



When It Comes to Family Wealth Transfer ... Let Their Values Be Your Guide

By Scott C. Fithian

You can lead a client to philanthropy, but you can't make him partake of it. If, on the other hand, his personal set of values leads to philanthropy, there is no denying it!

This was brought home to me when one of my clients expressed concern about my repeated reference to “philanthropic estate planning” at a seminar he attended. He emphatically did not want his estate plan to be built around philanthropy. In fact, he wasn't even sure he wanted to include philanthropy in his plan at all!

Here was someone who clearly could make a difference on behalf of any number of charities. He had more money than he ever would spend on himself and his wife for the rest of their lives. He had determined that he would like his children to receive an inheritance of \$10 million, roughly half of his \$20+ million current net worth. It didn't take a financial wizard to conclude that his plan was complete without any planning. Half would go to his heirs, half to Uncle Sam.

“So,” I asked him, “you can think of nothing better to do with your \$10 million in excess wealth than to leave it to the government?” His answer, to my amazement was, “No, not really.”

Motivated by the challenge, I decided not to take his reply at face value. This was, in fact, what prompted me to create the first of our values-based planning tools and methodology.

Control was important to this individual. I showed him the chart found in the IRS Form 1040 instruction booklet that portrays how the government uses our tax dollars. Then I showed him AAFRC's *Giving USA* pie chart that illustrates how Americans allocate their charitable

contributions. He was intrigued with the comparison and realized there was a disparity between how the government would use his \$10 million and how he might direct its distribution.

We then began a series of interviews, clarification sessions and phone conversations in which we discussed areas of conflict and incongruities in his answers to our Family Legacy Questionnaire™. The outcome was a written mission statement that clearly expressed his personal values and objectives as they related to his wealth. He was initially unconvinced that the mission statement was necessary, but I refused to skip over what I now consider *the* single most important phase of the planning process. Skepticism eventually turned to acceptance of his mission statement as a true reflection of how he views his wealth and what he wants to accomplish with it.

Once we completed his mission statement, I again asked the question about whether he could think of anything more worthwhile to do with \$10 million than to give it away in taxes. He crossed his arms, leaned back in his chair, looked me square in the eye and ever-so-slowly, a grin spread across his face. I had him ... and he knew it.

This gentleman will be a major philanthropist. He will give back to the university that provided him scholarship assistance through medical school. He will contribute huge gifts to research into the cause and cure of a disease that has deeply touched his family. He will enter into the joyful pursuit of finding other people and places and causes that will help perpetuate all that he has worked so hard for – all that he has stood for – during his lifetime. He will experience that incredible feeling of satisfaction in knowing that he will have left the world a better place for those who will follow him.

Had I been willing to take him at his word early in the planning process, we would have stopped with his \$10 million “gift” to the federal government. Through insistent persistence, we arrived at an outcome that was much more significant on all levels.

To me, this is the essence of our work. It is about exposing people to the sheer joy that is inherent in philanthropy. It is about helping our clients discover the most appropriate role for philanthropy in their lives, based not on *our* beliefs and values, but on *theirs*.

Values-based estate planning works because it is the *right* way to do it. Whether you are a development professional working with donors or a planning advisor working with clients, remember when it comes to family wealth transfer – always let their values be your guide.

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