IDENTIFYING PROFESSIONAL RELATIONSHIPS THAT MAKE A DIFFERENCE

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IDENTIFYING PROFESSIONAL RELATIONSHIPS THAT MAKE A DIFFERENCE

Charities are racing to involve recruit professional advisors as allies in the gift planning process. Some recruit them as members of governing or professional advisory boards, while others use them as editorial staff for newsletters. At the same time, professionals have identified charitable planning and nonprofit support as potential new practice areas and are working to develop relationships with charities and align staff and offerings to meet their needs.

The enactment of the Economic Growth and Tax Relief Reconciliation Act of 2001 (hereinafter referred to as the 2001 Tax Act) has increased the pace of this interaction as nonprofits realize that advisors are the gatekeepers for the estate restructuring under the new law. As the planning focus moves away from taxes and to more personal priorities, advisors want to understand how to talk to clients about charitable intent, how to structure gifts that accomplish their client's goals, and how to advise nonprofits who want to build endowments and planned giving programs.

Bringing the two groups together is not always easy. This session focuses on the issues, the opportunities and case studies of successful collaborations.

I. The Relationship Between Charities and Professional Advisors

Charitable giving in the United States is measured each year by the AAFRC Trust for Philanthropy. The report released in June 2004 shows that Americans gave $240.72 billion to charity in 2003, an increase of 2.8% over 2002 figures in dollar value but an increase of only .6% over 2002 when the 2.3 percent inflation adjustment is applied.[1] This figure represented 2.19% of the United states gross domestic product (GDP), evidencing the impact charitable giving has on the U.S. economy.[2]

Charitable giving has increased steadily over the past two decades and should continue to grow. Researchers estimate that $41 trillion will transfer from one generation to another over the next 50 years and that $6 trillion of that amount will pass to one of the more than 1.2 million qualified charities in this country.[3] Professionals facilitate much of this giving, but the relationship between nonprofits and professional advisors has been uneasy for some time.

A. A History of the Relationship

Professional advisors – attorneys, accountants, financial planners, trust officers, insurance agents, and stockbrokers – are drawn into the charitable gift planning process in a

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[1] www.aafrc.org/press_releases; Alison Stein Wellner, *Modest Signs of Rebound*, The Chronicle of Philanthropy (Vol. XVI, No. 18, June 24, 2004), pp. 27-31.
[2] GDP for 2003 was $10,987.9 billion in current dollars.
[3] A summary of the study can be found at <www.bc.edu/bc_org/avp/gsas/swri/> in the article entitled "Millionaires and the Millennium: New Estimates of the Forthcoming Wealth Transfer and the Prospects for a Golden Age of Philanthropy."

variety of ways. The advisor may serve as advisor to the donor (focusing on protecting and achieving the donor's best interests), as advisor to the charity (focusing on the charity over the donor), as fiduciary (volunteering time and putting the charity's interests first), or as vendor (focusing on company profitability). Over time, the advisor may serve in one or more of these role for the same charity. Filling multiple roles, or moving from one position to another, creates complications.

B. Identifying the Advisors

1. Attorneys

The attorney plays the most visible role in planning since she drafts the documents that create the gift. While the idea for the gift may originate with a discussion between the donor and the charity, the attorney should be involved for advice on how to achieve the stated goals, guide the selection of the gift form, and in most cases, draft the documents to implement the plan.

2. Certified Public Accountants

The certified public accountant (CPA) provides the tax expertise for the donor's gift and may be the impetus for consideration of charitable- or tax-planning strategies. The donor's accountant also handles the tax reporting for the gift, including the annual income tax return (Form 1040), the gift tax return (Form 709), the estate tax return (Form 706) and the accompanying valuation form (Form 8283). Public accountants also specialize and may not have expertise in charitable planning.

3. Insurance Professionals

The insurance agent, generally a certified life underwriter (CLU) or chartered financial consultant (ChFC), may have the longest relationship with the donor. Generally, clients purchase insurance early in life to provide economic protection for family members in the case of a catastrophe. The insurance agent's role may include family protection issues, estate-planning liquidity, and small business transfer issues. In the gift planning process, insurance professionals are often involved in providing wealth replacement insurance and frequently initiate the idea for a gift.

4. Financial Planners

Financial planners are more frequently involved in gift planning as individuals seek one-stop planning and coordination of family financial needs. This field, however, is difficult to define for three reasons. The term "financial planner" is broad, describing a skill often possessed by accountants, trust officers, brokers, and insurance professionals. It is used in this context to refer to someone in the primary business of counseling clients on budgeting and other current planning, retirement planning, and estate planning issues with a focus on allocation of resources to meet specific financial goals. The field is not regulated. Anyone can represent himself as a financial planner. There is no single professional designation to distinguish financial planners with credentials or expertise. The most common professional designations for a financial planner are the Chartered Financial

Planner (CFP)[4], the Chartered Financial Consultant (ChFC)[5] or the Registered Financial Consultant (RFC).[6] Each of these organizations has an accreditation process and a code of ethics governing its members. Financial planners may have a better understanding of planned giving than most professionals since the most effective charitable planning requires analysis of the gift in terms of current needs, retirement needs, and estate options.

