



Top Ten Charitable Trends Every Advisor Should Know in 2017

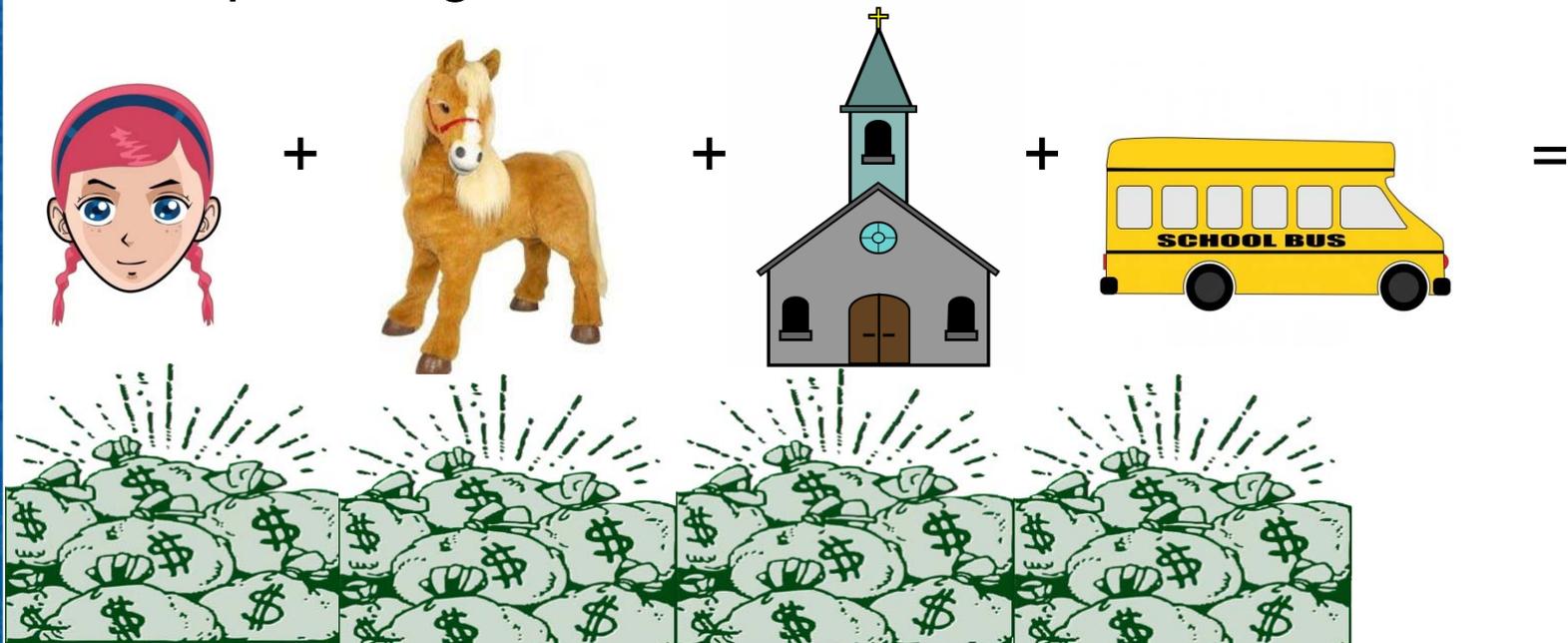
Bryan Clontz, CFP®, CAP®
President, Charitable Solutions, LLC
www.charitablesolutionsllc.com (404) 375-5496

