US Trust Study illustrates high net worth donor philanthropic desires when interacting with their professional advisors

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In 2018, US Trust did a study of high net worth donors and their interactions with advisors regarding philanthropy. In an interview with Claire Costello, head of US Trust Philanthropic Services, she pointed out many interesting insights about the advisor-client relationship regarding philanthropy. The below bullets summarize a number of survey insights that she brought up during the interview. I was struck, however, by her concluding point:

> *"Discussing philanthropy is good for the client, it's good for the advisor, and it's good for society because ultimately the advisor is potentially moving resources into the public good that otherwise might not have happened without the advisor-client philanthropic conversation."*

- Professional advisors (accountants, the attorneys and wealth or financial advisors) are increasingly recognizing that philanthropic conversations are critically important to their clients and correlated to the depth of the advisor-client relationship.

- Over two thirds of the high net worth consumer share the view that having a philanthropic conversation with their advisor is important

- Advisors say they typically initiate the conversation. However, clients often think they are the one that initiates the conversation. The disconnect is because most advisors approach the discussion from technical angles (e.g. tax savings, investment structuring), instead of from the *perspective of the client's values, passion, existing philanthropy, desire to leave a legacy,* etc.

- The vast majority of clients want the advisors to have this conversation as meaningful goals-based, life goals, what's the wealth for kind of conversation, values-based conversation *inside the first few meetings*.

- Advisors believe increasingly that discussing philanthropy helps build relationships with clients into the extended family. It is also very important to Millennials, Gen X, and women.

- Advisors think clients are hesitant to give to charity because of wealth preservation. Instead, clients say their top reasons for hesitating to give include 1) lack of knowledge or connection to a charity, 2) concern that the gift won't be used wisely and 3) a fear of an increase in donation requests.

- There was a direct correlation between the use of giving vehicles (e.g. Donor Advised Funds) with those who received counsel from you all and those who do not.

- Again, huge correlative influence of those who get advice from you and those who don't in terms of, who includes philanthropy and their transfer plans.

- There are certain circumstances where the consumer's questions and needs exceed the advisors knowledge. Most clients in those circumstances want a referral to another professional if their advisor can't fully address their philanthropic needs

- Clients want to be referred out to another advisor if the needs exceed the knowledge of their current advisor. Again, it doesn't mean a client’s advisor has to know everything, but they have to know who does. *Building your community networks with your community foundations* helps.

- When we look at high net worth consumers who want to keep learning about philanthropy, number one interest is giving vehicles. Number two, is becoming more familiar with nonprofit organizations and community social needs. Number three, is integrating their values and charitable goals into overarching wealth management plan.

- Advisors who are philanthropic themselves are more valued by network consumers and are more apt to get a referral, and many advisors report additional opportunities resulting from discussing philanthropy with clients.

Resource Links:

Transcript of the interview with Claire Costello

Survey Summary

Complete survey results