

**This is the Private Wealth Podcast with Manulife Private Wealth.**

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## PRESENTATION

### **Operator**

Good afternoon, ladies and gentlemen. Welcome to the Wealth Management and Philanthropy Conference Call. I would now like to turn the meeting over to Mr. Scott McElligot. Please go ahead.

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### **Scott McElligot, Investment Counsellor, Manulife Private Wealth**

Thanks very much. Well, hello everyone, and thanks for taking the time to join us today. My name is Scott McElligot, and I am an Investment Counselor here at Manulife Private Wealth in Calgary. On behalf of our entire team, I'd like to welcome you to the call.

At Manulife Private Wealth, we do seek to truly understand our clients' personal situations and financial goals, including short-term needs and long-term objectives such as philanthropic aspirations. Clients' goals, as you know, are as unique as they are, which is why we want to make sure that their investment strategy is also unique here at Manulife Private Wealth.

This presentation is for informational use only. We are recording this call and a copy of the recording is going to be available to any participant upon request. If you have any requests or questions after the call today, please contact your Manulife Private Wealth consultant. As we mentioned, we won't be taking questions on the call, but we look forward to hearing from you after this call today.

We've got a great line-up of speakers. These are experts in philanthropy who work with advisors and high net worth families from across the country, and today we wanted to provide an insight into how charitable giving could benefit both you as you grow your book and your clients.

Our first speakers are Gena Rotstein and Richard Ouellette. Gena grew up in a family business and is part of a larger enterprising family. She has over 20 years of philanthropy management experience and a Masters in non-profit management and Jewish communal service from Brandeis University. She is also a certified Family Enterprise Advisor and works in this field across the country. Richard Ouellette is a serial entrepreneur, having started and successfully exited from a number of companies in the technology and environment industries. Throughout his career, Richard has been involved in starting or growing non-profits that focus on technology, science and engineering in jurisdictions in BC, Alberta and Northwest Territory.

Gena and Richard will discuss what philanthropy is and the changing role it plays in high net worth families, as well as the benefits of investing your time and working with your clients in philanthropy.

Gena and Richard, over to you.

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### **Richard Ouellette, Managing Partner, Karma & Cents**

Thank you very much for the intro there, Scott. This is Richard Ouellette here speaking from Karma & Cents. I've got Gena here right next to me, and I figure we might as well just jump right into after that great intro.

I believe that by now, everyone should have gotten a handout sent out to them, and if you wouldn't mind, we're going to reference that throughout our brief chat here today, so we can go along kind of page by page as we go.

Right off the get-go, if we can go to that, we'll do a quick agenda. We'll do a bit of an intro on our, kind of how Karma & Cents came to be and how we work with different advisors, and really what is the business of philanthropy, and then finally we'll end it off with a bit of a case study. This is a real-life case study that happened here that just kind of helps to illuminate certain entities and trends out in the field.

If you go to Slide No. 3, you can actually see a little bit of what we look like. Gena is much prettier in person, and

this picture of myself is much, much better than what you would see in person.

With that, as Scott has mentioned, Gena's got about 20 years of experience in the philanthropy non-profit charity realm, has developed a few different companies along that time, exited them as well. Myself, my background is in the STEM side of things, so I've always been part of the science, technology, engineering, environmental side but always with a large passion towards non-profits, charities, philanthropy. Really, about 18 or so months ago, Gena and I started to have a conversation. We started to discuss some of our disillusionment towards the traditional philanthropy space. Now, perhaps it's because of our age, our experience, our needs and wants, but one of the things that we were both—that neither one of us cared for was blind cheque writing, so the idea of write a cheque, get your name on a wall, move on type of philanthropy meant little to nothing to us.

With that, we started to see how we could incorporate my STEM background along with Gena's experience, and really what we came up with was a bit of a five-step program, our lab process if you will, to really doing strategic, high level philanthropy. With that, we started to run with it.

Now with that, we ran three different families through our model as kind of our test pilot projects, and at the end of it when we analyzed all the data, we discovered it worked our exceedingly well. Because of that, we've been running with it fulsomely and wholesomely ever since.

Really, if you go to Slide 4, you'll see we run with the three-circle model, and these are the groups that we really focus on, really the families, the businesses and the owners. With that is kind of our sweet spot right there in the middle.

We'll go to Slide No. 5, and this is where I will hand it over to Gena to take us through some of the step-by-steps.

