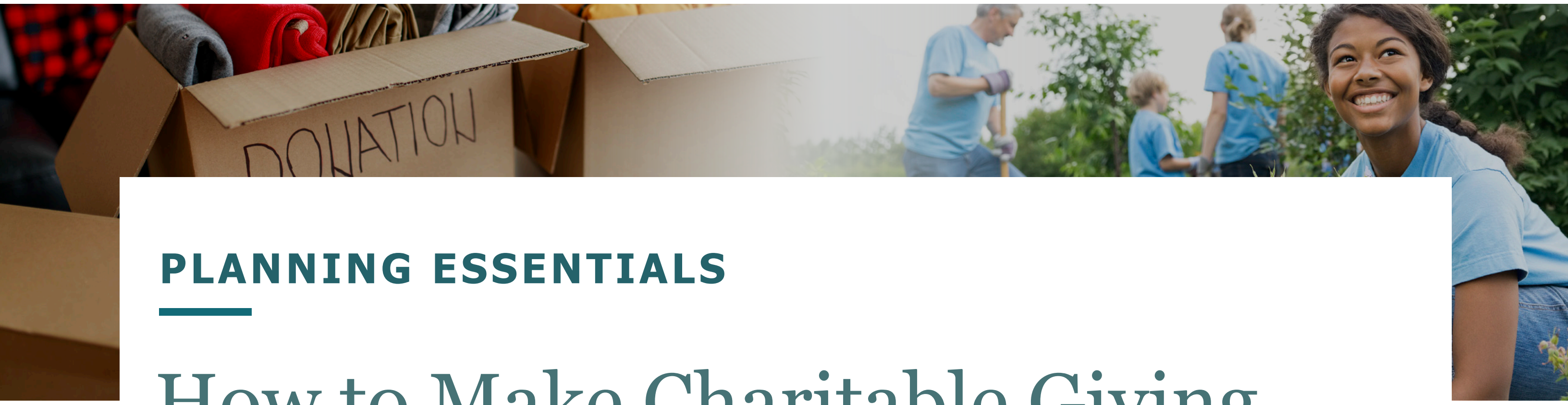
Eagle Strategies LLC

Financial Planning



PLANNING ESSENTIALS

How to Make Charitable Giving a Family Endeavor

In today's modern landscape, there are many ways to support a cause or organization that's close to your heart—from volunteering or giving in-kind gifts to establishing a foundation or donating online. Depending on the type of support you'd like to give and how much, structured giving vehicles can help donors arrange and meet their philanthropic goals. Charitable giving can also play an important role in estate, tax, and financial planning, serving as a strategic catalyst for maximum impact.

Rather than simply writing a check, you may be able to generate even more bang for your charitable dollar through other methods, and perhaps most importantly, begin to share and impart your philanthropic values to the next generation.

KEY TAKEAWAYS:

- You don't need tremendous wealth to be an active philanthropist, just a desire to make a difference.
- Structured giving vehicles (such as donor-advised funds) offer a simple and convenient way to not only support the causes that matter to you most, but to engage your entire family in becoming more empathetic, generous, and active community members.
- Organizations struggle under the same uncertainty during times of unprecedented crisis, highlighting the importance and need for charitable giving.

ADDING STRUCTURE TO YOUR GIVING

There's no "right" way to give. Your approach will depend on your individual preferences along with the organizations you wish to support. Make sure you always conduct due diligence on any charity to ensure that you're supporting a qualified 501(c)(3) tax-exempt organization with a strong demonstrated track record of impactful results.

These days, a growing number of philanthropically inclined families are turning to structured giving vehicles to help them better manage their giving. From donor-advised funds (DAFs) to charitable trusts and family foundations, there are a variety of options available depending on the extent and timing of your charity, as well as the desired tax benefits you wish to derive.

THE BENEFITS OF USING A DONOR-ADVISED FUND

Donor-advised funds are simple to use, easy to set up, and don't require you to commit a large amount to get started. You can fund your DAF with a wide range of assets, including cash, appreciated stock, bonds, mutual funds, real estate, and other illiquid assets. Once your account is opened, you'll choose from a variety of investment strategies as to how you want your gifted, but not yet granted, assets managed (allowing those assets to potentially grow even more) and can then begin recommending grants.

A DAF offers a number of inherent advantages compared with giving cash or writing checks. It saves you from having to keep detailed contribution records and receipts, since the account tracks all your contributions during the year and provides you with a single consolidated year-end receipt for tax purposes. Additionally, because contributions to a DAF are considered irrevocable gifts, they can be immediately deducted on your taxes, even if you wish to take your time deciding upon which charities you would like to support. Perhaps most beneficial of all, however, is the ability of a DAF to help unite your entire family around charitable giving.

KITCHEN TABLE PHILANTHROPY

The simplicity and ease of use associated with DAFs make these ideal vehicles for engaging the next generation in philanthropy—and in the process sharing your values about wealth and giving, and the fact that there's more to life than accumulation and consumption. Once you've established your DAF account, try to carve out an hour each quarter to sit down together with your family and talk about the causes and issues that each person is most passionate about. Perhaps it's the environment, homelessness, animal welfare, or something else entirely.

Try to agree on a couple of shared common interests that you'll focus your charitable giving toward for the coming quarter, and then spend a little time identifying one or two qualified charities that specifically focus on addressing those causes and issues. If possible, try to combine your financial giving with volunteering your time and talents as a family. It will truly help to make the experience more impactful and fulfilling.

OTHER PLANNED GIVING VEHICLES

While DAFs are the simplest and most common way to engage in planned giving, depending on your philanthropic goals, your financial resources, and your personal timetable, there are other charitable solutions you may want to consider, such as:

CHARITABLE LEAD TRUSTS[1] (CLTS)	CHARITABLE REMAINDER TRUSTS[1] (CRTS)	PRIVATE FOUNDATIONS
With CLTs, you transfer property to a trust set up to benefit a specific charity of your choice. The charity receives the income generated by the trust for a fixed time period (or the life of the donor), after which the remaining trust assets are returned to either the donor or their beneficiary as stipulated by the terms of the trust.	CRTs are essentially the reverse of CLTs. After assets are transferred to the trust, it begins paying an annual income (for a set number of years or for life) to you, your spouse, or another designated beneficiary. When the trust ends, the charity then receives whatever assets remain.	Families with considerable wealth and a strong philanthropic drive may want to consider creating a private foundation. Compared to DAFs, foundations afford you with a wider array of giving choices, for example, allowing you to make grants to other foundations, individuals in need, and scholarship programs. Since they require professional management and detailed IRS reporting, the costs and complexity of running a foundation need to be carefully weighed against the benefits.

Giving—whether it's some of our time, our assets, or both—is an issue that's front and center in the minds of many people. It affords those of us who have been fortunate a chance to give back to our communities in a meaningful way. It also offers an ideal platform not only to teach and empower your children to be better stewards of wealth, but also to help them become more empathetic, generous, and active community members.

[1] It's important to note that there are costs associated with setting up and maintaining a charitable trust, and assets placed in the trust are irrevocable. Additionally, the IRS has specific rules governing the percentage of trust assets that must be received by the charity in order to qualify for tax benefits.

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