A Financial Planner Tells All...

OVER 38 YEARS in financial services, I thought that learning the tools and techniques of charitable planning would lead my clients to take the necessary steps to implement the strategies that I recommended. But the truth is, I was a flop. I did a lot of talking, but nothing was happening. And why was this?

My plans were centered on strategies that focused on tax planning, retirement planning and commission generation. I had numerous misconceptions regarding the charitable marketplace, and rather than being the problem solver, I was actually the problem. I tell you this because "the smart man learns from his own mistakes, while the wise man learns from the mistakes of others." Allow me to share with you the errors of my ways.

Misconception #1: I thought wealth was synonymous with money.
When I pondered *wealth*, I had a preconceived idea that it was wrapped in dollar signs. I believed that wealth pertained to your assets and liabilities, your insurance, your last will and testament, your net worth. It was tangible. It could be calculated, graphed and charted.

This led my charitable planning to be very one dimensional. I merely focused on the numbers. My planning was black and white in nature. However, I have now come to the conclusion that wealth is not synonymous with money.

This revelation transformed my planning into living colors. By addressing one's intangible wealth (personal and social wealth), I began planning in 3 dimensions. With this expanded view of wealth, charitable planning took on greater significance.

Misconception #2: I didn't think clients had enough wealth to give away assets.
My clients are not the Rockefellers of the world; they are the millionaire next door. However, I was taught to believe that charitable planning was for the ultra-wealthy. My financial plans, created for "the masses," were void of charitable elements.

But my mistake was to downplay the value of individuals having a charitable component to their lives. By opening up myself to the benefits of charitable planning for *all* clients, I truly began to counsel the client's *total* wealth.

Misconception #3: I believed that clients would give it away after they made it.
My purpose as a financial planner was to help my clients become financially independent. Therefore, I was very protective of their assets in an effort to accumulate ample capital to provide for an inflation-adjusted standard of living that they could not outlive.

I believed that when my clients had "enough" they would then begin addressing charitable interests. My experience proved this to be untrue. Two important principles became apparent over the years. First, I was taking away the "joy of giving" from my clients by advocating ownership over stewardship. Second, if the principles of philanthropy were not established and

nurtured during the wealth creation stage, clients did not develop these tendencies at wealth distribution.

In other words, in their later lives, clients developed deep pockets and short arms! I now realize that as a "total" wealth manager, it is part of my mission to help clients develop their social wealth through the use of philanthropy.

Misconception #4: I thought that client's kids (at any age) were too young to get involved.

In my haste to complete the financial plan, I didn't want to take the additional time necessary to get the kids involved. In fact, I didn't think they would even be interested. Nothing can be further from the truth. Kids are looking to their parents to help create their values.

Just like teaching children patterns of savings and thrift, it is equally important to instruct them in philanthropy. Fortunately for me and my family, I have made philanthropy an integral part of our children's educational plans. Now I am a proactive advocate for bringing one's children and grandchildren into the planning process.

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Misconception #5: My traditional education was sufficient to become a philanthropic planner.

Knowledge and use of such planning tools as the CRUT, CRAT, CGA, and DAF are necessary and the only replacement for education is ignorance. There is no time like the present to get started learning. There are excellent programs available like the American College's Chartered Advisor in Philanthropy (CAP) for advisors who want to add charitable planning to their arsenal.

But the most valuable resource for entering this marketplace is the International Association of Advisors in Philanthropy. The educational programs they provide address the 3 dimensions of wealth (personal, financial and social). In fact, I would be so bold as to say that if you are going to be a *total* wealth manager (including philanthropy), membership in the AiP is mandatory, not optional.

Misconception #6: I believed that the fees associated with private foundations outweighed their benefits.

I thought that charitable planning was about giving money to charities in the most efficient manner; the reduction in the administrative fees meant more funds for the charitable beneficiaries. My understanding of philanthropic planning was rather shallow.

What I have come to realize is that it is more important to use the charitable planning tools to help educate and train heirs in their ultimate responsibilities than to simply provide funding for charities. In addition, with the advent of technology to help with the day to day administration of running private foundations, the reduction in fees now make foundations viable for the masses. I have found Foundation Source to be an excellent resource partner for creating a family's foundation website along with all elements of management.

Having made many mistakes over the years, I am glad to say there is a happy ending to this story for me. About 6 years ago, I relearned how to "do" charitable planning. It began when I redefined wealth (into 3 dimensions) and clients began to actually follow my recommendations.

In fact, I believe that financial planning without sharing the tangible and intangible benefits of charitable planning is seriously lacking. When you begin to advise clients on their *total* wealth, your "success" will become multi-dimensional and this approach will make you the most significant advisor your client will ever have. NU

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