

Focusing Client Intentions: Planning, Processes, and Passion

Section I: Introduction

1. Who, Why, and What

- A. Who's here—determination of group makeup
- B. Why we're here—to grow the pool of advisors who are “Initiators” per the TPI Study “Doing Well by Doing Good” discussed below
- C. What we'll do—POWER Planning

2. The Immense Need (Examples)

- A. Nationally, 1,000,000 kids are homeless, and 3,000,000 kids experience profound hunger every day
- B. Internationally, 3,000,000 African children die of *treatable* malaria each year.

3. The Scope of Philanthropy

Imagine:

- No buildings that resulted from philanthropy
- No contributions from folks on scholarship
- No inventions and medications that were created and fostered with philanthropic dollars
- No organizations fostered with donors gifts existed



4. Growth of Resources

- A. Growth in private foundations and donor advised funds
- B. Public awareness of philanthropy

5. Assets Available

- A. Next 50 years: largest intergenerational transfer of wealth in America's history
- B. Between now and 2017, \$11,000,000,000,000 - \$17,000,000,000,000 (that's TRILLION)
- C. Between now and 2055, \$41,000,000,000,000 - \$136,000,000,000,000
- D. Put in another way: In that same period, America will produce 10.1 *million* new millionaires)

Havens and Schervish, *Why the \$41 Trillion Wealth Transfer is Still Valid: A Review of Challenges and Questions*, The Journal of Gift Planning, 1st Quarter (2003).

Havens and Schervish, *Millionaires and the Millennium: Prospects for Wealth Transfer and A Golden Age of Philanthropy*, Boston College's Social Welfare Research Institute (1999).

Gaudiani, Claire, *The Greater Good* (Henry Holt & Co. 2003)

6. Where's it Going?

- A. One of three places: heirs, taxes, charity
- B. Advisors are literally controlling the floodgates



Section II: The Studies

7. Early Studies of Advisors & Their Clients (most available on TPI Website)

- A. 1994 TPI/ Kellogg
- B. 1996 TPI/ Council on Michigan Foundations
- C. 1996 TPI/ Banker's Trust
- D. 1998 Prudential Investments Advisory Group

8. The Donor Advisor: The Critical Role of the Advisor in Family Philanthropy

- A. Study published by National Center for Family Philanthropy in 2001 as result of interviews with donors beginning in 1997
- B. Important donor considerations (besides tax):
 - i. Desired degree of involvement and control
 - ii. Family involvement: how much, how long
 - iii. Specific interests?

9. Doing Well By Doing Good Study

- A. Commissioned in 1998; published 2000
- B. Purpose
- C. Advisor Profiles: Initiators, Facilitators, and Followers
 - i. Initiators:
 - 5-10% of total wealth planning advisor population
 - Almost always raise the topic of philanthropy w/ clients



- Believe an important part of their advisory role is helping clients use philanthropy to make a difference in society and “in their lives”
 - Reference their own philanthropy as a tool
 - ii. Facilitators:
 - See philanthropy-related counsel as important component of their service, but often feel they lack skills
 - Generally rely on 3rd party philanthropy professionals for program research and design
 - Would like to be more proactive
 - iii. Followers:
 - Most often follow client’s lead
 - Seldom talk values or focus (such discussions are too “personal”)
 - Wed to use of 1 or 2 donative tools to exclusion of others
- D. Results Different for Advisors and for Clients

10. DWbyDG: Advisors

- A. Tax primary planning consideration
- B. Limited number of charitable planning tools
- C. Access to adequate technical information
- D. No discussion of values

11. DWbyDG: Clients

- A. *Client* raises the subject of giving
- B. Desires comprehensive approach to giving
- C. Wants to use philanthropy to achieve important personal and social objectives
- D. Believes advisors technically competent, but lack comfort in values

discussion

12. 2004: The California Studies

- A. In Their Own Voices: What California Donors Want (National Center for Family Philanthropy)
- B. Doing Well by Doing Good In California—Improving Client Service, Increasing Philanthropic Capital: The Legal and Financial Advisor's Role (TPI)

13. In Their Own Voices (National Center for Family Philanthropy) (“NCFP”)

- A. Little or no explanation of charitable vehicles and their application to particular situations or giving opportunities
- B. Donors say: Altruism and involving family more important than tax benefits
- C. Advisor assistance mostly unsatisfying

14. California Professional Advisors Initiative (TPI)

- A. Results consistent with DWDG
 - i. Advisors still think it’s all about taxes
 - ii. Clients still say it’s more about other things
- B. Advisors willing to refer clients—but referrals are to more *technically* competent pros
- C. Widespread lack of awareness of philanthropic community and support (matching the NCFP study)



15. Summary of Research

- A. Disconnect between advisor's and client's experience of their interaction
- B. Losing opportunity for a conversation clients want that allows and indeed encourages the client's philanthropic expression
- C. Addressed by including an in-depth discussion of values in client intakes and documents

16. In a Nutshell:

When planning is linked to values examined and articulated, giving will be more expansive, effective, consistent, informed, sustained, and satisfying.

