



# Philanthropic best practices for professional athletes

*Philanthropic Services offered by Wells Fargo Bank, N.A.*

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Professional athletes and celebrities have been involved in philanthropy for decades. They have supported movements, social justice issues, and their favorite causes, contributing their own money to open schools and build hospitals—in some cases using their platform and influence to raise money to rebuild entire communities. A significant percentage of fans believe professional athletes and professional sports teams should use their platforms and influence to make a difference.

## Introduction

In 2020, ESPN commissioned TideWatch to complete an online survey of 837 sports fans (18 and over) in the midst of the social justice unrest that swept through the U.S. that year. One key study takeaway noted a significant percentage of survey respondents believe professional athletes and professional sports teams should use their platforms to speak out, get involved, and support social issues and causes that are of concern and importance to others. Here are some additional survey highlights:<sup>1</sup>

- 71% of fans supported athletes speaking out.
- Of the 71%, 44% of those surveyed strongly supported athletes speaking out.
- Roughly 50% of the fans who were surveyed said they were more likely to support teams and athletes who speak out than they were in the prior year.

<sup>1</sup> ESPN Survey ([https://www.espn.com/espn/story/\\_/id/29654147/survey-sports-fans-support-social-justice-stance-athletes-teams](https://www.espn.com/espn/story/_/id/29654147/survey-sports-fans-support-social-justice-stance-athletes-teams)). The wide-ranging survey of fans 18 and over was conducted by TideWatch for ESPN. It included a base sample of 537 interviews and an additional oversample of 300 interviews with Black fans, who were then weighted into their proper proportion of the population.

- Fans were divided on where these conversation(s) should occur. For example, 51% of respondents believed players should speak out during events, while 49% felt they should share their views away from the court or the field.
- Regarding how long athletes should speak out on social justice issues, 45% of professional baseball fans felt that athletes should speak out for the rest of the season, while 34% said they should not speak out at all. 21% believed they should only speak out during the first games of the season. 51% of professional basketball fans said players should speak out for the rest of the season, while 25% felt they should not speak out at all. Another 24% said they should only speak out during the initial games of the professional basketball season.

Philanthropy is a vast field and the number of issues and causes to address can be daunting. Estimates indicate there are over 1.48 million tax-exempt organizations in the U.S.<sup>2</sup> With so many options and causes to choose from, how should a professional athlete begin their philanthropic journey? We believe the following philanthropic topics should be top of mind for any philanthropist who wants to achieve impact through their philanthropy.

<sup>2</sup>IRS Data Book, 2022 (<https://www.irs.gov/pub/irs-pdf/p55b.pdf>)

## Finding your focus and providing direction for your journey

**Values.** Think about the values that are most important to you, your family, and your legacy. Focusing your philanthropy around these values may help narrow down how to devote your resources, time, and platform so you can select causes to support and see the change you desire. Your values may include community, equity, health, human rights, innovation, conflict resolution, collaboration, animal rights, education, empowerment, environment, opportunity, or sustainability—just to name a few.

**Travel partners.** Consider who you want to include in your philanthropic journey. These stakeholders can be family members, advisors, friends, or others with a similar passion for the causes you want to support. Once you decide who will join you, it's important to ask them if they want to be on this journey with you and to ensure they share your values and desired outcomes.

**Mission statement.** Casting a wide net with your philanthropy and contributing to numerous causes and nonprofits may not help you achieve the impact you may want to witness with your philanthropy. Mission, vision, and values statements can add focus to your philanthropy so you are directing your time, resources, and platform to causes, issues, and areas of concern you are passionate about. Crafting these statements can also help you think about and zero in on the impact and outcomes you want to achieve. Next, considering the cause or causes you find most important, jot down what outcomes you hope to achieve. You can do this step alone or gather your stakeholders to brainstorm together. Here are some questions that may help as you think about a mission statement:

- What will your philanthropic focus be?
- What do you want to see your philanthropy preserve or change?
- Do you want your philanthropy focused on a specific geographical area?
- Do you want your philanthropy directed to a specific cause or area of interest?
- What role do you want your individual values or family values to play in your philanthropy?
- How will you measure success for your philanthropy, including the use of your platform and influence?
- How often and to which issues and causes will you use your platform and influence?

