

PHILANTHROPIC ADVICE SURVEY

Foundation Source, the nation’s largest provider of comprehensive services for private foundations, surveyed a subset of its 1,200 private foundation clients about how they engage (or fail to engage) their financial advisors around their philanthropy. These results were tabulated from 167 respondents, the majority of whom have private foundations with less than \$50 million in assets. Foundations of this size account for 98% of the more than 90,000 private foundations in the U.S.

1. How satisfied are you with your current approach to philanthropy? (Rate on a scale of 1-5, “not at all” to “completely”)		
		Response Percent
1. Not at all		1.20%
2.		5.99%
3.		13.77%
4.		49.70%
5. Completely		29.34%

For the most part, these survey-takers are well satisfied with their approach to philanthropy. On a five-point scale, most (79.04%) rated their satisfaction at least 4. Just 1.2% rated their satisfaction a “1,” indicating that very few are “not at all satisfied.”

2. To whom would you most likely turn for advice about your giving?		
		Response Percent
Philanthropic consultant/advisor		16.17%
Financial advisor		11.98%
Attorney		3.59%
Philanthropic peer		34.73%
Accountant (CPA)		5.39%
No one		28.14%

In our experience, foundation donors often prize the opinions of their colleagues because their advice is informed by comparable experiences. We were therefore not surprised that respondents indicated that they are most likely to obtain their advice from a “philanthropic peer” (34.73%). The second-most popular response was “no one” (28.14%), suggesting that a good many donors are satisfied with their current approach to giving and don’t feel the need to seek outside advice. For those funders who entertained the idea of seeking advice from a professional, their preferences were (in descending order): philanthropic consultant/advisor (16.17%), financial advisor (11.98%), and accountant (5.39%). Only 3.59% indicated that they’d seek out their attorney for giving advice.

3. Have you ever sought advice about your philanthropy from your financial advisor?		
		Response Percent
Yes		41.32%
No		53.89%
Not yet, but plan to do so		4.79%

In question #2, donors told us they preferred to seek advice from their peers and were less likely to consult professionals. In keeping with that response, over half (53.89%) of the survey-takers said they had not sought such advice from their financial advisor. Even so, 41.32% said that they *had* consulted their financial advisor about their philanthropy at some point; another 4.79% said, “Not yet, but plan to do so” in the future.

4. Which of these issues did you ask about? (Check all that apply)		
		Response Percent
Advice about our philanthropic goals		53.13%
Information on causes, charitable organizations, or projects		20.31%
Assistance with a major gift		39.06%
Engaging the next generation in philanthropy		40.63%
Impact investing (i.e., selecting investments for their social impact as well as their potential financial returns		28.13%
Determining which assets to donate to our private foundation		0.00%

Those respondents who did solicit advice from their financial advisors sought counsel on the following issues: “advice about our philanthropic goals” (53.13%); “engaging the next generation in philanthropy” (40.63%); “assistance with a major gift” (39.06%); and “impact Investing” (28.13%). No one asked their advisors for advice on “determining which assets to donate to our private foundation.”

5. How confident were you that your financial advisor had an authoritative grasp of the issue(s) you discussed? (Rate on a scale of 1-5, “not at all confident” to “extremely confident”)		
		Response Percent
1. Not at all confident		1.56%
2.		4.69%
3.		15.63%
4.		39.06%
5. Extremely confident		39.06%

Those respondents who *had* sought advice about their philanthropy from their financial advisor were, for the most part, very confident in the quality of the advice they received: on a five-point scale, 78.12% rated their confidence at 4 or above. Moreover, a significant portion (39.06%) rated their confidence at 5, “completely confident.” Despite this mostly rosy picture, 21.88% rated their confidence at 3 or less, suggesting that there is room for improvement for some advisors.

