



**2007-2008 NFCA Chair of the Board Acceptance Speech
Katharine E. Rounthwaite, Foresters
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Focus on Fraternalism

Thank you very much for your support in electing me as Chair of the NFCA. I am very honoured to have been selected, and will work hard, with the support of NFCA staff, to carry out my responsibilities. I am proud to have this opportunity, and also very proud to be representing my society, Foresters, in this role for the first time in 24 years.

I would like to begin by thanking Janice Whipple of Woman's Life, for her able leadership as Chair in the past year. As you heard in her report yesterday, during her tenure, the NFCA continued with its strategic direction of protecting the tax-exemption, monitoring legislative developments, providing member education and enhancing our members' solvency through work on membership standards.

Holding the chairmanship while carrying on as the President of her society is no mean feat. We also want to thank Woman's Life for their support of Janice in her role as Chair.

Please join me in a round of applause for Janice Whipple and Woman's Life.

For 2007-2008, the NFCA has selected as its theme "A Focus on Fraternalism." This builds on this year's theme of "Bridging Heritage with Innovation."

First off, the NFCA will continue to pursue its strategic direction of protecting the tax exemption, providing legislative information and education, enhancing solvency and membership standards in the coming year under my leadership, so we can continue our tradition as fraternal benefit societies.

As we have been hearing in the last two days, while Fraternalism is our tradition, we must deliver it with Innovation. I would like to spend a few minutes setting out why it is essential for the NFCA and its member societies to continuously focus on fraternalism.

Our speakers, Misters Buchholz, Carroll and Blumenthal spoke on the theme of change.

From my perspective, change is always occurring whether we like it or not. Some things we counted on last year have disappeared. The former president of the NFCA has moved on to another role.

Another significant event that affected the NFCA and our societies was the change to a democratically controlled Congress in November 2006. You have heard all about this from our government counsel, Evan Migdail. With this political change, we lost some champions. This Congress adopted the ‘pay-go’ approach to new spending and initiatives – you have also heard about this from Evan – and how pay-go has heightened the emphasis on the tax-exempt status issue.

Everything changes. And, as we’ve also heard, with Change comes Opportunity.

The NFCA now has an opportunity in its search for a new President. This opportunity allows us to check on our direction, ask ourselves what we stand for, and the kind of person and skills that are needed to lead us forward for the next 5-8 years.

The change in Congress presents opportunities – the opportunity to make new friends, to sharpen our approach, to clarify what we, both member societies and the NFCA, stand for, as we endeavour to deliver on our fraternal missions.

We also know that some state regulators are seeking legislative changes for handling financially troubled fraternal. We have seen an early indication of their thinking in a draft bill out of New York, called the Fraternal Modernization Act of 2007. New York is also talking about a guarantee fund for fraternal.

So whether we like it or not, change is happening around us, and to us. We have to adapt. And the NFCA is here to help you do that.

And as we have heard from our speakers, outside of each of our societies and the NFCA, America is changing. Business is changing. Charities are changing. The change in every sector is rapid and accelerating. This issue has also been written about by Thomas Friedman, a *New York Times* columnist and Pulitzer Prize winning author, in his book, *The World is Flat*, now in its 3rd edition.

Here is what he says about change. “Change is hard. Change is hardest on those caught by surprise. Change is hardest on those who have difficulty changing too. But change is natural; change is not new. Change is important.”

And because Change is inevitable, we must always be thinking about the opportunity it brings, and not just the pain.

What does Change and Opportunity have to do with fraternalism. Fraternalism is where we started. – it is part of our “tradition,” so why, you may ask, should it change? How can it change?

Let me start with fraternalism, what it is and how it has changed over the past 120 years, and to show you that fraternal societies have, and must continue to adapt to change.

First of all: what is “fraternalism”? I think this is a good question for us to ask, especially for the NFCA and society senior management and board members who are here today. We all think we know. We all use it slightly differently. But have we recently refreshed our knowledge and understanding of this word?

If you consult a dictionary, as I have, you will find that “fraternal” means “brotherly or belonging to an association of persons formed for mutual aid or benefit.” You can also find “fraternal benefit society” defined as “one whose members have adopted the same or a similar calling, avocation, profession or who are working in union to accomplish some worthy object and who for that reason have banded together as a society to aid and assist one another and to promote the common cause.”

So “fraternalism” has two strong roots – one for mutual aid, and one for a common cause to accomplish a worthy object.