Agenda

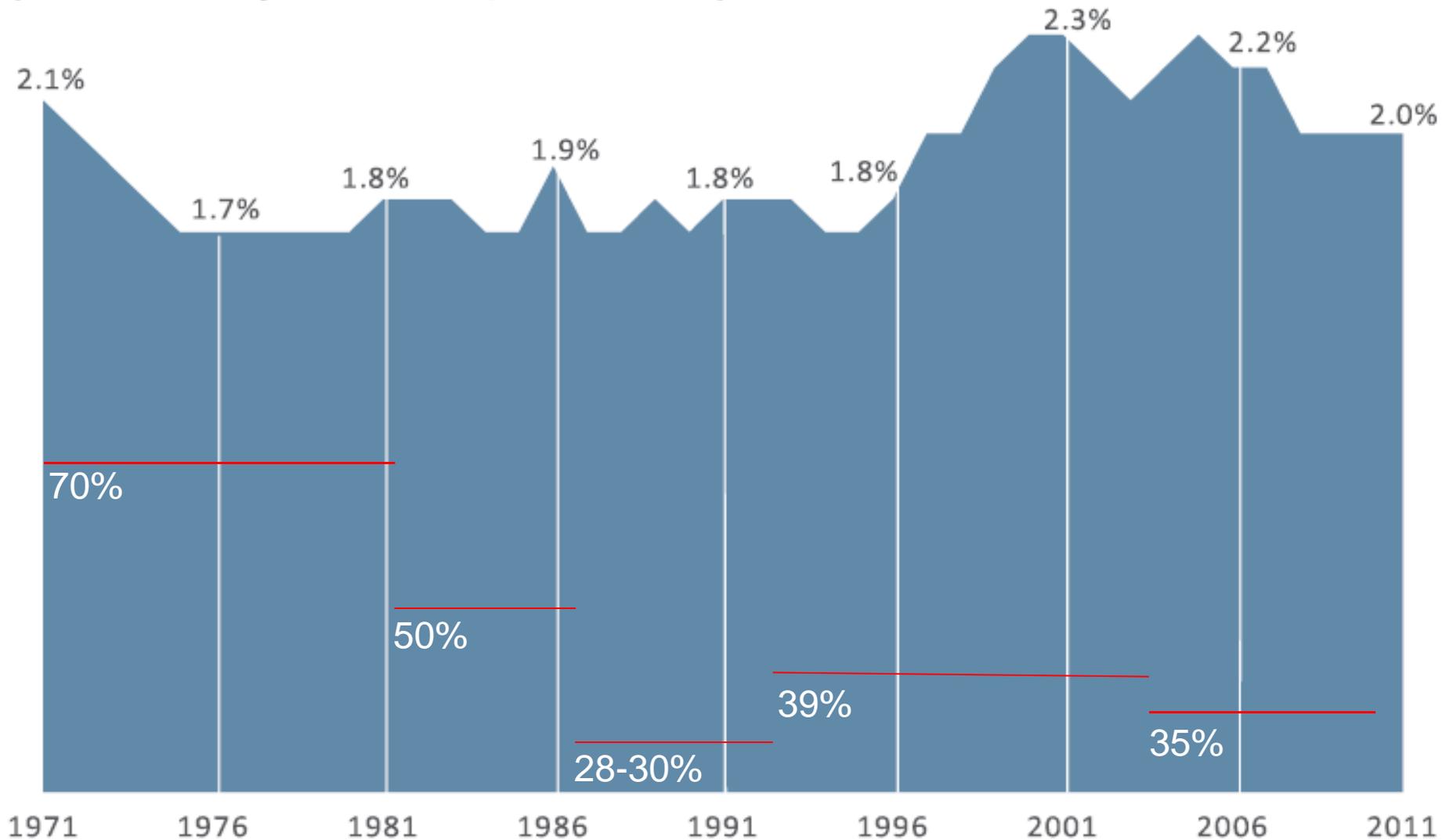
- 1. Philanthropy Is Alive and Well – Kind of No Matter What!**
- 2. Demographic Trends are Your Best Friend or Worst Enemy**
- 3. Competition is Everywhere!**
- 4. Advisor Collaboration is Not Everywhere... Yet!**
- 5. Harnessing the Power of Non-Tech Language and Social Norms**
- 6. The Giving Pledge is Resonating with the Millionaires Next Door**
- 7. The Wealth Transfers Death is Greatly Exaggerated and Taxes are Even Less Important than Before**
- 8. Charitable Gift Annuities are Smokin' Hot**
- 9. Don't Touch Cash – Noncash Gifts are Booming**
- 10. Professional Advisors are Driving the Bus... But Not Well**

Trend #1 – Philanthropy Is Alive and Well – Kind of No Matter What!

- People see need now more than ever and are responding with different assets and to different causes (Giving USA reported total charitable giving fell 5-6% in depths of recession from 2007 levels)
- If conspicuous consumption is charity's only competitor, good times may be ahead!



