AMPLIFY YOUR HIGH NET WORTH PRACTICE WITH CHARITABLE PLANNING

Dana J. Holt, JD RICP AEP® CAP®

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ROADMAP

➤ DAF landscape
➤ WHAT HNW clients want
➤ HOW to use giving techniques
➤ HOW to integrate to practice
FASTEST-GROWING CHARITABLE TOOL!

WHY the rapid growth?
GROWTH RATE - NATIONAL PHILANTHROPIC TRUST DAF STUDY 2020

BILLONS

$0 $38 $75 $113 $150


$57 $70 $78 $85 $110 $121 $142
NUMBER OF DAFS - NATIONAL PHILANTHROPIC TRUST DAF STUDY 2020

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of DAFs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>218,429</td>
</tr>
<tr>
<td>2014</td>
<td>240,956</td>
</tr>
<tr>
<td>2015</td>
<td>266,284</td>
</tr>
<tr>
<td>2016</td>
<td>284,965</td>
</tr>
<tr>
<td>2017</td>
<td>463,622</td>
</tr>
<tr>
<td>2018</td>
<td>728,563</td>
</tr>
<tr>
<td>2019</td>
<td>873,228</td>
</tr>
</tbody>
</table>
ASSETS IN AMERICA: FEDERAL RESERVE DATA 2008

- Other: 23%
- Real Estate: 30%
- Cash: 11%
- Stocks/MF: 16%
- Retirement/LI: 20%
HOW DO THEY WORK?
DONOR-ADVISED FUNDS

DONOR → DONOR-ADVISED FUND → CHARITY

CONtributes CASH or PROPERTY

REceives INCOME TAX DEDUCTION

GRANTS MONEY TO CHARITY

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FEATURES

➤ Multi-generational
➤ Anonymity
➤ Fees
➤ Pass-through
➤ Perpetual
➤ Investments
➤ Minimums
THE CHARITABLE CONVERSATION
US TRUST STUDY OF HIGH NET WORTH PHILANTHROPY 2018

WHO RAISES THE TOPIC OF GIVING?

- Always/Usually Consumer
- Equal
- Always/Usually Advisor

<table>
<thead>
<tr>
<th></th>
<th>Advisor</th>
<th>Consumer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Always/Usually</td>
<td>18%</td>
<td>61%</td>
</tr>
<tr>
<td>Equal</td>
<td>44%</td>
<td>33%</td>
</tr>
<tr>
<td>Always/Usually</td>
<td>39%</td>
<td>6%</td>
</tr>
</tbody>
</table>

U.S. TRUST 2018 STUDY – CONVERSATION PERSONAL VS. TECHNICAL?

Advisor

- Technical: 38%
- Equal: 21%
- Personal: 41%

Consumer

- Technical: 63%
- Equal: 6%
- Personal: 32%
HIGH NET WORTH DONOR MOTIVATIONS

U.S. Trust 2016 Study
### US TRUST 2016 STUDY - “VERY IMPORTANT” REASON FOR GIVING

<table>
<thead>
<tr>
<th>Reason</th>
<th>Advisors</th>
<th>Client</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passion for Cause</td>
<td>60%</td>
<td>62%</td>
</tr>
<tr>
<td>Impact</td>
<td>48%</td>
<td>47%</td>
</tr>
<tr>
<td>Want to Give Back</td>
<td>48%</td>
<td>54%</td>
</tr>
<tr>
<td>Reduce Taxes</td>
<td>46%</td>
<td>16%</td>
</tr>
<tr>
<td>Religious</td>
<td>43%</td>
<td>32%</td>
</tr>
<tr>
<td>Family Tradition</td>
<td>32%</td>
<td>27%</td>
</tr>
<tr>
<td>Legacy</td>
<td>29%</td>
<td>12%</td>
</tr>
<tr>
<td>Pass on Values</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>Enhance Reputation</td>
<td>20%</td>
<td>6%</td>
</tr>
<tr>
<td>Obligation</td>
<td>17%</td>
<td>28%</td>
</tr>
<tr>
<td>Asked to Give</td>
<td>10%</td>
<td>9%</td>
</tr>
</tbody>
</table>
PRIMARY REASONS THEY GIVE

