

Financial Advisors as Guiding Stars to Philanthropic Giving?™

“Building Bridges of Benefit Between Financial Advisors,
Fundraisers & the Client/Donor.” (Tips, Tools & Tactics)

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www.philanthropynow.com

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If you find value in this work, please contribute so the work can continue. This resource required 10+ months of focused R&D and a decade of interviews and inquiry. I've chosen to make the full report available as a PDF for free so that others around the world can advance philanthropy together. To contribute go to www.philanthropynow.com home page and click on “donate” via PayPal or email me at advocate@philanthropynow.com to discuss underwriting. While not tax deductible, your support will be a vote for deeper ongoing inquiry. Thank you. Charles

“Giving transforms you and your practice.
When I became a donor I became a different kind of advisor.
I think like a donor because I *am* a donor. My practice thrives.
Is there a connection?” - Drake Zimmerman, JD, CFA, CAP

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Executive Summary

The “big win between the advisor, donor and nonprofits [happens] because they act as “co-conspirators for good.” - Phil Cubeta, ChFC, CAP, Gifthub Blog

“The friction between clients and their advisors arises because advisors are trying to maximize financial outcomes, not maximize their clients' joy, self actualization or social impact.” - Sean Stannard Stockton, CFA, CAP, Ensemble Capital Mgt.

“The wealthy want Philanthropic Actualization - Feeling good about themselves and their use of their wealth and modeling that behavior to others.”
- King McGlaughon, JD, Wachovia Bank

In the short run, raising the giving question will reduce assets under management (AUM) and management fees but it is likely to attract and retain more clients and their descendents because you have earned trust by putting their educated giving wishes first. -Paraphrase of Collis Townsend, Community Foundations Services Corp. and Sean Stannard Stockton, CFA, CAP, Ensemble Capital Mgt.

Now more than ever client/donor trust must be earned-recovered-deepened

Putting client/donor informed giving preferences first is paramount

Raising the giving question with clients is not only socially responsible . . . it is also good for building community outreach and the advisors business

Confluences and conflicts of interest between financial advisors, fundraisers and the wealthy must be revealed and discussed openly in terms of pay points, decision-making prerogatives, ways of operating, giving vehicles and core values.

“Become as attentive to the donors' own mission as you are to your nonprofit's mission, matching the two by first understanding what drives the donor.”
- King McGlaughon, JD, Wachovia Bank

About This Research

My purpose in conducting this inquiry is to build bridges of understanding, appreciation and day-to-day collaboration among three players essential to the act of philanthropy . . . the donor/client, financial advisor and fundraiser. My bias is to be “giving centric and donor centric” in a balanced, active and unashamed way. Some of the issues raised in this inquiry are controversial. My intent is to make the unmentionable . . . mentionable in a way that opens dialogue in the service of greater giving and active engagement among the players.

"This *inquiry is tour de force* and must-read for the industry. The information is spot on and is unique in getting to many of the deeper questions, barriers and challenges of this arena."

- Carla E. Dearing, President & CEO, GivingNet, Inc. (f/k/a Community Foundations of America)

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The Veritable Quandary

"Encouraging my clients to give means less for me." That worry on the part of one new financial advisor deserves to be heard honored and addressed. It goes to the crux of the conundrum that in the short term...giving reduces assets under management (AUM) and advisor income. What's an advisor to do?

To appreciate choices that advisors make, it's useful to "follow the pay-points," notice how advisors are trained and managed and examine what each professional group defines as "success" in the short run and in the long term.



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*"Some financial advisors act as hockey **Goalies**" protecting their AUM net.*

Some financial advisors act as hockey "**Goalies**" protecting the net (their AUM) from any significant depletion caused by immediate major giving. They don't raise the giving question, or raise it in a "yes" – "no" way or only recommend giving vehicles that keep AUM as large and as long as possible.



Anne & Christopher Ellinger
- Bolder Giving

Some financial advisors act as "**GPSs**" Global Positioning Satellites," effectively raising the question with all their clients and then referring them to other professionals including community foundation staff who specialize in the complexities of philanthropic counsel. That specialist then sends the client back to the referring advisor to integrate the giving plan into the overall financial plan.

Some financial advisors act as "**Guiding Stars**" not only raising the giving question but serving as lifetime intergenerational family philanthropy coaches. They act as a one-stop philanthropic counsel. They convene and coordinate the team of other professionals often needed for complex major gift giving.

Anne and Christopher Ellinger, co-founders of the More than Money Journal and book; coauthors of "We Gave Away a Fortune" and founders of www.boldergiving.com put it this way, "Most financial advisors focus on how to preserve assets and minimize taxes, not on how to maximize giving. Bolder Giving shows advisors and clients how they can joyfully give at their full potential.

I believe that it's unrealistic and exclusionary to expect that all financial advisors should, could or would want to become certified philanthropy "Guiding Stars." Many who start out as "Goalies" make a shift to "GPS's" as they advance in awareness, temperament, interest, time, community commitment and competence. Some shift to becoming "Guiding Stars" and focus primarily on philanthropic advising. It's about conscious choices. My goal in researching this resource is to be inclusive and supportive of advisors as they build a successful practice with a philanthropic service component.

What's The Urgency?

Recently, a trainer polled a room of 100 financial advisors on how many were asking their clients about their giving inclinations. Only 4 raised their hands. What a missed opportunity for the advisor to build her or his practice. What a loss for the client-could-be-donor. What a loss for the community, especially in light of the well-documented intergenerational wealth transfer.



Phil Cubeta
- Gifithub Blog

“Financial values are not the only values.”
- Phil Cubeta, ChFC, CAP,
Philanthropic advisor who
blogs at gifthub.org

Follow the Pay Points to Understand Advisor & Fundraiser Motivations

The reality is that client/donors, investment advisors, financial advisors and nonprofit fundraisers each have some parallel and some competing motivations to action or inaction around client philanthropic behavior.

