

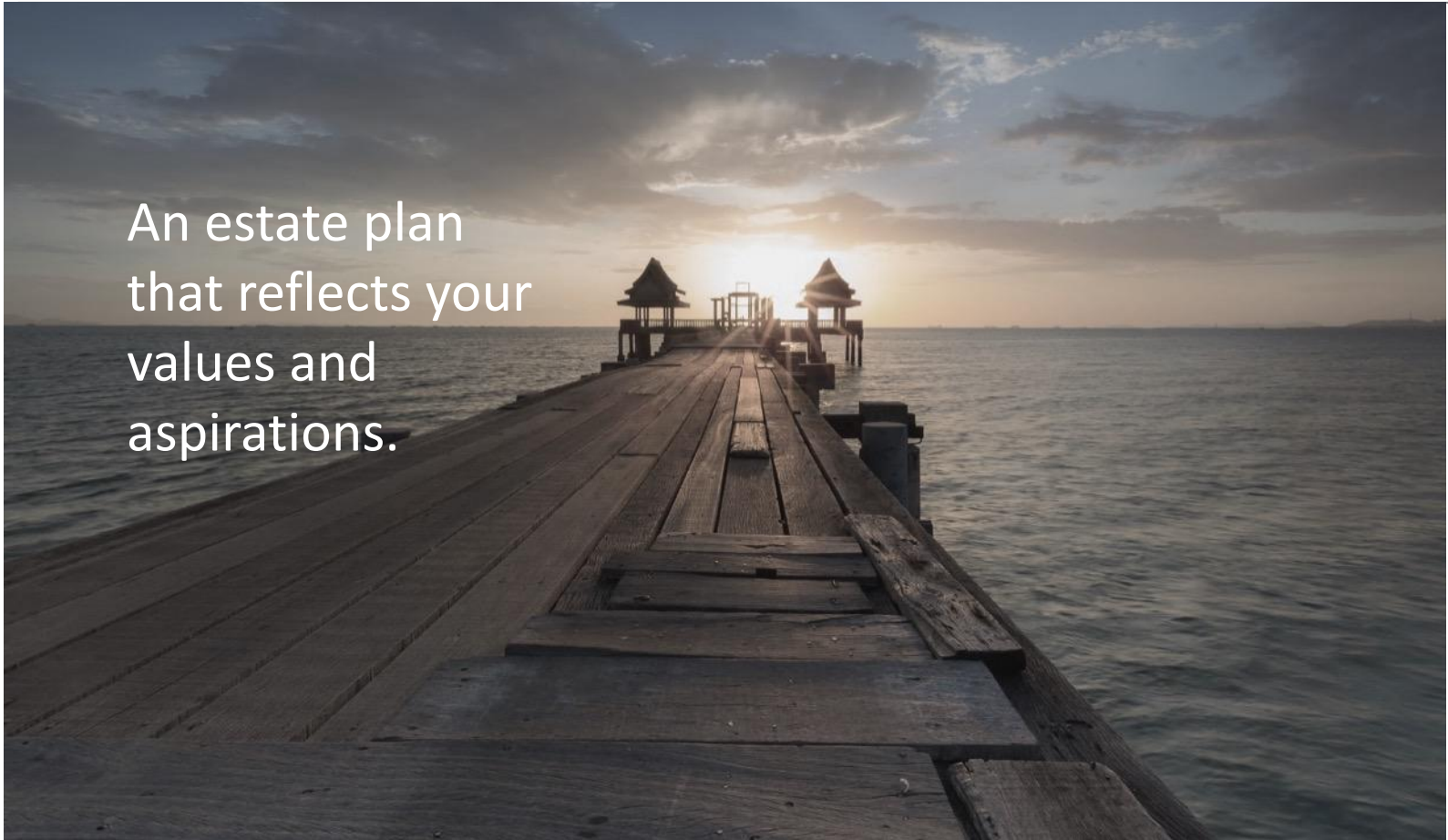


# Embarking on Values-Based Estate Planning

**Scott Claeys, CAP, CFRE, FCEP**  
**Leave 10 Board Member**  
**Director of Gift Planning for the Salvation Army**

# Your Destination

An estate plan  
that reflects your  
values and  
aspirations.



