

Advisor Webinar Series

January 12, 2022

“The Melton Case:
From Business Exit to Philanthropic Impact”

Presented by Phil Cubeta,
CLU® , ChFC® , MSFS, AEP®, CAP®
The Wallace Chair in Philanthropy at The
American College of Financial Services

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Webinar for Professional Advisors

The Melton Case: From Business Exit to Philanthropic Impact

Program overview:

To accomplish results that matter to the community, prominent family businesses that establish philanthropic family foundations must examine a multitude of elements. In this webinar, delivered exclusively for professional advisors, Phil Cubeta will address those elements and walk through a case study that illustrates how to strategically bridge business exits to philanthropic planning. In this one-hour presentation, Cubeta will describe how to:

- Understand when strategic grantmaking assistance is required.
- Distinguish family foundations and large donor-advised funds specialists.
- Recognize potential pitfalls for practitioners who provide philanthropic advice outside of their area of expertise.

Date: Wednesday, January 12, 2022

Time: 3:00 - 4:00 pm Eastern

(2 - 3 pm Central; 1 - 2 pm Mountain; Noon - 1 pm Pacific)



Philip Cubeta
CLU®, ChFC®, MSFS, AEP®, CAP®
The Wallace Chair in
Philanthropy at The American
College of Financial Services

Philip Cubeta, CLU®, ChFC®, MSFS, AEP®, CAP® is the Sallie B. and William B. Wallace Chair in Philanthropy at The American College of Financial Services, where he directs and teaches in the Chartered Advisor in Philanthropy® (CAP) program. Essays by Cubeta on philanthropy have appeared in *Nonprofit Quarterly* and he has been as quoted in, or the subject of, articles in *The New York Times*, *The Journal of Gift Planning*, *Lifestyles Magazine*, *Financial Planning*, and the *Financial Times*. Along with Charles Collier of Harvard, Cubeta was the 2012 Fithian Leadership Awardee from Advisors in Philanthropy. He received the 2012 Power of the Purse Award, in the advisor category, from Dallas Women's Foundation. He also serves on the Planned Giving Advisory Board for The Carter Center (established by President Jimmy Carter and his wife, Rosalynn Carter). Prior to joining The College, Cubeta served as Chief of Staff for The Nautilus Group, a service of New York Life Insurance Company providing estate, business, and philanthropic strategies to affluent clients through 230 of the company's top agents. Cubeta received a BA in English Literature from Williams College, an MA in Philosophy and Psychology from Oxford University, and an MA MPhil in English Language and Literature from Yale University. He also holds the Master of Science in Financial Services (MSFS) degree from The American College of Financial Services.

Accountants can earn CPE credit by pre-registering using the link on the following page, responding to the polling questions that will be asked during the program, and completing and returning the required forms. This course qualifies with NASBA for 1.0 hour of CPE credit in the field of study: Taxes.

The Melton Case: From Business Exit to Philanthropic Impact

With Philip Cubeta, CLU®, ChFC®, MSFS, AEP®, CAP®

To register for and attend this session, use the link below:

https://nylife.zoom.us/webinar/register/WN_ouDfDylTSOOpvhUGqEYhwa

To ensure the best possible webinar experience, test your connection here: <https://nylife.zoom.us/test>

It is critical that you test your connection prior to logging into the webinar.

Technical support: If you experience issues registering or attending, please visit <https://support.zoom.us>

Mobile access: Zoom runs on tablets and smartphones. Download the application from the App Store of your choice.



Watch replays of the Advisor Webinar Series:

[http://nyladvisors.com/
educational-resources/](http://nyladvisors.com/educational-resources/)

Learning objectives: Upon completion of this program, participants will be able to identify when strategic grantmaking assistance is required; distinguish specialists providing advice to family foundations and large donor advised funds; assess their competencies versus firms that specialize in grantmaking guidance; recognize potential pitfalls for practitioners who provide philanthropic advice outside of their area of expertise; and conclude whether they will manage or delegate such advice, and to whom it should be delegated.

Who should attend: This presentation is prepared for the general information and education of professional advisors who work with agents of New York Life Insurance Company. It is for educational purposes only and not intended for use with the general public.

