



Philanthropists and Professional Advisers: Working Together for Lasting Change

14 June 2017

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Lombard Odier

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Maverick Collective



THE CAMPAIGN FOR
**GROWING
MODERN
PHILANTHROPY**

INCREASING ENGAGEMENT • SHARING KNOWLEDGE • DELIVERING IMPACT

Professional Wealth Advisers

**The key to growing more and better
philanthropy**

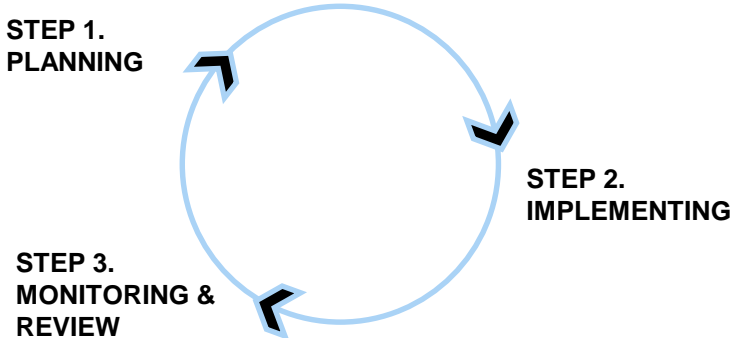
Market Research Advisory Firms

Assessed/mapped top 383 professional wealth advisory firms and interviewed 22 advisers:

- 20% of the firms offer some form of private client philanthropy advice
- Few have fully comprehensive ability to offer philanthropy advice
- Only a handful offer social investment advice; typically through their investment teams
- Advice is mostly in planning and implementation services, little in monitoring & reviewing (23 services mapped)

Philanthropy advice has the same steps as other professional advice

Philanthropy Advice Process



STEP 1. PLANNING SERVICES

- Personal/family philanthropic strategy
- Advice on giving structures
- Family governance
- Selecting organisations/projects
- Tax advice
- Landscaping and context
- Identifying social/impact investing opportunities

STEP 2. IMPLEMENTATION SERVICES

- Setting up a giving structure
- Aligning investments with philanthropic strategy
- Succession planning in line with philanthropic strategy
- Investment management for endowments
- Tax planning onshore/cross-border
- Account/trust/foundation admin and management
- Aligning business with philanthropic strategy
- Values-based investments (eg. social investment)
- Managing non-financial assets (eg. art or property-giving)
- Research, knowledge, networks and inspiration
- Managing financial assets (eg. share giving)
- Public communications strategy

STEP 3. MONITORING & REVIEW SERVICES

- Financial reporting
- Tax reporting
- Monitoring impact
- Monitoring implementation and tactical adjustment of strategy

