Ty Cobb’s reputation is for ruthlessness both on and off the baseball field; less well known is his philanthropy, which over the last 60 years enables thousands of Georgians to attend college and graduate school.

A Complicated Man
The “Georgia Peach” Ty Cobb (1886-1961) is one of baseball’s legends. A member of the first class inducted into the Baseball Hall of Fame, Cobb is widely credited with setting 90 major league baseball records during his career. Today, more than half a century after his death, his name often conjures up images of a vicious ballplayer who spikes his opponents and beats up the disabled. Based on this reputation, if there’s ever a more unlikely philanthropist, it’s Ty Cobb.

Interestingly, long after he retired from baseball, he established a private foundation (PF) to which he dedicated much of his time and resources in the last decade of his life. His PF endures as a lasting legacy to him and, over the last 60 years, awards more than $15 million in non-athletic scholarships to thousands of Georgia residents. How this came about is instructive to estate-planning advisors.

Cobb’s Life Story
Cobb is reportedly the richest ballplayer of his time. During his early years as a Detroit Tiger, he became a shareholder in United Motors, which General Motors subsequently acquired. Later, Robert W. Woodruff, president of Coca-Cola, persuaded Cobb to invest in Coca-Cola.

During the Depression, he bought more shares of General Motors and Coca-Cola. Cobb once remarked: “Away from baseball, I had a lot of fun, and much of it came in putting myself against the odds found in the financial world, which are somewhat longer against success than getting a base hit.”

He wrote in his autobiography that, “Baseball is a red-blooded sport for a red-blooded man… It’s a struggle for supremacy, survival of the fittest.” Despite such a gruff exterior, as he grew older, he became quite sentimental. His longtime friend, George Maines, feels that the scholarship students “filled a void in Cobb’s life.” Witnesses saw him shed tears while reading student applications. Maines remembers, “The only time I saw Ty lose control was when some of the kids he had put through school came around to thank him. They broke into tears and Cobb cried along with them.”

Cobb’s first foray into significant philanthropy was in 1945 when he funded a hospital in his parents’ memory. For two years, he visited numerous hospitals before donating $100,000 to establish a 25-bed hospital in his hometown of Royston, Ga.

With the accomplishment of the hospital, he then turned, as he said, to doing “something along educational lines.” Again, his philanthropy was carefully thought out. For some time, he consulted with Dr. Daniel Elkins, professor of medicine and head of the Department of Surgery at Emory University School of Medicine in Atlanta. He recruited several other preeminent individuals, such as the Chancellor of the University System of Georgia, to be trustees of his PF. To this day, a majority of the trustees are prominent educators.

Values: Education and Perseverance
Cobb’s PF reflects two of his values. As someone who never attended college, he valued education. His father was a high school principal who wanted Cobb to attend college. Unfortunately, Cobb’s mother accidentally killed his father shortly before Cobb was called up by the Detroit Tigers, so his father never saw Cobb reach success. Cobb once commented that he thought baseball players should
complete college before turning professional, and education was a value he impressed on his children. His son, Ty Jr., attended Princeton and Yale. Once, when he objected to his daughter voicing her opinion, she questioned him as to why he spent his money on her education if he didn't want her to use it.6

Cobb wanted recipients to demonstrate a determination to succeed. For this reason, the scholarships were (and still are) awarded only to students who prove themselves by completing 30 semester hours with a 3.0 grade point average or better.

**Funding the Foundation**

The original gift to the PF was in 1953 of 250 shares of Coca-Cola stock worth $27,312.50. Over the years, Cobb made numerous stock gifts to the PF. He was well aware of the tax advantages of making gifts of low basis, long-term appreciated stock. He took this technique one step further by instructing his stockbroker, when transferring stock to the PF, to also buy additional stock that accordingly had a higher cost basis. He used other strategies as well. When he received endorsement income, he offset the income by donating an equivalent amount of stock to the PF. He directed all of his honoraria to the PF. When he relocated from California to Georgia, he considered avoiding a considerable capital gains tax on the sale of his residence by donating it to the PF.