We are talking about Change and Opportunity. Fraternal benefit societies have had to change, and so has the demonstration of fraternalism.

We all know the story. At the beginning of the 20th century, our focus was almost exclusively on the ‘mutual aid’ aspects of fraternalism. Societies were the providers of health and protection benefits for their members. There were no government social services. Charity came mostly through churches or charitable organizations. Our population was independent minded and proud. No one wanted to ‘take charity’ if they could avoid it.

The mutual aid provided to members of fraternal societies was not charity. It was a two-way exchange. It was ‘brotherly’. It was like family. I would help my brother or sister when in need; in his or her turn, he/she would help me when I was in need. Fraternalists also provided a forum for the teaching of civic values, such as loyalty to country and respect of law. We were vehicles for education and self-improvement.

Change occurred to fraternal benefit societies. For some, it hit pretty hard. The health and life insurance benefits, through the imposition of regulation, came to be provided through insurance products held by members. The original assessment system that paid for the benefits became actuarially based premiums. The concept of “service” to others was also separated out of the mutual aid concept through the development of service clubs in the 1920s and 1930s.

In response, fraternalists focused more on insurance and on member benefits and we focused more inwardly. We turned to social and recreational events for our members. We also turned to some service and good works in the community. We got more into what formerly had been considered “charity.” Raising money for good causes, providing

volunteers, and organizing community events. But generally a lot of it was for our members and ourselves. This was the situation up to about the 1980s.

But throughout this period of change, fraternalists knew that the concept of fraternalism, was broad enough to enable us take “brotherly love” out into the wider community, through service and good works, through members helping members, and others.

There has not been a lot of guidance on what a “new fraternalism” should be. There is quite a variety in activities, which we identify as “fraternal.” In many societies, these different service activities have often evolved on their own, without much strategic thought or vision, or reassessment. Each society has picked its own causes, usually related to its original common bond.

And as we know as senior managers for fraternalists, most of our societies do not have a high volunteer participation rate amongst our membership. We know we are spending a lot of “fraternal dollars” on maintaining the lodge system and our fraternal departments. We need to ask: are these the expenditures that congress wants to fund through the tax exemption?

Our challenge with fraternalism is multifaceted.

We have not been given a lot of guidance, by those who regulate us, and provide us with our legislative privileges such as the federal and state tax exemptions and the exemption from guarantee funds, on what fraternalism should be in 2007 and beyond. We think we know that modern fraternalism is all about service, good works and volunteerism. And that it comes back to the basics of “brotherly love.”

But many of us are doing good works in the way that our grandparents would recognize. We need to be providing fraternalism in the way that our children, grandchildren and their friends want to be part of. We need to adapt fraternalism to be relevant in the rapidly changing world in which we live now.

Fraternalists only started to really think about and measure their social and community contribution with the first wave of the tax exemption issue in the 1980s. Through the NFCA fraternal ratios, we started to count money and hours spent on fraternal activities. The need for these and further measures has become evident since 2005, with the Joint Committee report calling for the end of the tax exemption.

The state governments are starting to ask questions about fraternalism too. The New York bill I mentioned earlier would introduce an annual filing requirement, as in Wisconsin, for a society ‘to demonstrate the activity of its lodge system, its expenditures for altruistic, educational, fraternal, patriotic or recreational purposes, and other expenses of maintaining a fraternal character.”

By focusing on fraternalism, each of our societies should be looking at whether we are doing enough in the form of quality good works and community service to sustain our

special status as fraternal benefit societies. Is each of us really focused enough on fraternalism? Can we do better? I say -Yes. Should we do better? I say - Absolutely.

Our dialogue in Washington is focusing attention on demonstrating what fraternalism is. We are telling our collective story, and through the Fraternalists-in-Action program, our members are telling their stories. We are building a relationship with our lawmakers, one story at a time.

We are telling America that today's fraternalism is one of action. Fraternalism is not inward focused; it is community focused. Fraternalism is getting our society members motivated, not just for themselves but for others. The strongest aspect of our story, again and again, is that we can deliver "boots on the ground." Lots of organizations can write checks. And while money is not unimportant, the power of getting real people to come out and do real things, locally or nationally, is the uniqueness of fraternalism. It is the collective power of us all. And as our uniqueness, we need to be doing it as best and as effectively as we can.

In order to sustain our societies and the NFCA, we need a lot of "fraternalists-in-action." We need them today and we need them tomorrow. Bob Huxel noted that we have run out of MVPs in our fraternalist of the month program. How can this be if fraternalism is what we are all about?