Total giving as a percentage of Gross Domestic Product, 1971–2011 (in inflation-adjusted dollars, 2011 = \$100)



- From 1956-1972, charitable giving was consistently at 2% or higher of GDP –
Source 2012 Giving USA Report

Trend #2 – Demographic Trends are Your Best Friend or Worst Enemy

- Americans 85 and older represent fastest growing age group
- Women are controlling
- Depression-Era – Very trusting, give discretionary gifts, traditional institutions
- Boomers – More controlling, want more information to make giving decisions, engaged from a distance
- Gen X and Y – Must be engaged first, heavy personal involvement, love grass roots and social change orgs, social networks drive connections and giving

Trend #3 – Competition is Everywhere!

- There are currently 1.3 million charities, 125-150 new orgs formed every single day
- Major trends of Philanthropic/Endowment departments of financial institutions (professional advisors now create over 65% of all charitable gifts), the rise of community foundations, the rise of national donor advised funds, the rise of issue-based charities, and the fall of United Ways
- Development plans almost universally focusing on high net worth, major gift donors (one university received 90% of campaign from 6% of donors)
- Competition forcing differentiation to survive, find “sweet spot” for optimal relevance, and more creative and flexible structures, policies and approaches

Trend #4 – Advisor Collaboration is Not Everywhere... Yet!

- 1997 survey of 603 clients with \$5 million+ who give more than \$75,000 year – **98% expected their professional advisors to be experts on charitable planning tools and techniques**
- 2004 CapGemini World Wealth – **72% of high-net-worth valued team-based, holistic, integrated planning**
- 2001 Bank of America survey of \$100 million+ clients said **75% expected their advisors to raise the philanthropic question – only 34% of advisors surveyed felt comfortable doing so**

