

REFRESH THE CONVERSATION:

Know Your Clients' Motivations



As you've likely discovered in your work with wealthy clients, some topics are deeply personal and warrant further exploration to bolster your understanding of them and the support you can provide. Philanthropy is a highly personal topic and by understanding the root of your clients' motivations, you can help them crystalize their priorities, adopt the most effective giving techniques and identify the right grantee partners. Below is a summary of the major donor segments that were introduced in *The Seven Faces of Philanthropy* and the answers to the most common questions your clients are likely to ask about organizing their charitable giving.

#1 The Communitarian

The largest segment of donors at **26.3%**. Communitarians tend to focus their charitable efforts on the local area, often with the twin goals of helping their communities prosper and building business relationships so the two activities can reinforce one another.

#2 The Devout

The second largest segment at **20.9%**. Devout are primarily motivated to give for religious reasons and virtually all their gifts go to religious institutions.

#7 The Dynast

While Dynasts have been significant philanthropists throughout history, at the time of the study they were the smallest segment at just **8.3%** of donors. They are unique in that they often have inherited wealth and were raised in an environment that socialized giving, often within a family that emphasized philanthropy and set an expectation for all family members to support nonprofits. Younger Dynasts may choose to support different causes than their parents and grandparents.

#3 The Investor

These individuals represent **15.3%** of all donors and place an emphasis on giving in a way that allows them to simultaneously achieve their tax, estate planning and philanthropic interests.

#4 The Socialite

These donors use their social networks to determine which non-profits to support and usually focus their efforts on building awareness and raising funds rather than day-to-day operations or field work. Socialites represent **10.8%** of all donors and tend to focus on arts, education and religious causes.

#6 The Altruist

These donors give because they believe it is a moral imperative and because it helps them grow as human beings or evolve spiritually. At **9%** of all donors, they often make decisions without the input of advisors and are not usually interested in taking active roles in the nonprofits they support. A greater proportion of Altruists than other segments focus on social causes.

#5 The Repayer

Individuals in this segment were typically beneficiaries before they became donors. Most have personal experiences they can point to, such as an illness in the family or being the recipient of a fellowship, that lead them to support causes and organizations out of a sense of loyalty or obligation. Repayers represent **10.2%** of all donors and they frequently concentrate their philanthropy on medical causes and academic institutions.

Not sure where to start the conversation?

Have your clients take [our philanthropic personality quiz](#) to kickstart the discussion.

Frequently Asked Questions About Organizing Charitable Giving

What are my options for charitable vehicles?

There are four common planned giving vehicles each with its own benefits: private foundations, donor-advised funds (DAFs), Charitable Remainder Trust (CRTs) and Charitable Lead Trusts (CLTs). A private foundation is considered the gold standard of charitable vehicles offering control, authority and philanthropic versatility that can last in perpetuity. A DAF is a type of giving account that is created and maintained within a public charity, often overseen by a bank or financial institution, that is designed to support fast, easy giving. A CRT provides the donor or others with cash flow while obtaining a current-year personal income tax deduction while a CLT is designed to result in tax-free gifts to the donor's family. [LEARN MORE HERE >](#)

What are the basics of a private foundation?

A private foundation is a not-for-profit entity that is controlled by, and receives most of its funding from, a single individual, family, or business. It is organized exclusively for charitable, educational, religious, scientific, or literary purposes under Section 501(c)(3) of the Internal Revenue Code. A foundation must apply to the IRS to obtain official recognition of its tax-exempt status. In practice, a private foundation is a unique charitable giving vehicle that provides significant control over assets and giving, allows donors to receive an immediate tax deduction for charitable donations made in the future, and fosters family engagement. [LEARN MORE HERE >](#)

What are the steps involved?

Foundation Source can have a new private foundation up and running in less than a week. The first step is to choose a name for the foundation—it could be after a family name or something inspirational. Step two is to complete a brief set-up questionnaire that tells us who will fund the foundation and where the investment account will reside. The third step is to fund the foundation and start giving. [LEARN MORE HERE >](#)

Who else should be involved?

Each private foundation is unique—some are led by families while others are led by corporations. Some may prefer to rely on a team of existing or internal professionals while others may want more support from philanthropic specialists, like our team at Foundation Source. Contact us at 800-839-0054 or info@foundationsource.com to see how we can support you and your clients' goals.

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