In our changing world, we have an opportunity in America today. This week's *TIME Magazine* is calling for a government sponsored national service program. A very interesting article and available on their website for free. Interest in making a contribution is surging and the volunteer rate has increased more than 6 percent since 1989. Today, 27 percent of Americans volunteer.

We need to ask what we have to do to ensure that a good percentage of these people who want to contribute are volunteering through a fraternal benefit society. In order to attract more of these kinds of people and to grow our societies, we need to examine the quality and the kinds of service that we do as fraternalists. We need to initiate activities that have high impact and high value to both our volunteers and their communities. We need to move beyond just counting our contribution in dollars and hours. We need to look at some measurable standards for assessing the impact we are having on our communities and members, to determine what our real contribution is.

We need to keep on improving what we do in order to make our fraternalist-in-action stories convincing. Not only because we expect to be under the scrutiny of Congress, but also because we want to attract more of our members to doing good works. We also want to attract new members, the members of tomorrow, and make a bigger contribution to American society.

For the past 20 years, we have been measuring the inputs. I am asking: how we can also measure the outputs? What is the real result of what fraternalists do "on the ground"?

I want demonstrate what I mean by telling you about a Foresters branch that started to work with a Vancouver, B.C., inner city school, with a very disadvantaged population, largely native Canadians, with mothers who were prostitutes or drug addicts, and children who did not have any positive role models. Our branch started with a school-wide breakfast. With the encouragement of the school principal, they got more involved. The principal talked to them about what kinds of things would really make a difference in the children's lives.

Addressing the root cause of the problem was the place to start: food, shelter and clothing. So, the Foresters funded a breakfast program, a food cupboard, and a clothing and shoe program. Then the principal spoke further about the resilience research, which emphasizes the need for children to feel connected to one significant adult, and for the child to see himself as contributing, and also feeling competent. The Foresters funded a parenting course, a homework program and a leadership camp.

Due to our fraternalists' involvement, and under the guidance of their accomplished principal, change started to happen in this very disadvantaged community. More parents came out to school events. They reported feeling less stressed after they participated in the parenting course. The parenting course meant that the school was open in the evening, giving the children a safe place to come to.

The leadership programs took the children out of the city, to camp, showing them that they could be leaders, and make a contribution, and maybe have a different life. Maybe they did not have to do drugs or turn to prostitution. Maybe they could stay in school, and break the cycle of poverty and addiction.

And the benefits of this work were not all one way. Our members were very proud of their efforts with this school, and their ability to make a difference. They, too, learned and grew.

So what that Foresters branch was doing, was not just serving a pancake breakfast, or providing shoes or funding. They were helping build a community. They were giving these children hope. They were giving the school the funds for the tools it needed to provide aid and programming.

And those societies who fed the victims of Hurricane Katrina, to take another example, were not only giving meals, they were demonstrating that American fraternal benefit societies really do care about their communities, and that these societies are part of the American "DNA" and that fraternalists will turn out and help in almost any situation. Our collective challenge is can we aim higher and to develop measures for not only the inputs, but also the outcomes of fraternalism.

I started my acceptance speech with how things change, and how we must continually improve in order to respond to change. The NFCA is introducing a new accreditation program, which has as one of its elements, a fraternal standard. We have held the workshops and you have the material, and you will note that it asks about active lodges

distributing charitable funds for fraternal activity, and fraternal programming. In other words, we have started, quite rightfully asking about inputs. These are valid measures. In an effort to continue to improve, and in order to focus more clearly on fraternalism, we at the NFCA will be taking a look at how we can add an element of measurability into our fraternal standard.

I started out with a theme of change and opportunity. We talked about how fraternalism has changed over the years, and how it must continue to change, to be continually improving itself. This year we are going to focus on fraternalism. This is extremely important because it is the fundamental aspect of everything we do. It lets us demonstrate that we are rightfully tax-exempt non-profit organizations who also provide insurance benefits to our members.

The Membership Accreditation program will let us demonstrate to state regulators that the NFCA is helping its members to better governance, solvency and a better demonstration of fraternalism.

And on a larger scale, and most importantly, an upgraded and continuously improving fraternalism, will bring out more of our own members, and will also let us tap into the desire in America to make a contribution, so we can attract new, younger members, the fraternalists of tomorrow.

I am honoured to serve as your chairwoman for the year, and will look forward to working with you, and the NFCA staff to focus on fraternalism for the coming year.