

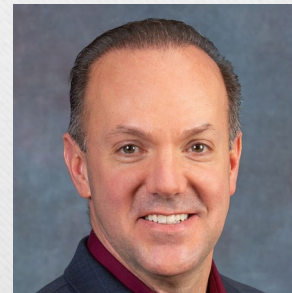
The Case for Offering Charitable Giving Services: Facts and Overview

Presented by:

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Stanford University/PACS: Trends: Marketplace Challenges

- **Competition**
 - 400K advisors: Crowded market
 - Commoditization: Harder to differentiate services
- **Fee Compression**
- **Attrition**
 - Aging client base
 - Historic wealth transfer
 - Assets on the move

Just the facts, ma'am...

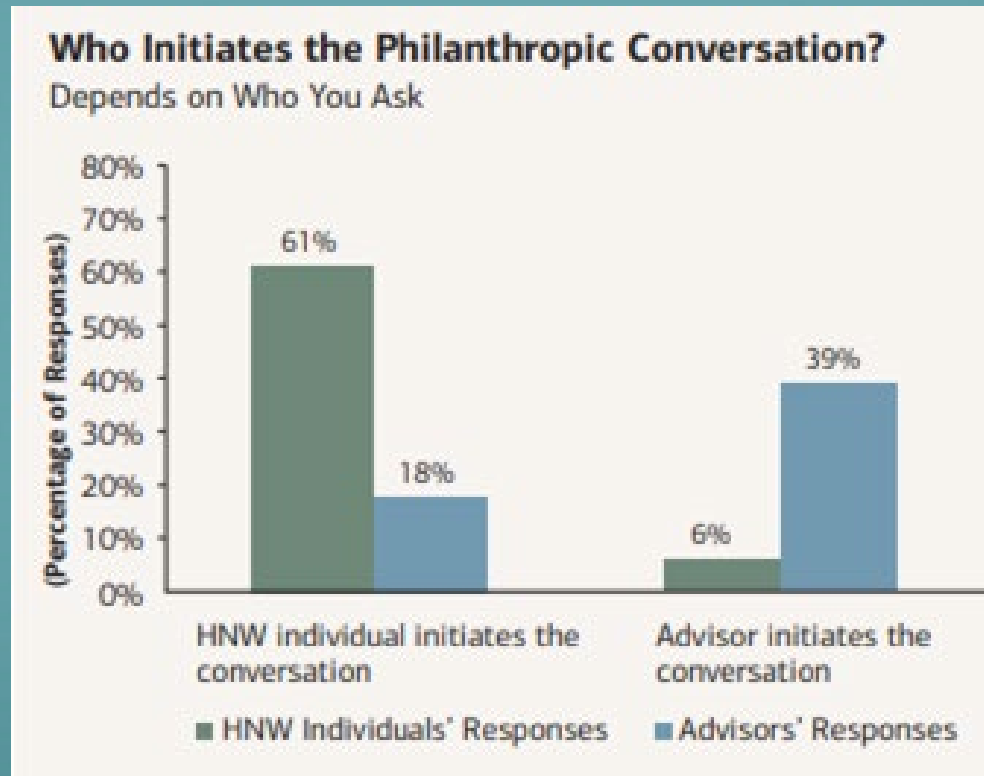
- **\$30-40 trillion will transfer in next 30-40 years**
(Wells Fargo Investment Institute)
- **90% of estate transfers result in advisors losing AUM** (Preisser & Williams, “The Future of Estate Planning,” Journal of Trusts & Estates, June 2010)
 - *Advisors stand to lose \$27 trillion dollars!*

As a firm...

What are you doing to
create “stickiness” with
your clients, build value,
and differentiate yourself?

Having the Philanthropic Conversation

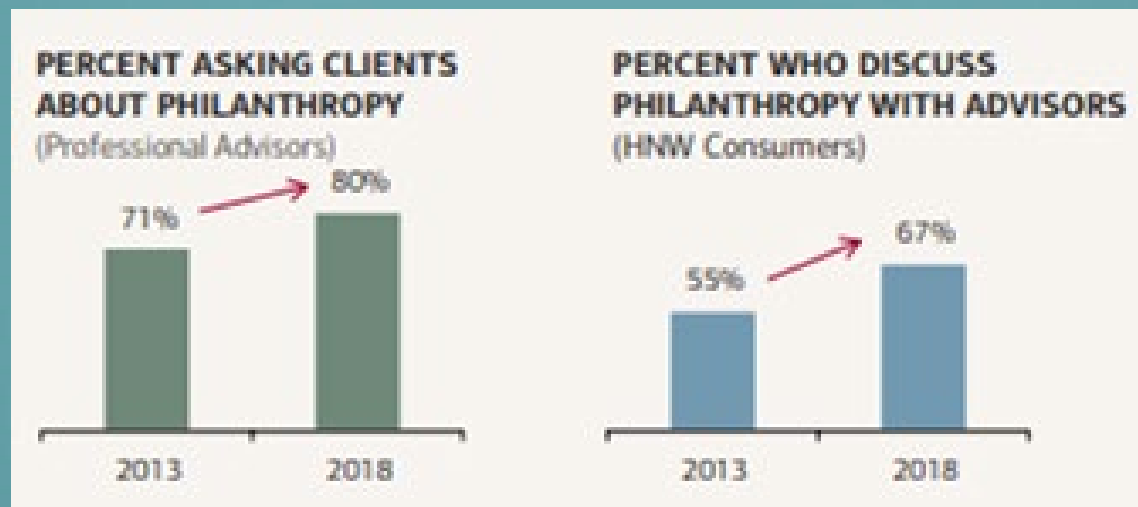
According to US Trust Study of the Philanthropic Conversation, you need to be equipped to begin the conversation with your clients



Source: [The US Trust Study of the Philanthropic Conversation](#)

How does this affect you?

