Bankers and Lawyers and Accountants, Oh My!
Working with Professional Advisors

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"Somewhere, over the rainbow..."

The purpose of this paper is to provide an overview of how professional advisors, segmented by specialty area and clients' net-worth, approach clients' philanthropy. It offers suggestions for how gift officers can determine advisors' roles in their clients' philanthropy, and questions gift officers can ask to work with donors whose advisors play a role in their philanthropy.

The paper uses brief quotes from the *Wizard of Oz* to set off sections. Just as the characters in the movie each learned that they were the opposite of what they thought themselves to be, such as brainless, heartless, and cowardly, readers will learn that professional advisors are the opposite of the sometimes simplistic impressions formed about them. For gift officers to engage with donors' professional advisors, it is important to fully understand and respect advisors' roles and expertise.

"Toto, I don't think we're in Kansas anymore."

The changing world of major and planned gift fundraising

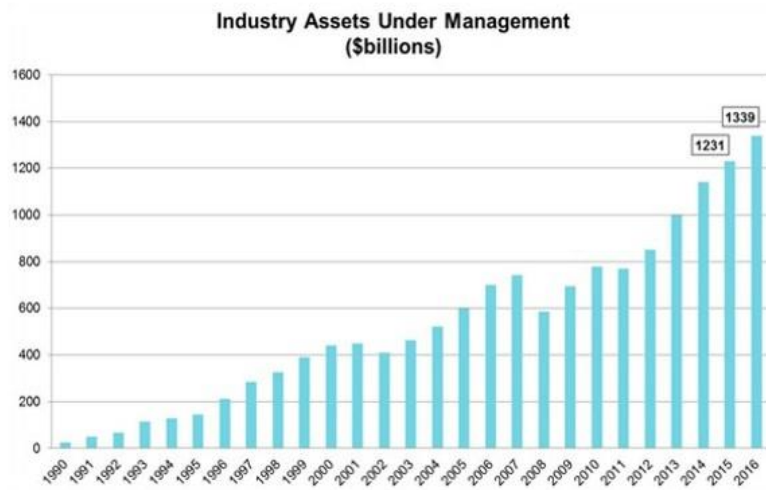
The role of gift planners and the overall fundraising environment continues to change in a variety of ways, including:

- Continually increasing competition for major and planned gifts;
- The era of "blended gifts", creating increased focus on donors' overall net worth and capacity during gifting conversations;
- Advisors playing an increasingly central role in donors' wealth management…and often in their philanthropic planning as well; and
- Increased choices and greater donor control through charitable giving vehicles.

The changing world of advising clients

The investment management and financial advisory world has also changed. The chart below illustrates the growth in the assets under management in mutual funds (the first of which was created in 1924) just since 1990. At the end of 2016, mutual fund assets worldwide were $40.4 trillion, according to the Investment Company[1].

[1] https://en.wikipedia.org/wiki/Mutual_fund



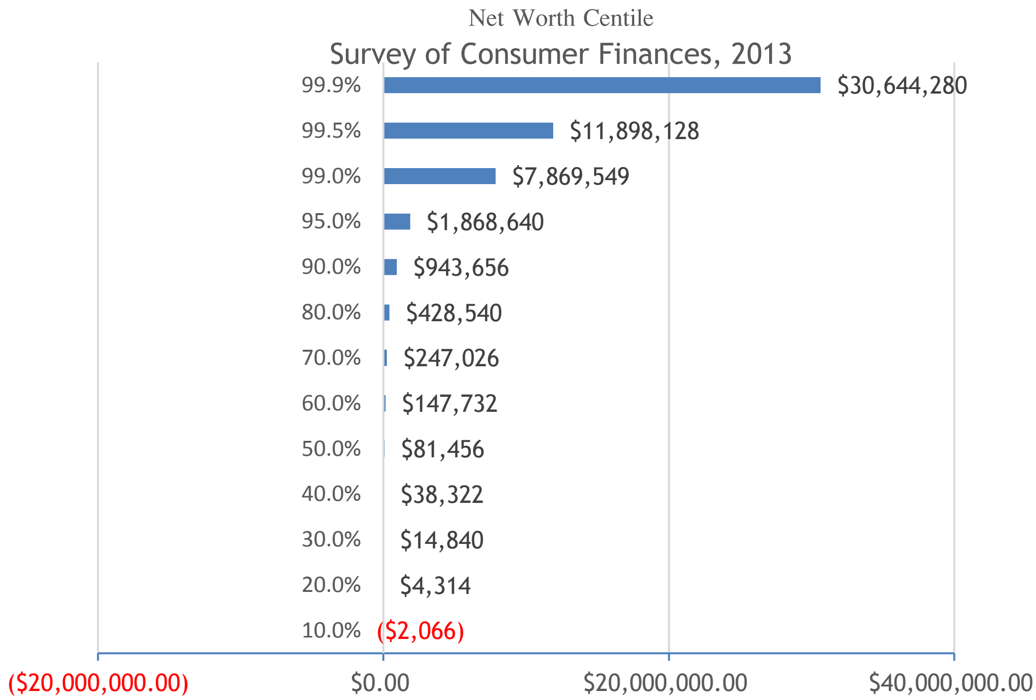
The number of financial advisors has increased dramatically from a few dedicated advisors in the 1960's, to 245,000 today. Family offices are the preferred advisors for the ultra-wealthy. The Rockefellers established the first family office in the 19th Century. It is estimated that there are now thousands[2]. Many investment management firms also position themselves as family offices, and some even offer philanthropic advisory services. Larger accounting and law firms have wealth management and/or other advisory practices to enhance their tax and estate planning services. The charitable tools and techniques they present to clients have also changed in the wake of the Great Recession.

