

# Leading Tactics for Rural Fund Development

FOCUS A

## Understanding and Leveraging Endowment in and for Your Community

TACTIC 2

### Work with professional advisors

#### What is it?

Meeting and developing relationships with *professional advisors* who help people make their financial decisions—whether they are lawyers, bankers, CPAs or other experts—is one of the most important activities community foundations can undertake. Why? Because the greatest source of endowment contributions has historically come from bequests and planned gifts. And ever since the first community foundation was established in 1914, professional advisors have played a critical role in securing these gifts.

Often called “gatekeepers” or “agents of wealth,” these professionals work directly with high-net-worth clients or any individual who has assets, advising them about how to plan their estates, utilize tax strategies, and advance their philanthropic interests. Professional advisors help structure planned gifts and bequests that will provide current and future benefits to their clients, and to the people, organizations or causes their clients care about—including community endowments. If these professionals know about your community fund or foundation, they can help their clients direct some of these gifts to your stewardship.



In rural areas, professional advisors often work with people whose wealth is neither apparent nor in cash-based assets. Because professional advisors in rural communities are often general practitioners, they may not be aware of all the available planned-giving options that can benefit both their clients and charitable purposes. Often, you will find that the notion of a community endowment or foundation is totally new to them, so it's your job to educate them.

In today's world, there has been an explosion of new wealth, and families are transferring wealth to their children *and* to charitable purposes. Indeed, our nation is in the midst of the largest intergenerational transfer of wealth in our history.

**Our nation is in the midst of the largest intergenerational transfer of wealth in our history—which will be especially rapid in rural areas because of the aging population. The time is right to get to know your professional advisors.**

In 1999, a national analysis projected that between 1998 and 2052 at least \$41 trillion will be transferred from one generation to another in this country. In rural areas, this transfer is expected to take place even more rapidly, because of the aging population. That makes professional advisors more important than ever to the long-term success of building your rural community endowments. The time is right to get to know your professional advisors.

## How does it *really* work?

Educating professional advisors includes any one or a combination of activities aimed at sharing information about your community fund or foundation—or endowed philanthropy in general—with those who advise potential clients on financial matters, especially on wills and estate planning.

As with any other tactic, the success of this one includes having your board of directors set your sights as you start. Define your goals, then see how this tactic fits with the others you are using. Educating professional advisors generally fits well with tactics such as *Start a Legacy Society* (Tactic B-2); and *Nurture Personal Relationships* (Tactic B-3) and *Provide High-Touch Donor Services* (Tactic B-5).

Your board members and staff (if you have one) already have relationships with professional advisors. Some of your board members may be members of one of these professions. This tactic is simply about connecting with more professional advisors and building those alliances in a more structured and intentional manner.

## Building helpful capacities

Your plan for working with professional advisors should be simple. You can meet them in one-on-one meetings or in groups. You can keep them informed about your progress and new developments. And you can include them in new ways in your work. Here are some ideas that will help, some the simplest, some more ambitious.

■ **Make a list.** A wide range of professionals provide advice to rural people about financial planning and charitable giving options. Do your best to compile a comprehensive list of all the advisors in your service area. They might include:

- Bankers, especially trust bankers
- Attorneys, especially estate and/or trust attorneys
- Accountants
- Financial and estate planners
- Stockbrokers
- Insurance agents
- Real estate brokers and agents
- Funeral home directors

State associations of these professions should be able to provide you with a list of names in and around your community. But as you make the list, cast a wider net and be creative, expansive and inclusive. Ask your friends and families of all ages, “Who has given you good advice about your money?” In some towns, people get their best financial advice from the person who styles their hair! Make sure these less formal but influential advisors know about you too!

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## First contact

### How can community foundations help financial advisors and their clients?

Here are some talking points that you can use or adapt in your first (and follow-up) conversations with a local financial advisor. Please note that all of these points may not be true for your community fund, especially when you are just getting started. Choose those that are true for you today, and put them in your own, better words. Add any that you think are missing!

