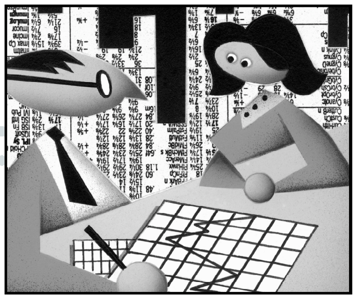

Involving Advisors in Philanthropic Planning: *Recommendations from Research*

Stephen P. Johnson, JD

Why, when and how legal and financial advisors counsel their clients around their charitable giving options is a "good news-bad news" story. And it is one with important implications for the donor, for the gift planner, for charitable organizations and for society.

The good news is that after 10 years of study and research, there is convincing evidence that effective advisors know the importance of supporting their clients' charitable giving and have the skills and resources to do so. The best of such advisors actively encourage such planning and giving, helping clients achieve goals that include both tax planning and important personal and family objectives. They recognize clearly the benefits of working collaboratively with the gift planning officer—benefits for client and advisor alike.

The bad news is that too few professional advisors meet this practice standard. All too few fully appreciate the "triple win" inherent in fully supporting their clients' philanthropic potential—the benefit to their clients, to their own practice and to the "third sector" and the society it serves.

It is decidedly not this article's purpose to point the finger at professional advisors for any lack of volition or skill in this arena. Relatively few advisors are entirely clear about what is possible in the way of "holistic charitable planning," and even fewer have been exposed to learning or training opportunities in this realm, even in the very best professional schools.

Rather, the objective here is to paint a factual picture of where the professional advisor's practice appears to be deficient, how it can be improved and some of the benefits that will inure to clients, advisors and America's nonprofit institutions if this canvas can be substantially altered for the better in the decades ahead.

Syllabus for Gift Planners Code: 2.03
Abstract: Ten years of research into the gift planning experience of donors and the attitudes of their professional advisors yields suggestions for improving this important relationship and strengthening a critical link in the gift planning process.

The Wingspread conferees were aware that professional advisors have enormous influence on how individuals, families and businesses recognize, perceive and act on opportunities for charitable giving. They also recognized that how advisors view their role vis-à-vis their clients' philanthropic opportunities and objectives can make important differences in how and when their clients give, and how they judge the outcomes of that giving.

Creating the Record

TPI (The Philanthropic Initiative, Inc.) is a nonprofit philanthropic advisory service, founded in 1989 to help donors increase the impact of their philanthropy. Throughout its 15-year history, TPI has consistently sought to increase the quantity and improve the quality of philanthropy. In 1994, in an early foray into philanthropy "promotion," TPI and an impressive cast of players from the worlds of philanthropy and the advisor professions gathered at Wingspread to strategize about how to increase philanthropy in the new millenium.

Those who gathered at Wingspread were aware that the forthcoming intergenerational transfer of wealth—now estimated at between $40-$130 trillion dollars over the next 50 years—had no precedent in human history. The conferees recognized that if only a small percentage of that vast wealth could be converted into "social capital," the very contours of the global social landscape could be changed. What was needed were strategies to promote and support greater charitable giving, and one such strategy was personified in the professional advisor.

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In the 10 years that followed, TPI and others continued to seek answers to the $40 trillion question: why do advisors ask "the philanthropic question?" Why don't they, and how can they be encouraged and supported in doing so? Where are the resources and what are the strategies that can make the professional advisor a consistent and effective source of information and encouragement to clients with charitable interests and potential? Some of the answers to these questions emerged in the following studies.

- In 1996, working with the Council of Michigan Foundations, TPI interviewed 150 seasoned lawyers, financial planners and other advisors. The research revealed that most advisors did not raise the subject of philanthropy with their clients. When they did, for the most part they talked about it only in the context of tax planning. Personal satisfaction, family unity and value transference benefits were rarely discussed. Many advisors reported that they were reluctant to pursue the topic for fear of appearing to impose their own values on their clients, or of promoting a personal agenda. They also feared undermining client trust. Advisors who recognized the limits of their charitable planning knowledge were far less likely to raise the subject at all, for fear of revealing their knowledge deficit.
- A 1997 study conducted for *The Chronicle of Philanthropy* by Russ Prince found that a majority of professional advisors had only limited knowledge of the technical aspects of planned and charitable giving. It found that donors who felt they received good, well-informed advice on planned giving were far more likely to make additional gifts in the future. But many of those donors who felt they had not received high quality advice said they would be unlikely to make additional planned gifts in the future. Many of the donors who were interviewed for the survey reported not only that too many advisors lacked expertise about planned

giving, but also felt their advisors treated planned gifts as financial transactions rather than as vehicles for expressing philanthropic and charitable values.

