Planned Giving MENTOR™

◆ The Newsletter for Newcomers to Gift Planning ◆

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Working With Professional Advisors

I've been in the development and planned giving field for all of my working life. During that time, we've witnessed a tremendous rise in the popularity of planned giving. Today, there are many more people living in retirement than there were 20 years ago, wealth among retirees has risen tremendously, and people are more inclined than ever to consider charitable strategies in their overall retirement and estate planning.

Professional advisors have jumped on the bandwagon, too. Today, some of the most sophisticated planning strategies are introduced to your key donors by their investment and insurance representatives. Why? Because there is a lot of money that can be made by professional advisors who manage assets that result from charitable planning techniques.

During much of the last two decades, development professionals weren't sure how to engage advisors. They were concerned the advisors would make money on strategies that involved charitable planning.

However, that attitude has begun to change in recent years. Today, many thoughtful nonprofit organizations realize there is great power in the professional advisor network and that working together with them can only create good will — and good results — for all parties involved.

Things to Remember

There are several things to remember when working within the professional advisor network. While this list is not comprehensive, it gives you an idea of what to do — and what not to do — as you work to secure additional planned gifts for your organization.

1. *Understand, and respect, how professional advisors are compensated.* One of the fundamental differences you will have with professional advisors is that you are likely paid a salary, and almost everyone else you will work with in the professional advisor network is not paid a salary. They sell financial and insurance products, their time, and/or their services. They don't get paid unless your donor retains their services or buys their products.

In almost every case, you will want your donors to be independently represented as they contemplate a planned gift, so learn how their advisors are compensated so that you can work more easily within their frameworks.

2. *Don't get ahead of professional advisors.* Even if you know what the donor wants to do — or should do — with regard to a planned gift arrangement, always keep your donor's advisors in the loop. In fact, try to have advanced communication with them to let them know you are talking to one of their clients about a particular planned gift arrangement. Ask if you can get their feedback on the arrangement you are proposing. If your donor's advisors are "on board" from the very beginning — maybe even learning themselves along the way — your chance of completing a gift arrangement will go up.

I learned this lesson all over again recently when I prepared a very long "here's how we'll do it" memorandum to a prospective donor, only to find a few days later that his accountant had taken issue with a small part of the strategy and was unwilling to look at things in the broader context. The accountant was digging in his heels, making my work a much steeper uphill battle. I should have spent time with the accountant in advance — maybe even devising the strategy together with him — to present to the client/donor.

3. *Honor professionals who help.* One of the greatest rewards you will get as a development officer is when a professional advisor calls and says, "Hey, I've got another person like Mrs. Jones that I think would work well in that life-income arrangement."

If you have treated the professionals well in previous deals, and even taken time to honor them in front of your board or a group of their peers, your work will be made easier in the future.

4. *Learn from them.* Over the years I've learned to talk differently with prospective donors. As I think about it, that's due in part to the interactions I've had with professional advisors and their clients. I've learned how to communicate often complex strategies in simpler terms by listening to, and then emulating, professional advisors. Many of the professionals you will work with are quite seasoned now in planned giving, having worked on several life-income strategies themselves.

5. *Again, professional advisors have the power.* Of the 40-50 trillion dollars in retirement accounts today, you can bet that a good portion of that money is independently managed by financial service professionals in your community. Think of professional advisors as gatekeepers — gatekeepers to the donors you are trying to persuade to invest in your organization. How much easier would your job be if you could find and persuade 10 professional advisors (who each have 24 clients) about the benefits of planned giving?

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If those 10 professionals carry the planned giving message through to their clients, that's potentially 240 people who will hear about planned giving from a person they know and trust! Now, consider for a moment how long it will take you to develop relationships and trust with 240 people on your own who fit the profile for a planned gift.

Conclusion

While the tide has certainly begun to change, for too many years development professionals weren't sure how to interact with the professional advisor community. I urge you to jump in with both feet! If we become more involved with professional advisors, our organizations will do more planned gift arrangements than ever before — and we will likely become more well-rounded development professionals in the process.

– Gene Christian

Types of Professional Advisors

You've heard the terms — "professional advisors" or "agents of wealth" or "centers of influence." Let's describe the various professions that make up these categories.

Attorney

The attorney's function is to provide legal advice to the client and draft the documents that will put the client's wishes into action. For example, attorneys draft wills and trusts (of various kinds) and contracts. Often the attorney is the client's (our prospect's) key advisor. It's important to note that lawyers often specialize in certain areas, such as real estate, corporate, litigation, trusts and estates.

Accountant

The accountant's primary function is to provide advice to the client regarding tax strategies (typically income tax, but sometimes estate tax) and to prepare tax returns of various descriptions and any documents that lay out a client's financial situation (like net worth statements used in loan negotiations with banks). Often the accountant has a very good sense of the client's overall financial situation. As with lawyers, accountants often specialize (e.g., audit, corporate, personal).

Life Underwriter

The life underwriter analyzes a client's financial picture, makes recommendations about the uses of life insurance in the estate plan and sells the client his or her life insurance. In some cases, the life underwriter will recommend and/or sell investments. Good life underwriters also recommend estate planning techniques.

Financial Planner

Financial planners prepare a plan for the client's money in response to a comprehensive plan they develop with the client. In some cases, financial planners sell life and other forms of insurance and investments. Financial planners thus often know more about a client's hopes and dreams and also the details of a client's financial picture.

Investment Manager

The investment manager typically manages the client's investment portfolio. Usually the manager consults with the client to construct the portfolio, helping choose an asset allocation and the specific investments. Investment managers provide their investment management services for a fee.

Investment Broker

The difference between a broker and an investment manager is that often the broker will sell the client investment products that carry out the client's investment goals. In some cases, the broker provides little advice other than regarding specific investment purchases and in other cases the broker will develop a comprehensive plan like a financial planner.

Conclusion

The tricky part is that these types of advisors often are not as clear-cut as you would expect. For example, some accountants — in addition to the services described above — do financial planning and sell investment services.

You need to be on good terms with your client's professional advisors because they can help you construct and close a gift (assuming it's in your client's best interest). The danger is that they can kill a gift (even if it's in your client's best interest). If they think you are trying to avoid them or push them aside or, most importantly, if they

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National Board of Gift-Planning Consultants

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G. Roger Schoenhals, Publisher and Editor
PO Box 1598, Edmonds WA 98020
800-525-5748 / Fax: 425-744-3838
roger@pgtoday.com
www.pgmentor.com

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