- Our community foundation helps you with all aspects of philanthropy. We can accept many types of gifts, set up many kinds of charitable funds, invest them prudently, and make grants to organizations or causes in the community for your client.
- We can tailor and customize services to fit any of your client's needs and preferences as a donor.
- We are a nonprofit 501(c)(3) organization. Gifts to us will give your client tax benefits. Because we are classified as a public charity, giving to us may offer tax advantages over setting up a private foundation.
- We emphasize creating permanent endowments, which offers your clients a way to give to the future of this community now—as well as tomorrow and forever. But we can accept non-endowed funds and help your client make grants from those too!
- We live and work here and care about the community and its future. We know about our community's challenges, opportunities and nonprofits. We will make grants that make a difference.
- We stay up-to-date on new developments in charitable giving options and their benefits.
- We have a planned-giving program that can help your clients find the giving vehicles that suit their needs and interests.

- We have policy and procedures that allow us to accept assets besides cash—for example, stocks, land and other real property.
- The Council on Foundations has certified that our foundation has met a set of national standards related to our systems, performance and accountability. (Make sure you have actually met the standards before you say this!)
- Overall, we make it easy for you to ask your client if they have charitable interests—because if they say “Yes,” we are a resource right here in the community that can help you handle them—whatever they are!

- **Develop your talking points.** What are the main ideas and facts you want every professional advisor to know about your community fund or foundation? Make a list and make sure everyone from your fund who is talking to these advisors can comfortably and confidently talk through each point. (See facing page: *First Contact: How can community foundations help financial advisors and their clients?*)
- **Write them down and hand them out.** Once you have your talking points and services clear, even if your rural fund or foundation is still on its learning curve, put them in a simple brochure or handout. Equip yourself with copies that you can leave with the professional advisors to place in their offices or briefcases.
- **Meet with advisors.** Over the course of a year or so, systematically set up meetings with everyone on your advisor list, either one-on-one or with their firms, to introduce yourself and the foundation. Start with the advisors whom your board members know and go in groups of two or more on these meetings. Once you attend several such meetings, it will be much easier for each of you to conduct them on your own.

What are the main ideas and facts you want every professional advisor to know about your community fund or foundation? Make a list and make sure everyone from your fund who is talking to these advisors can confidently talk through each point.

- **Convene them for events.** When you have met a number of these advisors, you are ready to plan an occasional or annual event. You might host a luncheon or reception for them, at which you feature an expert financial planning speaker from outside your community. Or you might simply honor and recognize those who have brought gifts to the Foundation this year—while encouraging the others to do so.
- **Offer them formal training.** In many states, financial planners have formed associations, and planned-giving and estate-planning councils provide educational activities for their members. In addition, many states *require* financial and legal professionals to obtain continuing education units (CEUs) or continuing legal education (CLEs) each year to retain their licenses to practice. Many community foundations partner with these associations and councils to conduct seminars about community foundations, charitable giving and their potential benefit to clients. Sometimes there is no better way to get the more elusive financial professionals in your door than to offer them these required credits. Of course, you have to be ready to develop a good seminar, with current information. You can contact your state CPA society or state bar association to learn how you might offer seminars for these professionals.
- **Follow up regularly with useful materials, information and encouragement.** Some community foundations and funds develop special brochures and newsletters just for professional advisors. Or, like the East Tennessee Foundation, some feature a column with targeted information for advisors in their regular newsletter. Community funds with the North Carolina Community Foundation have left an attractive paperweight as a gift on advisors' desks when they visit, which reads, "Have you asked the charitable question?" This reminds advisors to ask about charitable interests when they meet with their clients, and of course, the community foundation's name is on the paperweight too!

Consider hosting a luncheon or reception for financial advisors, at which you feature an expert financial planning speaker from outside your community. Or you might honor those who have brought recent gifts to the Foundation—thereby encouraging others to do so.

■ **Put useful resources on your website.**

Many community funds and foundations, or the regional associations of grantmakers they belong to, place materials and information on their websites that professional advisors can use right on the spot with their clients.

Place information on your website that professional advisors can use with their clients—contribution forms, bequest language, descriptions of planned giving options, and the advantages of setting up a fund with your community foundation versus establishing their own foundation.

This might include contribution forms, generic bequest language to be used in wills, descriptions of different types of planned-giving products, the advantages of setting up a fund with your community foundation versus establishing their own foundation. You can tap into a wealth of existing material to do the same.

