



**HAMMOND & ILES**  
Investment Management

“A trusted advisor can guide their clients to efficient and rewarding charitable giving while maximizing tax benefits and creating a philanthropic legacy.”

## Manage Giving - a Key Part of Financial Strategy

### Questions Advisors Can Ask Clients

Charitable giving is often the most under-examined portion of a wealth-holder's financial portfolio. High net worth individuals with substantial charitable commitments want to protect their charitable intent while maximizing the impact of their donations. They want to invest in organizations that are effectively governed, transparent, accountable, fiscally responsible and aligned with their core values. HNW individuals increasingly view philanthropic choices as inextricably linked to broader financial planning initiatives.

Many people are in need of advice on philanthropic giving. After all, approximately 98 percent of high net worth households donate to charity, either as a way to memorialize a loved one or give back to society. Potential donors are sometimes apprehensive about broaching the topic of philanthropy with a professional, often believing the subject is too personal, or that it is outside the scope of their business relationship. A trusted advisor can guide their clients to efficient and rewarding charitable giving while maximizing tax benefits and creating a philanthropic legacy.

In my practice we notice that due to the lingering effects of the recession, people are moving away from single event “checkbook” giving in favor of strategically addressing select charitable priorities. Donors are turning to their accountants, attorneys and wealth advisors to assist them in adjusting their charitable giving strategies.

Discussing charitable giving should be done in a way that respects the giver's values and ensures a strategic and professionally supported approach to managing the philanthropic investment portfolio.

### The Giving Process

Ensure that the client fully understands their net worth, liquidity, the source(s) of their funds and amount that may be available for annual giving. Begin by discovering or re-examining how much they wish to designate for charitable giving during their lifetime and how much they wish to leave to their heirs and to charity. These conversations can be part of an annual review or prompted by a wealth creation or liquidity event. Learning the motivations behind their philanthropy helps an advisor to determine which charitable giving vehicles will best accomplish their goals in terms of both tax efficiency and personal values.



Ask your clients the following questions to help guide the conversation:

- 1. What charitable giving activities are you currently involved in either with money or time?**
- 2. How did you arrive at your current giving plan?**
- 3. What is significant to you about the organization/s you choose to support?**
- 4. What do you want to do for people, causes, and organizations that are important to you?**
- 5. How would you like to be remembered?**
- 6. What kind of legacy do you want to build?**
- 7. Do you prefer to give anonymously or publicly?**
- 8. Do you want to make an impact or facilitate change within your community?**

Often, people choose to involve family members, close friends and business associates, as well as their attorney, financial advisor, accountant, or philanthropic advisor. The issue of trustee selection is critical, as they are charged with preserving donor intent throughout the life of the giving vehicle. We advise clients to designate trustees with expertise in their giving priority areas (e.g. education, the environment, etc.) and who share their passion and vision for philanthropic activities.

It's important to determine if people intend to give the majority of their charitable dollars away during their lifetime or after. If they intend to give away their charitable assets during life, they may need to implement a strategic spend-down plan. If they prefer that their philanthropic activities continue after life, they may need to draft a succession plan outlining the process of transitioning leadership of the family's formal giving vehicle.

When possible, conversations should involve the client's entire family to prevent complications down the road.

As we help manage the ongoing implementation of a client's philanthropic plans, we add rich value to their charitable giving experiences by helping them understand how it can benefit them, their heirs and the gift-recipient organization. With sufficient encouragement, continuing professional education around philanthropy and the proper tools and resources, advisors can initiate meaningful philanthropic planning with their clients. Recognizing a client's philanthropic interests can be good business. When you do initiate this important discussion, consider inviting a personal legacy advisor to be a part of your client-centered team.



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