Trend #5 – Harnessing the Power of Non-Technical Language and Social Norms

Formal terms lower charitable interest

2014 Survey, 1,246 Respondents, Groups D/E

Interested
Now

23%

Make a gift to charity in
my will

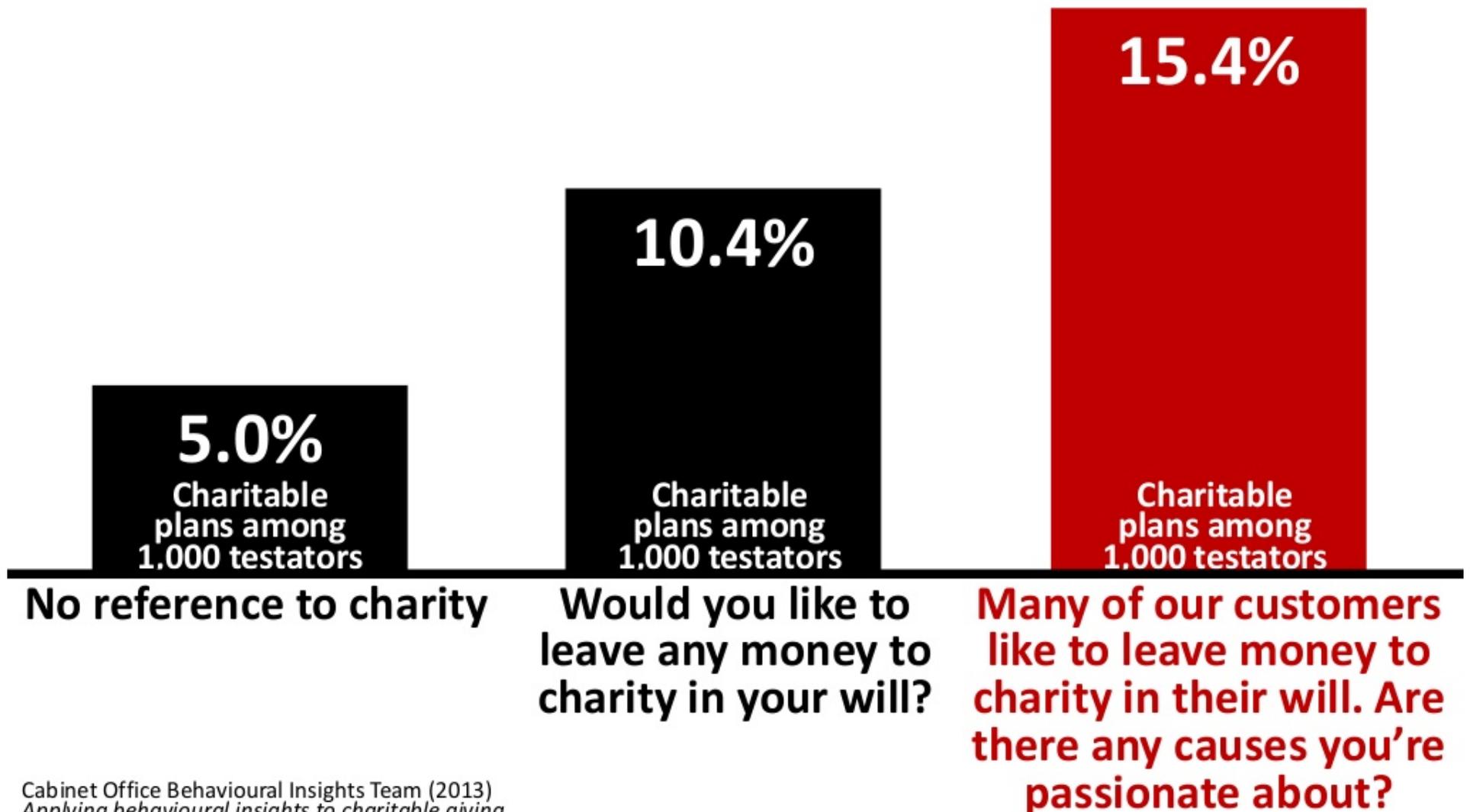
Will Never
Be
Interested

12%

12% Make a **bequest** gift
to charity

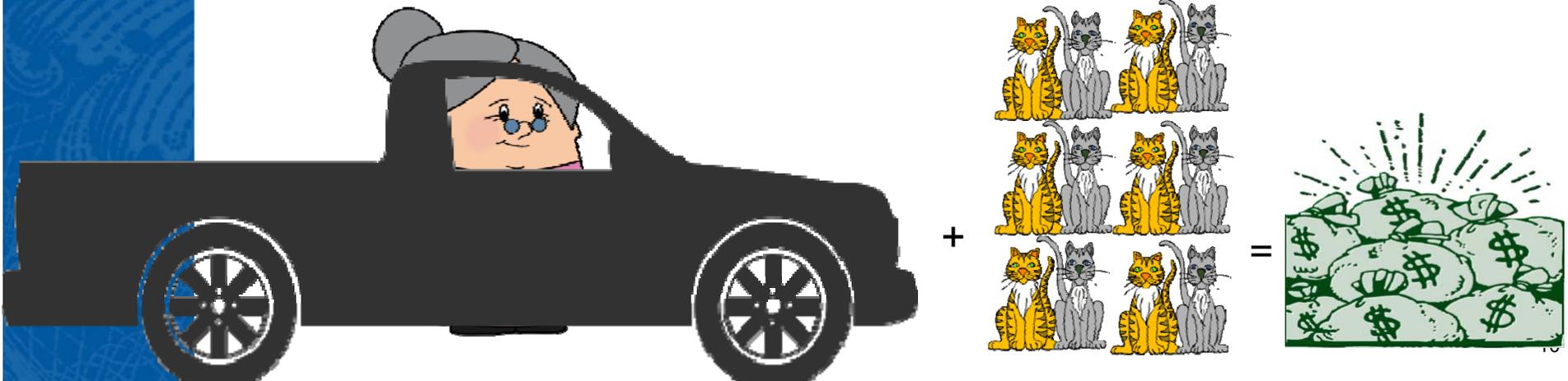
14%

Charitable bequests are influenced by a simple social example



Trend #6 – The Giving Pledge is Resonating with Millionaires Next Door

- Baby Boomers are transitioning out of businesses and are focused on legacy/values planning more than ever before
- “How Much is Enough for Kids?” and then, what do we do with the rest?
- Buffett, Gates and Pickens are creating a new wealth conversation and the millionaires next door are the ones really listening



Trend #7 – The Wealth Transfer's Death is Greatly Exaggerated and Taxes Matter Even Less Than Before!