"Follow(ing) the Yellow Brick(s) Road"

Following the Money

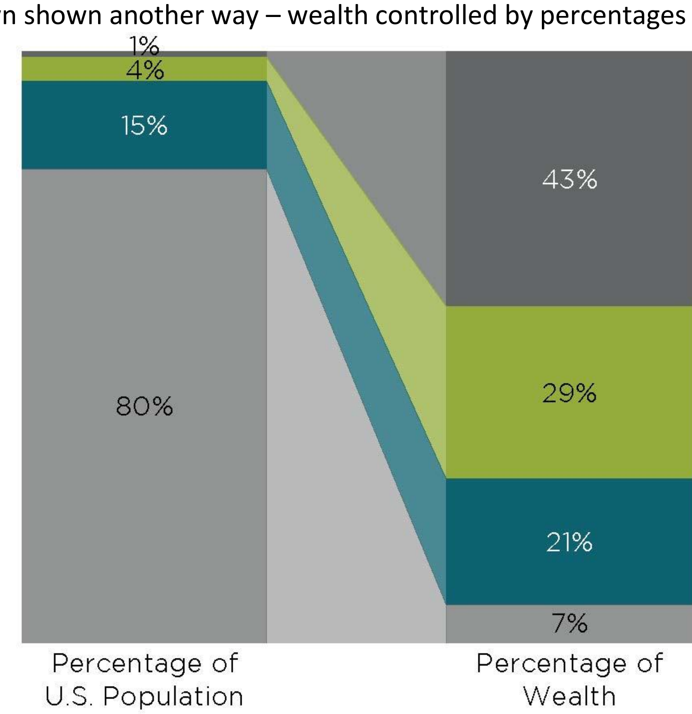
Advisors compete for a relatively small number of significant wealth holders. Over the past couple of decades, wealth has become increasingly concentrated into the hands of fewer and fewer people: the proverbial "1%" and, in the case of the wealthiest, the ".01%." According to 2011 data, 1% of the population now controls 43% of the wealth in this country – please see the chart on the following page showing the breakdown of wealth.

[2] https://www.forbes.com/sites/russalanprince/2013/11/11/how-many-family-offices-are-there/#49fd96351405



[3]

Here is that breakdown shown another way – wealth controlled by percentages of the population:



[4]

Wait – how many people is that?

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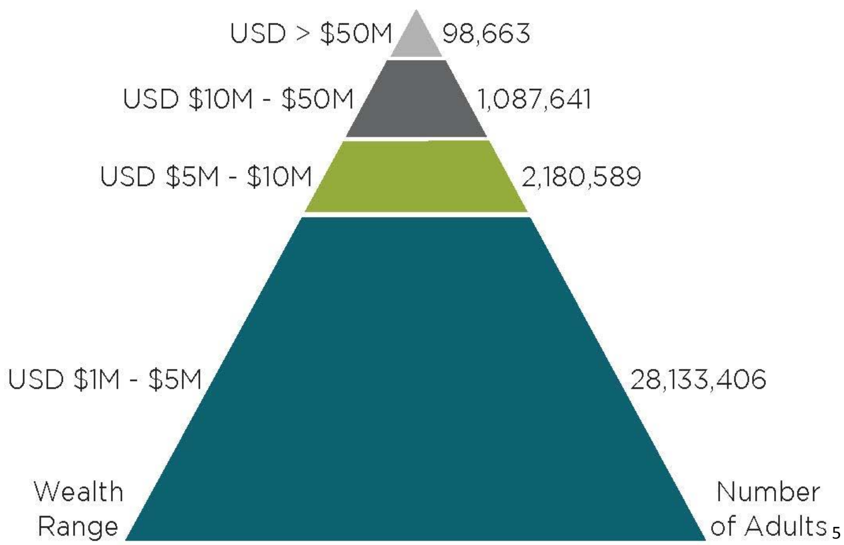
[3] 2013 Survey of Consumer Finances (SCF) by the Federal Reserve
[4] Michael DeGusta, theunderstatement.com – March 2011



Yes, you read correctly – fewer than 100,000 people have a net worth of $50M or more, and 1.1 million people possess wealth of $10M or more. So, what does this mean for gift officers and advisors?

Competition

There are more gift officers than ever before competing to close major, planned, and transformational gifts from ultra-high net-worth and high net-worth donors – a relative handful of the population.

Similarly, there are more advisors of all specialties competing to manage the assets of, and be the advisors to, a relative handful of ultra-high net-worth and very-high net-worth clients. We are all competing for the same donors and/or clients.

