10 Things Advisors Need to Know About Charitable Giving

By Matthew Halloran Financial Planning Magazine   July 6, 2012

Advisors consistently underestimate how important philanthropy is to their clients. Here's what you need to know to avoid making the same mistake. Here are 10 things advisors and wealth managers need to know about charitable giving and clients who are passionate about spreading the wealth.

The recently released Fidelity Charitable report included some surprising data that should be of interest to all advisors and estate planners who are keeping a close eye on the latest trends in charitable giving.

1. Clients Give a Lot More Often Than You Think… Advisors think that 48% of their client base donates regularly when, in fact, the actual number is 93%. You need to talk to them about charitable strategies, ask them their charitable goals and plan around it.

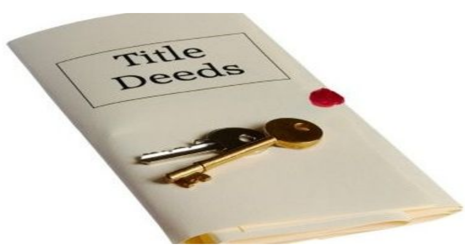
2. …And They Give Away Much More Money Than You'd Guess - Fifty-one percent of clients who have more than $1 million in assets gave between $5,000 and $100,000 last year. And most advisors don't know about it because they fail to ask their clients about the charitable endeavors.

3. Clients Want Advanced Charitable Strategies - Seventy-two percent of clients with more than $1 million in investable assets say that they found it very valuable for their advisor to offer them charitable strategies. Many advisors know about basic strategies, but being able to offer advanced strategies can change the way the client views your relationship.

4. Knowledge Is Power - More than half (57%) of clients surveyed said if their advisor was knowledgeable about charitable strategies, they would then view their wealth manager as a broad financial expert. Who doesn't want that?

5. Retaining AUM For Generations - Thirty-seven percent of clients said that charitable discussions led to assets staying with the parent's advisor because they were now viewed as the family's advisor

6. Charitable Giving Acumen Equals New Referrals - Thirty-five percent of clients said that talking about charitable strategies makes the advisor more referable. Now we just need to get advisors to ask for referrals more often.



7. They Want to Give Away More Than Just Their Cash - The Fidelity report found that 91% of clients give cash because they're not sure what else they can give. Donating appreciated assets, real estate and collectables does take a higher level of expertise, but with the right network and training can be an excellent tax-efficient offering.

8. Know Your Way Around the Tax Code - Fifty-nine percent of clients say their advisor has not told them that complex assets can be donated in a tax-favored manner that can give them the chance to donate more than they ever expected.

9. Keep An Open Mind and Be Progressive About Charitable Strategies - Advisors seem perplexed as to where to get training on strategies like the ones that are most valuable to their philanthropic clients. Advisors need to open their minds to different strategies and techniques that might have seemed foreign or “against their investment philosophy” to serve their client’s needs.

10. When Philanthropy Is Done Right, Everybody Wins - If you learn these strategies you will become more referable, make more money, keep the assets after your clients die, and have a more fulfilling career knowing you have helped empower your clients to take control of their money by directing it to the charities that mean the most to them instead of giving it to Uncle Sam.

Source: Matthew Halloran, MS, Certified Coach is the Director of National Development for GIVE Strategies, a mission-driven company that focuses on helping connect financial advisors, CPA's, estate planning Attorneys, clients, and planned giving directors to redirect $1 billion to charity.