

WELLS
FARGO



Getting To YES! How To Be Good Partners

Presentation for 2020 Carolinas Planned Giving Conference: KANUGA

Phyllis Silverstein, CFP® , CAP®

Senior Vice President, Senior Regional Fiduciary Manager

Philanthropic Services: Southeast and the Carolinas

Phyllis.Silverstein@wellsfargo.com 404.238.0444

Agenda

1 What is Getting to YES?

2 Who are these people?

3 Why should they work with you?

4 How can you change the dynamic?

5 Q&A

Helping you navigate the
business of philanthropy.

Wells Fargo Philanthropic Services

For more than 40 years, we have been working at the intersection of money and meaning.

- \$26+ billion of charitable assets under management.
- 12,000 philanthropic relationships including public charities and private foundations; grant and scholarship administration.
- Only institution with a team focused on philanthropy; 110 dedicated specialists throughout the U.S.
- A fiduciary approach to serving clients.



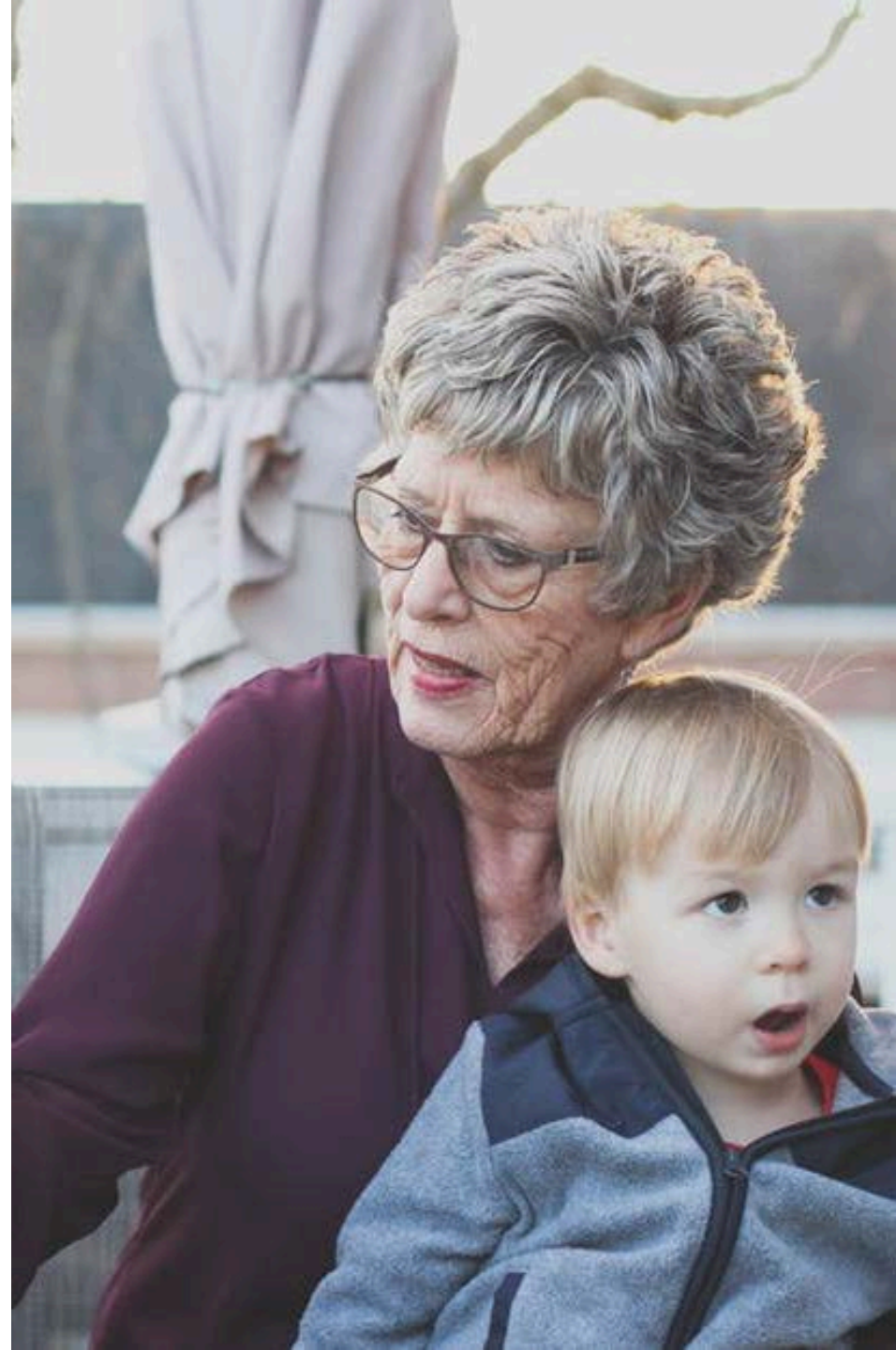
What do we do?