How advisors segment clients by net worth[6]:

- Ultra-high net-worth individuals have of $30M or more
- Very high net-worth individuals have $5M to $30M
- High net worth is defined as investable assets of $1M to $5M
- Affluent is defined as investable assets of $500,000 (sometimes lowered to $199K) to $1 million
- Everyone else – the vast majority of the population

[5] Michael DeGusta, theunderstatement.com – March 2011
[6] http://www.investopedia.com/terms/u/ultra-high-net-worth-individuals-uhnwi.asp and http://www.investopedia.com/terms/h/hnwi.asp

Advisor Specialties and the Services Each Provides

BANKER / TRUSTEE	Banking and investment services, long-term administration, private banking
FINANCIAL ADVISOR	Financial planning, retirement income planning
ACCOUNTANT	Tax planning and returns, business consultation, financial planning
ATTORNEY (ESTATE)	Estate and tax planning, wills, trusts, financial planning, consultations
ATTORNEY (GENERAL)	Business and family legal consultation, estate and tax planning, wills, real estate transactions, business sales
LIFE INSURANCE AGENT	Life insurance, financial planning, evolving lifetime products
BROKER	Investment services, portfolio management, financial consultation

[7]

The remainder of this paper discusses each advisor group specialty by wealth segmentation, their respective approaches to philanthropy, and anecdotal stories shared with the author over the past five years while meeting one-on-one with hundreds of advisors.

"Take special care of those ruby slippers; I want those most of all!"

Banks and Trust Companies

Banks are lending and depository institutions that provide financial management services. Investment banks finance mergers and acquisitions and provide longer-term underwriting[8]. A trust company is a legal entity that acts as fiduciary, agent, or trustee on behalf of a person or business entity for the purpose of administration, management, and the eventual transfer of assets to a beneficiary.[9]

Banks, in particular, as well as trust companies, have gone through major challenges and changes since the Great Recession; a few have suffered significant reputational damage. At the same time, these firms have significantly benefitted from the consolidation of wealth into the hands of fewer people. The old established firms have multi-generational assets that helped them survive the recession; they also have resources for client acquisition.

The clear majority of banks and trust companies are not "wicked," despite the headlines that might give that impression. Trust officers and relationship managers are genuinely interested in the best interest of their clients, and the more sophisticated firms understand the value of philanthropy as an important part of their services. Trust officers are contractually obligated as fiduciaries to act in their clients' best interest, including supporting their philanthropy.

Banks/Trust Companies Serving Ultra-High Net-Worth Individual Clients:

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[7] Brian Clontz – The Dechomai Foundation

[8] http://www.investopedia.com/terms/b/bank.asp

[9] http://www.investopedia.com/exam-guide/cfp/financing-strategies/cfp7.asp#ixzz4pBkPrOeI

- Often operate under the family office model: wealth management, financial/investment advice and services, trust creation and administration, life insurance planning, estate planning and administration
- Offer highly-sophisticated services
- Serve as gate keeper to the client
- Some have on-staff "philanthropic advisors"

Gift Planners' Role:

- Some advisors/officers deliberately reach out to nonprofits – make yourself known to them!
- In most cases, you won't be doing the gift planning
- However, you may be negotiating on behalf of your nonprofit *with* the advisor
- Gifts most likely come from alternative-giving vehicles such as private foundations or donor-advised funds
- Possible to receive complex asset gifts
- Donors often prefer to give during lifetime rather than estate gift commitments

U.S. Trust began sponsoring the U.S. Trust® Study of High Net Worth Philanthropy in 2008, in partnership with the Indiana University Center on Philanthropy, and publishes it every two years. The Study has provided valuable data for advisors and gift officers ever since.[10] U.S. Trust employs over 200 philanthropic advisors nationally. The advisors' role is two-fold: serve current clients, and help bring in new clients. The firm manages the assets of 4,000 private foundations with $30B in assets that granted $370M last year. In the mid-Atlantic region where the author works, U.S. Trust has begun sponsoring philanthropically-focused events as a way of being in front of very-high net-worth and ultra-high net-worth potential clients. This year, the firm sponsored a symposium in Virginia about the evolving challenges in health care delivery. About 200 people attended, including high-level elected officials and non-profit leaders. The market director for the region boasts that these efforts have resulted in 63 new clients with an average net worth of $17M. [11]

As with U.S. Trust, family offices offer ultra and very-high net-worth clients wrap-around services, including lending, insurance, trust administration, wealth management, and legacy/estate planning. Sometimes, those services include "duties as needed." One multi-family office advisor shared a story of being asked to gain access to a bank on Sunday to retrieve a passport in a safety deposit box needed for travel. While the primary purpose of the family office is investment management, many will hire a philanthropic advisor or ask the investment advisor to serve that role. Those officers are often charged with representing the donor at events, reviewing proposals, conducting family meetings, and representing the donor's philanthropy in the community.[12]

Another anecdote: a philanthropic advisor at U.S. Trust recently described her process for working with clients as follows: she often uses Sharna Goldseker's 21/64 giving cards.[13] During the process, she asks clients: "Does your philanthropy give you joy?" She conducts family meetings, helps craft family mission

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[10] http://newsroom.bankofamerica.com/files/press_kit/additional/2016_US_Trust_Study_of_High_Net_Worth_Philanthropy_-_Executive_Summary.pdf

[11] Shared with permission of Sam Gottesman, Managing Director UST, Market Executive

[12] https://en.wikipedia.org/wiki/Family_office

[13] http://2164.net/we-offer/consulting

statements, and advises on gifting – including identifying non-profit organizations to support. A market director boasted that her efforts helped bring in a $30M client who has a private foundation.