5. Trust Officers

The trust officer may have a relationship with several generations of family members, providing a unique perspective of the family's resources, needs, and long-term objectives. When families use banks to manage transfers of wealth, the trust officer learns about the strengths and weaknesses of each family member and the trust resources available to meet short-term and long-term needs. This relationship expands over time so that trust officers proffer advice beyond administration. In other cases, the trust officer may serve as the primary investment advisor. The bank may hold the assets that will be used to make the gift. The donor may consult the trust officer before any other advisor and rely on that officer's guidance in completing the gift.

6. Stockbrokers

Stockbrokers are often the donor's primary source of investment advice; in these instances, the broker is an important member of the planning team. Appreciated publicly traded securities are the most common form of non-cash gift. The broker understands the donor's investment strategy and long-term goals; moreover, she can identify the most appropriate asset for the gift transaction. In fact, the broker may be in the best position to suggest a charitable gift.

7. Real Estate Agents and Brokers

While rarely considered as part of the planning team, real estate agents are in an excellent position to identify client opportunities for making charitable gifts. The role of the real estate agent depends on the donor's assets. If the client's holdings consist largely of real estate, a real estate manager or broker involved in the donor's investment strategy should be included as part of the team.

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[4] The CFP Board, 1700 Broadway, Suite 2100, Denver, CO 80290, 800-487-1497 (phone), 303-860-7388 (fax).
[5] The Chartered Financial Consultant designation is awarded by The American College, 270 South Bryn Mawr Avenue, Bryn Mawr, PA 19010-2196, 888-AMERCOL (phone), 610-526-1465 (fax), <www.amercoll.edu>.
[6] The Registered Financial Consultant designation is awarded by the International Association of Registered Financial Consultants, The Financial Planning Building, P. O. Box 42506, Middletown, Ohio 45042, 800-532-9060, <www.iarfc.org>.

C. The Difficulties in Working as a Team

1. Communication Between the Professional and the Nonprofit

One of the greatest barriers to effective gift planning is the misunderstanding and poor communication that exists among the for-profit (the donor's professional advisors) and not-for profit (the charity's representatives) sectors. As a further complication, there is often distrust and poor communication within the professional advisor community as a whole. Attorneys, accountants, financial planners, insurance professionals and other advisors fail to share information with one another and have a deep mistrust of the motives of other individuals representing the donor. This lack of communication hinders effective planning since each representative manages an important piece of the donor's total financial picture.

2. The Barriers Between Professionals and Charities: Who Really Represents Truth and Justice?

The deepest gap in communication exists between the nonprofit development staff, who must develop the gift, and the donor's professional advisors, who must execute the gift. In fact, the problem is generally greater than a lack of communication; it often surfaces as a full-scale battle to save the donor from the clutches of the opposing forces. The advisor's first thought may be that the charity is moving the donor down an emotional path without regard for personal or family needs. The charity's perspective may be that the professional is dampening the donor's enthusiasm for making a gift by reducing charitable intent to a tax decision. Conflict is inevitable when the two camps (the nonprofit organization and the professional advisor) have such different relationships with the donor and perspectives of the transaction.

The planning conflict arises with the origin of the thought to make a gift. This idea may develop through the donor's conversations with the charity, the donor's conversations with his advisor, or simply in response to a magazine article or discussion with a friend. The initial party contacted – either the charity or the professional – generally will take the idea and begin to develop it, working through donor goals, gift operation, and tax benefits. If the gift is planned to the point of execution, the uninvolved party – whether professional advisor or charity – may only become involved when the gift is close to completion.

Naturally, when the gift is presented as a finished product, the advisor or the charity – whichever was not a party to the planning – will have questions, suggestions, and concerns about the transaction and how it transpired. When the development officer has taken the lead role to work with the donor to structure the gift, his interest will be in concluding a gift that benefits the charity and achieves the donor the stated goals. The professional's interest will be in protecting his client from making an emotional decision about the distribution of important assets. Obviously, the advisor, when faced with a completed gift, is in the difficult position of having to bless the process without having the opportunity to analyze all options.

When the advisor initiates a gift and proceeds to complete it without involving the charity, the development officer may be equally distressed. Can the charity honor the purpose of the gift? Will the gift, as structured, provide the greatest benefit to the charity? Will this improve or damage future donor relations? Was this the best form of gift?

Experienced development officers work with hundreds of donors and may provide valuable insight in the planning process, especially when professional advisors have little experience with charitable planning.