- **Strengthen your board.** If you do not already have an attorney, CPA, or other financial professional on your board, consider adding one or more.
- **Keep track.** Create a system that allows you to gather information about each of these professional advisors, your contacts with them, their requests for information, their attendance at your events, and notations about gifts they have brought to the foundation. This will help you identify who is acting on the information. You can even ask those who are bringing gifts to the foundation how it is they talk to their clients, and use those tips in your work with other financial advisors. Or add the most successful to your board!
- **Stay current yourselves!** As part of your overall planning and operations, carefully examine how and when you can add critical capacities to manage increasingly complex aspects of planned giving, such as real property gift acceptance. Read and attend seminars yourselves to stay one step ahead on new products and trends in charitable giving.
- **Act outside your borders.** In rural places, people often use advisors outside their communities for two reasons. First, they like to keep things private, and may want to deal with someone from somewhere else when it comes to their finances. Second, especially for the very well-to-do, they may need more complex financial

planning expertise than is available in your town. So look beyond your borders as you make your list of professional advisors. To start, ask your board members where they go outside your community for financial advice. Once you have engaged with all the advisors within easy reach, make sure you devise a way to connect to other pros in neighboring towns or the big city where your potential donors get advice.

## The usual—and unusual—suspects

- **High-net-worth donors (current and prospective).** Most wealthy individuals and families have at least one financial advisor whose counsel they seek. Often, professional advisors provide the only means through which you can gain access to these donors.
- **Aging residents whose assets are not cash-based.** In rural areas especially, many older residents have assets tied up in land or other real property. Again, professional advisors are most likely to know who these individuals are and be advising them.
- **Retired residents and former residents who have come home to retire.** If retired residents moved from distant communities, some of them will find local professional advisors to help them with their estate planning.
- **Area professionals.** Often, people with substantial assets are overlooked because we don't think of them as folks who would seek financial advice. For example, many medical professionals have more money than time, so they may not be active in community affairs where they would hear about you. Likewise, many professional women and men today are earning substantial salaries, but may be holding down a job and multiple family duties that wear them out, and thus be hard to reach through community events. Single people are often quietly building nest eggs, and may not be joiners, but do talk to their financial advisors. Getting to their professional advisors in your community may uncover these people as donors.



**Obstacles & challenges**

**Eliminating the fear factor**

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| <p><b>We question our capacity to accept planned gifts, real property and bequests.</b> We don't have policies and programs yet in place to accept planned or other unusual gifts. So there is no point in talking to financial advisors.</p>  | <p><b>Place at least one professional financial advisor on your board.</b> If you have at least one or two advisors on your board, they can help you in many ways. They can devise a simple plan and the right language to inform other professional advisors in the community about your foundation right now. They can answer (or research) any tough questions about planned giving that you get before you have an expert staff. They can help you develop the policies and programs you need to accept increasingly complex gifts over time. They can even help you handle a transaction you may not be ready for.</p> |
| <p><b>We're pretty rural, and we just don't have many professional financial advisors in our area.</b></p>   | <p><b>They are there, no doubt. Ask around.</b> Even if there are only a few, it is very important to work with them; they are your natural allies. Ask your board or local business owners who advises them. In addition, consider meeting advisors in nearby communities, some of whom likely work with clients in your service area who could be prospective donors.</p>   |
| <p><b>Managing investments is highly specialized and technical.</b> We on the board don't feel we have the level of knowledge necessary to work with professional advisors. It's almost like another language. We feel intimidated. Don't we have to know a lot more than we do to even get started?</p> | <p><b>You don't have to be a planned-giving expert to work with professional advisors!</b> <i>They're</i> the experts, remember? You <i>do</i> need to know some basics, but in the beginning all you really need to know about is <i>how a community foundation works</i>. So at the beginning just tell them what the community foundation is, and what you are trying to do, and they will make the connection. Pairing your expertise with professional advisors will make you a powerful team, indeed!</p> <p style="text-align: right;"><i>(continued on next page)</i></p>   |

### Obstacles & challenges

### Eliminating the fear factor

**Professional advisors will think we are competing with them.** We're a new community foundation, and we want to get to know people who might be interested in establishing funds with us. Won't we be invading the territory of professional financial advisors? Won't they see us as competitors?

**Not true! You are natural allies!** You are not in competition with professional advisors. Outreach to professional advisors is not about asking them for favors or competing for assets. Once they understand how community foundations can help them help their clients, they will be eager to partner with you. When you work together, *it is a "five-win situation"*—for the professional advisor, the client, your community, your foundation, and endowed philanthropy overall.

**They won't come to our events.** We tried to hold a seminar for professional advisors, but the turnout was embarrassingly low. What did we do wrong?