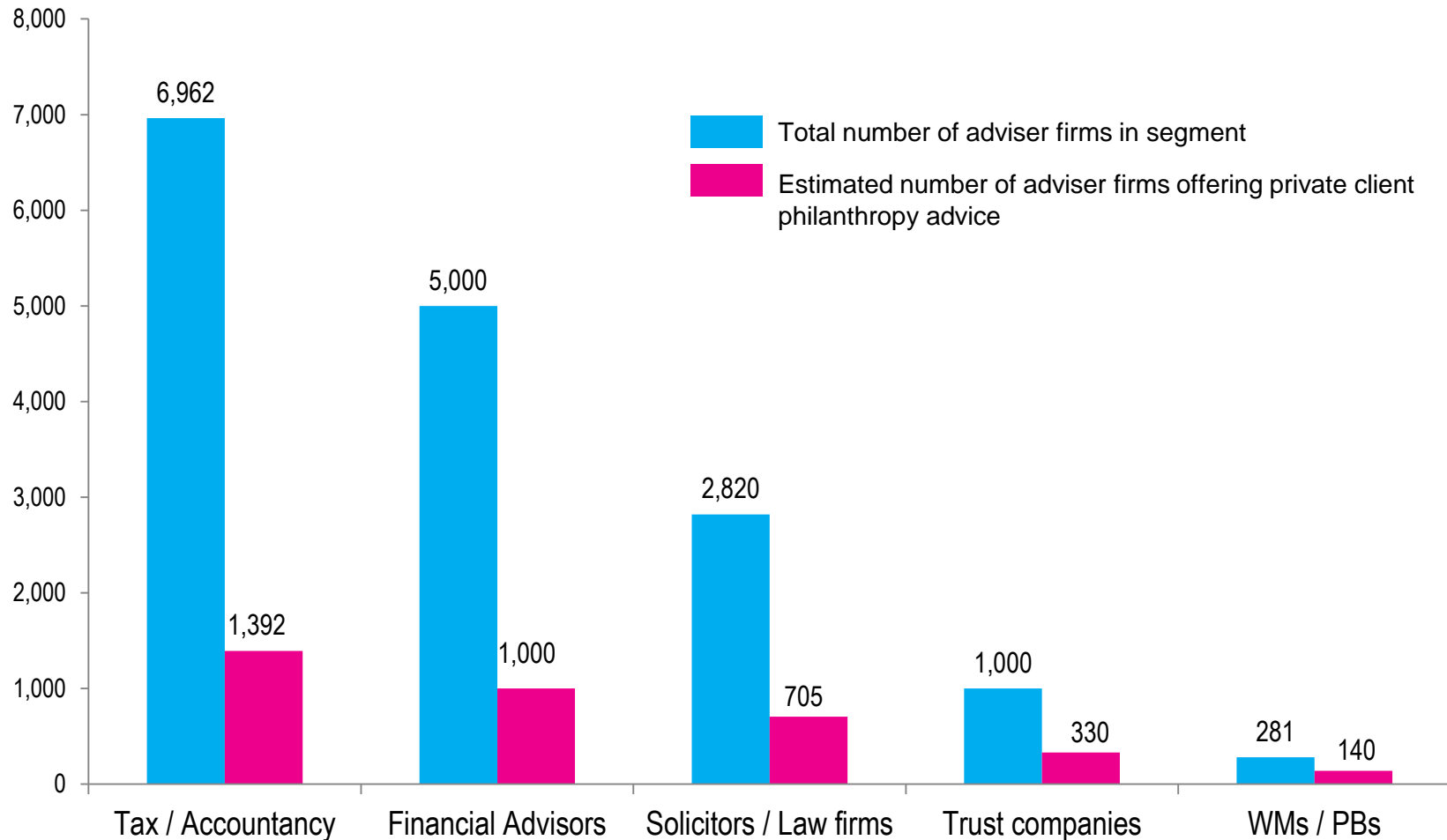
Investment Continuum



The chart above reflects returns from the perspective of the investee and their impact - societal and/or financial.

Investors including intermediaries would decide on the appropriate investment mix depending on their objectives for capital and their values.

And, only one in five of the UK's 16,000 advisory firms offer philanthropy advice, so provision is patchy

