cover general operating costs of the recipient.

Adopting Veterans and Military Families

When it did its assessment of other corporate philanthropies, the USAA Foundation was surprised to see that no major peer had taken up the family caregivers who help some veterans with tasks of everyday life. The vast majority of these vets are elderly men cared for by their children. Some, however, are family members caring for severely ill or injured veterans from the most recent wars. These spouses, parents, or other family members sometimes experience a decline in health or financial stability as a result of the stresses of caregiving. The Elizabeth Dole Foundation, a nonprofit started by the former U.S. Senator, provides research and programming to support this population.



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Seeing an opportunity that fit its new strategy, the USAA Foundation funded the first-ever national caregiver registry. Previously, no one tracked these family members caring for veterans, or studied their challenges, or connected them with peers. Working with the Elizabeth Dole Foundation and the PsychArmor Institute, an online training platform focused on mental health, the USAA Foundation helped create a series of courses. These cover everything from navigating the V.A. bureaucracy to guidelines for intimacy after injury. In addition to its financial support, USAA provided quality control by having its working group (which includes military caregivers who work at the company) review every course and provide editorial feedback.

In another alliance, USAA supports the Tragedy Assistance Program for Survivors. This is a charity that provides resources and community for families of servicemembers who died in the line of duty. In addition to making it the beneficiary of employee fundraisers totaling \$500,000, USAA has provided a \$1 million gift to support the TAPS program that provides emergency financial assistance to families of the fallen. The

USAA Educational Foundation is also helping those families plan their financial futures, given their unique situations.

The Educational Foundation has remade itself as part of the re-boot of the main foundation. It has teamed up with the Association for Financial Counseling and Planning Education to create customized materials and training that financial counselors can use, for free, with military families. It developed video micro-lessons for its financial readiness program called “CommandYour Cash,” and built an app to help people track their spending and develop budgets. And it’s begun working with Texas A&M, one of the nation’s largest producers of commissioned military officers, to incorporate USAAEF financial training into ROTC requirements. In addition to helping those men and women handle their money, the hope is that this training will allow those officers to better advise those serving under them on ways to avoid financial pitfalls.

USAA is a philanthropic company. In 2015 it contributed more than \$15 million to charity, and its employees contributed another \$9 million, plus 452,000 volunteer hours. These totals will rise dramatically between now and 2018, given the firm’s announced commitment to more than double the percentages it gives away. That financial flow, lashed to the careful new strategy USAA has put into place for steering and assessing its charitable gifts, makes it a donor to watch. And one of the places it most hopes to inspire and lead fellow corporate donors is in becoming more engaged with the needs of veterans and military families.