Section III: Incorporating Values in Planning

17. Values Discussion isn't New

- A. Financial advisors and allied professions
- B. The "Big Boys"—financial, legal, accounting firms which are aggressively marketing "holistic" services
- C. Publications (e.g., CCH's Journal of Practical Estate Planning)
- D. Ethical wills

18. Building the Human Side

- A. Analyze financial assets to expand "social capital"
- B. Identify and articulate values
- C. Create plan reflecting client's expression of values - match values with philanthropic structure of plan



19. What is “Social Capital”?

- A. Exploring assumptions
- B. What’s left after providing for everyone
- C. Ask the question: If you wrote a check for \$1,000,000 to a local charity or the IRS, where would it do the most good?

20. Exploring Values

- A. Broad areas of inquiry:
 - i. Attitudes towards money and financial independence
 - ii. Values and variables to pass on
 - iii. Problems to solve and passion to do it
 - iv. Attitudes about charity
- B. Exploration includes:
 - i. Questionnaires and/or other means of discernment
 - ii. Discussion about the results
 - iii. Distillation and articulation of values

21. Questionnaires

- A. Purpose: quickly & effectively summarize how clients feel about key planning areas
- B. Types:
 - i. Essay

- ii. Multiple choice
- iii. Targeted answers
- iv. Ranked answers
- v. Couples sharing answers

22. Other Forms of Discernment

- A. Newspaper and journal
- B. Photographs
- C. Quotes
- D. Flash cards

23. Retreat

- A. Uninterrupted time
 - i. Weekend or evening?
 - ii. Away from home and office; few interruptions
- B. Use info from questionnaires to focus on pertinent issues and values

24. Values Statement

- A. Distill answers to prior questions
 - i. Client review
 - ii. Sign off
- B. Mission Statement: reflection of client's values, interests, time, talents and treasures, as well as client's vision of the world and client's role in making



it happen

Section IV: Challenges and Concerns

25. Time

- A. Typical Plan: Allocation of Time
- B. The average wealthy family starts and stops the estate planning process FIVE TIMES!
- C. Suggested Reallocation of Time

26. Ethics: Ethical Rules as they pertain to this conversation

A. Model Rule 2.1

“In representing a client, a lawyer shall exercise independent professional judgment and render candid advice. *In rendering advice, a lawyer may refer not only to law but to other considerations such as moral, economic, social and political factors that may be relevant to the client’s situation.*”

B. Model Rule 1.4

- i. (b) A lawyer shall explain a matter to the extent reasonably necessary to permit the client to make informed decisions regarding the representation.
- ii. (Remember how the California donors complained about being “uninformed”?)

C. Ethical Consideration C.7-8

“A lawyer should exert his best efforts to insure that decisions of his client are made only after the client has been informed of relevant considerations . . . Advice of a lawyer need not be confined to purely legal considerations.”

D. Rule 1.2

“Scope of Representation”:

“A lawyer shall abide by a client’s decisions concerning the objectives of the representation....”

“A lawyer’s representation of a client, including representation by appointment, does not constitute an endorsement of the client’s political, economic, social, or moral views or activities.”

27. Lack of Familiarity with Processes

A. “Brand Name” Teachings

- i. Legacy Advisory Associates
- ii. Resonate, Inc.
- iii. SunBridge Strategies, Inc.
- iv. **Philanthropy Coach**