For Financial Advisors

Sean Stannard-Stockton, CFA, CAP of Ensemble Capital Management, quips that, “The friction between clients and their advisors arises because advisors are trying to maximize financial outcomes, not maximize their clients' joy, self actualization or social impact. How do we align incentives so that advisors help clients even when it means lost assets and lost fees? Because Ensemble Capital has focused on serving the philanthropic family, we know that helping people give in the best way possible may sometimes limit short term fees, but it maximizes long term revenue because our happy clients make referrals and their children come to know us, trust us and use us as well.”



Sean Stannard-Stockton
- Ensemble Capital Mgt.

“Our experience is that building a client’s Philanthropic Legacy is an effective way to bridge the gap between the generations and continue to be involved in their financial future. Think charity; it is good for business.” - Collis O. Townsend, Community Foundations Services Corp.



Collis Townsend, - Community
Foundations Services Corp

For Foundations, Trusts and Honor Advised Funds

Phil Cubeta comments ironically, “Don't be fooled into considering a foundation, trust, or donor advised fund as immediately charitable.

While currently deductible under tax law, such "holding tanks" for charitable dollars don't currently defund the entity or advisor who manages the money. They delay the positive social impact of the gift by keeping it under management. The one thing that does, in the short run, defund the advisor, is a big current gift.”

It should be noted that there are now DAF options that allow the advisor to continue to manage their clients' funds that are donated to a community foundation and earn appropriate management fees on the “un-given” portion of the donation.

For Fundraisers

Fundraisers get paid salary or consulting fees for success in getting donations for their cause or nonprofit client. Too often unseasoned fundraisers operate by “get-the-dollars-now” short-term goals. That approach can unknowingly delay or jeopardize long-term relationship building with donors and result in losing larger gifts later. Receiving commissions based on dollars raised has been deemed unethical by at least one professional association of fundraisers.

The Old Game Rules & Roles

The grist for this section comes from the blog exchange between Phil Cubeta and Sean Stannard-Stockton and my conversations with them. Simply put, the traditional approach looks like this:

Old Game For Advisors

Manage money to keep the client, kids and spouse secure.

Old Game For Fundraisers

Convince the wealthy to give more of their money to their cause, more of the time.

Old Game For Donors

Bring the money, follow your advisors advice, and stick with the prudent investor plan.

“Many of the boomer generation know how to make it and save it . . . but are painfully inadequate when it comes to how to enjoy spending it and distributing it to the things they care about most. What an opportunity for advisors to fill that need”.

- National Trainer of Financial Advisors

The New Game Rules & Roles Where The Client Is “Lead Partner”

New Game For Advisors

Prepare the prudent traditional “secure plan” but you do not get to set client giving goals. Help give it all away most efficiently and effectively, if that’s what the client wants. To do that means acting out of “enlightened self-interest” by managing a growing share of wealthy client-donors, not by holding on to their money as if it were your own, but by doing what the client-donor wants done when they want it done.

”Be persistent in carefully raising the giving question with your clients. Go where they want to go, when they want to go there. Don’t assume that just because a client says once that they don’t have a favorite charitable cause, that they will never have one. A woman of means was generous to a fault with her family but didn’t seem to have a charitable bone in her body . . . until she got breast cancer. Now, she cannot, not give, in a big way to that cause. I assist her to give more her way.”

- National Trainer of Financial Advisors

New Game For Fundraisers

Recognize that the advisor works for the family not the charity and is responsible for enacting the family’s giving wishes, which may or may not include your char-

ity. Offer giving options you know match the donor’s passions.

New Game For Donors

Carpe Diem by directing your advisors. First craft your own written family giving mission that lays out your passions, deeply held values, pet initiatives and giving quirks. Tell your advisors in writing exactly what you want as outcomes, especially if you want a nontraditional result like giving away significant portions of your assets. Consider getting a second independent opinion as to whether your advisor managed to create an appropriately small fortune from your big one by enacting your philanthropic directives in the best way. Don’t blame your advisors if they didn’t recommend making big gifts now. It’s your job as the client to have it your way. It is your money.

“It’s not for the advisor to say, ‘You can’t give your money away! I am counting on the basis points to cover my children’s education!’”

- Phil Cubeta, ChFC, CAP, philanthropic advisor who blogs at Gifthub.org

“What keeps advisors up at night are clients who have too much money...and don’t know what to do with it in any ways that have meaning for them.”

- National Trainer of Financial Advisors

The Big Picture Win/Win/Win

Phil Cubeta sees the “big win” between the advisor, donor, and nonprofits as happening because they act as “co-conspirators for good”. That requires “getting to the point where each party to this partnership sees the world through the eyes of the other two parties, and that each cuts the others some slack.” Are you up to it?

Recognize the Inner Conflicts of the Wealthy About Relationships With Advisors

The wealthy appear to have mixed feelings about their financial advisors and their giving advice. Distrust of advice given, self-doubt, past bad experience, negative public perception, adverse media attention to nonprofits, competing family member control issues and fear of making giving mistakes are all factors. The recent history of mortgage lenders misleading a naïve, non-vigilant public and the resultant mortgage defaults could further erode trust in financial institutions in general and in those who advise on financial matters.

Craft Your Own Giving Mission...Before You Coach Clients to Do the Same

Until the advisor has wrestled with her or his own giving values, preferences, concerns and history . . . it is in my opinion, pre-mature to ask the client to do the

same. It goes beyond “walking the talk” to revealing a bit about ones own journey of giving mission discovery. Getting good at coaching the wealthy in their giving mission starts with getting good at crafting and updating ones own.

“Our focus groups revealed the top two questions that trouble the wealthy are: ‘Do I have enough?’ and ‘How will I be remembered?’ Unless an advisor can help the client answer those questions, they haven’t done their job.”

