Help Your Clients Focus on Their Legacies

Six questions to ask and eight questions to avoid at the outset

Mitzi Perdue | Mar 25, 2020

At some point in their lives, many of your clients will be focusing on their legacy. Kris Putnam-Walkerly has some suggestions for you on how to set yourself apart from your competitors by delivering better advice.

Putnam-Walkerly is the author of the just-published book, *Delusional Altruism, Why Philanthropists Fail to Achieve Change and What They Can Do to Transform Giving*. In her view, advisors are prone to asking their clients the wrong questions at the beginning of the process, and the results can be disastrous.

Let's take a look first at what can go wrong, and then we'll see how to provide better advice.

An Unfortunate Experience

"I worked with one couple," begins Putnam-Walkerly. "and I won't be using their real names, but we'll call them Peter Smith and his wife Alice."

As Putnam-Walkerly tells it, the couple had sold the family business a couple of years before she met them. "After the sale, they had more money than they had ever seen in their lives."

Since they were philanthropically inclined, their first thought was, "Let's start a foundation!"

However, as Putnam-Walkerly points out, “No one had advised them on what having a foundation entailed or what their alternatives were.”

By the time they came to Putnam-Walkerly, the Smiths were miserable. “They were saddled with a nonprofit that had their name on it, but they didn’t have the time, interest or bandwidth to manage it.”

The Smiths found they were up against paperwork, taxes, accounting rules, self-dealing rules, board meetings and a whole host of time-consuming issues that were taking time from things that were far more important to them. They had wanted to help others with their charitable giving, but instead found it was causing them major stress.

As Putnam-Walkerly elaborates, “Alice was raising children, and she didn’t enjoy financial planning or managing an organization. For her, the worst was that managing the foundation took time away from what was most important to her: helping people in her community. Instead of experiencing joy through her giving, she experienced frustration.”

Both of the Smiths wanted to get out of the foundation, but felt trapped. Adding to their unhappiness, they were feeling bad about feeling bad.

Alice in particular thought that continuing the foundation was her obligation, and she needed to suck it up and not complain.. She wanted to make a difference in the world, and instead she was spending her time trying to make sure the Form 990 was filled out correctly and on time.

The Wrong Questions

In the case of the Smiths, their advisor had asked the wrong questions. When you’re talking with clients about charitable giving, Putnam-Walkerly suggests eight questions *not* to ask at the beginning. These aren’t bad questions. In fact, they’re important questions and have their place, but they’re the wrong questions to ask at the beginning because they’ll mean possibly heading in the wrong direction or missing opportunities.

1. What philanthropic vehicle do you want to use? A foundation? A donor-advised fund (DAF)? A charitable remainder trust?
2. How much money do you want to set aside for charitable giving?

3. Which nonprofits do you want to support?
4. Do you want to involve your kids in your philanthropy?
5. Does your family want to give as a group or individually?
6. Do you want to give anonymously or receive recognition?
7. Do you want to support a lot of charities or just a few?
8. How involved do you want to be with your giving?

"All of these questions are important and have their place," says Putnam-Walkerly, but then she emphasizes, "They're the wrong questions if they're the ones you're asking first."

Why?

Because your clients can't possibly answer them until they first determine what they want to accomplish with their philanthropy and the best way to accomplish it.

Six Questions to Ask First

Putnam-Walkerly says the best questions help donors understand what they want to accomplish.

1. Why? Often your clients will tell you they want to start a private foundation or donate to their alma mater. Instead of responding by sending them the paperwork or cutting the check, ask them "Why?" Why a foundation and not a DAF? Why support your alma mater and not pressing needs in your community? Your client might be making uninformed assumptions about what she thinks she's supposed to do with her legacy and philanthropy.

2. What do you want to accomplish with your philanthropy? Asking this question, along with the following two, will help the advisor and the client understand what the client wants to accomplish and why it's important. "The point here is to allow creativity, brainstorming and ideation. You want to help your client create clarity on *what* she wants to accomplish with her charitable giving. Only then can you help her determine the best way to accomplish it."

Let's say the Smiths' goal was to combat human trafficking. Putnam-Walkerly points out, "The Smiths could have donated to an existing organization, one that helps rehabilitate survivors or that rescues people who are being trafficked or that raises public awareness or that influences corporate supply chain practices."

None of these activities would have required the Smiths to create a foundation.

3. What's the change you'd like to see in the world or your community?
4. What kind of philanthropist or philanthropic family do you want to become?

5. What are all the ways you could accomplish this? Now that your client has told you what she wants to accomplish with her philanthropy, you can ask her what are *all* the ways she could accomplish it. For example, what assets does she bring in addition to money? Talents? Connections? Expertise?

   As Putnam-Walkerly says, “The Smiths–or anyone else for that matter–have a lot more to offer than just monetary donations. The Smiths have influence and connections they can use to support the cause they most care about. These are activities they enjoy and are good at.”

   Does your client want her charitable dollars to help people directly, or would shebe willing to support policy advocacy efforts that could lead to wide-spread change? Does she want to give to individual nonprofits, or would she like to leverage her funding by partnering with other local donors and foundations?

6. What’s the best way for you to accomplish it? Once you and your client brainstorm *all* the ways she could accomplish her goals, you can ask her the fifth question, “What’s the best way for you to accomplish them?

   “For some people, writing a check to an organization that supports their goals may be the very best way,” says Putnam-Walkerly. “As with the Smiths, they may be busy, have a lot going on in their lives, dislike paperwork or want to be anonymous.”

   Or they might discover that a local initiative is already addressing the need they most care about. It’s not on them to reinvent the wheel. They may do far more good by supporting an existing effort that already has experience in the field they care about.

Help for the Smiths

Putnam-Walkerly help edthe Smiths convert their foundation into an easier to manage DAF. She also helped them identify the impact they want to have and the types of philanthropists they wanted to become. Now they have ways of accomplishing their philanthropic goals that are satisfying to them and make the most of their particular skills and interests.

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