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# What Philanthropists Want: A View From The Advisor's Desk

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**Advisors must close the gap between what ultra-high net worth clients want to discuss and the conversations they actually have, writes an expert in the philanthropy advice space.**

*A lot of private client advisors like to state that they listen closely to what customers want. It is refreshing, therefore, when an industry figure actually shares the views of clients to demonstrate the kind of queries, grumbles and ideas that come across their desks. An area which has gathered plenty of attention recently is philanthropy, as shown by a number of headline-catching "big gifts".*

*An expert in the philanthropy field is Susan Winer, chief operating officer at US-based Strategic Philanthropy, and a member of Family Wealth Report's editorial advisory board. She describes the sort of enquiries she and colleagues receive, and shares these with readers.*

*The editors at Family Wealth Report are pleased to share these insights and invite readers to respond. They can email the editor at tom.burroughes@wealthbriefing.com*

We have a unique vantage point relative to the relationship between ultra-high net worth (and high net worth) individuals and families and their trusted advisors. As an advisor addressing the "softer" sides of a client's life; their passions, interests and legacy, they will often want to talk about more than just their philanthropic interests. One topic we frequently hear about, and often see, is the relationship of clients and their other advisors. We hear about the expectations of clients and the frustrations they sometimes experience and the disconnects that evolve over time. Too often we find ourselves having to send a prospective client back to their advisor to talk about their financial capacity before we will be able to work with them.

Because we value our partnership with the financial and legal advisory community, because we all want the same thing; clients who value our professional counsel and who continue, across generations, as clients, we thought we'd share what we hear and see. This article is the first in a series of random observations and suggestions…from behind the philanthropic advisor's desk.

## Allocation of assets

Among the first things we need to know, to help donors clarify and implement philanthropic strategies, is how much they want to direct to their charitable giving and what they intend to do with their money at death. This often leads to a discussion about how much to leave to their children or other relatives, what they need to support the lifestyle they enjoy and then, of course, what they want to do in terms of charitable gifts. We ask this of advisors referring clients and the clients themselves. Far too often advisors can only speak about the assets under their management and clients have little or no sense of what funds they can dedicate to charitable gifts or even what assets they could use for charitable giving.

Case in point, within a two-week span we met with two different clients who, in both instances, could not tell us how much money they wanted to designate for their charitable gifts during their lifetime, or the amount to be distributed: (a) to heirs, (b) to cover outstanding expenses or debts and (c) to honor their philanthropic legacy at death. They had never had that specific conversation with their financial advisor. Or… if they did… it was still unclear.

In informal conversations with respected advisors we discovered that the question of asset allocation specifically for philanthropic purposes, is not a regular part of the financial planning conversation, unless, or until there is a taxable reason to have the conversation. Even the most sophisticated and charitable client, we found, doesn't always have a true sense of their financial capacity and too often, advisors look at their clients through the AuM lens…how much their wealth contributes to the firm, or advisor's bottom line. One reason advisors give for not having this conversation is that they don't always manage all of the client's assets and don't really know the client's full net worth. But when pressed, they acknowledge they don't always ask or ask enough questions.

Now, this is not a universal issue. We work with a sizeable number of advisors who are very intentional in how they approach a client's wealth distribution during their lifetime and as part of their legacy plan. They want to help their clients understand what monies are available and how to think about that money across all the expenditure platforms in their lives. But because this is not the norm in all client/advisor conversations, we thought it would be helpful to offer up some suggestions for deepening the relationship with clients, helping them beyond the traditional investment or tax support and provide a valuable information and planning during lifetime and at death.

## Consider

- Starting every client engagement with learning about your client's lifestyle; what they value and how they want to live for the remainder of their life.
- What constitutes their net worth? You may already know their assets and liabilities…but dig down; what is the breakdown and value of property and other possessions, other investment portfolios and charitable vehicles. Whether you manage the funds or not, you cannot help a client determine what they have available without knowing the full financial picture.
- What do they feel is important to keep or add on to? What are they intending to liquidate and when? What are they going to give away at death?
- What are their plans for the future?
- What do they consider is "enough" to leave for, or give to, their children or grandchildren, if anything?
- Have they documented these gifts in trusts, an estate plan, or any other document(s)?
- Are they charitable? Are they giving any money away now and to whom and why?
- What are their plans for charitable giving going forward?  Where would they like to give and why?
- What kind of impact would they like to have with any charitable gift?
- Are they achieving that impact?
- What do they need to or want to know in order to be able to support their charitable giving?

Providing clients with a graphic depiction of their spending and resources; how money is currently allocated and what they could conceivably move over into the charitable giving category would be invaluable. Many clients understand more when presented with visual documentation.

Helping them to understand what non-cash assets they have that could be used in lieu of cash for charitable gifts is also important. Too often donors assume that charitable giving is a cash transaction and they don't look at securities, art, real estate, to name a few ways charitable giving can be supported without dipping into cash.

If a client is about to have a liquidity event, or one is being planned, having all of this information on hand helps you, as advisor, and the client to anticipate and address tax consequences and determine, in advance of the liquidity event, ways to mitigate potential taxes more effectively.

## Keep in mind

Every conversation you have with your client either leads to deepening a relationship or leaves them dissatisfied. In the 2018 US Trust Insights On Wealth and Worth study, the top five topics that UHNW individuals wanted to discuss more with their advisors were:

1. Estate planning;
2. Trust options and implications;
3. Philanthropy;
4. Facilitating discussions about the use of family wealth; and
5. Teaching children/heirs financial skills.

However, even though these are the topics that UHNW individuals believe they need to be discussing more with their advisors, less than 50 per cent of advisors are talking about even the highest-rated topics.

When you bridge the gap between what your UHNW clients want to talk about and the conversations you are actually having with them, you will be demonstrating that you understand their needs and want them to be fully informed so that they can pursue opportunities and passions successfully and knowledgably. You are also providing them with peace of mind about the financial and legal aspects of their lives.