# The Value of Money

---

Money has no real positive value unless deployed to accomplish good in your life, your family and society

Wealth is merely the means to attain your vision of an independent, happy and meaningful life

The dysfunctions of transferring wealth without intention

- Greed and guilt
- Entitlement, instant gratification and substance abuse
- Separation/isolation from the world
- Insecurity and low self-esteem

# The Limits of Planning Solely Focused on Tax Savings, Inheritance Maximization and Asset Protection

## **WILL THIS BE YOUR LAST MESSAGE?**

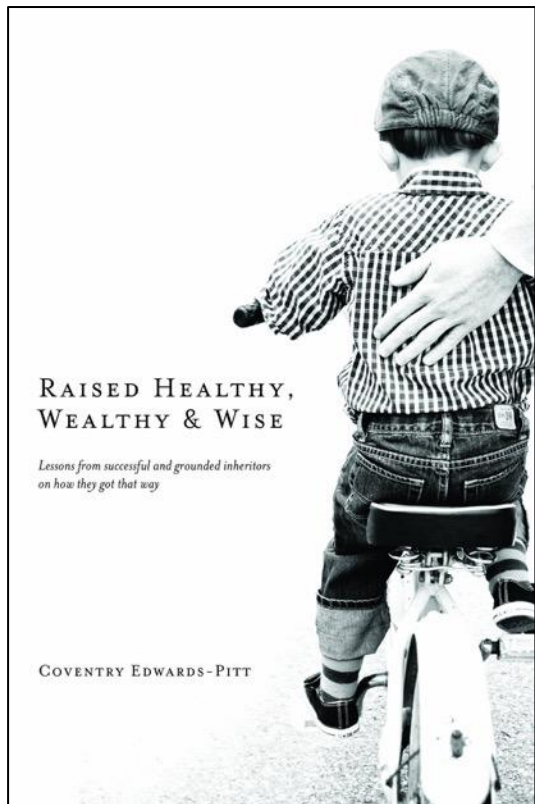
---

- Identification of testator/testatrix
- Revocation
- Identification of family
- Payment of taxes
- Property to trustee
- Distribution of property
- Special gifts
- Debts
- Expenses and taxes
- Residue and alternate residue
- Payments and holdings for minors
- Trusts
- Power to sell or hold
- Powers of executor
- Investments
- Payments to charities
- Distribution in kind
- Real estate
- Settlement of claims
- Exculpatory provision
- Professional advisor
- Agency
- Exoneration
- Limiting interest of spouses of beneficiaries
- Trustee of executor compensation
- Guardians of children
- Noncontestability of bequests
- Signature
- Witnesses



# The Limits of Planning Solely Focused on Tax Savings, Inheritance Maximization and Asset Protection

## HEIRS DON'T DEVELOP THESE CRITICAL SKILLS NEEDED BEFORE INHERITING MONEY



- How to earn their own money and live contentedly off the money they've earned.
- How to set and pursue their own vocational goals
- Have a self-worth that is not wholly wrapped up in the family's wealth or influence.
- Have an earned sense of resilience and ability to overcome setbacks

- Covie Edwards Pitt, *Raised Healthy, Wealthy and Wise*

# The Limits of Planning Solely Focused on Tax Savings, Inheritance Maximization and Asset Protection

---

## **PLANNING DOES NOT DEVELOP QUALITIES OF A GENERATIVE FAMILY/WEALTH LONGEVITY**

- Core values
- Resiliency
- Transparency
- Cross-generational engagement and collaboration
- Opportunity

“A successful 100-year family isn’t necessarily a selfish group of consumers of excessive luxury goods, but can be a socially responsible entity, using vast resources in a responsible way to make a difference in the world.”

- Dr. Dennis Jaffe “Lessons Learned from 100-Year Businesses”

# Values-Based Planning Cycle

## THE WHY: PEOPLE & FUNCTION

- Lessons and observations
- Struggles and opportunities
- Progress
- New circumstances
- Adjustments



- Who we are
- Where we are
- Where we want to be
- What is the impact and meaning we desire for our wealth