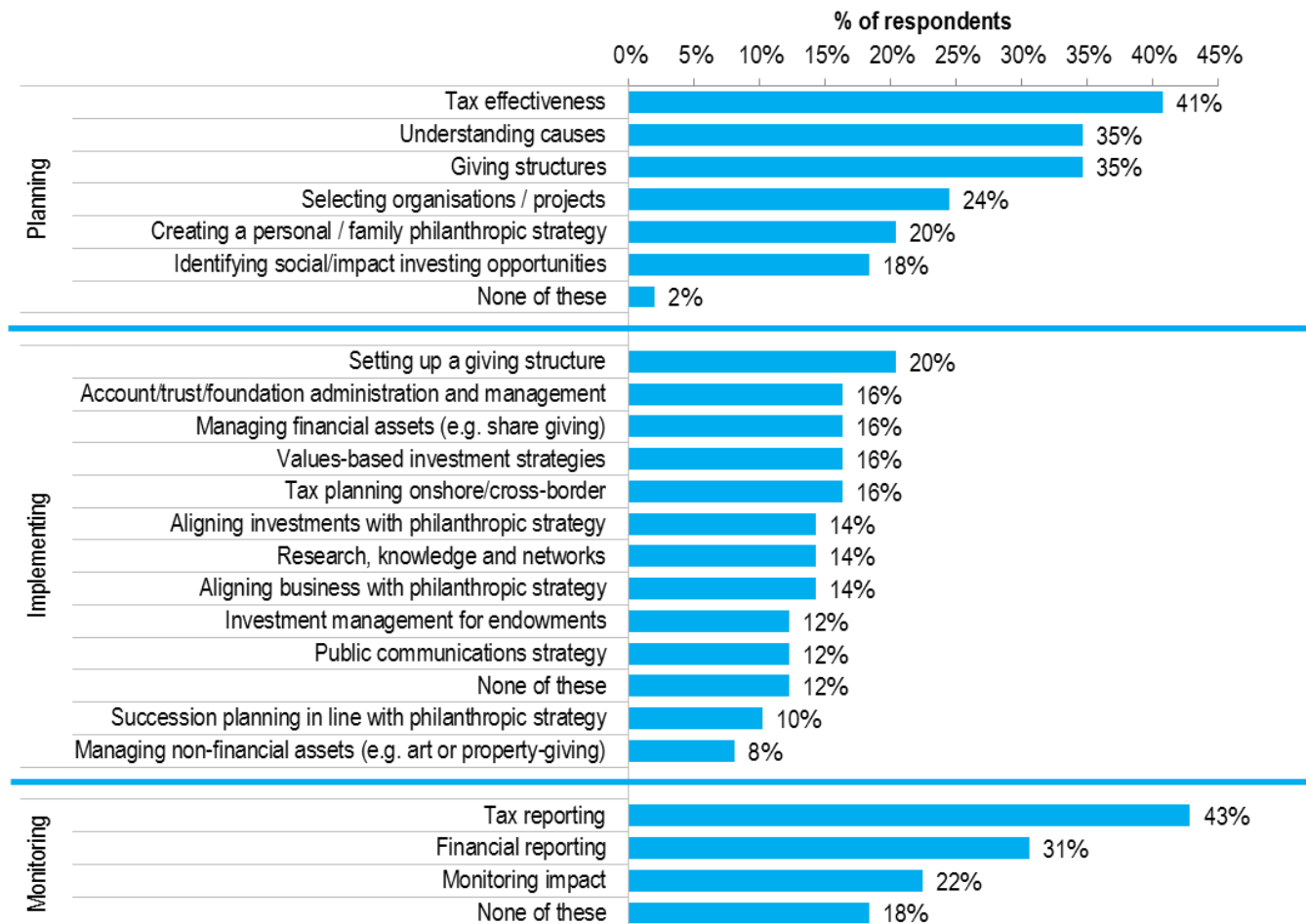


Source: Scorpio Partnership analysis

Sources: Association of Professional Financial Advisors (2013); Financial Reporting Council (2014), The Law Society (2015); Private Asset Managers Report (2015), STEP survey (2011).

