

Checklist:

How to Maximize the Impact of Your Philanthropic Giving

High-net-worth (HNW) investors and families most often engage in philanthropy and charity for moral reasons — with 34% of advisors saying clients feel a duty to make the world a better place and 32% citing an ethical obligation to repay the people and institutions that contributed to their success, finds the Key Private Bank Advisor Poll on philanthropy.

Still, philanthropic investments have a significant role in overall wealth and legacy planning. More than one-quarter (27%) of advisors say clients are interested in tax benefits resulting from charitable giving, and nearly one-third (31%) cite aging clients looking to put their estate in order as the top trigger for philanthropic giving. Yet, when it comes to philanthropy planning, the biggest mistake advisors see clients make is failing to factor it into an overall estate and legacy plan.

Here is a checklist of the five core topics to cover when considering how to put charitable giving strategies to work for familial wealth.

Develop a family philanthropic mission.

Start philanthropy planning with a cross-generational family conversation on giving goals.

Nearly one-third (29%) of advisors say the most difficult part of philanthropy is defining a mission for giving, and another 20% say that communicating philanthropy desires to family members is the hardest part. This points to family financial conversations around charitable mission and interests as a critical component of philanthropy planning.

Research causes and perform due diligence.

Once a family philanthropic mission has been established, remember to thoroughly research potential causes and organizations to ensure that values and goals are aligned.

Two-thirds (65%) of advisors say “hardly any” or “none” of their clients use online tools like [GuideStar](#), [CharityWatch](#) and [Charity Navigator](#) to perform due diligence and vet potential philanthropic donations

prior to giving, highlighting the need for families to better understand the organizations they want to support. Some advisors even recommend that clients get personally involved with charitable causes.

Understand differences in giving approaches.

Before choosing a giving approach, understand the fundamental differences of each and how they may impact your family’s finances — both immediately and in the future.

For example, certain types of donations can be claimed as tax-deductible expenses, but new deduction limitations introduced in the Tax Cuts and Jobs Act of 2017 may impact HNW investors’ ability to do so. Nearly half (46%) of advisors say they see some HNW clients choosing to donate in large lump sums (i.e., “bunching”) in light of the tax changes, allowing them to itemize in their giving years to get the deduction and take the standard deduction in other years.

Examine giving vehicles and strategies.

As new types of charitable giving vehicles emerge — such as crowdfunding and peer-to-peer giving via social networks — consider which philanthropy strategies support overall family financial goals.

Advisors say clients are split in their philanthropic giving strategies, based on what works best with their financial plans — 49% of advisors say they see more HNW investors directing one-time gifts to organizations, while 47% say they see more clients establishing donor-advised funds.

Measure the impact of donations.

Philanthropy doesn't end after a charitable donation has been provided. Consider ways of staying connected with causes to track the long-term impact of gifts.

The most difficult part of philanthropic donation is measuring the impact of giving, reported 43% of advisors. That may be why HNW families prefer to give to causes that hit close to home, with 71% of advisors saying clients are more likely to donate to a local cause within their community, compared to just 2% of advisors who say clients primarily donate national charities without a specific geographic focus.

For more information about how to make charitable giving part of your financial plan, [contact your Key Private Bank advisor.](#)



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