➤ Believe in mission
➤ Make a difference
➤ Joy and Fulfillment
ESSENTIAL DESIRES

➤ Give Meaning to Wealth
➤ Be Remembered for Greatness
➤ Pass on Values, Not Just Valuables
INTEGRATE INTO PRACTICE
GOALS

THREE ESSENTIAL STEPS TO EVERY PLAN
THE THREE SISTERS
SISTERS' GOALS

➤ Divest of family farm.
➤ Retire from teaching.
➤ Support:
  ➤ church
  ➤ teacher scholarships
SISTERS' TOOLS

➤ Family farm
  ➤ currently rented
➤ 403 (b)
➤ Savings bonds
➤ Life Insurance
TECHNIQUE

➤ Farm -> 3 FCRTs
➤ Income for retirement
➤ Remainder to:
  ➤ church
  ➤ teacher scholarships
➤ What about tenant farmer?
PROCEDURES IN ORDER

➤ Environmental Questionnaire
➤ Site/Donor Visit
➤ Title check
➤ Draft Trust Agreements
➤ Transfer farm to trusts
➤ Notify tenant
➤ Offer to sell
➤ Closing
MARIANNE & KEVIN

IPO
MARIANNE & KEVIN: GOALS

➤ Company "went public"
➤ Diversify investments
➤ Minimize taxes
➤ Support charity now
MARIANNE & KEVIN: TOOL & TECHNIQUE

➤ Company Stock (public)

➤ Stock gifts to charity
➤ Stock gift to DAF

➤ Reduce taxable income
➤ off-sets sale of stock
RICHARDSONS: GOALS

➤ Transfer business to next gen
➤ Minimize transfer tax
➤ Minimize capital gains tax
➤ Retirement for Jake & Flo
➤ Legacy giving
RICHARDSONS: TOOLS

➤ Grandpa Jake + Grandma Flo
  ➤ 75% Owners

➤ Dad Chuck
  ➤ 20% Owner

➤ Son Jacob
  ➤ 5% Owner
RICHARDSONS: TECHNIQUE PART 1

➤ Grandma + Grandpa GIVE
➤ 1/2 shares -> DAF
➤ DAF sells shares to C Corp
➤ shares "retired"
➤ Grandma & Grandpa SELL
➤ 1/2 shares to C Corp
➤ shares "retired"
➤ deduction minimizes tax
➤ Son
➤ 20% owner -> 80% owner
➤ Grandson
➤ 5% owner -> 20% owner
RICHARDSONS: RESULTS

- Grandma + Grandpa divested
  - retirement
  - legacy gift to charities
  - minimized capital gains tax
  - no gift/estate tax
- Son & Grandson
  - increased ownership
  - no out of pocket cost
Deduction = FMV
- appraisal required
- marketability discount
- 8283/8282
- No "sweetheart" deals
- No pre-arranged sale
- What if sale is underway?
WRAPPING UP
GET TO KNOW THE OPTIONS

➤ Local Community Foundation
➤ National Providers
➤ Single-Issue Charities

➤ Relationship OR Transaction?
RESOURCES

➤ National Philanthropic Trust DAF Report
➤ US Trust 2018 Study on Philanthropic Conversation
➤ US Trust 2016 Study on Philanthropic Motivations
CONVERSATION SPARKLERS

➤ What is your earliest memory of giving?
➤ Is there someone you admire who shaped who you are?
➤ Who is the most generous person you know and why?
➤ How did/do your parents/grandparents practice generosity? Does that influence your giving?
THANK YOU!

Dana.Holt@HoltPlannedGiving.com