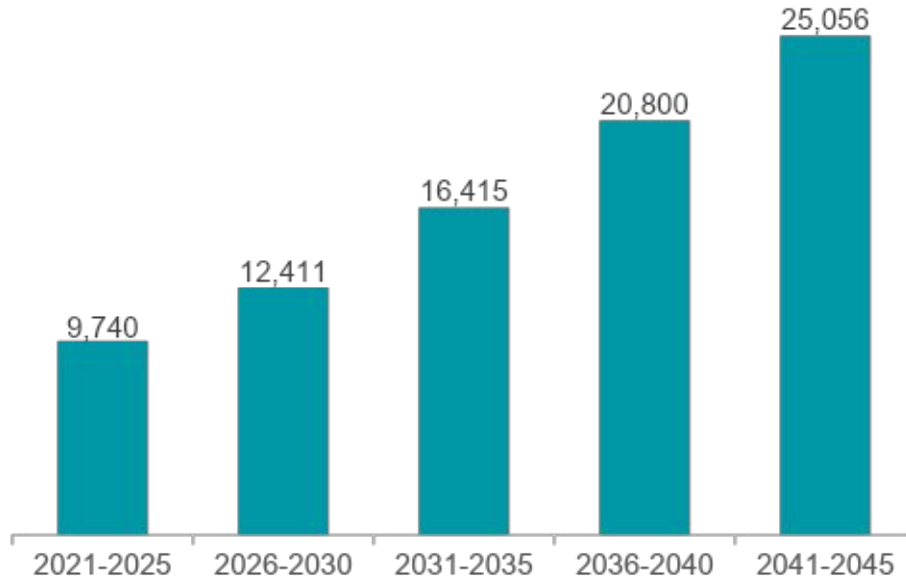




# The Influencers of Philanthropic Giving for HNW Families

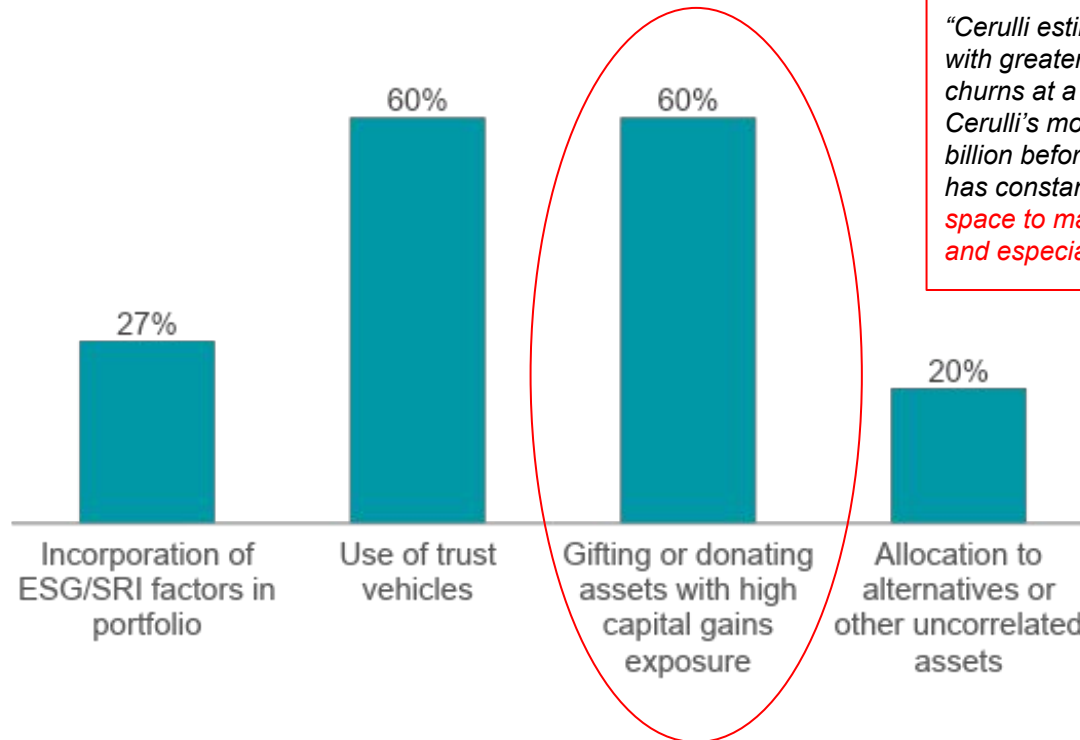
NWPGR | Annual Conference  
September 21, 2023