3. The Reasons Charities Exclude Advisors From the Planning Process

Development officers at charities fail to get the donor's advisors involved, because they fear that the advisor will discourage or delay the gift. Or, they believe they will be excluded from the gift-planning process and consequently will not know if the gift is completed or, if the gift is testamentary, the details of the gift. Most believe that if they can move the donor far enough along in the process, the professional advisor will have no choice but to complete the gift. Excluding the advisor is a protective measure designed to make sure the gift is made. This attitude reflects a lack of understanding of the advisor's role in protecting the donor and providing well-reasoned advice on planning alternatives.

An advisor is likely to perceive her role as "protector" as critically important when the donor arrives on her doorstep with instructions to complete a large gift, holding a gift agreement and document reflecting the tax and investment results of the gift. As the advisor takes the donor through the gift-planning process, he can help the charity's staff understand that the best way to ensure the completion of a gift is to involve the professional advisor or advisor team early in the planning process. This allows the advisor to develop a better understanding of the donor's relationship to the charity, his long-term giving history and charitable goals.

4. The Reasons Professionals Exclude Charities from the Planning Process

Professional advisors exclude development staff from the planning process for three reasons.

1. *They may feel the development staff member has little to offer from a technical perspective.* In truth, planned giving officers can be highly skilled in planning, because they have extensive experience and have worked with many advisors.
2. *They are concerned the development staff will pressure the client.* Every professional instinct warns them to protect the client from this gift lobbying. Development staff members are hired for the sole purpose of closing gifts.
3. *Professionals must maintain confidentiality for ethical reasons*. Therefore, all client affairs are conducted in a way as to protect both the information and the client. The client can, however, authorize the professional to get others involved in the planning process.

Many advisors fail to appreciate that the gift must fit a need at the nonprofit, and that gifts must be structured to fit a nonprofit's guidelines and objectives. If the charity is not involved in the conversation, the potential exists that the gift will not be accepted, leading to misunderstanding and ill will among all groups. This hurts everyone involved in the process: The donor fails to meet her goals; the charity loses the gift; and the family is left confused.

5. Other Conflicts in Planning

Sometimes, the conflict in gift planning arises from conflicts among the donor's professional advisors; this conflict is generally sparked by a fight for control of the client. Donors regularly rely on a group of advisors for personal and business matters. Each advisor has a specific role, although the client may rely on one of these advisors as the gatekeeper or general manager.

The gatekeeper prefers to offer as many of the services as possible to the client. Professional firms have responded by changing the way they do business and expanding firm services. All businesses realize that once they have clients, it is much less expensive to keep them than to spend the time and dollars to secure new clients. Therefore, if the professional can offer services in which all needs can be met, he is likely to retain the relationship. Consider these trends.

- *Attorneys* are often the planning coordinators for the client since legal documents enable planning goals to be reduced to writing. Law firms may also offer the client full service in management of his business and personal life, handling everything from drafting corporate documents, to wills, to litigation. The firm may have an estate planning team that handles all personal planning documents (wills, trusts, general powers of appointment), estate administration, trust management, and family foundation management.

- *Bank trust departments* have traditionally offered estate and trust administration and investment management. Services have now been expanded to include brokerage, non-traditional investment management, insurance and annuity products, and integrated lines-of-credit. Some banks have opened specialty departments for their wealthiest clients to offer family office accounting and support. These organizations may even offer families access to special services related to private travel, help for elderly family members, or access to the country's top estate planning lawyers.

- *Insurance firms,* who have long offered clients insurance and annuities, now offer a variety of investment products and mutual funds. Many insurance agents have assumed roles as financial planners as a way to identify needs for insurance and investment products and to secure their role as primary advisor. Traditional insurance companies have formed subsidiaries that conduct retail and discount brokerage or consulting services.

- *Accounting firms* have expanded traditional tax services to also offer business valuation, estate planning, financial planning, estate and trust administration, and general consulting. These firms may also administer trusts and family foundations.

- *Brokerage firms*, which traditionally have been order-takers, now offer investment advice, financial planning, estate planning, insurance products, and proprietary investment funds. The firms that serve the wealthiest segment of the population have made special arrangements with nationally recognized experts in tax planning, business planning, and wealth management so that clients have guaranteed access and the relationship can be controlled by the firm.

- *Financial planners* offer both planning advice and investment products to help the client achieve goals identified in planning. Some offer additional services such as family counseling, family wealth management, investment management, business valuation services, family foundation management, and other related services.

II. Cautionary Tales

A. A Case Study: A Gift Initiated and Planned by the Charity (Without the Professional Advisor)

Since 1995, the development staff at City University had been talking to Danny Dollar, a long-term donor, about creating a chair in the School of Medicine to honor Danny's father. Danny was intrigued by the idea. His father had been on the founding staff of the medical school and had taught at the University for 25 years. He had considered many other ways to create a memorial for his father and provide a significant benefit to the medical school. Danny was also approaching retirement and wanted to create an additional income stream once he left his job.

