

# PHILANTHROPIC GIVING: STRATEGIES FOR GIFTING WISELY

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## Learn the benefits of developing a formal plan to maximize the reach of your philanthropy

There's a common opportunity that can help wealthy families enhance their philanthropic giving: developing and maintaining a meaningful philanthropy plan. When executed properly, a philanthropy plan can help you focus on causes you care about most, maximize the money you give, and potentially help you maximize tax advantages. The following are areas for you to consider as you develop your own philanthropy plan.

### Start by identifying your "why"

You probably have some idea of what charities you want to give to, but do they all align with your values and could your giving be more effective if you were more focused? Patrick Herrington, Vice President of High-Net-Worth Services at LPL Financial and his team have worked with many families on their philanthropic giving, and he has some advice to help you clarify what motivates you to give. According to Herrington, "Reflecting on your personal experiences, beliefs, what issues or problems you're passionate about solving, and what impact you hope to see in your local community and beyond, can help you establish a philanthropic mission and build a foundation for your giving strategy."

For example, you may realize that you want to make more of an immediate impact with your giving versus donating to organizations that have longer-term goals and priorities. Or perhaps you'll come to the realization that you give to far too

many disparate charities currently and can make a much stronger impact to causes you care most about by narrowing down your list to a smaller number of causes.

Here are important questions to ask yourself:

- What causes or charities are most aligned with your values?
- What kind of impact are you hoping to make and on what timeframe?
- What type of recognition is important to you with your giving?
- Do you want to forge deeper relationships or be actively involved with the charities you support?

## Work with your advisor to build a giving plan

Once you know your "why," developing a written plan can help solidify your giving strategy.

"Philanthropy can be even more rewarding and meaningful if you do it in a way that's structured and very intentional," said Herrington.

You and your advisor can determine how much to give and when to give, as well as how this plan works in tandem with other important plans and strategies, such as your financial plan, estate plan, and tax strategy.

Herrington recommended also focusing on how you're going to give. "Are you going to give directly to a charity, to a donor-advised fund, or perhaps create your own private foundation? Or are you going to establish a charitable trust? You can even combine these techniques," he said. "A financial plan is the best way for you to explore not only how different amounts and philanthropic techniques impact your cash flow or income taxes, but also how they impact your overall financial planning goals."

### Review, refine, realign

Similar to any plan you put in place, your giving plan is a living, breathing document. As a best practice, you'll want to revisit your plan regularly, especially as major changes occur. Herrington discussed one such scenario. "Suppose you have a high tax year because of the sale of a business, and the conversation needs to shift. With your adjusted gross income at such a high level, you may want to offset that by frontloading charitable giving in that tax year in a vehicle like a donor-advised fund or charitable lead trust, even if that wasn't a part of your strategy years earlier," he said.

Herrington also pointed out that the unexpected can occur at any time. Given the above example, you may have a larger pool to distribute in a single year. Or a global event or tragedy could spark your interest to give more to an existing charity or even a new charity altogether. You and your advisor should be ready to make refinements outside of regular check-ins to review your entire, integrated giving strategy.

Talk to your advisor, who has a depth of resources to help you narrow the focus of your giving, craft a plan, and deepen your knowledge about the various strategies you can use to allocate your wealth, measure your progress, and gain confidence that you're meeting your philanthropy goals and making a difference.

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