## \$84.4 Trillion transfer, 2021- 2045



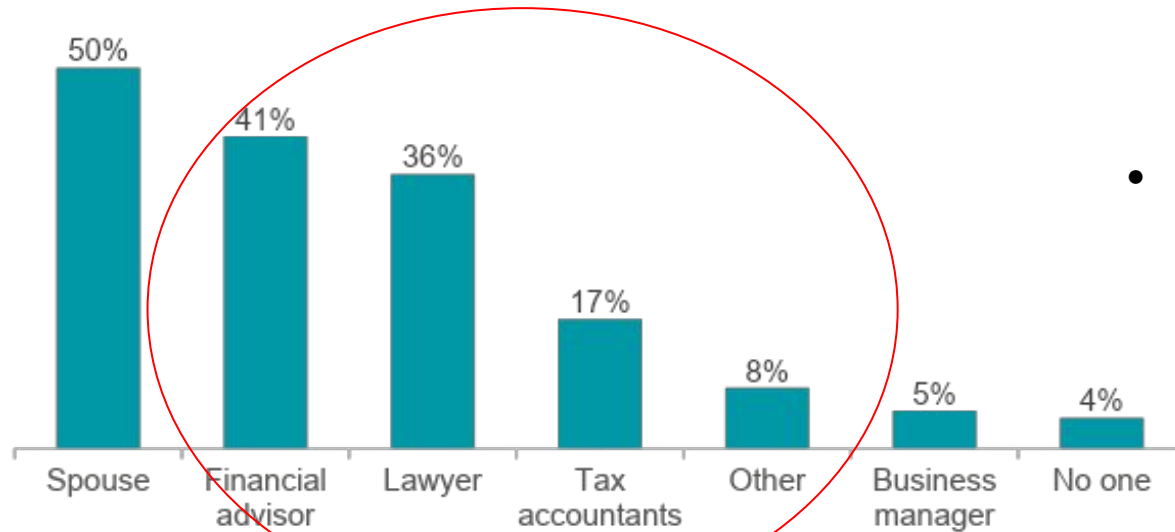
- 86% will go to heirs, remainder to charity
- 5% inter vivos to charity
- 9% bequests to charity

# HNW Strategies for wealth transfer events



*“Cerulli estimates that charitable activity among households with greater than \$5 million in investable assets currently churns at a rate of \$120 billion annually in the United States. Cerulli’s model projects this annual figure will exceed \$200 billion before the end of the 2020s. With this in mind, Cerulli has constantly **advised firms in the HNW wealth management space to make philanthropic giving a key aspect of all planning, and especially wealth transfer planning.**”*

# Top influencers of wealth transfer plans



- Affluent households are defined as having investable assets greater than \$2M
- “Who has helped you in the decision-making for your wealth distribution plans?”

# Allied Professionals

- CPAs
- Estate planning attorneys
- Financial advisors
- Gift planners
- Specialists
- Philanthropy advisors

For gift planners:

What has been your best experience with a professional advisor?

For professional advisors:

What has been your best experience with a gift planner?

# Inheritors: Philanthropic distribution channels

- Family foundations: 34%
- Donor advised funds: 27%
- 3<sup>rd</sup> Party foundations: 7%
- Family office: 4%
- Community foundations: 4%
- Charitable trust: 4%
- Family business foundation: 4%

# Family offices

- Manage the financial and personal affairs of families and individuals
- 6,000 – 7,500 family offices in the U.S. (Family Office Exchange)
- SFO - 3,000 with AUM between \$1 trillion and \$1.2 trillion
- MFO - 150 with AUM \$400 billion to \$450 billion

	Assets	Overhead Cost/Year
Administrative	\$50M - \$100M	\$0.1M - \$0.5M
Hybrid	\$100M - \$1B	\$0.5M - \$2M
Fully integrated	>\$1B	\$1M - \$10M

Source: Capgemini: The Global State of Family Offices, 2012



# Family offices

- Philanthropic portfolio approach
- Private foundation: 89%
- Donor advised fund: 62%
- 72% direction donations, 20% strategic investments (debt/equity)
- Philanthropic talent: 16.4% in-house, 4.9% outsource

