



October 17, 2017

FUN in Philanthropy

for
Estate Planning Council of SW Washington

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“If you think money can’t buy happiness you’re not spending it right. Stop spending it on yourself and try giving some of it to other people.”

Michael Norton, Associate Business Professor
Harvard Business School



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Agenda

- Why philanthropy is important
- What philanthropy achieves
- Common charitable tools
- Words that work
- FUN in Philanthropy



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Why Philanthropy is Important



Why important to clients/ donors

- Financial Planning and Tax
- Personal and Family
- Philanthropic and Legacy



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Common Charitable Tools

- Bequest
- Beneficiary Designations
- Charitable Gift Annuity



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Bequests and Beneficiary Designations



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Bequests and Beneficiary Designations



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Achieve:

- Financial planning and tax, personal and family, philanthropic and legacy

Key Concept:

- Client leaves money to charity at death

Benefits:

- Client has complete use during lifetime
- Asset is removed from estate for tax purposes
- Provide an appropriate inheritance for heir
- Client leaves a legacy in the community

Bequest

Specific

Percentage

Residual



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Example: Specific Bequest

Chloe:

- LOL
- Give annually - \$100.00
- Specific bequest of \$2,000.00

Achieve :

Financial planning and tax	Removes asset from estate
Personal and family	Complete use during life
Philanthropic and legacy	Supports cause or organization



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Example: Percent Bequest

Client/donor:

- Clark County Food Bank
- 5% of piece of real-estate
- Gift of \$45,000.00

Achieve :

Financial planning and tax	Removes asset from estate
Personal and family	Complete use during life
Philanthropic and legacy	CCFB



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Example: Residual Bequests

Fred Fields

- Specific Bequests to numerous organizations
- Residual bequest over \$160 million

Achieve :

Financial planning and tax	Removes asset from estate
Personal and family	Complete use during life
Philanthropic and legacy	Legacy



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Example: Beneficiary Designation

Alex and Karen:

- Substantial IRAs worth \$2 million
- Son receives \$25,000.00
- Remainder to charitable funds

Achieve :

Financial planning and tax
Personal and family

Removes asset from estate

Appropriate inheritance

Complete use during life

Engages heir in philanthropy

Supports causes they care about

Legacy

Philanthropic and legacy



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Charitable Gift Annuities



Charitable Gift Annuities

Achieve:

- Financial planning and tax, personal and family, philanthropic and legacy

Key Concepts:

- Contract between client and charity
- Irrevocable gift
- Immediate tax deduction for percent of gift
- Funded with cash or appreciated securities
- Split interest gift

-Annuitant gets income stream

-Remainder to charity



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Charitable Gift Annuities

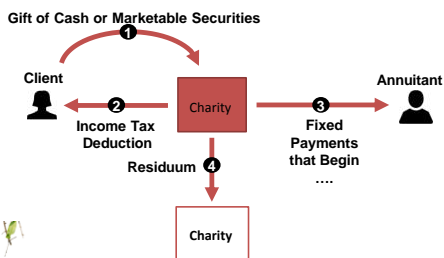
Benefits:

- Charity pays fixed amount for life to annuitant
- May receive tax free income
- Reduce estate and gift taxes
- Balance riskier personal investments
- Diversify highly appreciated assets
- Removes asset from client's estate
- Recognition
- Support cause or organization



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Charitable Gift Annuity



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Example: Immediate Gift Annuity

Ruth:	Age 80
Appreciated stock donated	\$100,000.00
Basis	\$50,000.00
Annuity Rate	6.8%
Achieve :	
Financial planning and tax	Immediate deduction of \$50,752.53
Personal and family	Annuity of \$6,800.00
Philanthropic and legacy	Legacy
	Remainder to charitable organization



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Example: Deferred Gift Annuity

Alex and Karen	
Son:	Age 57
Donate appreciated stock	\$500,000.00
Annuity rate when son reaches 65	6.0%
Achieve:	
Financial planning and tax	Immediate deduction of \$196,519.78
Personal and family	Annuity of \$30,000.00
Philanthropic and legacy	Engage heir in philanthropy
	Legacy
	Remainder to charitable organization



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Example: Flexible Gift Annuity

Bill:	Age 56
Cash donated	\$100,000.00
Annuity Rate at 65	6.1%
Annuity rate at 70	7.7%
Achieve:	
Financial planning and tax	Immediate deduction of \$28,530.00
Personal and family	Annuity payment begins at 65 of \$6,100.00
Philanthropic and legacy	Annuity payment begins at 70 of \$7,700.00
	Legacy
	Remainder to charitable organization



Words That Work

Examples:

- 1 - Do you want to make a bequest to charity?

- 2 - Do you want to make a gift to charity in your will?

- 3 - Would you like to make a gift to charity in your will to support the cause that has been important in your life?



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