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### **Gena Rotstein, Principal, Karma & Cents**

Thanks Richard. When we look at philanthropy planning, we look at it from a holistic perspective. It's not just about the money in the bank and, as Rich mentioned, the cheque writing. Financial is definitely part of the equation, but there's four other accounts or assets that we also want to consider when working with our clients and their advisors, so there is your intellectual asset base or social capital, your human capital, and then if there is an

operating company or an enterprise, the enterprise capital. As you go through different stages in your life, these accounts are either in surplus or they're in deficit, so an example might be if you're a student, your intellectual capital is high because you're growing and you're learning, but your financial capital might be considerably lower because you are not growing your wealth at that point in time. Whenever we're sitting down with a family, everybody around the table maps out what is happening within these different asset accounts.

We take this into account when it comes to the social impact lab process. If you turn to Slide No. 7, you will actually see what the lab looks like, and the first step is just problem articulation, really looking at what are those complex issues that are facing our communities today and how are we defining them. We try and work with our clients to move them from the presenting problem of there is somebody sleeping in the vestibule of my storefront, which is expressed as homelessness, down to those systemic issues of why there's poverty. We get to that point by having conversations with strange bedfellows, so we bring together not just the non-profit frontline charities but also a beat cop or an owner of a business, so a whole group of people who have different perspectives.

From those strange bedfellow conversations, we design a solution and we bring that solution back to the table of strange bedfellows to validate our assumptions so that we're always providing our clients with the information that they need to make informed decisions. We test that solution against a risk profile, so a donor risk, similar to what you would do when you're setting up an investment portfolio and testing investment risk - we do the same thing, and then we deploy it out to the market. When we say we deploy it out to the market, what we're looking at is rapid prototyping solutions. We don't want funders and family foundations to be investing in multi-year pilot projects at hundreds of thousands or millions of dollars at a time. We really want there to be—want these families to be able to see the impact that they're trying to generate in a short period of time, so usually within two quarters, so that they can make a decision whether to pivot, to go, to not go, or to tweak things along the way. We take that information back up to those strange bedfellows that were at step two to again validate the assumptions we've been making, and then from there we can help the families deploy that capital effectively.

Ultimately, what we're trying to demonstrate through this lab process is that you can actually play in the philanthropy space because it's a market, it's big business. We're on Slide No. 8, so you can actually see

the size of the philanthropic ecosystem. You have to combine automotive, agriculture, retail or manufacturing to get the size of Canada's charitable sector, and because of the nature of the way that the charitable sector is structured, we want our advisors that we work with and the families that we work with to think about their philanthropy more than just the charitable activities that they do, but also to look at the time, their talents, so their expertise that they bring to the table, and their network as part of their philanthropic contributions.

When we talk about Philanthropy 3.0, or the new evolution of the philanthropic landscape, we're really talking about traditional charity, so giving money to organizations, but we're also looking at the portfolio that is growing the asset base of those foundations. In Canada, the impact investing space is expected to grow to about \$300 billion by 2020, and what we're seeing on an international—in the international space is that private equity impact funds are outperforming traditional markets by about 5.5 percent, so it's growing and it is big business.

The way that we get clients to start thinking about philanthropy differently or in this more holistic way is by starting with why. If you look at Slide No. 9 you'll see Simon Sinek's model, and the why is really what is helping the family articulate what their social vision is, the how is the corporate structure that is created around it, so whether it's a private foundation or a donor advised fund or annual giving, and the what are the things that happen as a result of that corporate structure.

For the first time, we're seeing more than two generations in the wealth space, so Slide No. 10 actually shows that there are five generations currently either adding to or drawing down from North America's economic systems, and the Philanthropy 3.0 model really targets the inheritors, so those that are getting wealth transitioned to them from baby boomers into Gen X, Gen Y, and the IGen. The reason why we target that demographic is because those individuals are being driven first and foremost by their values, so they definitely want to see a financial return, but that financial return is being balanced against or measured against, in some cases, their social values. They want to have their other assets leveraged and they are at the stage in their life where they're actually crafting a philanthropic identity. This is the first time that this is actually being documented in North America's financial space.

Why should you be talking to your clients about philanthropy? Slide No. 13 references some research that was done by the Johnson Center in the States, and

they have identified \$40 trillion that's being transitioned from one generation to the next by 2050. What this really means for advisors is that 85 percent of those inheritors are going to be leaving their parents' advisors within the first six months of receiving those funds, and you can see that stat on Slide No. 14. The reason why these individuals are leaving their parents' advisors is because, first and foremost, a relationship was never established, but secondly because values are so important to them, if the advisors haven't taken the time to actually engage that next generation in the family wealth discussions, they've missed the opportunity on actually building that relationship on those personal values.

