FEDERAL CENSUS DATA: ALLOCATION OF AMERICAN WEALTH

- **Retirement/LI**: 20%
- **Stocks/MF**: 16%
- **Cash**: 11%
- **Other**: 23%
- **Real Estate**: 30%
GIFTS BY ASSET TYPE IN 2012: $305 BILLION

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stocks/MF</td>
<td>7.2%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>1.4%</td>
</tr>
<tr>
<td>Art/Collections</td>
<td>0.4%</td>
</tr>
<tr>
<td>Food</td>
<td>0.1%</td>
</tr>
<tr>
<td>Clothing</td>
<td>3.0%</td>
</tr>
<tr>
<td>Electronics</td>
<td>0.1%</td>
</tr>
<tr>
<td>Household</td>
<td>1.2%</td>
</tr>
<tr>
<td>Vehicles</td>
<td>0.2%</td>
</tr>
<tr>
<td>Other</td>
<td>1.3%</td>
</tr>
<tr>
<td>Cash</td>
<td>84.0%</td>
</tr>
</tbody>
</table>

Percentage of Total Gifts by Dollar Amount (IRS data)
LEARNING OBJECTIVES

➤ The Charitable Conversation
➤ DOs and DON’Ts
➤ Get TIMING just right
➤ Maximize DEDUCTION
➤ The right TECHNIQUE
FASTEST-GROWING CHARITABLE TOOL!

WHY the rapid growth in DAFs?
NUMBER OF DAFS - NATIONAL PHILANTHROPIC TRUST DAF STUDY 2021

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of DAFs</th>
</tr>
</thead>
<tbody>
<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>864,187</td>
</tr>
<tr>
<td>2020</td>
<td>1,005,099</td>
</tr>
</tbody>
</table>
Number of DAFs and Private Foundations

1,005,099

90,000

DAFs

PFs
GROWTH RATE - NATIONAL PHILANTHROPIC TRUST DAF STUDY 2021

<table>
<thead>
<tr>
<th>Year</th>
<th>Billions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$45</td>
</tr>
<tr>
<td>2013</td>
<td>$57</td>
</tr>
<tr>
<td>2014</td>
<td>$70</td>
</tr>
<tr>
<td>2015</td>
<td>$78</td>
</tr>
<tr>
<td>2016</td>
<td>$85</td>
</tr>
<tr>
<td>2017</td>
<td>$110</td>
</tr>
<tr>
<td>2018</td>
<td>$121</td>
</tr>
<tr>
<td>2019</td>
<td>$145</td>
</tr>
<tr>
<td>2020</td>
<td>$160</td>
</tr>
</tbody>
</table>
THE CHARITABLE CONVERSATION
US TRUST HIGH NET WORTH PHILANTHROPY STUDY:

WHO RAISES THE TOPIC OF GIVING?

- Always/Usually Consumer: 18%
- Equal: 44%
- Always/Usually Advisor: 39%

Advisor: 61%
Consumer: 33%
U.S. TRUST STUDY – CONVERSATION PERSONAL VS. TECHNICAL?

<table>
<thead>
<tr>
<th></th>
<th>Technical</th>
<th>Equal</th>
<th>Personal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advisor</td>
<td>32%</td>
<td>6%</td>
<td>63%</td>
</tr>
<tr>
<td>Consumer</td>
<td>41%</td>
<td>6%</td>
<td>32%</td>
</tr>
</tbody>
</table>
HIGH NET WORTH DONOR MOTIVATIONS
## US Trust Study of Donor Motivations

**“Very Important” Reasons 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
U.S. TRUST STUDY OF PHILANTHROPY – DISCUSSION IS GOOD FOR BUSINESS

- Wealth Advisor: 81%
- Attorney: 72%
- CPA: 80%
BENEFITS

➤ Deeper Client Relationships
➤ More Referrals
➤ Link with Next Generation
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?
INTEGRATE INTO PRACTICE
THREE ESSENTIAL STEPS TO EVERY PLAN
RICHARDSON FAMILY

“charitable stock bailout”
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
➤ 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
RICHARDSONS: FINER POINTS

➤ Deduction = FMV
  ➤ appraisal required
  ➤ marketability discount
  ➤ 8283/8282
➤ No "sweetheart" deals
➤ No pre-arranged sale
➤ What if sale is underway?
MANUEL & CONSUELO
MANUEL + CONSUELO: GOALS

➤ Support Consuelo if Manuel dies first
➤ Manuel’s assets to his children
➤ Enjoy retirement
➤ Ensure family harmony
➤ Significant charitable legacy
MANUEL + CONSUELO: TOOLS

➤ $2M Home
➤ $1M Vacation home
➤ $5M IRA (Manuel)
➤ $500k 403(b) (Consuelo)
➤ $2M NQ investments
MANUEL + CONSUELO: TECHNIQUE

➤ Testamentary CRT
➤ Manuel’s IRA
➤ Lifetime income to Consuelo
➤ 10 year income to Manuel’s kids
➤ "forced stretch"
➤ Remainder to DAF

➤ Option of QCD @ 70.5
MANUEL + CONSUELO: TECHNIQUE

➤ NOW:
  ➤ CRT language in Manuel’s Will
  ➤ Beneficiary Designation to CRT

➤ LATER:
  ➤ Trustee files claim form
  ➤ Estate tax deduction
MANUEL + CONSUELO: KEY POINTS

➤ Charitable goals considered early
➤ Considered DAF
➤ Technique matched goals
IRMA: **GOALS**

➤ Retire from property mgmt
➤ Travel
➤ Time with grandchildren
➤ Support:
  ➤ church
  ➤ cat shelter
  ➤ food bank
IRMA: TOOLS

➤ Two apartment buildings
➤ 4 Duplexes
➤ Retirement Account
➤ Condo
IRMA: Technique

- 1 Apartment bldg -> DAF
- Sell all duplexes + apt. bldg.
- Deduction offsets sale
- Retirement!!
- Charities receive grants
  - Now + Later
IRMA: **KEY POINTS**

- Donated most appreciated property
- Donated debt-free property
- Sold other properties same year
- No pre-arranged sale
KEY TAKEAWAYS - DO

➤ Detailed Goal Planning
➤ Get charity involved early
➤ Consider DAF
➤ Donate highly-appreciated assets
➤ Pair deduction with extra income.
➤ Let goals guide technique
KEY TAKEAWAYS - DON’T

➤ Pre-arranged sale
➤ Delay charitable planning
➤ Donate mortgaged property
➤ Rush goal planning
RESOURCES

➤ Charitable Gifts of Noncash Assets by Bryan Clontz
➤ Local Gift Planning Group
➤ Local Community Foundations
➤ National Philanthropic Trust DAF Study
➤ US Trust Study on Charitable Conversation
➤ US Trust Study on Donor Motivations
RESOURCES: **NEW BOOK!**

**NON-CASH GIFT GUIDE**

- Step-by-Step Procedures
- Practical Knowledge
- Intake Checklists
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dana.holt@holtgiftplanning.com