- Documents
- Plans
- Choice of advisors, trustees and institution partners

- Strategies, tools and techniques to help achieve goals

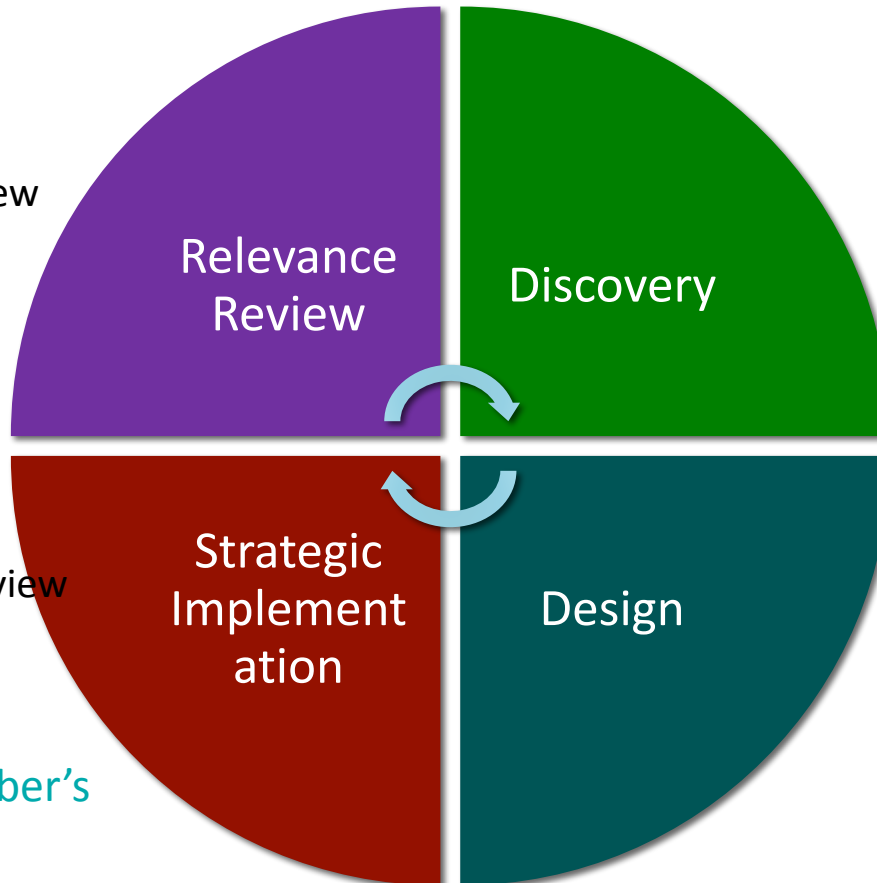
Based on Timothy Belber's  
*The Middle Way*

## THE HOWS: TOOLS & FORM

# Values-Based Planning Cycle - Output

## THE WHY: PEOPLE & FUNCTION

- Periodic meetings and evaluations
- Adjustments, amendments or new documents



- Signed Documents
- Map of entire plan
- Maintenance and review plan

Based on Timothy Belber's  
*The Middle Way*

- Statement of Values and Objectives
- Vision Statement for Your Wealth
- Legacy Letter/Ethical Will
- Statement of Trust Purpose
- Statement of Donor Intent
- Family Meeting
- Wills, Trusts, POA
- Limited Liability Company
- CRT, CLT, CGA, DAF
- Private Foundation
- GST Trust, IDIT, ILITs
- Etc.

## THE HOWS: TOOLS & FORM



# What Values-Based Planning Hopes to Accomplish

---

Helps crystallize how the estate plan can support:

- Family's core values
- Essential opportunities to launch heirs into productive lives
- Flourishing, responsible and resilient heirs
- Family harmony and cross-generational engagement
- A strong and vibrant community
- How your family chooses to make a positive and enduring impact on the lives of others

Contributes to deep satisfaction and peace of mind about the legacy you plan to leave and how you will be remembered



# Importance of Engaging Clients in Conversations About Philanthropy

# Charitable planning is good for business

---

65% of advisors who incorporate charitable planning advice in their practice said it is an important aspect of client relationships. Among the top benefits of doing so,

- 80% say it's a relationship builder
- 72% say it positions advisor as broad financial expert
- 61% say it keeps assets under management
- 56% say it leads to multigenerational relationship.

74% of advisors believe discussing philanthropy is good for business development and 56% believe it helps build relationships with the client's extended family.

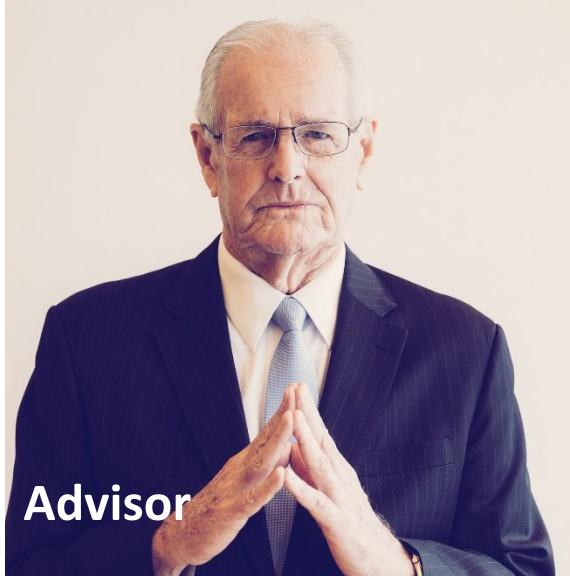
(Fidelity 2012 Advice & Giving Study)