The majority of HNW individuals (57%) believe that their advisor should play an important or very important role in helping them with their philanthropic efforts.



Source: [The US Trust Study of the Philanthropic Conversation](#)

Per Fidelity Report on Philanthropy and Advisors

- Firms that offer charitable planning had **6x the median assets** of those that do not offer charitable planning
- Firms that offer charitable planning had **3x the median organic growth** of those that do not offer charitable planning.
- Firms that offer charitable planning had **1.3x the median new money per investor** of those that do not offer charitable planning.

Per Fidelity Report on Philanthropy and Advisors

- For example, the number of donor-advised funds has grown a staggering 363 percent from 2011 to 2019.
- Ever since the 1970s, philanthropy has steadily been on the rise.

Per the Fidelity Report on Philanthropy and Advisors

- Analysis of over 1,200 RIAs and Family Offices found that **those offering charitable planning tended to have significantly greater assets, organic growth, and new money.** In many cases, charitable planning is a key strategy used to deliver on a firm's objective of providing holistic wealth management.
- Charitable planning opens the door for advisors to reinforce the breadth of their wealth management expertise and **build stronger client relationships and more holistic financial plans.**

Per the Fidelity Report on Philanthropy and Advisors

- More than **75 percent** of entrepreneurs say charitable giving is a **critical part** of who they are.
- **\$68 trillion** of wealth will transfer to heirs over the course of the next **25 years**.
- **Three-quarters** of Millennials identify as philanthropists (compared to **35 percent** of Boomers).
- **60 percent** of executives are interested in learning how company stock can be used to maximize charitable giving.
- **9 in 10** women wish they could be doing more to create positive social change, but **only 14 percent** have spoken to a financial advisor about charitable planning strategies.

Per the Fidelity Report on Philanthropy and Advisors

- Advisors who offer charitable planning
 - tend to have larger share of wallet
 - **tend to have a higher proportion of clients with \$1M+ in managed assets**
- Clients who receive charitable planning tend to rate their advisors significantly higher on key drivers of the Net Promoters Score (NPS).
 - Advisors who **offer** charitable planning **had an NPS of 67**
 - Advisors who **don't offer** charitable planning **had an NPS of 49**

Assets to Dispose of...

- Cash
- Highly appreciated, publicly traded securities
- Highly appreciated, closely held/private held stock
- Highly appreciated real estate
- Tangible personal property
- Retirement plans/QCDs
- Life insurance
- Royalties
- Cryptocurrency

Donor-Advised Funds

- Extremely popular way to give
- Some numbers from the latest DAF facts and figures from the 2021 National Philanthropic Trust report...

Donor-Advised Funds

Contributions to DAF accounts totaled **\$47.85 billion**, a **20.6% increase** from **\$39.69 billion** in **2019**. All contributions are irrevocable and destined for qualified charities.

Donor-Advised Funds

Number of DAF accounts in the U.S. totaled 1,005,099, a 16.3% increase compared to 864,187 in 2019. This is the first year the number of DAF accounts exceeded one million. The ease of management and flexibility of DAFs as well as the emergence of workplace giving accounts and lower contribution minimums contributed to this increase.

Donor-Advised Funds

Average DAF account size was \$159,019, a 5.5% decrease compared to \$168,355 in 2019. As DAFs have become more mainstream, the number of accounts increase and the average fund size decreases.

Donor-Advised Funds

Value of grants from DAF accounts to qualified charities totaled \$34.67 billion in 2020, a 27.0% increase from \$27.29 billion in 2019. This is the highest grantmaking increase in a decade and the first year grantmaking has exceeded \$30 billion.

Donor-Advised Funds

The grant payout rate (percentage of total charitable assets at the end of the year that a charitable sponsor grants from a DAF to qualified charities) increased to 23.8% from 22.3% in 2019. The DAF grant payout rate has exceeded 20% for every year on record, demonstrating that DAF donors are a consistent, sustainable resource for charitable support.

Services that could be offered by your firm (or outsourced as a service)

- *Strategic, Customized Family Philanthropy*
 - *Grantmaking/sourcing impactful nonprofits*
 - *Food scarcity, homelessness, veterans, animal welfare, environment, racial and social justice, early childhood education, workforce development, behavioral health*
 - *Legacy building with individuals and families*
 - *Non-cash asset disposal*
 - *Life income plans (CRTs, CGAs)*
 - *Charitable lead trusts (CLTs)*

What are you waiting for? Add charitable giving services to your company offerings now!

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