Smart Money

Community Foundation News for Advisors

Fall 2016

A PUBLICATION OF THE CENTRAL NEW YORK COMMUNITY FOUNDATION

Join us for a great event for advisors!

Stupid Charitable Tricks: Planning Mistakes I Have Seen
Continuing Education for Professional Advisors

October 25, 2016
7:30 am-10:00 am

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

Ramsay H. Slugg, Managing Director and member of the National Wealth Planning Strategies Group at U.S. Trust, will be joining us to present our annual professional advisor continuing education seminar.

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

Certified Financial Planners (CFP)*

Continuing Legal Education (CLE) - *Difficulty of the course is appropriate for both newly admitted and experienced attorneys.*

2 hours of credit are pending for the following:

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.

How to Save Your Clients Money by Giving the Best Asset

Many times when your clients talk about giving to charity, they mean writing a check to an organization they love. There is no arguing that using a check in the moment is the most time efficient way to give. However, while we encourage giving by any means, checkbook giving is the least tax efficient way to give. The cost of this time savings, in dollars, is significant in many cases.

As shown in the chart below, clients who itemize their deductions and make gifts using their checkbook to public charities can receive a charitable deduction. This means that a $10,000 cash gift that is fully deductible would only cost the client $6,700. While this is a good savings on Federal income tax, there is a missed opportunity to also avoid capital gains tax. In the case below, that same $10,000 gift made with appreciated securities saves your client an additional $1,600!

Assumes 33% top marginal tax bracket, 20% capital gains tax rate, 20% cost basis in the gifted appreciated stock, and that the donor is still below the yearly deduction limit of 30% of AGI for stock contributions to a public charity.

The time commitment and coordination necessary to make a gift of stock often limits its application for your clients, but it doesn't have to. Using a donor-advised fund (DAF) allows the client to transfer appreciated stock directly to the Community Foundation, which in turn makes the proceeds available for the client to make charitable gifts of almost any size to charity. Rather than only giving five-figure gifts with stock, clients who consolidate their giving through a DAF are effectively giving every charitable gift with assets that have enjoyed reduced Federal income tax liability and avoided capital gains tax.

Here's how it works:

- **Talk to your client.** Each year, you can discuss with your client what they plan to give in the following year, or in a year when they can absorb a higher deduction, over the next several years. Based on that amount, they could transfer assets to their DAF. Then, they can use their DAF as their "charitable checkbook" and recommend grants to organizations at their convenience.
- **Choose an asset.** The Community Foundation can accept cash, publicly traded securities, closely held shares, LLP or LLC interests, real estate, commodities (e.g., silver bars) and other assets to fund a DAF. Some of these asset types take more planning and effort and can't be implemented quickly, but publicly traded securities can usually be transferred in a few days.

(continued)

CENTRAL NEW YORK COMMUNITY FOUNDATION, INC.

Where the Smart Money Gives.

Contact Us

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

Thomas Griffith, ChFC®, CAP®
Director of Gift Planning
315.883.5544
TGriffith@cnycf.org

Peter Dunn, JD
President & CEO
315.883.5530
PDunn@cnycf.org

431 EAST FAYETTE STREET, SUITE 100, SYRACUSE, NY 13202 • 315.422.9538 • INFO@CNYCF.ORG • CNYCF.ORG

Connect with us!
facebook.com/cnycf
@CNYCF

CENTRAL NEW YORK COMMUNITY FOUNDATION, INC.
431 EAST FAYETTE STREET
SUITE 100
SYRACUSE, NEW YORK
13202

Where the Smart Money Gives.

If you do not wish to continue receiving SmartMoney, please email us at info@cnycf.org.

Non-Profit Org.
U.S. Postage
PAID
Syracuse, NY
Permit No. 1352

(continued)

How to Save Your Clients Money by Giving the Best Asset

- **Find the opportunities.** By combining the decision about charitable giving with your clients' taxable events, you can mitigate the tax impact on your client. If your client needs to rebalance a portfolio, reset cost basis, or offset the tax impact of a required minimum distribution (RMD), a stock transfer to a DAF can be a useful tool.

If you have a client who has a larger than normal adjusted gross income due to a taxable event this year (e.g., deferred compensation payout, business sale, large bonus), talk to them about the benefits of making a contribution to a DAF at the Community Foundation. Then, the donor can decide later what organizations to support from their fund.

Also, as your clients move through the different stages in their lives, we can help them with other aspects of charitable planning. The Community Foundation can assist clients with discerning their goals, creating a legacy plan, engaging family in their giving and applying strategies to provide income for loved ones or reduce taxes.

To learn more about our charitable planning conversations, legacy planning and ways we can work with you and your clients, go to www.cnycf.org/PA or contact Tom Griffith, Director of Gift Planning at tgriffith@cnycf.org.