- The 1999 Havens/Schervish study on wealth transfer estimated \$10 Trillion would transfer by 2020 and another \$31 Trillion would transfer over the next 30 years with a 2% asset growth rate (by 2052) – it is back-loaded
- Interestingly, 7 of the top 10 gifts nationally were bequests in 2012
- The estate tax conversation has been replaced with the income and capital gains tax triggering and values conversation

Trend #8 – Charitable Gift Annuities are Smokin' Hot

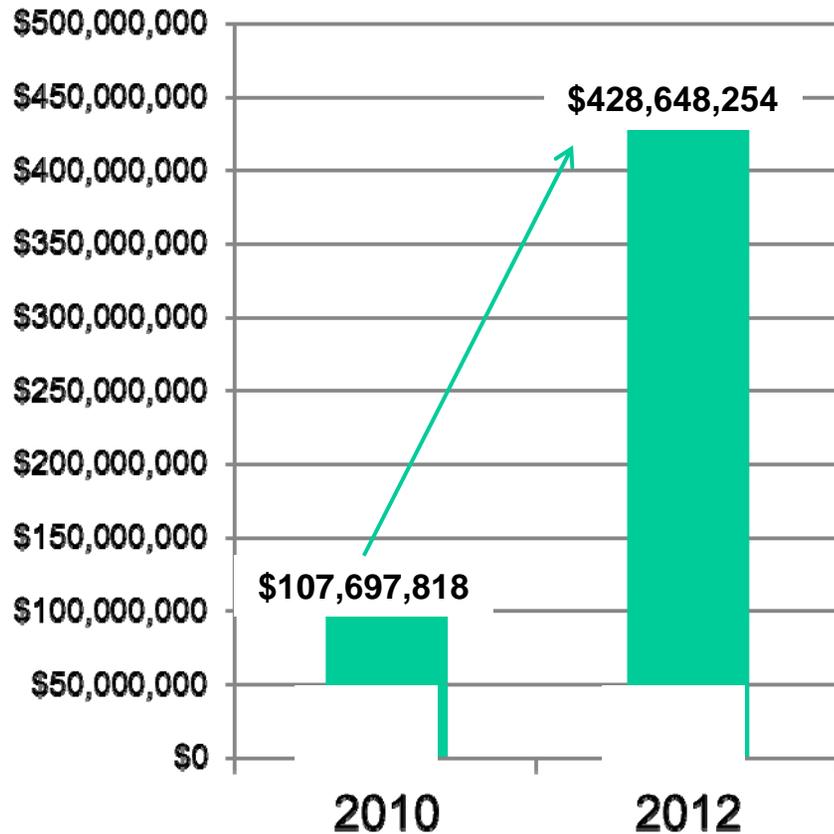
- Estimated \$10-15 Billion in CGAs issued by 4,000 Charities
- Average Age 78
- Average Gift \$60,000 (Doubled Since 1999 – Many Huge CGAs!)
- Most Popular Form of Life-Income Gift
- CRTs are finally coming back again as well and more CLTs have been created in the last few years than ever before (but is it still a small number of huge ones)

Trend #9 – Don't Touch Cash – Donate Non-Cash Assets!

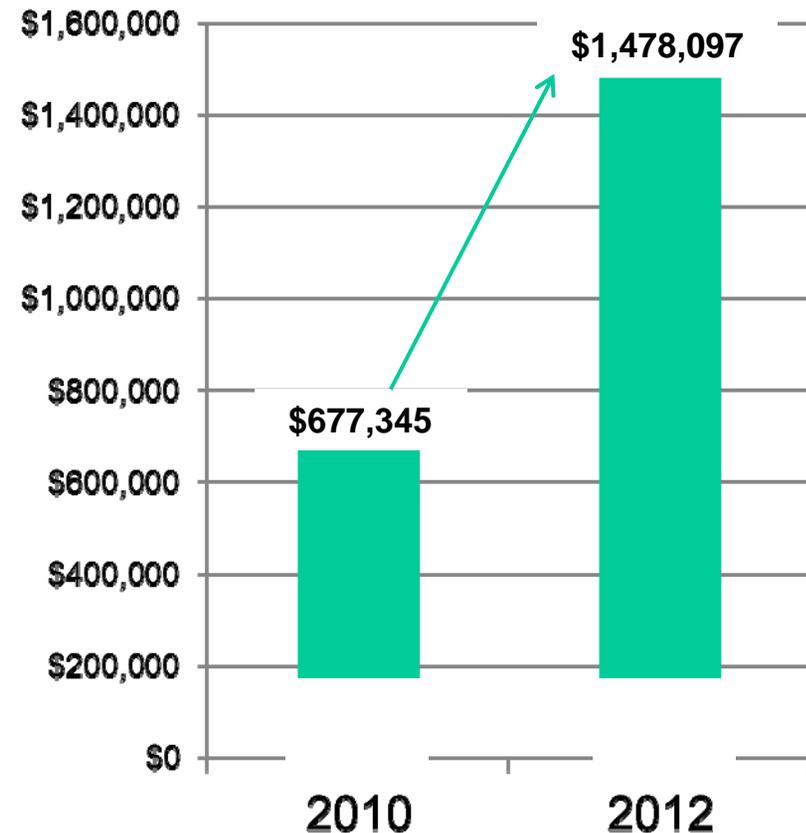
- Non-cash market – real estate, closely held stock, weird assets, is estimated to be 4-6 times entire stock market
- Non-cash gifts are accelerating to reduce lifestyle, maximize tax benefits and retain liquidity
- Largest non-cash donations in history have been made in last two years
- Cash **BAD**, everything else **GOOD** – donate long-term capital gain property with lowest adjusted cost basis

