Focusing Client Intentions

Passion, Processes, and Planning

Who, Why, and What

- Who's here.

Who, Why, and What

- Who's here.
- Why we're here.

Who, Why, and What

- Who's here.
- Why we're here.
- What we'll do.

The Immense Need

- Natural Disasters: Tsunami, Katrina, Earthquake in Pakistan
- Nationally, 1,000,000 kids are homeless, and 3,000,000 kids experience profound hunger every day
- Internationally, 3,000,000 African children die of *treatable* malaria *every year*.

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

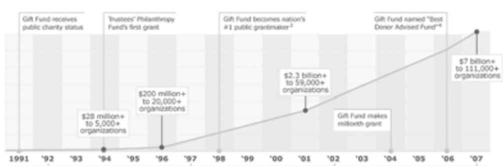
Growth of Resources

- Growth in Private Foundations and Donor Advised Funds

- 102,881 Private Foundations w/ $**398,665,593,795** in assets
  Source: IRS Business Master File 12/2004 (with modifications by the National Center for Charitable Statistics at the Urban Institute)

Growth of Resources

- The Example of Fidelity's Charitable Gift Fund



Assets Available

- Next 50 years: largest intergenerational transfer of wealth in America's history.
  - Between now and 2017, $11,000,000,000,000 - $17,000,000,000,000 (that's TRILLION)
  - Between now and 2055, $41,000,000,000,000 - $136,000,000,000,000

Where’s it Going?

- One of three places: heirs, taxes, charity
- Advisors are literally manning (“personing?) the floodgates.

Advisors & Their Clients

- The Importance of Advisors in Philanthropy

Advisors & Their Clients

- The Importance of Advisors in Philanthropy
  - 1994 TPI / Kellogg

Advisors & Their Clients

- The Importance of Advisors in Philanthropy
  - 1994 TPI / Kellogg
  - 1996 TPI/ Council on Michigan Foundations

Advisors & Their Clients

- The Importance of Advisors in Philanthropy
  - 1994 TPI / Kellogg
  - 1996 TPI/ Council on Michigan Foundations

  - 1996 TPI/ Banker's Trust

Advisors & Their Clients

- The Importance of Advisors in Philanthropy
  - 1994 TPI / Kellogg
  - 1996 TPI/ Council on Michigan Foundations
  - 1996 TPI/ Banker's Trust

  - 1998 Prudential Investments Advisory Group

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

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

Doing Well By Doing Good

- Commissioned in 1998; Published 2000
- Purpose

Doing Well By Doing Good

- Commissioned in 1998; Published 2000
- Purpose
- Types of Advisors: Initiators, Facilitators, Followers

Doing Well By Doing Good

- Commissioned in 1998; Published 2000
- Purpose
- Types of Advisors: Initiators, Facilitators, Followers
- Results

DWbyDG: Advisors

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

DWbyDG: Clients

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

2004: The California Studies

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

In Their Own Voices (NCFP)

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

California Professional Advisors Initiative (TPI)

- Results Consistent with DWDG
  - Advisors still think it's all about taxes
  - Clients still say its more about other things
- Advisors willing to refer clients—but referrals are to more *technically* competent pros
- Widespread lack of awareness of philanthropic community and support (matching the NCFP study)

Summary of Research

- Disconnect between advisor and client's experience of their interaction.
- Missing the conversation clients want that allows and indeed encourages the client's philanthropic expression.
- This seems to be addressed by including an in depth discussion of values in client intakes and documents.

In a Nutshell:

When planning is linked to values examined and articulated,

giving will be more expansive, effective, consistent, informed, sustained, and satisfying.

Values Discussion isn't New

- Financial Advisors and Allied Professions

Values Discussion isn't New

- Financial Advisors and Allied Professions
- The "Big Boys"

Values Discussion isn't New

- Financial Advisors and Allied Professions
- The "Big Boys"
- Publications

Values Discussion isn't New

- Financial Advisors and Allied Professions
- The "Big Boys"
- Publications
- Ethical Wills
  - www.ethicalwill.com
  - Barry Baines

Building the Human Side

- Analyze financial assets to expand “social capital”.
- Identify and articulate values
- Create Plan reflecting expression of values in the form of Giving-

  Match Values with

  Philanthropic Structure.

