

## Charitable Connection

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American women are poised to become major influencers in the world of philanthropy, shaping social policy around the globe for future generations. OppenheimerFunds' research found that women now control more than half of the wealth in the U.S. and make 80% of purchases. Data from the IRS suggests that women donate more of their wealth than do men. This transfer of economic power comes at a crucial time for philanthropy as the current market environment has made it extremely challenging for many nonprofits to achieve their missions.

Several studies show that the majority of women don't feel confident actively managing their finances, including creating a legacy through philanthropy. As charities struggle to survive during these challenging times, your clients—and likely your female clients, in particular—may need guidance on how to donate to maximize their dollars' impact.

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### CHANGING ROLES

Women's roles as philanthropists shift as their responsibilities grow and change. In their twenties and thirties, they may have limited financial resources but time to volunteer. As they move into careers and become more family focused, time becomes limited, but financial resources increase, often leading women to make larger monetary gifts and volunteer less. Once children are out of the house, many women take on leadership roles within charitable organizations of their choice, becoming involved with boards and fund-raising efforts.

Women's evolving roles as philanthropists require them to think strategically about giving time and money. And they are turning to their trusted advisors for philanthropic guidance and structure so that their gifts can have more impact.

### HOW AND WHY WOMEN GIVE

For most women, philanthropy

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encompasses far more than just writing a check. Through informal and formal structures, such as family foundations, donor-advised funds and giving circles, women tend to be relationship-oriented and highly engaged in philanthropy. In most cases, women's gifts aren't about public recognition or influence, but about empowering organizations to drive change.

Pooled giving vehicles, such as the Women's Funding Network, Women's Donors Network, The New York Women's Foundation and Womenade, are bringing women together to engage in philanthropy on a deeper, more meaningful level. Women are also becoming a growing force in shaping social policy around the world through such issues as healthcare, education and microfinance.

Women's wealth is growing, and so is their giving. According to Boston College's Center on Wealth and Philanthropy, there will be an unsurpassed wealth transfer of more than \$41 trillion over the next 40 years; and women will inherit 70% of estates. Therefore, it is abundantly important that they learn to make strategic philanthropic choices.

## FORMS OF GENEROSITY

The IRS data also suggests that women tend to give more direct gifts in the form of cash or real estate than men, who are more

inclined to set up trusts or donate appreciable assets, such as stock or business partnerships, that can qualify for valuation discounts—and greater tax write-offs. Whereas men typically discuss the tax advantages of donations with their financial advisors, women are more reactive about giving, making ad hoc donations when asked. As a result, they tend to sprinkle small gifts across organizations—a far cry from the thoughtful planning required to create a legacy.

My firm, Silver Bridge Advisors, recently launched a Women and Philanthropy Initiative as part of our Women's Perspective Series to help clients think more strategically about building their legacy. We've created a five-step process to help guide our conversations with clients about their philanthropic efforts:

1. Define a vision and mission. Envisioning goals and writing them down are what ultimately bring about tangible achievements. What are your client's hopes, dreams and goals when it comes to philanthropy? Help her clearly define her philanthropic vision by creating a written mission statement and structured giving plan. The organization Inspired Legacies ([inspiredlegacies.org](http://inspiredlegacies.org)) is a great resource for defining philanthropic vision and mission statements.
2. Understand the right amount to give, both in time and in dollars. You can play an

invaluable role in helping your client understand what she needs in order to meet personal goals and what assets are available for wealth transfer and philanthropy. Is the right amount a percentage of her total assets? Does she want to base her giving on a percentage of her income or is there some other number that feels right to her? While the norm for most families is to give between 2% to 3% of income, there are families that give as much as 100%. Working with your client to determine the right amount, and to assure her that there was a thoughtful process in place to reach this number, is critical to achieving effective philanthropy. The organization Bolder Giving has a useful workbook you can use as a basis for planning: [www.boldergiving.org/program/s/workbook.php](http://www.boldergiving.org/program/s/workbook.php).

3. Get the story behind the numbers. Encourage your client to get to know someone at the right level within the organizations she supports. Have your client request financials and other important information about the organization—and then follow up to see if she understands the story behind the numbers. Help her determine how her gift will affect the organization. What are the key drivers to the organization's financials? How diversified are its revenue

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streams? What are the largest expense categories? Can management easily lower expenses quickly if revenues decrease?

Next, calculate the cost per "impact measure." How does the organization measure its impact: by people served, services delivered or both? Finally, look ahead: How has the organization grown since its inception? What is the outlook for future growth, or, given the current uncertain economic climate, what are its plans over the next few years?

4. Use philanthropy as an opportunity to educate. Create a structure for your client to implement her giving plan. Determine whether she wants to involve her spouse and/or children, and what roles they will play. Establish when she'll distribute her donations and through what vehicle—foundations, trusts, donor-assisted funds and personal contributions are a few routes. For families very engaged in their philanthropy, bringing in a philanthropic advisor can be incredibly valuable. The National Network of Consultants to Grantmakers ([www.nnecg.org](http://www.nnecg.org)) is a great resource for identifying philanthropic advisors.
5. Leave room for change. Financial and philanthropic planning is constantly

evolving. As your clients' interests and family dynamics change, as well as the financial markets, their objectives will also evolve. Stay focused on clients' goals—your job is to listen and help your clients adapt their giving plans so they stay aligned with their overall vision. Stay focused on your client, not the plan.

## LEAVING A LEGACY

Strengthen the client-advisor bond by starting a dialogue with your clients about their philanthropic goals. Work with them to create a plan to help achieve their vision. Enabling your clients to take a more strategic and focused approach to giving can strengthen your client relationships and help clients create a lasting, more meaningful family legacy for generations to come—an achievement you both can take pride in. ■