Non-cash gifts have more than doubled in contributions and size

Non-cash gift contributions



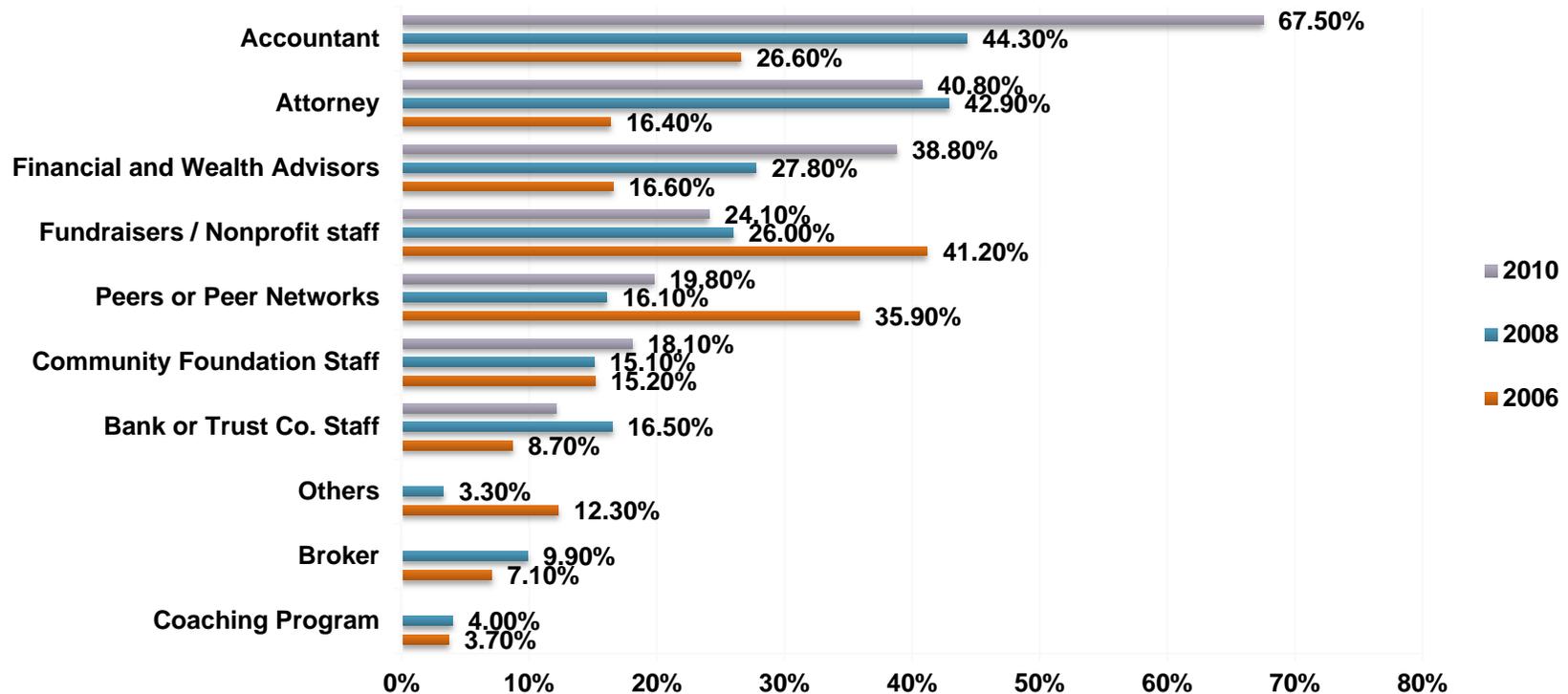
Average value (size) of non-cash gifts