Michael Bloomberg, who has given over $1B to The Johns Hopkins University and Medicine, said at a dinner honoring him: “If you want money, don’t talk to me, talk to the head of my family office.” He commented that he prefers to give the money away during his lifetime, rather than at death.

Banks/Trust Companies Serving Very-High and High Net-Worth Individual Clients:

- Usually have a separate group at the bank or trust company
- Primary goal: assets under management with individualized relationship management
- Offer additional services, but not as comprehensive as for ultra-high net-worth clients
- Provide trust administration

Gift Planners’ Role:

- Understand the source of donors’ wealth – business, inheritance, lottery etc.
- Learn how donor’s wealth is controlled – it could be in trust
- Who is the decision maker?

Banks went through major upheavals in the wake of the Great Recession. Many banks had dedicated trust departments with officers whose sole responsibility was to be or become the fiduciary for their clients. After a period of intense mergers and acquisitions, many trust officers are now also charged with bringing in new business. This dual responsibility sometimes causes stress on the advisor, and reduces the amount of time they have available to spend with clients. Some advisors manage multi-generational trusts, over which clients have little discretion. Trends are towards more clients with increasingly transactional relationships.

Understanding the form of your potential donors’ wealth and their rapport with their relationship manager or trust officer (if it is a trust department) may help clarify how much wealth the donor controls, and in what form. While philanthropy often still plays an important part in these relationships, it is not considered a marketing opportunity for new clients as described above. There are not often significant resources dedicated to the role. For example, in the mid-Atlantic region, Wells Fargo has one philanthropic advisor for a large, multi-state area.

Some anecdotes: A trust company in the Greater Washington region regularly refers clients to the Greater Washington Community Foundation (The Community Foundation); it has become this firm’s philanthropic “back office.” They view The Community Foundation as a resource that improves their relationship with their clients.

An advisor at a trust firm in Washington, DC worked with a client who had no children. The client had made his wealth in the District and wanted to give back, but because the firm had no philanthropic advisors, the trust officer contacted The Community Foundation. The client left the money to The Community Foundation to be given for human service purposes in the region. The advisor was satisfied that he had fulfilled his fiduciary role while also proud that he had helped his client achieve his objectives and create a legacy.

“… some people without brains have a lot to say.”

Financial Advisors

For many years, most advisors made their money through selling commission-based products. Over time, the fee-based model grew in prominence because of its more "client-centered" approach. Making the transition was challenging to advisors, but those who did it often built assets under management into the millions and multi-millions.

The financial advisory world is evolving as rapidly as banking is. There were 285,000 financial advisors in 2014, a drop of 1.9% percent from 2013. According to Reuters, "The industry has lost more than 39,000 advisors, roughly 12 percent, since its peak in 2008, when there were 325,000 advisors."[14] Fee-based advisors are now coming under increasing financial pressure in the wake of the recession with the growing popularity of index funds and the advent of automated Internet-based advisory services, such as Charles Schwab's new model. The Department of Labor's pending new Fiduciary Rule is impacting advisors, increasing disclosure requirements and costs to do business.

The field tends to attract highly-competitive people, including many former athletes and military veterans; it has also become an industry with many female-created businesses. Passing the Certified Financial Planner exam is great accomplishment; almost half fail on the first attempt. Many financial advisors have multiple credentials. This field attracts many great "brains" that are also highly valued by the clients with whom they have had long-term relationships.

Financial Advisors Serving Ultra-High Net-Worth Individual Clients:

- Family office (again) or trusted advisor role
- Portions of portfolio sometimes spread between multiple advisors
- Wealth preservation and transfer are priorities
- Varying sophistication about philanthropy, depending on the firm

Gift Planners' Role:

- May work with advisor as gate keeper
- Gift may not initiate the conversation
- Donors can be motivated by tax-avoidance strategies

In Baltimore, Brown Advisory is a premier private client wealth management firm. It focuses on investment management and has grown by merging with smaller wealth advisory practices in the region. Although it continues to acquire new clients, its base is Baltimore's "old money." Brown Advisory's partners are very generous and are among some of the leading philanthropists in the region. At this wealth level, advising others in philanthropy becomes with intertwined advisors' own giving. Often, giving is done through donor-advised funds, which enable partners and clients to capture gains when the timing is right for tax purposes (including from closely held stock) and then donate those funds later when they are ready.

Bernstein Wealth Management offers gift planning advisors and tools. It has on-staff experts in sophisticated gift planning techniques. One advisor has given presentations to estate planning councils nationally on the benefits of using CRTs and CLTs in wealth planning, with an emphasis on zeroing out

[14] http://www.reuters.com/article/wealth-cerulli-advisor-headcount-idUSL1N0VL23920150211

estate taxes and maximizing the remainder to heirs. They have highly-sophisticated planned giving information.[15]

A financial advisor anecdote: Several years ago, at Catholic Charities, a partner at Brown Advisory organized a dinner for ultra and very-high net-worth donors. He recruited a local billionaire and his sister (a millionaire in her own right) to talk about how their parents' values influenced their philanthropy. The partner helped facilitate a conversation about values and how to transfer them to children through philanthropy. The dinner resulted in one attendee deciding to increase giving to 50% of his income and another making a major gift to Catholic Charities.