Individuals & families

- Charitable gift planning
- Family foundation consultation, administration, and grantmaking
- Charitable trusts
- Donor advised funds
- Education & training for individuals, families, board, staff
- Beneficiary research and vetting nonprofit organizations

Nonprofit organizations

- Planned Giving program development and administration (charitable trusts, pooled income funds)
- Charitable Annuity programs
- Donor advised funds
- Education & training for board, staff
- Endowment and planned giving investment management
- Specialized administration (compliance)



Who are these people?
Professional Advisors?

Who are these people? (Professional Advisors)

- Attorneys (estate planning, tax, business, real estate, family)
- Certified Public Accountants (CPAs)
- Certified Financial Planners (CFP®)
- Insurance Professionals (CLU Chartered Life Underwriter):
- Others:
 - Wealth Advisors/Counselors
 - Investment Managers
 - Stock Brokers
 - Bankers and Trust Officers
 - Real Estate Professionals

What is a Financial Advisor?

- A financial advisor provides financial advice or guidance to customers for compensation. (*Investopedia*)
- "Financial advisor" is a generic term with no precise industry definition.
- Fiduciary distinction: the fiduciary relationship relies on the necessity that a financial advisor must act on behalf of a client in a way the client would act for himself if he had the requisite knowledge and skills to do so. (*Investment Advisor Act of 1940*)

Professional Advisor Themes

- Asset Growth
- Asset Accumulation
- Asset Conservation
- Asset Protection
- Timing and Minimization of Taxes
- Maximize Asset Transfers
- Maximize Control and Flexibility
- Minimize Obstacles and Delays
- Cost Effective and Value Producing Counsel
- Legal and Numbers Oriented

Why are Professional Advisors Important to Us?

- Relationships
- Gate Keepers
- Power
- Approval and Consent
- Referrals

What are the Differences?

HOW DO PROFESSIONAL ADVISORS SEE THEMSELVES

- Solutions to clients
- Objective advice
- Minimize risk
- High level of service
- Reputation and credibility
- Build networks
- Loyal clients
- Stay “out of trouble”
- Compensation
- Community Leaders

HOW DO PROFESSIONAL ADVISORS VIEW YOU?

- Competent gift planning professional
- Just another Fundraiser
- High Turnover
- Who’s really your client
- Proposals or Template?
- Can I trust you?

So Why Do they Kill the Deal?

- Think gift plan is a poor planning decision.
- Goes against the very goals and objectives that the advisor was trained and paid to achieve.
- The client never told them
- Feels excluded/went around
- Doesn't understand the gift plan
- No interest in understanding
- Not charitable
- Will lose compensation and/or the asset

Why Should They Work With You?

Who gets?

The nonprofit sector

Total tax-exempt organizations in U.S:

1.5
million

Of the 1.5 million, approximately 1 million are public charities; 100,000 private foundations; and 350,000 other

Quick facts

- Approximately 11.4 million paid workers
- 10% of U.S. workforce
- 3rd largest U.S. industry (behind retail and manufacturing)
- Volunteer force equivalent to 4.5 million full-time workers
- Nonprofit sectors ranks as the 16th largest economy among the 199 nations tracked by the World Bank
- \$1.8 trillion in revenue
- Nonprofit share of GDP has held at 5% since 2013

Source: National Center for Charitable Statistics, US Bureau of Economic Analysis, World Bank, World Development Indicators Database, Bureau of Labor Statistics, Non Profit Quarterly November 2014

Who gives?