- National Trainer of Financial Advisors

The Cheshire Cat Was Right About Philanthropic Advising

To paraphrase Lewis Carroll’s Alice in Wonderland, when Alice asks the Cheshire Cat “Which way shall I go from here,” the cat replies, “Well that depends on where you want to get to.” Alice replies, “Oh, it really doesn’t matter” and the cat concludes, “Then, it really doesn’t matter which way you go.” The “Cheshire Cat advisor’s” initial job is, I believe, to ask questions like: “Who is your role model for good giving?”; “What kind of givers were your parents and what did you like and not like about that?” “How would you describe the way you’ve given in the past, give now and would like to give in the future?” Until the “Alice client/donor” is

conscious of her/his answers to those questions, neither Alice nor the Cheshire Cat will know which philanthropic advising services, support, strategies and tools are wanted, needed and will be paid for and delivered. It is essential for both parties to put that in writing and use it as a mutual performance contract. With that permission and expectation, the advisor begins with what’s most important to the client at that point in time. Is it high profile giving; anonymous giving; tax avoidance; family cohesion building; expressing gratitude; making amends or following a religious tenant? Understanding that, takes committed listening, clearly established boundaries, ego management, agreement on prerogatives, and always putting the client and their agenda first.

What Do Donors Want? . . . What Do They Want?

King McGlaughon, JD of Wachovia Bank has found that, "The wealthy want Philanthropic Actualization - Feeling good about themselves and their use of their wealth and modeling that behavior to others. Cutting edge advisors and fundraisers know it and address both head on."



King McGlaughon
- Wachovia Bank

Be Cause-Neutral About Which Nonprofits Get Your Client's Donations

The wealthy want to learn how to give from someone who does not have a vested interest in steering the gift in any particular direction. Being cause-neutral and giving-positive consistent with the client's values is essential. This is also an ethics issue.

Wise Nonprofits Match The Donors Giving Mission With Their Own

King McGlaughon, JD, of Wachovia Bank says, "For a win/win, connect the personal philanthropic mission of the wealthy individual or family to the service mission of the nonprofit. Become as attentive to the donor's own mission as you are to your nonprofit's mission, matching the two by first understanding what drives the donor."

Advisors Doing Due Diligence Matters

Katherine Fulton, President of the Monitor Group notes, "a continuing problem with the whole social sector, is the lack of clear mechanisms of self-correction and accountability. Government has checks and balances. Business has the bottom line."

Earlier documentation of the need for professional due diligence support comes from an Alliance 2001 study of donor expectations by 2,000 Americans. 70% said it was difficult to tell assess the legitimacy of a nonprofit that was asking for donations.

Financial advisors, now more than ever, must conduct due diligence or have due diligence done on nonprofits before their clients make major gifts. Community foundation staff can often provide advisors and the advisors clients with valuable input on nonprofits in their area.

Reviewing information from IRS Form 990's may be interesting, but the accuracy, usefulness and completeness of the data currently reported has been shown to be suspect in too many cases for even the well-known nonprofits. The half-dozen or so independent charity rating services provide additional data but too many nonprofits are never rated. Each independent rating service has its own built in biases in the rating criteria they use. How often have you seen those biases clearly identified up front?

One strategy is for the advisor to utilize some form of personalized (1) "report card for rating giving requests". Then, engage the client in choosing exactly which rating criteria they want used and the relative weights to give each criteria. The advisor can take this highly personalized tool and hunt down the desired background. Because "emotion frequently trumps data", the advisor is well advised to make conscious, explicit and document the donors values, beliefs, idiosyncrasies and preferences especially when they are at odds with the data. The accomplished due diligence adviser will develop relationships with community foundation staff and other intermediaries like United Way and National Alliance For Choice In Giving staff. They can be allies and eyes and ears for the donor as well. They can also partner in teaching giving skills to the parents and children.

"What keeps an advisor from asking the giving question? Advisors report they are extremely uncomfortable with getting the 'I don't give' response. Advisors have to be coached to be comfortable responding in ways that neither judge nor moralize but rather gently delve deeper into life circumstances, past giving disappointments and to what matters to them now."

- National Trainer of Financial Advisors

Recognize That Many of Your Wealthy Clients Are Going Elsewhere for Giving Counsel

Further evidence of the gap between financial advisors and their clients in philanthropic matters is reflected in the findings of the October 2006 Center on Philanthropy at Indiana University/Bank of America survey of 1,399 high-net worth Americans. The wealthy chose to consult with fundraisers and nonprofits staff (41%) and peers or networks (40%) far more than with financial advisors (17%), attorneys (16%), bank or trust staff (9%) or brokers (7%) when making charitable decisions. Yet in the same study after giving to religious organizations (60%), their second choice was to give through organizations that serve a combination purpose like foundations, United Ways or trusts. Yet only 15% of the wealthy said they consulted with foundation staff when making giving decisions. What opportunity and need

might foundation staff and advisors meet by collaborating in reaching out to these wealthy could-be givers together?

"It is not uncommon for the wealthy to have 2 or 3 different advisors . . . each unknown to the other. If the client or their heirs are philanthropically inclined and one advisor raises the giving question in a good way, and the others do not, which advisor is more likely to earn the clients trust, loyalty and business?"

- Financial Advisor

"If the purpose of an asset management conversation is for me [your financial advisor] to meet my needs and provide for my own family by making a 'better asset sale' then you [the client] are just a means to my end rather than my being a means to your end."

- Michael Murray, Creative Interchange

16 Innovations in Giving to Bring to Your Clients' Attention

Bob Buford, Dallas entrepreneur and author of "Half Time" and "Game Plan" speaks of going "from success to significance". Assisting clients to tap the following non-traditional giving options can ignite passion for deeper engagement in satisfying, significant generosity.

Socially Responsible Investment Funds

where the client-social investor may accept a less than market rate of return

knowing that their dollars will be loaned at favorable rates to worthy humanitarian and/or ecological causes.