# Independent RIAs and Family offices

Family Office Services	Primary	Secondary	Outsourced	Do Not Offer This Service	Service Subject to Another Fee
Charitable/ Philanthropic Planning	79%	21%	0%	0%	10%
Foundation Management	42%	21%	21%	16%	22%
Trust Administration and Trustee Services	25%	20%	50%	5%	53%

Source: Cerulli Associates, U.S. High-Net-Worth and Ultra-High-Net-Worth Markets, 2021

# Philanthropy advisors

**Philanthropic Advisor** is an umbrella term for people and firms hired who help clients navigate the **why, who, what, where, when, and how** of using their resources for philanthropy and social impact.

We have a variety of titles and job descriptions and work in a variety of sectors and employment settings.

Some philanthropic advisors are able to focus on type of client or one demographic.

Most serve multiple client types and demographics, and newer advisors tends to serve both.



# We are a beautiful mess of a field

## A young cottage industry

A 2008 report, called the field of “donor advising” a “fast-growing cottage industry which has not yet fully developed a business model.”

In 2015, another report noted the work is still “complicated and can be emotional, the scope of potential outcomes is vast, and, at least initially, it seldom attracts fees.”

A 2020 report noted the “ecosystem of donor education” is relatively young, leanly-staffed, undercapitalized, and predominantly white.

## Not yet a profession

The field of philanthropic advising does not yet meet the milestones of a recognized profession. Those milestones include:

1. A common framework of knowledge, skills, practices, and competencies
2. Quality research into effective practices and good measures or progress and success
3. A set of recognized training programs and schools
4. One or more associations that create solidarity, oversee conduct, and conduct advocacy
5. A shared set of professional ethics and perhaps standards (monitored and enforced by an association)
6. Licensing or certification (monitored and enforced by regulatory bodies)

# We are a mix of designations

More than 2,700 people have earned the [Chartered Advisors in Philanthropy®](#) designation.

- Largest cohort in their 50s
- 82% are white
- They're split across nonprofit and for-profit employers

[Advisors in Philanthropy](#) has more than 250 members in its searchable public directory. They're a mix of attorneys, financial advisors, foundation staff, independent philanthropic advisors, gift planners, and more. Many have their CAP designation.

## [National Network of Consultants to Grantmakers](#)

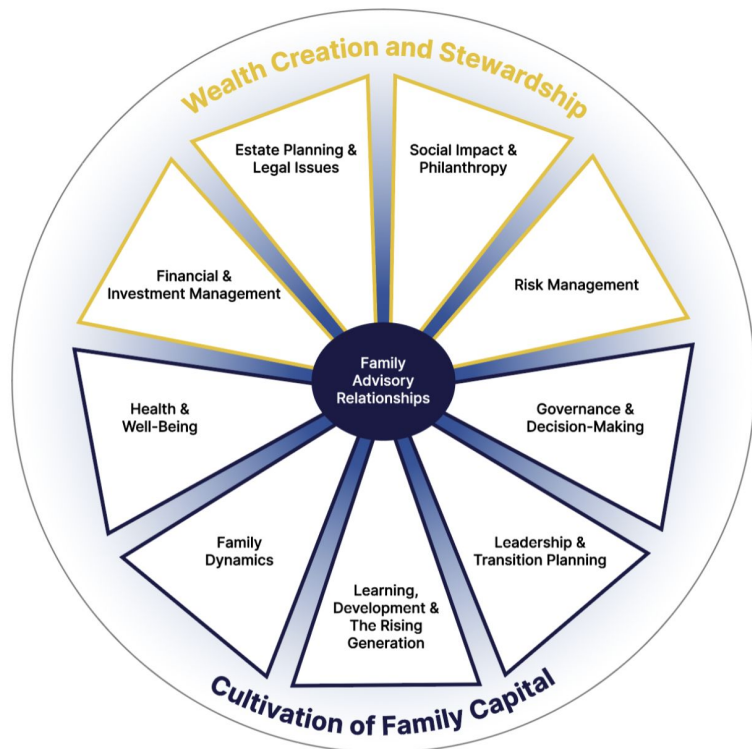
has more than 160 members in its public directory. A survey of its members and other consultants showed an increasing number are new to consulting, sole proprietors or very small teams, and people of color.

