

December 15, 2020

Fourth Quarter 2020

Philanthropy and Your Financial Plan

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This may be an unusual sentiment to hear from a financial advisor (since one of an advisor's core goals is to help clients retain their assets), but it's the truth: I love philanthropic planning and charitable giving. One of my great joys is to assist clients in making charitable gifts that feed their souls, support their passions, and make the world a better place (while also potentially reducing or, in some cases, eliminating tax burdens).

A little background for context: even though I have been firmly entrenched in the world of finance for some time and take great joy in being an advisor, I began my career in the nonprofit world. During my years in the nonprofit ecosystem, I served in many roles (as an administrator, an executive, and a development officer ... which is just a fancy way of saying "fundraiser"). To expand my skillset and philanthropic education (and be even more effective in helping donors make gifts of support), I earned my Certificate in Fundraising Management (CFRM) from the Lilly Family School of Philanthropy at Indiana University. When I joined WEIL as an advisor and earned my designation as a CERTIFIED FINANCIAL PLANNER™ professional, I was heartened to be able to use my philanthropic skills to assist our clients and team in fostering efficient and effective giving. One of the most attractive aspects of being a member of the WEIL team is the culture of philanthropic giving, the belief that charitable support is worthwhile both as a service to our clients and as an act of good corporate citizenship.

The leadership team at WEIL recently expanded my responsibilities by naming me the advisory team's in-house Philanthropy Specialist. Our goal with this change is to shine a spotlight on this financial planning service so that we may further add value to our clients' financial lives by helping make the charitable giving process more effective, efficient, and impactful.

In this role I endeavor to be a "philanthropic consigliere" for our clients, acting as the on-call specialist within WEIL to assist our clients in achieving their charitable goals. Together we:

- Work to define your vision, i.e. to define the philanthropic impact you wish to make.
- Identify the vehicles that are best suited to help you make your desired impact AND be most appropriate considering your:
 - tax situation
 - available assets
 - income goals
 - estate goals
- Work to weave philanthropy into your overall financial planning structure.
- Work with other experts (attorneys, CPAs, etc.) to realize your philanthropic vision.
- Work with nonprofits (as directed) to define the scope of and vehicles for gifts, and the nature of recognition.
- Work with your family on cross-generational engagement, stewardship, and gift-planning.
- Work to review options for potentially repurposing / replacing life insurance to meet your philanthropic goals.

- Work with your family and your attorney to integrate gift planning into your estate plan, business succession planning, and investment / asset allocations.

Americans are, by our very nature, generous. As a country we rank at the top of the world's philanthropic givers. In this year of extraordinary need, nonprofits are looking for as much support as possible to bolster their ongoing operations and missions as they work to address the needs of those they serve. Where giving is an objective, we are excited to play a role in assisting clients to be intentional, impactful, and efficient.

As we approach the end of this truly unprecedented year and its unprecedented need, here are a few charitable planning ideas for your consideration:

- **Make a \$300 deductible gift without having to itemize.** Only available for 2020, the CARES Act includes a provision for you to make a \$300 above-the-line cash donation to a charity. Even if you take the standard deduction, you can make a deductible cash donation of \$300 that will help reduce your Adjusted Gross Income (AGI). Note that the donation **MUST** be made in cash (no donations of appreciated stock) and must go to an operating charity (no donations to a donor-advised fund).
- **Make a gift from your IRA and avoid income tax.** Individuals aged 70.5 or older can make a donation directly from their IRA via a Qualified Charitable Distribution (QCD). All donations made from an IRA are made with pre-tax dollars, so you are never subject to taxes on these contributions (e.g. you avoided tax when contributing to the IRA and you'll avoid tax on the distribution). This strategy is especially effective if you claim the standard deduction on your tax return.
- **Donate appreciated stocks / mutual funds and avoid capital gains tax.** By donating appreciated equities (instead of selling the position and giving the proceeds as cash), you are able to avoid taxable gains. The charity receives the full value of the donated security as your gift, instead of just the position's basis (the original purchase price). Your tax advisor will be able to determine the overall impact of your donation (and deductibility of the gift), but the avoidance of the taxable gain is a likely benefit.
- **Reset your basis in a position.** Donate shares of equities that have the highest capital appreciation and use your cash-on-hand to immediately re-buy the position. This allows you to maintain the composition of your portfolio while also re-setting the tax basis without triggering capital gains.

As we sprint towards the (very welcome) end of 2020, we are excited to assist you in maximizing your giving and the impact you want to see in the world. If you would like to discuss your philanthropic goals, make a gift, or set up a donor-advised fund, please give us a ring. My direct line is 858/724-6047 and my email is thewes@cweil.com.

Best wishes for a happy and healthy holiday season, and here's to all the good that 2021 has to offer.

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