Philanthropy is big business!

How much did Americans give in 2018?

**\$427
billion**

Americans gave \$471.71 billion to charity in 2019 in a complex year for charitable giving

Source: Giving USA 2019, Giving USA Foundation™

Giving USA: 2018 key findings

- Adjusted for inflation, charitable giving reached its second highest level ever
- **Giving by individuals** totaled **\$292 billion**, falling 1.1% (a decline of 3.4% adjusted for inflation)
- **Giving by foundations** increased 7.3% to **\$75 billion** in 2018 (an increase of 4.7% adjusted for inflation)
- **Giving by bequest** totaled **\$39 billion**, staying flat compared to 2017 (when adjusted for inflation, giving by bequest experienced a decline of 2.3%)
- **Giving by corporations** totaled **\$20 billion**, an increase of 5.4% (+2.9% adjusted for inflation)

Giving trends.

*“Giving from individual, bequests, foundations, and corporations to U.S. charities surged to estimated **\$410 billion**, an increase of 5.2 percent over the previous year.”*

– *Giving USA 2018*, Giving USA Foundation

Giving USA 2018

For the first time ever, charitable giving exceeded the \$400 billion mark in 2017, spurred by growth from all four sources of giving.

\$410.02 billion

Where did the generosity come from?

Giving by Individuals ↑5.2% **70%**
\$286.65 billion

Increased 5.2 percent (3.0 percent when inflation-adjusted) over 2016

Giving by Foundations ↑6.0% **16%**
\$66.90 billion

Increased 6.0 percent (3.8 percent when inflation-adjusted) over 2016

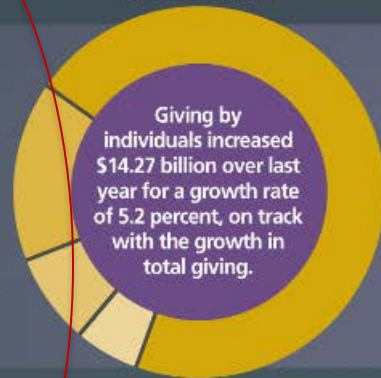
Giving by Bequest ↑2.3% **9%**
\$35.70 billion

Increased 2.3 percent (0.2 percent when inflation-adjusted) over 2016

Giving by Corporations ↑8.0% **5%**
\$20.77 billion

Increased 8.0 percent (5.7 percent when inflation-adjusted) over 2016

Contributions by source (by percentage of the total)



Giving by individuals increased \$14.27 billion over last year for a growth rate of 5.2 percent, on track with the growth in total giving.

Visit www.GivingUSA.org to learn more and to order your copy of *Giving USA 2018: The Annual Report on Philanthropy for the Year 2017*.

* All figures on this infographic are reported in current dollars unless otherwise noted.

Giving to arts was the second-fastest growing subsector, with an 8.7 percent increase over the previous year to a total of \$19.51 billion in 2017.

Giving to foundations increased 15.5 percent in 2017, the largest gain of any subsector, far outpacing the growth in total giving.

Where are all of the charitable dollars going?

(as a percentage of the total)

The 6 largest subsectors all grew in 2017, but growth rates ranged widely from 2.9 percent all the way to 15.5 percent.

- 31% Religion \$127.37 billion
- 14% Education \$58.90 billion
- 12% Human Services \$50.06 billion
- 11% To Foundations \$45.89 billion
- 9% Health \$38.27 billion
- 7% Public-Society Benefit \$29.59 billion
- 5% Arts, Culture, and Humanities \$19.51 billion
- 6% International Affairs \$22.97 billion
- 3% Environment/Animals \$11.83 billion
- 2% To Individuals \$7.87 billion

Giving USA Foundation™, The Giving Institute, and the Indiana University Lilly Family School of Philanthropy are pleased to continue their partnership in providing the most comprehensive, longest-running, and most rigorously researched resource on U.S. charitable giving, *Giving USA: The Annual Report on Philanthropy*. It is a privilege to report on Americans' generosity and related historical trends on U.S. charitable giving.