What’s “Social Capital”?

- Exploring Assumptions
- What’s left after providing for everyone
- About that, 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?

Exploring Values

- Broad areas of inquiry:
  - Attitudes towards money and financial independence
  - Values and Variables to Pass on
  - Problems to solve and Passion to do it
  - Attitudes to Charity

Exploring Values

- Exploration includes:
  - Questionnaires and/or other means of discernment
  - Discussion about the results
  - Distillation and Articulation of Values

Questionnaires

- Purpose: quickly & effectively summarize how clients feel about key planning areas;
- Types:
  - Essay
  - Multiple Choice
  - Targeted Answers
  - Ranked Answers
  - Couples sharing answers

Other forms of Discernment

- Newspaper and journal
- Photographs
- Quotes
- Flash Cards

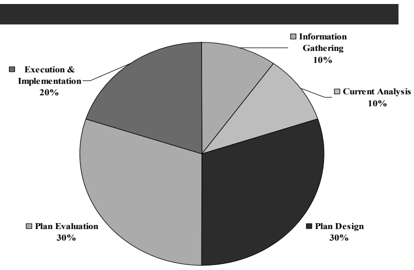
Retreat

- Uninterrupted time
  - Weekend or Evening?
  - Away from home and office; few interruptions
- Use info from questions to focus on pertinent issues and values

Values Statement

- Distill answers of prior questions
  - Client review
  - Sign off
- Mission Statement: reflection of clients values and interests, time, talents, and treasures, and vision of the world and client’s role in making it happen

Typical Plan: Allocation of Time

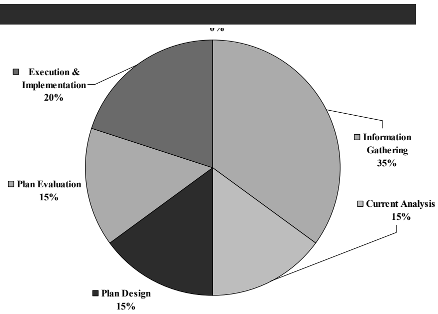


FACT

THE AVERAGE WEALTHY FAMILY STARTS AND STOPS THE ESTATE PLANNING PROCESS

FIVE TIMES!

Suggested Reallocation of Time



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."*

Model Rule 1.4

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

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.”**

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.”

Problems?

- Doesn't fit well into billing structure

Problems?

- Doesn't fit well into billing structure
- Too personal

Problems?

- Doesn't fit well into billing structure
- Too personal
- Advisor Discomfort (they don't teach this in Advisor School…)

“Brand Name” Teachings

- “Brand Name” Methodologies
  - Legacy Advisory Associates
  - Resonate, Inc.
  - SunBridge Strategies, Inc.
  - Philanthropy Coach

Self-Developed Practice

- Available Resources
  - Web

Self-Developed Practice

- Available Resources
  - Web
  - Local & National Resources:

    Advisors in Philanthropy

    www.theadvisorsproject.org (then check resources)

Self-Developed Practice

- Available Resources
  - Web
  - Local & National Resources
  - Books & Publications

Self-Developed Practice

- Available Resources
  - Web
  - Local & National Resources
  - Books & Publications
- Teams
  - Informal Networks

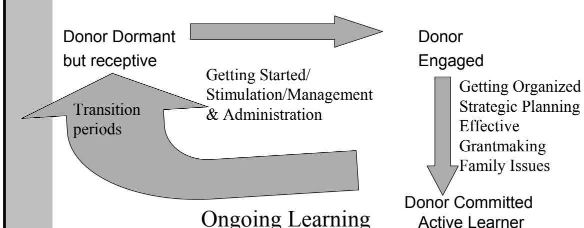
Self-Developed Practice

- Available Resources
  - Web
  - Local & National Resources
  - Books & Publications
- Teams
  - Informal Networks
  - Client Teams