28. Self-Developed Practice

A. Available Resources

- i. Web
- ii. Local & national resources
- iii. Books & publications

B. Teams

- i. Informal networks
- ii. Client teams

29. Teamwork

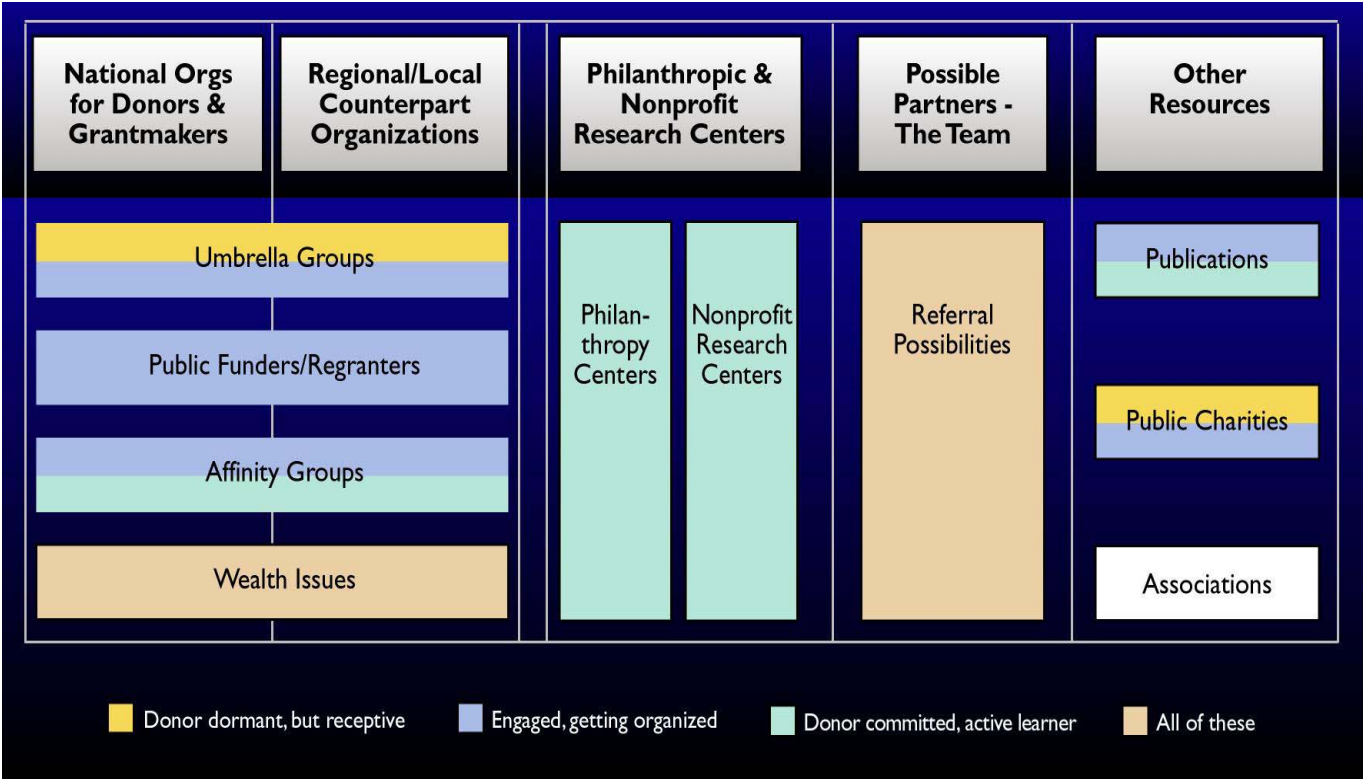
- A. All team members included from the beginning
- B. All advisors to openly communicate
- C. Advisors not pitted against each other
- D. Consensus is essential
- E. Client is a leader on the team

30. Knowing Where to send/refer the Client

31. Evolution of a Donor

- A. Donor dormant
- B. Donor engaged but receptive
- C. Donor committed

Resource Chart



Umbrella Groups

National Orgs for Donors & Grantmakers	Regional/Local Counterpart Organizations
Umbrella Groups	
Council on Foundations Corporate Family Community Independent	Large Independent Foundations in your area Health Conversion Fdtns Community Foundatons
Forum for Regional Associations of Grantmakers	Donors Forum of South Fla Southeast Council on Fdtns
Conference Board	Local Chamber of Comm.
National Center for Family Philanthropy	National Center for Family Philanthropy
Association of Small Foundations	Donors Forum/Local Reg. Assoc. of Grantmakers

Affinity Groups by Funding Interest



Affinity Groups by Funder Types



Philanthropic and Nonprofit Research Centers

Philanthropic & Nonprofit Research Centers	Philanthropic & Nonprofit Research Centers
Philanthropy	Nonprofit Research
Indiana Center	Association for Research on Voluntary and Nonprofit Associations
Center for the Study of Philanthropy - City Univ. of New York	Independent Sector
Foundation Center	Guidestar
National Committee for Responsive Philanthropy	National Bureau for Charitable Statistics
Center for the Study of Philanthropy and Volunteerism - Duke Univ.	Urban Institute
The Philanthropic Initiative	

Section V: Wrapup and Conclusion

32. Other Problems?

- A. Doesn't fit well into billing structure
- B. Too personal
- C. Advisor discomfort (they don't teach this in Advisor School ...)
- D. Lack of awareness of what to do next
- E. What resources are available for a client's needs?

33. Payoffs

- A. Deeper, richer client relationships
- B. Client loyalty; client lifestyle transformation
- C. If one advisor doesn't, another will.
- D. Positioning advisors firmly as civically engaged citizens
- E. Laboratory to resolve client's family dynamics issues
- F. Personal satisfaction of helping clients make a difference

34. Advisors at the Floodgates

- A. Initiators vs. advisors
- B. "Just as water can flow through a field and wash away soil and seeds, so too can it be planned for, channeled in innovative ways, and used to nurture and grow amazing gardens."



35. Conclusion

“Be the change you wish to see in the World.” -*Mahatma Gandhi*

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