The University's development staff was very helpful. They defined the financial requirements to establish a chair, and explained the options – such as, an outright current gift, a current gift to a remainder trust, or various deferred gifts – for funding. With the help of a financial planner on staff, the development staff helped Danny review his assets, select a vacation property (that was highly appreciated and no longer used) to fund a charitable remainder unitrust, and decide on a six percent unitrust payment that would meet his retirement needs.

Danny was satisfied that the creation of a charitable remainder trust that would fund a chair at termination was the best way to meet his personal goals. He was further gratified by the fact that the chair was one of the top priorities of the University in its current capital campaign; although Danny's gift was in trust and the benefit to the university would be delayed, the gift would be included in the campaign total. All that remained was to have Danny's attorney prepare the documents and Danny's accountant confirm the deduction.

When Danny's attorney, Paul Planner, received the gift proposal prepared by the development staff and delivered by Danny in his first meeting, he questioned everything. "Why create this gift now?" he asked. "There is no need to rush into this. I know you want to make sure your family is taken care of. What if something happens to you, and your wife and children need these assets? Why don't you just wait to make this decision? I'm afraid you're rushing into this." Danny's accountant, Fred Figures, had similar reservations. "You can't use a deduction this large in one year. This doesn't make sense for tax purposes."

Danny was truly confused. In truth, he thought his attorney would admire his philanthropic goals. Yet, he reacted as if Danny had made a mistake. And his accountant indicated that the gift did not make sense for tax purposes. Maybe it was a mistake. Perhaps he should wait. Perhaps he was being pressured. Consequently, the gift was not executed and Danny was uncomfortable talking with the development staff, his advisor, or even his family about the result.

B. A Case Study: A Gift Initiated and Planned By the Donor And His Advisor (Without the Charity)

Now consider this same example assuming that the gift originated with Danny's attorney, Paul Planner. Danny Dollar approached his attorney, Paul Planner, with an idea. He had graduated from City University and felt that the education he received had created the foundation for his current economic and professional success. He was an entrepreneur, and he wanted to do something creative to help the college and to help others obtain the same benefit.

Paul took him through the estate planning process, looked at his assets, and assured Danny he could take care of his family and make a gift to City University. Danny offered to introduce Paul to the development staff at the school to help in planning the gift. (The University staff had had several visits with Paul and had mentioned they had resources and ideas that might help the planning process.) Paul Planner decided against contacting the University staff, indicating that it was not necessary and expressing concerns that the University staff might complicate the process through rules and approvals as well as put pressure on Danny to fund the gift as quickly as possible.

So Paul and Danny planned the gift without the help of the development staff. They settled on a bequest to be used to start a business school at City University. Although there were several business schools in the state, Danny really felt that City needed such a school to be competitive and continue to grow. The bequest was significant although not large enough to completely fund the start-up. The bequest also contained a number of restrictions as to the form and philosophy of the new school.

Danny knew his gift was only enough to start the project, but hoped the gift would attract other donors once they understood its purpose. Danny executed his new will and went home cheerfully thinking about how he would likely be honored with his name on the new school. City University was never informed.

At Danny's death the University was notified of the bequest and the strings attached. The Board of Trustees was forced to turn it down. The Board had previously considered and rejected a business school as part of its long-term plan, choosing instead to focus on its medicine and science departments. A business school would dilute the medical-research focus of the university, distract the development staff in effecting funding for the program, and drain faculty resources.

Danny's family was naturally upset and Paul Planner was dismayed. Danny had talked for years about his excitement in making this gift. He had shared his vision of the future of the university with his family. Many of his family members had included gifts under will for the business school as well. As a result of the disclaimer, family involvement with the university ceased and their charitable gifts were made to other, more grateful institutions.

C. A Solution

The gifts in these examples failed because communication failed. The results in both examples could be dramatically improved by bringing the two teams together early in the process. Effective gift planning requires that the donor, the charity, and the professional advisors representing the donor and the charity work together. If, in the first example, the development staff of City University had involved the donor's professional advisors in the planning process, the donor's attorney and accountant would not have been blindsided when presented with a nearly-complete gift and would have understood the donor's interests in making the gift. Likewise, in the second example, if the attorney involved City University in the plan to create a business school, the donor and the attorney could have explored other alternatives (such as creating a chair at the School of Medicine in honor of the donor's father).

III. The Many Roles of the Professional Advisor

The professional in the gift planning process may serve in a variety of roles. Each role requires a unique perspective and incurs its own set of expectations.

