



Charities Have a Funny Way of Giving Back

By Mike Byrnes

Financial advisors might be the best-suited of all the world's professionals to support nonprofits in need. By asking clients if they would like to leave a legacy with their money, financial advisors can open the door for those individuals to think about how they can make the world a better place when they are gone.

The past few years have been hard on charities and will continue to be so because donations usually trail economic recovery. Government budget cuts also will continue to take a toll.

Nonprofits need assistance now. If they are helped, they can give more in return. This article shows how advisors can weave charities into their business models—and how by helping nonprofits, they also can help themselves.

Charities Help Advisors Align with Clients

Advisors who focus on high-net-worth individuals will find that a majority are philanthropic. That is because once individuals get past the basics of supporting loved ones and living comfortably in retirement, they usually have money that is earmarked for a cause near to their hearts.

"We believe, when working with clients, you have to do a plan," said Nick Paterakos, CIMA®, of UBS Financial Services. "Part of that process is determining if they have legacies they want continued, which often leads to helping charities."

Advisors who have knowledge and expertise in tax-efficient giving and estate planning are likely to stand out among their peers.

Charities Help Strengthen Client Relationships

One way to get to know your clients better, aside from the typical one-on-one meeting, is to survey them, as often as annually. On the survey, ask which charities a client supports and why. The results will reveal strong connections to various nonprofits for various reasons. This information puts the advisor in a position to take relationships to the next level.

After the survey, use a follow-up conversation to learn more about a client's connections and why they are important so you can offer advice about how to help the client support the charities.

Then track all the information gathered using customer relationship management software. A client database should have an open field dedicated to this type of information.

Charities Help Advisors Show Appreciation

In a relationship-driven industry, it is important to thank clients. Thanks often takes one of two forms: gifts and events. Typically buying gifts can be challenging. What do you get the person who has everything? As for events, it can be hard to top swanky outings that high-net-worth individuals are accustomed to attending.

Advisors can set themselves apart by making a thank-you gift in the form of a donation to the client's charity. The more customized the gift the better. If a client has completed a survey that asks about the client's charitable causes, then an advisor has the information needed to give a thank-you gift that will touch the client's heart.

"We set up Heritage Charitable Foundation and allocate a portion of

our revenue to it each year," said Charles "Chuck" Bean III, president of Heritage Financial Services, Inc. "That way, for clients who do not want a gift, we can do something more meaningful, such as give a donation in honor of someone that they have lost."

Or advisors can replace appreciation and holiday parties with an invitation to participate in volunteer opportunities. Those who choose to participate get a chance to interact with other clients and staff, support a worthy cause, and create a lasting memory.

Charities Help Create Loyal Customers for Advisors

Charitable connections help advisors move clients from satisfied customers to loyalists to advocates. Happier clients give more referrals, but even advisors with happy clients do not always get as many referrals as they should. One trick of the trade is to give clients something to talk about. If clients have something they are proud of, advisors are better positioned to benefit from word-of-mouth buzz.

Along with donations and events, a simple reminder can reinforce a connection. For example, if charities write a thank-you note to the advisor, it then can be shared as a follow up with the client. If a gift is needed, a framed picture of the client with the advisor, and maybe the entire team during the service event, is something that might get put on a mantle for the clients' visitors to see.

Charities Help Differentiate an Advisor

The financial services industry is a crowded space, but cause-related marketing can help an advisor stand out among competitors. If the support



is authentic (and individuals can see through advisors who fake it), a practice can brand itself by making charity part of its value proposition.

Supporting charities is evidence of strong character. People naturally want to align with individuals they like. A connection through a charity provides for goodwill among parties, additional common ground, and a greater likelihood of client retention.

Ben Valore-Caplan, CIMA®, founder and managing partner at Syntrinsic Investment Counsel, LLC, has made supporting charities part of his organization and included that commitment in the firm's mission statement. He said in an interview, "We have chosen to work with faith-based or secular community organizations, foundations or endowments, or families that have a private foundation, charitable trust, or are financially active and in the community."

By identifying a niche with charities, Valore-Caplan and his firm have focused on a few target markets to build a successful practice. He has become an expert in the fiduciary responsibilities of charitable boards and other charity-related topics and often is asked to speak to groups about such matters.

Leveraging Charities

Advisors should consider using every item in the marketing tool box to communicate about their support of charities. This can include public relations, social media, website information, direct mail (e.g., newsletters, letters, e-mails, etc.), and marketing collateral. The goal is to create awareness. Advisors should stay grounded, however, to avoid being perceived as boastful or having a moral superiority complex. The announcement should be in line with the size of the charitable involvement.

Charities Are Door Openers

Charitable activities create networking opportunities and provide awareness

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A Great Way Advisors Can Help

TD Ameritrade recently announced that it will provide a \$1-million matching gift donation along with the Foundation for Financial Planning to provide financial advice to Americans in need, including low-income families, high-school students, military personnel, and disaster victims.

"The economic crisis has had a dire impact on the ability of millions of American families to manage day-to-day expenses, let alone plan for their long-term financial well-being," said Skip Schweiss, managing director of advisor advocacy and industry affairs at TD Ameritrade Institutional. "It is in the best interest of all firms to educate individuals on their saving and investing options. We have long believed in the power of education and encourage advisors to join us in our efforts to promote financial literacy and provide financial education to those in need."

TD Ameritrade is encouraging its employees—in this case, independent registered investment advisors—to get involved in the communities where they live and work because it's the right thing to do and it makes good business sense. A commitment to community involvement can help define workplace culture, help employees feel good about where they work, and enhance the firm's image.

Two Advisors Making a Difference

Danielle Gilbert-Richard and Dorota Szwaja are financial advisors with the Haas Group at Merrill Lynch in Burlington, Vermont. When their senior partner, Mary Haas, passed away in 2009 from ovarian cancer, their group was bereft and they wanted to honor Haas's memory.

Haas's team, along with her husband, her children, and support from Merrill Lynch, founded the Mary Haas Ovarian Cancer Early Detection Foundation to raise awareness and funds for early detection of this disease. Gilbert-Richard serves as treasurer and both she and Szwaja serve on the board of directors.

"It was Mary's vision that has shaped the foundation and the dedication and passion of those who were left behind that have driven its success," said Gilbert-Richard.

Since its inception, the Foundation has hosted annual fundraising dinners. Cancer survivor and seven-time Tour de France winner Lance Armstrong—founder of the LiveStrong Foundation—has been a guest speaker. The Haas Foundation also has organized a bicycle ride with sponsor Terry Bicycles and a corporate ski challenge with co-sponsor Eaton Vance to benefit its cause.

In lieu of holiday gifts for clients, Gilbert-Richard and Szwaja contribute to charities, but first they ask clients to vote. It is no surprise that this year the majority of clients chose to direct contributions to the Haas Foundation.

"What started as an emotional response to a terrible loss has turned into something much bigger," Gilbert-Richard said.

These deeds are an example of how advisors can make charitable support a core value of their businesses. What they stand for strengthens their brands, differentiating them from the rest.




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through opportunities for volunteering, attending fundraisers, hosting events, serving on boards and subcommittees, providing sponsorships, and more.

“People see you are of good character and they want to affiliate with people like that,” Chuck Bean said about those who serve on nonprofit boards. “As a result of my involvement with charities, I have created client relationships and strategic relations.”

Final Thoughts

Although advisors can benefit from working with and contributing to charities, they still should do it first and foremost for the right reasons. If their hearts are with the causes they support, they will be rewarded, too. 

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