Privately Branded Donor Advised Funds

that employers can set up and offer as an employee benefit that bridge pay-check automatic giving with employee directed giving from the company's own branded DAF. This self-directed giving option allows the employee to act like his or her own foundation. Companies may also match the employee's donations into the DAF or put in money as an employee bonus so that both give to the community together. Financial advisors and community foundations can also work together to both educate donors and provide co-branded DAF's that are a win/win.

Pre-Funded Transferred Donor Advised Funds

whose control is passed on to heirs before the death of the parent. Parents can use DAFs to engage children and grandchildren in philanthropy they do jointly. The DAF connects family members with each other on different levels, often transcending traditional sibling issues. Recently, the family of a deceased advisor asked that in lieu of flowers, a memorial donation be made to the deceased's own family donor advised fund.

Micro Credit Loan Funds extend, mainly to entrepreneurial unemployed unbankable women in 3rd world countries, loans often of just hundreds of dollars. They empower the poor to escape poverty and become self-sufficient. New options let individuals lend as little as \$25 without interest to small businesses around the world and make that loan on-line to pre-vetted applicants. Repayment is tracked and relationships can form between micro lender and recipient. Monies from re-paid loans fund the ever growing, revolving loan fund.

Illiquid Tangible Asset Conversion

where special nonprofit groups accept hard to liquidate assets like art and real estate given by donors to a traditional nonprofit. These specialized nonprofits manage and sell the assets for the traditional nonprofit and handle all the detailed tax and sales paperwork so that the original nonprofit can focus on their core mission rather than on selling complex assets. The original nonprofit that accepted the donor's illiquid asset then receives the cash generated by the sale.

Illiquid Equity Asset Conversion

by firms that assess and provide bid indications for illiquid assets like limited partnership interests as well as shares of private companies and then market

those assets to pre-qualified bidders, thus creating a pool of cash that can be donated by the client to a nonprofit cause of their choice.

Volunteering Vacations

where people fund their own travel and living expenses to build water wells, do trail maintenance or teach village children. In the process they renew themselves while doing good, often as a family.

Philanthropic Travel

where families actively search for and vet out humanitarian or environmental needs or projects they may later financially underwrite while at the same time clarifying family giving values, bonding and enjoying a first class get-away.

Letters to the Future

are informal reflections and insights written from parents to their descendents (some unborn) to be opened by heirs at the time of the descendents' passages like college graduation, marriage or birth of first child.

Ethical Wills

that convey and reinforce in writing what the parents feel is their most critical gift, the values they hold dear and wish to continue imparting to their heirs along with physical assets.

Family Century Plan

is based in the present and projects forward 100 years

to convey what the family elders want to see the family create in terms of financial planning, education, health care directives, legacy building and cross generation communication.

Family Giving Mission Statements

are a subset of the Family Century Plan. They detail giving intentions driven by values statements, criteria for giving, a family consensus process, acknowledgment of current giving, and implementation steps for future giving.

Shared Gifting Groups

A lead giving organization makes a significant gift to a group of peer charitable organizations, such as schools, arts or social services groups. The lead funder asks the peer groups to share their stories and needs with each other and determine the amount each should receive from the grant. Each organization then becomes both grantor and grantee. The separating distinction between giver and receiver is dissolved and the upward spiral of giving continues.

For-Profit Philanthropy

encompasses entrepreneur ventures like those of Google, Omidyar Network and Branson. These pioneers apply their entrepreneurial savvy and business expertise to tackle pressing social or environmental problems with a profit-making motive.

Taxes are paid on profits and the profits are re-invested in other similar ventures. Unlike nonprofits, for-profit philanthropists are free to lobby, influence legislation and advocate for social policy change.

Special Interest Giving Circles

are groups of like-minded socially conscious people who pool their giving dollars and dedicate them often along with their expertise to niche causes like scholarships for Native Americans or rural America health education.

Private Business Owner Giving Options

Owners of C and S corporations and LLC's, prior to concluding mergers and acquisitions, can tap underutilized corporate or family business assets to customize trusts and utilize other corporate planned giving tools, some with pass through advantages.

Why Recommend A Wider Range of Options?

In my conversations with both advisors and donors, more and more of them are interested in learning about ways to give directly to the end recipient. Giving options that allow for more donor control and lower giving transaction fees, will I believe, become very popular. Advisors will be increasingly asked to identify and evaluate those kinds of options . . . or the clients will do it themselves.

“Managing a small fortune is pretty lucrative, considering the alternative might be losing the entire account, or never getting it.”

- Phil Cubeta, ChFC, CAP, philanthropic advisor who blogs at Github.org

Understand Why Your Clients Give or Don't By Understanding Why You Give or Don't

Again and again studies show that the wealthy report they don't give primarily for tax reduction reasons, at least not after they've experienced the givers-high and experienced the impact of their giving up-close. Improvement in immune system functioning and living a longer healthier happier life are just a few of the benefits that have been researched and documented in *Why Good Things Happen to Good People* by Stephen Post and Jill Neimark. So notice what happens when the conversation gets beyond merely avoiding taxes to embracing life by unifying families, conveying core values and building a better community in which to live and do business. There is even some early evidence suggesting that as humans we have a genetic drive or at least a pre-disposition to care and perhaps to give.



Stephen Post
- Case Western Reserve

Tom Callanan of the Fetzer Institute says, “With financial investing there has to be a dollar return on investment (ROI). Until donors see the personal ROI from giving, they are like ships at sea without a compass. Until they see and claim what they get from giving, their giving will likely be flawed or unsustainable. Mature altruism evolves from balancing the equation of giving and receiving in terms of claiming the joy of giving, along with the personal and social growth catalyzed by the gift.” Have you delved into these questions for yourself and with those you serve? Those advisors that do will differentiate themselves from the rest.



