

# *Structured Philanthropic Planning*

How The Salvation Army can  
assist you as a successful  
professional adviser





*One conversation has the potential to change the world*

## Philanthropy & advisers – building better client relationships

Discussing philanthropic investments and estate planning with clients is no longer an “add-on” but a strategic solution to a client’s financial and whole-of-life situation.

For clients, it appeals to their financial goals and personal values. It can provide innovative solutions to managing tax liabilities, while simultaneously providing joy, meaning and social benefit to the community.

Research shows that financial advisers need to deliver a “value add” for their clients, especially High Net Worth Individuals (HNWI)<sup>2</sup>. Offering structured, strategic philanthropic advice can help a firm’s competitive advantage.

The relationship between professional advisers, HNWI and their families can be quite special and beneficial. Findings from The Australian Centre for Philanthropy and Nonprofit Studies<sup>2</sup> reveal that:

- Wealth management professionals are uniquely positioned to guide clients with philanthropic decisions.
- Understanding a client’s charitable inclinations is important in establishing a deep, trusting relationship.
- Meaningful engagement opportunities exist between advisers, clients, charities and the community.
- Philanthropic discussions enable advisers to interact with the next generation of clients and family.

## The cultural shift towards more structured & purposeful philanthropy

According to the 2016 Giving Australia report<sup>3</sup>, public interest is growing in personal engagement with charities and a more strategic, structured approach to philanthropy.

Gone are the days when philanthropy was just about giving money. The Australian Philanthropy Summit 2016 discussed that key philanthropists see themselves as innovators, network enablers, interrupters of the status quo, a voice for the voiceless using their influence and resources in pursuit of a larger vision. Entrepreneurs such as Bill Gates, Paul Ramsay and Andrew and Nicola Forrest have been inspiring examples of people dedicating their wealth and influence to the betterment of society.

A study<sup>2</sup> of HNWI clients of financial advisers revealed:

- Clients are open to discussions about philanthropy as part of a checklist on their goals and interests – even those who believe they were not yet ready to engage in philanthropy.
- Clients recognise the benefits of discussing philanthropic decision-making in a safe environment.
- Clients are interested in learning from the experience of people who have already formalised their giving. For example, through a Private Ancillary Fund (PAF).
- Not discussing philanthropy limits learning opportunities for clients around tax-effective giving options.

## Your unique opportunity to spark change

Including philanthropic advice in your offering is more than corporate social responsibility. It is a superior service, with potential for broader intergenerational and family engagement with your clients.

Through your guidance you are in a unique position to help them:

- Unlock purpose and satisfy deeply-held values to give back to society.
- Take on an attitude of abundance – realising and celebrating what they have achieved.
- Facilitate the transfer of wealth and values across generations.
- Prepare for retirement.
- Consider their legacy.
- Realise their philanthropic potential.
- Feel good about their capacity to make a lasting difference.

A single philanthropic gift can provide hope, healing and transformational change to hundreds, or thousands of people. Consider the amazing impact you could inspire and enable in a day, week or year of such conversations!

Partner with us to help create a better world, one meeting at a time. Experience the joy of being a powerful agent of change.

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**Being a trusted adviser is about relationships. The deeper the relationship – the more you know your client, their values and what drives them – the more successful you will be as a trusted adviser.<sup>1</sup>**

– Chris Wilson, director, Koda Capital, & founding member, Impact100Melbourne

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## How to proactively introduce the topic of philanthropy

Below are some examples of ways you might like to bring up the topic of philanthropy with your clients.

“Many of our clients are business and community leaders with a passion and commitment to making a difference in the world. If you inform us of the cause(s) you are most passionate about we can suggest ways in which your

giving might have the greatest impact in the short, medium and long term.”

“Philanthropic investments are important financial decisions. That’s why we want to provide you with all the information you need to make wise giving choices that reflect your values, align with your priorities and offer the best structure for your situation.”



### Useful questions to help get your clients thinking

- When have you enjoyed giving the most?
- What would be the most meaningful thing you could accomplish with your giving?
- Have you considered how you would like to be remembered?

## Overcoming client constraints to giving

There are two main reasons why clients may have not yet formalised their giving through a structure such as a family trust or foundation<sup>2</sup>:

Constraints	Easily overcome by...
Not knowing about the option of formalising their philanthropic desires.	➤ A trusted adviser can map out a charitable giving structure for their clients and demonstrate the associated advantages.
Feeling overwhelmed with the number of possible causes and charities to support.	➤ Charities can improve confidence about their operational effectiveness by providing measureable social outcomes to advisers and clients (through reports or personal encounters).*

### Integrating philanthropy and estate planning into your practice

Many advisers already integrate estate planning into their practice but an increasing number are now introducing structured philanthropy into their conversations with clients. Here are some of the reasons why more advisers bring up philanthropy with their clients:

- Philanthropic advice and corporate social responsibility are a proven way for advisory firms to enhance their reputation, attract and retain clients, and improve staff and community engagement.
- Philanthropy brings generations together in constructive discussions and unites them in purpose. This builds intergenerational trust,

not just within the family, but also with the financial adviser – which helps ensure the longevity of client relationships.