Source: Charitable Solutions, LLC 2014 based on 990 data

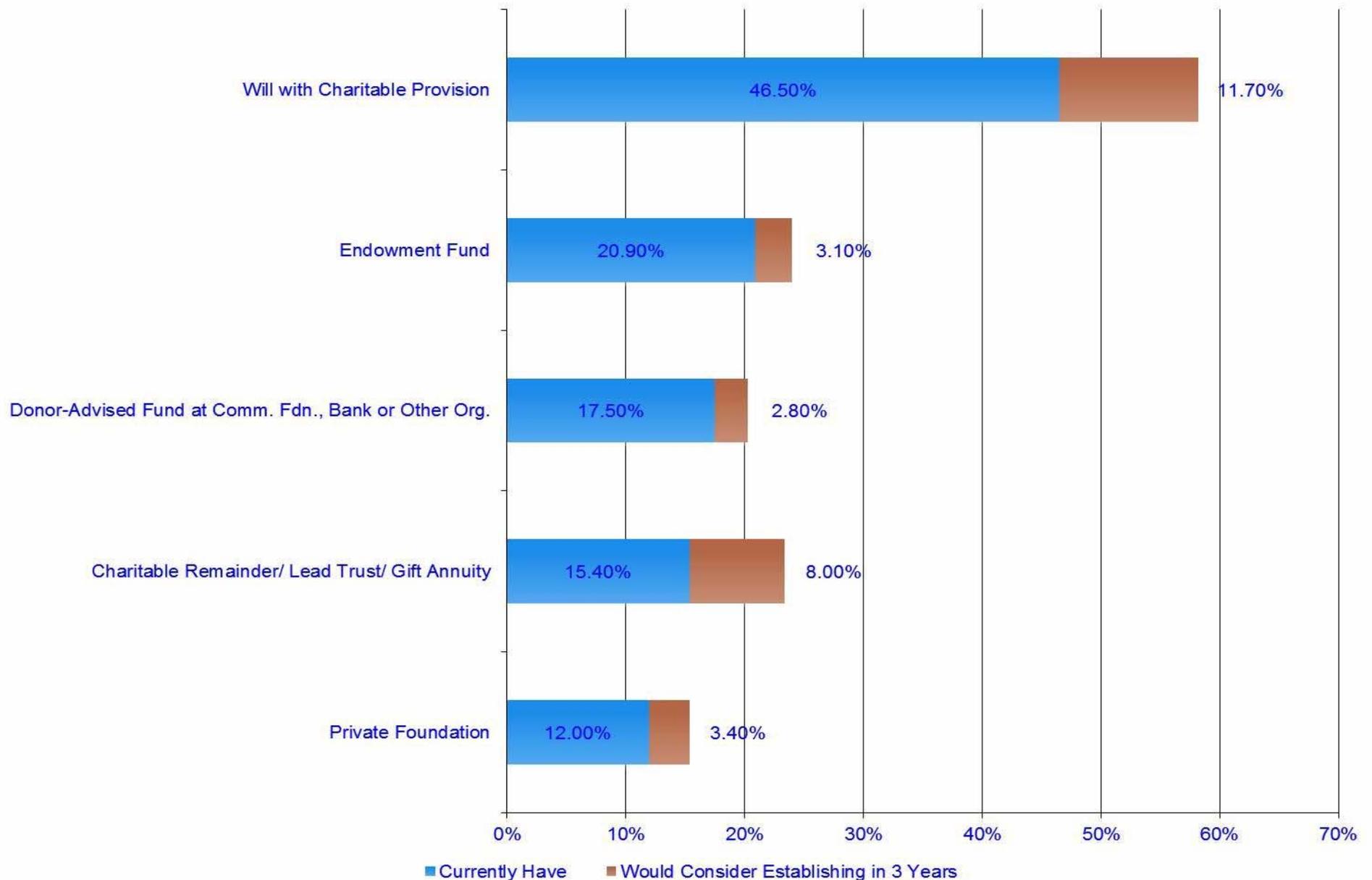
Trend #10 – Professional Advisors are Driving the Bus – But Not Well!

