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**Conversations about Money:**  
**Listening for Clues and Overcoming  
Objections to Making Gifts**

Kevin T. Crilly, J.D.  
Director of Gift Planning  
University of California, Berkeley

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Money  
Where is it  
Conversations about it

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How do you feel about money?  
Growing up did your family discuss money?  
Is there never enough, just enough or a surplus?  
Are you from the Midwest, East Coast, South or West Coast?  
Are you a hoarder, spender, amasser or monk?  
Have you ever heard...  
“The rich are just like us, they put their pants on one leg at a time.”

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THE RICH ARE NOT  
JUST LIKE US!  
Why?

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They have money.  
They talk about money.  
They plan what to do with it.  
They have advisors who help them plan.

(accountants, attorneys, family offices, financial planners, investment advisors, insurance agents, trust officers)

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### WHO ARE THEY?

**80% of Americans = 7% of financial wealth**

< \$2 million in assets  
Mission Driven

**19% of Americans = 50.5% of financial wealth**

\$2 - 30 million in assets  
Tax Planning Driven  
(CA = 486,000 Families)

**1% of Americans = 42.7% of financial wealth**

> \$30 million in assets  
Legacy/Control Driven  
(CA = 3,840 Families)

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## THE FORBES 400

What does it take to get on the list?

<u>1987</u>	<u>2008</u>	<u>2010</u>
\$220 Million	\$1.3 Billion	<b>\$1 Billion</b>

What is their cumulative wealth?

\$220 Billion	\$1.57 Trillion	<b>\$1.4 Trillion</b>
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## THE "Fortunate" 400

The top 400 taxpayers by income  
on 2007 tax returns

What does it take to get on the list?

<u>2000</u>	<u>2007</u>
\$86.8 Million	<b>\$138.8 Million</b>

What is their average income?

**\$345 Million**

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## HOW IS WEALTH HELD TOP 1%

- Unicorp business equity/non-home real estate = 52.3%
- Corp stock, financial securities, mutual funds, personal trusts = 25.2%
- Principal residence = 10.2%
- Pension accounts = 5.8%
- Liquid assets = 4.5%
- Misc = 2.0%

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## HOW WEALTH IS HELD II NEXT 19%

- Principal residence = 31.8%
- Unicorn business equity and other real estate = 28.5%
- Pension Accounts = 15.9%
- Corporate Stock, financial securities, mutual funds, and personal trusts = 15.0%
- Liquid Assets = 7.3%
- Misc. assets = 1.6%

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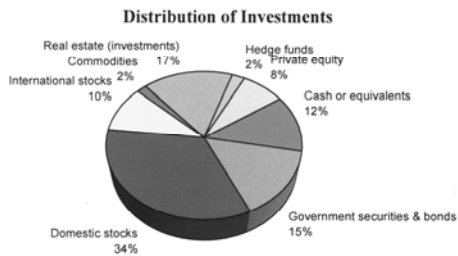
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## HOW IS WEALTH HELD III



U.S. Trust Survey of Affluent Americans XXVI: April 2007

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## WHY DO THEY GIVE?

**82.6% Giving back to society**

**86.3% Meeting critical needs**

**62.4% Being asked**

Study of High Net Worth Individuals (2006)-Indiana University  
underwritten by Bank of America

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## WHY DO THEY GIVE? II

- Gift Can make a difference – 72.4%
- Feel financially secure – 71.2%
- Giving to organization that is efficient – 71%
- Support same cause annually – 65.4%
- Give back to community – 64.7%

The 2010 Study of High Net Worth Philanthropy  
Indiana University underwritten by Bank of America

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## WHY DO THEY STOP GIVING?

- Change in donor's priorities = 60.4%
- Organization did not interact in a way donor felt was appropriate = 60.1%
- Change in donor circumstance = 29.4%
- Organization met its impact/goal = 10.4%

The 2010 Study of High Net Worth Philanthropy

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## WHY DON'T THEY GIVE?

- No one asked
- Family (next generation) pressure
- Fear of not having enough
- Fear of dying – completing gift/estate plan means they're "ready" to die
- Not philanthropic

THEY DON'T KNOW HOW TO GIVE!

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WHERE DO THEY LEARN TO GIVE?

- Accountants = 67.5% (44.3%)
- Attorney = 42.9% (40.8%)
- Financial/Wealth Advisor = 38.8% (27.8%)
- Nonprofit Personnel = 24.1% (26%)
- Peers = 19.8% (16.1%)

( ) = Study of High Net Worth Individuals (2006)

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**“To give away money is an easy matter  
and in anyone’s power,  
but to decide to whom to give it,  
how much to give,  
when to give,  
and to give for the right motive  
and in the right way,  
is neither in everyone’s power nor an easy matter.  
Hence, it is that such excellence ”  
is rare, praiseworthy, and noble.**

Aristotle  
Nicomachean Ethics  
Book II, Chapter 9

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ALL ASSETS CAN FIT  
INTO 3 CATAGORIES

- Cash
- Personal Property
  - Tangible
  - Intangible
- Real Property

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## CASH VS. OTHER ASSETS

Top 20% hold 90%+ of wealth  
in other assets, not cash!