# Study on the Philanthropic Conversation

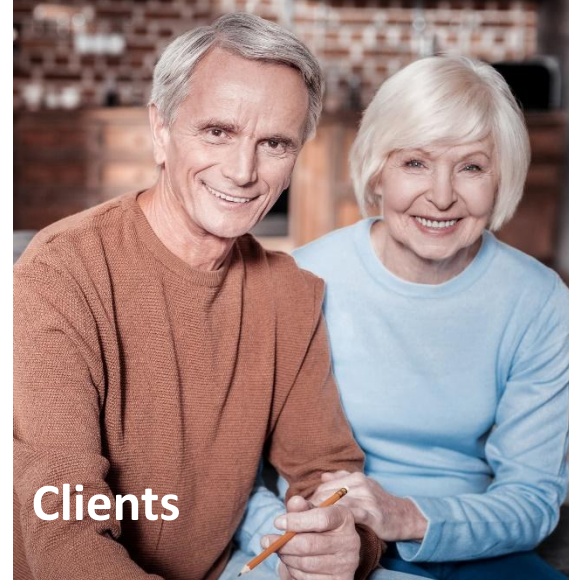
---

- US Trust and The Philanthropy Initiative 2018 Study on the dynamics of the philanthropy conversation
- Sample of 300 advisors and 103 high net worth individuals (\$3M+ investible assets)
- Revealed the divergence of views on the philanthropic conversation between advisors and clients