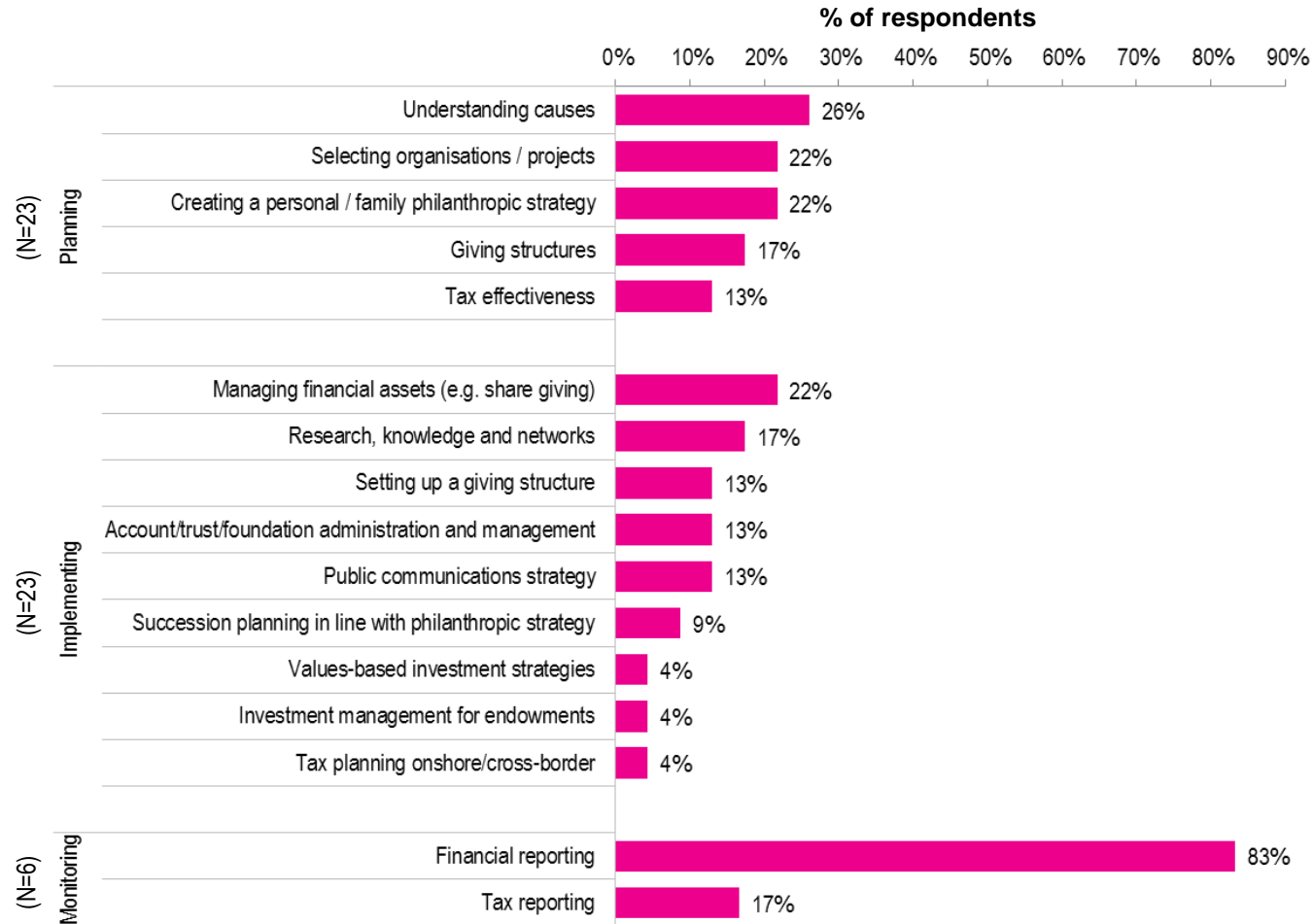
On average, affluent & HNW advice-takers use 4.4 philanthropy advice services

Have you taken professional advice in any of these areas relating to your charitable activity?



Advice takers value planning, implementing and monitoring advice

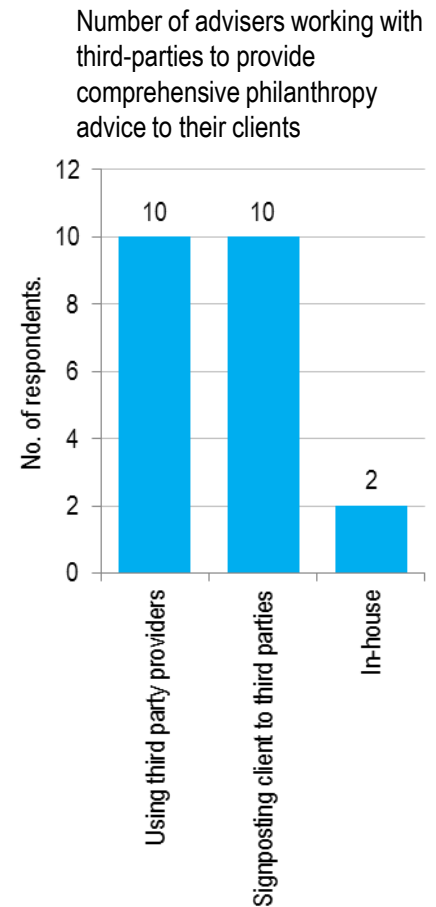
Which of these areas was most important to you to help you plan / implement / monitor your support for charities or causes?



Respondents welcomed advisory support across the planning, implementation and monitoring phases, although were split on which aspect they found most important.

Advisers Regularly Collaborate

- Private banks, wealth managers, law firms and family offices have developed the most comprehensive philanthropy advice capabilities to date; although provision is not universal
- Advisory firms tend to build their philanthropy advice capability around their core strengths. They work with advisers with complementary expertise to provide holistic philanthropy advice
- Private banks, wealth managers and trust companies often include strategic philanthropy advice within their relationship fees as a value added service; and will work with, or signpost their clients to, lawyers or accountants for technical structuring or tax advice



NB. based on qualitative interviews.