Philanthropic learning curve

- *“Consider that you will spend decades in the workforce ... Roughly 7 million minutes of your life, when you calculate the average time spent working. It just doesn’t make sense to invest all those years without connecting them to your dreams”**

Philanthropic Learning Curve (Peter Karoff)

- 6 levels of progression
- Level One – you become a donor
- Level Two – you decide to get organized
- Level Three – you become a learner
- Level Four – you become issue and results oriented
- Level Five – your philanthropy is leveraged
- Level Six – alignment

The philanthropic conversation

Clients are talking about philanthropy, are you?

89% of advisors say they discuss philanthropy with at least some clients



55% of HNW individuals say they discuss philanthropy with an advisor

Top concerns

- **The family wealth conversation**
 - Putting a plan in place during this “greatest wealth transfer” in history
 - What impact do you want to have on your family after you are gone?
- **Retaining the surviving spouse (and portfolio)**
 - 95% of advisors have some form of relationship with their client’s spouse, yet just two-thirds of them have the spouse as their client
- **Engaging the “next generation”**
 - Building a multigenerational practice
 - Retaining clients’ children and grandchildren
- **Changing regulatory environment**
 - DOL regulations related to fiduciary obligations

Did you know:

- ❖ 90% of advisors firmly believe they’ll manage some of the assets their clients pass on to their children, but only 7% of survey respondents have their clients’ children as established clients themselves.
- ❖ Half of all advisors think they’ll manage the assets of a client’s grandchildren but 92% don’t know them at all or are only quasi-acquainted.

Source: FAs too complacent about retaining clients’ heirs. *Financial Advisor*, Nov. 3, 2016

Why talk to clients about giving?

Grow

- 2.6x more assets = revenue

Retain

- Stay 2x as longer as stand-alone

Discover

- Philanthropy unique as DNA

Who is starting the conversation?

33% of advisors say they initiate the philanthropic conversation with clients



51% of HNW clients say they initiate the philanthropic conversation with their advisor

NOTE: Of HNW clients who report having discussed philanthropy with an advisor (55%), half (51%) say they typically initiate the conversation.

What does the conversation sound like?

38% say they focus on charitable goals, values, and interests

41% say they focus on technical issues

Advisors

27% say their advisors focus on charitable goals, values, and interests

63% say their advisors focus on technical issues

HNW clients

Technical issues include tax considerations, wealth structuring, and similar issues.

Changing the Dynamic- A Powerful Partnership

How to Change the Narrative?

- Send in your own advisors
- Retain a consultant
- Increase your skills and reputation
- Join them
- Host CE Events
- Be a resource
- Educate
- FIND A CHAMPION or 2 or 10 or 50

Next steps



**Homework
Activities**



**Recruit a
Champion**



**Plan for 2020
and 2021**

Phyllis Silverstein, CFP® , CAP®

Senior Vice President-Philanthropic Services

Senior Regional Fiduciary Manager: Southern Region



Professional experience

- Phyllis Silverstein joined Wells Fargo Private Bank in 2013 and is currently a senior regional fiduciary manager of philanthropic services
- Offers specialized advisory services to help charitable individuals, families, and nonprofit organizations to work toward their unique philanthropic goals
- Her focus is to enhance our philanthropic offering, lead a team of experienced philanthropic specialists to deliver exceptional client service, and to manage risk within her region.
- Prior to joining Wells Fargo, Ms. Silverstein worked at the Jewish Federation of Greater Atlanta for 8 years as their Planned Giving and Endowment Director.
- Ms. Silverstein has been in the philanthropic services industry for more than 35 years

Education

- Bachelor of Arts in Sociology from Florida Atlantic University
- Graduated cum laude

Professional and Community Affiliations

- Incoming Board Member, National Association of Charitable Gift Planners
- Past President and Board Member of the Georgia Planned Giving Council
- Serves on the Boards of EduHousing and the National Hadassah Foundation (Treasurer), and Cub Scout Pack1818 Committee Chair
- Member of Estate Planning Council of North Georgia
- Member of Financial Planning Association of Georgia

Professional designations

- CERTIFIED FINANCIAL PLANNER®
- Chartered Advisor in Philanthropy®

Terminus 100 Building

3280 Peachtree Road NE
Atlanta, Georgia
30305

404-238-0444

Phyllis.Silverstein@wellsfargo.com

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