

Talking to Clients About Philanthropy

Financial Advisors



Discussing Philanthropy With Clients is Good For Business

40% of high net worth individuals indicate that they would be more likely to choose an advisor who is knowledgeable about charitable giving.

- US Trust "The Philanthropic Conversation"

Start the Conversation

- **Introduce the topic early.** Make philanthropy part of your initial information gathering discussion. Does the client consider themselves charitable? How do they want to use their wealth?
- **Talk about legacy.** What kind of world do they want to live in, or leave to their heirs and/or their community?
- **Let the client step back from the finances.** Ask your client which issues in society they would address if they were able to do so. This can open up a conversation about how their vision of a better world fits into their wealth plan.
- **Look at past tax returns** to understand previous charitable giving. Ask questions such as, "Would you like to continue this level and type of giving?" Rather than framing philanthropy as a new task, allow clients to see their giving as an evolution that simply builds on what they have previously done.
- **Openly discuss concerns.** "But I need to provide for my children." "I don't have enough money to give to charity." To assuage concerns about current and future financial needs, make a financial plan and ask, "If we can guarantee that your needs will be met, and your children will receive X amount, would you be interested in some of the rest going to charity?" More often than not, the answer is yes.
- **Offer local expertise and tailored options.** The Community Foundation of Snohomish County can provide you with the resources, options, and local knowledge you need to provide your clients with tailored charitable giving plans.

What Are My Client's Options?

- **Create a charitable fund** with the Community Foundation. Support a favorite charity or charities with grants made from your fund after you are gone.
- **Name one of the Community Foundation's Community Impact Funds in your will** and support local nonprofits working in Education, Health Care, the Environment or another field of interest you choose.
- **Change the beneficiary designation** on a retirement account or life insurance policy to your favorite charity. The Community Foundation can help here too.
- **Designate your favorite charities** as grant recipients from a charitable fund that, when the time comes, will be funded by one of these assets.
- **Want to leave an inheritance to your kids too?** You can do both. Designate that just a % of your estate or the remainder will go to charity. Your heirs will get the rest and you will leave a meaningful legacy.

For more information:

Visit www.cf-sc.org/plan/financial-advisors

Contact us at elena@cf-sc.org | (425) 780-4146.

What is preventing you from talking to your clients about philanthropy?

My client isn't charitable.

Your client may not be making yearly donations, but do they have assets they need to get rid of for tax reasons? Appreciated stock, real estate, distributions from retirement accounts, and other non-cash assets make great gifts and can help meet tax goals too.

My client doesn't itemize her taxes, so there's no tax advantage to charitable giving.

Actually there are many ways to take advantage of the tax benefits of charitable giving even if you take the standard deduction most years. Here are some options:

Bunching

Make multiple years' worth of charitable donations at the same time by creating a donor advised fund (DAF). Itemize that year to receive the tax deduction. This allows you to take the standard deduction in the following years, while continuing to make grants from your DAF without any additional tax consequences.

Does she have to start taking RMDs from her IRA?

Turning an IRA's RMD into a Qualified Charitable Distribution (QCD) can offer a variety of tax savings for your client, even if they do not itemize their taxes. Making a gift from a client's IRA removes the amount from her adjusted gross income, and she will not be taxed on the amount.

A QCD can also potentially help reduce other taxes or Medicare Part B premiums, as well as future required distributions from an IRA.*

**Clients should seek advice from a financial professional to determine if the tax advantages above apply to their individual situation.*

"What I've learned in my practice is that we need to listen. We need to be able to have those deep seeded, goal oriented conversations with our clients that help them accomplish the really big, important stuff. As a professional advisor, that is our call."

- Jenny Keeney, CPA, Blume Keeney

My clients aren't high net worth. They can't afford to be charitable.

Did you know...

The average donor leaving a bequest to charity in their will has a median income of \$60,400. 80% of Americans engage in charitable giving each year.*

Many of the Community Foundation's donors are not considered "high net worth" (having investable assets of \$1 mil+).

Individuals or families can start a donor advised fund at the Community Foundation of Snohomish County with just \$5,000.

Donors can make a tax deductible gift of any amount to one of our Community Impact Funds. This option allows donors to support nonprofits throughout the county doing work in a specific area such as education, the arts, the environment or human services.

Making a gift to a Community Impact Fund is also easy. The client simply chooses a charitable area of interest and the Community Foundation does the rest. The transfer can be done through the financial advisor with no hassle for donor.

**US Trust Study, "The Philanthropic Conversation" 2018.*

The Community Foundation provides charitable options tailor-made to meet your client's financial and estate planning goals. Your client can set up a donor advised or other charitable fund and support specific charities, communities, or causes. You, their financial advisor can even continue to manage the donated assets.

Check out our podcast!

Looking Forward. Giving Back.

Hear local practitioners share their thoughts on how to talk to clients about charitable giving. Available now on Spotify, Anchor FM, and Apple Podcasts.

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**COMMUNITY
FOUNDATION**
of Snohomish County