3 Top Considerations to Build Client Relationships, Offer Tax-Wise Solutions, and Satisfy Charitable Intent

As tax time gears up, it means that wealth management professionals are getting questions and presenting options to their clients. Charitable giving is an option for nearly every client but be prepared to answer basic questions. Here are three considerations that build client relationships, offer the best tax-wise solutions, and help your clients feel good about their financial future in philanthropy.

1. **Which clients are open to charitable giving, and how can this conversation build my client relationship?**

It is critical to talk about charitable giving with all your clients because most of them consider charitable contributions to be important! Among clients who own investments of $5 million or more, 91% of those surveyed reported that charitable giving is a component of their estate and financial plans. Many give well beyond the possibility of a tax deduction and would not automatically reduce their giving if the charitable income tax deduction went away. Be aware that clients have non-tax motivations for giving, such as family traditions, personal experiences, compassion for causes, and involvement with specific charitable organizations. Asking about those inclinations can deepen your client relationship and yield great results for their financial plan.

2. **Why are clients giving cash, when highly-appreciated assets offer great benefits?**

Many clients simply are not aware of the tax benefits of giving highly-appreciated assets to fuel their fund at the Community Foundation. Sometimes, they end up writing checks and making donations with their credit cards. Advisors need to remind clients about the benefits of donating non-cash assets such as highly-appreciated stock, or even complex assets (e.g., closely-held business interests and real estate). When your clients give non-cash assets they can reduce capital gains tax exposure and also calculate deductions based on the full fair market value of the gifted assets.

3. **What are the basic deductibility rules for gifts to charities?**

It's important to know that the deductibility rules are different for your clients' gifts to a public charity like the Community Foundation of Chippewa County versus a private foundation. Clients' gifts to public charities are deductible up to 50% of AGI, versus 30% for gifts to private foundations. In addition, gifts to public charities of non-marketable assets such as real estate and closely-held stock typically are deductible at fair market value, while the same assets given to a private foundation are deductible at the client's cost basis. This difference can be enormous in terms of dollars, so make sure you let your clients know about this if they are planning major gifts to charities.

So what's the first step? Reach out to the team at the Community Foundation! We will provide you with the information you need for your clients.
Then, deepen your client relationship by asking about their volunteer work, charitable passions, or community causes that are meaningful to them. From that moment on, whatever the clients' charitable priorities, consider our team to be your trusted support in fulfilling your clients' charitable giving needs.

Connect with us, and prepare to your clients meet their charitable goals!

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