Smart Money

Community Foundation News for Advisors

Summer 2017

A PUBLICATION OF THE CENTRAL NEW YORK COMMUNITY FOUNDATION

Annual Continuing Education Seminar

Practical Charitable Planning: Advantages of Incorporating Charitable Plans into Overall Planning
Continuing Education for Professional Advisors.

Presented by:

Pamela Jones Davidson, J.D., President of Davidson Gift Design, a consulting firm specializing in gift planning, planned giving program design and implementation and training.

October 19, 2017
7:30 am-10:00 am

Crowne Plaza Syracuse,
701 E Genesee Street,
Syracuse, NY 13210

2 hours of continuing education credit are pending for the following:

- Certified Financial Planners (CFP)*
- Continuing Legal Education (CLE) - Difficulty of the course is appropriate for both newly admitted and experienced attorneys.
- Life & Health Insurance Certification (CE)
- Continuing Professional Education for CPAs (CPE)

*A certificate of attendance will also be provided for PACE reporting for ChFC® and for other self-reported continuing education such as CWS® designations.

Register at cnycf.org/PAevents.

Market Highs: Minimizing Impact of Capital Gains for Charitable Clients

Since November 2016, the Dow Jones Industrial Average increased from about 18,000 to 21,000, reaching all-time market highs. This is great news for a client who is monitoring progress on their investment goals and net worth. For advisors, these capital gains may mean needing to change client portfolios to maintain asset allocations and minimize gains subject to taxes. For your charitable clients, this may be a good time to discuss options for giving beyond the checkbook.

Gifts of Appreciated Securities: Large portfolio gains can create an imbalance in asset allocations. You'll be rebalancing to keep the portfolio consistent with a client's risk tolerance. Some holdings that may have grown disproportionately are sold and other holdings are purchased. Selling these highly appreciated assets can cause the realization of capital gains.

Many people keep track of their realized gains and plan to make charitable contributions before the end of the calendar year to provide an offsetting deduction. There is an option, however, that avoids realizing capital gains and provides a client with a charitable deduction: making contributions of highly appreciated securities directly to charity.

Resetting Cost Basis: An appreciated security can be donated to charity to avoid capital gains tax and generate a charitable deduction. That very same security can be repurchased later using the cash that would otherwise have been made as a charitable gift. This resets cost basis without altering a client's portfolio holdings.

Donor-Advised Fund (DAF): Your client can make their charitable contributions to a DAF at the Community Foundation. This gives your client the charitable deduction they need now. Then, the donor can select charities over time to receive grants from their DAF. Depending on the assets used, a DAF can be created quickly, often with just a single meeting. A DAF can be invested for long-term, tax-free growth to create a permanent source of charitable giving that aligns with your client's goals.

A client who has a larger than normal capital gains or adjusted gross income due to a taxable event this year (e.g., deferred compensation payout, business sale, large bonus) could set aside many years' worth of their charitable giving in the year they need the deduction through a gift to a DAF. Then, the donor can decide later what organizations to support in the form of grants.

There are several reasons people choose a DAF over creating a private foundation — DAFs can be created more cost-effectively with any level of assets, have fewer administrative and compliance burdens and offer donors a higher level of tax deductibility for gifts made. Further, unlike a private foundation where financial activity and grants must be disclosed to the public each year, a DAF has no such requirements. Individual grants can be made on an anonymous basis or the entire DAF may be publicly anonymous.

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Contact Us

Our development team is available to assist you with the information and tools that help your clients achieve their charitable goals.

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Market Highs: Minimizing Impact of Capital Gains for Charitable Clients

Elevate the Discussion: Expanding your clients' charitable giving tools to include a DAF also creates a good opportunity to help them clarify their charitable goals. We can work with them to use their DAF during their lifetime and to create their legacy plan. We strive to help individuals who care about this community to be remembered by it.

Your clients have the option to work with us using guided writing exercises and values-based discussions to document their personal giving story and wishes for the future use of their charitable legacy fund. As we celebrate our 90th anniversary as a foundation, your clients will know that long after they are gone, their gift will be actively achieving their goals and their story will live on.

We encourage you to connect your charitable clients with the Community Foundation. To learn more about charitable giving with your clients, go to www.cnycf.org/Advisor or contact Tom Griffith, director of gift planning, at tgriffith@cnycf.org.