

Why Financial Advisors Are The Key To Advancing Generosity

Executive Summary

Financial Advisors hold the key to unlocking greater generosity for our communities. While their primary role involves growing clients' wealth through investment strategies, they are uniquely equipped to help channel that wealth into social impact, driving levels of generosity that further client's values while creating change in the world.

There are, however, notable disconnects between clients and their financial advisors in discussions around philanthropy-related conversations, which can be largely attributed to differences in perception and approach.

CLIENT VS. ADVISOR PERSPECTIVES:

Many advisors believe they regularly discuss philanthropy with clients; however, clients are quick to report that these topics are not addressed. Moreover, they often feel that conversations lack depth on personal values. On the other side of the conversation, advisors assume that tax benefits are the primary motivation for client giving, yet clients want to focus their motivation around meaningful, value-driven contributions.

FOCUS ON PROCESS VS. SOLUTION:

Advisors typically showcase their expertise in technical solutions and tax advantages when it comes to philanthropy, but clients are seeking a more holistic, values-based approach to generosity that goes beyond discussing charitable giving vehicles, tax deductions, and investment strategies.

In 2022 and 2023, charitable giving by individuals continued to decline according to the Giving USA report¹. As individual givers account for the majority of philanthropic contributions, now presents a unique time and need for more intentional, advisor-led conversations that seek to re-engage and inspire clients in their giving.

Opportunity for Financial Advisors

The role of financial advisors has the potential to evolve beyond tactical advice and guidance, becoming instrumental in fostering philanthropic impact. This can be facilitated through:

- **Values-Based Conversations Integrated into Client Relationships:** Advisors who initiate discussions about clients' values and philanthropic goals deepen their client relationships, gain further insights on their clients' lives, and see their clients as unique individuals.
- **Unlocking Community Resources:** By facilitating more philanthropic conversations, advisors can assist in the unlocking of funds for nonprofit organizations in the community. This opportunity not only helps clients realize their own visions but creates connectedness within the advisor's own community.
- **Expanding the Role of Financial Advisor:** While many clients have a financial advisor, significantly fewer of them work with advisors who discuss and help achieve philanthropic goals. Advisors can bridge this gap, bringing structured generosity guidance into financial planning.

We believe that bridging the disconnect between clients and financial advisors in philanthropic discussions enhances advisors' profiles, improves client retention, and delivers successful outcomes. By aligning philanthropic strategies with clients' values and goals, advisors help clients achieve their giving aspirations, create meaningful community impact, and foster a deeper sense of purpose and fulfillment in their financial planning journey.



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Reframing the Discussion

NorthRock and Foundation X are implementing strategies to scale philanthropic advising:

- **NorthRock's Commitment to Scaling Philanthropic Services:** By integrating generosity and values-based discussions into client interactions, NorthRock demonstrates its dedication to client-centric, impactful financial advising. This approach fosters lasting relationships and aligns with the evolving expectations of clients.
- **Foundation X Partnership:** Foundation X introduces new pathways for advisors to support clients' philanthropic ambitions, streamlining the process of giving with flexible and accessible solutions.

To learn more about how to advance generosity for your practice, contact info@foundation-x.org.

¹ <https://givingusa.org/5-takeaways-and-next-steps-from-the-giving-usa-2024-report/>

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