

Asking the Giving Question?

Community foundations believe that as a professional advisor, you play an important role in providing opportunities for your clients to achieve their charitable wishes. You may be charitable in your own right as a volunteer or contributor but you also have a unique opportunity to “ask the charitable question” to those whom you advise.

Why raise charitable giving at all?

Your clients are increasing their knowledge about options and expecting you, their advisor, to help them create innovative, comprehensive financial plans that take care of their families and friends, minimize taxes and reflect their values. Confronted with the task of transferring assets from one generation to another, people are increasingly choosing to integrate charitable giving into their planning to realize personal as well as financial benefits.

- Charitable giving can generate significant tax benefits in both annual and estate tax situations — your client may not be aware of this opportunity.
- The ability to provide for a charitable gift often produces a deep sense of fulfillment and satisfaction — your client may be very grateful to you for not only asking the “giving question, but also helping him/her to satisfy that philanthropic desire.
- Your client may never have mentioned an interest in charitable giving — perhaps due to a disappointing experience or to lack of information about the range and scope of opportunity. You can offer your client an opportunity to become informed without any obligation.
- Your client may think that his/her resources are not sufficient to consider charitable giving. You can show your client a variety of creative ways to make a gift that is compatible with his/her personal and financial circumstances.
- It’s good for society, it’s good for your clients, it’s good for your business, and it’s good for you.
- You’d be surprised how many of your clients are searching for a way to give back to society, to memorialize a loved one, or simply to do good.
- You live/work in this community too. This is an opportunity not only to serve your client, but also to help your community thrive.

Who is in need of your help?

Recognizing that all clients may want to pass on their values through a charitable legacy is important to your success. In particular, clients who come to mind include the following:

- Unmarried
- People who are financially comfortable but not necessarily wealthy (Married, without children)
- Owners of privately held companies
- Married couples who have independent children
- Owners of appreciated securities or real estate
- Widows
- People with an existing relationship to a cause or community organization

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When should you raise the subject of charitable giving?

Your greatest opportunities to help your clients maximize the personal benefits of giving occur when they are making major business, personal and financial decisions, such as:

- Estate planning
- Writing or revising a will
- Sale of a business or other major asset
- Retirement planning; and
- At times of a financial windfall, such as an inheritance, a merger or acquisition.

Circumstances in clients' lives usually cause them to begin or alter their financial plans, including charitable giving. The following scenarios might signal an opportunity for a discussion about planning and how charitable giving can help achieve their goals

- Your clients tell you that they are about to take their company public, or that they want to transfer ownership of the family business to the next generation
- Your client tells you he wants more income from his stock but worries about capital gains tax if he sells.
- Your client discovers he has a large retirement fund which his heirs will receive only some of.
- Your client says she would like to provide income to her mother, sister, niece, or others.

How can you introduce the subject?

When drawing or reviewing a will, include the "giving question" as a regular item on your list of issues to discuss with your client.

In advance of your meeting, provide your client with a printed list of issues and questions (including charitable giving) to be addressed — this allows your client to consider the idea ahead of time and ensures that the question is not overlooked.

Introduce the subject in a way that generates a thoughtful rather than reactive response, using one of the following conversation starters:

- *Many people who have been actively involved in their community like to leave something in their will for charity – as a way of sharing one's good fortune with those who have been less fortunate, or of repaying an organization that has made a difference in their lives, or of helping make our community a better place in the future. Had you considered the possibility of a charitable gift in your estate plan?*
- *There are other reasons as well to consider a charitable gift – tax savings, for one. It would appear that your estate will be substantially reduced by income tax. Charitable giving can reduce that burden and benefit both your inheritors and your community.*
- *Are you aware of the income tax provision that eliminates the capital gains tax payable on the sale of appreciated securities when you gift shares?*

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If your client shows interest, but cannot make an immediate decision, include a bequest clause in the will with blanks to be filled in. When you send your client a draft of the will, he/she will have a chance to think about the gift and to talk it over with family or other advisors. It may also provide an opportunity for your client to make enquiries about particular charities or to seek information or guidance from the community foundation about local or regional community needs, opportunities and potential beneficiaries.

Ways to talk about philanthropy with your clients

Try to determine your clients' values and aspirations using the following conversation starters

- *I know you are very supportive of [organization or program, e.g., the local soup kitchen, your seniors centre, your alma mater] . . . Would you like to continue your support through your estate plan?*
- *Are you making charitable gifts now that you would like to continue after your death?*
- *Have you considered what would happen to your assets if your spouse or children do not survive you? Would you like any of your assets passed on to a charity, rather than to a distant relative?*

You could use a quote from Warren Buffett: "Parents should leave children enough money so they would feel they could do anything but not so much that they could do nothing."

- *Do you think your three children would mind getting 30% of your estate rather than 33% if you decided to give 10% to your favourite charity?*
- *If your children were to write your epitaph, what would it say about you? Would it match what you would say? What would you like to tell your children about what really matters to you?*

Clients can be hesitant to consider charitable gifts because they are afraid they will not have enough assets for a secure retirement. You might discuss how much is needed and open the discussion with the following sentence:

If you're interested, perhaps we could try making your money work better for you in your retirement while also providing for organizations that are important to you.

If your clients are interested in including philanthropy in their plans but are unclear about a particular cause you might also ask your client

- *When you lie awake at night, what do you worry about?*
- *What values, activities and organizations contributed to your success? At your funeral, you would like people to say "She really cared about. .*

Source: Source Community Foundations of Canada Professional Advisors e-Resource (Adapted from a document originally prepared by The Niagara community Foundation. Used with permission.)