CANADA GIVES

How Philanthropy Builds a Smart Advisor Business

IS HAVING A CONVERSATION WITH YOUR CLIENTS ABOUT PHILANTHROPY SMART BUSINESS? OR NONE OF YOUR BUSINESS?

Many of your clients are probably "ad hoc" in their approach to charitable giving, and do not consider it part of their financial planning.

In fact, a February 2017[1] study of affluent Canadians ($150,000+ in annual income and $200,000+ in investable assets) found that 43% gave less than $500 a year. And that the average affluent household gave only $2,006 annually, an amount equal to less than 10% of their income levels.

So, why bother with the philanthropic conversation?

The Philanthropic Client may be an unknown species but they are usually affluent or high net worth investors, and ignoring their needs can open the door to them moving their relationship and their assets to your competitor. Addressing the needs of this unique client could grow your business.

For the right client, the Philanthropic Client – the family that believes in "giving back" – developing a long-term charitable giving plan may be an important way to anchor your relationship with not only your clients, but also with their children.

And when that client experiences a liquidity event, is facing tax liabilities, and wants to increase charitable gift-giving, introducing them to the advantages of a donor-advised fund (DAF) may help you secure assets.

"Having the philanthropy conversation helps an advisor strengthen the client-advisor relationship," says Denise Castonguay, Executive Director of Canada Gives, a public foundation that has been working with advisors and their affluent clients since 2005 to establish and manage family foundations with their donor-advised funds. "The advisor will be perceived as offering a high-quality total service experience, and gain insight into the family's values and priorities."

"It is also important to point out that charitable bequests in wills are usually very large gifts and can easily be directed to a client's DAF account; so the advisor may retain significant charitable assets after the client's death." And the assets in a Canada Gives (DAF) Foundation account remain 'on book' with the advisor.

Are your clients among the two percent?

Affluent clients make up about 2% of the investor universe.

And in Canada they are on the rise.

The population of high net worth individuals in Canada increased by 11.3% in 2016 to 356,930. Canadian HNWI wealth increased by 11.7% to US$1.1 trillion.[2]

For more on Canada Gives

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[1] *Imagine Canada*

[2] *High net worth individuals are defined as having US$1 million in investable assets, according to the Capgemini World Wealth Report 2017*