

# Advisors and the Philanthropic Question

by [Joseph C. Imberman](#)

Reprinted from the August 2004 issue of *Planned Giving Today*. Copyright © 2004. All rights reserved.

When it comes to broaching charitable giving with their clients, there are three types of professional advisors.<sup>[1]</sup>

- Initiators, who always raise the issue of philanthropy with their clients, value the difference charitable giving makes and are personally involved in charities.
- Facilitators, who know philanthropic counsel is important, but believe they lack the skills to undertake it.
- Followers, who wait for the client to raise philanthropic issues, or who focus charitable giving on tax planning, rather than on personal values and interests.

Current research supports the critical role advisors have in their clients' philanthropic decisions. But most fall into the facilitator and follower categories. With the right questions and resources, advisors can become initiators, engaging clients in mutually beneficial, values-based estate planning.

## Advisors and Philanthropy

With the generational transfer of wealth over the next 50 years estimated at \$40 to \$130 trillion dollars, this is an ideal time for advisors to direct client thinking. The estate planner working on a will, the financial advisor sorting through investment strategies and the family business advisor helping a family prepare for succession all have compelling reasons to raise the subject of philanthropy with their clients.<sup>[2]</sup>

Clients want their advisors to discuss philanthropy. According to a study by The Philanthropic Initiative – a Boston-based nonprofit consulting firm that helps donors increase the impact of their philanthropy – many donors actively seek stimulation or cultivation of their philanthropic interests, and opportunities to explore, develop and/or refine a sense of mission that will motivate and guide their giving.<sup>[3]</sup>

Yet donors indicate that it is they, rather than the advisor, who typically raise the philanthropic topic. In a study conducted for *The Chronicle for Philanthropy*, donors noted that many advisors do not have a solid technical grasp of planned giving vehicles, nor access to resources or other professionals that could facilitate informed estate-planning decisions.<sup>[4]</sup>

## Why Advisors Hold Back

What stops advisors from being initiators? The most common reasons are: <sup>[5]</sup> <sup>[6]</sup>

- A lack of understanding of planned gift vehicles;
- Unfamiliarity and discomfort with the philanthropic discussion;
- Fear of losing business through referrals to third-party professionals;
- A focus on the tax savings associated with charitable giving

Advisors indicate there is ample room for improvement in their philanthropy-related practice, but they also need guidance and resources to make those professional advancements.<sup>[7]</sup>

## Becoming the Initiator

There are at least six practical strategies to help clients address philanthropic planning:

**1. Ask the question.** Ginny Esposito, president of the National Center for Family Philanthropy, encourages advisors to ask: "What do you want to do for people, causes and institutions that have been important to you in your lifetime?"

Esposito suggests raising it as part of routine estate- or wealth-planning sessions.<sup>8</sup> Follow-up questions emerge from the conversation that lead advisors and clients to select appropriate philanthropic vehicles and strategies.

**2. Become informed.** Contact local charities' planned giving departments that offer staff and literature laying out the basics of giving vehicles. Advisors sitting on organizations' professional advisory committees can collegially teach peers about charitable giving. Some charitable agencies sponsor seminars that fulfill advisors' professional development requirements and feature informative charitable giving sessions.

For example, for more than 50 years, the Jewish federation system has worked with advisors to offer valuable charitable giving resources. Many of the 156 federations nationwide establish professional advisory committees, sponsor seminars and publish informational tools that ground advisors in philanthropic issues and practices. Advisors frequently call on federation expertise to sift through complex philanthropic issues. Federations and their donors significantly utilize community advisor expertise. Many of these professionals have served as federation and foundation presidents and officers.

Join advisor networks for an easy and practical way to become informed. The Council on Foundation's Philanthropic Advisors Network (PAN) is an example of such an entity. Or, become a Chartered Philanthropic Advisor through American College's Wallace Chair in Philanthropy, a program that builds advisor effectiveness when helping clients and prospective donors reach both financial and philanthropic goals.

Gather information on best practices through organizations and associations, such as New Ventures in Philanthropy, the Planned Giving Design Center, the National Association of Philanthropic Planners, The Legacy Companies, and The Philanthropy Initiative. These agencies have dedicated a portion of their services to improving advisor/client interaction with regard to philanthropy.

**3. Make fearless referrals.** Advisors might consider referring a client to a colleague with philanthropic advising experience. Planned giving professionals at charitable organizations can also be a source of one-on-one counsel. Though advisors believe they will lose business through referrals, clients appreciate their professionals' willingness to seek the information they want and need.

**4. Explore personal charitable interests and goals.** It is likely many advisors are charitably and civic-minded. In the same way that they make philanthropic decisions for themselves, they can guide others. Advisors may first want to inventory their personal motivations, interests and values as a way to bring perspective to client discussions about giving.

**5. Be an active listener.** Listen for philanthropic cues when meeting with a client on estate planning. Is the client a major donor to community institutions, such as a hospital or university? Does the client sit on nonprofit boards? Such involvement can spearhead a conversation about charitable estate planning.

**6. Know the difference.** Discussing a client's charitable mission revolves around values-based planning, not financial planning. Philanthropic advising helps clients "to make wise decisions about where money should be given, building on the values and culture of the donor, and selecting the

recipient organizations and type of gifts that best reflect those values and culture.”<sup>[9]</sup>

### **Benefits of Philanthropic Advising**

The initiator creates benefits for all involved. The advisor has enhanced an essential skills base by building philanthropy into his or her overall estate-planning offerings. The client gives greater thought to helping others, while benefiting from the financial perks philanthropic planning allows. Charities gain donors and gifts that promote their effectiveness, impact and longevity.

And don't forget – all this charitable and civic activity just makes the world better.

---

The above article appeared in the August 2004 issue of *Planned Giving Today*®, pages 5-6. It has been slightly adapted for use here as a “Selected Article.”

---

### **Footnotes:**

- [1] The Philanthropic Initiative, “Doing Well by Doing Good. Improving Client Service, Increasing Philanthropic Capital: The Legal and Financial Advisor’s Role,” Boston, The Philanthropic Initiative (June 2000) p. 8.
- [2] Stephen P. Johnson, Esq. “Advancing Philanthropy: Tapping the Potential of Legal and Financial Advisors.” (*Trusts and Estates*, Summer Supplement 2000) p. 2.
- [3] The Philanthropic Initiative, p. 9.
- [4] Holly Hall, “Rich Donors Cite Displeasure with Financial Advisors,” (*The Chronicle of Philanthropy*, August, 1997).
- [5] Steven P. Johnson, Esq., p. 4-5.
- [6] Giving New Hampshire, “Tips from the Field,” [www.givingnh.org/professionals/tips.html](http://www.givingnh.org/professionals/tips.html)
- [7] Steven P. Johnson, Esq., p. 4.
- [8] Giving New Hampshire, “Tips from the Field.”
- [9] Richard A. Marker, “Expanding Professional Services to Clients through an Understanding Philanthropic Advising.”

---

*Joseph C. Imberman is associate vice president of planned giving and endowments for United Jewish Communities. He has 30 years of experience in philanthropy and resource development, and an extensive track record of work with professional advisors. [joe.imberman@ujc.org](mailto:joe.imberman@ujc.org)*