- Clients prefer working with businesses associated with good causes.<sup>4</sup>
- There is low awareness among HNWI of the different ways to philanthropically give<sup>2</sup>. Financial advisers can provide advice on a range of structured philanthropic options. For example, planned, tax-effective vehicles such as Private Ancillary Funds or Public Ancillary Funds may suit different clients.
- Research shows that interest from clients in participating in educational seminars on this subject is strong.<sup>2</sup>
- Advisers can help prepare clients for greater meaning and impact in their retirement. For many people, retirement is a well-deserved rest. For others, it is the time they want to shift gear and invest themselves in worthy causes. As advisers, you can make valuable connections for your clients who might be interested in serving on non-profit boards or committees, or wish to use their skills in professional volunteer opportunities in addition to contributing philanthropically.



## Estate planning

Advisers owe a duty of care to ensure their clients have a valid and up-to-date Will. You can help your clients leave a lasting legacy by suggesting they leave a gift in their Will.

### Did you know?

- Only 50 per cent of Australian adults have a current Will.<sup>3</sup> Advisers are in a good position to ensure their clients have a valid Will.

- Advisers can encourage their clients to consider leaving a gift in their Will after they have taken care of their families.
- While more than 84 per cent of people surveyed give to charities in time and/or money, only 30 per cent of Australians say they would consider leaving a gift in their Will<sup>3</sup>. The main reason for this is they have never been asked and are not aware they can.

- Clients do not need to specify the size of their gift. They can leave a residual gift after taking care of their families or they can gift a percentage of their estate. A percentage allows for inflation and, as the values of assets change, so does the legacy.
- In one year, The Salvation Army assists more than 150,000 families in a significant way.<sup>5</sup> Close to 50 per cent of this important work is funded by people who have chosen to include a gift in their Will.



**Philanthropic advice should only recommend trusted charities that advisers know and understand, just as they would with any fund manager.**



# Why partner with The Salvation Army

As a well-respected and long-standing non-profit organisation trusted<sup>6</sup> by Australians, The Salvation Army partners with philanthropists and companies to be a force for good in society. We offer:

## Social impact measurement

Clear and measurable outcomes achieved from donations.

## Educational events

Intimate educational events for advisers and their clients on topics such as homelessness, youth at risk, ending slavery and recovery from addictions.

## Philanthropic Giving Circles

Donors have the opportunity to maximise impact and expand networks of like-minded peers.

## Transparency

Accountable and regular reporting to donors. Special events and program visits for major gift donors.

## Partnership

Opportunities for sponsorship, co-branding or cause-related marketing.

# Our mission in Australia

The Salvation Army is a Christian movement dedicated to sharing the love of Jesus. We share the love of Jesus by:



Caring for people



Creating faith pathways



Building healthy communities



Working for justice

# Our values

Recognising that God is already at work in the world, we value:



Integrity



Compassion



Respect



Diversity



Collaboration

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The Salvation Army recognises the important role trusted advisers play in society, and in helping your clients achieve their financial and philanthropic goals. We would love to help you inspire your clients and share in the joy of bringing hope where it's needed most. Together we can transform the world in which we live.

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We commit ourselves in prayer and practice to this land of Australia and its people, seeking reconciliation, unity and equity.



## Next steps

Visit [salvos.org.au/donate/philanthropy](https://salvos.org.au/donate/philanthropy)

Speak to us about you or your client making a major philanthropic investment as well as sponsorship, co-branding or cause-related marketing opportunities.

Find out more about local, national and international funding priorities to help match your clients' interests and passions with areas of strategic need.

Use our companion brochure *A Trusted Philanthropic Investment* to learn more about The Salvation Army and share this with your clients.

Attend our philanthropic education and professional development events (for you and your clients).

Partner with us to co-facilitate intimate Giving Circles with your clients to meet with like-minded peers about helping to solve our community's biggest social issues.

Learn more about how your clients can leave a lasting legacy in their Will or through our Endowment Fund.

The Salvation Army is a Deductible Gift Recipient Item 1 (DGR1) and donations over \$2 are tax-deductible.

## Additional resource

Contact us for a free copy of *Philanthropy How to Guide for Professional Advisers* by **Philanthropy Australia** or download it from [philanthropy.org.au](https://philanthropy.org.au)

## Contact

The Salvation Army – Donor Development



02 9466 3108



[majorgifts@aue.salvationarmy.org](mailto:majorgifts@aue.salvationarmy.org)



[salvos.org.au/donate/philanthropy](https://salvos.org.au/donate/philanthropy)

### End notes

<sup>1</sup> C Wilson, *What financial planners need to know about philanthropy's fastest-growing phenomenon*, retrieved from [www.professionalplanner.com.au](http://www.professionalplanner.com.au), 2015.

<sup>2</sup> K M Madden and W A Scaife, *Looking for the value-add: Private advice needs of high-net-worth Australians*, 2008.

<sup>3</sup> W Scaife, M McGregor-Lowndes, J Barraket and W Burns, *Giving Australia 2016: Literature review summary report*, Brisbane, Queensland: The Australian Centre for Philanthropy and Nonprofit Studies, Queensland University of Technology, Centre for Social Impact, Swinburne University of Technology and the Centre for Corporate Public Affairs, 2016.

<sup>4</sup> Cavill + Co and Sweeney Research, *Real Not Spiel Research Report*, October 2008.

<sup>5</sup> The Salvation Army SAMIS 2016, *The Salvation Army Australia Eastern Territory Service Activity – 2016*.

<sup>6</sup> "The Salvation Army consistently comes up as an organisation that Australians trust... and is well respected." *The Salvation Army, 2016 Annual Longitudinal Benchmarking Study*, McCrindle Research, 2016.