



# 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..



As Vice President and Senior Wealth Strategist, J. Max Barger provides advice on complex estate and other wealth planning issues. He has a high level of technical experience in estate, tax and wealth planning issues. Max works with a team of specialists in investment management, trust, and banking services to help clients achieve their financial objectives.

J. Max Barger joined PNC Wealth Management Group in July 2013 as Vice President and Senior Wealth Strategist. Before joining PNC Wealth Management, Mr. Barger began his career in 1995 as a Trust and Estate attorney with a small boutique law firm in Hampton Roads, Virginia, where he was driven by a passion to make a difference in people's lives.

Max's work as a Trust and Estate attorney included advising clients on simple to complex solutions to manage tax liabilities, enter retirement successfully, handle complicated familial issues and preserve and protect wealth. His primary focus areas include; estate planning and business succession planning; estate, gift and fiduciary taxation; trust, estate and probate administration; the spousal election; elder care; special needs planning; retirement and retirement plan distributions; asset protection; and planning for gay and lesbian families and blended families.

## WEALTH STRATEGY AND CHARITABLE GIVING:

### A Conversation with Max Barger, Senior Wealth Strategist, PNC Wealth Management

**CAF America:** How often does philanthropy come up in the conversations that you have with your clients?

**Max Barger:** While it varies based on the client's needs, I always bring philanthropy up, especially when we are discussing legacy or tax-mitigation.

One of my first successes at PNC was working with a family which was contemplating the sale of a business. They had previously paid a lot of money for a lot of good advice from their business attorneys and their CPAs but that advice was not well coordinated with each operating in their own silos. In the end, they used a charitable remainder trust (CRT) that gave them an immediate tax deduction that would've been lost had they waited until death. Not that a charitable remainder trust will work for everyone, but it shows that planning, especially charitable planning, is important at all times.

**CAFA:** When philanthropy is the main focus for one of your clients, what is the impetus for this? Are your clients looking at philanthropy as a means to share their values with their children, is it cause specific, or do they just generally want to give back?

**MB:** As you know well, there are as many reasons to consider philanthropic giving as there are donors. I can think of one example where a family had young children and their specific purpose was to instill in their children the same values that they have. They're doing this through the creation of a charitable organization and through their giving.

I have another set of clients though, where the children are grown and they have no intention to share their values, their view is "if we haven't done it by now, it's not going to happen". These donors are definitely more passionate about their specific causes and how they can help these causes in the long term.

**CAFA:** What are some of the challenges that you face as an advisor when having conversations about philanthropic giving?

**MB:** The biggest challenge is educating the client on philanthropy and encouraging them to rethink philanthropy. People often think of philanthropy in a very two-dimensional way -- it's writing a check and putting it in the pot of the bell ringer at

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Christmas time -- they don't think of it as three-dimensional and about how philanthropy can really augment long-term planning.

**CAFA:** One of the unique advantages of Donor Advised Funds (DAFs) is that they allow for the gifting of illiquid assets, such as appreciated stocks or real estate, is this something that your clients have increasingly explored?

**MB:** Especially when the stock market has been good to people, this is something that we see a lot and we always encourage clients to look to charity to make this more tax-effective.

**CAFA:** So as a wealth strategist, how did you educate yourself on the importance of philanthropy?

**MB:** I actively sought it out -- my favorite professor in law school was a role model in learning and understanding how philanthropy could be intertwined with a bigger plan. I also practiced as a trusts and estates attorney for 18 years before joining PNC which gave me a lot of relevant experience.

**CAFA:** The details of tax strategy and philanthropy can be difficult for people to understand, is there a toolset you use or a common method that you've found to be effective in translating this for clients?

**MB:** While white papers are invaluable as background material, nothing replaces the learning process of sitting down and having a conversation about it. Conversations go so much further in helping a client understand, conceptualize, and apply the advice we've just discussed.

I always love it when a client asks for more information, then we can send them white papers or articles based on their interests.

**CAFA:** At the risk of generalizing, have you seen a trend within your client base of looking more internationally with their giving or are many of them focused on perhaps their alma matter or hometowns?

**MB:** When I was practicing law in Maryland, we had clients who wanted to give internationally -- specifically they were looking to give money to a couple of organizations in Israel -- and we didn't have an answer for them at that time. Then I learned about CAF America and all of a sudden it opened doors for clients. Practicing in the greater Washington D.C. area means we have so many internationally connected clients who have a heart for building programs or giving back to their native country and to support people that are still there -- there simply hasn't been a way to do that in the past.

Your organization is one of the best hidden secrets to use for my clients because it just opens a door that wasn't even a window before. The complexity and the due diligence required in making sure that gifts will go where you intend for them to go and benefit the people and the cause you want to help is just invaluable -- it's a hurdle that is so easily crossed when using CAF America.

**CAFA:** These clients who were looking to give internationally, were they previously aware of how complex it can be or were they relying on you to address this?

**MB:** I usually find that when someone is giving internationally it really means that "somebody on the board is doing the due diligence pro bono" and they simply aren't aware of what they don't know. So, it's educating them about what they should be doing, what they need to know, and telling them about what kind of liability they're facing.

The biggest danger in the financial services world is when people dabble in things that they aren't experts in, and this holds true for giving internationally.

**CAFA:** It's not uncommon to speak to someone who works in the wealth advisory field who never mentions philanthropy with their clients. Why do you think this is and should philanthropy become central to these conversations?

**MB:** There is so much to know and there is so much noise. You can't be an expert in every field, so we tend to focus on what we know the best, but if we only do this then we are risking not serving our clients well. That's when having a healthy respect for your limits and choosing to instead call in experts who do know more about the subject is beneficial to both your practice and your clients.