6. Why haven't you sought advice from your financial advisor about your philanthropy?		
		Response Percent
Not confident in my advisor's expertise		8.43%
I don't need my advisor's help with this		65.06%
He or she is more comfortable dispensing technical advice		8.43%
Didn't occur to me		18.07%

In response to question #3, over half the respondents (53.89%) indicated that they had not sought advice from their financial advisors. When asked why not, the majority (65.06%) answered, “I don't need my advisor's help with this.” Other reasons included, “didn't occur to me” (18.07%), “not confident in my advisor's expertise” (8.43%), and “he or she is more comfortable dispensing technical advice” (8.43%). A possible implication here is that financial advisors could be doing more to raise their profile as potential sources of philanthropic advice.

7. How well does your financial advisor understand your philanthropic goals? (Rate on a scale of 1-5, "not at all" to "completely")		
		Response Percent
1. Not at all		5.19%
2.		13.33%
3.		16.30%
4.		34.81%
5. Completely		30.37%

Respondents were mostly satisfied with how well their advisors understood their philanthropy. 61.2% rated their advisor's understanding at 4 or more; and 30.37% said their advisors understand their philanthropic goals "completely" (a rating of 5). Only 5.19% contended that their advisors understood their goals "not at all" (a rating of 1).

8. Are you satisfied with how often you and your financial advisor discuss your philanthropy?		
		Response Percent
Yes		90.98%
No		9.02%
Unsure		0.00%

The vast majority of respondents (90.98%) said they were satisfied with the frequency of their philanthropic discussions with their advisors, indicating that although there may be some room for improvement with regard to the quality of these discussions, their quantity is not a likely concern.

9. In the next year, which of the following might you ask your financial advisor about? (Check all that apply)		
		Response Percent
Advice about our philanthropic goals		24.46%
Information on causes, charitable organizations, or projects		16.55%
Assistance with a major gift		21.58%
Engaging the next generation in philanthropy		30.22%
Impact investing (i.e., selecting investments for their social impact as well as their potential financial returns)		25.90%
None of the above		34.53%

Responses to earlier survey questions suggested that most respondents don't necessarily need their financial advisors' advice about their philanthropy (or that it didn't occur to them to seek advice). We were therefore surprised that nearly a third (30.22%) said that in the next year, they plan on asking their financial advisors about "engaging the next generation in philanthropy," "impact investing" (25.90%), "advice about our philanthropic goals" (24.46%), "assistance with a major gift" (21.58%), and "information on causes, charitable organizations or projects" (16.55%). Still, 34.53% selected "none of the above," indicating that they either do not need such advice or wouldn't seek guidance on these issues from their financial advisors.

10. How important is it to you that your financial advisor is knowledgeable about charitable giving? (Rate on a scale of 1-5, "not at all important" to "very important")		
		Response Percent
1. Not at all important		5.97%
2.		11.94%
3.		20.90%
4.		28.36%
5. Very important		32.84%

61.20% of respondents rated importance at 4 or more, suggesting that, for the most part, clients expect their advisors to be conversant about philanthropy. Moreover, 32.84% said it was "very important" that their financial advisor be knowledgeable about charitable giving. Only 5.97% said it was "not at all important."

11. Would your financial advisor's knowledge of philanthropy (or lack thereof) influence your... (Check all that apply)		
		Response Percent
Initial selection of that advisor		31.34%
Continued relationship with that advisor		41.79%
Decision to switch advisors		20.15%
Recommendation/referral of that advisor to other foundation donors		26.87%
Your children's decision to use that advisor after you retire from the foundation		0.00%
None of the above		38.81%

Nearly a third of survey respondents (31.34%) said their advisors' knowledge of philanthropy would influence their "initial selection" of an advisor, and (41.79%) said it would influence their "continued relationship with that advisor." More than a quarter (26.87%) indicated it would affect their decision to give a "recommendation/referral of that advisor to other foundation donors," and 20.15% would "switch advisors" based on this consideration.

