

THE GIFT OF LEGACY

*Are you talking to clients
about charitable giving?*



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Charitable giving remains a high priority as individuals, bequests, foundations, and corporations donated nearly \$500 billion in 2022. Individual contributions comprised more than two-thirds of total giving. [[Giving USA 2023 Report](#)].

Accordingly, wealth managers often do play a lead role in helping their clients create and initiate philanthropic strategies. A 2023 [BNY Mellon charitable giving study](#) of high-net-worth investors found that 63% of respondents worked with their wealth managers to develop their charitable giving strategies.

If you have been contemplating whether to initiate conversations with clients about their charitable ambitions, consider that:

- Charitable giving is a key component to holistic wealth planning.
- Speaking with clients about their deeply held values can strengthen relationships.
- Supporting a client's giving strategy will solidify your role as a resource for generations of family members.

Donor advised funds (DAFs) are a great tool to consider if you have philanthropic clients or those who just want to support a particular mission or organization. DAFs are an increasingly popular and flexible means of charitable giving. As the nation's fastest-growing philanthropic vehicle, DAFs address several items that investors typically care about, including giving to worthy causes, reducing tax burdens and creating a legacy for their heirs.

A DAF allows an individual to make a binding contribution to an account managed by a sponsoring nonprofit organization and still maintain the right to participate in certain aspects of how the money is invested and distributed to charities. DAFs can be funded immediately and, with ongoing periodic contributions, can lay the foundation for multi-generational giving. They can also be funded upon the individual's death and even be the beneficiary of charitable remainder or lead trusts. Clients who have strong philanthropic intentions often seek to give consistently, year after year.

The profile of clients using DAFs keeps expanding. Up until two years ago, retirees, families and married couples were the primary users of DAFs. Today, people who have never married, couples without children, divorcees, widowed individuals and younger people are establishing many of the accounts.

For example, advisors may encourage affluent clients nearing retirement to establish and begin contributing to DAF accounts in the near term, rather than waiting. Contributing while working and drawing higher income may result in immediate tax benefits. Then, once clients have retired and their incomes and tax rates are lower, they can make generous grants from their DAF accounts while donated assets may continue to grow tax-free.

BNY MELLON | PERSHING'S GIVING OPTIONS

BNY Mellon | Pershing partners with three firms to provide access to DAFs:

- [American Endowment Foundation](#)
- [BNY Mellon Charitable Gift Fund](#)
- [Renaissance Charitable Foundation](#)

Our sponsor partners shared their views on philanthropy as part of a holistic wealth plan.



CARLOS BYRNE

Head of Donor Advised
Fund Services at
BNY Mellon Wealth
Management



The DAF structure allows clients to fund when assets are available, then distribute grants at a time of their choosing, which provides opportunities for a strategic approach to giving.”



KELLY PALMER

Senior Vice President of
Strategic Partnerships
at Ren



We're seeing more people think of charitable giving as a year-round activity, and they're expecting their wealth managers to be a part of - if not the leader of - conversations about philanthropy.”

WHEN TO TALK TO CLIENTS ABOUT CHARITABLE GIVING

Advisors may see client interest in DAFs rise at the end of the year when potential tax liabilities are top of mind and in the first quarter as their accountants recommend charitable giving to potentially minimize future tax liabilities. Regardless, it's a good practice to talk to clients about charitable giving early in the year. This way, you can encourage them to think about the coming year, what they might like to accomplish that has lasting impact and offer your assistance to put a charitable giving plan in place.

A DAF can be established anytime with contributions throughout the year. Clients waiting until the last quarter of the year to establish and fund to a DAF can do so, but the earlier the better to avoid running up against DAF deadlines and the year-end rush.



KEN NOPAR

Vice President, Senior
Philanthropic Advisor at
American Endowment
Foundation



It is important for advisors to discuss charitable giving plans with their clients earlier in the year. Waiting until the last few months of the year to open and fund DAF accounts causes unneeded stress and work for both advisors and donors.”

QUESTIONS TO ASK CLIENTS

Your clients look to you to guide them to the best overall use of the wealth. Don't wait for clients to bring it up. Frame charitable giving as an extension of the wealth management conversation. Try opening your client conversation with questions such as these:

- How do you want to use your wealth?
- Do you consider yourself to be charitable?
- Which nonprofit organizations do you think are doing great work today?
- What causes do you feel passionate about?
- Do you currently give to charity? If yes, how? Are your children involved?
- Has your CPA suggested making charitable contributions now or in the future?

As a wealth manager, you can help your clients take that first step in their philanthropic journey and provide the education, support and resources required to put a personalized giving plan in place.

TAKE ADVANTAGE OF BNY PERSHING'S RESOURCES AND EXPERTISE

Your clients may welcome an open conversation about their vision for making an impact and options available to them. BNY Mellon | Pershing offers access to a menu of DAFs, each with the expertise and services to help you support your clients' giving.



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FOR MORE INFORMATION

Reach out to your Pershing relationship manager or review our array of charitable giving materials on Marketing Center.