- A 1996 study of 80 high-wealth individuals ($100 million+ in net assets) that TPI conducted for Bankers Trust found that fewer than half of all respondents had been encouraged to be philanthropic by their legal or financial advisors. The study also suggested that advisors did not feel it was their role to raise the issue of philanthropy with their clients.

- National research conducted by TPI in 1999-2000 showed that advisor behavior around philanthropy was remarkably consistent across geographic, demographic and economic boundaries. It found that while 90 percent of advisors reported that they asked "the philanthropic question," few of such conversations transcended the simple "ask," and even less frequently moved beyond tax-driven strategies. More encouraging, however, the study also found a substantial majority of advisors eager to acquire the tools and resources to better support their clients' philanthropic objectives.

- The advisor's perception of client charitable motivations and hesitations came more clearly into focus in 2002-03 in a major research initiative supported by the David and Lucile

Packard Foundation focused on the California advisor. Important differences in behavior among the various professions emerged. Encouragingly, the research showed convincingly for the first time an advisor willingness to work cooperatively with gift planners and other charitable giving experts in supporting their clients' philanthropic objectives.

The intent here is to highlight the findings of almost 10 years of research.

What is a "Professional Advisor"?

If it walks, talks and acts like an advisor it probably is one. That said, to limit the advisor universe to a manageable constellation of professions, in both the national and California studies TPI chose to focus on four professions: estate planning attorneys, financial planners, CPAs and life insurance planners. We did so with great reluctance, knowing that important advisor constituencies were being left on the sidelines. Other advisors that are no less important include:

Tax lawyers
Transactional or business lawyers
General practice lawyers
Private bankers
Trust officers
Stock brokers
Wealth counselors
Real estate advisors

The Donor

Lawyers and financial planners, tax experts and insurance professionals alike say they are raising the subject of philanthropy with their clients, asking "the philanthropic question." No doubt many are. But what questions are they asking, and are they asking them in ways that respond to clients' hopes for real charitable planning, efforts focused as much on charitable values, goals and hoped-for outcomes as on tax planning?

No understanding of advisor behavior around charitable giving would be complete without an examination of the donor. Are advisors' views of the philanthropy-related counsel they provide consistent with those of their clients? Or is there a common disconnect between donor expectations and how their advisors engage them?

Much that passes for charitable planning is tax driven, and neither addresses nor is intended to address the client's personal or family goals, or deeper interests in legacy or social change. In many cases this may be appropriate, and may be entirely consistent with the client's preferences. In other instances we know that clients are frustrated by their advisors' hesitancy to move beyond tax, the advisor's reluctance to facilitate a fuller exploration of philanthropic intent and practice. But to understand why donors may increasingly be interested in going "deeper," it is important to understand who those donors are.

Who is Today's Donor?

There is considerable talk about today's donors, how they behave and what they want from their giving. In the various research initiatives cited above, and in related work—e.g., *Voices of California Donors*, the Nation Center for Family Philanthropy's important new 2003 study on the California donor and TPI's *What's a Donor to Do? The State of Donor Resources in America Today*—there is enough conflicting evidence to be wary of generalizations. Stereotypes are at best simplistic, at worst misleading.

While the landscape is not transparent, it is clear there are a lot of new donors on the scene and there may well be many more waiting in the wings, just coming into being. The intergenerational transfer of wealth will add to the potential social capital of millions of Baby Boomers, a generation raised with different values than their parents. What are some characteristics of the "modern donor?"

- Although many donors may still be engaged in "checkbook philanthropy," many others are showing a growing interest in giving that is more strategic and linked to specific outcomes. Increasingly, donors seek to structure their giving around an understanding of and involvement with a particular issue.
- Among experienced donors whose family philanthropy may have spanned generations, there is often a long-standing commitment to philanthropy, cultivated by the legacy of family giving. For these experienced donors, "making a difference" is more likely to be the motivator than are tax savings. Such donors may have family relationships with well-established advisors and firms, but that is no guarantee that the client's philanthropic planning needs are being fully met.
- At least some new donors are adopting an entrepreneurial model of giving. Some want to take active hands-on roles in their philanthropy. But some are far too busy to do so and are happy to delegate to intermediaries (witness, e.g., the growth of intermediaries such as New Profit, Inc.). In at least some instances they may turn to their legal and financial advisors, perhaps for involvement in making particular gifts, more frequently in identifying philanthropy-expert intermediaries with whom to work.
- Some among the new generation of donors would prefer to give to a cause than to an institution. They stress the importance of achievable results, and they want to take charge and move quickly. Such donors may seek help from their advisors in identifying organizations that are consistent with their mission, or perhaps even creating new ones.
- Among donors whose work experience has been entrepreneurial, their professional backgrounds may encourage strategic planning and accountability. Such donors may prefer to work with smaller, community-based groups that they view as less bureaucratic than the alternative.
- The new donor may dislike hierarchy and may be accustomed to working independently or in functional teams.
- There is evidence that some new donors are drawn to philanthropy that is collective in nature, and may seek to participate in giving circles, affinity groups or support circles.
- Many of the newly wealthy are far younger than in previous generations, and much of that wealth has been accumulated far faster than in the past. For some, the new wealth has come from the technology sector, for others from financial services/investments and for still others it may have come from success in "old technology" businesses.