[21/64](#) lists more than 120 people who have at least course on multigenerational philanthropy. Smaller numbers have trained in facilitation, family dynamics, or family money conversations.

## Other examples

- Association of Fundraising Professionals (AFP)
  - Certified Fund Raising Executive
  - Certified Specialist in Planned Giving
  - Charitable Estate Planning Institute
  - Estate Planning Councils
  - Executive Coach
  - Family Enterprise Advisor
  - Heritage Design Professional®
  - Kingdom Advisor
  - Licensed Marriage & Family Therapist
  - Life Reflection Story Facilitator
  - National Association of Charitable Gift Planners (CGP)
  - Purposeful Planning Institute
  - Whole Family Advisor™
- Plus...CFP, ChFC, CPA, FINRA, JD, LLM, MBA, MPA.

# Competencies



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## Knowledge Base

- Knowledge of values-based investing and philanthropic activities directed at social impact and community well-being
- Knowledge of personal and family vehicles, structures, and processes for enhancing community well-being and creating social impact via philanthropy and related activities, including family foundations, foundation board functioning, donor advised funds, and governance activities in other philanthropic vehicles
- Knowledge of rationales, metrics, and opportunities for impact and values-based investing
- Knowledge of sustainability and social responsibility guidelines, practices, and programs, including metrics

## Skills

- ✓ Ability to facilitate discussions with individuals and families around values, risk tolerance on charitable investments, passions, interests, and definition of impact
- ✓ Ability to help define impact goals and articulate or guide development of strategies to achieve the goals
- ✓ Knowledge of and ability to discuss charitable vehicle options and what would best fit the individual or family
- ✓ Ability to help facilitate or ensure that implementation of strategies is professionally supported
- ✓ Ability to help foster and lead discussions at all levels of the family

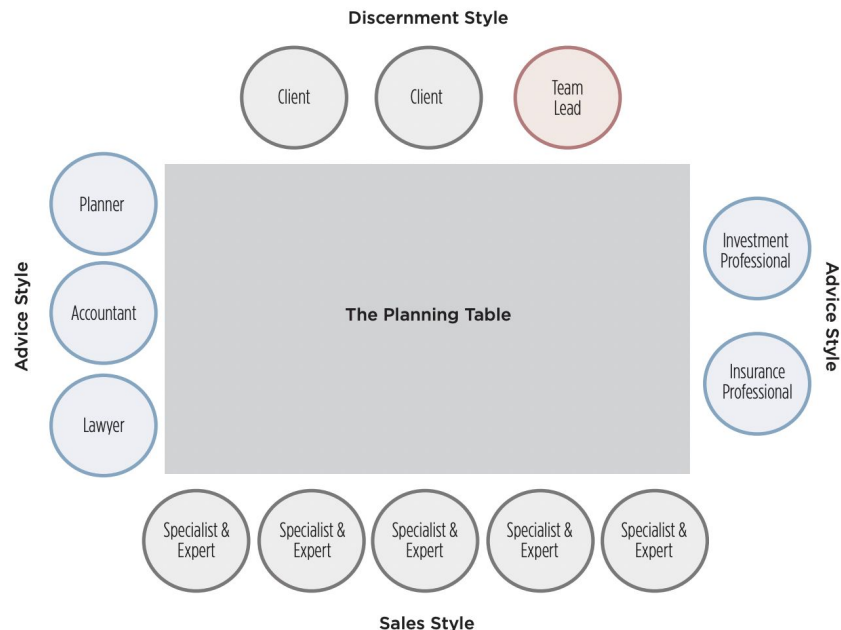
# The planning table

## Goals:

- Build rapport and trust
- Reach a common understanding on collaboration
- Set expectations for the process

## Who Sits Where?

*How planning for the dynamics of an affluent family plays out*



# Philanthropy advisors

192 responses as of 8/31 (we received a total of 256 as of 9/18)

- 30% are self-employed, 25% with community foundations
- 69% female
- 30% in their 40s, 28% in their 50s, 21% in their 30s
- 35% say that half or more of their clients are primarily builders of new wealth
- Most categorized themselves as a “novice” or “advanced beginner”
- 9% are LGBTQ+
- 30% are BIPOC
  - More BIPOC respondents are new to the field (69% said 5 years or less)
  - 37% are self employed, 18% are at foundations, 14% at nonprofits





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