



“PHILANTHROPY AND THE ADVISOR”

ADVOCIS CALGARY 2005 – HALF-DAY COLLEGE

Where do donors look for advice in charitable planning?

Financial Advisors – 67.7%
Planned Giving Officers – 11.8%
Agency Board and Staff – 7.6%
Estate Planning Lawyers & Accountants – 4.3%
Peers – 4.3%
Family/Self – 3.2%

*Russ Alan Prince & Associates – Affluent Planned Giving Survey – Sept 2002

A Charitable Giving Quiz was given to a cross-section of professionals with the following results:

Planned Giving Officers – 20%
Financial Advisors – 30%
Accountants – 30%
Financial Planners/Insurance Brokers – 45%
Estate Planning Lawyers – 65%

No group averaged 70% or more
(the % that was considered a passing score)

*Russ Alan Prince & Associates – Affluent Planned Giving Survey – Sept 2002

Only 10% of advisors include Philanthropy in their service offering. The reasons why the others don't?

- 1. Discomfort in Initiating the Technical & Values Conversation**
 - a. Staying current with the ever-changing vehicles and tax rulings.
 - b. Few advisors have been well trained to coach clients in addressing critical giving-related issues questions and conducting due-diligence on agencies is outside their areas of expertise and comfort.
- 2. Fear of Losing Clients**
 - a. Raising the giving question may alienate the client who doesn't want to give.
 - b. Inability to answer the client's technical giving questions.
 - c. Being perceived as being “too personal”.

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3. Concern About Loss of Income

- a. How do I get paid for this charitable intent conversation?
- b. Economic loss if the client moves monies from managed accounts to financial giving vehicles outside the advisors control.
- c. Increased competition from insurance agents, bankers, accountants.
- d. Era of the “transaction based client” where the advisor primarily processed paper is on the wane.

4. Not Giving Themselves

- a. The advisor may feel uncomfortable about asking the giving question of clients if the advisor isn't yet giving.
- b. Giving is a learned habit and art, and many people didn't have a strong positive role model.
- c. Value differences between the client and advisor around community give-back.

*\$41 Trillion Dollars at Stake: “What You Should Know About Awakening the Gatekeepers to Giving”
(Philanthropy World, January/February 2004)

Alberta's Wealth Transfer

\$1,000,000,000,000

Taxes (25%)	\$250,000,000,000
Charity (15%)	\$150,000,000,000
Heirs (60%)	\$600,000,000,000

*Extrapolated from Boston College Social Welfare Research Institute
(January 06, 2004) and Statistics Canada Data - Alberta

Our Challenge and Our Opportunity

So, 84.6% of our clients want to be more philanthropic yet they don't know the best way to go about it. They turn to their financial advisors for advice. Their financial advisors are reluctant to talk about philanthropy or bring it up for a number of reasons, the key reason being lack of knowledge.

At the same time, the government is getting out of the charity business while increasing the tax benefits of personal giving. This leaves the agencies with a lack of government funding exposing them to mission drift, short term funding restrictions, report overload, human resource fatigue to name a few; unless they can increase their funding from individual donors.

And this is where it loops back; the professional advisors are uncomfortable and lack knowledge in these tax changes and how they can be implemented in a client's situation. Therefore, only 10% initiate the conversation, 25% will facilitate a conversation and 65% will follow the lead of the client.

This is our landscape. We are entering the golden age of philanthropy where there will be a Trillion Dollars passed from one generation to the next in Alberta alone. Those that step up to the plate to participate will not only help their clients but their communities as well.

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