How Advisors See Donor Motivation

Much has been written about donor motivation. But it may be instructive to consider donor motivations from the professional advisor's perspective.

In TPI's national advisor study, the great preponderance of advisor respondents said they believed their clients were primarily motivated by one or more of the following: (1) caring about a cause, issue or institution; (2) religious or spiritual motivations; (3) a desire to improve their community; or (4) traditions of family giving. Interestingly, very few advisors believe that their clients give primarily to be recognized, or to "enhance the family or business name."

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How important are tax-related motivations? NCFP's "Voices of California Donors" reports that while most donors in the study were motivated in some way by tax benefits, taxes alone were seldom the primary motivation for giving. Donors there were looking to philanthropy as a means to: (1) engage their children in charitable giving; (2) achieve personal satisfaction or add a new dimension to their lives; and (3) connect with other like-minded people to make a difference in their community.

Interestingly, despite their belief that their clients' charitable giving is motivated primarily by factors other than tax benefits, advisors in TPI's 1999-2000 national study said that tax-planning *should* be their clients' primary motivation. Advisors in TPI's California study said that while changes in the tax laws—e.g., repeal of the estate tax—might influence their clients' charitable planning strategies, such changes would not necessarily reduce the amounts being given. Echoing the findings of the national survey, California advisors said their clients' fundamental charitable inclinations have little to do with taxes.

Identifying and Surmounting Hurdles to Greater Giving

In the national and California studies, advisors reported that the biggest impediment to greater client giving was clients' perception that it might jeopardize their own or their children's financial security. (On average, 85 percent of California respondents cited this factor as either very important or somewhat important.) Other impediments cited included: (1) unrealistic client perceptions of the magnitude of their wealth (81 percent citing this as either very important or somewhat important) and (2) the client's lack of knowledge about or connection to any particular charity (77 percent citing this as either very important or somewhat important).

Researchers asked California advisors what strategies they employed to address the disconnect between client perceptions of their wealth and the actual magnitude of that wealth. Advisors reported success with:

1. Showing the client the extent to which assets exceed those needed to meet current and future lifestyle requirements.
2. Engaging clients in goals-focused conversations about the kind of impact they wish to achieve through their charitable giving, and then developing a roadmap complete with financial projections, indicating how to achieve that impact.
3. Talking candidly about the kind of legacy a client wishes to leave.
4. Illustrating the extent to which the client's significant wealth exceeds that of other donors.
5. Ensuring that the client feels that they own their financial plan and that they understand it fully. Clients who feel empowered and educated about their financial picture are more likely to embrace the process.

What are the other hurdles to greater giving that await the unwary donor or advisor? Donors in the National Center for Family Philanthropy's study said they were frustrated by their advisors' overly complex explanations of charitable giving instruments. Some were unprepared for the difficulties and responsibilities of running a private foundation, and surprised by the paper work and administration required. Some donors had difficulty understanding the nonprofit environment, and were perplexed by its inefficiencies and redundancies. But in large numbers, they were looking to their financial and legal advisors for help in navigating such challenges.

What Donors Want from Their Advisors

Donor behavior and expectations vary according to wealth levels, age, position on the "philanthropic curve," working style and relationship to institutions. However, a growing number of donors want their giving to have high-impact, measurable results.

What donors say they need most is objective, unbiased advice about how to realize their philanthropic objectives. They need help in navigating the oceans of electronic information about giving now available to them. They want to learn "best practices" from other donors. Many want help finding role models, identifying collaborators and connecting with peers.

To be sure, donors want their advisors to be expert in tax and financial planning. However, many high-wealth individuals also increasingly expect their legal and financial advisors to be able to assist them with strategic philanthropy. When a client's need for philanthropy-related counsel exceeds the advisor's ability to advise him, the donor expects that his advisors will recruit knowledgeable philanthropy advisors or philanthropy-related organizations as needed. Donors want their advisors to be able to point them in the direction of useful resources.