How can you grow your book and help your clients be philanthropic at the same time? It sounds a little bit oxymoronic because when you think about growing your book and you're doing philanthropy, that means that assets might be leaving your account; but as we'll demonstrate with this specific case, that's not exactly what happens.

Silver Gummy is a foundation that was established a few years ago, and we worked with the advisor and the individual who set up the foundation to get the Silver Gummy launched. This young woman inherited some wealth unexpectedly, and as a result she had a tax problem. Her advisor suggested that she open up a private foundation to manage the taxes. In order to do so, the product that she was advised to move into was a private foundation with in a financial institution, and the minimum investment was \$750,000. She did that and then she realized that she has this entity, this legal entity that needed some structure and some management. She didn't know what to do beyond that.

Her advisor reached out to us at Karma & Cents and asked us to help kind of put a business plan in place for the foundation. If you look at Slide No. 17, you'll see how we walked her through designing the business plan of her foundation. The first step was what is the problem that you want to solve, and for her, it was around gender identity, which is this really big, nebulous cloud of stuff. We started to have strange bedfellow conversations, and you can see on this slide all the different types of people that we brought to the table to help think through what gender—what the gender lens and gender conversation looked like.

We started in mental health and healthcare, we worked through urban planning, we talked to people in the justice system, in the business community and immigration, and as we started to hear more and get different perspectives, we were able to refine the problem such

that we could come up with a viable solution around gender identity and sexual issues, specifically in Calgary, Alberta and now she's expanded into the Pacific Northwest.

From there, we designed the solution against her personal risk profile, and the main thing and the main piece that we do with our clients is we help them see where they fit in this continuum of care. If you look at Slide No 18, we help an individual or a foundation see how their organization either becomes a backbone agency within the solution, or how they identify a charity to be that backbone. We help facilitate the communication up and down, we design the activities that allow for ongoing dialogue to reinforce the solution space, we help create evaluation metrics so that we know that we're actually pushing the needle, in this case on gender identity, and we ensure that there's a common agenda between all the recipients and the investment portfolio. What's really important is that she—that the money that's going out to these organizations that are supporting women and LGBTQ+ organizations, the asset base in her foundation also needed to reflect those values, so we sat down with the investment advisor to help him craft a portfolio that aligned with the philanthropic objectives, so that they weren't in conflict.

If you look at Slide No. 19, you'll see where she ended up. She started off with a \$750,000 private foundation, and as we went through and designed her business plan for her foundation, she's now at a \$9 million multi-generational foundation. Had it just been left at a tax conversation, we would have—it would have stayed around \$750,000 disbursing at 3.5 percent per year.

If you look at Slide No. 20, you'll actually see the a-ha moment that resulted for the advisor and the client at the same time. One is we weren't limited to just a tax solution, and by not limiting us to the tax solution, we didn't leave any money on the table. We also created a long-term investment plan so that the advisor now knows that he has not just her money but her daughter's money and, if and when they have any other children, those siblings' assets. Lastly, it's not just limited to a single year disbursement, so you're not just looking at 3.5 percent that's growing off of the foundation, but you can actually start designing a portfolio that has a multi-year return so that the dollars that are coming in through the asset management can actually be allocated effectively to meet the philanthropic objectives of the foundation.

I'm going to turn it over to Rich to summarize everything that we've talked about the last 20 minutes or so.

### **Richard Ouellette, Managing Partner, Karma & Cents**

Perfect, thank you very much. Just a quick recap here. What we really want to do and what we really focus on is the strategic side of philanthropy. Yes, giving away money is a lot of fun and so on, but there's also got to be a back end to it, and with that, that's who we work with, is advisors in all capacities, whether it be legal, fiscal, whatever the case may be, to really tap into what that client or that family is really looking to achieve. We really get to the emotion and the strategy of it.

As we talked about already, we are just in the beginning throes of a massive wealth transfer here, and this is the time and opportunity to start targeting that wealth transfer. We also know that a lot of these people, because these relationships aren't in place, they were focused on the matriarch and the patriarch and not the next gen, and because that advisors aren't completely speaking to their values, they are going to get punted, to be quite frank. This is the other massive opportunity, is to really be able to differentiate and separate yourself from the rest of the pack, and really this next gen, the Gen X-Y, millennials, these are the ones that really put values ahead of just about everything else. Yes, there's always got to be a fiscal return, but you've got to speak the same language that they are.

