Although every donor’s experience is different, key patterns help us generalize the charitable decision making process. Wealth advisors who have these trends in mind can easily integrate philanthropy into almost any conversation with a business client, offering added value to their clients just by starting the conversation.

Milestones matter. A recent study conducted for CCF by the Monitor Institute confirmed what many people instinctively know: charitable giving decisions center around key “trigger events” in a person’s life. The advisor’s role varies depending on the trigger, the complexity of a client’s goals and the client’s level of self-confidence. Trigger events might include retirement, major inheritance, liquidity event, desire to protect children from excesses, birth of a grandchild or passing of a loved one, personal crisis or large catastrophe.

Clients look to advisors. According to a recent Bank of America study, about 70 percent of high net worth (HNW) households consulted with their accountants about charitable gifts, compared to less than 45 percent two years earlier.1 About 40 percent of HNW households also consult attorneys and wealth advisors. Of those households, however, more than 90 percent initiated the conversation about charitable giving on their own.

Active advisors are appreciated. “Advisors who bring up charitable giving with their clients demonstrate the breadth of their knowledge and services,” said Nichole Baker, vice president of development and donor relations. “Furthermore, it ensures the advisor is included in the conversation to help guide the assets, vehicles and strategies. In my experience, clients significantly value their advisors’ initiation of the topic.”

1Center on Philanthropy at Indiana University, 2010 Bank of America Merrill Lynch Study of High Net Worth Philanthropy, November 2010.

DO CLIENTS THINK DIFFERENTLY ABOUT GIVING AFTER LIQUIDITY EVENTS?

"In my experience, clients who have recently sold a business or a significant real estate asset begin to plan for a new phase in their lives. They will be able to devote more time to family, friends, travel and their charitable interests. Suddenly having more financial liquidity than they will need to sustain their lifestyles, they begin to think about how they can support their philanthropic values with long-term funding. This is an excellent time to talk about their charitable options.”

–Kevin R. Martin, CFP, Senior Vice President, UBS
MAKING ESTATE PLANS
IN UNCERTAIN TIMES

For years now, we've wondered when and how estate tax structure will change. The anticipation leads to uncertainty – and for many people who are considering updating their estate plans, that uncertainty translates into inaction.

Whether you're an accountant, attorney, business manager or financial advisor, here are some suggested topics to review on a regular basis with your clients.

Objectives and values.
While changes to tax laws might affect financial planning and technical solutions for clients, their values and objectives don't operate on the same timetable. Establishing basic goals for their legacy can help put clients at ease and direct the conversation. CCF often helps advisors and their clients with this process, with a focus on what's most meaningful and how they want loved ones to be involved. Their answers might lead them to set up a private foundation alternative fund that actively engages the younger generation now and in the future. Or they might write a supplement to the legal document, to guide family and charitable partners in fulfilling their wishes.

Flexible bequest options.
Sometimes clients wish to leave an outright bequest to a charitable organization, but don't feel prepared to articulate the details; they might be advised to write flexible language in the legal document and supply separate instructions with more detail. For example, CCF Legacy Society members may arrange for a CCF fund in a will or trust, but define the fund's mission, the specific organizations and/or issues in a separate document that can be easily updated without revising the trust or will.

Carefully crafted language.
In today's environment, life income gifts such as charitable remainder trusts might be an attractive option for clients who would like to leave an income stream for family members. Here's a case where being more specific can be helpful. Carefully identifying the income recipients and charitable beneficiaries is key. Adding a clause to define when payment should begin to protect against a gap between funding and the start of payments is also a good idea.

In estate and charitable legacy planning, being too specific or too vague can have unintended (continued on page 4)

Happy to Help

Nichole Baker, CFP®, CSPG
Vice President, Development and Donor Relations
Nichole has decades of experience in financial planning, investment management and gift planning, most recently having worked for nearly eight years at Caltech.

What you might not know: Nichole is an avid hiker, having completed the Inca Trail. Next up, Mt. Kilimanjaro!

Carol Bradford, JD
Senior Counsel and Charitable Advisor
After a decade working at community foundations and a for-profit career in law before that, Carol speaks often on legal and tax issues related to charitable giving.