Whether these are reasonable expectations to make of all professional advisors is a fair question. Many advisors may not wish to become involved in the "soft side" of charitable planning, the values and mission side of philanthropy. And perhaps those who do not should not. However, as many as 50 percent of all advisors surveyed indicate that they are providing some level of advice about organizations to which to give, about the programmatic side of giving. Other advisors have said expressly that they wish to become better equipped to advise their clients on values-based giving. This is clearly not a one-size-fits-all world.

Many wealthy individuals and wealthy families say they want some or all of the following in their advisors:

- Stimulation and/or cultivation of the client's philanthropic interests. Many donors need to achieve a comfort level with their wealth. They say they want the opportunity to translate inspiration into action. The best approach to helping these donors in their giving will include a combination of tax and financial planning, information on giving mechanisms and strategies and tools and techniques related to the values and mission side of philanthropy planning.

- Opportunities to explore, develop and/or refine their mission that will motivate their giving. As one donor put it, "I want to imagine the impact that I will have on my community." Many donors feel that their advisors do not spend sufficient time focusing on the development of philanthropic goals and/or the narrowing of philanthropic interests.

- Advisors who are knowledgeable about philanthropic planning, or who can put them in touch with others who can. Donors feel that even if an advisor is knowledgeable about philanthropy planning, he or she may be an anomaly, not representative of the field in general. Many donors say they expect referrals to the experts who can meet their specific giving needs.

Questions to Launch the Charitable Planning Conversation

Advisors frequently report that they do not how to successfully initiate a client conversation around charitable planning or philanthropy. Some possible questions include:

- **What are your values? What are the principles that have guided you in your life, raised your family, run your business? How do those values affect the sort of donor you wish to be?**
- **When you think about the challenges facing your community, what are your major concerns?**
- **How do you view your wealth in connection to your community? To society?**
- **If your charitable giving could change the world for the better in one way, what would that be?**
- **What role has philanthropy and charitable giving played in your family? What role would you like it to play? What value would it bring to you, your children, your grandchildren?**
- **What would you like to accomplish with your giving? What do you think is possible?**
- **How will you know if your giving is having the intended consequence? How do you know when you're making a difference?**
- **With whom would you like to work and partner in your philanthropy?**

- Opportunity to create effective and/or innovative gifts and giving programs. Donors want to understand issue areas and community needs. They want to learn about best giving practices linked to specific issue areas, and the best tools/approaches for giving in those areas.

The Advisor

TPI's 1999-2000 national advisor study found that many advisors were asking their clients "the philanthropic question." The subsequent California study, on its face, appears to support this finding. But a closer look at the quantitative and qualitative findings in both studies strongly suggest that relatively few advisors are engaging their clients in more than a cursory way about their philanthropy-related interests.

While the findings of the national and California studies are not entirely comparable, due primarily to the fall-off in the capital markets and the increase in Americans' sense of insecurity in the intervening three years, there are still some notable differences in the studies' findings.

Asking "The Philanthropic Question"

How do advisors initiate and advance the discussion of philanthropy with their clients? When asked this question, 42 percent of California survey respondents reported that they use a direct approach, conducting fact-finding to measure client interest in philanthropy. Thirty-seven percent of those surveyed use a transactional approach, discussing charitable giving vehicles or tax advantages, reviewing prior tax returns, or engaging clients on the subject in the course of estate planning. Only seven percent of the respondents use a legacy-planning or values-and-goals-based approach.

The California study's interviews and focus groups offered some insight into the hurdles that discourage advisors from initiating in-depth discussions around philanthropy: advisor discomfort with values-focused inquiries; imagined or real client discomfort or disinterest in the subject; time and billing constraints that inhibit needed relationship building; avoidance of potential family conflicts; and unfamiliarity with the mechanics of charitable giving.

Giving Vehicles

What kinds of gifts and giving vehicles do professional advisors recommend to their clients? California advisors reported that they recommend giving vehicles based on (1) their ease of use and administration, (2) the extent to which they facilitate client control of gift-making, and (3) client preference. Nor surprisingly, the most frequently recommended vehicle was the direct gift—28 percent. What *was* surprising was the popularity of the private foundation and/or trustee-governed charitable trusts, which registered second in the California study (27 percent). Institutionally managed charitable trusts followed at 16 percent, with community foundation donor-advised funds being recommended 15 percent of the time. Commercially branded gift funds trailed at 6 percent.

Not surprisingly, advisors with larger stables of high net worth clients (those with 20 or more) were quicker to recommend private foundations than their colleagues with fewer such clients. But they were also quicker to recommend donor-advised funds at community foundations. In interviews and focus groups with relatively "elite" advisors, the participants indicated a bias toward charitable trusts and private foundations, citing the ability to manage assets and collect residual income.