Six months prior to Cobb’s death, on Dec. 31, 1960, the PF had assets of $144,030.7 Cobb’s bequest of 25 percent of his residuary estate to his PF greatly increased its holdings. Because the records are incomplete, it’s not possible to determine how much the PF received from his bequest; presumably, it was over $1 million. It took several years for the PF to receive the bequest in full, and by Dec. 31, 1965, the PF had a fair market value (FMV) of $1,535,069.8 After Cobb’s death, the PF received a contribution of $1,000 from Coca-Cola’s president Woodruff, along with a $500 contribution from Boston Red Sox owner Tom Yawkey, whose adopted father owned the Detroit Tigers.

**Motivations**

According to his autobiography, Cobb’s motivations in establishing his PF were more complex than serving merely as means to save taxes. It was also a way to measure up to his father and to his God. He commented that his wealth and philanthropy wouldn’t have existed if he’d violated his father’s teachings and defied God.9

**Lessons Learned**

There are several lessons to be learned from Cobb’s philanthropic behavior. First is the importance of having values-based philanthropic conversations with all clients, regardless of how unlikely it may seem that they have such an interest. A 2013 survey by U.S. Trust of high-net-worth (HNW) individuals and their advisors, in partnership with The Philanthropic Initiative, reveals that many advisors don’t fully appreciate their client’s wishes to discuss charitable goals and passions and overvalue the importance of tax benefits as a motivation of giving.10

The study finds that less than half of HNW clients are completely satisfied with the philanthropic conversations they have with their advisors.11 Richard D. Tyson, Jr., senior vice president of U.S. Trust, observes:

> The timing of when to introduce the subject of philanthropy really has to do with the client. In a first meeting, an advisor (and ultimately the client) is best served when the advisor does more listening than talking. Listening to the client’s story helps identify clues to then find resources or solutions that a client may need to make their financial lives easier, and to achieve their goals. I have never regretted introducing the subject of philanthropy, even if it uncovers that there is no philanthropic intent on behalf of the client. I would always suggest that philanthropy is a valuable part of a conversation with a client.12

In the U.S. Trust survey, just 10 percent of HNW...
respondents cite reducing taxes among their motivations for giving, whereas 46 percent of advisors believe that reducing the tax burden is a motivation for their client’s charitable giving. Cobb’s case illustrates how his values drove his philanthropy and how the tax strategies were tools to accomplish these goals.

A lesson for advisors is to encourage clients with charitable bequests to either start or increase their lifetime gifts to charity. If their bequest is to establish a PF, like Cobb did, they should consider funding the PF during their lifetimes. As Cobb once stated, “I do get a sense of happiness in what I am doing.”

Arthur B. Page, a partner with the Boston law firm of Hemenway and Barnes LLP, comments that:

For clients with ample funds or highly appreciated assets likely to be sold, establishing a private foundation during life makes all kinds of sense. The reasons for this include tax savings, involvement in the operations of the charity and the satisfaction of seeing the impact of their philanthropy. There are others as well, the opportunity to enlist the advice and networks of experts and professionals whom the donor selects and the enjoyment of meeting and working with others of diverse skills and backgrounds who share the donor’s values. It is an opportunity to learn as well as to give. It is also an opportunity to see if the donor’s ideas and goals can be accomplished through the foundation form.

When a client wants to establish a foundation, we strongly advise him or her to weigh the administrative needs of a foundation, the importance of vetting grant making and operating procedures, and the need for competent and common sense fiscal and operational leadership. The people who will carry out the mission are as important as the charitable goals themselves.

Recent Philanthropists
As of Dec. 31, 2014, the FMV of the Ty Cobb Foundation was approximately $14 million. It’s dwarfed in size by several other foundations that are funded in the hundreds of millions, and in one case over $1 billion, by team owners who bequeath professional league teams to their foundations, including such philanthropists as Ralph C. Wilson, Tom and Jean Yawkey, Jack Kent Cooke and Ewing Marion Kauffman, who, unlike the others, used a community foundation rather than a PF.