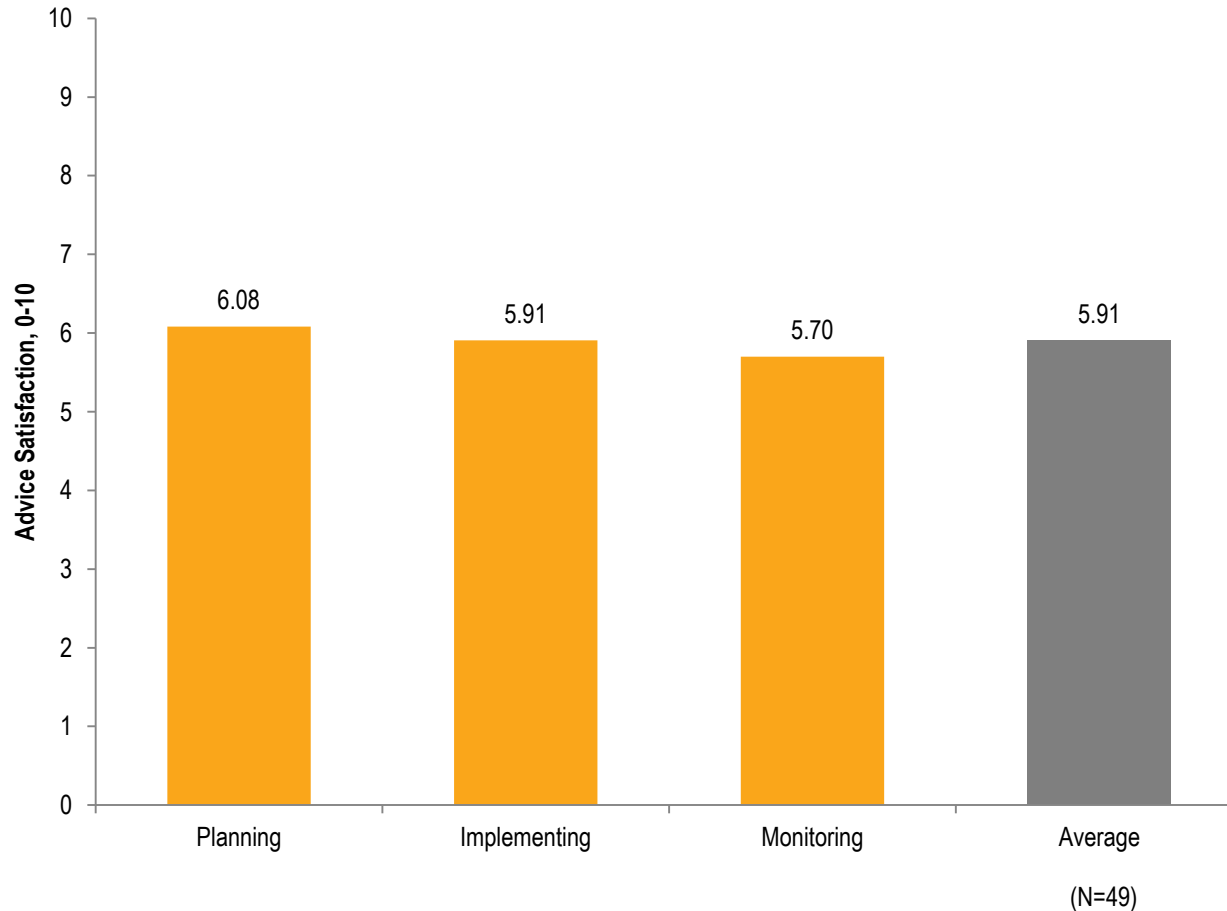
Market Research (U)HNWI

503 Internet interviews of wealthy/HNW and UHNW individuals

Rated philanthropy services as poor: 5.9 out of 10

There is room for improvement in the advice received

How satisfied were you with the advice you received relating to the following?



Levels of satisfaction with the advice they receive is middling at best.

Advisers should monitor the extent to which they are adding value through their philanthropy advice.

