



4th Quarter Charitable Planning Help for Clients

Because many clients make a significant portion of their charitable donations in November and especially in December, it is important that they proactively begin to plan their giving strategy now. Planning in advance will enable them to feel a greater sense of satisfaction and pride, rather than their usual feelings after giving in response to various appeals or because they feel obligated to give at the very end of the year.

It is anticipated that charitable giving will again be significant in the last quarter of 2013, partially because donors feel increasingly more secure with their own financial situations and because of the higher capital gains tax rate. Donors do not give because of tax benefits, though they would like to receive the most tax benefits when they do give. Very few experts feel that the Pease amendment will have a negative impact on charitable donations.

Many different types of clients are donors today. No longer are the traditional families of older parents, adult children, and grandchildren the only donors. Since barely over 50% of Americans are married, there are many other groups who are active and likely donors including: never-married individuals or couples, couples without children, divorced or widowed people, or even younger families who are just beginning their philanthropic journey.

The upcoming months and holidays when clients will gather with the people who are most important to them will be an ideal time for them to think about and discuss their charitable plans for many reasons: They are in a generous spirit during the holidays, they are exposed to numerous stories about people and non-profits in need, and they reflect upon their own good fortune and realize that they have earned a considerable amount of money or have significant assets.

This can be a time to begin to develop a thoughtful charitable giving strategy that can continue to unite a family for many years to come. Here are some of the many questions that clients should consider on their own or discuss at the next family gathering:

1. When? Should the bulk of donations occur during lifetime when the donors can have an impact on a cause now, after the death of the last surviving parent so they can fund a cause for years, or both? Does the family (or

individual) want the money to be granted over a limited timeframe or in perpetuity after death?

2. Who? Will the parents (or individual) make all of the decisions? Will the children or other family members be able to participate in the decisions? At what age will the children be able to participate? Does everyone need to make decisions together, or will each person be allocated a certain amount so she or he can make separate decisions? Who will make the decisions after the death of the parents (or individual)?
3. Why? Why is philanthropy important to the family? What is the legacy that the parents (or individual) want to leave or the legacy that they wish to honor of their parents or role models?
4. What? What causes and organizations are most important to the family members and why? Which assets should be utilized in their charitable giving? Appreciated publicly traded stock? Checks? IRA? Real Estate? Privately-held stock in their own company? Are there any collections or artwork that family members do not want that could be used for donations?
5. How and How Much? Does the family (or individual) wish to be public or anonymous with its donations? Should the family establish a donor advised fund, private foundation, or other charitable vehicle? Though people contribute to charity because they believe in the causes and organizations, it is important for them to consult with their wealth advisors, accountants, attorneys, and insurance professionals to make sure that they are able to receive the biggest tax benefits possible and to understand how much they can afford to give. If possible, the parents may wish to indicate during their lifetimes how much will be gifted to heirs vs. how much will be given to charity.
6. Where? Does the family wish to support the local community where the parents live, a community in which the family lived before, the communities in which the dispersed family now lives, or geographic areas in other parts of the world in which they see the need?

Asking these questions is an excellent first step towards developing a strategic charitable giving plan. As a result, in future years, instead of contacting their advisors the last week of December, the individuals or families can research, meet with charities, and make wise decisions throughout the year without the end of year deadline rushing them.

By encouraging clients to begin this process earlier in the year, this will enable the advisors to better counsel their clients so they can donate in a tax efficient manner and give more away to charity, heirs, or keep more themselves. This will even enable the advisors to enjoy the holidays with their families instead of being stuck in the office until late on New Years Eve. Should additional help be needed, there are many resources including philanthropic advisory firms, community

foundations, and other organizations that are available to complement the work of the professional advisors and help families, couples, or individuals as they go through this process.

Having these conversations with family, friends, and advisors may not always be easy, but in the end, the clients, their advisors, and the causes and non-profit organizations that are most important to them will all greatly benefit. Charities welcome contributions throughout the year, especially during these times when individual, foundation, and corporate support has not returned to pre-recession levels and federal, state, and local government support has fallen substantially. The challenges in these times are numerous, but so too are the opportunities for families and individuals to make a difference.

Ken Nopar is the Principal of Nopar Consulting, a firm that trains wealth management firms and other professional firms how to have the charitable planning conversation with clients and how this discussion benefits the firms and clients. The firm also helps non-profit organizations work most effectively with professional advisors. The firm's website is www.noparconsulting.com