

Broaching the Philanthropy Barrier ©

Mark Klimek , HNW

It's often a missed opportunity. Although many affluent investors want to support their favorite causes while also integrating philanthropy into their financial plans, many financial advisors fail to broach the topic of charitable giving with their clients even though they are uniquely positioned to play a pivotal role in developing clients giving strategies.

Those advisors who do address philanthropy often focus predominately, if not exclusively, on the tax breaks that come with charitable gifts. Still, potential donors often crave more attention and assistance. The affluent are looking to their trusted advisors for help, says Scott Keffer, president of the National Association of Family Wealth Counselors and co-author of *Giving: Philanthropy for Everyone*. They want advice that goes beyond tax strategies and covers personal issues like their values and charitable goals.

Barriers Are More Perceived Than Real

Advisors often say they're uncomfortable bringing up charitable giving because they worry the topic is too personal, or that they'll appear unprofessional by questioning a client's charitable causes and interests. Others fear that clients will assume their advisor is pushing them toward a specific charity. That's why advisors who do tackle the topic usually steer the discussion to donor's secondary concerns: The technical aspects of tax avoidance, and specific vehicles such as charitable trusts and annuities. That's putting the cart before the horse, says advisor Kathleen Rehl of Rehl Financial Advisors in Lutz, Florida. Tax concerns are important, of course, but they're usually not the driving force behind a successful charitable giving plan.

Most advisors involved in charitable planning say the barriers to philanthropic discussions are more perceived than real. I've never had a client bristle when I ask about what drives their charitable interests. They usually thank me because no one's ever raised these issues with them before, and they really open up about what they want their money to achieve, says Patricia Raskob, an advisor in Tucson, Arizona who founded the Catholic Foundation for the Diocese of Tucson. That enables me to be a better advisor to them and build more trust.

Many advisors also feel a deep personal satisfaction from their charitable discussions. It's extremely rewarding to participate in the process of helping people use their wealth for the benefit of the greater good, says Erik Falconer, president of Falconer Asset Management in Howell, Michigan.

Strategies to Start Talking Philanthropy

If you are concerned about broaching philanthropy with your clients, consider these success strategies from advisors and experts in the field:

- Know the local landscape. You don't need to be an expert in all things philanthropic to

begin discussing the topic with clients. But you'll be better able to answer their questions or know where to go for advice if you know the key contacts and organizations in your community. Community Foundations are a great resource for information about local philanthropic initiatives.

- Bring up philanthropy right away. During your initial meetings with new clients and prospects, include a discussion of their charitable intent and particular civic interests or concerns. If you make philanthropy part of your discovery process, you emphasize that giving is one more element in the client's larger financial picture and should be considered along with all their other objectives, says Falconer. It's an effective way to ease into the subject.
- Think broadly. Open-ended questions will draw out client's charitable intent and show that you're approaching philanthropy as part of a comprehensive financial program. Ask clients if they're already helping local charities. Many affluent individuals are pillars of the community who are involved in civic activities and volunteer work. Focus on their values by asking questions such as: What vision do you have for the various uses of your wealth? What principles do you want to stand for and pass on to your family? What are the values that drove you to make your money, and how will they drive how you spend or share it?
- Share motivational stories. Do you have clients who are active philanthropists and could serve as role models to potential donors? Share their stories with interested clients and consider setting up meetings between the parties. Most philanthropists are eager to discuss their experiences.
- Communicate non-verbally. If you're uncomfortable approaching the subject during face-to-face meetings, give your client's a questionnaire about their philanthropic intentions and goals that they can fill out in private. Then follow up on their answers during a future discussion.

As with most financial issues, successfully integrating philanthropy into a client's financial plan begins with good communication. Broaching the philanthropy barrier is well worth the effort, as long as you are armed with the right questions.

Copyright HNW, 2003

Used with permission