503 Internet Interviews Wealthy/(U)HNWI

- Clients want more/better philanthropy advice and guidance
- Clients no longer want just a financial return, more values based
- Good for professional advisory business
 - Providing philanthropy support attracts client interest
 - Aligns advisory firms with their clients core interests/ benefits advisory firms business
 - Deepens relationships/ creates shared value; aids with client retention and referral of new clients
 - Get clients to discuss their long term goals, adding value to the discussion about their wealth
 - Addresses shifting values of next gen/ millennials and the growing role of women in wealth

The Key to Increasing Philanthropic Giving

- Market research demonstrates the significant role that professional wealth advisers can play in encouraging more and better giving by their clients
- 12% of UK wealthy population take philanthropy advice for their advisers; their giving accounts for 58% of the £1.3B of individual giving of HNW and UHNW individuals
- UHNW individuals supported by their professional advisers on their donor journey give 17 times more - £335k vs. £19K
- The results of the research suggest strongly that one of the reasons that the UK's wealthy population hasn't fully learned how to give is because many advisers have not yet learned how to guide, coach and support with the joined-up expertise needed to help would-be donors more effectively

Donor Journey





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Agenda

- Why
- How
- What

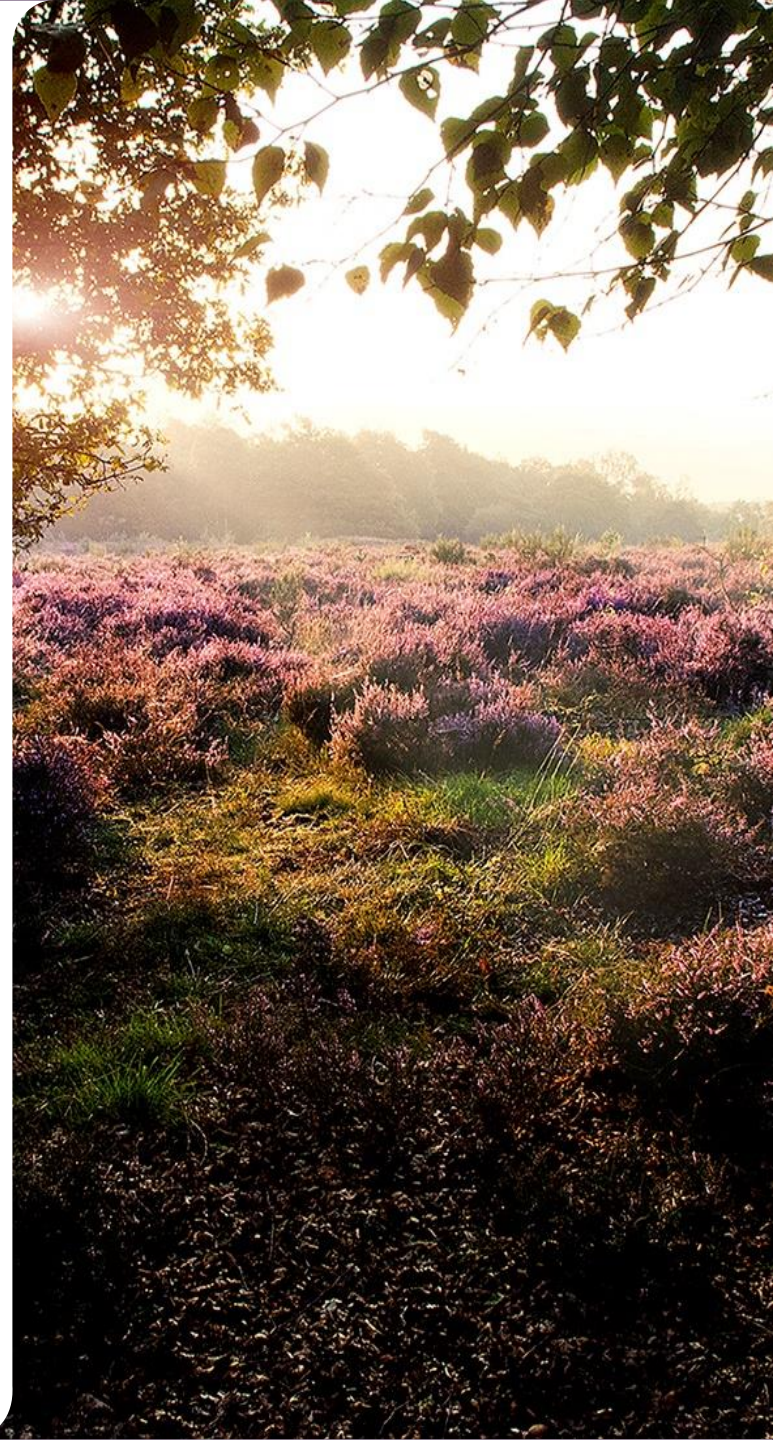


Why

- Customers asked for it
- Fits our role as Wealth Manager
- Experience customers and bankers during the pilot:
"Nice to talk about something else (meaningful)!"