A. The Donor's Advisor: Assisting the Donor in Making a Gift

The most common role in gift planning is the representative of the donor. Many professional practices are built on individual relationships with clients. The genesis of the client relationship is likely a request to plan an estate, prepare an annual tax return, invest assets, plan for retirement, buy or sell a business, provide assets for family in the event of a disaster, or other estate planning task. This personal relationship with the client and his family may develop well before the interest in making a charitable gift arises. The professional is understandably protective of the client and the relationship, wanting to ensure that decisions are made without undue pressure or influence from the charity. The professional's charge is to plan the proposed gift in a manner that maximizes its value for the donor and meets the donor's goals in making the gift.

Since the professional represents the donor, the charity is not perceived as a necessary party to the transaction. Cannons of ethics require client confidentiality, adding additional incentive to keep gift plans private. When the gift involves a current transaction, the charity may be notified when the transaction has been completed. When the planned gift is deferred, the advisor may recommend that the donor notify the charity at the appropriate time, which may not be until the donor's death. In both scenarios, it is likely that the charity will not learn of the gift until after it has been completed.

B. The Charity's Advisor: Representing the Charity in Accepting a Gift

Professionals who represent the charity have a much different perspective. Their role is to represent the charity's interest in the gift transaction. Generally, the professional becomes involved with the charity through providing traditional support services such as preparing the corporate charter and by-laws, amending governing documents, representing the organization with the Internal Revenue Service, providing accounting services, or investing assets. The advisor's role in the gift planning process may be ancillary. The professional service provider may offer to draft gift acceptance policies, write investment policies, prepare calculations to determine the tax value of the gift, or analyze the present value of a gift for accounting purposes as a way of helping a valuable client. Regardless of the way in which the role develops, the professional representing a charity places the charity's interests (rather than the donor's) at the forefront.

Representing charities engaging in planned giving programs represents a practice opportunity for firms that since those charities need a number of services. These include the following:

1. Ongoing assistance in analyzing gift transactions. These may include acceptance of gifts of real estate, complicated trust documents naming the charity as trustee (or even naming charity as beneficiary where the charity is given a chance to review the document), closely held business transactions, bargain sales, conservation easements, or gifts of remainder interests in property. These transactions may be difficult for a charity to analyze if they receive periodic gifts of this nature.

2. Document preparation, for donors with attorneys that are not experts in the field.

3. Internal accounting and administrative procedures for planned gifts. This includes a uniform system of recording gifts, preparation of substantiation documents for gifts, and allocating gifts to appropriate investment positions.

4. Foundation accounting and reporting, when the charity has established a separate foundation to hold its endowment.

5. Gift annuity management, including tax reporting, multi-state registration and annual reporting.

6. Investment management of endowed and long-term assets, including special management strategies for charitable remainder trusts, charitable lead trusts and gift annuity pools. Many charities need help in developing spending policies and understandable (and appropriate) investment management policies.

7. Administrative management of trusts and gift annuity pools.

8. Advice on transactions involving conflict of interest.

9. Assistance in establishing or management an insurance policy gift program.

10. Assistance in managing real estate contributed as gifts.

11. Assistance in establishing and providing a regular review of gift acceptance policies.

The needs may vary from charity to charity, but all of these tasks exist and most charities find it more effective to outsource these services than to hire permanent staff simply because the needs are intermittent and require a high degree of professional expertise.

C. The Vendor: Providing Products and Services to the Charity

Some of the professionals involved in the gift planning process establish their relationship with the charity as a vendor. These include trustees, investment managers, financial planners, or accountants providing administrative or accounting services, tax services, investment management, and accounting or reporting for the charity. These individuals see many transactions at various charities and are frequently in a position to provide perspective and assistance for a donor, a charity, and a less-experienced attorney or accountant. Sometimes, they are not included in the planning process, because they are considered ancillary, rather than primary, professionals.

Their interest in the transaction is generally to support their charitable client in developing the gift. When the charity benefits by receiving an additional gift and assets, the vendor also benefits by providing additional services to support or manage that gift. Vendors are happy to assist in the gift planning and development process because it allows them to offer a value-added service to clients, and ensures the longevity of the relationship with the charity.

D. The Board Member: Serving in a Governing Role

There is a fourth, and increasingly common, role for the professional – serving in a governing role for the charity. She may serve on the charity's board of directors, on the board's planned giving committee, or on the professional advisory board. In these volunteer roles, the professional is most helpful if she has a basic understanding of the planning process and details of planned gift forms, so that she can provide advice on how to expand the charity's development program.

Serving in a volunteer role may complicate the professional's relationship with the donor and the charity. At times, the professional roles may be blended, such as when the professional serves as a representative of the donor and on the board of the charity. This combination may require that the professional have a strong grasp of the ethical issues involved. In most cases, the professional simply wants to provide the greatest level of support to the charity that is possible.