# Clients being asked about philanthropy

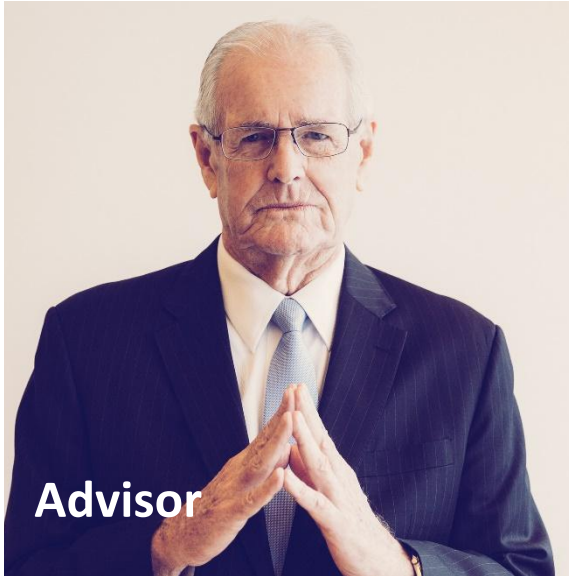


**80%** say they discuss philanthropy with clients

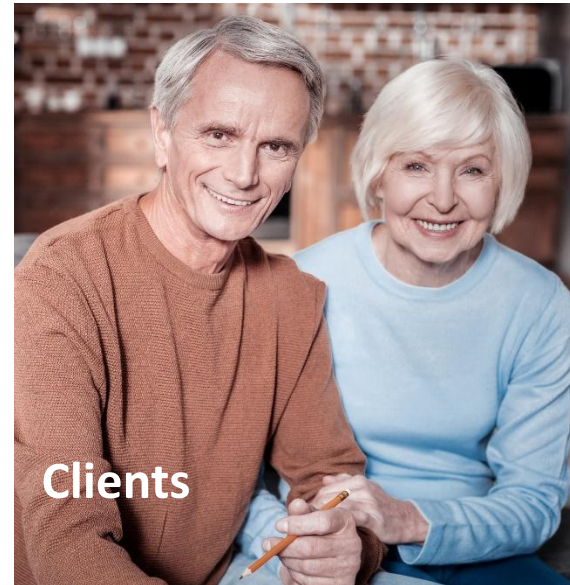


**67%** say they discuss philanthropy with their advisors

# Who initiates the philanthropic conversation?

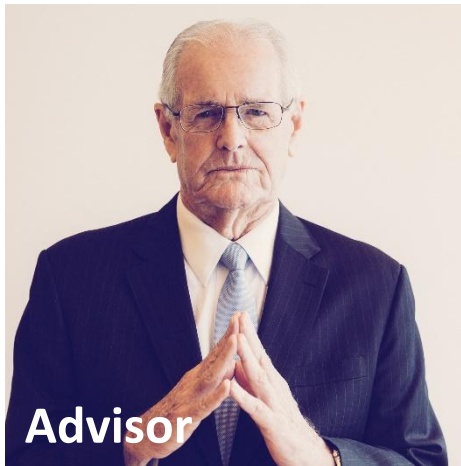


**39%** say advisor initiates the philanthropic conversation



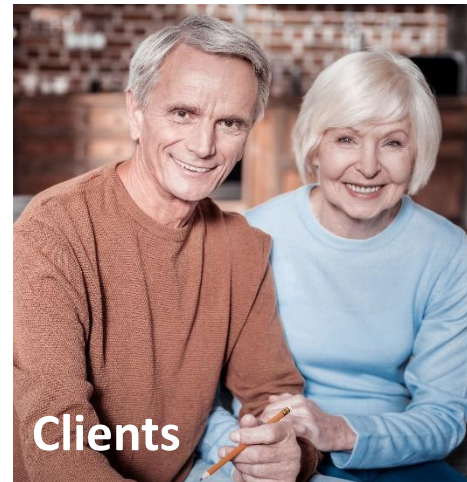
**61%** say client initiates the philanthropic conversation

# What advisors focus on during philanthropic conversation



**38%** of the time on technical topics

**41%** on values and interests



**63%** of the time on technical topics

**41%** on values and interests

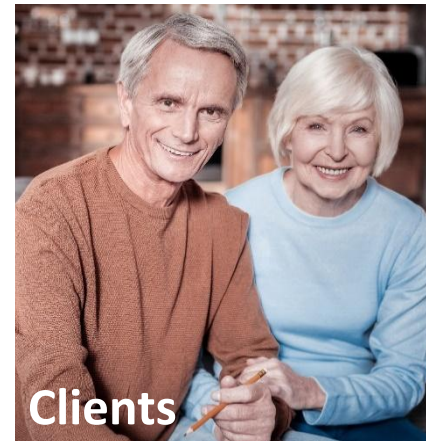
# Tax benefits as motivation for giving



**66%** believe clients will reduce giving if income tax deductions are eliminated

**27%** believe clients will reduce giving if estate tax is eliminated

**46%** motivation for giving is reducing tax burden



**42%** will reduce giving if income tax deductions are eliminated

**5%** believe clients will reduce giving if estate tax is eliminated

**16%** motivation for giving is reducing tax burden



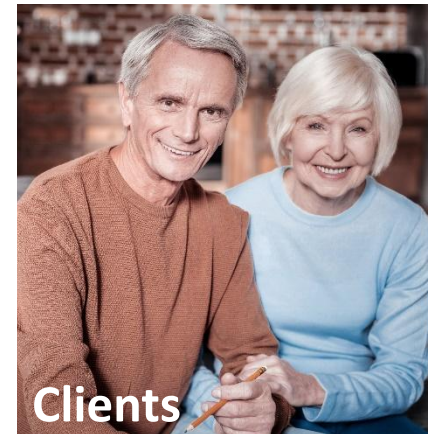
# Top factors that inhibit giving



**38%** believe clients would not be left with enough money for themselves

**33%** believe clients would not have enough money to leave heirs

**23%** client does not consider themselves wealthy enough



**22%** believe their gift will not be used wisely

**5%** lack knowledge or connection to charity

**15%** fear increase in donation requests

# Where advisors want to be more proficient:

---

- 51% How to help a client develop a strategic giving plan
- 57% Understanding more about giving vehicles
- 46% Integrating client philanthropic values/goals into overarching wealth management plan
- 40% How to engage the next generation in giving
- 40% Becoming more familiar with nonprofits and community needs

*US Trust and TPI 2018 Study on the Philanthropic Conversation*

# Implications

---

Advisors need to engage clients in conversations about giving earlier and more frequently.

Tax-mitigation drives much of advisors' charitable planning and should be balanced with clients' values and goals.

Advisors wrongly attribute clients' refusal to give to a sense of financial scarcity rather than clients' perception of charity's effectiveness.

Advisors can do more to help clients access information on charities' effectiveness and accountability and to assist them in getting connected with charitable organizations.



