

GIVING BACK WITH PLANNED PHILANTHROPY

STRATEGIES FOR CREATING CHANGE THROUGH YOUR LEGACY



INTRODUCTION

Giving back to your community is an extraordinary way to consciously define your family's legacy. Our observation is that many affluent Americans are becoming more strategic about their giving and want to engage more with nonprofits in their areas of focus. High-impact giving, or philanthropy aimed at maximizing its social influence, is becoming increasingly popular among American donors who want to ensure that their gifts are being used properly and who want to measure the effectiveness of their donations.

Planned giving allows you to combine your charitable goals and values with your personal financial strategies. Working with a professional to include philanthropy in your financial objectives can help you develop an approach to giving that's right for your family and your personal values.

We developed this special article to help you understand how we believe philanthropic planning can help you create a stronger legacy and increase the impact of your giving.

WHY IS PHILANTHROPIC PLANNING IMPORTANT?

Planned giving benefits both donors and the charitable organizations they choose to support. Today's world is complex and many important issues require informed solutions to address. Planning your giving allows you to educate yourself about worthy causes and develop relationships to ensure that your gifts make the greatest positive impact.

PHILANTHROPIC PLANNING BENEFITS CHARITIES

Charities can plan more efficiently and fulfill their missions more effectively when they can be secure in their funding sources.

Charity Navigator, an independent charity evaluator that rates nonprofits based on financial transparency and accountability, has found that most highly successful charities spend as little as possible on fundraising and marketing activities. By establishing a long-term relationship with a charity, you can help reduce the amount of time, money, and energy required to raise funds and help them get back to supporting the cause.

Think about the long-term impact of your philanthropy.

Responsible giving requires due diligence and a good match between your values and a charity's mission.

PLANNED GIVING BENEFITS DONORS

We believe that philanthropic planning can work effectively as part of an overall financial strategy because it allows you, the donor, to set goals for your giving. When donors only give in response to solicitations from charities, they allow others to determine how and when money is given. If you were to review your past gifts, what pattern would emerge? Has your gifting been intentional and driven by your passions and values? Or has it been largely motivated by external solicitations from friends, family, and charities?

The planning process also helps you take a proactive approach to charitable work by allowing you to do the due diligence needed to understand a cause or problem, and identify the major organizations committed to making a difference. By developing an informed understanding of the issues, you can take control of your financial relationship with organizations and become a strategic partner as well as a financial contributor.

Including charitable giving as part of your overall financial objectives can also potentially reduce your tax burden. While most people give to charity for non-financial reasons, we feel it's important not to ignore the potential tax benefits. By thinking proactively, it may be possible to identify tax-efficient strategies that are able to increase the amount of money you make available for your philanthropic goals.

POTENTIAL GIVING OPPORTUNITIES

A personal or family mission statement can help you define your family's core values and clarify your philanthropic goals. We recommend starting a conversation with your family about what matters most to you. Once you have established your goals, here are a few common ways to give through charity:

- ◆ A scholarship at your alma mater or a school of your choice can allow you to make a major impact on the future of future generations of students.
- ◆ Sustaining donations allow you to provide regular support to charities without the financial burden of a large donation.
- ◆ A donor advised fund allows you to leverage professional management while choosing when and how to make charitable donations.
- ◆ A charitable remainder trust is a tax-exempt trust that can make payments to you over your lifetime and distribute the remainder to charitable interests.
- ◆ Life insurance can allow you to keep your assets while benefiting charitable causes after your death.

Key Facts About Philanthropy in the U.S.*:

95% of wealthy Americans donate to charity

89% donate their time and talents

71% of wealthy donors use strategies to guide their philanthropy

81% have a specific focus to their giving

40% of wealthy donors consulted a professional to help guide their giving

33% of wealthy donors involve children and grandchildren in making giving decisions

51% of next generation family members learned their philanthropic values from the personal giving of family and friends

*2012 Bank of America Study of High Net Worth Philanthropy



SHOULD I GIVE NOW OR LATER?

Our clients often ask us whether they should give money to charitable causes now or include charitable gifts in their estate. Deciding when to make a philanthropic gift is a very personal decision that is based on a number of variables, including your overall financial health. A qualified financial professional can help analyze your personal situation and develop philanthropic strategies to meet your needs.

Giving Now Allows You To:

- ◆ Actively participate in charitable activities and manage your donations.
- ◆ See the positive effects your philanthropy has on the causes you care about.
- ◆ Establish an active culture of philanthropy in your family and build family bonds.
- ◆ Engage with an organization and make your mark on its mission.

Giving Later Allows You To:

- ◆ Keep control of your assets as long as you need.
- ◆ Take advantage of potential market growth opportunities.
- ◆ Gather information over time on what charitable interventions are most successful.

HOW CAN WE SUPPORT YOUR PHILANTHROPIC GOALS?

Our expertise extends beyond the creation of personal financial strategies. We work with our clients to move beyond immediate financial needs and discover their higher purposes. Our goal is to help you and your family define your personal values and support you during your philanthropic journey. We can help you:

- ◆ Explore your values and create a family mission statement.
- ◆ Identify the right structure for your giving and create a philanthropic strategy that fits your needs.
- ◆ Understand how planned giving can fit into your existing financial strategies.
- ◆ Develop your personal legacy and a vision for your family's future.



NEXT STEPS

Whether you're already actively engaged in philanthropy or are considering it for the first time, thinking about the ideas we've presented here can hopefully help you make more effective and satisfying choices in your giving.

When you're ready to put your values into practice, we encourage you to contact us so that we can work together to incorporate philanthropy into your current financial strategies and start building your charitable legacy.

If you have any questions about philanthropic planning or any other personal aspirations, please give us a call. We'd be delighted to hear from you.

FOOTNOTES, DISCLOSURES, AND SOURCES:

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