

THINKING BEYOND™

Why isn't Everybody Doing This Kind of Planning?

We cannot tell you how many times we are asked this question by prospective clients or attendees of our seminars. The way in which the question is posed is as much a statement as it is a question. What is really being asked is, “*If this is as good as you have said, why isn't everybody doing this kind of planning?*”

They are using this question to express their skepticism of our entire approach to *Family Wealth Planning*. “*If it really is as powerful as you say,*” they ask, “*why isn't everyone doing it this way?*” Recently, we took some time to carefully think through this question in greater depth to give a more complete answer to this common query.

The answer to this question is better explained by analyzing the professional advisor instead of analyzing the wealthy individual. With this focus, it seems that this question can be answered in three simple words, *habit*, *time* and *persuasion*. Let's consider these issues:

HABIT

Professional advisors are human. They are creatures of habit. They work hard at mastering their profession and for the most part are extremely competent. However, part of human nature is that once you develop a successful way of doing things and it is working for you, you will stop looking for better, more efficient ways of doing the same thing. Unless an advisor comes across something that simply will not work by using their tried and true methods, they generally will not consider more unconventional planning options. This is true of all of us. It's just simple human nature. The bottom line reason for why more people aren't doing this kind of planning is because their professional advisors aren't doing this kind of planning.

Let us illustrate this point: A couple of years ago, an estate planning attorney attended one of our seminars. He was recognized in his town as one of the best. A couple of weeks after the seminar, I had breakfast with him. What he shared with me is typical. He told us

that he had been familiar with the tools that we had introduced in our seminar since they were created back in 1969. He said that he had always viewed these tools as a “*size nine shoe for a size nine foot.*” In other words, if someone came to him and said they wanted to do some charitable giving, he would pull out one or more of these tools.

He went on to say that until he attended our seminar, he had no idea there were so many creative ways these tools could be incorporated into the *Family Wealth Planning* process. He said that he knew the general mechanics of tools quite well, but he only had limited knowledge and experience on how to use them and even less on how to effectively present them to clients. He then said that he had six estate planning cases on his desk that had been sitting there for months. He had absolutely no idea how to solve their estate problems. Then he shared, “*Since attending your seminar, I am seeing solutions for every one of these cases.*” What a refreshingly honest response.

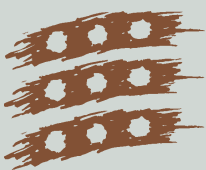
Was this attorney incompetent? Hardly. Did he lack intelligence? Certainly not. He had allowed himself to be limited in his thinking by his own professional experience and routine. In these cases, what he was used to and comfortable with was hindering him from finding the needed solutions.

It is one thing to be able to describe an airplane in detail. It is a totally different thing to know how to fly one. If a professional advisor doesn't “fly” these tools regularly, they generally will choose a more conventional “mode of transportation” to get their client “safely” to the destination, even though it may cost the client and the family considerably more money and make the trip far less enjoyable for everyone.

TIME

We know many attorneys and can say without exception that they are busy. Their days are filled with completing the work requested of them. Because of this, it is very difficult to find the time to explore new and

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creative *Family Wealth Planning* strategies. Most law firms do not even have the necessary philanthropic planning software nor expertise to effectively use the software. Therefore, they are unable to precisely illustrate or calculate the powerful impact these philanthropic tools can have when carefully integrated into the overall *Family Wealth Plan*.

Recently, we attended a four-day, *advanced* estate planning conference for attorneys. It was a continuing education conference. We were particularly excited to see that this year they had included a session on the philanthropic planning tools. The attorney who was making the presentation was touted as an expert in this area. The room was packed, which indicated to us a strong interest by the legal profession. The session, however, was a major disappointment. It couldn't have been more remedial. Here, in the midst of an *advanced* estate planning conference, we find "*Charitable Giving Tools – 101.*" And the questions that were being asked indicated that the audience was definitely only ready for "*Charitable Giving Tools – 101.*"

Even if a professional advisor had the time to thoroughly investigate and develop expertise with these tools, where would he go to get it? He surely cannot rely on continuing education courses. Unfortunately, the printed literature available is scarce as well.

It should not surprise us that a professional advisor must rely on tried and true methods of estate planning. Both familiar practice habits and relentless time pressures work against the professional advisor going much beyond the bounds of conventional wisdom.

The bottom line reason for why more people aren't taking the time to do this kind of planning is because their professional advisors aren't able to take the time to become experts in this kind of planning.

PERSUASION

Several attorneys have told us that part of their academic training included the warning not to persuade their client's thinking. They are to give the client the options and let the client make the final decision. This is why it is so hard to pin an attorney down to make a recommendation. It would be considered an ethical breach of their practice to try to talk you into doing something.

For example, in an information gathering interview, one estate planning attorney we know asks one short question about whether

the client has any charitable interests. If the client says, "No" the discussion on philanthropic planning ends. Consequently, many of the most powerful estate planning tools and techniques are forever eliminated from consideration. What a terrible tragedy. This, we fear, is far too typical.

Maybe if the client could be effectively persuaded to consider including philanthropy as part of his *Family Wealth Planning* and be shown how it can be efficiently done, the client might find not only tremendous emotional benefits, but also considerable financial benefits. We have found that people are most willing to become philanthropic when they realize that most, if not all, of what they will be giving to charity is money that would otherwise be going to the IRS in taxes. The IRS is seldom a favorite charity, yet by default we give them far more than we must. Consideration of these powerful and complex opportunities will never be achieved without the client's professional advisors persuading them to fully explore all these planning options.

Another reason for why more people aren't being persuaded to do this kind of planning is because advisors aren't in a professional position to try to persuade clients to choose any particular course of action.

SUMMARY

"*Why isn't everybody doing this kind of planning?*" The answer should be much clearer now. This kind of planning isn't being done because most professional advisors are not doing this kind of planning. They do not have the time to become experts in this specialized area while trying to maintain their current practices and they also feel very uncomfortable trying to persuade clients to change their thinking and their estate goals concerning personal philanthropy when generally it is new territory for both of them. Individually, these are considerable obstacles. All three together make the odds of it happening virtually nonexistent.

Because of these obstacles, it is likely that your current team of advisors cannot provide this level of creativity and knowledge to your estate planning. However, you can add a new advisor to the team that already has the needed experience and knowledge to do *Family Wealth Counseling*.

If you're looking for such an advisor, we'd like to apply for the job.