We love working with multidisciplinary teams, so we are the one cog or the one gear in the entire machine, as we like to call it, and we love to help advisors kind of talk to their clients and be able to go through these transitions, even when it comes to supporting family businesses and so on there.

Really, we won't be able to do a Q&A here today, but by all means, please feel free to chat with your private wealth leads and they can funnel the questions back to us. Alternatively, you can always contact us at [karmaandcents.com](http://karmaandcents.com), and really we've got one other thing that will be hopefully sent out to you after this conversation. We're also going to send you out a—we're calling it our decision tree matrix, so really what it is, it's been a bit of a quick write-up that you can now—you'll print and keep to the side of your desk that will then help you, if you hear X from your client, what they're really saying is Y. This, following the decision tree matrix, will give you a few other tools in your arsenal to really tap into that next gen and really tap into what they're saying, so when you have a look at that, hopefully that can help further along the conversations a bit more.

With that, thank you very much to everybody for joining us from coast to coast, and let me turn it over to Scott. Thank you once again for having us.

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**Scott McElligot, Investment Counsellor, Manulife Private Wealth**

Gena and Richard, thank you very much. I know having spent some time working with you, I can truly say that as independent advisors in this space, you're definitely at the leading edge of it. I think that having access and capacity to specialization when the opportunity presents itself and bringing in a team of people such as ourselves, potentially, as investment advisors to help in things like foundations, as well as yourselves, you can truly surround yourself and your client with a great team. Really appreciate your time here today, and I encourage everybody to check up on LinkedIn and check out Karma & Cents for a little more information.

We're going to move on right now to a different zone where you can also, as an advisor, create a specific mechanism to help your client related to philanthropy, and very impressed with CHIMP. Charitable Impact Strategies is actually an organization based out of Vancouver, and one of again the leading edge people in this space. We're fortunate today to know that CHIMP has actually donated over \$390 million to Canadian philanthropy charitable organizations while helping advisors grow their business, so it's a great combination of being able to create a philanthropic mechanism and also add to your assets and your book using CHIMP.

Michael Todd is the Director of the Charitable Investment Program at CHIMP. Michael spent 10 years in the mutual fund business out of Toronto and then moved across the country and spent almost a decade working in the marginalized Vancouver downtown east side. He then moved into the world of donor-advised funds, first with Raymond James and subsequently with Charitable Impact Strategies. Mike helps advisors across the country understand both sides of philanthropy, the donor side and the charitable side, so that they in turn can help the clients achieve the impact goals that they want to make.

Michael, thanks for joining us today, and over to you.

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**Michael Todd, Director, Charitable Investment Program, CHIMP**

Thanks very much, Scott. Pleasure to be here, and good morning, everybody, or good afternoon depending on where you are. It's still morning here in Vancouver.

I'm going to be sending out a PDF after the fact, but all I really want to do this morning is support and emphasize some of what Richard and Gena have already said and maybe build that out a little bit in the area of expanding your practice by incorporating philanthropy. I think philanthropy and wealth management—at the risk of overstating the case, I really believe that for the next 10 years or so, philanthropy is going to be one of the major issues in the whole field of wealth management, and so I think it's critical and it's very timely that we're having this conversation.

But right off the bat, let me give you my two premises that I'm coming to you with. First, I believe that incorporating philanthropic advice into your practice is good for your clients. That probably stands to reason. It doesn't sound too controversial to you. Number two, though, is I also believe that incorporating philanthropic advice in your practice is good for your practice. It's good for your business, and Gena's already spoken a little bit about that point. I love the word she used - oxymoronic. Often when I go to an office, advisors look at me sort of sideways and think, this is some naive charity guy who's coming to me and trying to convince me to get my clients to give away their money, clearly he doesn't understand how my business works. We're very quick to point out that that is not the case, and in fact speaking about philanthropy with your charitably minded clients will help you retain assets and it will absolutely help you build your business and gain new assets. We can touch on some of that.

Very quickly, let me give you a couple of stats. Stats are what they are - they speak a truth but they can be turned around and presented in different ways, but let me give these to you and say that over the last several years, Canadians have been giving about \$16 billion a year to charity. That's \$16 billion with a B - it sounds like a lot of money. Eighty-two percent of Canadians claim to give to charities and non-profits, and I use the word claim because 82 percent is a high number, but a much, much lower number of taxpayers actually include a charitable tax receipt on their tax return, so there may be a bit of a spread there, a bit of a gap between people saying I give to charity, and that could also involve a couple of bucks at the checkout counter when you're at the grocery store, but the number of Canadians who claim a receipt on their tax return is dropping. Finally, 72 percent of Canadians say that they feel a personal responsibility to make the world a better place, and that's good.