Financial Advisors Serving Very High and High Net Worth Individual Clients:

- Want to be the "quarterback" taking the lead with all other advisors
- Think in terms of their "seat at the table" of advisors
- Goal is assets under management
- Might view charitable gifts as competition if assets are leaving the firm
- Make increasing use of commercial gift fund sponsors of donor-advised funds as a way of keeping assets under management
- Have varying degrees of understanding about, and comfort with, philanthropy
- Need to "get it" by having a good experience with at least one client and/or gift officer
- Helps if they're a donor themselves

Gift Planners' Role:

- Prompt donor to initiate the conversation with the advisor
- Advisors are often open to being educated about gift planning arrangements
- Philanthropy prompted by events – asset liquidation, death in the family, inheritance

Many community foundations allow donors who open charitable funds such as donor-advised funds to recommend their own investment advisor. There is usually a minimum amount required, often $250K-$500K or more. This arrangement creates a win for all parties: the donor receives a charitable income tax deduction when establishing the fund, the advisor continues to invest the assets that are now owned by the community foundation, and money is mobilized for philanthropy. Once advisors understand the benefits of these arrangements, they become enthusiastic fans.

Many advisory firms now offer their own donor-advised funds. The largest number of donor-advised funds is managed by Fidelity Charitable[16] (in fact, Fidelity Charitable Fund is now the largest charity in the U.S.), but others include Vanguard, Charles Schwab, Bank of America, and in Baltimore, T. Rowe Price. Most are loss leaders or generate little revenue for the firms from the fees, but they are offered to maintain their network of advisors and keep assets invested in the sponsoring organizations' products. Clients appreciate the low fees and simplicity of setting up and managing a fund.

An anecdote: A financial advisor relatively new to the field is genuinely interested in encouraging clients' philanthropy. The firm analyzes for clients the likelihood that they will outlive their resources. He uses the information to begin a conversation about clients' "goals" for the money, always including

[15] https://www.bernstein.com/philanthropy/
[16] https://www.fidelitycharitable.org/

philanthropy as an option. He has found it difficult to motivate those who have not been charitable and is seeking ideas for how to motivate them.

Some important stories to remind us that financial advisors are donors too: One financial advisor told a story of being visited by a major gift officer from his alma mater. He looked forward to the visit, expecting to be asked for advice. Instead, he was asked for $100K with no pre-warning. He no longer trusts fundraisers, including those who solicit his clients.

Another advisor told the story of helping a client make a gift to his alma mater through donating a house. She was invited to the recognition event at the school and remains proud of her role in making the gift possible. She seeks opportunities to help clients achieve their objectives.

Or not: One advisor, when asked whether he discusses philanthropy with his clients, crossed his arms and said, “I never discuss philanthropy. It’s too personal.”

Financial Advisors Serving Affluent Individual Clients:

- Large number of clients
- Primarily transactional, not relational
- Obligation to preserve assets for retirement
- Least understanding of charitable gift arrangements
- Life insurance is often understood and appreciated

Gift Planners’ Role:

- Once again – prompt donor to initiate the conversation
- Assess value of your time – might not be worth it
- Marketing driven:
    - Prompt inquiries through your marketing
    - Educate advisors through marketing

Thrivent Financial recruits financial advisors with large personal networks, especially through their church. Their advisors develop life-long relationships with clients. While they are genuinely interested in learning about ways to help their clients, they have fewer clients with the means to make transformational gifts.

The primary concern of advisors with affluent and other less-wealthy clients is ensuring that they have enough money on which to retire. With fifty percent of baby boomers having not saved enough money to cover basic living expenses, this is a very valid concern. These advisors are not going to be significant referral sources.[17] The most likely gifts from their clients are going to be bequests.

“I was rusting for the longest time.”

Estates and Trusts Attorneys

Estates and trusts attorneys primarily practice as either partners or associates of a firm, or as sole practitioners, or in one or two-person offices. Estate planning is often not considered the primary income generator for firms and many include the practice because there will be a time when their

[17] http://www.thinkadvisor.com/2005/12/01/the-history-of-financial-planning and https://www.epam.com/ideas/blog/evolution-of-client-financial-advisor

clients request these services. There are dedicated estate planning firms that have strong reputations in their communities to which other advisors typically refer their clients when estate planning is needed. Attorneys are under increasing pressure to do the networking needed to have a referral pipeline. Most clients don't keep estate planning attorneys on a retainer, but instead use services on an as-needed basis. The exception is ultra-high net-worth clients, where the estate planning attorney may be part of a larger team of advisors. One estate planning attorney described his services as being the equivalent of being a surgeon, visited only as needed.

