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For clients with modest holdings in crypto assets, an effective planning strategy may involve a well-drafted will accompanied by a memorandum. However, for substantial investments, careful consideration must be given to the investment strategy, and all associated factors, including risk management and comprehensive estate planning.

In navigating these complexities, a proactive and tailored estate plan can ensure that clients' interests are protected and their intentions regarding their crypto assets are securely managed in an ever-evolving digital landscape. ■

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1. In this article, "crypto asset" is used as an umbrella term encompassing cryptocurrencies and other forms of digital assets. There is no universally accepted definition of what constitutes a crypto asset. For more detailed discussion on this topic, refer to page 10 of the Finance & Expenditure Committee's inquiry into the current and future nature, impact, and risks of cryptocurrencies. The Committee published its report on 17 August 2023 and discusses in detail the various terminology issues related to cryptocurrencies and digital assets. The Report can be found at parliament.nz/en/pb/sc/scl/finance-and-expenditure/.
2. According to the Financial Market Authority. This is comparable to the number of New Zealanders who have invested in residential property. 2022 research. The FMA's report is available at fma.govt.nz/assets/Reports/FMA-Investor-Confidence-Survey-2022.pdf.
3. A hot wallet is a term meaning that the wallet is connected to the Internet, or via a device that does. A cold wallet has no connection. For further reading, see investopedia.com/terms/b/bitcoin-wallet.asp.
4. The best example of this occurring in the New Zealand context is the failure of Cryptopia in 2019 following a hack which resulted in approximately NZD \$30 million worth of cryptocurrency being stolen from investors after suffering a large scale attack.
5. For discussion on this point, see coinpage.com, blog by Jane Lale, "Approximately 7.8M Bitcoins Have Been Lost. Can they be Recovered?", 3 March 2024.
6. This issue is especially prevalent when heirs of a deceased person lack the technical expertise needed to access and benefit from crypto assets left as part of the estate. It is less complex if the assets are held on a custodial exchange, however, since most popular exchanges are domiciled overseas, this could present its own set of challenges during the probate process.
7. The term 'paper wallet' is often used to refer to a wallet with the private keys printed on paper.
8. Again, this is not as an important consideration when crypto assets are held on custodial exchanges.
9. Everlasting is a homegrown example. For more information, see everlasting.io/.
10. A smart contract runs on a blockchain and can be utilised to transfer crypto assets when certain conditions set by the contract's originator have been met.

ESTATE PLANNING | WILLS

The Great Wealth Transfer is our opportunity to do things differently

BY ELEANOR CATER

Recent research in the UK shows how crucial professional advisors are in growing philanthropy. Eleanor Cater from New Zealand's Community Foundations Network writes of some of the findings from her research.

Professional advisors, including lawyers and accountants, are the most trusted advisors to people with wealth. They hold a very special position of influence and are often intimately involved in helping clients preserve and grow their wealth, plan for the end of life and develop estate plans. However, while professional advisor education focuses on strategies to maintain and growth wealth what is not covered is one of human's innate desires – how to do good by giving money away well. Professional advisors reveal that they often lack the tools and can often lack the confidence to bring up this crucial conversation, even though it has been shown by research as a topic which sits close to the hearts of many clients and one that they will to embrace.

More than 100 years ago Andrew Carnegie, American philanthropist, sagely observed that "it's more difficult to give money away intelligently than to earn it in the first place". Not much has changed in the following century and Kiwis face a modern paradox of wanting to do good but not knowing how; there is a vast array of causes and giving vehicles and sometimes the confusing landscape can lead to inaction due to the sheer complexity of options.

The good news is that professional advice can be incredibly enabling in the philanthropy space; professional advisors can help their clients to discover something quite extraordinary, about themselves and how to go about giving well. Community foundations – 18 of them around New Zealand¹ – can work in partnership with professional advisors, boosting their philanthropic expertise and helping clients discover their philanthropy or giving 'sweet spot'.



In the UK, where I travelled in 2023 with a Winston Churchill Fellowship, I discovered that the majority of the UK's 47 community foundations have close relationships with professional advisor networks and there is a very active conversation going on with a nationwide campaign - *Remember A Charity* - to grow bequests to charity. As a result, legacy giving has risen by 43% over 10 years, and almost quarter (24%) of wills handled by UK legal advisors include a gift to charity, showing steady growth and long-term change over the past decade (up from 16% in 2014)².

This more advanced philanthropy ecosystem in the UK provides us with a good roadmap and an opportunity to do things differently here in New Zealand. The Great Wealth Transfer of the baby boomers, which is sitting on our doorstep, and the deep needs of our communities, provides us with our 'why'.

However, this is not the only 'why' at work. Professional advisors often describe 'the philanthropy conversation' as some of the most satisfying conversations of their careers. This is the opportunity to deeply discuss the things that really matter to their clients and to help them discover themselves as changemakers.

The philanthropy conversation can start as simply as:

- What do you care about?
- Have you volunteered or, is there a cause you are particularly passionate about?

- What legacy do you want to leave the world?
- Do you want to involve your family in your giving plans?
- Have you ever thought of making change happen through leaving a gift in your will? (It's something other people do³).
- How do you want to be remembered?

These conversations, utilising human skills and high EQ, touch on some of the deepest matters of importance to clients, driving loyalty and intergenerational relationships between clients and professional advisors. One study even showed that up to 40% of the next generation are more likely to stay with the family's advisor if they have helped to shape the family's philanthropy⁴.

Additionally, what may surprise you, is the joy that philanthropy brings to people, described as a 'warm glow' from giving, it's a researched phenomenon that might seem a little curious, however is absolutely real: people really do get great joy from giving, whether during their lifetime or by leaving a gift in their will. This may be linked with shaping their identity, during their lifetime and beyond, changing the way that your clients see themselves and providing the empowerment people need to do something extraordinary.

In sociology, field theory tells us that fields of expertise are constantly evolving, and this is certainly true of philanthropy advising as a growing area of expertise. It is widely recognised that the growth

of philanthropy advice sits firmly in the sphere of influence of professional advisors and, perhaps the Great Wealth Transfer is the opportunity for professional advisors to do things a little differently.

My suggestion is to make the philanthropy conversation a part of financial conversations and estate planning; it may not appeal to all of your clients, but research tells us that it will appeal to many who may just discover that they can be the changemakers that their communities need. I am certain that many of your clients will thank you for helping them step onto that journey of discovery of how to give their money away well. ■

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1. communityfoundations.org.nz/regions
2. remembercharity.org.uk/about-us/latest-news/one-in-four-professionally-written-wills-now-include-a-charitable-gift/
3. Research from the University of Bristol and Remember a Charity shows that social norm framing is important in this conversation - <https://www.bi.team/publications/legacy-giving-and-behavioural-insights/>
4. <https://www.wealthprofessional.ca/investments/wealth-technology/a-case-for-sophistication-in-philanthropy-plans/386201>
5. Community Foundations of Aotearoa NZ invest charitable gifts for the long term benefit of communities. See more at www.communityfoundations.org.nz