

The Lifestyle of Giving

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10 smart, soulful strategies for handling
your money from **Spencer Sherman**,
a new-wave, values-based financial advisor

Illustrations by Gordon Studer

When I got started as a financial advisor in 1987, my only aim, and it seemed like the only focus of my clients as well, was to increase their portfolios. I believed that if I could add greatly to the bottom line of my clients, I could also build their happiness, financial security, peace, and ability to pursue their passions beyond their careers. If the subject of philanthropy came up, I knew the tax benefits. That was about it.

But what I discovered about 10 years later is that very few of my clients (none, to be precise) seemed to have any more happiness or security or peace as a result of their increased wealth. In fact, most of them seemed to feel less secure and more desperate to increase their bank accounts. What was going on? The way I saw it, my clients were suffering from a belief that they acquired in childhood: That more money would bring them happiness. But this wasn't happening. I began to change the focus of my advising and started helping clients to discover what they really wanted and to let go of the beliefs that kept them from gaining satisfaction from their wealth—in other words, to enjoy the wealth they had and to share it too. Philanthropy emerged as a compelling way to enrich their lives. And it has.

I've witnessed other financial advisors also shifting toward philanthropy. Norm Boone, of Mosaic Financial Partners in San Francisco, says, "My clients can buy only so many vacation homes and toys. Empty-nesters, especially, are looking for ways to make life meaningful." I've boiled down what I've learned about this new approach to philanthropy into 10 tips.

Discover your deepest goals and values.

In my practice, I help my clients figure out what they really care about. Ask yourself about your previous giving experiences. What was satisfying or unsatisfying about them? Look at a newspaper and circle the things you want less of (poverty, war, disease) and what you want more of (education, civil rights, a healthy environment). Start getting specific about the changes you want to see. What excites you? What are you passionate about? What makes you really angry? Write this clearly as a mission statement. For example: "I help educate young children in the Third World by sharing my dollars, time, and contacts."





Don't be at the mercy of every solicitation that lands in your mailbox.

People tend to give the most money to the nonprofits that solicit them with the highest frequency. The squeaky wheel does get the grease. Sometimes this correlates to your values, but rarely. By knowing your values and writing a mission statement first, you will have an easier time saying "no" to random solicitations.

Get help.

How do you find an appropriate financial advisor? Jill Hollander, of Financial Connections in Berkeley, says that a good advisor should feature philanthropy on his or her website. She also suggests going to socialinvest.org to find a philanthropically-motivated advisor. Peggy Cabaniss, of HC Financial Advisors in Orinda, recommends finding an advisor at napfa.org and cautions against advisors who have hidden agendas. "Are they trying to sell you insurance? Are they aligned with any specific charities? You want an advisor who will help you fulfill your goals, not the advisor's." Kacy Gott, of Kochis Fitz in San Francisco, adds, "Ask community foundations. They know who the good philanthropic advisors are."



Make a bigger impact.

Remember when you were a kid and you saved your allowance each week for that new bicycle? You could have spent it all on candy, but you saved it and it grew. Kacy Gott notes, "I advise my clients to build up their contributions so they can make one large contribution in a few years and make a bigger impact." A donor-advised fund, for example, allows you to capture the tax-deduction today while deferring the decision about who will receive the gift. Kacy adds, "You can also front-load your contributions in your higher earning years, maximize your tax deduction, and then choose a recipient later on."



Uncover a great giving opportunity.

Some clients know what they care about but don't know which charities are appropriate. Jim King, of J.P. King and Associates in Walnut Creek, says, "If you are simply giving to your college or church, institutional donor-advised funds, like at Schwab or Fidelity, are the way to go. But if you want involvement in the community and more help in finding those charities that you wouldn't locate on your own, community foundations are highly recommended."



Measure the results.

Donors to charities want to measure performance just like investors do. Ask your charities for progress reports to help measure the success of your gift. Because donors are demanding more accountability, nonprofits are more focused on producing results in the world and donors feel more satisfied with their gifts.





Have a family philanthropy meeting.

Do you want your kids to learn about money and charitable giving—while spending really satisfying time with your family? Hold a family meeting to discuss and reach consensus on a charitable contribution that you will make together. You and your kids initially may have trouble agreeing on a single charity, but once you come to a consensus, you will know what you each care about, your kids will feel part of something big, and you will have taught them valuable lessons about money.

Understand the benefits of “philinvestments.”

Investing and charitable giving are not mutually exclusive. The single goal of traditional companies is profit, but “philinvestments” or hybrid investments—investments with philanthropic value—also have the goal of doing good. One example is a company making a solar-powered water purifier that can produce enough clean water for at least 1,000 people per day. This machine can be utilized in Third World villages as well as in places hit by natural disasters, such as Hurricane Katrina, to provide very low-cost clean water.

Many people prefer using an investment model to help the world so that they can recycle the investment again and again.



Consider how your business can benefit.

I allocate a share of my profits each year for my employees to give to a charity of their choice. Employees regard this as a great benefit, and our retention rate has increased. Employees are creating a vibrant work environment and community because they are talking about their charitable interests and involvement and feel passionate about making a difference.

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Make your money last.

Create a model of philanthropy for your kids, and your kids will probably be philanthropic. Spend your money and your kids will know how to spend it, too.



Want to know more about the new philanthropy?

Do you have a financial question? Maybe you want to know, “How do I talk to my kids about wanting to leave a significant portion of my estate to philanthropy rather than to them?” Or, “Exactly how does a donor-advised fund work?”

In future issues of *Benefit*, Spencer Sherman will answer reader questions about money and philanthropy. Please send questions to editor@benefitmagazinesf.com.

Spencer D. Sherman, CFP, MBA, is chief executive officer of Abacus Wealth Partners: curemoneymadness.com. He is the author of an upcoming book from Doubleday Broadway entitled The Cure for Money Madness.