Estates and Trusts Attorneys Serving Ultra-High Net-Worth Individual Clients:

- Wealth transfer planning using sophisticated gift transfer and estate tax avoidance techniques
- Asset protection
- Business transfer (not always the same issues as wealth transfer)
- Family engagement and trust planning
- Emphasis on alternative giving vehicles – private foundations, donor-advised funds, venture philanthropy, etc.
- Private foundations are sometimes a source of income for attorneys

Gift Planners' Role:

- Gifts often negotiated with attorney, philanthropic or other advisors
- Communicate impact and accountability
- Project or mission-based engagement (before or after the fact)

The Greater Washington region has become one of the wealthiest metropolitan areas in the country. Four counties in Northern Virginia are on the *Forbes 2017* list of wealthiest counties; two suburban Maryland counties are on the list as well. These greater wealth levels attract more sophisticated advisors. There are 42 ACTEC Fellows (The American College of Trust and Estate Council) in the region, a peer-nominated distinction. Many ultra and very-high net-worth estate practices provide business and tax advisory services as well as estates and trusts.

Over the years, firms created income streams by having attorneys named as trustees to private foundations. This trend is slowly changing, and has created an opportunity to talk with donors who have small private foundations about terminating or transferring to a donor-advised fund or an endowment. Most attorneys will recommend $5M+ to open a private foundation, although there are still outliers that recommend $1M+. The common recommendation to clients is to use donor-advised funds when below the $5M level.

Some examples of estates and trusts attorneys' advice:

- Two ACTEC Fellows in the region encourage clients to establish testamentary lead trusts that will fund private foundations, creating them as part of a larger wealth-transfer strategy to families.
- Another attorney established a term-of-years charitable remainder trust for a client who believes that capital gains taxes are going to be reduced in the next couple of years. The trust will have a high payout rate, with the goal of maximizing tax savings while staying within the minimum required distribution to charities.

Sometimes estate planning techniques can become too complicated. A charity had to go to court to prove philanthropic intent when a donor leaving a charitable bequest died in a year when there was no estate tax. Her will directed to pay to charity any amount above the estate tax exemption. It hadn't been updated even when the estate went to zero for one year, even though there was strong philanthropic intent. The charity won, but only after significant legal expenses and reputational damage with the family and their advisors. This is a reminder that donors should be encouraged to review their estate plans regularly.

Estates and Trusts Attorneys Serving Very High and High Net Worth Individual Clients:

- More transactional - "the surgeon"
- Default to transferring money to kids
- More open to alternatives to private foundations
- Some value assisting clients to find meaning – will initiate conversation

Gift Planners' Role:

- Guide donor to initiate philanthropic conversation
- Help donor decide charitable purpose/s before seeing attorney
- Discuss philanthropy as a means to transfer values to kids through estate plan
- Propose current or testamentary donor-advised fund as an alternative to a private foundation

The clear majority of estate planning attorneys, when asked whether they encourage philanthropy, will say, "I always ask clients whether they want to include 'charities' in their will." As we are learning from Russell James, this language is often insufficient to motivate bequests, because people don't think about their legacies the same way they do their annual and major gifts. Most attorneys are under pressure from clients to keep the process as short, and therefore inexpensive, as possible. This means that they will default to their clients' first response without taking the time to encourage deeper exploration.

Some estate planning attorneys intentionally build philanthropic planning into their practices. John Warnick at the Purposeful Planning Institute has created training systems for member advisors. He produced a very effective training video demonstrating communication breakdown between parents and family members, in part resulting from the failure of advisors to engage all family members early in the process and to work with one another during planning.[18]

Some anecdotal detail: An attorney who serves many clients in the LGBT community learned through experience to become much more comfortable with challenging his clients' initial plans. To avoid the "watch the clock" mentality, he charges a flat fee for his estate planning. He takes his clients through the exercise of asking "why" when they default to leaving all their money to kids or nieces or nephews. He encourages them to think about how much money his clients' beneficiaries already have, how much they need, and how they should receive it. He also walks his clients through a process of thinking through their values and the other things in life that matter to them before he allows them to begin discussing the structure for their estate plan.

Attorneys take their clients' beneficiary intentions seriously. One attorney's client was very ill and knew he would pass within a short time. As part of that planning, he left a gift of $1M to a national charity focused on conservation. The representative for this charity met with the donor prior to the donor's death and discussed how the funds could be used – including emailing about the types of opportunities

[18] https://purposefulplanninginstitute.com/

that could be put in place. Because of the short time, the donor's will provided that the charity would receive the funds as an outright distribution. After the donor's death, the charity refused to acknowledge the conversations its representative had with the donor prior to the donor's passing. Because there was no restriction in the document, the charity took the position that it could use the funds it wished. The advisor now uses this story as an example with other clients. If the client has a specific purpose in mind, that restriction is placed in the estate document. Furthermore, his preference is to empower the estate's fiduciary with the ability to change the charitable bequest to another organization, if the charity is not inclined to honor the donor's wishes.

Estates and Trusts Attorneys Serving Affluent & Other Clients:

- Meet with clients one or two times in their lifetime
- Client visits are often life-event driven, e. g. a death in the family, an inheritance, retirement
- Little influence over clients' values or financial decision making
- Transactional relationship

Gift Planners' Role:

- The catalyst to encourage planning – donors hate paying legal fees
- Provide information that spurs action e.g. wills guide
- Provide specific language to bring the advisor
- Use consistent reminders
- Encourage beneficiary designations

There are many successful advisors who work with large numbers of clients. While the relationships are often more transactional, they still care about the outcomes of the estate plans they draft. Here they are under pressure to complete estate plans for the lowest cost possible – people almost always hate paying legal fees. Clients who already have clear philanthropic intent make the work of these advisors easier. Gift offers can help by playing a leading role in planning.

