

Advisers Forego Fruit Cake in Favor of Charity

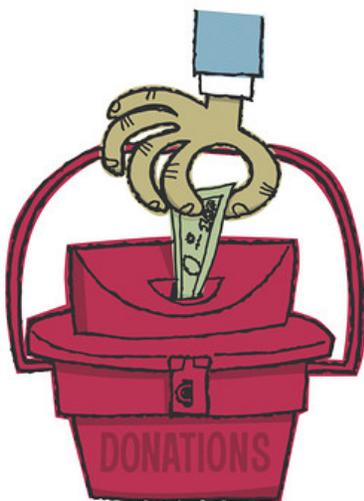
By CAITLIN NISH

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NEW YORK--Some financial advisers have found that the holiday gift clients appreciate most isn't actually for them.

Advisers are abandoning fruit cakes and the like, instead making charitable donations in their clients' names. That, they say, solves the perennial holiday dilemma: what to give a person who already has everything.

Up until a few years ago, adviser Matthew G. Kovalcik was squarely in the gift-giving camp. In fact, some clients still mention a present mailed nearly a decade ago. It was a small couch pillow embroidered with the phrase, "Always fly first class because if you don't your children will."



After sending cakes to 50 top clients one holiday season, the firm, which has about \$110 million in assets under management, received only three thank-you notes. A similar result followed a year later when clients opened a basket of goodies and a cookbook.

It wasn't "knocking their socks off enough" to even warrant taking the time to write a thank-you note, Mr. Kovalcik says. He decided that "there are plenty of other people here in the U.S. and abroad who could use \$3,000 a lot more than our clients."

The next year he chose to donate that money to charity-- and to tell his clients which organizations he was supporting and why. Since, Mr. Kovalcik has even stopped mailing cards, instead explaining the charitable contributions by email. Eliminating the printing costs allows the firm to donate an extra \$300-\$400 to organizations like St. Jude Children's Research Hospital and the Wounded Warrior Project, two of the charities the firm is supporting this year.

Albion Financial Group in Salt Lake City, Utah, made a similar change to its gift-giving policy three years ago after seeing the holiday gifts it received from attorneys and custodians pile up--and eventually get thrown away.

Amidst an effort to do more charitable work to increase its presence in the community, the firm decided to make donations in lieu of gifts, says Devin B. Pope, an adviser with Albion, which has about \$700 million in assets under management. Among the charities it supports is a food bank, a popular choice for advisers making holiday donations.

Like the feedback Mr. Kovalcik received, Mr. Pope says "the positive response from clients was much greater than for any book or gift we've given in the past." He only wishes the senders of gifts to the firm would do the same.

Some advisers are taking the charitable-gifting idea even further.

Accredited Investors Inc., an Edina, Minn.-based firm with about \$1.1 billion in assets under management, organized a two-day volunteer event this fall in which a total of 92 staff members and clients helped build homes with Habitat for Humanity. It then made a holiday donation to the organization.

Clients received a card around Thanksgiving featuring photos of the staff working on the homes and detailing the donation as well as the other charities the firm supported this year through matching requests from staff members.

Ross Levin, founding principal and president, says the firm has never sent clients holiday gifts. Its advisers do a lot of charitable planning for clients, making a holiday donation "consistent with the type of practice we have," he says.

And the donations aren't made only on behalf of clients. Accredited also made contributions as a present to its staff, giving \$250 to each employee's charity of choice.