E. The Importance of Working as a Planning Team

The client and the charity are both beneficiaries of the team approach. When all of the client's advisors are involved in planning, the donor is assured of achieving the best result in gift planning. When the charity is also involved, it is more likely to help structure a gift that fits its needs, and the donor is more likely to achieve satisfaction from the process by knowing exactly how the gift will benefit the institution. Each piece of the planning triangle is critical to the success of the overall gift. This need to coordinate efforts is the thesis upon which this book is based, and the theme is apparent throughout this text.

The charitable planning team generally involves at least four participants: the donor, the donor's attorney, the donor's accountant, and the development officer from the nonprofit. In some instances, the team should also include the insurance agent, the financial planner, the real estate agent, or the trust officer that works with the donor. All of the participants are important to achieve the most effective gift plan. Without one of these participants, the gift may be effective for some purposes, but not for the goals of the more comprehensive plan.

IV. Successful Strategies for Charity

A. The Small Professional Advisory Board

There are two ways to construct a professional advisory board: a small, working group or a large advisory council. The most common format is the small professional advisory board is designed to support a planned giving program, and a limited or inexperience staff.

1. Selecting Members of the Advisory Board

Professional advisory boards are popular and the most recognized professionals will receive many requests to participate. The nonprofit should focus on those professionals that are most likely to participate. Begin by preparing a list of 5 to 10 professionals in each of the professional advisory member categories. Then, rate each potential member using the following criteria:

- History of donor support
- History of family support
- Community influence (politically, socially, economically, professionally)
- History of use of services provided
- Other experience that makes the professional useful to your organization
- Amount of time available to spend with your organization
- Previous commitments to other organizations (negative scoring)
- Leadership skills

Select those professionals that have the highest ratings and make personal calls to each member to solicit participation. Make your expectations and the demands of the job clear by providing:

- A statement of the purpose and the goals of the professional advisory board
- A description of the types of members, how they are selected, and how long they serve
- A schedule of the anticipated meetings (generally, i.e., quarterly, monthly, etc.)
- A description of the committees that are a part of the professional advisory board, and the membership requirements for participation

- A detailed list of possible activities
- A statement on the adoption of conflict of interest policies
- A description of the board's relationship to the nonprofit board, if any
- The name or job description of the staff member responsible for the professional advisory board
- Any other details that will foster a clear understanding of the role of the professional advisory board and the duties of its members.[7]

Use the form found at Appendix A as a tool to select the most supportive advisory board members.

2. The Role Of The Professional Advisory Board

The key to creating a successful professional advisory board is to set clear, attainable goals for the group. The following tasks are easily handled by group of professionals:

- *Adoption of gift acceptance policies:* Use the professional advisory board to review and set limits on gift acceptance policies. Draw on their experience with their clients to anticipate problems and draft answers for those anticipated events. This process is an excellent way to educate professionals on the many issues that exist in planned giving.

- *Creation of a seminar series*: Use the professionals to help profile the donor base and select seminar topics for each segment of that base. Get the board to contribute ideas on speakers and times for events. Get their input on the keys to successful seminars. Then, ask the advisors to make those calls on their professional friends to line up the speakers.

- *Addition of a planned giving message to the nonprofit's newsletters and publications*. Ask the advisors to provide input on the most effective way of communicating planned gift concepts to donors. The professional group will have some experience in producing firm newsletters and will help design a publication that grabs the attention of potential donors.

- *Ask the advisory board member to "profile" potential planned gift donors to the organization.* Ask the members to think in generic terms first and to create a list of donor characteristics for various gift forms. The group should then be able to identify individuals in the community that fit that profile. Do not expect these professionals to give you confidential information related to their own client base.

- *Ask the advisory board members to identify potential attendees for seminars*. Make sure that they understand the profile of the donor who would most benefit from the

[7] Axelrod, Nancy R., ***Creating and Renewing Advisory Board: Strategies for Success*** (1996, National Center for Nonprofit Boards publication), p.6

seminar. Then, ask them to draw on their personal experience to identify potential attendees.

- *Ask the advisory board members to contact potential seminar attendees and ask them to attend.* This contact can be in the form of a personal phone call or a note attached to the seminar invitation.

- *Ask the advisory board to review brochures and marketing materials for planned giving.* There is a lot of material available in the market, some of which is better than other materials. Use your board to help keep your material current. You will find that you also educate advisory board members in this process.

- *Ask board members to advocate planned giving in their practices by eliciting charitable goals during the planning process.* Encouraging professional to advocate philanthropy in their practices will have a significant long-term impact on the community and will ultimately benefit every charitable organization in the area. The simplest way to do this is to add the following questions to the intake questionnaire:

    1. *Are there charitable organizations that you support on an annual basis?*
    2. *Would you like to include any of these organizations in your estate plan?*
    3. *If there were a way to shift dollars from taxes to charity, would you be interested in exploring this option?*

B. The Larger Advisory Council

When a nonprofit does not need ongoing support but wants to develop relationships with a number of professionals, the larger advisory council form may be more appropriate.

