DONOR ADVISED FUNDS + YOUR PROFESSIONAL PRACTICE

Dana J. Holt, JD RICP AEP®
ROADMAP

➤ DAF Landscape
➤ Philanthropic Advice In Your Practice
➤ Stories of Bunching
FASTEST-GROWING CHARITABLE TOOL!
GROWTH RATE - NATIONAL PHILANTHROPIC TRUST DAF STUDY 2018

Bar chart showing the growth rate in billions from 2012 to 2017:
- 2012: $45 billion
- 2013: $57 billion
- 2014: $70 billion
- 2015: $78 billion
- 2016: $85 billion
- 2017: $110 billion
CHARITABLE PLANNING IN A PROFESSIONAL PRACTICE
WHO RAISES THE TOPIC OF GIVING?

- Always/Usually Consumer: 18%
- Equal: 44%
- Always/Usually Advisor: 39%
- Client: 33%
- Other: 6%
U.S. TRUST 2018 STUDY - CONVERSATION PERSONAL VS. TECHNICAL?

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

Client
- Technical: 63%
- Equal: 6%
- Personal: 32%
U.S. 2018 TRUST STUDY OF PHILANTHROPY – DISCUSSION IS GOOD FOR BUSINESS

<table>
<thead>
<tr>
<th>Professional</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Wealth Advisor</td>
<td>81%</td>
</tr>
<tr>
<td>Attorney</td>
<td>72%</td>
</tr>
<tr>
<td>CPA</td>
<td>80%</td>
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</tbody>
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BENEFITS

➤ Deeper Client Relationships
➤ More Referrals
➤ Link with Next Generation
ADVISOR MANAGED DAF

➤ Investment Management
➤ Relationship
➤ Investment Guidelines
➤ Minimum Balance
HIGH NET WORTH DONOR MOTIVATIONS

U.S. Trust 2016 Study
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
STORIES OF BUNCHING
STANDARD DEDUCTIONS

- **Single < 65**
  - 2017: $6,350
  - 2018: $12,000
  - Total: $12,200

- **Single > 65**
  - 2017: $7,900
  - 2018: $13,600
  - Total: $13,850

- **MFJ Both < 65**
  - 2017: $12,700
  - 2018: $24,000
  - Total: $24,400

- **MFJ One < 65**
  - 2017: $13,950
  - 2018: $25,300
  - Total: $25,700

- **MFJ Both > 65**
  - 2017: $15,200
  - 2018: $26,600
  - Total: $27,000
WHEN TO BUNCH?

➤ 2017 Total Deductions: $41k
  ➤ Charitable: $14k
  ➤ Property Tax: $10k
  ➤ State Income Tax: $15k
  ➤ Mortgage Int. $2k

➤ Standard Deduction: $15,200
➤ THEY ITEMIZED
WHEN TO BUNCH?

- 2018 Total Deductions: $26k
  - Charitable: $14k
  - Property + State Inc. Tax: $10k
  - Mortgage Int. $2k

- Standard Deduction: $26,600

STANDARD IS HIGHER
WHEN TO BUNCH?

➤ 2018 Total Deductions: $40k
➤ Charitable: $28k (‘18 + ’19)
➤ Property + State Inc. Tax: $10k
➤ Mortgage Int. $2k

➤ Standard Deduction: $26,600
➤ THEY BUNCH + ITEMIZE
➤ DEDUCTIONS $13,400 MORE
YEARLY DEDUCTIONS WHEN BUNCHED

- **2018 - Bunched**: $28,000
- **2019 - Standard**: $27,000
- **2020 - Bunched**: $28,000
- **2021 - Standard**: $27,000

**Noncharitable Deductions/Standard**

**Charitable Deductions Bunched**
TOTAL DEDUCTIONS OVER TIME

No Bunching

Bunching

2018 $40,000
2019 $53,600
2020 $80,000
2021 $107,000

2018 $26,600
2019 $67,000
2020 $107,000
2021 $134,000
NOTE ON AGI LIMITATIONS

➤ Cash Gifts
  ➤ 60% AGI limitation
  ➤ (returns to 50% in 2026)

➤ Capital Gains Gifts
  ➤ 30% AGI limitation

➤ Giving Both?
  ➤ 50% overall limitation
WHEN TO BUNCH?

➤ 2017 Total Deductions: $44k
  ➤ Charitable: $14k
  ➤ Property Tax: $10k
  ➤ State Inc. Tax: $18k
  ➤ Mortgage Int. $2k

➤ Standard Deduction: $15,200
➤ THEY ITEMIZED
WHEN TO BUNCH?

➤ 2018 Total Deductions: $26k
  ➤ Charitable: $14k
  ➤ State Prop. + Inc. Tax: $10k
  ➤ Mortgage Int. $2k

➤ Standard Deduction: $26,600
➤ STANDARD IS HIGHER
➤ ADD QCD?
QUALIFIED CHARITABLE DISTRIBUTION

➤ Over 70.5
➤ $100k limit/person/year
➤ No deduction
➤ Not taxable
➤ Counts towards RMD

➤ Not allowed to DAF
➤ Ok to Designated
TOTAL INCOME 2018

Taxable

- NO QCD: $213,400
- $14k QCD: $199,400

Non-Taxable

- NO QCD: $40,600
- $14k QCD: $40,600
QCD CONSIDERATIONS

➤ Medicare Premiums
➤ Social Security Tax
➤ Medical Expense Reduction
➤ Net Investment Tax
JUMP IN!
JUMP IN!

➤ NPT Report
➤ US Trust Studies
➤ Embrace Charitable Planning
➤ Partner Up
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?
WANT MORE?

1. "GIFT TIPS"
2. FREE STRATEGY SESSION
THANK YOU!

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