**Case Study #3**

Two years ago, Esther’s husband died of cancer. Recently, Esther approached the hospital where her husband was treated and told the gift planning officer she would like to make a gift of stock in her husband’s memory. Esther considered charitable remainder trust and charitable gift annuity options, but eventually decided to make an outright gift for immediate impact. “After all,” she said, “the sooner a cure for cancer is found, the fewer people who will have to go through what Milton and I did.” She added that she has $10 million in her stock portfolio so she wouldn’t even miss the money. As the gift planner was putting together stock transfer instructions for Esther, Esther’s long-time friend and financial advisor called. "Say, Esther told me about her idea for the hospital, and I told her she can put that same money in a life insurance policy and quadruple her gift. She just signed the application, and I'll drop it off at your office this afternoon." The gift planner calls Esther to confirm and she tells the gift planner that the financial advisor has been a friend for a long time and she didn’t want to damage their relationship by saying no to his advice.

**Discussion Questions**

1. Did the financial advisor act inappropriately?

2. Should the gift planner attempt to talk Esther out of the insurance gift?

Assume the financial advisor sits on the hospital’s board and is unknown to Esther. After the gift planner presents outright and charitable remainder trust/charitable gift annuity options to Esther, the gift planner recommends she review the options with the financial planner. The gift planner does not mention that the financial advisor is on the hospital board.

**Discussion Questions**

1. Is it okay for the gift planner to recommend a board member to assist Esther?

2. Would your answer be different if the gift planner had revealed the hospital’s relationship to the financial advisor?

3. Should the financial advisor accept the referral? If yes, under what conditions?

What if the financial advisor had approached the hospital and told the gift planner that one of his best clients wished to donate a soon-to-be-purchased life insurance policy. The client (Esther) has never made a gift to the hospital, and her name does not appear anywhere on any data base at the hospital. The gift planning officer visits Esther prior to the signing of the policy application and convinces her to make a major outright gift or fund a charitable remainder trust or charitable gift annuity with the hospital instead.

**Discussion Questions**

1. Has the gift planner acted inappropriately?

2. What should the financial advisor do?