**Intentional giving plan.** Intentional giving is purposeful, personalized giving. It is making impactful choices and decisions with your philanthropy. An intentional giving plan can start by looking at your last five years of philanthropy. The plan could list the organizations you gave to and the amounts given. It could group the charities by category such as education, civil rights, healthcare, animal causes, etc., and then aggregate amounts given for each category. This allows you to determine if your giving aligns with what you declare as your most important values and mission statement. For example, if healthcare is most important to you, but your philanthropy mostly supported education, then your giving is not in alignment with your values. Knowing this can allow you to adjust giving going forward to be intentionally aligned with your values and mission statement. It also helps to say “no” when asked to give to a charity that is not within your focus.

Maintaining this intentional giving plan year after year should help a philanthropist's vision, values, and mission statement come to life.

**Right team.** Philanthropy can be complex; however, it does not have to be if you are surrounded and supported by the right team. Advisors in philanthropy are well-versed in helping you identify your values, set your vision, and craft a mission statement. They can also help inform you on the various giving techniques and strategies that help a philanthropist accomplish their philanthropic and wealth planning goals. Further, such advisors can help you stay on track with your philanthropy and suggest course corrections when needed. Advisors in philanthropy possess skills and knowledge that can complement the skills and knowledge of a donor's other advisors. Advisors who are well-versed in philanthropy can provide insight on topics discussed in this paper as well as other topics that are equally important.

## Ways athletes have used their brand, influence, celebrity, and voice for charitable purposes

- Appealing to their fan base (such as social media followers) and the public to raise money for causes, like rebuilding a city after hurricane destruction (note: check to see if state charitable solicitation laws apply when raising funds or receiving donations and any donor charitable contribution reporting rules).
- Holding various celebrity fundraising events.
- Auctioning some of their sports memorabilia to raise funds for some of their favorite charities and causes.
- Using walk-outs of professional games to protest racial injustice.
- Joining professional athletes of other professional sports and leagues to protest and bring a unified voice and awareness to an issue or issues.

There are additional ways in which professional athletes may be able to leverage their brand/influence/celebrity for charitable purposes. As you think about these ways and the various opportunities to get involved, view them through a reputational risk lens. In other words, evaluate the issues and/or concerns with your advisors to determine if any may be so controversial that they do not adequately reflect the brand you want to project.

## Philanthropic vehicles and strategies

What philanthropic vehicle is best for your philanthropy? Once you have determined your values, vision, and mission statement, next look at which philanthropic vehicle and/or strategy will help you reach your destination. Some philanthropists may decide a donor advised fund will allow them to carry out their philanthropic goals while other donors may determine that a private foundation is the best strategy for them. Other philanthropists may decide along with their advisors that a split-interest trust such as a charitable lead or charitable remainder trust will work, as both trusts allow donors to accomplish multiple goals (including funding a donor advised fund or private foundation and transferring an inheritance to heirs, or providing an income stream to family members). Unrestricted outright charitable gifts and restricted charitable gifts to a favorite charity may be appropriate in some situations as well. If you want to experience your philanthropy during your lifetime, you may consider the following options:

- Make an unrestricted outright gift to your favorite charity, university, alma mater, high school, etc.
- Make a restricted outright gift to your favorite charity, university, alma mater, high school, etc.
- Make an irrevocable donation to a donor advised fund.
- Establish a private foundation.
- Form a public charity (will require meeting a public support test throughout the existence of the public charity and, thus, may not be appropriate for some).
- Create a charitable lead trust (usually created for income, gift, or estate tax purposes when there is an interest in transferring wealth to heirs at a reduced or no gift and estate tax cost or having assets returned to the donor).
- Charitable remainder trusts (may include certain provisions in trust agreement that allow for a percentage of the annual annuity or unitrust interest to be paid to charity or distributions of principal to charity during the term of the trust; early termination may be an option in some situations).

In closing, philanthropy can bring immense enjoyment and satisfaction when a philanthropic plan is customized for your situation and the goals you wish to accomplish.

## How we can help

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<sup>3</sup>Wells Fargo Bank Philanthropic Services as of 12/31/2023



## Discover more

To learn more about how Wells Fargo Bank Philanthropic Services can help you achieve your philanthropic goals, please contact your advisor or philanthropic specialist.

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