

TALKING GIVING

Five Steps to Discussing Philanthropy with Your Clients

The Portsmouth Community Foundation has a wealth of resources and local connections that can help you help your clients become engaged in their philanthropy. Call us today to find out more about how you can help your clients become hands-on donors.

For some advisors, the philanthropic talk can be challenging to initiate. Here are five steps to start the conversation with clients.

Family wealth advisors pride themselves on providing their clients with the most effective strategies and tools for planning their financial future. The best of these experts are versed in current tax laws and interest rates, and know exactly how a particular client can position himself or herself for the least tax consequence and the highest rates of return. However, many advisors neglect to discuss philanthropy with their clients.

There are a number of reasons why the subject of philanthropy goes unaddressed in advisor-client interactions. In some instances, the subject simply gets pushed to the back of a long line of complicated financial planning issues. If it is addressed, it's usually as an afterthought. At other times, the advisor may feel that the topic of charitable giving is too personal to bring up in conversation. Finally, some advisors hesitate to start the philanthropic conversation because they are not as familiar with charitable giving vehicles as they are with other tax-efficient planning techniques.

Doing Well by Doing Good

Still, most advisors are aware not only of the good that a charitable donor can bestow upon his or her community, but of the financial and tax benefits that a donor might enjoy through giving.

"Advisors think it's an important part of helping the community and helping their client," says Keith Burwell, president of the Toledo Community Foundation. "But with so many things to focus on, [philanthropy's] not always the first thing they pull out of their toolkit."

So, what can advisors do to effect a mutually beneficial discussion on philanthropy with their clients? Frank D. Jacobs, an estate-planning lawyer at the Eastman & Smith law firm in Toledo, Ohio, suggests the following five steps:

- **Compile a “History” of the Client.**

Like a doctor puts together a patient’s history, an advisor must know all relevant background in order to help the client.

Dr. Robert Ashcraft, Director of Arizona State University’s Center for Nonprofit Leadership and Management, agrees. “If you know an awful lot about somebody—their kids were raised in YMCA camps; somebody was a Heart Association volunteer, etc.—you weave these stories into who they are,” he says.

- **Determine the Client’s Net Worth and Makeup of Assets.**

This information is essential to knowing the kind of planning that is available and advisable for the client.

- **Discuss Objectives and Goals. Do They Involve Charity?**

Only after knowing the client’s overall objectives and goals for his or her wealth and legacy can the advisor suggest strategies to minimize taxes while passing on wealth to heirs and to charity.

- **Personal Values.**

Is your client passionate about the arts? Education? Mental health? Is he or she an avid hiker? Birdwatcher? Knowing where your client’s values lie will direct the philanthropic conversation.

- **Be Knowledgeable on Vehicles for Charitable Giving.**

Do you know what a charitable lead trust or charitable remainder trust is and how to set one up for your client? Can you describe the finer points of a donor advised fund or a private foundation? There is a charitable vehicle that can be tailored to any client’s unique needs.

According to Jacobs, five-to-10 percent of all clients will initiate a conversation on philanthropy with their advisor. He says a larger percentage is open to talking about it if the advisor brings it up. A great way into the subject is to ask, “Is there anything you’d like to do for the community?” or “What kind of legacy would you like to leave?”

Burwell says that organizations like the Toledo Community Foundation are eager to help advisors whenever possible. “If we can make it easy for the advisor and client to understand, then they run with it,” he says.

Ashcraft agrees. “There’s a missing link when it’s only between the client and the professional,” he says. “The charities can ask these advisors to dream a little with their clients.”

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