1. Goals and Objectives

The goals of the larger advisory council include:

- Creating visibility for the nonprofit within the professional community (such as when the organization is conducting a capital campaign, endowment campaign, or launching a new planned giving program).
- Encouraging philanthropy, through ongoing contact to reminder planners of charitable gift options.
- Educating the professional community, thereby creating more gifts.
- Forming personal contacts with members of the professional community through increased contact and personal calls.

2. Constructing the Group

Since the purpose of the advisory council is to make contact with as many professionals as possible, the nonprofit should take an inclusive, rather than exclusive, approach to membership. Identify the broad professional community that works in estate planning. Include attorneys, accountants, trust officers, life insurance agents, financial planners, stock brokers, and real estate brokers (if appropriate).

Estate planning attorneys are easily identified from several resources. The most common resources for this information are the rosters of the local Estate Planning Council[8], the National Committee on Planned Giving (or the local Planned Giving Council),[9] the membership list of American College of Trust and Estate Counsel,[10] those serving as speakers for public or private seminars, or recommendations of board members and donors. Other professionals can be identified through an analysis of the membership list of the local planned giving council, or by identifying those serving as seminar speakers. The nonprofit can also get a list of local firms, call a contact in each firm, and ask for a list of names of all those engaged in estate planning. Finally, the charity can add a line to the planned giving donor membership form requesting the name of the donor's attorney, accountant, insurance agent, broker, trust officer or other professional. These names can then be added to the donor base.

Constructing a list of these professionals is recommended whether or not an advisory council is created. The list serves as a reference list for donors who need recommendations for an advisor, a list of resources for professional help for the charity, and a calling list for the planned gift officer.

C. Educational Efforts

One of the most productive ways to develop the professional community is through education. Regular educational efforts serve to raise the visibility of the charity, spread its mission, and provide planning ideas that foster charitable giving. Options include any or all of the following.

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[8] The National Association of Estate Planners & Councils awards the Accredited Estate Planner (AEP) designation; the public can access the membership list at <www.naepc.org>.
[9] The National Committee on Planned Giving (NCPG) provides an excellent forum for an attorney and planned giving staff to learn more about planned giving. The mission of NCPG is to facilitate, coordinate, and encourage the education and training of the planned giving community and to facilitate effective communication among the many professionals in this community.[9] Founded in 1988, it is the leading association for gift planning professionals, with more than 11,000 members nationwide who belong to more than 100 local councils. Members include development officers for nonprofit organizations and consultants and donor advisors who work in a variety of for-profit settings. The National Committee on Planned Giving maintains a searchable online membership directory at <www.ncpg.org>; most charities maintain membership in this organization.
[10] The American College of Trust and Estate Counsel is an exclusive membership group of experienced estate planners. Its membership list is posted at <www.actec.org> and accessible to the public.

1. Newsletters

Donor newsletters focus on issues that motivate donors to make engage in estate planning and consider a charitable gift. Professional newsletters should focus on issues that help the professional build his practice. Donor stories are important elements of a professional newsletter, but the story should focus on the donor's motivation in making the gift and the role of the donor's advisor in completing the gift. Current legislation and tax news, planning tips, and case studies are also appropriate content. If the charity has solid internal resources, the newsletter can be written in-house. Most charities use outside vendors and tailor the content to other messages delivered through seminars or other communication.

2. Resource Manuals

Provide the professional community with easy-to-use information on charitable giving. This includes not only technical information on gift forms, substantiation, and valuation, but also information about the nonprofit's gift acceptance policy, endowment minimums, and contact information.

3. Roundtable Meetings

Conduct one or two meetings a year for professionals that allow them to network, get exposure to your organization, and feature their expertise. These need not be expensive. Select four or five current charitable planning topics, and ask a team of two to lead each discussion. Invite professionals to a breakfast meeting, and ask them to sign up for a topic when they accept the invitation. Leave time for networking at the outset of the meeting. As the meal finishes, introduce them to your charity's key staff and board members, and then divide them into groups by topic and let them discuss the issues.

4. Seminars

Professional seminars allow the charity to educate the advisor community, and advisors to gain continuing education credits for their attendance. The audience will have a number of opportunities to attend seminars, so the event should have something to distinguish it. Here are some suggestions:

- *Use an excellent speaker.* Attracting someone from outside the area has the advantage of bring in the "expert." Poll the professionals on the advisory board, the executive committee of the advisory council, or simply the individuals providing services to the charity to develop a list of potential names.

- *Focus the materials on information that can be used in the professional's practice.* There's a big difference between a lecture on gift forms and instruction on how to identify opportunities for charitable gifts.

- *Qualify the session for continuing education credit with the bar, and the CPA society, the insurance commission and advertise this approval(and the number of hours or credits involved)* *on the seminar invitation.* Provide signed, certification of attendance sheets for trust officers, brokers, or other professionals. This requires that the seminar is planned well in advance, and that materials are submitted in time to advertise approved credits on the invitation.