How

- Find out what our role should be
- Ensure support
- Launching of project
- Create (draft) materials
- Conduct a Pilot
- New Product Approval



What

1. Philanthropic advisory process in five steps
2. Facilitation of networking events
3. Providing information about Philanthropy

Some quotes from our clients...

“I am not fully satisfied about my philanthropic giving, it feels too much like I have to ‘compensate’ for something, this must change”

“How can I share the things that are important to me with people who have had fewer opportunities than me?”

“I want to learn my children something by letting them delve into one or more social themes and to involve them in the selection of charities”

Advisory process

Step 1: Orientation

Step 2: Your goals

Step 3: Determining your budget

Step 4: Form of giving

Step 5: Selection of charities

Inventorisation
Analyses
Advice



Step 6: Implementation

Step 7: Evaluation

Information

Execution by client
Remit to third party if requested

Some client experiences

“The advisory process has exceeded my expectations, it made me richer! I feel less worried and more at peace now“.

"I am particularly pleased with the structured approach to help me determine my philanthropic goals, the personal approach and the pleasant conversations."

“What I recall most from the advisory process is the professional approach“



Thank you for your attention



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FAMILIES & PHILANTHROPY

June 2017

Philanthropic interest of families – General observations

- Families are increasingly becoming involved in philanthropic activities, but as professionals, with a view to **giving something back to society** or building a **family legacy**
- **Combining philanthropy with family governance**: It usually starts with defining family values and objectives as a first stage in drawing up a family constitution
- Philanthropic activities encompass **all private voluntary actions** in the public interest: volunteering, donations, knowledge sharing, etc.
- Philanthropy is **specific to the individual/family and their personal values** – as distinct from government actions and the market economy
- Various **options** being used by families:
 - Personal/individual engagement
 - creating their own foundation
 - supporting existing organisations
- No matter what solution they opt for, **social entrepreneurship and a structured approach** have become a necessity and the norm

Key drivers for every stakeholders

FOR FAMILIES

- ✓ The desire to share
- ✓ Inspired by a family tradition or faith
- ✓ Values shared with the family or children
- ✓ Preparing the next generation of family management – a different way of involving the family

FOR BUSINESSES

- ✓ Sense of corporate social responsibility
- ✓ Philanthropy should reflect that sense of responsibility and corporate citizenship