An estate planning anecdote: An advisor in Baltimore built a practice working in one of the major retirement communities of the area; most of his clients are not wealthy. One client left a substantial bequest to a local animal shelter. When the advisor asked that a plaque be placed in memory of the donor; the shelter refused. He now actively discourages clients not to leave money to the shelter. Another attorney referred a client to the Baltimore Community Foundation. She was childless and he had been attempting for several years to convince her to complete an estate plan. She hadn't acted because she couldn't decide what she wished to do. The gift officer met with her, talked through her passions, and helped craft a plan through a charitable fund at the foundation. She then finalized her will.

"You're right – I am a coward."

Accountants

Accountants are often donors' most trusted advisors (see the U.S. Trust survey mentioned above). Clients work with their accountants for a lifetime. For small business owners, the accountant may have been with the clients from the inception of the business. Because of those long-term relationships, accountants are often the first advisor to whom donors turn. Accountants have varying degrees of knowledge about charitable gift planning techniques. Some are deep experts; others are familiar only the benefits of gifting cash or appreciated securities. Those who have a greater understanding of charitable gifting techniques often may still not be skilled at raising the topic with clients. They are not cowards, but when they see something, they don't always say something because they don't know how to start the conversation.

Accountants Serving Ultra-High Net-Worth Individual Clients:

- Life-long relationships
- Best understanding of client's financial situation
- A few are sophisticated, but focus on tools and techniques rather than values and purpose
- Tax avoidance major prompt
- Prepare the 990PF

Gift Planners' Role:

- Most open to direct help from gift planners
- Gift officer must be primary source of charitable motivation
- Translate tax avoidance into meaning
- Regular communications outside of tax season

Accounting firms serving ultra-high net-worth clients have highly-sophisticated teams that do tax planning, business transition planning, sometimes estate planning (although attorneys draft these documents), and increasingly, philanthropic planning. The goal is to provide holistic services that make the firm their clients' primary advisor.

A story: The Greater Washington regional office affiliate of a major international accounting firm is in the process of hiring a senior philanthropic advisor to enhance their services. The firm has many clients with private foundations and wants to deepen their relationships with those clients. They are considering promoting an accountant who has worked in non-profit services, including with private foundations, to the role. The advisor has asked for guidance from The Community Foundation about how to go about learning this new role.

Accountants Serving Very-High and High Net-Worth Individual Clients:

- The family physician - only advisor most your donors see annually
- Tax avoidance remains primary motivator
- Close relationships with small businesses
- First to know when highly-taxable events occur

Gift Planners' Role:

- Educate about your mission
- Frequent reminders about charitable gifting techniques
- Examples of how to start conversations about philanthropy

Firms serving very-high and high net-worth clients may not offer holistic services, but they still have deep, long-term relationships with clients and deep benches of expertise. Their viewpoint will be primarily driven by the tax perspective, but for that reason they can prompt for clients to think about philanthropy when the client has disposable income, needs more tax breaks, or is ready to give back. One accountant at a firm took courses on family dynamics to better serve clients planning business transitions and managing foundations.

Anecdotes: An accountant referred a couple who owned an engineering firm to the Baltimore Community Foundation. They were ready to give back, but had no idea how to begin. They initially thought they wanted to create a scholarship that would have supported one student, but instead they learned that by supporting STEM programs they could inspire hundreds of students to learn to love engineering. Their long-term relationship with the accountant made the referral credible and actionable.

Two accountants' stories: An accountant approached The Community Foundation when a philanthropy-focused estate planning study group was disbanded by its sponsoring non-profit. Besides peer learning, one of the primary purposes of the group is to encourage advisors to promote philanthropy with clients. The accountant has his own charitable fund at The Community Foundation and actively encourages clients and peers to be philanthropic. He says, "It has been shown that people are happiest when they are thinking about others, not themselves."

One of the most rewarding charitable gifts an accountant recalls involved an elderly couple who were generous to their alma mater "almost to a fault." Because of a business setback, they were facing retirement with limited resources. With the help of their university, they were able to structure a gift annuity using a very valuable tract of raw land. The couple is now in their 90's, and the gift annuity is providing the funds for their comfortable retirement at a local retirement community.

Accountants Serving Affluent and Other Clients:

- Transactional relationship
- Majority, especially solo practitioners, little knowledge of philanthropy
- Often least understanding of philanthropy (not the same as technical knowledge)
- See client only annually

Gift Planners' Role:

- Still most trusted advisor by clients
- Attempt to educate – most likely to "kill a gift" due to lack of understanding
- If key decision maker, ask to meet
- Make their job easier e.g. suggest a donor-advised fund instead of multiple charitable gifts

Accountants with affluent clients will, for the most part, interact with them annually. They may not be familiar with charitable gifting techniques, and when they are, they are often not knowledgeable about how to start the conversation. Advisors are prompted to action when clients act on gift officers' marketing materials or solicitations. Where possible, offer to meet with the accountant if s/he is unfamiliar with charitable gifting techniques and is questioning the gift. The more you educate the donor, the more likely the successful outcome. If accountants are reluctant to initiate the philanthropic conversation, encourage them to learn to the value (giving back) discussion with the discussion of how to use the tools of tax savings.