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## The A-Z of Donor Assets

A – art, antiques, agricultural products, apartments, automobiles  
B – books, bonds (corporate), brokerage accounts  
C – closely held stock, commercial annuities, copyrights, collections (coins, stamps), condominiums, cooperatives  
D – depreciated real estate (e.g. residential rental/commercial property), deeds of trust  
E – E and EE bonds  
F – 401(k)s, 403(b)s, farms, foreign-country assets  
G – gems, glass (Tiffany), gold  
H – H and HH bonds, hedge funds  
I – IRAs-rollovers & benef. desig., interests in oil and gas wells  
J – jewelry, jets  
K – Keogh plans, keyboard instruments  
L – life insurance, limited partnership interests, livestock  
M – memorabilia, mining interests, mutual funds

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## The A-Z of Donor Assets

N – non-qualified stock options and deferred compensation  
O – orchards, old insurance policies  
P – personal residences, patents, professional practices (accountant, dental, law, medicine), private equity  
Q – Queen Anne furniture, qualified retirement plans  
R – Roth IRAs, ranches, royalties, rare coins, “Rule 144” stock  
S – stocks, stock options, silver, SEPS, Simple IRA’s  
T – tax-free bonds, timber, timeshares  
U – undeveloped land, undersea treasure (trove)  
V – vacation homes, vineyards  
W – woodland property, warrant  
X – xylophones and X-ray machines  
Y – yachts, Yankee bonds  
Z – zero-coupon bonds

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THE 5 F'S OF CONVERSATION

1. Family
2. Friends
3. Fun
4. Finances
5. Filanthropy

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ASK OPEN ENDED QUESTIONS

Tell me about...?  
What do you think about...?  
What would happen if...?  
What would you do...?  
In what way...?  
How can we...?  
How did you...?  
How did it happen that ...?

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## ASK ABOUT EXPERIENCES AND ASPIRATIONS

- What was your experience like at/with \_\_\_\_\_ charity?
- What is most important to you today?
- What is it about \_\_\_charity that is most important to you?
- Tell me what motivated your last gift?
- What are your expectations about \_\_\_\_\_ charity?
- What, in the best of all possible worlds, would you like to see accomplished at \_\_\_\_\_charity, in the world?

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## QUESTIONS CONTINUED

- What would you like to do philanthropically if you had no restrictions? Why do you say that?
- In the best of all possible worlds, what would you do to support \_\_\_ charity?
- How can we help you in planning your charitable gifts?
- If we could structure a perfect gift that meets your personal and philanthropic needs, what would it look like?
- What kind of benefit would you like to receive from a gift of assets to \_\_\_\_\_charity?
- What are your professional advisors doing to help you with your charitable giving?

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## I NEED SOMEBODY, HELP SCENARIO 1

Donor, Mrs. Thurston Howell IV, age 48, has just made an unsolicited gift of \$25,000. Previous annual gifts have been in the \$5,000 range. You have a meeting at her house in Blackhawk Thursday 10 a.m. sharp.

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I'D LIKE TO SUPPORT \_\_\_\_ Charity IN A BIGGER WAY, BUT....Objections

I don't have the cash.

- *Perhaps you have appreciated assets such as stock you would consider donating.*

I can't give as much as you're asking.

- *If we can show you how to make this gift without affecting your life style would you consider it?*

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I'm saving for my retirement.

- *We have gifts plans that do just that.*

I'm supporting an elderly parent/child in college.

- *Did you know \_\_\_\_ has professional staff who have helped other people in your situation?*

I'm concerned about my family's financial security.

- *I understand. Would you be willing to meet with one of our gift planning professionals who could share information to address your situation?*

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I already have advisors.

- *I understand, but our gift planning staff can offer "an additional perspective".*

I need to conserve my capital.

- *Perhaps you would consider a gift in your will or living trust.*

All I have is my home.

- *Did you know there is a way to give your home but live in it for the rest of your life?*

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I'D LIKE TO SUPPORT CAL IN A BIGGER WAY, BUT....Clues

I'm downsizing my home.

- *Would you be willing to learn how you could minimize taxes with your transition?*

I'm relocating to Nevada.

- *Folks often move to minimize income taxes. Did you know we have gift plans that can help to minimize taxes?*

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I'm about to sell: business, stock, home, etc.

- *Our gift planning team has helped other people minimize taxes & maximize philanthropy in this exact situation.*

I don't want to be a landlord anymore.

- *Not wanting to manage assets is a big reason why donors work with us to liquidate their property.*

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With all the turmoil in the financial markets now isn't the time to give!

- *Our gift planning team has gift plans that help people diversify their assets, which reduces risk, while minimizing taxes and providing a continuous stable source of income.*

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OTHER CLUES YOU MAY HEAR

I hate the capital gains tax.  
I'll have to pay the estate (death) tax.  
I want to leave something for my kids/grandkids  
Can you write my will?  
What should I do about creating a living trust?  
Would a gift annuity be good for me?  
Tell me about charitable remainder trusts.

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ANSWER

*My expertise is ... program. But we have gift planning professionals who are experts in this area. I'll be happy to have them speak with you or we can arrange a meeting together.*

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I NEED SOMEBODY, HELP  
SCENARIO 2

After your first meeting and careful cultivation, Mrs. Thurston Howell IV made a \$100,000 gift. Prospect Research has learned she has assets of \$15 – 20 Million.

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QUESTIONS

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**“Knowing is not enough;  
we must apply.  
Willing is not enough;  
we must do.”**  
  
*Johann Wolfgang von Goethe*

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**Thank you.**  
  
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