FOUNDATIONAL VALUES-BASED DISCOVERY QUESTIONS  
BASED ON *LEAVE 10'S ESSENTIAL QUESTIONS FOR ESTATE PLANNING*

# 1. What is your vision of a happy, successful and purposeful life?

---



How can your estate plan help you and your heirs attain that?

## 2. What do you and your spouse need to assure your financial independence and happiness?

---



3. What do you want every member of your family to always have?

---



What opportunities do you want your children and grandchildren and beyond to have?

## 4. Do you feel a responsibility or obligation to steward wealth, so that it is used wisely and most effectively?

---



Are your children prepared today to responsibly steward your assets? Do they know the story of struggle behind your wealth accumulation?

What conditions need to be in your heirs' lives that would convince you about their preparedness to steward money?

Would you like your wealth to last and benefit succeeding generations?



5. What constitutes the true wealth (nonfinancial) of your family? (Strengths, talents, character, values, behaviors, etc.)

---



What do you think is the most important accomplishment in your life? What enabled you to attain that?

## 6. If family harmony is important to you, how can your estate plan reinforce it?

---



7. If you had a large windfall, how would you allocate it among the following choices: family, government or charity?

---

If your only choices were government and charity, which would you choose?



Family



Government



Charity

8. What causes are you currently supporting with your money or volunteer service? What have you found rewarding about that?

---



How has your family been involved in philanthropy?

Is there anyone who played an important role in your life whom you wish to pay tribute to through a gift to charity in your will?

## 9. Are there particular problems in the community or world that you wish to help address?

---



What kind of impact would you like to make on your desired causes beyond the days of your life?

Have you had any interactions with nonprofits operating in this space?

# 10. How would you like to be remembered?

---



# What Values-Based Planning Hopes to Accomplish

---

- Unpacks the values and conditions associated with a happy and meaningful life
- Identifies the true wealth of your family individually and collectively
- Deploys financial assets to sustain and further develop the non-financial assets of the family
- Clarifies the highest purpose of your financial assets
- Brings renewed attention to the struggles, journey and lessons associated with wealth creation and stewardship
- Helps identify the critical skills needed by heirs before inheriting money
- Helps prepare conditions for successful wealth transition

# Who Should Carry Out Values-Based Planning?

---



Estate  
Planning  
Attorney



CPA



Investment  
Advisor



Insurance  
Professional



Wealth  
Advisor/  
Philanthropic  
Consultants



# Benefits for Advisors

---

- Clear idea of intentions, motivations and desired outcomes of estate plan
- Helps simplify and streamline planning and drafting options
- Trusts can be drafted and operated to more closely reflect how clients wish to provide for heirs as opposed to the generic “health, maintenance, support and education”
- Client family not surprised by disposition of the estate and its objectives
- Controversial estate provisions are understood and anticipated
- Role of philanthropy is clear and defensible
- Reduced likelihood of will contests
- The satisfaction of being able to carry out client’s true intentions

# Books and Resources

---

*Values-Based Estate Planning* by Scott Fithian

*Family Wealth* by Jay Hughes

*The Cycle of a Gift* by Jay Hughes

*Raised Healthy, Wealthy and Wise* by Covie Edwards Pitt

*Silver Spoon Kids: How Successful Parents Raise Responsible Children* by Eileen Gallo and Jon Gallo

*Raising Financially Fit Kids* by Joline Godfrey

*Creating the Good Will* by Elizabeth Arnold

*The Middle Way* by Timothy Belber

*Philanthropy, Heirs and Values* by Roy Williams and Vic Preisser

*Preparing Heirs* by Roy Williams and Vic Preisser

# Books and Resources

---

*Intentional Wealth* by Courtney Pullen

*The Soul of Money* by Lynn Twist

*The Price of Privilege* by Madeline Levine

*Beating the Midas Touch* by Rod Zeeb and Perry Cochell

*The Golden Ghetto, The Psychology of Affluence* by Jessie O'Neill

*Navigating the Dark Side of Wealth, A Life Guide for Inheritors* by Thayer Cheatham Willis

[www.purposefulplanninginstitute.com](http://www.purposefulplanninginstitute.com)

[www.think-legacy.com](http://www.think-legacy.com)

[www.2164.net](http://www.2164.net)

# Questions

---

**Scott Claeys, CAP, CFRE, FCEP**

Director of Gift Planning, The Salvation Army

Board Member, Leave 10

253.720.9018

[scott.claeys@usw.salvationarmy.org](mailto:scott.claeys@usw.salvationarmy.org)

Thank you!