

## PRACTICE MANAGEMENT

### Giving & Receiving

7/1/2007

By ELLEN UZELAC

There is no deeper way to connect with clients than through the philanthropic impulse — yet many advisors steer clear of the conversation.

As Randy Fox, president of International Association of Advisors in Philanthropy, notes: “Is this for everybody? No. Most advisors are ill equipped. Most advisors don’t have the inclination to really want to go that deep. For some of them, it’s plain too touchy-feely. When you start talking to your clients about family and values and what’s important to them, you’re on different ground. The advisor has to be prepared for that.”

Yet, however reluctantly, an increasing number of advisors are introducing philanthropy into the client engagement. The proof: Philanthropy blogs are buzzing about the momentum that’s building in the charitable giving channel. Consultants to donors are reporting heightened participation on the part of wealth managers. And training programs are being developed to help advisors reach more deeply into their clients’ hearts and minds.

“It looks like there’s a wave coming,” reports Fox.

Eric Kessler, principal of the Washington, D.C.-based Arabella Philanthropic Investment Advisors, says inheritors and “new wealth” are driving the trend.

“I think the trend is people who are in a successful line of business today are bringing their business prowess to their philanthropy,” according to Kessler, who heads a national firm that advises individual, family, institutional and corporate philanthropists on the effectiveness of their grant making. “It helps that they treat philanthropy like an investment. These are people who are expecting returns, expecting impact, from their philanthropy. What we’re talking about is the best future client for smart financial advisors.”

Pivotal to the trend: the non-profit charitable organization.

The nation’s nearly 700 community foundations, for example, are providing critical linkage between financial advisors and their clients’ charitable intent.

Marin Community Foundation, one of largest community foundations in the country, first began doing outreach to professional advisors 10 years ago. Today, the foundation has 1,400 advisors on its mailing list. Not coincidentally, the foundation currently relies almost exclusively on advisors for donor referrals.

“We want to be their philanthropic resource. If an advisor wants to know how to set up a charitable remainder trust, and maybe the advisor hasn’t done that before, I want them to call me. If they have a client who’s trying to figure out what charity to give to, call me,” says attorney Aviva Shiff Boedecker, director of gift planning for Marin Community Foundation.

“The thing is community foundations don’t have a natural constituency. It’s not like a university with loyal alumni or a ballet with fans. We don’t have grateful patients. Frankly, most people aren’t going to think of the community foundation when they’re thinking of giving. Most people don’t know what a community foundation is,” she adds.

“That’s why we look to the professional advisor community for referrals.”

Cincinnati certified financial planner Barbara Culver, who serves the \$5 million to \$50 million marketplace, thinks of the not-for-profit charitable organization as philanthropy’s “forgotten gatekeeper.”

Yet, as Culver points out, it's often the non-profit that can serve as the obvious venue for the philanthropic conversation.

"Sometimes, an advisor might take the lead role in helping the client understand his or her philanthropic possibilities by connecting them with a not-for-profit. There are also not-for-profits in need of professionals to come in and offer programs for their donors on [giving] ideas, strategies and techniques," says Culver, who's developed a client-centered training tool to elevate the experience between financial and legal professionals and their clients.

"Ultimately, they come to see each other as teammates in the process. Remember, we're all trying to serve the client-donor. The unique role the advisor plays is that they can draw the technical and strategic connection between a person's, a couple's or a family's values with the ultimate use of their wealth."

### **Confidence — And Comfort**

For most advisors, charitable gift planning remains something of a mystery — what Shiff Boedecker calls "a very esoteric corner" of tax and estate planning.

"Even if advisors are generally familiar with it, they don't feel comfortable talking about it with their clients," she says. "I had one advisor who told me: 'I don't ask my clients about that. It's too personal.' And I said, 'Wait, you know everything about their finances, their dysfunctional families, their back taxes — and you think giving is too personal?' I think they're afraid of being perceived as pressuring anyone to give."

Industry consultant Mitch Anthony has helped demystify the philanthropic conversation with a workbook for clients called "The Memory Bank: Where the True Riches Are Kept."

"One of the things I keep picking up is that when people give money, they want a message to go with that money. To hand out a check sort of has an empty feeling for people," he says. "If you're going to give anything away, give the story with it."

Among the questions in the "Work, Wealth & Wisdom" workbook: What principles and ideals have you followed in building your business? What does money mean to you? What do you see as the strengths and limitations of having wealth? If you had all the money in the world, what would you do?