FOR INDIVIDUALS

- ✓ Altruism
- ✓ Wanting to leave a mark or realize a dream

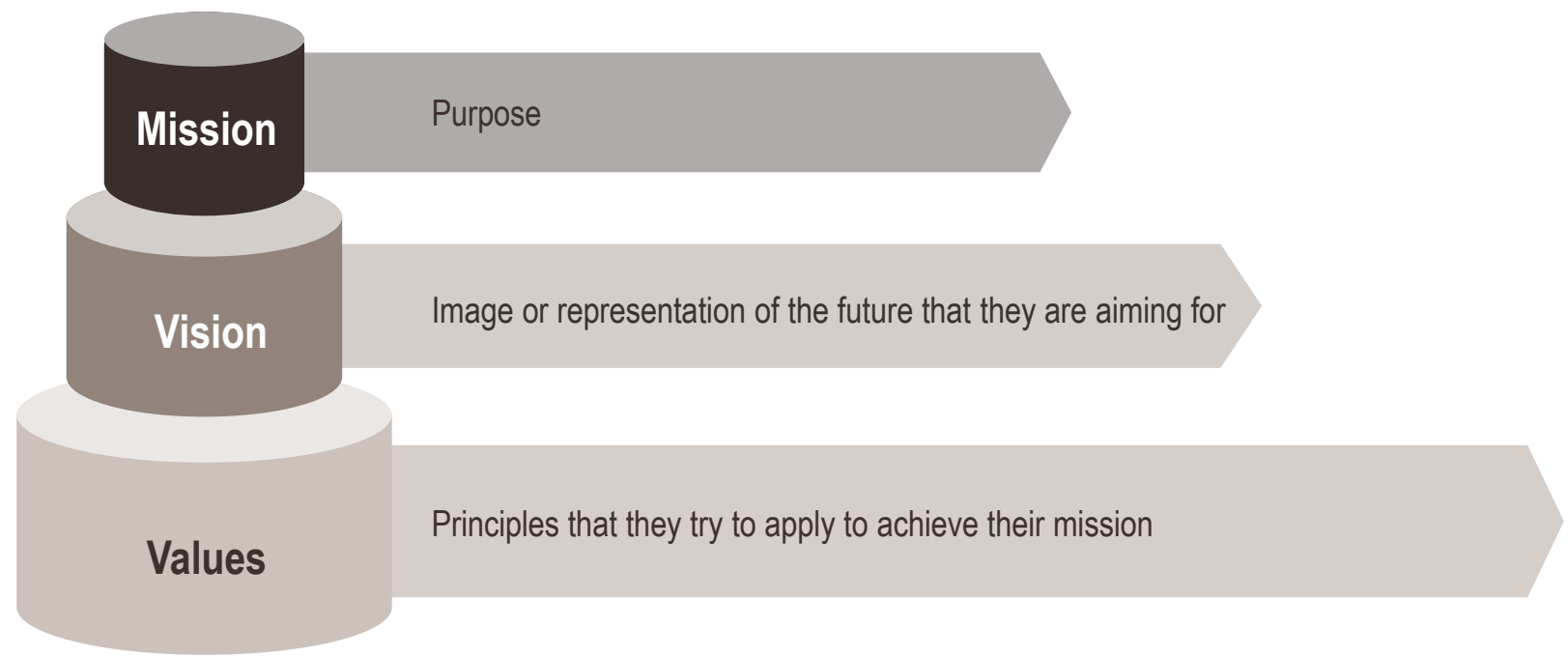
Source: FSG Social Impact Advisors.

Please see important information at the end of the document

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Combine philanthropy with family governance

Values are important within the family governance structure

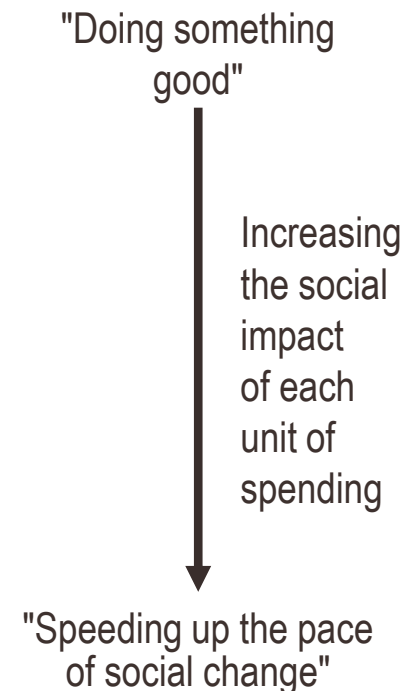


Family values influence business values

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Families use different ways to make a difference

CHARITY	<ul style="list-style-type: none"> ✓ One-off responses to requests from third parties
TARGETED GIVING	<ul style="list-style-type: none"> ✓ Donations with a specific objective: <ul style="list-style-type: none"> ▪ must be quantifiable and ▪ achieved through effective partnerships on the ground
PHILANTHROPIC LEADERSHIP	<ul style="list-style-type: none"> ✓ Taking responsibility for responding to a social problem ✓ Mobilising all those involved to identify coordinated, sustainable solutions



Source: FSG Social Impact Advisors.

Please see important information at the end of the document

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Model of modern philanthropy – the Next Generation

- **Passing on values** from parents to children and grandchildren through
 - a shared family project
 - encouraging children and grandchildren to engage in philanthropic activities as a kind of competition
 - making membership of the foundation's board a rite of passage for younger family members
- **Equipping younger generations**
 - to take on responsibility
 - to have values
 - to become independent
- Different approaches are possible, from a single family model to defining key principles (themes) within the family

Key issues and challenges to consider for families

- Alignment of philanthropic activities across generations versus individual initiative
- Global versus local philanthropic causes
- Single pursue versus portfolio of activities
- Various structures and degree of professionalism
 - Family business - forging a close link between family members in the interests of long-term business development
 - No family business: focus on the individual, personal desire to actively engage in philanthropy
 - Next generation as driving force
- How to measure impact – how to marry return/profit with purpose
- Low return environment versus high impact

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