**Choose your timing, content, location and food carefully!** Like many of us, financial professionals are swamped with written material and opportunities to attend educational programs. You'll have better attendance when there is a change in estate or tax law; these professionals want to understand possible ramifications for their clients. Providing CEUs is a definite draw, as is an expert attorney or CPA presenter. And finally, it's always helpful for attendance if good food is served in a nice and convenient setting!

Also—don't worry too much about poor attendance. Any **one** advisor could help bring you millions! With fewer participants, you have more time with each!

## Obstacles & challenges

It all seems so daunting. What if we're just not there yet?

## Eliminating the fear factor

**That's okay. Start small.** Even if you are in the early stages of development, it is still important to develop relationships with professional advisors. First, ask all your board members to talk to their own financial advisors about your foundation.

Just keep letting your area professional advisors know that your community foundation is there, what you can do now, and what you will be able to do as you grow! As you do grow, you will already have established relationships of trust with the professional advisors.

## Types of gifts, payoff, payoff horizon

- **Major gifts.** These might begin as non-endowed and later become endowed as the donor becomes satisfied with your foundation's services, either during the donor's lifetime or at their death.
- **Planned gifts.** Examples include charitable remainder trusts, charitable gift annuities and other similar instruments, benefiting a wide variety of funds according to the donors' interests.
- **Real property gifts.** Examples include stock, land and other appreciated property, given either during the donor's lifetime to help avoid estate taxes or to help the donor introduce family members to philanthropic giving—sometimes in the form of an advised fund.
- **Bequests.** Donors leave bequests to foundations in their wills. This is the simplest and most common type of gift that your local professional advisors know about, though the donor may not give permission to tell you about them.

The payoffs for this tactic are many:

- In rural communities, financial advisors are typically town lawyers or bankers—respected figures who lend instant credibility to your foundation’s mission.
- Professional advisors’ clients who leave bequests for your foundation can be an even greater source of contributions in rural communities than in urban areas because their wealth may be held in valuable land or other non-cash holdings.
- Professional advisors are among the few individuals with access to knowledge about wealth in the community. This is especially true in small rural communities, where information about wealth and assets tends to be closely guarded.

The payoff horizon is usually intermediate to long-term.

## RFD Tool Box

All the resources that follow relate to working with professional advisors. The websites listed are active links to the materials that are available online. Where materials are not available online, use the email links provided.

**Resources for the field.** Key organizations and resources that provide critical tools and information to the entire philanthropy field.

### 1. Professional Advisor Knowledge Center

**Details:** This new web-based resource for community foundations and other grantmakers offers a wealth of ideas and materials to help you engage professional advisors in philanthropy.

**Contact:** Forum of Regional Associations of Grantmakers, 202-467-1120, [info@givingforum.org](mailto:info@givingforum.org), [www.givingforum.org/knowledgecenter/profadv\\_welcome.html](http://www.givingforum.org/knowledgecenter/profadv_welcome.html)

### 2. Planned Giving Design Center

**Details:** The Planned Giving Design Center website offers excellent information, including descriptions and news about various types of planned gifts, tax law requirements, and legal changes being considered or adopted. Membership is free—all you have to do is register.

**Contact:** Planned Giving Design Center LLC, 704-849-0731, [www.pgdc.com](http://www.pgdc.com) (email them via their website)

### 3. Professional Advisors Portfolio of A Community Foundation Marketing Plan

**Details:** This portfolio has a step-by-step outline that describes how to introduce the professional advisor program to your board and staff. It also includes ideas for developing relationships with professional advisors, sample presentations, advertisements, handouts, and an event-planning checklist. While many of these activities are targeted for community foundations with substantial staff and resources, the portfolio offers advice and ideas that can be adapted by foundations of all sizes.

These National Marketing Action Team materials include useful language, a brochure, invitations, and more. **Note:** All U.S. community foundations may access the NMAT site, but its free, downloadable resources are available only to community foundations that are members of either the Council on Foundations or Community Foundations of America, and have agreed to comply with National Standards for U.S. Community Foundations. See their website for more information.

**Contact:** [National Marketing Action Team](#), Council on Foundations/Community Foundations of America, 800-727-2357, [support@nmat.org](mailto:support@nmat.org), [www.cfmarketplace.org](http://www.cfmarketplace.org)

## Helpful examples from your peers.

Leading or representative examples of good practice by colleague community foundations.