Culver's advisor training model is built around research from the Roy Williams and Vic Preisser book, *Philanthropy, Heirs and Values*, which showed that 70 percent of the time, the estate plans of wealthy clients failed within two generations — meaning the money was gone, the family fractured.

The 30 percent that kept their wealth and harmony shared three characteristics: They talked about things that mattered, such as guiding life principles, values and beliefs. Ongoing philanthropy was a part of their legacy planning. The next generation of heirs was mentored about their wealth.

The Culver program includes training on conducting client retreats, developing a family mission statement, raising the philanthropy conversation, and the often neglected topic of preparing the next generation to be successful heirs.

"As soon as you have conversations at that level, it's always going to lead to philanthropy," Culver says. "And it can happen in a very practical format. Once we bond with clients on a level that has to do with what they value and cherish most in life, our relationship obviously deepens and goes way beyond portfolio performance."

New Jersey advisor Yale Levey and Illinois planner Drake Zimmerman are good examples of professionals who have focused deeply on philanthropy — with big results.

Levey, through the structured Donor Motivation Plan, has hooked up with two local non-profits, presenting educational programs to their donors. He gets paid by the charities to conduct the sessions. As a result of the exposure, four families, with a combined net worth of \$34 million, have approached him about doing some type of planning for them.

"It's not an instantaneous process. It takes quite a bit of effort and attention, but it represents an alignment with my values and the direction I want to head in," says Levey, who became a Donor Motivation Program licensee two years ago. "For me, it's a way to do something much more significant than just be investment advisors. I can help people connect their money to their meaning and change a lot of lives. Obviously, it's good business for us, too. Everybody who touches it benefits."

Zimmerman, meanwhile, co-founded the Illinois Prairie Community Foundation, one of the recipients of his clients'

philanthropy. His public profile as a “philanthropic planner” has also resulted in new business for his practice.

“If someone wants to give away money or structure a project, I’m the person they call. People will walk in with X number of dollars, and they’ll walk out with more,” and become philanthropists in the process. “If people are just seeing me for money, I reject them as clients. They don’t get it. I want them to get the philanthropy.”

### **Making A Difference**

Eric Kessler, whose family foundation is now in its fifth generation, got a call a couple of years ago from a financial advisor whose clients had tried unsuccessfully to get their two sons involved in responsible wealth management. The advisor had suggested philanthropy as a tool to engage the heirs.

The sons, in their early 20s, didn’t care about wealth. They lived to surf.

“My job was to hang with the kids and understand what their interests are. So I went surfing with them in Santa Barbara ,” says Kessler, who helped them identify three issues that they in fact did care very much about: clean beaches, clean water and coastal preservation.

With their wealth manager, the young men built structures within their family foundation to make grants to non-profits that support their causes. Just recently, they called their advisor with an unusual request to meet.

“They’re so excited about being involved in philanthropy that they want to be involved in the investment side so that they can be philanthropists for the rest of their lives,” says Kessler. “This FA has now built a relationship with the next generation in a meaningful way. It wasn’t about tax structures or asset allocation — it was about what the money is being used for. When an advisor takes a personal interest in philanthropy, it becomes a sticky relationship.”

---

When it comes to the philanthropy conversation, there’s often a disconnect between advisors and clients.

In fact, The Philanthropic Institute reports that “many [donors] say they wish their advisors...would take a more holistic approach in their advice and charitable giving, and that they would focus less on tax deductions and specific giving mechanisms.”

Marin Community Foundation, which operates almost exclusively through advisor referrals, has developed conversation starters to help advisors discuss philanthropy in a way that respects their clients’ privacy, values and autonomy.

Every situation is unique so there’s no one right way to raise the philanthropy issue. But here are some suggestions on how to “talk philanthropy:”

- Beyond family and business, what’s most important to you?
- What principles have guided how you have lived your life? Raised your family? Run your business?
- Have you ever thought about what kind of legacy you’d like to leave?
- Do you currently volunteer at or financially support any charitable organizations, such as a house of worship, your alma mater or a local arts organization, social service agency or civic group? Are you interested in supporting such organizations after your death?

*Or*

Why do some causes pull powerfully at you while others don’t?

*Or*

I know you are very supportive of XXX. Would you like to continue your support through your estate plan?

- Which volunteer experiences have been the most rewarding to you?
- Have you considered what would happen to your assets if your spouse or children do not survive you? Would you like any of your assets passed on to a charity, rather than a distant relative?
- What does giving mean to you?
- Five years from now, how do you wish to be remembered by the community? By your family?

---

*Freelance writer Ellen Uzelac is based in Chestertown, Md. , and is a contributing editor of Research*