What you might not know: Carol is a dog-lover with a particular affinity for Irish wolfhounds.
DONOR INTENT:

Being Clear and Remaining Relevant

At CCF, we think often about how we can help donors articulate their charitable intent for funds that will be created through their estate. We want to put in place adequate language to ensure that future grants from their fund are made to organizations that the donor would have supported if he or she was still with us.

Donor intent is a popular topic at the moment. Jeffrey J. Cain recently authored a guidebook for The Philanthropy Roundtable entitled Securing Your Legacy: What Every Philanthropist Needs to Know about Preserving Donor Intent. Professor Cain recognizes that donor intent is important even in community foundations, which "allow expression of individual philanthropy in a public charity setting." Giving life to the donor's intended philanthropy requires balancing specific instructions with language that is flexible enough to ensure that the grantmaking remains relevant or even possible.

Many of CCF's donors have set up testamentary funds that they want used for a specific purpose – for example to support a field of interest, geographic area or specific organizations. These restrictions are important because they ensure that grantmaking from the fund mirrors the donor's wishes.

Donors should consider, however, providing for an "exit strategy." CCF's fund agreements provide that, if in the judgment of the community foundation it becomes impossible to accomplish the purposes of the gift, the board can direct that the funds be used to support a related purpose. We suggest that donors and their advisor consider putting language to this effect in their testamentary documents that create the gift.

Here's how this issue might come into play. Several donors set up funds at CCF in the 1920s and 1930s to support orphanages in Los Angeles County. The restriction became impossible to fulfill in the 1960s as California closed its orphanages and moved to a foster care system. The CCF board, in accordance with its variance power, determined that supporting foster care agencies fulfilled the original spirit gift of the donors' gifts.

Advisors should feel free to contact any of CCF's development team members to discuss testamentary language that will best reflect their client's charitable intentions but still provide

(continued on page 4)

Many of CCF's donors have set up testamentary funds that they want used for a specific purpose – for example to support a field of service, geographic area or specific organizations.

---

Don Gottesman, JD LLM (Tax)
Senior Development Officer
With more than 15 years of experience in planned giving and law, Don has worked at Kaspick & Company, LLC, and National Philanthropic Trust.

What you might not know: Don enjoys wine tasting, with a particular passion for wines from Northern California from his 260 bottle collection.

William D. Strickland, JD, CSPG
Senior Development Officer
Bill has worked as a practicing attorney, trust officer and most recently in gift planning with The Nature Conservancy.

What you might not know: An accomplished dancer and singer in Broadway shows, Bill also has a penchant for the history of Western Civilization, especially Germany.

---

53% of high net worth families have not included charitable giving in their estate plans.¹

Maybe they’re just waiting for you to bring it up.

We can help you create a plan for them that reflects what’s in their heart and on their mind, changes with them and lasts over time.

To start a conversation about their plans and CCF’s Legacy Society, contact Carol Bradford at (213) 452-6266 or cbradford@calfund.org.

MAKING ESTATE PLANS IN UNCERTAIN TIMES (continued from page 2)

consequences. But uncertainty shouldn’t hinder the planning process – there are always options. By bringing up these questions and opportunities with your clients, you might help them solve a quandary they don’t even realize they are facing (or avoiding).

CCF helps donors articulate their goals in partnership with advisors, so that legal, tax and other financial plans fit with their personal goals in a meaningful way. For advice or more information, please contact Nichole Baker, vice president of development and donor relations, at (213) 452-6241 or nbaker@calfund.org.

DONOR INTENT (continued from page 3)

flexibility in the ever-changing Los Angeles environment.


Final Print Issue!

Future editions of CCF News for Advisors will be electronic only. If you have not provided CCF with your email address yet, please do so at your earliest convenience. Thank You!

CCF does not provide legal or tax advice. All donors and advisors should consult their tax advisors to properly determine the tax consequences of making a charitable gift to the California Community Foundation.

Contributions to the California Community Foundation represent irrevocable gifts subject to the legal and fiduciary control of the foundation’s board of directors.

The California Community Foundation meets the most rigorous standards in philanthropy and complies with the National Standards of U.S. Community Foundations.