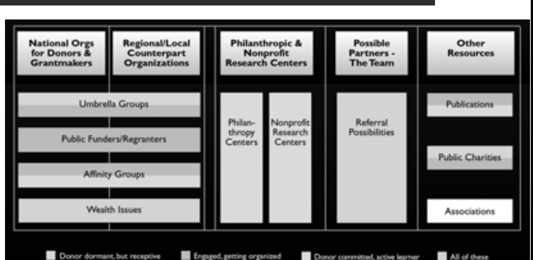
Teamwork

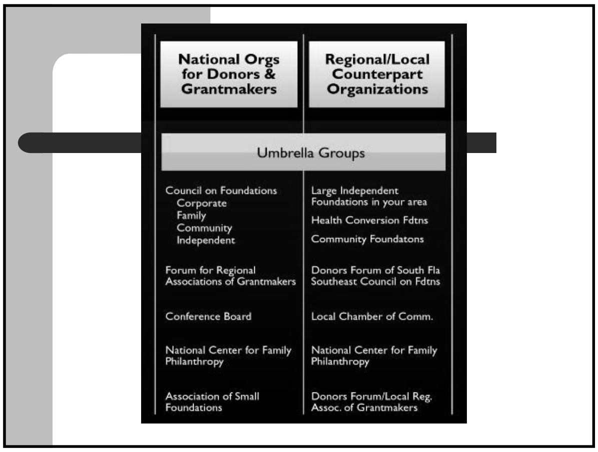
- All team members included from the beginning
- All advisors to openly communicate
- Advisors not pitted against each other
- Consensus essential
- Client is a leader on the team

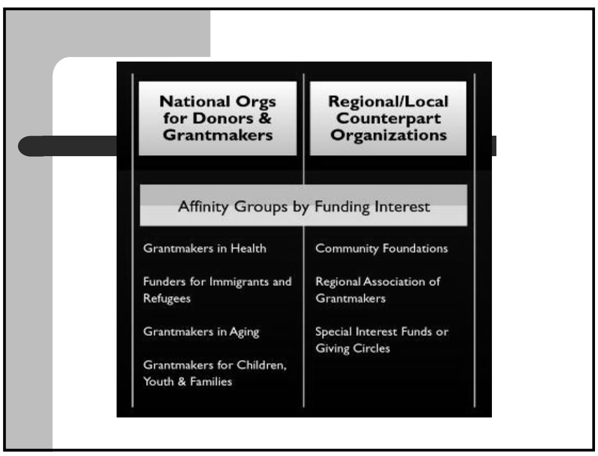
Evolution Of A Donor



Resource Chart




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


National Orgs for Donors & Grantmakers
Regional/Local Counterpart Organizations
Affinity Groups by Funding Interest
Grantmakers in Health
Community Foundations
Funders for Immigrants and Refugees
Regional Association of Grantmakers
Grantmakers in Aging
Special Interest Funds or Giving Circles
Grantmakers for Children, Youth & Families


National Orgs for Donors & Grantmakers
Regional/Local Counterpart Organizations
Affinity Groups by Funder Type
Hispanics in Philanthropy
Community Foundations
Asian Americans/Pacific Islanders in Philanthropy
Regional Association of Grantmakers
Jewish funders Network
Special Interest Funds or Giving Circles
Women & Philanthropy
Local Women's Fund

Problems?

- Doesn't fit well into billing structure
- Too personal
- Advisor Discomfort (they don't teach this in Advisor School…)
- Lack of awareness of what to do next--what resources are available for a client's needs

Payoffs

- Deeper, richer client relationships

Payoffs

- Deeper, richer client relationships
- Client loyalty; lifestyle transformation

Payoffs

- Deeper, richer client relationships
- Client loyalty; lifestyle transformation
- If one advisor doesn’t, another will.

Payoffs

- Deeper, richer client relationships
- Client loyalty; lifestyle transformation
- If one advisor doesn’t, another will.
- Positioning advisor firm as civically engaged citizens

Payoffs

- Deeper, richer client relationships
- Client loyalty; ; lifestyle transformation
- If one advisor doesn't, another will.
- Positioning advisor firm as civically engaged citizens
- Laboratory to resolve Client's Family Dynamics Issues

Payoffs

- Deeper, richer client relationships
- Client loyalty; lifestyle transformation
- If one advisor doesn't, another will.
- Positioning advisor firm as civically engaged citizens
- Laboratory to resolve Client's Family Dynamics Issues
- Personal satisfaction of helping clients make a difference

Advisors at the Floodgates

- Initiators vs. advisors
- "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."

Conclusion

"Be the change you wish to see in the World."
Mahatma Gandhi