Hurdles to Effective Charitable Planning

Both the national and California research demonstrates that many professional advisors know that charitable planning grounded in comprehensive, values-and-goals-based approaches often produces the best wealth plans and can, at the same time, strengthen the advisor-client relationship. So why isn't this approach the rule? In California, researchers explored this question in both focus groups and interviews. Among the answers:

Advisor and/or client discomfort—The majority (84 percent) of advisors reported that they are not uncomfortable with values-and-goals-focused discussions, nor do they generally perceive clients as being uncomfortable with them. They acknowledged, however, that such conversations are more difficult than technical discussions and *could* make both advisors and clients uncomfortable.

Perceived client disinterest—Almost half (46 percent) of advisors surveyed in California said that when discussing philanthropy with clients they are responding to a client's expectations. Perhaps not surprisingly, then, they also report that when clients indicate a lack of interest in the subject, advisors quickly drop it.

Infrequent meetings and limited time with clients—Many planners may meet with clients only once a year, or, in the case of estate planners, only once every five to 10 years. In addition, they may be compensated in ways that discourage lengthy planning discussions.

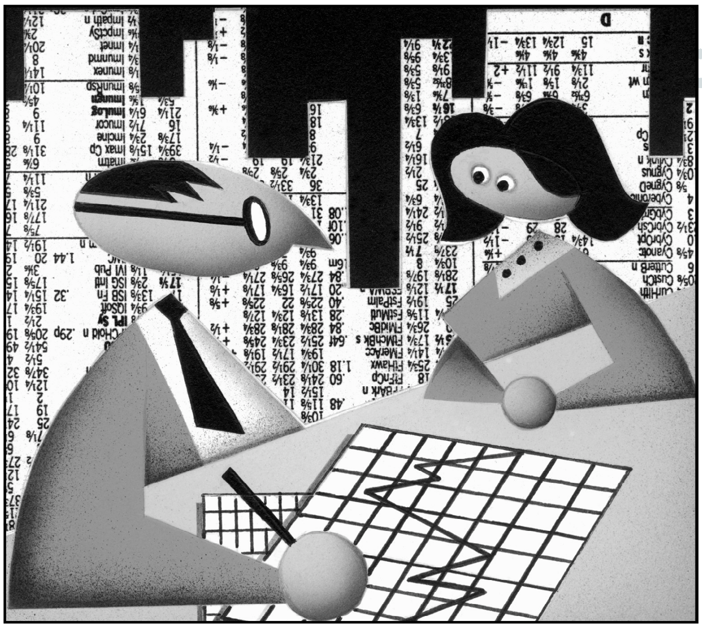
Short-term client relationships—Many advisors engage clients in comprehensive philanthropy planning only after a client relationship is long established. If an advisor is unable to forge a relationship that provides the comfort level to discuss such issues, the conversation may never occur.

Conflict avoidance—Many planners avoid conversations that could lead to conflict between the principals, e.g., husbands and wives, parents and children. Some wives, for example, may have very different views on how to plan their estates than do their husbands; in-depth conversations with planners may bring these differences into clear and uncomfortable relief. Transaction-based planning may be perceived by some advisors as inviting less conflict. On the other hand, some advisors feel that conflict is a necessary component of working with clients and that clients who do not resolve their differences may be reluctant to sign-off on a final financial or estate plan.

Lack of competence—As a client's philanthropic options become more complex, some advisors avoid comprehensive planning that could reveal a lack of competence.

What Facilitates Effective Charitable Planning?

Advisors are in significant agreement about what works in engaging their clients in effective philanthropy planning. In the California study advisors were asked what was most important in helping clients plan and achieve their



Now, as then, clients vary widely in their enthusiasm for charitable giving, and in their interest in exploring its potential to help them and their families achieve important goals. But some—and evidence points to an increasing number—show a real enthusiasm about using their charitable giving for such purposes. For those clients, it behooves professional advisors to be prepared to help, equipped with the best available tools, materials, strategies and partners.

philanthropic objectives. Some answers:
Motivation—Advisors will engage their clients in charitable planning far more readily if they feel it will enhance the client relationship. Although 75 percent of advisors reported that discussing charitable giving with clients is "good for business," only eight percent of those advisors indicate that such discussions actually generate revenue. Four percent indicate that such discussions strengthen relationships with clients, leading to greater client loyalty and retention. Absent demonstrable economic value in such discussions, query whether most advisors will consistently have them.

