

## "Giving" Advice

### *Inspiring and Connecting Thoughtful Giving*

#### **Life-Changing Events**

When Elva Johanson's daughter, Cynthia, died of cancer just over a year ago, the grieving mother was guided by a single principle: She wanted to memorialize her only child with a lasting legacy. As Mrs. Johanson, now 81, told close friends after inheriting her librarian daughter's wealth: "I was never intended to have to spend my daughter's retirement. It was she that was supposed to have mine." In the weeks that followed, Mrs. Johanson and A.G. Edwards advisor Tom Hinck devised a plan. Hinck, who works regularly with the Gulf Coast Community Foundation in Venice, Florida, helped Mrs. Johanson establish a charitable gift annuity to provide her with income for the rest of her life and, at Elva Johanson's death, fund the Cynthia J. Johanson Memorial Charitable Fund. The Fund will endow the American Library Association and the church both women attended. Life-changing events—a death, illness or divorce, for example—often trigger what Randy Fox, president of the International Association of Advisors in Philanthropy and a CFP with InKnow Vision, a Naperville, Illinois-based collaborative think tank for advisors, calls "the philanthropic conversation." It's a conversation that can be challenging—for both the advisor and the client.

As Fox notes, "A lot of advisors tend to be focused on outcomes and number crunching. This is an in-depth, very personal conversation helping clients identify things like: What do you care about in the world? What's important to you? What's affected your life, and how have you participated in your community? It's all this stuff many advisors flee from. But everybody cares about something. If you talk to them long enough, you'll find out what it is."

#### Discovering Philanthropic Intent Within

Sometimes, clients don't realize they have a philanthropic impulse—that is, until life events overtake them.

Nearly five years ago, Donald Goodman, a retired Pepper Pike, Ohio dentist, was diagnosed with a rare and aggressive form of leukemia. When his physician asked, "Are your affairs in order?" it sent Goodman into a period of self-reflection.

"Living with these patients at the Ireland Cancer Center, all of whom were trying to stay alive, it made a very deep impression," says the 82-year-old Goodman, who has since been declared cancer-free. "I had not been philanthropically inclined, really. We'd given here and there, small amounts, but nothing like we're doing now. I guess our intent was there but this experience solidified it."

Goodman and his wife, Ruth, engaged in some "vague" estate planning seven years prior to his diagnosis. There is nothing vague about their plan now.

One year ago, the Goodmans, working through the Cleveland Foundation, established a charitable fund that will benefit University Hospitals and the Ireland Cancer Center, as well as the dental and medical schools at Case Western Reserve University. A portion of their gift will also support medical programming at their local public television station.

#### How Community Foundations Lend Guidance

The Philanthropic Initiative's study of 500 financial advisors published in 2000 (and updated in 2004) suggested that many financial advisors were "afraid to ask the hard questions" and

"would do more if they knew how." And that's where many community foundations are trying to step in—actively recruiting advisors and providing them with charitable gifting ideas, strategies and continuing education seminars.

On top of that, says Randy Fox, "Community foundations give advisors an incredible amount of flexibility with the funds you place. They effectively act like a third-party due-diligence arm that can help identify outlets for your clients' charitable dollars without having to do all the research yourself. And especially for older clients who have lived in the same area their whole life, it represents a touchstone that allows them to give to multiple organizations."

Beth Harrison, vice president for donor services at Gulf Coast Community Foundation, counts Tom Hinck as one of between 40 and 50 advisors in the network she's assembled.

Among the services the community foundation provides is helping advisors develop a tailor-made "gift illustration" for each potential donor. The gift illustration explains in simple language what a gift annuity could mean in terms of tax savings and income for the donor. "The advisor then presents it to the client, and the client says yea or nay," Harrison adds. "If they want to move forward, we put together a one-page annuity agreement for the client to sign. It's that easy."

While life-changing events like inheritances might spark charitable planning, Hinck routinely looks for clients who fit a philanthropic profile. Examples include clients seeking more income, childless clients and clients looking to reduce their estate tax.

"It's something I like to accomplish if it's for the right client," Hinck says. "And no matter what the impetus, it all comes down to deep and meaningful conversations."

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