Program level: Advanced.

Prerequisites: Practicing accountants and attorneys with significant exposure to the subject.

Advanced preparation: None required.

Delivery method: Group Internet based (GIB).

Recommended CPE credit and field of study: Participants will earn 1.0 CPE credits in the category "Taxes." In order to be awarded the full credits, participants must respond to the polling questions asked during the program, and complete and return the appropriate CE forms.

Registration requirements: To register for this program, go to https://nylife.zoom.us/webinar/register/WN_ouDfDylTSOOpvhUGqEYhwa.

Program refund policy: There is no fee for attending this program.

Complaint resolution policy: For more information regarding administrative policies such as complaint, refund, and program cancellation, please contact the New York Life Insurance Company representative at 972-720-6704.

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The presentation discusses current developments and sets forth generally accepted concepts or principles. New York Life, its agents or employees may not give accounting, tax, employment, or legal advice. For such advice and specific applications to individual cases, individuals must rely on the advice of their own professional advisors. Phillip Cubeta and The American College of Financial Services are not affiliated with New York Life and are solely responsible for the content of this presentation, which may not necessarily represent the views of New York Life or its affiliates.

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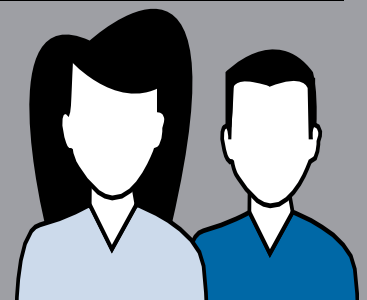
YES

NO

Enjoy the webinar!

1

Arrive on time and be prepared to attend, uninterrupted for the entire duration of the program. An onsite course monitor is no longer needed to sign and complete CE forms.



2


Accurately respond to each polling question that will appear on the Zoom platform throughout the program and complete an optional short evaluation survey at the conclusion of today's event.

Are you a

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for today's webinar?

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- 2 Respond to each polling question that will appear on the Zoom platform throughout the program and complete an optional short evaluation survey at the conclusion of today's event.



The Melton Case: From Business Exit to Philanthropic Impact

New York Life Advisor Webinar
Featuring Philip Cubeta, MSFS, CLU®, ChFC®, AEP®, CAP®




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Your New York Life host

Heather Davis, JD, CLU®, ChFC®, AEP®, CAP®
Corporate Vice President
High Net Worth Marketing Manager

<https://tinyurl.com/packetms>
<https://support.zoom.us/>



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Answering your questions:



Eva Stark, JD, LL.M.
Corporate Vice President
The Nautilus Group®



Matthew Pate, JD, LL.M.
Corporate Vice President
The Nautilus Group®



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Our guest speaker:



Philip Cubeta
CLU®, ChFC®, MSFS, AEP®, CAP®
The Wallace Chair in Philanthropy at
The American College of Financial Services



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Agenda

- The story
- Questions for you
- Insights from around the field
- Planning for action
- Conclusion



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Source of these slides and insights

- Independent philanthropic advisor with expertise in family dynamics and effective grantmaking.
- *Not* a financial advisor or fundraiser.
- His work complements that of financial advisors and nonprofit gift planners.



Tony Macklin, CAP®
Principal, Tony Macklin Consulting



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Acknowledgement

- Jennie Zioncheck has a master's degree in family therapy and serves as Chief of Staff and Implementation at The Pittsburgh Foundation.
- For several years, she led interdisciplinary CAP® study groups.
- Jennie has helped shape this presentation.



Jennie Zioncheck, MFT, CAP®
Director of Development
The Pittsburgh Foundation



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Ron and Ruth Melton



- Age 75
- Lifelong Central City residents and Presbyterians.
- *"We have far more than enough for as long as we live, and past then."*
- Active volunteers, joy-filled, community-oriented givers.



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Melton and Sons Construction

- Founded by Ron's father, led by Ron & brother Bill.
- Gladly generous, civically involved.
- Sold to a competitor after Bill's death.