Familiarity with and access to resources about philanthropy—With philanthropy evolving to meet the needs of diverse donor populations, it may be difficult for advisors to keep abreast of every charitable giving tool or best practice in philanthropy advising. Advisors most often turn to other colleagues, seminars and trainings, planned giving professionals and community foundations for helpful resources and materials on philanthropy. But advisors consistently report that they do not have adequate access to the "right tools."

A peer network—Advisors recognize the importance of sharing knowledge and resources in order to support their clients' philanthropy and promote effective practice. Eighty-six percent of those surveyed refer clients to other advisors or organizations if their clients' needs for philanthropy-related advice exceed the extent of the advisors' knowledge. Sixty percent of advisors reported that they would participate in a statewide network of advisors to share useful resources and to promote the growth of charitable giving.

Team-based approaches—Advisors who are adept at charitable planning are moving across professional boundaries and are more likely to be team players.

Donors report that they look to their advisors to provide technical competence around increasingly diversified and complex charitable options, and at the same time to connect their family and charitable goals with their giving. Advisors who can make that linkage may increasingly gain their clients' gratitude—and perhaps greater market share as well.

Advisors who work cooperatively with the other members of the client's advisor team are likely to achieve more coherent results. That said, some advisors are clearly not yet comfortable with such collaborations, viewing them as threatening, inefficient and/or costly. Roles will need to be clearly delineated and clients will need to insist on such collaboration among advisors if this approach is to become commonplace and the norm in charitable planning practice.

Personal involvement in philanthropy—The majority of California advisors reported personal involvement in philanthropy. By judiciously referencing their own giving, their own philanthropic success and failures, advisors can reassure a client about their ability to provide effective, authentic counsel on the subject.

Making philanthropy planning a priority—Professional associations and corporations that provide philanthropy-related continuing education opportunities and resources for their members demonstrate a commitment to effective charitable planning. Larger financial planning firms that are encouraging and training their planners in goals-and-values-based charitable planning are implicitly or explicitly endorsing charitable planning as a means for building client loyalty, retention and, ultimately, increased revenue.

Advisor training and education—Integrating clinical instruction on charitable planning into the curricula of graduate and continuing education programs may be increasingly important to increasing advisor competence in this arena. UC Berkeley's Haas School of Business, for example, has created an annual lecture series for advisors entitled the "Forum on Philanthropy in Business." Other programs such as The American College's "Chartered Advisor in Philanthropy" program have been designed to help advisors support their clients' broad-based philanthropic planning goals. These are timely responses to some advisors' complaints that most continuing education programs in this area focus solely on the technical aspects of charitable planning.

Recommendations for Improving Professional Advisor Charitable Practice

In the concluding section of "Doing Well By Doing Good," the final report on TPI's national advisor initiative, we wrote:

"In some cases, philanthropy-related advice that is limited to tax planning may be all that is warranted [in advisor-client philanthropy-related practice], e.g., where it is consistent with clear client preferences. But in other instances donors have told us they are frustrated by their advisors' reluctance to move beyond the technical, their advisor's wariness in probing the client's deeper interests in charitable giving, and the advisor's seeming unwillingness or inability to assist the client in realizing her philanthropic objectives.

Many advisors are increasingly aware of their clients' interest in comprehensive, creative counsel around the philanthropic process. Many are genuinely eager to help, to become more adept in providing that service. But too many "are afraid to ask the hard questions." Many "move too quickly" to strategy and giving mechanisms, before fully engaging their clients around charitable values, interests and motivations. And many "would do more if they knew how." The challenge now is to help those advisors who wish to do more to do so, by "knowing how."

Now, as then, clients vary widely in their enthusiasm for charitable giving, and in their interest in exploring its potential to help them and their families achieve important goals. But some—and evidence points to an increasing number—show a real enthusiasm about using their charitable giving for such purposes. For those clients, it behooves professional advisors to be prepared to help, equipped with the best available tools, materials, strategies and partners.

The recommendations that follow are offered with the greatest humility. They are neither all-inclusive nor prescriptive. Much could be done to strengthen the professional advisor's ability to serve his/her client's charitable planning needs; the real opportunity exists in working across professional and sector boundaries to promote and strengthen philanthropy-related practice everywhere.

Demonstrate the value of comprehensive philanthropic planning as a tool for client relationship enrichment and practice enhancement

The less-experienced advisor simply may not recognize the value that effective charitable planning can yield in the form of practice differentiation, relationship building and client satisfaction. The economic value should be demonstrated and communicated to motivate the larger advisor audience to integrate philanthropy effectively into financial and estate planning. Professional associations, continuing education and training programs, corporations, and philanthropy-related organizations can all play a role in communicating this message.