Let me say that navigating charity can be complex, and there is basically nowhere, present company excluded with Karma & Cents and with Charitable Impact Strategies, if I may, there is nowhere to find objective giving advice if you are a donor. There's nowhere to find objective giving advice, and what do I mean by that? Eight-six thousand charities in Canada these days, and most of them are doing great work, are very worthy of your support. However, we exist in what I like to call a fundraising paradigm, so that means that charities are spending their time not teaching us how to be better donors, how to be more engaged donors, but they are spending their time figuring out how to get us to donate to them, to their cause. That's an observation, that's not a judgment, as I like to say. I don't blame them at all, and I did spend 10 years on the charity side of the street and I know exactly how it works.

Canadians are very generous people, but typically we give when we're asked and when we're asked to give, generously, but we tend to wait until we're asked. Charities know this and they need to fund their work, so they spend a lot of time, energy and resources on getting good at asking, so we're in this fundraising paradigm that I really think needs to change, and we at CHIMP believe that needs to change.

We would rather see what we call a donor-centric paradigm, meaning that at CHIMP, we say unapologetically we don't work for charities, we work for donors. Of course, we're all in support in the end of charitable work, but we work for donors. We want to make sure that we're learning how to give well, how to give intelligently, and importantly how to give as part of a financial plan. It's complex, it's difficult to get objective giving advice, and that's what I mean when I say that it's difficult to get that kind of help and input.

Well that's interesting, but why do I think that you as advisors should be helping with this? You're busy enough as it is. I'm sure some of you are thinking, well, that's not the business I'm in, I'm not in the charity business. But I really do think that it's beneficial to do this, and let me tell you why.

Recent surveys have said that 91 percent of high net worth households donate to charity - 91 percent. Now, I don't know if that's a thousand dollars a year or a million dollars a year, but 91 percent of high net worth households donate to charity. However, of those folks, only 13 percent are consulting with their financial advisor on their charitable giving, and that's an interesting spread if you look at it that way. Ninety-one percent are giving, only 13 percent are looking for help from their advisor. If

you're seeing this glass as half full and really thinking that, you know what I need to incorporate philanthropy into my practice, this is a great opportunity for you. There are a lot of people out there who are giving, they're giving generously, and they are looking for help on it, so that's a huge opportunity.

On the other hand, let me use those same numbers and say if you have decided, listen, that's not the business I'm in, my clients don't care about this, I don't need to worry about it, well, let me point out that if you have high net worth clients, which I assume you do, it stands to reason that 91 percent of them are currently donating to charity, and if you are not going to help them with that, it's conceivable that somebody else, perhaps on this call, is going to find them and is going to offer to help. I think it's a huge opportunity and I think it's also a risk - it's a bit of a yin-yang thing.

Let me just walk you through a very quick exercise here. I want you to think about somebody who you know who is successful, who is affluent, and who you know gives to charity. I'm sure everyone can think of somebody, so think of that person, and whether or not this has been over coffee or a cocktail party or just in general conversation, or within the relationship of advisor to client, think about what happens when you get them speaking about their giving. You've asked them about their giving or they've volunteered that they're working for a charity and raising funds, just what is their demeanour like when you get them speaking about their giving.

I have found, it's been my experience that for most people, they get excited, they get a little bit animated, and they get worked up, so I look at that and I consider the question or consider the possibility that their giving may in fact be one of the most important elements of their wealth. I like to call it their wealth experience. I think that most clients don't put their money into buckets as we tend to do. They don't think about it as their RSP, they don't think about it as their investment account, they don't think about it as their charitable giving; it's just their wealth experience, and as I'm suggesting, perhaps their giving is one of the most important elements of that wealth experience, so if we want to be their wealth advisor, it stands to reason that we should be speaking to that very important element of their wealth. I think that makes a lot of sense.

Speaking of high net worth individuals and high net worth families, I've said—I alluded before when I was reading out that stats that there is—it's not all good news, and the reality is, as I said, fewer Canadians are claiming a charitable tax receipt on their tax return. The number is

dropping. I'm looking at a chart here in front of me, and this will be included in the PDF that I send you later, the decline in this number is astounding. Fewer people are giving, and people are giving less - that's a huge concern for us.