"We represent the Lollipop Guild"

Life Insurance

Life insurance agents often have a strong understanding of charitable giving techniques, especially when life insurance is part of the gifting strategy. Referrals from other advisors are life insurance agents' main source of clients; they are usually not the lead in the conversations, although they would like to be. The clients they serve will have deep planning tolerance. When given the opportunity, they can be the giants of planning, using life insurance to leverage assets and increase giving.

Life Insurance Agents Serving Clients of All Wealth Levels:

- Are the most open to charitable gift conversations
- Often are treated as order takers by other advisors
- Want to help with sophisticated planning
- Understand the power of leveraging wealth
- Don't always understand charitable motivations

Gift Planners' Role:

- Stay open
- Educate about the best way to talk with clients
- Invite to join your committees

Brokers

The days of a young stock broker prospecting through cold calling are coming to an end. Like banks, brokerage firms were significantly impacted by the Great Recession. There are still many dedicated brokers who (unlike financial advisors) are selling stock, often from their firms' investment platforms – and for a commission. Many have long-term clients, but they too compete against not only each other, but the growing variety of on-line investing tools and index funds.

Stories about brokers: During a presentation to an advisory firm about The Community Foundation, an advisor asked, "Why should I refer my clients when my goal is to have more assets under management?" The other advisors attending chastised him for not being client-centered. Conversely, another said, "For me, regardless of whether I'm managing assets or not, if the client expresses an interest in charitable planning, I will not hesitate to educate and give them the pros and cons of various vehicles and resources to tap to address this topic thoroughly. Losing assets due to a client allocating money to a donor-advised fund never stopped me from suggesting they do it. First and foremost, it's what the client desires to do with their money that drives my recommendations and plan of implementation."

Brokers Serving Clients of All Wealth Levels:

- Open to charitable gift conversations, especially if they sit on NP boards
- Willing to help with sophisticated planning
- Have long-term relationships with clients
- Tend to be competitive – goal is financial returns and assets in portfolio

Gift Planners' Role:

- Not a top priority
- Look for those who are donors or are on your board
- Invite to join your committees

"There's no place like home."

There's no place like … our missions!

Some important reminders:

- Use your Planned Giving Advisory Committee wisely – it's about your mission
- Advisors are often donors, too
- Always thank them, even after difficult negotiations or no gift
- Steward and recognize advisors when possible and appropriate

"Doesn't anybody believe me?"

Using Open Ended Questions

General questions for advisors to learn about their approach to philanthropy:

- Do you encourage your clients to consider philanthropy? If so, what is your process?
- Do you have a preferred giving vehicle? If they include private foundations, what is the minimum amount recommended to clients?
- What level of disposable income must a client have before you encourage philanthropy?
- Is philanthropy an important part of your firm's advisory services?
- How many staff do you have dedicated to working with clients locally? Nationally?
- How would you and your staff prefer to work with gift officers?
- Put another way, how can I be of help to you as you help your client/s?

Questions for donors:

- Has your advisor ever discussed your values and how they relate to your philanthropy? If so, have those values been integrated into your financial and estate plans?
- How does my organization fit into those plans?
- Do you work specifically with a philanthropic advisor?
- Alternatively, does your investment management firm provide holistic services, including philanthropic advice?
- Has your advisor incorporated your philanthropy into your overall wealth management plan? If so, what giving vehicle/s has your advisor recommended? Have you done that yet?
- Would it be helpful if I worked with your advisor directly? If so, do you have any guidance for me for how you would like me to work with him/her?
- Has s/he helped you craft a family mission statement and/or goals for your family's philanthropy? If so, how does my organization's mission fit into your overall philanthropic goals?
- Is there anything I can do to be of further help to you or your advisor from the perspective of my organization?

General Tips:

- Always ask your donors if they are working with a professional advisor and, if so, whether they would be willing to share the advisor's name with you and/or involve him or her in the conversation.
- If you have the resources, research the advisor to determine if s/he is philanthropic.
- Ask advisors how they would like to be/are involved in a gifting conversation.
- When you really need it, ask for advice/input/articles as a means to engage advisors.
- Thank every advisor who refers a client, even it if doesn't result in a gift.
- Consider inviting advisors to their client's recognition event.
- Keep an up-to-date database of your donors' relationships with their advisors.
- Host functions that appeal to advisors' interests to educate them about your mission.
- Make advisory committees about your mission, not potential referrals.

- Create a permission-based mailing list and communicate frequently.
- It only takes a few advisors who “get it” to really make a difference.

Advisors are people. They care about their clients, their communities and their professions. Treat them accordingly and they will reward you and your organization by helping their clients make amazing gifts. And remember, communicate regularly and thank them often!

Thank you for taking the time to read this paper and for your commitment to advancing philanthropy. Feel free to contact me with questions or comments.

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