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Will and Lori

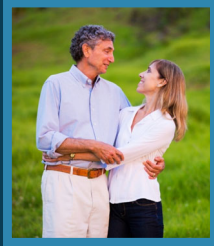
- Age 53
- Will
 - Former family business VP, now co-owns new biz. In state politics.
- Lori
 - Former teacher, now full-time volunteer.
- Three children in their 20s and one grandchild.
- Gives via civic connections.



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Linda and Greg

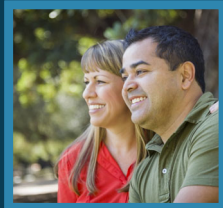
- Age 51
- Linda
 - Journalist and communications consultant.
 - Two children from 1st marriage, ages 30 and 27.
- Greg
 - 2nd husband; works with Will.
- Give as a "repayers."



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Laura and Juan

- Age 51
- Laura
 - International & Catholic ministry work.
- Juan
 - Faith-based financial advisor
 - Mexican-American.
- Two children in early 20s.
- Gives with faith & justice strategy; has a Donor Advised Fund (DAF).



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Advisors

Ellie

Wealth Advisor

- Ron and Ruth
- Will and Lori
- Linda
- Melton Family Foundation
- Aspires to providing planning to rival a family office or private bank.



Oliver

Financial Advisor

- Will and Lori's three children.



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Advisors

Edward

Semi-retired Attorney

- Ron and Ruth
- Former attorney for family business, helped set up the foundation.



Andrew

CPA

- Ron and Ruth
- Will and Lori
- Tight with Will's family.
- Provided services to the business.



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Melton Family Foundation

- Founded by the sale of family company last year.
- Approximately \$25 million in assets.
- Board: Ron, Ruth, Will, Linda, and Laura.
- Ellie's office managing & investing.



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Foundation details left for later

- Investment policy statement;
- Family involvement, preparation, and succession;
- Values, vision, mission;
- Giving priorities;
- Decision-making & problem-solving; and
- So much more.



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Ellie's agenda for 1st foundation meeting

1. Explain the start-up phase.
2. Approve the investment portfolio.
3. Private foundation legalities and conflicts of interest.
4. Grants at 5%.
5. Other business.



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The mood as the room empties



- A bit somber;
- We met;
- We gave away 5% of \$25 m = \$1.25 million;
- We did not fight about it;
- And we were done.
- What have we accomplished?



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Surprise!

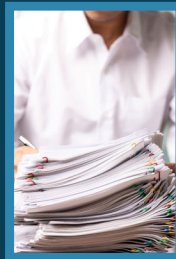
After the meeting, 12 nonprofits got checks from a foundation they did not even know existed.



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The joy of philanthropy

The foundation receives endless unsolicited grant requests.



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Next time?



- What is needed for this family to do better?
- To enjoy it more?
- To achieve results that matter for the community?



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Who will step up?

- Who can lead this family to better outcomes?



Questions for You

Where on TPI's philanthropic learning curve are Ron and Ruth?



Motivations across the family

- What differing philanthropic impulses and motivations do you see in the family?
- Where might there be contrasting or conflicting goals as family members learn to give together?



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Look ahead

Look ahead to the foundation's 2nd annual meeting:

- What challenges do you see for the Melton family?
- What challenges do you foresee for Ellie, their primary advisor?
- What easy wins would help the family grow in their work together?



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Insights from the field



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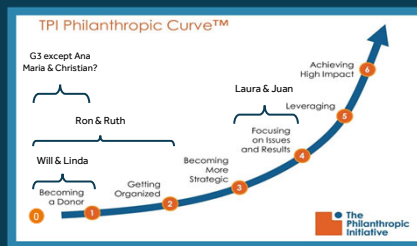
Insights from those surveyed



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Learning curve

"Not on the curve."



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Learning curve



Dr. Steven L. Meyers,
Founder and CEO of
Personalized Philanthropy,
Author: *Personalized
Philanthropy: Crash the
Fundraising Matrix*

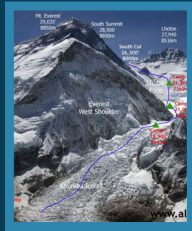
"I'm not sure [Ron and Ruth], or any of their family folk are actually on TPI's philanthropic learning curve yet, except in the most fundamental way that when a mountain climber approaches the highest peak, they might begin by setting up a base camp."



