



"Giving" Advice



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Gaps in Philanthropic Services to Wealthy Are Opportunities for Advisors

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Primedia Insight
Registered Rep. Online Exclusive
October 10, 2006
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Ever since Warren Buffett announced his intention to give away a massive chunk of his fortune in June, advisors say they have noticed an increased enthusiasm for philanthropy among wealthy investors. But that enthusiasm may not be finding adequate outlets. A new survey of the wealthy finds that the first links in the giving chain—financial advisors and nonprofit organizations—don't communicate effectively with potential philanthropist clients.

"I see the financial advisor as the gate opener to giving, and they're being underutilized," says Charles Maclean, founder of Philanthropy Now, a philanthropic research and coaching resource for advisors, donors and nonprofit organizations.

The study, called *Philanthropic Beliefs & Behaviors of the Wealthy*, was a joint project between Philanthropy Now and the Luxury Institute, a New York-based research organization catering to the wealthy consumer. It surveyed more than 900 wealthy Americans in August, restricting respondents to those older than 21 years of age with net incomes of at least \$150,000. The median income of respondents was \$330,000, and the median net worth was \$2.4 million. (To contact the Luxury Institute or to order a copy of the report, check out its Web site www.luxuryinstitute.com.)

The bad news is that only 21 percent of respondents said they were satisfied with the philanthropic advice that their advisor provides. Another 46 percent said they were on the fence about the quality of their advisor's



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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.

philanthropic advice. But the good news is that even if philanthropy is not part of your practice, your clients aren't ready to dump you just yet: 43 percent of respondents said they wouldn't change their advisor if he didn't offer philanthropic advice.

Wealthy individuals were split over how philanthropic advice should be delivered: 28 percent of wealthy respondents say they only want to discuss philanthropy if they initiate the conversation, while another 28 percent want it discussed regularly as part of overall planning. Another quarter of respondents said they would like to have an advisor assist them in crafting a giving plan.

"That's a substantial number that want to talk about [philanthropy] regularly and want help making the plan," says Milton Pedraza, CEO and founder of the Luxury Institute. Pedraza says advisors may want to consider charging a separate fee to draw up a philanthropic plan alongside a client's financial plan. "As we've seen in past research, the wealthy don't demand that things be free, they just want objectivity," he says.

So, how should reps get started? Find out what moves their clients and what they might like to achieve through charitable giving. Melanie Schnoll-Begun, the director of Smith Barney's Philanthropic Services, recounted the story of one client with more than \$250 million in net worth who gave sporadically to dozens of causes, but only in small increments that made little impact. After a lengthy meeting with the client, it was revealed that he was a survivor of polio. With polio making a comeback in parts of the world, the client was moved to act and formed a long-term giving plan to combat the disease's resurgence.

That kind of connection can do wonders for an advisor-client relationship. "Increasingly, wealthy people want to transfer their values [to future generations] first. So if the advisor can connect with the values of the wealthy and understand their mission, they're more likely to be invited to connect with the clients' assets, too," Maclean says.

October 10, 2006

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