

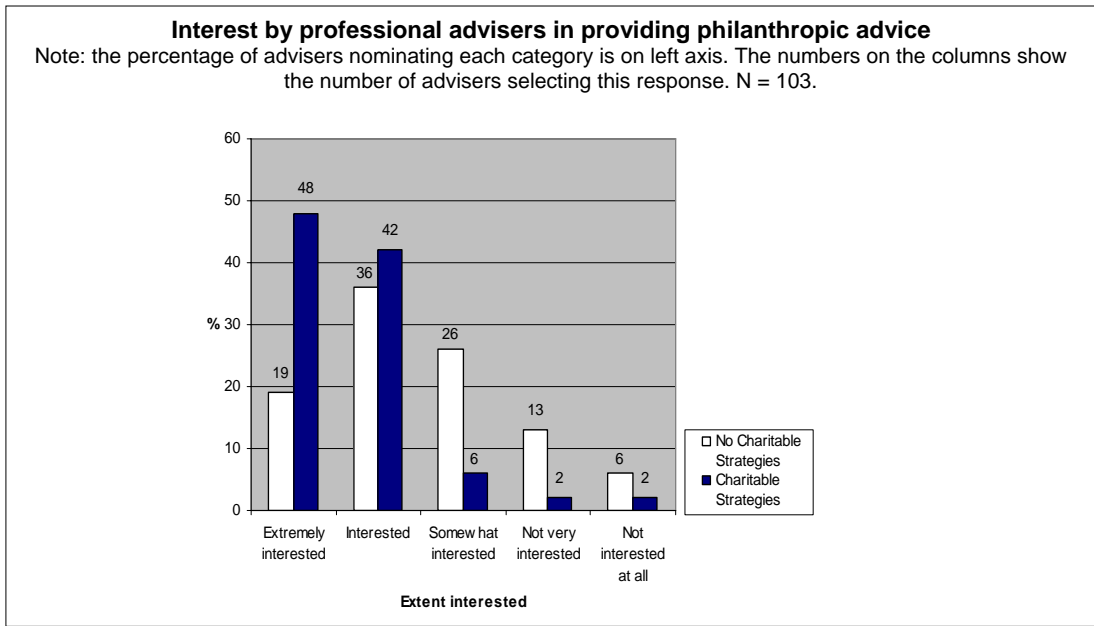
**CURRENT ISSUES INFORMATION SHEET**

**Is the Tide Turning? Professional advisers’ willingness to advise about philanthropy**

A recent CPNS study of Australian professional advisers of high net worth clients suggests that Australia no longer lags behind the UK and the US in the provision of advice about philanthropy. Since the CPNS’ 2002 study, findings show a marked increase in interest to provide philanthropic advice among a group of Australian advisers now actively providing philanthropic strategies to their affluent clients.

The study of 115 financial advisers, accountants, financial planners and estate and family lawyers investigated attitudes and behaviour relating to advising high net worth individuals<sup>1</sup> about philanthropy. Of interest was whether Australian adviser attitudes and behaviours were changing and, if so, how and to what extent.

Although, there is a sizeable group of advisers who resist assisting clients with services in this area, overall we have seen a shift in the willingness of Australian advisers generally to assist clients fulfil their philanthropic interests. In 2002, 14% of Australian advisers reported helping their high net worth clients with philanthropy, with the overwhelming majority (86%) saying they did not (n=66). In 2005, approximately half of all participants reported providing philanthropic strategies for interested clients (44%), and half reported that they did not (46%).<sup>2</sup> Two main types of adviser emerge from the findings: the active adviser and the passive adviser.



**Active Adviser.** On one hand, advisers who report actively assisting clients with philanthropic strategies were more likely to be motivated by a vision of client service that embraced philanthropic advice and were less held back by concerns that such advice falls outside their professional role. In practical terms, they were more likely to be proactive in asking clients if they had philanthropic interests, they were more likely to feel informed about their clients’ interest in giving, and they were more likely to feel more capable of assisting

<sup>1</sup> ‘High net worth’ refers to individuals who have investible assets of at least AUD\$2.5 million or a taxable income of at least \$250,000 in at least two consecutive years.

