

Partnering with Clients for Inspired Outcomes: Notes to Advisors and Nonprofits

Phil Cubeta, CLU, ChFC, MSFS, CAP

PRUDENT AND INSPIRED PLANS

- *A prudent plan* will take care of a client and family, come what may. It is essentially a standard financial and estate plan.
- *An inspired plan* will also free up money and time for the client's highest aspirations, through philanthropy and civic engagement. Essentially, the plan budgets for philanthropic projects now, later, or at death. In planning parlance, consider the charitable budget as a special need for which you are planning.

PARTNERING FOR INSPIRED OUTCOMES

What the Client Provides

- *Good goals.* The larger vision, or highest goals, are expressed in the vision memorandum. The client's specific financial goals are included in the document "Financial Inventory with Personal Goals."
- *Good facts.* The financial inventory provides you the advisor with the basic financial data you need to assess the client's overall financial well-being, locate planning gaps, and assess the feasibility of the client's larger vision or philanthropic dream.

Your Initial Meeting with the Client

During your initial (“Discovery/Agreement”) meeting you may

- Note the goals and facts. Give the client a sense of “gaps” in his or her prudent plan.
- Play back in your own words the client’s higher vision as expressed in the memo. Give the client your preliminary sense of “how” and “whether” and “when” that vision might be accomplished without jeopardizing his or her other goals and overall financial well-being.
- You might also run the financial inventory through a standard financial planning program with cash flow analysis and estate tax analysis so that your “feasibility” suggestions have some quantitative backup.

Client Engagement and Plan Creation

- The result of your initial meeting with the client should be a meeting of the minds and an engagement with the client.
- You may then drill deeper for a more complete financial inventory and current legal documents.
- You would run the numbers and, in cooperation with the client’s other advisors, create a plan that addresses not only the client’s financial well-being, but also his or her highest aspirations, as expressed in particular projects now, later, or at death. Each such project or gift has a dollar amount. Getting those gifts integrated into the financial schedules allows you to counsel the client as to how to achieve the ends in view most effectively, all things considered, including the tax effects.
- In weighing gifts for social investments “now versus later,” you would take into account not only income and estate tax but also the quality of the client’s life and the effect on his or her children. Doing more now may be exactly what the client will enjoy and might help the client develop heirs who are better prepared for their inheritance.
- By doing this kind of inspired planning you will bond with clients, get powerful referrals, and become a sought-after resource for clients, others advisors, and for nonprofits.

ADVISOR CHECKLIST I: REVIEWING MEMORANDUM AND FINANCIAL INVENTORY

For (client name) _____

Prudent Plan: Advisor Checklist I

Does the Client's Current Plan Provide . . .	Comments
Enough for client and spouse or partner if they live to normal life expectancy and work until retirement	
Enough for education of client's children or special needs	
Enough for a comfortable retirement	
Sufficient income in the event of disability	
A balanced portfolio adjusted for client's risk tolerance	
Income tax minimization	
Protection against property and casualty losses	
Protection against law suits and claims of creditors	
Protection against loss of income for dependents at death of a breadwinner	
Medical coverage	
Sufficient resources or insurance for long-term care	
Powers of attorney and health directives	
Up-to-date legal agreements including a will	
For those with a business, appropriate business agreements and benefit plans	
Other	
Other	
Other	
Other	
Other	

ADVISOR CHECKLIST II: CREATING AN INSPIRED PLAN (GOING BEYOND PRUDENCE TO SIGNIFICANT SOCIAL IMPACT)

On the Current Plan Does It Appear That . . .	Comments
The client is making current gifts.	
The client has an area of interest or specific philanthropic focus or goals.	
The client is active in the community, or would like to be.	
The client's estate is growing, and likely will continue to grow.	
The client may have an estate tax due.	
The client could likely increase current giving without affecting financial security.	
The client has appreciated assets that might be candidates for gifting either outright or in a charitable remainder trust.	
The client has children or heirs who may receive a significant inheritance and whose "values" and social development are of importance to the client.	
The client has considered "how much is enough" for children. The plan provides such an amount.	
In developing the children the client might want to get them involved with volunteering, giving, or grantmaking through a donor-advised fund or foundation.	
The family has a "mission" that spans generations and that might be carried on by charitable entity, such as a foundation or charitable lead trust. That mission has been guided by community or global need or has advisors who influence it.	

On the Current Plan Does It Appear That . . .	Comments
The client has specific skills or entrepreneurial talents that can be leveraged on behalf of a civic project or program.	
The client may have an interest in starting a business or social venture with a double bottom line (profit and social benefit).	
The client may wish to assume leadership positions, as on a nonprofit board, to leverage his or her talents, and the assets of the non-profit for social good.	
The client has considered the role of public policy or politics in changing or preserving certain aspects of society and has coordinated political and philanthropic activity and giving.	
The client has or could leverage personal connections and networks on behalf of his or her civic goals.	
The client is contemplating a change of direction, perhaps downshifting into a lifestyle that includes more volunteering, civic engagement, and civic leadership.	
The client is more interested in making a difference while alive than in leaving money to make a difference after death.	
The client would like to leave a lasting legacy at death.	
The client has a business interest and is seeking an exit strategy now or in the future; the exit strategy might be coordinated with a charitable gift or tool.	
The client has a team of advisors who can clarify and resolve the technical issues, and who can also clarify and achieve the client's higher aspirations.	