The exception to that is the high net worth space, so if you do the math, it means that high net worth individuals, your high net worth clients are providing more and more of the charitable funding in Canada, and we think that's a risk. The fact that fewer people are giving, that's a huge concern to us. The fact that high net worth individuals are providing more and more of the funding, that is also a huge concern for us. It's of concern because it's a smaller pool providing the funding, and so in my view, A, that means they're going to be looking for help, as I keep saying, with their giving, but it also means that they'll be looking for help investing those assets. They'll be thinking long term, and this is a bit of a tangent issue but it's an important one, they may also be looking for privacy because as I said earlier, charities are smart - they know where the money is and they go to where the money is. Your high net worth client will be being solicited more and more in the future because, as I said, they're providing more of the funding, so they need help. They need help doing it intelligently and they may need help providing or protecting their privacy.

This is why we say, as I said at the outset, that charitable giving belongs in your practice. I also said earlier that not only will you retain assets, which again sounds counterintuitive or, to use Gena's word, oxymoronic, but it's true, you're also going to gain new assets because high net worth folks who give—they like to speak about their giving with their peers and with their friends and with their colleagues, and they're going to talk about it, and if they're the one in the crowd that is able to say, well, listen, sure, my financial advisor is helping me with this, why wouldn't they, this is important to me, that's going to stand out and that's going to draw attention.

The other issue I like to speak of, and this goes back to my days—as Scott said, I was in mutual funds for years, and I've watched the business change and I've watched the way the providing of value has grown in importance in just a crazy way, astronomical ways. I think back to pre-CRM2 days when—you know listen, if I looked at my statement and I found that I was being charged one percent, I would think, well listen, one percent, geez, one is a pretty lower number, it's almost zero, that's not bad. But now post-CRM2 when I look at my statement and I see that that one percent actually equals, let's make up a number here - \$800, \$1,000, \$5,000, then it becomes real. That's real money, and then if I'm not really dialed

in, I might think to myself, what am I getting for that really? What is that? You're under pressure to provide more value, and I would humbly submit that providing advice in the area of your client's philanthropy is just another way to demonstrate that value.

Quite honestly, even the clients who are not going to take you up on that, at least they know that this is something that you offer, so I do believe this is another window into the value you're going to be providing to your client. This is another way.

Charity is good for your clients. There is a number of reasons why I say that. Obviously it's an effective tax strategy - you get that immediate tax credit and, quite honestly, I will often say to clients, listen, at the end of the year you're going to write a cheque. You can write it to CRA and to Mr. Trudeau, or you can write it to CHIMP - which would you rather do? Mr. Trudeau is going to decide where to spend the money, or you could put it aside yourself, for instance, in a donor-advised fund, and you decide which social causes you're going to support. As you may know and as many of your clients do not know, public securities are one of the most tax efficient ways to give a gift, and quite honestly cash can be one of the least effective ways to do, and we can talk a little bit more about that.

The issue of a donor legacy, there can be an enduring name recognition from strategic charitable giving, or as I implied earlier, the opposite too, there can be privacy as well, but that's another reason why this is good for your clients.

Most people give—in fact, 70 percent of high net worth folks draw upon their family values when giving, and that is a conversation. The family values conversation, that's one that you want to be involved with to deepen those relationships, and believe it or not, giving can make you happier and it can make you healthier. There are actually several studies out now saying that people who give outlive the rest of folks and are healthier, so believe it or not, I think it's kind of interesting.

When you're involved with your client's philanthropy, you allow them to say yes to charity with a clean conscience, if you will, and you also allow them to say no, because when there is a plan, when it's not just haphazard, when it's not chequebook charity, as we like to say, when they're not just responding to requests, when there's a plan, it's more intelligent and you can go and say, listen, no, thank you, I think you're a great organization but I have a plan in place and you're not one of the organizations I'm supporting this year, but thank you so

much for what you do. You can say that with a clean conscience. I think Canadians hate to say no, but when there's a plan in place, it gives you the ability to do that.

Some more stats for you - 60 percent of wealth advisors say that discussing philanthropy is a means of establishing relationships with new clients. That's critical - 60 percent. Ninety-five percent say that it's a way to deepen relationships with existing clients. That's an incredible number. We all want deeper relationships, we all want to build that fence around our clients, and when you can know what's really in their hearts, what makes them concerned, what makes them happy, that relationship is much, much deeper. This just makes sense again to incorporate into your practice.

