

Are you giving your clients the advice they want?

The demand for advice about philanthropic giving is growing. But the market is lagging behind. And increasingly wealth advisors are turning to philanthropy experts like NPC to find out how to develop effective philanthropy services.



Laura Kidd

In today's climate, advisors might be fooled into thinking the recession has dampened the giving spirit of their high net worth clients. But this does not appear to be the case. In fact, a recent survey by one UK private bank indicated that 90% of its clients planned to continue or increase their giving in 2009. And the *Sunday Times* Giving List showed that the UK's top 100 philanthropists actually increased their collective giving by 8% from 2007 to 2008—to £2.9bn.

'I have been surprised that the current recession has not stopped clients from being philanthropic,' says Tim Thornton-Jones, a partner at the law firm Lawrence Graham. *'If anything, there has been more interest in giving, and certainly more interest in getting it right.'*

Even in these tough times, wealthy individuals are still turning to their bankers, lawyers and other trusted advisors for advice on philanthropy. But gone are the days when advisors could simply offer advice on tax-efficient ways to give. Thornton-Jones comments, *'People don't just want to give a large cheque to a charity. They want to be personally involved, setting up their own trust or charity and getting their children involved'*.

Clients are taking a more hands-on approach to their giving and are keen to understand exactly what their money achieves. To satisfy this demand, a growing numbers of advisors are developing in-house

expertise in philanthropy or are choosing to partner with third party philanthropy experts to meet these changing needs.

Getting it right

Over the last 12 to 18 months, there has been huge interest among wealth advisors about how to serve their clients' philanthropic interests most effectively. In the last six months alone, two private banks have made big changes: Standard Chartered set up a new philanthropy offering; and JP Morgan hired an expert in charitable giving to head up its philanthropy team. Earlier in 2009 Barclays Wealth also appointed a head of philanthropy.

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In this increasingly crowded marketplace, many advisors are realising that they have to find ways to differentiate their philanthropy offering to clients in order to get ahead of the game. At NPC, we are seeing more and more advisors coming to us for help with developing a distinctive philanthropy offering. Many are also attending our training courses to develop expertise in how to discuss philanthropy with their clients. Thornton-Jones, who attended one of NPC's recent courses, described it as *'invaluable'*.

NPC's training courses are kept small, to ensure that sessions are as interactive and personalised as possible. They feature a number of role-playing exercises, as well as providing practical tools that advisors can take away to use with their clients. One recent attendee, Divaya Gosrani, Head of Hoare

Trustees at the private bank C. Hoare & Co. commented, *'The use of role-play on the course really works because it helps you think about how to practically start conversations with customers about philanthropy'*. She adds *'Everyone uses the term philanthropy but it's not always easy to raise it with a customer as it's a very personal issue. The training from NPC will really help Relationship managers start that conversation and provide them with the background knowledge they need.'*

Growing market for advice

NPC's Plum Lomax, who manages our intermediary relationships, runs the courses. She is also co-author of an upcoming NPC report examining the philanthropy advice marketplace in the UK. The report highlights a number of barriers that are holding back the growth of this market. One key hurdle to overcome is a lack of knowledge among advisors about philanthropic issues. Another barrier is the fact that few advisors have developed a solid business model for delivering philanthropy advice.

Lomax says, *'There are huge potential benefits for advisors from offering philanthropy advice to clients, which are not just about increasing revenues. Offering support with charitable giving is seen as deepening client relationships over the long term and increasing the likelihood of client referrals.'*

Lomax adds that over half of the 100 European trusted advisors interviewed for recent research by Scorpio Partnership believe that philanthropy will be a core service they offer to wealthy clients within five years. *'The marketplace for philanthropy advice is growing surely but steadily,'* she adds. *'Advisors who don't look to expand and differentiate their philanthropy offering to clients now could find that they miss out in the longer term.'*

Jane Thomas

To find out more about NPC's training courses for advisors or our upcoming report on the philanthropy advice marketplace, please email Plum on plomax@philanthropycapital.org