

Voices How clients' philanthropy helps advisors' bottom lines

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Advisors struggle with an inherent dilemma when their clients donate significant sums to charity. The more those clients give, the fewer assets planners have to manage.

It's worth overcoming the reluctance. More than three-fourths of advisors say they noticed a positive impact to their bottom line after talking with clients about philanthropy, according to a [2018 U.S. Trust study](#). That's because, in part, these discussions foster trust overall, as well as build loyalty with younger clients who want to prioritize social-impact investing. It's also a vital service for HNW clients who need sophisticated tax strategies.

"Clients want guidance from their advisors about how to vet and select causes, but many advisors are unaware or unprepared to meet this need," writes *Financial Planning* Senior Editor Kerri Anne Renzulli in "[Help clients give away more of their money — Yes, really.](#)"

Year-end charitable checklist for advisers

Hit these topics when helping clients accomplish their financial and philanthropic goals.

Annual gifting and wealth transfers

Taxable distributions management

Tax loss harvesting

Stock options exercise

Roth conversion and/or re-characterization

Investment interest expense deduction

Self-employed retirement plans

Pre-paying state and property taxes (before December 31)

Required Minimum Distributions

How to go about meeting this need? Build trust, first, Renzulli urges. Clients may be wary of being judged for how little they give, or to which causes. Then, lead by example. Daniel Andrews, the founder of planning firm Well-Rounded Success, asks clients to help him select the charities he supports.

"Every year, I give away 2% of my company's top-line revenue to a charity my clients choose," he tells Renzulli. "I feel like it disarms clients. It sets the tone that money is important but that I also feel it is important to give back."

Trust is also vital when it comes to how your practice handles data. What do you say when clients ask who owns their information and what is done with it? Do you even know yourself? Regardless of your answer (if you have one), columnist [Bob Veres](#) suggests a solution in his piece, "[Who should own client data?](#)"

Create an online filing account in each clients' name, he suggests. This account ideally holds the portfolio's performance history, the financial plan and other data.

"Establish this sharing of data as a professional norm," Veres writes. "That way, clients know their data is going to be safe and available."

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