ADVISOR CHECKLIST III: PLAN REVIEW

(The list does not pretend to be complete, but here are a few of the issues to which an inspired and prudent plan might be responsive.)

<p>In making giving recommendations in the context of the client's overall plan, we have considered income tax, estate tax, financial security, effect on family, effect on society, and the timing of the gift.</p>	
<p>In making giving recommendations we have considered the logic model or theory of social change that connects the gift with expected results for society, as well as for the donor. In other words, the client won't just be giving money for a tax deduction; the donor will achieve a real-world result of value to him or her.</p>	
<p>The gift as structured can reasonably be expected to benefit the nonprofit or society as the donor wishes.</p>	
<p>In making gifts for a specific purpose and result we have considered the amount and timing of the money or assets in the light of the nonprofit's needs and its plan for putting the money to use. In making the giving recommendations, we have borne in mind the degree of engagement in nonprofit or project that the donor prefers.</p>	
<p>In making giving recommendations, we have borne in mind the degree of "accountability" that the donor desires from the nonprofit, or project, and how this will be reported.</p>	
<p>We have considered social investments in for-profit businesses, and political ways to accomplish the result, as well as giving strategies per se.</p>	
<p>On the team supporting this gift or social investment we have had adequate input from a philanthropic advisor, a nonprofit advocate, or other expert in how the dollars will be not only freed up but also employed for a social purpose.</p>	

<p>The client understands the plan with his or her head. Also, his or her heart is engaged. The plan is sound, but also expressive of the donor's deepest values and sense of mission in the world.</p>	
<p>The client has had a chance to consider how the plan will nurture or develop succeeding generations, contributing to their development as human beings and citizens, as well as wealth holders.</p>	
<p>The donor is engaged with other donors or with networks of givers so that the gift reflects the wisdom of others who have worked in this issue area.</p>	

**TIPS FOR NONPROFITS ON OFFERING
 “PARTNERING WITH ADVISORS FOR INSPIRED
 OUTCOMES” AS A SERVICE TO YOUR DONORS**

- Getting donors, advisors, and fundraisers “on the same page” benefits all, with more and bigger gifts, more donor joy, and more work for skilled advisors.
- The forms and procedures outlined in this chapter should readily dovetail with the work done by the top advisors from the financial, tax, and legal communities who serve on your Planned Giving Board or who are active with your nonprofit. Likewise, the forms and processes should dovetail with the donor’s current advisory team.
- Following the system suggested here you will leverage existing relationships for better results, and you will open the door to new and effective relationships with additional advisors.
- Consider convening the advisors who are closest to your organization. Provide them with a copy of this chapter, and ask if they can individually and jointly work with donors who might move through the process. Ask them about their “Ideal Client” profiles, the kind of people they work with best. Ask them about their compensation system. Reduce the information to a directory from which you can make donor referrals as needed.

- Do not align yourself with any one firm. Always offer donors a choice, but make suggestions based on your ongoing experience with particular advisors. A referral is a very personal thing, and in making referrals you should take all you know of both donor and advisor into account. Your willingness and ability to make good referrals is a key asset for your organization, its donors, your advisor network, and for the overall professional community. What goes around comes around: those who give good referrals get good referrals.
- Consider offering a copy of this book as a thank-you present to your best donors. Suggest they look at Chapter Eleven, on partnering with advisors for inspired outcomes. Ask them if this is a process that might be of value to them. If they need a referral, you can provide names from your advisor database.
- As donors go through the process, experience outstanding results, and make important legacy gifts, ask those lead donors to provide testimonials, or to participate in small-group meetings, perhaps in their homes, to spread the word about Inspired Legacy Planning.
- To get all the stakeholders on the same page, consider bringing someone from Inspired Legacies to speak to key donors, advisors, and fundraising staff and to your nonprofit's board. Include those lead donors who have been through the Inspired Legacy Planning Process to speak about what the process has meant to them
- A shared process and shared language around inspired legacy planning can uplift your results and build a strong network of allies in your community to advance your cause for years to come.

A NOTE FOR NONPROFITS ON COMPETITION AND COOPERATION AMONG ADVISORS

- Most programs brought to you by an advisor will compete with programs from other advisors. Thus, in many nonprofits a kind of stalemate is maintained, in which no advisor can move forward. Each advisor is told, "We don't want to offend other advisors by working too closely with you."

- By following the suggestions here, you can turn competition into collaboration. The process in this book is not associated with any one firm. It is a template that every good advisory organization can adopt, like an “operating system” that brings advisors, donors, and nonprofits together in common purpose. This book provides every donor with a tool he or she can use with an advisor he or she chooses. This appendix likewise provides key advisors with a clear sense of what is expected as they compete for the donor’s attention and business. In these ways, the donor is well-served, advisors can do their best work, and the nonprofit stands in the center, as organizer and as the recipient of both gifts and well-earned gratitude.
- So much good can be done. This is joyful work. We are all privileged to be called to a profession whose ultimate goal is a better life for so many people and for so many generations to come. We who serve donors also leave our own legacy, donor by donor, and gift by gift.