Tom Callanan
- Fetzer Institute

Understand How a Client's Religious Practice Influences Giving

About half of all giving by individuals in the US is to faith-based organizations. Clients are becoming more diverse and global in their country of origin. It is therefore useful for advisors to understand the religious tenants around giving from their clients' chosen spiritual tradition. They range from the Christian Bible's focus on generosity and stewardship to the Jewish tradition of Tzedakah, Hessed, Tikkun Olam and Code of Maimonides; to the Islamic focus on Zakat and Sedaqa; to the Northwest Native American tradition of the Potlatch give-away ceremony; to the Hindi celebration of Davali and scriptures from Thirukaral and Baghavad Gita that advocate for helping others. New tools and references are in development that explain to advisors and donors, the heart of giving from many of the religious traditions. (2,3)

Seed Sentences for Opening the Giving Conversation With Clients

Financial advisors, who have a systematic and respectful process for discussing giving, produce the best outcomes for the client, advisor and community.

While most financial services firms screen potential clients for the amount of their investable assets, one exemplar firm, Abacus Wealth Partners only accepts new clients with an intention to make a difference in the

world through philanthropic engagement.

Soft Questions to Consider Asking

(drawn from the experience of many advisors)

"What is it your family cares about beyond the family itself?"

"Recall an early (or recent) giving experience in your life, positive or negative, what made it memorable?"

"How much is enough and how much is too much to give your children and what would you like to do with rest?"

"How are your values and what you care about for your children and grandchildren, in terms of the kind of world they are going to live in, reflected in your distribution of your estate?"

"What is it in your personal life, community or the world that you value so much that if it went away, would be a significant loss?"

"What do you care about deeply that is missing or under-represented in your community or the world?"

Direct Questions To Consider Asking

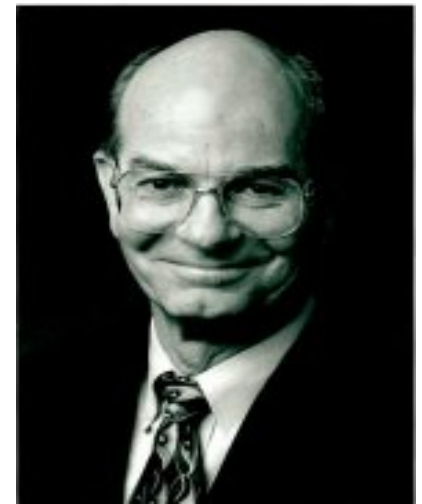
"How do you want the agencies and institutions that have been important to your life to benefit from the distribution of your estate?"

"What are you giving to now that you'd like to give more to if it didn't diminish your life-

style and that of your family?"

"How much are you giving now . . . and how much do you want to be giving?"

Mike Murray of Creative Interchange stresses that it's useful to have guided practice in asking these kinds of soft and direct questions to best serve your client.



Mike Murray
- Creative Interchange

"Good philanthropic planning is the one strategy that simultaneously minimizes taxes, optimizes what you can leave your loved ones through controlled wealth transfer and provides for savvy asset management by creating tools and techniques that provide environments for more efficient and effective management of assets within the wealth plan . . . and by maximizing giving from plan resources to ultimate donor goals."

- King McGlaughon, JD,
Managing Executive for
Wachovia Nonprofit and
Philanthropic Services

Are You Ready to Expand Your Practice By Offering Philanthropic Advising At the Next Level?

Advisors have one chance to make a positive first impression when talking about giving with existing or potential new clients. Want to deepen your relationship with your clients and deepen your book of business around philanthropy advising? Be prepared to answer these rigorous questions that the new generation of savvy, self-directed clients will be asking:

1. "Advisor, to which charities/nonprofits do you give your own time and money and how did you choose them?"
2. "What training and/or certification in philanthropic advising have you taken in the past and what training will you be taking in the future?"
3. "What ethical dilemmas or human errors are most important to be aware of and avoid in philanthropic advising?"
4. "What resources do you have within your firm and through strategic alliances outside your firm that allow you to get your clients the specialized philanthropic counsel they may need?"
5. "What processes do you use to come to understand your clients' values and objectives well enough to in-

roduce charitable projects which contribute strategically to those values and objectives?" (From Blake Bromley, LLB, Benefic Group, Vancouver, BC)

6. "How do you go about conducting due diligence on a nonprofit when asked to do so by a client?"
7. "How do you get paid for philanthropic counsel?"
8. "How would you go about eliciting my family's giving values and addressing any conflicts and value differences about giving between my spouse, children and grandchildren?"

Many of these client-centric questions were adapted from the publication, "Interview Questions for Choosing a Philanthropy Advisor for a Lifetime" by your author.

"Our focus groups revealed that advisors are understandably fearful of talking about what they don't know about – how to give – especially if they are not giving themselves."
- National Trainer of Financial Advisors

Pet Peeves of the Wealthy Turned Into Positive Actions

Listening to the "voice of the customer" can reveal what turns off and disconnects the client from the advisor. Here are some

shifts you can make to keep clients by better serving them.

Shift from . . . to:

From mind boggling financial language . . . to simple explanations with examples, cases, stories, metaphors and decision trees.

From advisors hoarding and turfing . . . to advisors teaming and collaborating with other specialists to put the clients' best interests first.

From giving conversations as rare . . . to giving questions as a routine part of our on going planning sessions.

From worry about losing commissions . . . to keeping me as a satisfied client by eliciting and hearing my giving intentions and timetable and making it happen.

From tax minimization . . . to helping me discover "How much is enough?" before I make big gifts.

From pitching your favorite causes . . . to assisting me to find and vet out the right causes that match my values, giving mission and life circumstance.

Have You Had These 5 Critical Conversations With Your Clients?

Drake Zimmerman, JD, CFA, CAP is a donor-philanthropy advisor with First Allied Securities in Normal, Illinois. He has identified essential, high leverage, strategic giving information that he covers with his clients. How many of these factors do you routinely bring to your client's attention?



Drake Zimmerman
- First Allied Securities

- Integrating philanthropy planning into the client's tax, investment and estate/legal planning.