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Dr. Meyers

"The philanthropic journey [isn't linear]... it is both a more strategic and yet more meandering climb to the summit. There are a lot of switchbacks along the way."



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Family philanthropy

- For some families, it is mostly about family. For others, mostly about the impact on the world.
- Best if these two align.

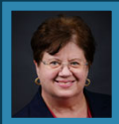


Bruce Debofskey



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Advisor as lead



Kit MacNee, CSPG®, CRPC®, CFP®
Financial Advisor
Morgan Stanley
Board Member, National
Association of Estate
Planners and Councils

- I would remain the person of contact for the Melton family.
- If the assets were above \$10 m, would work with our dedicated internal resources from around our national firm.



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Engaging the philanthropic advisor



Beth Renner, CAP®
Managing Director
National Director of
Philanthropic Services,
Wells Fargo Private Bank

- As head of a national resource team to advisors in our firm, I would talk with the lead advisor(s) first – learn family story and facts, family dynamics, philanthropic drivers, advisory team, etc.
- Client discovery review: double-check understanding, confirm shared view of priorities, gaps, next steps.
- Offer plan for next steps.



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The view from a family office

- Create a common understanding of what they've gotten into:
 - Develop a family mission statement.
 - Attend educational programs & webinars.
 - Exponent Philanthropy and local/state grantmaking associations.
- Implement a program for a good governance of the foundation.



Haley Kirk, CAP®
Assistant VP, Philanthropic Services
Whittier Trust Company



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View from an international bank (UBS)

Louisa Oakes, CAP®
Director, Family Advisory and
Philanthropy Services, UBS
Financial Services



Sarah Solomon, CAP®
Executive Director, Family
Advisory and Philanthropy
Services, UBS Financial
Services



Judy Spalthoff, CAP®
Executive Director, Family
Advisory and Philanthropy
Services Americas, UBS
Financial Services



- Focus on family history of giving and shared values.
 - Help them appreciate each individual contribution and collective story.
- Document family story (G1 video, book, letters, etc.) as examples of values in action; reinforce the importance of dedicating resources and time to the community.



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Easy wins for the Meltons (UBS)

- Document past giving by family members; look for shared interests.
- Consider “bucketing” of the grants budget.
 - Dedicate percentages to:
 - Historical commitments (obligations of G1 and business);
 - Shared issue/impact; and
 - G3 to learn philanthropy and learn to work together.



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View from a community foundation

- This is where a trusted advisor specializing in philanthropy serves as a co-pilot. Asking questions, starting conversations, providing resources and creating a [safe] shared space, language, and vision so that the family can start to tackle some of the basics.
- Get out ahead of potential conflicts.
 - Are there grantees that align with shared values?



Jennie Zioncheck, MFT, CAP®
Director of Development
The Pittsburgh Foundation



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What would Jennie do?

- One on one interviews with family members:
 - Establish trust;
 - Learn hopes, fears, goals; and
 - Insights on family dynamics.
- Gather data.
- Share insights with advisors.
- Facilitate group conversation:
 - Place family in driver's seat, starting with Ron and Ruth.
 - Review interview results and data.
 - Determine goals and document the plan.



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View from independent consultants



Mark Ewert, CAP®
Philanthropy & Leadership Coach
Legacy Philanthropy Group



Jay Weisman, CAP®
Founder of Legacy Philanthropy
Group

Establish an early understanding that the family's wealth, philanthropy, and legacy are about *more than money*.

- Financial capital
- Human capital
- Intellectual capital
- Social capital
- Spiritual capital
- Etc.



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Engage with the lead advisor

- Respect Ellie as lead advisor;
- Interview Ron and Ruth;
- Survey family members;
- Gather documentation of past giving, giving vehicles, existing commitments;
- Interview rest of advisors; and
- Create recommendations document.



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Easy wins they see for the Meltons

- Add prayer to family meetings;
- Storytelling that reveals all the levers the family has pulled to make a difference – gifts, volunteering, public service, service-oriented jobs;
- Human capital map of skills, knowledge each member brings; and
- Intergenerational "research team" to learn family history, investigate grantmaking priorities, etc.