The Ralph C. Wilson Foundation. Buffalo Bills’ owner Ralph C. Wilson established the Ralph C. Wilson Foundation in 1952 primarily to benefit charities in Southeastern Michigan and Western New York. Prior to his death, his foundation had approximately $4.8 million in assets but with the recent sale of the team, it will be infused with $1.2 billion. Unlike many foundations that exist in perpetuity, the Ralph C. Wilson Foundation corpus will be distributed over the next 20 years.

The Yawkey Foundations. Tom Yawkey bought the Boston Red Sox in 1933 for $1.2 million at the encouragement of Ty Cobb, who told him “You’ve got a lot of money, Tom. You’re the kind of man baseball needs.” When he died in 1976, he funded Yawkey Foundation I to maintain conservation land in South Carolina. Subsequently, in 1982, his widow Jean Yawkey established Yawkey Foundation II to help improve the lives of those in need. When she died in 1992, the Jean R. Yawkey Trust, of which the Yawkey Foundations were beneficiaries, owned a controlling interest in the Boston Red Sox. In 2002, the team was sold for over $700 million, of which nearly $400 million went to the Yawkey Foundations. With a combined value of over $535 million, over the last 38 years, the Yawkey Foundations have awarded almost $400 million in grants to non-profit organizations serving the people of New England and Georgetown, S.C.

The Jack Kent Cooke Foundation. When Jack Kent Cooke, owner of the National Football League Washington, D.C. franchise, died in 1997, his will created the Jack Kent Cooke Foundation with a principal mission of awarding non-athletic scholarships and providing grants to organizations that provide services to low income, high achieving students. The foundation is funded through the sale of the football franchise, which was sold for $800 million, much to the dismay of his son, John Kent Cooke, who submitted a losing bid of $750 million. Today, the foundation’s FMV is over $700 million and, over the last 15 years, has awarded $125 million in scholarships to 1,800 students and made $79 million in grants to non-profit organizations that support its mission.

Ewing Marion Kauffman. The owner of the Kansas City Royals, Ewing Marion Kauffman, wants the Royals to
remain in Kansas City after his death. In an extraordinarily complex transaction, which is blessed by 22 private letter rulings, a significant portion of the proceeds from the sale of the Kansas City Royals to a local owner established the Royals Fund and the Ewing Marion Kauffman Fund at the Greater Kansas City Community Foundation to benefit local charities.17

Client’s Values and Life Story
Although the Tax Code encourages charitable giving, tax incentives aren’t the sole reason for charitable bequests. Carefully considered philanthropy allows your clients to have a permanent legacy, and bequests are one way for your clients to have a larger impact than otherwise would be possible. Each bequest is a reflection of an individual’s values and life story. For Ty Cobb and Jack Kent Cooke, it was education. For Tom and Jean Yawkey, Ralph Wilson and Ewing Marion Kauffman, it was supporting their local communities. Do you know what’s important to your clients? Would this knowledge help you better advise them? The guidance that your clients are seeking isn’t limited to tax and finances, and professional advisors can play a role in helping their clients achieve their philanthropic objectives by initiating substantive conversations with them about the meaning of their lives and what’s most important to them and the legacy that they would like to leave. (See “Ask the Experts,” this page, for more information on how to broach the topic of philanthropy with clients.)

Endnotes
1. However, a recent biography of Cobb, Ty Cobb: A Terrible Beauty (Simon & Schuster 2015) by Charles Leerhsen, makes a compelling case that this reputation was a result of greatly exaggerated accounts by his ghostwriter, Al Stump.
4. Atkins, supra note 2, at p. viii.
5. ibid, at p. v.
7. Atkins, supra note 2, at p. 51.
8. ibid, at p. 54.
9. ibid, at pp. 280-281.
11. Ibid., at p. 13.
13. See supra note 10, at p. 49.
17. Private Letter Rulings 9530024 through 9530026 (May 1, 1995) and PLRs 9537035 through 9537053 (June 23, 1995).