I think this partnership we have with Manulife Private Wealth and Charitable Impact Strategies just adds to that sense of value, and you already know that because so many of you are in partnership with Private Wealth already, so it just makes sense. You do not need to become a philanthropic expert. You can know and learn as much as you want about it, but we will come alongside and provide that expertise in the area of philanthropy. You just need to manage the relationship with your clients and continue to manage the assets.

What we bring to the table is personalized, and I'm going to use the same word here that Richard and Gena have used - strategic. It's so critical, I can't overemphasize that. Personalized, strategic, and objective support for high net worth donors - in other words, those are your clients as well as your ideal prospects, so we think this makes sense.

Very quickly, I want to describe for you how it works with Charitable Impact Strategies specifically, and this will make more sense when you see my PDF later on - there's a bit of an infographic. We offer a donor-advised fund, and many of you will know what that is. That is just a giving vehicle where your clients can give today and actually disburse to charities later. With our model, we think there's some real benefits. We're based on a tech platform - we have some pretty significant technology running this thing, and this the way it works with us. The critical thing to remember is that there are two accounts, and here's how it goes.

Let's say you've got a client who wants to give, is a giver, is going to give significantly over the next several years. Let's say on top of that, that they sold a business this year, they have exercised some options, they've got a bonus, and they're facing a significant tax bill, so they could use a good tax receipt this year. What we do is we

will open up an investment account with you, with your partners at Manulife, so we open up an investment account that's in the name of CHIMP Foundation. Your client then transfers—ideally transfers appreciated assets from their own accounts to this new CHIMP Foundation account, and that effectively is the donation. CHIMP will issue a tax receipt to your client for the fair market value of that transfer, so all they've done is move assets from their accounts into this new account. It's still sitting on your books, still being managed—no difference there, nothing has left the shop.

The assets sit in that account and continue to grow, continue to be managed, and your client has a single point of contact with CHIMP. In our case, I'm going to use my colleague, Nicole, so Nicole will call your client and say, welcome to CHIMP, here is how it works, if you have any questions, if I can help you at all, or when you want to actually disburse money to charities, please call me.

Let's say your client has \$500,000 in this account and they've decided that they want to send \$10,000 to the hospital. The client calls Nicole and says, Nicole, I need \$10,000 to go to the hospital. That's great, so we contact you, we contact Manulife and say, we need \$10,000, so a transaction is executed in the investment account and \$10,000 is sent here to CHIMP, where we place it into the second account - I mentioned there were two, so money is moved from the investment account and is now going into what we call their CHIMP account. This is very simply just an online secured giving account. It's like a bank account for charity, if you will.

We drop that \$10,000 into their CHIMP account, where several different things can happen depending on your client. If they're comfortable with technology and they're into it, they can sign on and just give it away - they find their charity, they locate the hospital in our robust search function, and they send it away. If they're not quite sure, then they call up Nicole again and say, walk me through this process, and we will do that from start to finish. Thirdly, and I often use my 86-year-old mother as the example here, my mom is not about to pull out her iPhone and send \$10,000 to the hospital, so she will call Nicole and say, please send \$10,000 to the hospital. She hangs up, and we will do the whole thing from start to finish. I usually hasten to say that because often when I speak about technology, immediately some advisors get concerned because they think this is not going to work for my clients, they're not comfortable with the tech, but that's not a problem.

The way I see this, really, is it's a high tech, high touch service, and that's a spectrum, that's a line - high tech on

one end, high touch on the other. Effectively what we do is we ask your client to tell us where on that line they want to reside, and that's how we service them. For some people, we're a very cool online giving platform, and at the other end of the line, for my mother, we're like a private bank where she just tells us what to do and we do it for her. That's the way that the process works - two accounts, one is an investment account that is managed on your end, the other is the CHIMP account which is here at CHIMP and used to actually disburse the funds to charity. As I said, look for the diagram when you receive the PDF.

There are several different types of asset classes that can be donated and that CHIMP can handle. First is cash - as I said, that's easy, but it's often, as I also said, not necessarily the most effective way to do it, because you're giving with post-tax dollars, if you will. There is publicly traded securities, which can be an excellent way to do it because when you give appreciated securities, the capital gain is eliminated, so that's very important to do. If you've got \$10,000 in stock and \$10,000 in cash, nine times out of 10 it makes more sense to donate the stock. We can receive life insurance, and we can even receive private company shares. Now, those are pretty complex deals, but that's something that we can do. Your clients who own their own companies, their own corporations can donate shares of the company, and if you've got questions about that, you can follow up with me. As I said, those can be complex, but it's something they're actually doing a lot of these days.

