

# WEALTH STRATEGY & CHARITABLE GIVING



CAF America is thrilled to announce our new initiative, *Wealth Strategy and Charitable Giving*, a deep-dive into how and to what extent the world of philanthropy and wealth services intersect. Our interview series will feature leaders in this industry dedicated to bringing philanthropy into the conversation and providing an insider's perspective on wealth strategy..



Krystal Kiley is Vice President, Head of Practice Management for Fidelity Charitable®, an independent public charity that has helped donors support more than 210,000 nonprofit organizations with over \$20 billion in grants since its inception in 1991. Established in 1991, Fidelity Charitable is an independent public charity that sponsors the nation's largest donor-advised fund program. Our mission is to grow the American tradition of philanthropy by providing programs that make charitable giving accessible, simple, and effective.

Ms. Kiley assumed her current role in 2015 and is responsible for Fidelity Charitable's practice management program. Ms. Kiley speaks at national conferences and client events educating wealth management firms, broker-dealers, RIAs, insurance companies, and their advisors on how to incorporate charitable planning as part of a holistic wealth management offering and provides advisors with strategic consulting services, best practices, and practice-oriented tools and programs to help accelerate their business.

Ms. Kiley joined Fidelity Investments in 2004. Previously with Fidelity Charitable, Ms. Kiley was director of intermediary and event marketing where she led a team focused on acquiring and maintaining strategic relationships with of CPAs, T&E attorneys, registered investment and broker-dealer advisors and firms.

## WEALTH STRATEGY AND CHARITABLE GIVING: A Conversation with Krystal Kiley | Vice President, Head of Practice Management at Fidelity Charitable

**CAF America:** Could you start off by telling us about your role at Fidelity Charitable and the Practice Management Initiative?

**Krystal Kiley:** The Practice Management Initiative is a relatively new program we started about a year and a half ago. What I've been focusing on within this program is building on what we have done historically at Fidelity Charitable to educate advisors about donor-advised funds, and expand to a more "product-agnostic" lens to help advisors with the why, what, and how of charitable planning and where charitable planning fits into broader holistic planning so they can better serve their clients. That includes your typical wealth advisor but also attorneys and CPAs, incredibly important advisors in the holistic wealth management universe. This initiative was started because there is a clear need within the industry – where so many clients are giving and giving in a big way – and there is a limited number of advisors working to meet the client's philanthropic needs. Virtually all high net-worth individuals give to charity but only about 14% of advisors proactively incorporate charitable planning with their clients. So, our goal was to create a product agnostic program that goes beyond our donor advised fund, and helps advisors successfully incorporate charitable planning into their practice to better serve their clients.

We've seen a lot of interest in the program so far, which shows that advisors recognize the importance of charitable planning but sometimes they just don't know where to start.

**CAFA:** How does a program like this fit within the larger mission of Fidelity Charitable?

**Krystal:** At Fidelity Charitable, we're trying to grow the American tradition of philanthropy. Our Practice Management team is committed to enabling and empowering more advisors to incorporate philanthropy into their practice. We know that it will help their clients be more strategic with their giving and this is a win for the client, the advisor, and the charities receiving the donations. So really the core of this program is about education, specifically educating advisors on why incorporating philanthropy is important and how to best go about this. We try to focus on the soft skills, such as how to have the charitable conversation with clients.

**CAFA:** You mentioned that only about 14% of advisors actively incorporate philanthropy into their practice. Since you started this program at Fidelity Charitable, what have you seen to be the major impediments or roadblocks to raising this percentage?

**Krystal:** It's been something I've grappled with since the beginning of our program, because it seems like a no-brainer but I would say there are two main barriers. The first is that many advisors feel they don't have the expertise – maybe they don't fully understand all the aspects of charitable planning so they were reluctant to broach the topic with clients – which is why we've had such a strong focus on education since the beginning. The other barrier that bubbled up is the more personal difficulties of discussing this topic. Discussing philanthropy with a client can become emotional and many advisors expressed concern that they weren't well equipped for having such conversations. They didn't see it as their place to address such a personal matter as where one chooses to give. But as the financial services industry continues to grow and evolve, it will become important for advisors to develop personal connections with clients as it will help them provide value but also retain clients. Our goal is to have services available for any level of advisor, from those who have never before mentioned philanthropy to those who have already integrated it.

**CAFA:** On the first aspect, the education piece, have you witnessed any consistencies in gaps in knowledge? Are there certain aspects of charitable planning that were often weaker for advisors?

**Krystal:** Since we work with such a wide spectrum of advisors, knowledge levels really differ. For some more junior advisors, it's about understanding the landscape, basic tax issues, and how to communicate those to clients. On the other hand, you're starting to see people using more than one type of giving vehicle, particularly in the high net worth space. This is an increasingly relevant topic for advisors as they have to be familiar with all of the technical aspects of these vehicles. We also work with these advisors on tougher issues like family giving or international grants. For the more experienced advisors, keeping up with the latest regulations and understanding issues, such as fueling a client's philanthropy through the use of complex assets like private C- and S- corp shares and partnership interests must remain top of mind. There's always an opportunity for more education.

**CAFA:** Beyond helping advisors with technical details such as tax regulations or giving vehicles, how do you help advisors with the softer skills like discussing philanthropy?

**Krystal:** We've created different modules that cover specific area of interest that includes the technical aspects, how to decide which clients are relevant for the topic, and most importantly, how to implement what they've learned. For example, our Charitable Planning Essentials course covers questions advisors should ask to uncover a client's philanthropic interests and what they care about, but also discusses the times of year to bring charitable giving up with their clients. We also have a module on complex assets and are developing one on family giving, which gets into how advisors can navigate family dynamics and provides them with examples of situations and solutions they can pass on to clients.

**CAFA:** What do you think are some trends that you've witnessed since starting this program?

**Krystal:** Flexibility has become very important in this field. As I mentioned earlier, for advisors well-versed in different types of charitable vehicles, they have increasingly encouraged their clients to use different giving vehicles for different goals and objectives. For example, clients who have appreciated non-publicly traded assets, they may be better advised to donate these to a charity with a donor advised fund program than a private foundation given the tax implications. Beyond that, one of the most interesting trends is in generational differences. The average age of Fidelity Charitable's account holder is 63 years old, we see many clients interested in establishing a donor advised fund tend to be older, so we're also starting to see more focus on family conversations about giving because many donors want to involve their family in their giving decisions.