- Increasing the client's income tax deductions for charitable giving in ways that increase their spendable cash flow such as by taking advantage of the 30% and 50% tax exclusion limits.

- Showing the client how to dramatically reduce or eliminate estate taxes; how to shift estate taxes to charitable capital the family can then give to their favorite causes.

- Working with the client to develop a flow chart and plan for what they want to happen that they then take to their attorney.

- Determining with your clients how much money and other assets that they and their heirs need and want, to live the lifestyle they want, before they can be comfortable making major gifts to nonprofits.

Ask yourself, how many of these conversations have you had either as an advisor or a donor. The real questions for advisors include, "How can you set up a systematic process so these conversations happen again and again?" and "If you're not initiating the conversations and your client is philanthropically inclined, do you place yourself at risk to lose your client to someone who goes or leads them where they want to go?"



Mark Hooper
- Andrews Hooper Pavlik

"When financial advisors are comfortable where they are themselves in giving . . . then they will be more comfortable about discussing giving with those they are advising."

- Mark Hooper, CPA of Andrews Hooper Pavlik

Pithy Questions for Major Gift and Planned Giving Fundraisers

Have you ever been close to closing a large gift only to have the donor's advisor kill it?

- When you ask for a large gift, do you do so with a full understanding of the gift's impact on the donor's overall financial situation and his or her other goals for self, family, and society?

- Do you always make it a point to engage the donor's advisors early in the gift cultivation process?

- When the donor plans his or her overall financial and estate plan, do you have a seat at the table?

Why Advisors Kill or Forward Charitable Proposal From Fundraisers

"Not invented here." A trusted advisor who is not involved early in the gift cultivation process may, by reflex, kill a deal simply because he or she did not think of it first, or feels threatened.

- An advisor who has done a good estate or financial plan for the client may clearly see that the gift as proposed will upset those prior plans and leave the client's other goals underfunded.

- An advisor may see that while the gift size is feasible, the proposed structure is not optimal.

- The advisor may be paid in part by money under management. The proposed gift may reduce the total money managed by the advisor and hence the advisor's own income.

- On the other hand, the proposed gift may require redoing the donor's overall plans and may drive significant fee income, particularly for fee-based planners and legal advisors.

Actions By Fundraisers That Distinguish Them As Donor Advocates and Deepen Donor Trust

Begin with philanthropic motivation and education.

- Rather than trying to close the gift, suggest to the potential donor that you are willing (with their permission) to contact the donor's trusted advisor to discuss the possibility of a gift and to see how it might best be structured, all things considered.

- Go to advisors with a range of ideas for gifts now and later.

- Seek your place at the giving decision-making table as a teammate.

- Bring to the table not just your own cause, but the overall responsibility to speak for philanthropic motivation, for the benefits of giving for the family, for the positive effect on children, for the meaning and purpose it gives the donor's life.

- Bring to the table whatever specific gift proposals (Charitable Trust, Outright Gift, Charitable Lead Trust, Bequest) you might have, but also listen to other scenarios and ideas from the advisors. Educate yourself about as many of the tools as possible, and try to learn at least some of the financial and estate-planning lingo that goes with them.

- See beyond the gift to your nonprofit. See as the ideal outcome, the best possible financial and estate plan that works for the donor, family, and society. It's one based on the donor's own best judgment - a judgment illuminated by the noble considerations you have kept uppermost.

Tips For Fundraisers For Teaming Up With Advisors

- Seek out the best advisors in town. Have lunch. Build bridges. Make friends.

- If you don't have a "board of other professional advisors" to draw on broader expertise, start one [to benefit your client].

- Consider events for advisors. In those events, elevate the advisors own outlook from tools and techniques to vision, values, meaning and purpose.

- Give more referrals to advisors. That is how you get more referrals from advisors.

Previous three sections by Phil Cubeta, ChFC, CAP, Philanthropic Advisor from his blog at www.gifthub.org, posted: December 21, 2007

Worthy Unanswered Questions from Thought Leaders in Philanthropy Advising

Framing the right questions provides the gateway to the future of philanthropic advising.

1. "What accelerates thoughtful, strategic philanthropic decision making by the wealthy . . . and what is the optimal role of the financial advisor during the gestation period?" - Kym Madden, Philanthropy Researcher, Queensland University of Technology, Australia

2. "What changes in compensation and other incentives for financial advisors and fundraisers are needed to put the client/donor's giving passions and interests first and enhance transparency, accountability, predictability and trust in their relationships with those professionals?" - Bryan Clontz, CFP, Charitable Solutions

3. "While making the best financial deal out of charitable gift may be important, how do we better quantify the soft side of giving? What's the human impact that a donor's philanthropic support can make in the lives of people?" - Tom D. Wilson, author of *Winning Gifts - Make Your Donors Feel Like Winners*.

4. What can you do to encourage your private equity clients who are taking private companies public, to

continue the seller's history of community philanthropy and engagement in spirit, intent and practice? - Foundation Association Executive

5. "What is the financial advisor profession's responsibility in helping create a cultural norm for generosity that has been shown to deeply determine individual giving behaviors . . . and how do you do that?" - Mayan Quebral, Venture for Fundraising, Manila, Philippines

6. "What impact will the 'For Profit Philanthropy' pioneering by Google, Omidyar Network, Branson and others have on financial advising?" - Sylvia Paull, High Tech Publicist

7. "Everybody is talking about the projected \$41 trillion intergenerational transfer of wealth. Anecdotal evidence suggests that as much as 80% of inherited assets will move to another financial service provider upon the death of the parent or grandparent. How will you bridge the gap between the generations and continue to be involved in their financial future?" - Collis O. Townsend, National Agent, Community Foundations Services Corporation

8. How can financial advisors become more alert to clients and their children about the symptoms and human cost of affluenza (the sudden wealth syn-

drome) and what can and should advisors do to address it themselves or through other professionals? - Elliot Berger, Merrill Lynch Center for Philanthropy & Nonprofit Management