### 1. For Advisors Webpage

**Details:** This webpage offers a simple example of what your community fund can do to reach out to advisors. Note the two useful special pieces developed by the League of California Community Foundations for its members that are linked at the end of the page: Comparison: Private Family Foundation versus Community Foundation Donor Advised Fund and Giving Opportunities: Helping your clients achieve their charitable goals.

**Contact:** [North Valley Community Foundation](#), [www.nvcf.org/advisors.html](http://www.nvcf.org/advisors.html)

### 2. Guide for Professional Advisors Website; ETF Connections Newsletter

**Details:** This website goes a level higher, providing everything for professional advisors, from product descriptions to talking points and questions to use with their clients, to sample language to use in charitable bequests.

In each copy of ETF's Connections newsletter, the ETF vice president for advancement targets a column at donors and their professional advisors. Here's one sample, but you can check other issues for more: [www.easttennesseefoundation.org/pages/publications/etfFall04.pdf](http://www.easttennesseefoundation.org/pages/publications/etfFall04.pdf)

**Note:** ETF also sends its list of professional advisors and interested donors a monthly email about charitable strategies.

**Contact:** [East Tennessee Foundation](#), 865-524-1223, toll-free 877-524-1223, [www.easttennesseefoundation.org/pages/advisors/welcome.html](http://www.easttennesseefoundation.org/pages/advisors/welcome.html)

### 3. Ten Reasons to Discuss Philanthropy with Your Clients; Online Calculation Center

**Details:** This statewide consortium has developed a Give to West Virginia website used by all its community funds and foundations—as well as other nonprofits. Note the simple language in the Ten Reasons, and be sure to check out the advanced planned-giving calculator that financial advisors or donors can use to estimate their benefits.

**Contact:** West Virginia Community Foundations Consortium, West Virginia Grantmakers Association, 304-517-1450, [www.givetowestvirginia.org/advisors/index.htm](http://www.givetowestvirginia.org/advisors/index.htm)

*How-to's and templates.* Generic templates or additional explanations that can help you.

1. How to Plan an Event for Professional Advisors  
[www.aspenccsg.org/rdp/\\_documents/tactics/advisors\\_event.pdf](http://www.aspenccsg.org/rdp/_documents/tactics/advisors_event.pdf)
2. Sample Agenda for a Professional Advisors Meeting  
[www.aspenccsg.org/rdp/\\_documents/tactics/agenda.pdf](http://www.aspenccsg.org/rdp/_documents/tactics/agenda.pdf)
3. Sample Comprehensive Presentation to Professional Advisors  
[www.aspenccsg.org/rdp/\\_documents/tactics/presentation.pdf](http://www.aspenccsg.org/rdp/_documents/tactics/presentation.pdf)
4. How to Write an Article for a Professional Advisor Newsletter  
[www.aspenccsg.org/rdp/\\_documents/tactics/advisor\\_news.pdf](http://www.aspenccsg.org/rdp/_documents/tactics/advisor_news.pdf)

## About the publication

### Leading Tactics for Rural Fund Development

Raising endowed assets in a rural setting can be very *different* from asset development in urban or metropolitan areas. *Leading Tactics for Rural Fund Development* was written specifically for rural leaders who want to raise endowments in and for their community.

This *Tactic* is one in a series developed specifically to make the job of the rural fund developer easier. The *Leading Tactics* were compiled from on-the-ground experience with rural endowment builders by the Aspen Institute Community Strategies Group with significant assistance from the Southern Rural Development Initiative. Most *Tactics* were then vetted and improved by a dozen rural community fund developers at a Knowledge Lab in early 2005. The Lab was sponsored by New Ventures in Philanthropy, a national initiative of the Forum of Regional Associations of Grantmakers, which also provided follow-up support to help complete the *Tactics*.



[www.aspenincsg.org/rdp](http://www.aspenincsg.org/rdp)



[www.givingforum.org](http://www.givingforum.org)



[www.philanthropyindex.org](http://www.philanthropyindex.org)

Please go to any of our websites to find more than a dozen other *Tactics* in this series in the following four focus categories:

- *Focus A:* Understanding and Leveraging Endowment In and For Your Community
- *Focus B:* Working with Individual Donors
- *Focus C:* Engaging the Entire Community in Building Community Assets
- *Focus D:* Targeting Community Endowment for Community Outcomes