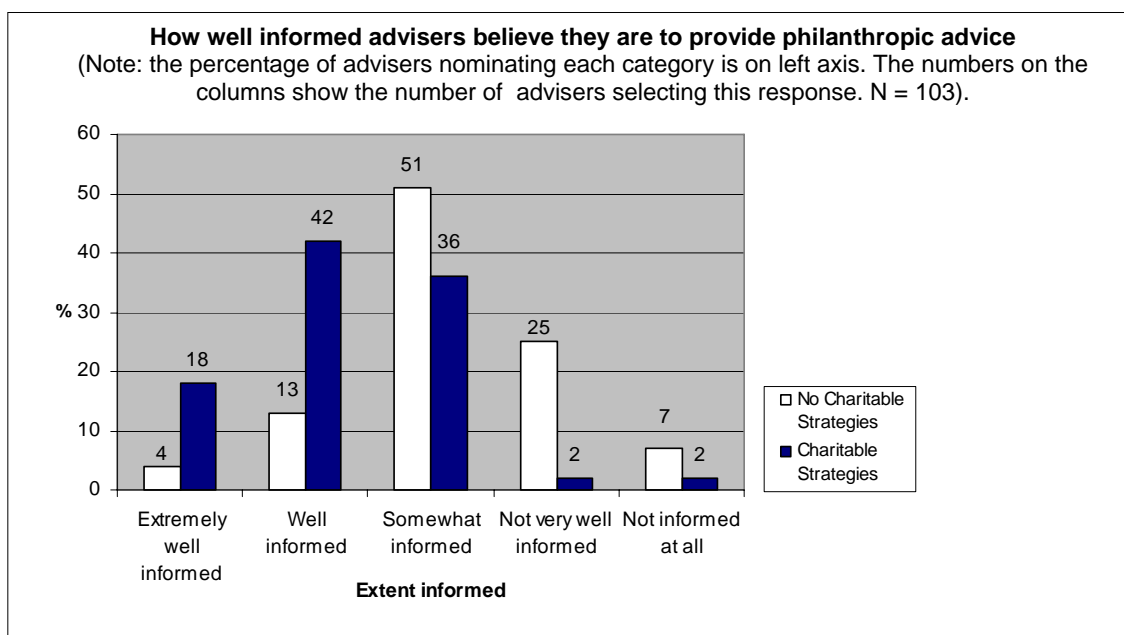
<sup>2</sup> See Question 5 in the protocol. Please note that all adviser behaviour in this study is self-reported and not independently observed; also that adviser perceptions of client behaviour and attitudes are just that, and may not represent actual situations. Nevertheless, understanding advisers’ perceptions is of interest in its own right as it informs any intervention or campaign aimed at advisers.

clients with philanthropy. They reported more clients using philanthropic vehicles for giving (such as private trusts or bequests) and were more likely to refer clients to others outside their firm for additional assistance. They were also more likely to want resources providing an overview of philanthropic options. Finally, they were more likely to be donors themselves.

**Passive Adviser.** On the other hand, advisers who did not actively assist clients with philanthropic strategies were less willing to ask clients if they had any involvement or interest in giving and rarely discussed the topic with clients. They were more likely to identify barriers to the provision of such advice as important and were more likely to feel unsure about how to provide advice to clients about it. Barriers to providing advice included getting a potentially negative client reaction; concern that developing philanthropic strategies for clients is outside their professional role; and philanthropic strategies not being a part of their role within the company that they were employed.

Findings also suggested differences within each type of adviser but more research is needed to confirm these. For example, within the *active* adviser category, some advisers were highly proactive in providing philanthropic advice and saw few if any barriers to doing so, while others felt they needed more information/support in assisting clients with philanthropic advice. Within the *passive* adviser category, some were highly interested in becoming active in this area and wanted skills and information to assist them, in contrast to others who were moderately interested but preferred a passive approach (e.g. waiting for the client to raise the topic).

Overall, two key resources that advisers would find useful were (1) an overview of philanthropic options and (2) case studies where a client's needs were matched to philanthropic solutions. There was mixed support for one-on-one advice and regular updates.



In summary, this paper investigates Australian financial and legal advisers' attitudes to philanthropic planning with high net worth clients, and the extent to which they engage in it. This study extends the scope of the first Australian study, conducted by CPNS in 2002, to show that advisers are now far more interested and more active in providing philanthropic advice to clients. Data allowed a statistical comparison of advisers who provide charitable strategies to their interested clients with those who do not. Significant differences were identified between these two types of adviser both in their attitudes towards philanthropy and perceptions of their clients, and in their behaviour with clients. This study represents a significant step forward in understanding the perspective of Australian advisers, and how they vary in seeking to assist the affluent contribute to 'the common good'.