9. "With \$1 Trillion already invested, what will it take to reach the "tipping point" where the public and advisors embrace socially responsible and program related investing [also called Mission Related Investment] to do good and realize they do not have to sacrifice returns?" - Drake Zimmerman, JD, CFA, CAP

10. "How can we as financial planners, CPA's, attorneys and other advisors get out of the silos of our individual disciplines and come together eye-ball-to-eye-ball, to serve clients, the public good and our own interests together?" - Sean Stannard-Stockton, CFA, CAP

40+ Websites & Blogs for Financial Advisors and Fundraisers

(Updated April 4, 2008)

Additional sites are available in the reprint of “Financial Advisors Can Be Door Openers to Good Giving” available from your author. By way of disclosure, some of the organizations listed have been or are clients of your author. No remuneration for listing was offered, requested nor accepted. Inclusion does not imply endorsement. Identification of past or current clients on this list is available on request.

<http://www.advisorsinphilanthropy.org>

The International Association of Advisors In Philanthropy is the group that is advancing education and best practices for professionals who make a major focus of their practice, providing timely and accurate giving counsel to their clients.

<http://www.awaremagazine.net/> Aware Magazine published by Christopher Caen is one of the newest media to rigorously address issues and opportunities important to givers, asks and volunteers.

http://www.afpnet.org/content_documents/CodeofEthicsLong.pdf

Site for the ethical standards adopted by the Association of Fundraising Professionals

<http://www.boldergiving.org/>

Bolder Giving presents inspiring stories of extraordinary givers along with practical tools and personal coaching to help people fulfill their giving potential by giving boldly.

<http://www.changemakers.net/>

Change makers is a site of Ashoka for open sourcing of innovative solutions to pressing social problems. Its competitions for cloneable best practices in fields from sanitation to geo-tourism highlight good ideas in action, invite web visitors to vote on best practices and award significant dollars to winners.

<http://charitychannel.com/>

CharityChannel.com delivers current international and US news, grants info, archives and many specialized list serv groups. There is a small fee for access.

<http://www.choiceingiving.org/>

This is the site of the National Association for Choice in Giving that represents and provides workplace giving support services to social justice, environmental protection, peace, human welfare and human rights to non-profits.

<http://www.ethicalwill.com/>

Ethical Will is the site for tools and protocols for transferring the family's values.

<http://www.donorpowerblog.com/>

Donor Power Blog and Podcast promise to be one of the most donor centric, edgy sites on fundraising by Brian Miller and Steve Screen who describe themselves as “extreme fundraising geeks.”

<http://www.eif.org/>

The Entertainment Industry Foundation supports more than three hundred charitable organizations nationwide that are underwritten by media celebrities and sports stars.

<http://www.fundraisers.com/>

Fundraisers unites people working for the greater good, regardless of the size of their organization, by sharing resources to create a nationwide and worldwide community at the grassroots level.

<http://www.gifthub.org/>

Gift Hub is the high engagement blog of Phil Cubeta, philanthropy advisor and thought leader.

<http://blog.givewell.net/>

Give Well analyzes the effectiveness of nonprofit groups and rates them to help donors decide where to give.

<http://www.givingforum.org/>

The Forum of Regional Associations of Grant makers is a membership organization promoting giving. Its New Ventures initiative focuses on giving circles; racial, ethnic, and tribal philanthropy; rural philanthropy, and engaging professional advisors in philanthropy.

<http://www.greatnonprofits.org/>

A site that calls itself a “Zagat Guide” where donors, employees and those served by charities can write reviews.

<http://www.insidewealth.net/>

Inside Wealth is Stu Zimmerman’s talk radio wake-up call that explores wealth beyond money and how we can take the best of who we are into all of our financial endeavors – career, investments and philanthropy.

<http://www.inspiredlegacies.org/>

Inspired Legacies offers workshops, keynotes, and educational materials and makes referrals of advisors to donors. The team advises families and other advisors. Tracy Gary and team foster partnership between major donors, advisors and nonprofits. She is author of *Inspired Philanthropy: Your Step by Step Guide to Creating a Giving Plan and Leaving a Legacy*, 3rd. ed.

<http://www.kiva.org/>

A micro finance “mini World Bank” web site that lets people lend as little as \$25 without interest to small businesses. Its President Premal Shah describes it as an “eBay for micro finance”. More than \$22 million has been lent through Kiva.org so far with hopes of \$100 million in the next three years.

<http://lifeyears.blogspot.com/>

Life Years Blog focuses on “Charity 2.0” and does so with an investigative reporter’s quest for the story beneath the story.

<http://www.majorgiftsguru.com/>

The blog of Thomas Wilson author of *Winning Gifts: Make Your Donors Feel Like Winners*

<http://www.microplace.com/>

MicroPlace is a site to purchase a social investment that earns a financial return. Investment dollars are used to provide loans to the working poor. The working poor use their loans to build businesses. They repay their loans and pull themselves out of poverty.

<http://www.monitorinstitute.com/>

The Monitor Institute is a consulting firm that creates innovative strategies to solve complex social challenges. The reports on “Looking Out For The Future – An Orientation for Twenty First Century Philanthropists” and “On The Brink of New Promise – The Future of US Community Foundations” can be downloaded from this site at no cost.

<http://www.napfa.org/about/CodeofEthics.asp>

Site for the Code of Ethics of the National Association of Personal Financial Advisors.

<http://www.ncfp.org/>

National Center for Family Philanthropy offers extensive educational support resources for advisors and those starting and leading family foundations.

<http://www.philanthromedia.org/>

Philanthromedia is the blog site of GivingNet, formerly known as Community Foundations of America, www.givingnet.net focused on timely news and issues promoting a "dialogue for the discerning donor."

<http://philanthropy.blogspot.com/>

Philanthropy 2173 is the blog of Lucy Bernholz, a philanthropy thought leader with an eye to the emerging philanthropic capital markets, "remixing private action for public good."