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Services Mark and Jay provide to the advisor

- Serve as coach and guide to family's financial advisory team:
 - What are their goals for their practices?
 - Offer education and consultation on deepening relationships with multi-gen clients, philanthropic conversations.
 - Expand their intake to include more questions about philanthropic goals and/or involvement of philanthropic advisors.



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View from a nonprofit exec

- The foundation's philanthropic process will inform the giving strategies of family members.
- In addition to a cordial relationship, donors will expect program information, financial reporting, strategic planning, and accountability, from our charitable organization.



Vicki Wilson, Ph.D.
Executive Director,
Friends of the Haven



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Vicki says

"As a nonprofit, I must be prepared to work with donors who are better informed, experienced, and more focused on measurable impact."



Vicki Wilson, Ph.D.
Executive Director,
Friends of the Haven



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Vicki knows they will want more from her

- In some instances, donors will also want more access.
- So, opportunities to connect to the organization as either a volunteer, trustee, or advisor might be expected.



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An independent philanthropic consultant



Audrey Jacobs, JD
Principal
The Sarafina Group
Former Director of the Center for
Family Philanthropy, Community
Foundation of Greater Atlanta,
and President, Strategic
Resolution, Inc.

- Ideally, I would have begun the engagement process prior to the sale of the business.
- I would have recommended the facilitation of a meeting with Ron and Ruth first to understand the life they want to live during this next phase, and the legacy they want to leave.



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Audrey's advice

- I'd recommend that I (or the part-time executive director, if hired) support the family around all grantmaking issues and work with the family to address family dynamics.
- I'd encourage Ellie and her team to focus on investment management, both of foundation and the DAF for the G3.



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Family is the focus

- No more than 20% of family foundations or DAF holders are oriented to strategic giving, theories of change, or getting measurable results.



Tony Macklin, CAP®
Principal, Tony Macklin
Consulting



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Tony says

"Most family foundations are an extension of family checkbooks:

- 70%+ created since 1990*
- 70% less than \$10M assets*

Likewise, larger DAFs tend to be just an extension of family checkbooks."



Tony Macklin, CAP®
Principal, Tony Macklin
Consulting

* 2015 Trends Study, National Center for Family Philanthropy



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Insights from advisors in philanthropy



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Insights from Advisors in Philanthropy

*"They're building the plane while they're flying it.
And they don't have the blueprints or a qualified pilot."*

AIP 2019 Conference Attendees



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Advisors in Philanthropy

*"Ellie is over-stepping her role in the formation and launch phases.
Now she's in over her head."*

AIP Conference Attendees



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Near-Term Challenges

"One meeting a year isn't enough for a family to gel around this."

AIP Conference Attendees

"Family members are not interested or engaged in process."

Whitney Hosty



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Planning for Action

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What role for you?



- How much of the case will you handle?
- And what will you handoff?
 - To resources inside your organization?
 - To external resources?
- Or do you aspire to be the resource to whom others handoff?

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NAEPC Teaming Model



A synergistic and client-centric approach, where the client and/or their team of advisors engage in mutual communication, coordination, and cooperation.

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Your work at the intersection of....

"I work at the intersection of meaningful giving and community results."

Tony Macklin

"I work at the intersection of Financial and Estate Planning and Nonprofit Gift Planning."

Phil Cubeta

"I work at the intersection of family dynamics and significant gifts."

Whitney Hosty



You



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For financial, tax, and legal advisors



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How far on this journey do you offer accompaniment?



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To whom might you hand off?

Internal to your firm

- _____
- _____
- _____
- _____
- _____

Independent consultant

- _____
- _____
- _____
- _____
- _____



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Questions?



Phillip Cubeta
CLU®, ChFC®, MSFS, AEP®, CAP®
The Wallace Chair in Philanthropy at
The American College of Financial Services



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2022 Educational Events For Advisors *Save the dates!*

Advisor Webinar Series

Wednesday, April 27 – Bob Keebler

Wednesday, Sept. 28 – Jim Duggan

Wednesday, Nov. 30 – Chris Hoyt

Advisor Symposium

Wednesday, Nov. 9

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Thank you.

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