83-Year-Old Charity Luminary Starts New Firm

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At 83, Phil Tobin isn't done pursuing his career passions — after nearly 35 years of industry experience, he's starting from scratch, launching yet another firm.

Tobin, co-founder and former chairman of the American Endowment Foundation (AEF) Hudson, Ohio, -- the largest independent sponsor of Donor Advised Funds (DAF) -- recently announced the launch of iGiftFund. The launch of the new independent, advisor-managed DAF comes roughly 18 months after Tobin's retirement from AEF.

Tobin decided he wanted to focus on individual donors and financial advisors, which fueled his decision to launch iGiftFund at this stage in his career, he explained. As a part of a succession plan, Tobin's son Tom became the current CEO of AEF which now manages more than $2 billion in assets.

Prior to founding AEF in 1993, Tobin served as the CFO of The Cleveland Foundation, one of the countries first DAFs.

"My passion is working with individuals, so we decided to set up as a boutique which allows me to connect with people on a more personal level," he explained.

A DAF is a charitable investment account that allows investors to make contributions that are aligned with their philanthropic interests. Donors can make contributions of cash, marketable and non-marketable securities, real estate and life insurance, and other investment types.

DAFs can initially be perceived as a complicated investment; however, the funds have quickly grown to become the fastest form of planned giving in the country, according to the 2017 NPT Report.

Contributions to donor-advised funds in 2016 totaled $23.27 billion, a record high, according to the 2017 Donor Advised Fund Report from National Philanthropic Trust. Charitable assets under management in all donor-advised funds totaled $85.15 billion (a record high)— while grants from donor-advised funds to charitable organizations reached an all-time high at $15.75 billion the same year, according to the report.

"In less than three decades, DAFs have become a primary vehicle for giving in America. It's an exciting opportunity for donors, and for me to see my vision for DAFs come true in my lifetime," Tobin said.

Through iGiftFund, Tobin has created a unique donor experience that promotes inter-generational financial responsibility and supporting financial advisors in developing strategies using DAFs, he said.

At iGiftFund, donors get younger generations involved in the investing process -- preparing children and grandchildren to be financially responsible and caring adults, according to a press release from the firm.

The firm allows children as young as 8 years of age to participate in the allocation of charitable investments, Tobin explained.

One client had a large family (11 children and 35 grandchildren). Each grandchild received a sum of money to be donated to a charity of his or her choice each year. They were required to share their reasoning for their contribution to the fund of their choice, during a meeting in the offices of the firm. One year, their grandmother required their choices be acted out in a game of charades using props. Getting children involved doesn't always have to be legal or technical; it can be enjoyable, said Tobin.

"DAFs are an incredibly simple tool for family philanthropy. They empower individuals to give to any charity, any time, while also involving their children in the process to create a legacy of family giving. What could be more fun," he added.

iGiftFund will not replace a donor's financial advisor. Instead, the sponsor works with the financial advisors of investors to integrate DAFs, according to a press release.

"DAFs are an incredibly simple investment vehicle. Donors receive a tax break, choose how they would like to invest, and they get to choose what happens to the funds after death. Financial advisors can get creative with helping clients reach their larger goals -- for example, incorporating assets like real estate or farmland can be a great way to weave DAFs into portfolios," Tobin explained.

Financial advisors have a real opportunity to build especially long-lasting relationships through donor clients, he added.

"Seventy-percent of wealth transfers fail, and not because the financial advisors fail, but because parents don't properly train the next generation about the consequences of inheriting wealth. Poor decision-making can rapidly deplete inherited funds," said Tobin.

"The majority of the time, client's children will leave the financial advisor of their parents when they inherit assets after their parent dies. With DAFs, that rarely happens -- roughly 90 percent of client children stay with the financial advisor who handled the fund prior to the death, regardless of if they have another advisor. This is another incentive for advisors to focus on building relationships with the next generation," he added.

There seems to be a strong marketplace for a donor-focused approach in the DAF industry. Many times, donors try to get in contact with someone at one of the larger firms, and they are met with customer service lines with people hired to answer basic questions. At iGiftFund, donors can call in and get access to over 35 years of my expertise on the other end of the phone, Tobin explained.

iGfitFund has also simplified the documentation process. The fund's sponsor performs the majority of the paperwork, according to the firm. Tax benefits are applied shortly after the DAF is opened, however donors can choose how they allocate their funds at their leisure, according to a press release from the firm.