Educate advisors about what clients and donors expect from their advisors with respect to their charitable planning needs.

Educating advisors about what donors and potential donors need to achieve their philanthropy-related goals is an important part of the puzzle. Donors report that they look to their advisors to provide technical competence around increasingly diversified and complex charitable options, and at the same time to connect their family and charitable goals with their giving. Advisors who can make that linkage may increasingly gain their clients' gratitude—and perhaps greater market share as well.

Support advisors in managing the practice side of charitable planning, e.g., pricing, evaluating, staffing and brand-imaging.

An important and often overlooked aspect of the successful philanthropy-related practice is the practice management component. Senior advisors identified the following as necessary tools in effectively managing a professional practice that includes philanthropy advising:

- *Pricing (how to do it)*
- *Performance (how to measure it)*
- *Staffing (what types and skills are required)*
- *Collaboration (how and with whom)*
- *Research (what's needed; where to find it)*
- *Data management (what and how)*
- *Managers (what kind and how to train)*
- *Marketing and sales*
- *Branding and identity*
- *Professionalism and professional issues*
- *Conflicts (avoidance of)*
- *Confidentiality (how to preserve)*

Inventory and share existing tools for incorporating philanthropy into wealth counseling; create new tools where obvious gaps exist.

While there may be no shortage of tools to support professional advisors in their philanthropy-related practice, many advisors are unsure where and how to access such resources. One excellent source of such resources is the Planned Giving Design Center, an online source for both technical and "soft side" charitable planning information for advisors (www.pgdcusa.com/usa/). Many regional associations of grantmakers and community foundations are also providing helpful online and print resources for professional advisors and their partners and clients.

Equip advisors with tools and strategies to engage clients in wealth planning that embraces philanthropic values, program interests, objectives and strategies.

Advisors consistently report that they seek practical guidance in working with clients around philanthropy planning, particularly as it pertains to engaging clients in discussions about life goals and values. "How-to" articles in professional journals are frequently requested by advisors.

Include effective philanthropy counseling in professional school and continuing professional education curricula.

Advisors report that virtually all continuing professional programs—the American College is a clear exception—focus almost exclusively on the technical aspects of philanthropic planning. In designing and offering such programs, more attention should be given to offering more integrated approaches to supporting the client's broad-based philanthropic planning goals.

Recruit the professional media as an ally in the campaign to highlight the value of broad-based charitable planning with clients.

The professional media are in a position to disseminate best practices for philanthropy-related planning. Such information could take the form of: online articles and dialogues between experts in the field; commentaries and features to show donors what to look for in estate and financial advisors; online question and answer sessions about philanthropy planning with clients; and feature stories about donors supporting philanthropic endeavors in the community, and how the advisors helped.

Enlist committed advisors to build and expand the network of "converts."

Some of the nation's leading advisors and leading nonprofit organizations and associations are already involved in strengthening and promoting philanthropy-related practice in their communities and beyond. In addition to the professions themselves, such leaders can be found in the development community, professional associations, community foundations and estate and planned giving councils. If that relatively limited nucleus of players can be galvanized to reach out to like-minded peers and colleagues, effective practices can be disseminated to increasingly far-flung advisor audiences.

Resource Needs

While many of the resources that would make legal and financial advisors better charitable planners are suggested or identified in the recommendations above, others are not. One advisor who has thought extensively about what many advisors need in the way of professional support and assistance in this arena is Phil Cubeta. Phil is chief of staff and "charitable cheerleader" for the Nautilus Group, an initiative of New York Life.

The following chart may be helpful in illustrating what is needed, and when:

Advanced Financial Services Planning/Sales Process

Step	**Tools the Industry Traditionally Has**	**What May Sometimes be Needed**
1. Marketing Practice	Brochures, websites, seminars	Face to face introductions or referrals
2. Opening Interview(s) Discovery/Agreement and Fact-Finding	Fact-finders, lists of questions eliciting goals, objectives, and ideals, as well as "points of disturbance," issues and concerns.	Skill building and vision building among advisors to prepare them to ask the larger questions.
3. Analysis of Current and Projected Financial Situation, under various scenarios using various tools and techniques, some of which are philanthropic	Industry software, company software, skills developed through courses provided by industry and company. Boilerplate and materials explaining all tools and techniques. Experts on company staff available for consultation.	Constant need for training and professional education. Widely available through NCPG, estate planning councils, American College, company and industry meetings. More reps need to be taught the charitable tools.
4. Suggestions for Consideration by the Client and Advisors	(Same as immediately above)	On-going professional education to build needed skills and knowledge.
5. Team Building with Client Advisors	Working relationships with local attorneys, CPAs, trust officers, business valuation firms, and family psychologists.	Access to deep expertise on the taxonomy of nonprofits, strategic philanthropy, and grant-making strategies.
6. Implementation of Financial, Tax and Legal Strategies, including such charitable tools as Charitable Lead Trusts, Charitable Remainder Trusts, Donor-Advised Funds, and Foundations	Products and services provided by our firm. Legal and tax work by client's attorney. Other needed services provided by other allied professionals	Expertise on what will be done with the money as it comes out of the foundation, or donor-advised fund, or lead trust. Ways to connect the donor to existing networks of allied grant-makers.
7. Service	Product service. Annual look at strategies implemented. Consideration of remaining open issues. New needs. Changes of client situation.	Expertise on running and administering charitable tools, particularly foundations.