<http://www.philanthropy.com/giveandtake/>

The blog of the Chronicle of Philanthropy, a primary news and comment source for the sector.

http://www.philanthropy.iupui.edu/Research/giving_fundraising_research.aspx - bankofamerica

Indiana University Center on Philanthropy and Bank of America study of the wealthy.

<http://www.pgdc.com/>

Planned Giving Design Center, hosted by a national network of charitable organizations, provides professional advisors with timely, objective content including developments from the IRS, courts, and Congress; detailed descriptions of gift vehicles and assets, an online gift calculator and community forum.

http://postcards.typepad.com/white_telephone/

White Courtesy Phone is an edgy blog that helps foundations and nonprofits look at and often laugh at themselves.

<http://www.prosper.com/>

Prosper is an American people-to-people lending marketplace where people list and bid on loans using an online auction platform. Borrowers create loan listings for up to \$25,000 and set the maximum rate they are willing to pay a lender. Then the auction begins as people who lend bid down the interest rate. Once the auction ends, Prosper takes the bids with the lowest rates and combines them into one simple loan. Prosper handles all on-going loan administration tasks including loan repayment and collections on behalf of the matched borrower and lenders.

<http://rockpa.org/wp-content/uploads/2008/01/MRI.pdf>

Site of the Rockefeller Philanthropy Advisors where the report, "Philanthropy's New Passing Gear: Mission - Related Investing, A Policy and Implementation Guide for Foundation Trustees". . . can be downloaded.

<mailto:socialedge@skollfoundation.org>

Social Edge is the place for pithy posts on social entrepreneurship, editorial commentary, active dialogue and world giving news. It is hosted by The Skoll Foundation.

<http://www.smartlink.org/>

Smartlink is a one-stop-shop for free and useful ideas and insights, created for donors, foundation trustees and others who give locally, to neighborhoods and communities. Included are candid profiles of donors and small foundations from all over the country. Users can search briefs and tools focused on six key issues: including Housing, Education, Health and Wellness and Healthy Environments.

<http://www.tacticalphilanthropy.com/>

A good blog for advisors by advisor Sean Stannard-Stockton.

<http://www.whygoodthingshappen.com/>

Why Good Things Happen is the site of Stephen Post and Jill Neimark, coauthors of the book by the same name. Monthly quiz on-line.

<http://www.xigi.net/>

Xigi maps the emerging philanthropic capital markets and links those involved in the new philanthropic landscape.

Conclusion

Drake Zimmerman, JD, CFA, CAP says, “Giving transforms you and your practice. When I became a donor I became a different kind of advisor. I think like a donor because I am a donor. My practice thrives. Is there a connection?”

Whether you are currently a Goalie, GPS or Guiding Star to Good Giving . . . you are influencing the future of giving and asking. Thank you.

Increasing ROI on Your Reading Time

Information is interesting. Application is golden.

Which two “ah-ha’s” from this article will you share with whom in the next 48 hours?

What one action will you take put an “ah-ha” to work in the next 48 hours?

How will you measure the impact of your action and make any midcourse corrections?

What stories do you have to share about how engaging clients in giving conversations enriched your relationship and your practice?

In the next six months what do you want to learn and where will you go to get it and practice using it?

An earlier version of this resource was published in the National Association of Personal Advisors, “Advisor” magazine, July 2007.

1. For information about the “Donor’s Report Card for Rating Giving Opportunities” go to <http://www.philanthropynow.com/> and look in the “suite of giving support tools.”
2. For information about the profiles of giving tenants by religious tradition, “Philanthropy Why?” “Religious Leaders Speak Out From Their Spiritual Tradition On Why Give”™ Contact advocate@philanthropynow.com
3. A new book by Paul Schervish of Boston College and Keith Whitaker on the “The Will of God & Wealth” will become available 2008-2009.

About Your Author



Your comments, questions, good practices and recommendations for action are welcome.

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Charles Bernard Maclean, PhD, is the founder and donor advocate for PhilanthropyNow and author of *Promoting Donor Resiliency . . . Preventing Donor Fatigue* and the “Suite of Giving/Asking Support Tools for Financial Advisors & Fundraisers”

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Caveat

Nothing in this resource should be interpreted as legal or financial counsel/advice, but rather as thought stimulus for surfacing potential issues and opportunities. Consult your attorney or financial advisor before acting.

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Invitation: Your author has begun an inquiry into “Ethical Conundrums, Confluences and Conflicts of Interest Between Financial Advisors and Fundraisers”™. If you have questions, issues or challenges you’d like to see explored in an Appreciative Inquiry kind of way, contact advocate@philanthropynow.com

Other research in process includes:

Profiles - “Why Philanthropy? Religious Leaders Speak Out From Their Spiritual Tradition On Why Give”™
”Legacies of the Philanthropy Coaches”™
“Creating a Preferred Future for Philanthropy in India”™

Blogging Invitation to Readers

"Deeper Dialogue on Philanthropy Matters"™

Be Heard - Promote Change - Receive Peer Insights

Post your perspective and get philanthropy practice building and fundraising collaboration intelligence here:

Go to <http://deeper.philanthropy.com>

Blog active on June 30, 2008

Briefings, Workshops & Tools to Bring It Home

Together, we can create bridges of benefit between financial advisors, fundraisers and the client/donor. Looking forward to discussing what next steps you'd like to take in your community. Let's have a conversation of possibility. advocate@philanthropy.com
503.297.1490

Invitation to Donate to Support this Work

If you find value in this work, please contribute so the work can continue. This resource required 10+ months of focused R&D and a decade of interviews and inquiry. I've chosen to make the full report available as a PDF for free so that others around the world can advance philanthropy together. To contribute go to <http://www.philanthropy.com> page and click on "donate" via PayPal or email advocate@philanthropy.com to discuss underwriting. While not tax deductible, your support will be a vote for deeper ongoing inquiry.

Thank you.
Charles