They can donate real estate, which is a big deal particularly here in Vancouver, as you might imagine. Art, we haven't done any art yet so we're actually looking forward to the first opportunity to do that. Cryptocurrency, we actually became the first donor-advised fund in Canada to receive a gift of cryptocurrency last year. Finally, we can also receive assets from private and community foundations, so we've had some friends who have either eliminated their private foundation, or kept it but used us to help with their disbursements, so it's something to keep in mind.

I think this partnership, as I said earlier, makes sense, and let me just tell you why. I believe that through our technology but also through some of the philanthropic advice that we can offer, this can really add value to your practice. We can facilitate some very robust philanthropic conversations, we can help you learn how to do that with your clients, and we can also participate. We can research causes and charities for your clients. We can engage families in their own plan, in their

intergenerational giving plan, and we can help with grant-making negotiations and amplification.

Amplification is a big word here at CHIMP. Because of the technology, we are able to take donations being considered and amplify them and grow them, and so very recently we had a case where a client was going to donate \$100,000 and it was going to go to environmental causes, so we were able to take that \$100,000, put it up on our platform as matching dollars and then encourage others to participate, and in fact we turned the \$100,000 into \$200,000. That's what we mean by amplification, and the technology allows us to do that in very easy terms.

As I said earlier, you do not need to become a charitable expert yourself, and this is one of the real benefits of partnership. You provide the investment and the relationship management expertise, we provide the gift administration, the reporting administration, saving both you and your client time and money, and with our support your clients are able to focus on their charitable donations and the impact they want to create.

There are several different things that we could talk about that we simply don't have time for today, but let me just give you a little bit of a list and perhaps one of these will pique your interest and we can follow up later. Tax-effectively prefunding your client's giving. As I said earlier, if you've a client who is a regular giver, gives every year, gives significantly, and needs a big tax receipt this year, that's easily accomplished. When it comes time to rebalance the account or perhaps harvest some capital gains, it makes sense to consider philanthropy then.

Here's a key one - turning unmanageable assets into cash to be invested. You heard me say we can receive art, real estate, private company shares, and you may have been thinking well, that's fine but those aren't assets that I can manage. Well, our goal always when we receive those type of things, which we call complex assets, is to receive the asset, liquidate it, and then provide you with the proceeds to invest. There's a real strategy here for turning what I like to call unmanageable assets into manageable assets.

Life insurance, as I mentioned, life insurance in order to redeem; donated private company shares, that's a big strategy. If you've got clients with holding companies, you can use philanthropic giving to help extract some of the wealth from the holdco, and of course, cross-generational wealth planning. It just makes sense.

In summary, let me just say that we have the lowest cost advisor-managed, donor-advised fund available with, we believe, the most robust service out there. The key thing that we haven't discussed this morning in these few minutes is how - how do you incorporate a philanthropic conversation into your business model? I may have convinced you that you need to, but now you're worried because you're not sure if you know how to. That's something we can absolutely help with, so please if you want to learn more, reach out. We can arrange meetings, we can have a call, we could help you have that philanthropic conversation with your client, and enrich your own practice, enrich the lives of your clients and help them achieve their charitable impact.

Scott, I think I'll end it there and turn it back to you. Thank you so much for the time this morning.

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**Scott McElligot, Investment Counsellor, Manulife Private Wealth**

Thanks, Michael. As you were chatting, it gave sense to a file I've recently been working on, where I've been speaking with a client prospect with more than 15 years of experience with a major bank brokerage firm, who had had no discussion around philanthropy and was very intrigued by it. In actual fact, this client had about \$250,000 of value in six stocks with over \$100,000 in capital gains, and became really intrigued about how it might be able to work with a donor-advised fund to meet her philanthropic goals and also how Manulife Private Wealth could work with CHIMP to create the right kind of investment strategy for the advisor that was working on the file and the client.

I think this is a really important space. As Michael mentioned, 87 percent of these clients should have this conversation and haven't had it yet, so I encourage you to add this to your practice. Here at Manulife Private Wealth, we're right alongside you to try and help create the right advice and position the right team with people like Michael, Gena and Richard.

I want to thank you for your time. I think this is a great seminar session, and we look forward to hearing questions back from you. We'll get the materials in your hands if you don't have them yet. As I mentioned, please reach out to your regional private wealth consultant if you need any more information.

With that, thank you and have a great day.

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