

## ADVISOR TOOLS

## Multiple benefits of charitable giving

A professional  
advisor's perspective.



**As an attorney specializing in estate planning,** David Kelly understands the multiple benefits of charitable giving. It's an opportunity he always addresses with clients, and in his work. It's a subject that comes up naturally in conversations. "Once we've talked about their family and their objectives for the estate plan, I ask them to consider other things," says David. "Is there anything they would like to do for other family members? Is there a special bequest?"

Many clients have never thought about making a substantial charitable gift, particularly those with smaller estates and little liquidity. They often struggle with determining what the right charity would be. David encourages them to consider all the alternatives, and points out the unique value of community foundations. "What about doing something through our community foundation? It's one resource that covers everything; one that allows you to give to every charitable organization you're interested in."

**A concern for quality of life.** In years of working with clients, David has found that "almost everyone is interested in philanthropy in their community because they care about the quality of life that surrounds them, their family, their peers, their customers, and their friends. People want to be asked what matters to them in society. They want to be encouraged in their vision of what they can achieve as community-minded individuals, and supported in their desire to contribute to what is good in their community."

### Connecting clients with community

"The challenge is to help clients realize their goal of contributing to the good of the community," says David. "There's no way to learn about all the charities clients might be interested in. The community foundation has those connections in the community, and it doesn't separate donors from their money," says David. "It's a resource that enables people to be charitable in a very personal and meaningful way."



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*“One of the most positive aspects of community foundations is the direct relationship between giving and grantmaking.”*

DAVID L. KELLY  
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ESTATE PLANNING, TRUST AND PROBATE LAW

### A rewarding experience

David Kelly believes working with Placer Community Foundation adds value to his client relationships.

“It shows my interest in people and the community, that estate planners are not just out there to make money. My work with the community foundation also broadens my connections to the community at large, and allows me to become more involved.”

**Options in charitable giving.** While many donors choose to endow a fund through a bequest, others choose lifetime planned giving vehicles to achieve their philanthropic goals. Whichever means they choose, their community foundation provides a direct link between personal giving and local grantmaking. Plus, gifts to the foundation can be permanent—part of a perpetual endowment that continues to grow. The income is used to support local charitable programs and projects according to the donor’s wishes. “The community foundation enables donors to connect, and stay connected with their community,” says David. “There’s a lot more personal satisfaction than putting a donation check in the mail. Donors want to feel they make a difference.”

**Reasons for giving.** There are many different financial motives for charitable giving. Clients may have a highly appreciated stock portfolio or a few, large, non-liquid assets. They may want to avoid certain taxes, or seek to find a way to increase their spendable income.

Some clients, when approached about charitable issues, may say something like, “My children are my charity.” However, when clients are assured they have enough for retirement and their children’s needs, their viewpoint often changes. They feel ready to “give back to the community.” For example, David points out a couple he worked with who had carefully done estate and financial planning throughout their lives. They were at a point where they finally felt that everything had been taken care of, and they wanted to give something back to the community. Using highly appreciated securities that paid dividends of only \$40,000 a year, they established a \$2 million charitable gift annuity trust. Through the annuity, they receive a yearly income of \$212,000—substantially more than the annual dividend income they had been receiving. But, for the couple, establishing the trust meant much more than the annuity. “We’ve taken care of everyone else through our estate planning,” they said. “This charitable gift is for us.”

**Rewards of giving.** Your local community foundation allows people to create a personal philanthropic fund suited to their needs and interests. As donors will attest, establishing a fund within their community foundation is a deeply rewarding experience. Another one of David’s clients, for example, established a small fund at his local community foundation. When the client began to see and understand what the foundation was able to accomplish with this fund, he began to rethink his estate plan. His original intent was to bequest \$200,000 to the community foundation and an additional \$200,000 to another charitable organization. David suggested that the client could instead make a substantial donation during his life by establishing a charitable trust, providing both maximum tax benefit and a lifetime income. According to David, the client is “so excited about what he can do, he’s earmarked all \$400,000 for his community foundation.”

*There’s so much more we’d like you to know. Your community foundation can help you help your clients achieve their charitable giving goals. We welcome the opportunity to work with you.*