5. Recognition Events

Invite professional advisors to the charity's annual donor recognition event for the legacy (planned giving) society. Provide separate recognition for those professionals that have assisted or been a part of a gift during the year. Create an award for the professional that has made the largest contribution to the charitable community during the year.

6. Personal Contact

By far, the most successful marketing effort is to make personal contact with the advisor community. Personal contact creates a vivid reminder of the charity, allows the development officer to develop more information about the advisor and her philosophy in estate planning. Since personal contact is the most effective marketing tool to use with professionals, the development officer should schedule calls on advisors, just as she schedules calls on donors. Include one or two professional visits each month. Select advisors that are known to be experts in estate or charitable planning (not known to the charity's officer) and call to ask for an appointment.

The development officer should the advisor information on the charity, contact information for the advisor, and the legacy society brochure (asking that the professional provide it to any client who makes a planned gift). Develop information on the professional's background (education, work experience), other practice specialties, size of firm, and perspective on charitable planning. Record this information on the charity's database after the meeting.

V. Successful Strategies for Professionals

Professional advisors are more cognizant of the benefit off ongoing relationships with charitable organizations and the potential in those relationships for business. Here are some suggestions for professionals seeking to develop those contacts.

A. *Develop a deeper understanding of charitable planning technique*s. Take advantage of local seminars, books, and industry materials. Accept invitations to events sponsored by charities designed to further that knowledge. Charities offering these events have committed time and money to make the event a success.

B. *Take advantage of available resources.* The Internet has a number of estate planning and charitable planning sites with information.

C. *Form collaborative relationships with a charity of interest.* These include charities that may share a similar donor base to those of the professional.

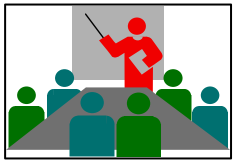
D. *Make personal contact with development officers within charities.* These contacts – especially those with a long history with the organization – have extensive knowledge in the charitable planning area. They are wonderful networking resources.

E. *Volunteer strategically.* Select organizations that have personal interest and volunteer for committees or board membership. Offer to serve on the professional advisory board, assist in planning seminars, or to serve as a resource in the community.

Ongoing contact with the charity is the best method of understanding charitable needs, and identifying opportunities to do business.

Note: Portions of this text are taken from *The Family Foundation Handbook* (© 2001 CCH Publishers) by Jerry McCoy and Kathryn Miree, and *The Professional Advisors Guide to Planned Giving* (© 2001CCH Publishers). All rights reserved.

APPENDIX A
PROFESSIONAL SELECTION FORM



Board Prospects	Contact with Nonprofit: History of Support	Family History of Support	Uses Services	Family Uses Services	Exper. with Organiz.	General: Exper. with NPs	Exper. Fund-Raising	Provides Services*	Other: Social/ Political Contacts	Misc. Factors	Total

APPENDIX B
PROFESSIONAL ADVISOR PROFILE FORM

This form is maintained in the confidential files of XYZ Charity for use in communicating with professional advisors that work with and support the development activities of XYZ Charity, and to provide recommendations to donors that need professional assistance. No information on this form will be released or recommendation made to donors without the approval of the advisor in the approval section of this form.

Please complete this form and return to:

Development Officer
XYZ Charity
123 East Street
Anywhere, State USA 12345

____
Name
____
Title
____
Name of Company or Firm
____
Office Mailing Address
____
City State Zip
____
Office Telephone Fax E-Mail
____
Home Address
____
Home Telephone Fax E-Mail
____________________ ______________________________
Date of Birth Spouse's Name
____
Children's Names (Ages)

Professional Specialty: ___ Accountant ___ Attorney
____CLU/ChFC ____ Financial Planner ____ Securities Broker
____ Trust Officer Other: ____________________

Specialty Practice Areas (check more than one where applicable):

Estate and Gift Planning
Real Property, Probate and Trust
Charitable Planning
Corporate Tax
Other (list): ____

Number of years in practice: ____

____
Undergraduate degree: (List degree, year awarded, and school)

____
Graduate degree: (List degree, year awarded, and school)

____
Designations, awards: (List designation or award, year awarded, and issuing entity)

Number of professionals in firm: 0 –10 26-50 101+
11-25 51-100

Member Estate Planning Council of Anywhere? Yes/No
Member Anywhere Planned Giving Council? Yes/No

Other professional affiliations:
____

____

PERMISSION TO RELEASE INFORMATION

You have my permission to release information on this professional profile to potential donors as a referral for professional services until otherwise notified in writing. I understand that this form will be updated periodically and that I can withdraw my permission at any time.

____
Signature Date

You do not have my permission to release information on this professional profile to potential donors as a referral for professional services. I reserve the right to authorize the release of that information in the future.