12. Would you be willing to pay a slightly higher fee for a financial advisor with philanthropic expertise?		
		Response Percent
Yes		9.09%
No		56.06%
Maybe		34.85%

Most respondents (56.06%) said "no," they were not willing to pay more for an advisor with philanthropic expertise. However, 34.85% said "maybe" and 9.09% said "yes." A possible interpretation is that although philanthropic expertise is important to donors, many consider it an expected competence rather than a premium option.

13. How much does it matter to you if your financial advisor is personally philanthropic? (Rate on a scale of 1-5, “not at all important” to “very important”)		
		Response Percent
1. Not at all important		23.13%
2.		14.93%
3.		30.60%
4.		21.64%
5. Very important		9.70%

As 68.66% rated the importance of an advisor’s personal commitment to philanthropy at 3 or less, we conclude that this is not a driving concern. In fact, only 9.70% said it was “very important” that their advisor was personally philanthropic; and 23.13% said it was “not at all important.”

14. On which philanthropic topics do you think your financial advisor should be better informed? (Select all that apply)		
		Response Percent
Help shaping our philanthropic agenda		12.95%
Suggesting impact investments (i.e., investments made for their social impact as well as their financial return)		30.94%
Identifying effective charitable organizations		16.55%
Vetting charitable organizations		0.00%
Educating the next generation on philanthropy		28.78%
Facilitating a major gift		25.18%
None of the above		31.65%

The response to this question again suggested that financial advisors are not completely meeting their clients’ need for philanthropic advice. Nearly a third of respondents (30.94%) said they wanted their financial advisors to know more about “suggesting impact investments (i.e., investments made for their social impact as well as their financial returns).” Other areas where survey-takers thought their financial advisors should be better informed: “educating the next generation on philanthropy” (28.78%); “facilitating a major gift” (25.18%); “identifying effective charitable organizations” (16.55%); and “help shaping our philanthropic agenda” (12.95%).

15. On which of these would you appreciate your financial advisor taking the lead? (Check all that apply)		
		Response Percent
Coordinating board meetings		28.83%
Investment management training		51.35%
Facilitating community service projects or philanthropic activities		9.01%
Suggesting philanthropic conferences and educational opportunities		31.53%
Mentoring younger family members		42.34%
Suggesting books and resources on philanthropy		20.72%
Launching a junior board		6.31%
Organizing site visits		10.81%
Other (please specify)		19.82%

The responses to this question pointed to multiple ways that advisors could provide additional value to their clients. The most desired assistance focused on education and training: 51.35% said they would appreciate receiving “investment management training;” 31.53% said they’d like their advisors to suggest “philanthropic conferences and educational opportunities;” and 20.72% would like them to recommend “books and resources on philanthropy.” Others said they would appreciate help around next-generation development: 42.34% would like their financial advisors to take the lead on “mentoring younger family members;” and 6.31% want help “launching a junior board.” Still others want their advisors to take a hands-on role in foundation activities. 28.83% would like to see their advisors “coordinating board/family meetings;” 10.81% would like to see them “organizing site visits;” and 9.01% would welcome their advisors’ help, “facilitating community service projects or philanthropic activities.” These robust responses indicate that there are simple, practical ways for advisors to support their clients, even without extensive knowledge of philanthropy.

About Foundation Source (www.foundationsource.com)

Foundation Source is the nation's largest provider of comprehensive support services for private foundations. The company's administrative services, online foundation management tools, and philanthropic advisory services provide a complete outsourced solution, including the creation of new foundations. Our clients supply the vision; we provide everything else.

Now in our second decade, Foundation Source provides its services to more than 1,200 family, corporate, and professionally staffed foundations, of all sizes, nationwide. We work in partnership with wealth management firms, law firms, and accounting firms, as well as directly with individuals and families. Foundation Source is headquartered in Fairfield, Connecticut, with offices in Atlanta, Boston, Chicago, Los Angeles, New York City, Philadelphia, San Francisco, Seattle, South Florida, and Washington, D.C.



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