



"Giving" Advice



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Clients Seek Better Philanthropic Advice

A recent survey suggests that many affluent clients are unhappy with their advisors' philanthropic offerings. By working with your clients on their charitable interests, you can strengthen your relationship and build ties to the next generation.

Affluent investors are setting records for philanthropic gifts, as evidenced by Warren Buffett's \$31 billion contribution to the Bill & Melinda Gates Foundation. The New York City-based Luxury Institute and PhilanthropyNow™ in Portland, Ore., conducted a recent survey of the wealthy that confirmed the trend: only 11 percent of the respondents say they have no plans to donate to nonprofits. But the survey also found that the affluent want their financial advisors to provide more philanthropic guidance. Only 21 percent were satisfied with the philanthropic advice they received.

"Wealthy consumers want to be generous and in control of their giving in their own way, at their own time," says Charles Maclean, founder of PhilanthropyNow. "Yet they do not appear to use the advisor expertise, databases or other resources that have been developed to make optimal giving decisions." Respondents' failure to use available resources might stem from dissatisfaction with their advisors. The survey's implications are clear: Wealthy clients want their advisors to have the expertise required to assist them with their philanthropic plans.

Benefits of Discussing Philanthropy With Clients

Philanthropic planning with clients can produce numerous benefits for your practice, which include:

Stronger client relationships. Discussions about philanthropy let you go beyond financial matters to values. By discovering what is truly important to your clients, you can strengthen the relationship and get to know them on a different level. "What can be better than spending time with your clients and talking about their passions or the needs of the local



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ABOUT YOUR FOUNDATION

Since 1973, the **Toledo Community Foundation** has provided individuals, families and businesses interested in the well-being of our community with an *efficient, effective, low-cost, professionally managed* mechanism to achieve their charitable goals.

For philanthropists wishing to maximize the impact and life of their charitable gifts, the Foundation provides

resources for thoughtful giving. Using its expertise and personalized services, **Toledo Community Foundation** helps donors transform their philanthropic impulse to measurable community impact. Beyond the gifting of assets, the Foundation helps donors identify issues of importance to them and *inspires engagement* with community organizations addressing these issues, thereby maximizing the impact of charitable gifts and creating a greater sense of fulfillment.

community?" asks William Sternberg, Professional Advisor Development Officer at The Minneapolis Foundation. "You get to know clients on those levels and you become more than just a service provider—you're a key advisor and a friend."

Leverage clients' donations. Many wealthy clients make regular donations, but lack clear strategies and knowledge of the best vehicles to accomplish their goals. "We explain to clients that they would have more money to give or keep if they change the way they give," says David J. Bromelkamp, CEO of Allodium Investment Consultants in Minneapolis, Minn. "For example, donating highly appreciated securities instead of cash can be much more efficient."

Access younger generations. Wealthy clients are often reluctant to discuss finances with the next generation, but they are more likely to involve them in discussions about philanthropy. Getting involved in those discussions gives you an entree to the younger generation and helps you form relationships with them much sooner than otherwise possible, according to Carol Clark, CFA and Principal with Lowry Hill Private Wealth Management in Minneapolis. Clark has found that philanthropy is an excellent vehicle for teaching younger family members about investment management while they see the family's values put into action.

Differentiate your business. Many advisors provide investment management, financial planning and tax advice. Advising clients on philanthropy helps distinguish your firm from the competition and can generate referrals among affluent clients seeking that expertise.

Starting the Philanthropic Discussion

Asking clients for their thoughts on charitable giving doesn't have to be difficult. Bromelkamp and Clark raise the topic during their initial meetings with new clients; they also keep clients abreast of changes in tax laws that could influence their giving plans. Depending on the client's situation, they might ask:

- What is most important to you about money?
- What charitable causes do you support currently?
- Are you familiar with the tax benefits of charitable giving?
- Do you have experience with any of the more complex vehicles: donor advised funds, remainder or lead trusts, or gift annuities?

Benefits of Working With Community Foundations

Comprehensive philanthropic planning requires expertise in several areas, including donor psychology and the ability to evaluate giving strategies and vehicles. It also requires the ability to research and

evaluate whether nonprofits can fulfill their missions effectively and efficiently. Community foundations can help you leverage your philanthropic services by providing expertise to you and your clients, Sternberg says. Additionally, community foundations can:

- Add insight about local issues and nonprofits to help your clients maximize the impact of their philanthropy.
- Help your clients to become more effective donors by providing education and networking with donor-peers.
- Reduce administrative workloads by offering donor advised funds as an alternative to private foundations.

Conclusion

Many of your high-net-worth clients are or will become active philanthropists. As their financial advisor, you can assist them and deepen the relationship—or risk seeing your role become less important in their lives. “Clients expect us to give them ideas and solutions that simplify their lives and solve their financial problems,” Bromelkamp says. “If you’re going to be involved with affluent clients who have estate planning and retirement planning needs, philanthropy is one of those solutions.”

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