Source: Phil Cubeta, CLU, ChFC, MSFS

Conclusion

In the wake of the Wingspread conference, TPI's Joe Breiteneicher wrote:

Advisors with commitment to and understanding of the technical and programmatic aspects of philanthropy may reverse this country's downward slide of giving by the wealthy. In the process, they will also have added a very special competitive advantage to their practice. Many of those in attendance at Wingspread argued for a new Andrew Carnegie, wishing for a 1990s "Gospel of Wealth." One or more neo-Carnegies would be helpful and maybe even entertaining. But perhaps a greater impact could be generated by the advisor professions committing to ask the philanthropic question.

The opportunity for the advisor, the client and for society still remains.

Stephen P. Johnson is a vice president at TPI (The Philanthropic Initiative, Inc.), where he shepherds TPI's efforts to enhance the advisor's role in advancing philanthropy, a subject on which he speaks and writes regularly. In addition, he works with families, individuals, foundations and corporations create and manage effective giving programs. Prior to joining TPI in 1998, Johnson spent 20 years in philanthropy, law, education and public policy and for the last 15 years has served as the managing trustee of his own family's foundation. He is a graduate of the University of Pennsylvania (1974) and the University of Virginia School of Law (1979).

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Resource Links

We invite readers of *The Journal of Gift Planning* to recommend books, web sites and other resources of interest to gift planners. Send recommendations to byeager@ncpg.org or FAX to (317)269-6268, attn: Editor, *The Journal of Gift Planning.*

Recent Research

The Golden Age of Philanthropy: A Report on Wealth Transfer in the St. Louis Region (issued by Gateway to Giving Coalition, November 2004, available at www.gatewaytogiving.org)
The first regional study using Paul Schervish's and John Havens's model for estimating wealth transfer in states and large metropolitan areas predicts that $181 billion will be given to charity in the 11-county St. Louis metropolitan area between 2001 and 2055, with $93 billion to be transferred as charitable bequests. In St. Louis, approximately 5.5 percent of households with net worth over $1 million hold 63 percent of total wealth in the greater metropolitan area.

The St. Louis Planned Giving Council is a partner in the Gateway to Giving coalition that sponsored the study. Ken Nickless, president of the council, reports, "Our wealth transfer study answered (at least partially) a question that arose from our first study, "Private Dollars for Public Good" (also available at www.gatewaytogiving.org). It was curious to note in the initial report that St. Louisans give significantly more to charity annually than the national median—until they reach retirement age. The second report demonstrates how St. Louis has a larger concentration of wealth in younger hands than the national norms. Additionally, St. Louis lags behind national norms in the percentage of individuals who have provided for charity through their estates (approximately 6.8 percent versus 8.0 percent). We don't fully understand the factors that lead to decreased philanthropy for St. Louisans of retirement age, but our future efforts will certainly address this. After all, the initial study creates a strong case for our council (and LEAVE A LEGACY®) to educate donors and their advisors about charitable estate planning."

More information on the Schervish/Havens model for regional wealth transfer analysis is available at www.bc.edu/research/swri/

Gift Planners Recommend…

Generations of Giving: Leadership And Continuity In Family Foundations, Kelin E. Gersick, Deanne Stone, Katherine Grady, Michele Desjardins, Howard Muson (Lexington Books—available from amazon.com)

Rich Dad, Poor Dad: What the Rich Teach Their Kids About Money—That the Poor and Middle Class Do Not! Robert T. Kiyosaki and Sharon L. Lechter (Warner Business Books—available from amazon.com)

www.gifthub.org
(Phil Cubeta on Charitable Giving)—recent topics…
"Government Programs versus Compassionate Conservatives—Two losing Strategies?" and "Motivating Donors with Movies"

hpk.weblogger.com
(Peter Karoff On Democracy, Philanthropy, Creativity)—
reflections, commentary, and lyrics on the theme of generosity.