HIGH NET WORTH HOUSEHOLDS CHARITABLE GIVING DECISIONS BY TYPE OF PERSON CONSULTED (%)

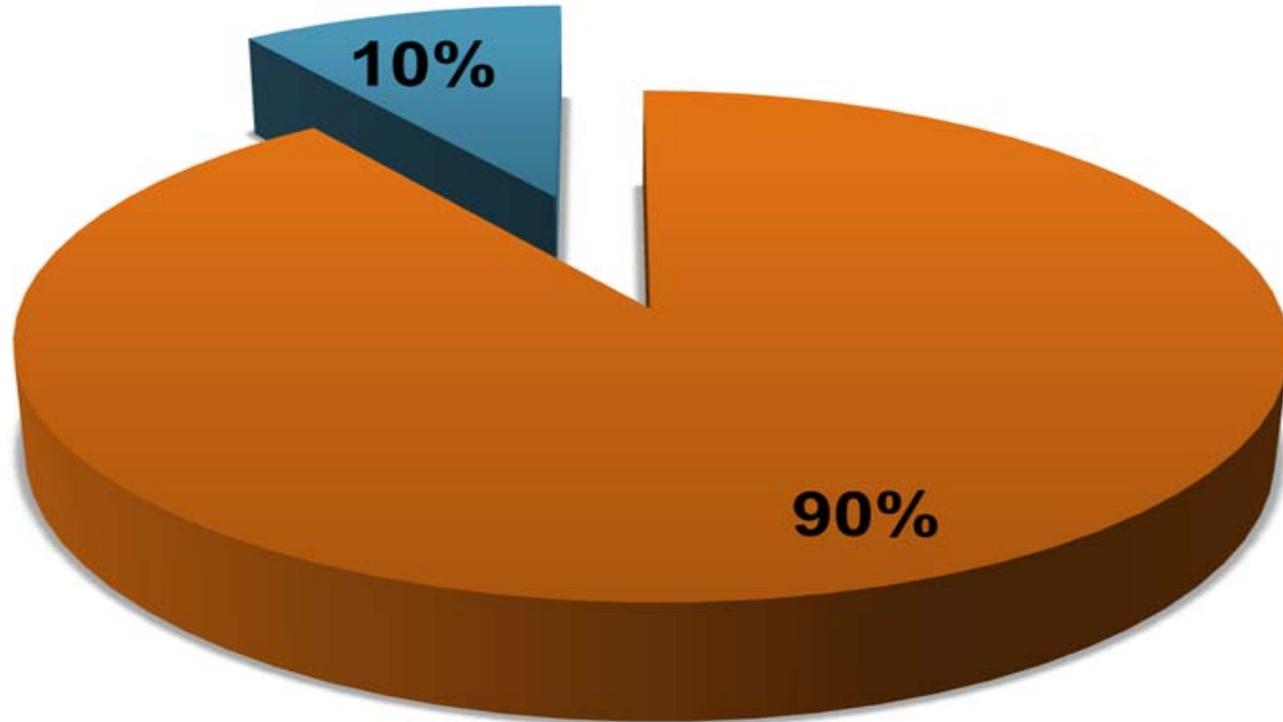


The following slides were developed by Lee Hoffman, President/CEO, **Planned Giving Design Center** from data derived from "The 2010 Study of High Net Worth Philanthropy" Sponsored by **Bank of America** and researched and written by **The Center on Philanthropy at Indiana University**

HNW Households that have a plan/vehicle or would consider in 3 years



Who Initiated the Philanthropic Conversation?



■ Donor ■ Advisor

Key Professional Advisor Questions

1. Are there organizations that you have donated your time or money to during your life?
2. If I could show you how to create a legacy gift for 10 cent on the dollar, is that something you might be interested in?
3. Which gifts have given you the most satisfaction? Why? Least?
4. What do you think is the most important use of philanthropy in our society?
5. What family values would you like to see reflected in your family's future giving?
6. What would be your vision for a collaborative giving effort within the family?
7. Do you want to bring future generations into the giving activities of your family?
8. If you won a \$500,000 lottery, and you had to give the money away to charity, what would you do?