NAEPC Webinar:
What's Trending in Charitable Planning – Tips for Advisors on Need to Know Strategies

September 13, 2023

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NAEPC
National Association of Estate Planners & Councils
Collaborate · Educate · Cultivate

Accredited Estate Planner® Designation Qualifications & Requirements for All Applicants

- Active practice for a minimum of 5 years within the following disciplines: accounting; insurance/financial planning; law; philanthropy; or trust services
- Devoting at least 1/3 of one's time to estate planning
- Holding one or more of the following credentials in active status and good standing: CPA, CLU®, CFP®, CFA, ChFC®, CPWA®, CAP®*, CSPG, CTFA, JD, MSFS, and MST**
- Three professional references (unless council nominee)
- Current membership in an affiliated council

* Applicants applying with CAP® only must take MSFP615 through The American College

- regardless of the years of experience

** Applicants with MST as the qualifying credential must secure pre-approval from the

- national office before applying

Next Gen Philanthropy –

Ginger F. Mlakar, JD, CPA, AEP®

What is “Next Gen”?

No set definition

Can include:

Gen X (born 1965-1980)	Millennials (born 1981-1996)	Gen Z (born 1997-2012)

Need to be aware of which “Gen” is included; programming needs to fit preferences of the group as much as possible

Why is Next Gen important?

The future of philanthropy will be shaped by Next Gen donors

Next Gen donors:

- will have an historic amount of resources to give
- are eager to be active in giving throughout their lives
- want to experiment
- are in the stage of life right now where they are crafting their philanthropic identities

Nonprofits must connect with Next Gen donors today to build a strong pipeline for the future

Generational Giving Characteristics

Gen X

- Pragmatic and value-driven
- Independent; prefer making individual decisions about giving
- Comfortable with technology; likely to use digital platforms for giving
- Strong sense of community
- Value authenticity
- Prefer direct engagement with nonprofits they support, especially volunteering
- Cautious; skeptical of hype
- Currently, the “sandwich” generation

Millennials

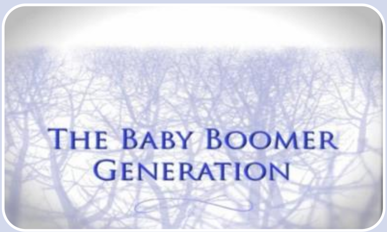
- Digital natives
- Socially conscious
- Prefer active involvement in causes
- Expect transparency
- Enjoy collaborative giving
- Interested in seeing impact of giving
- More likely to give via mobile devices and apps
- Active across various communication channels
- Skeptical of traditional structures

Gen Z

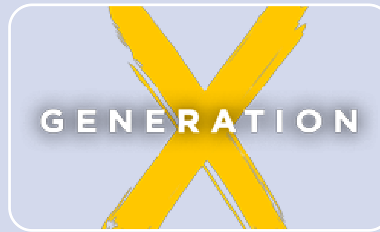
- Digital natives
- Very socially conscious
- Prioritize causes over institutions
- Engage in digital activism
- More likely to make smaller, frequent donations than large one-time gifts
- Drawn to crowdfunding
- Highly influenced by peer recommendations
- Prefer hands-on involvement
- Have a global perspective

Landscape in Charitable Giving

Multigeneration Difference on the Lighter Side



"When life hands you lemons, make lemonade."



"When life hands you lemons, create a startup to market lemon juice as a healthy, low carb alternative to lemonade."

"Hahahaha, as if life would ever just 'hand you' lemons."

Erin Haccker @HydroHaccker 1/7/19 Twitter

Landscape in Charitable Giving

Engaging the Next Generation

	Age ≤ 50	Age 51 – 70	Age > 70
Issues are the most important driver of my charitable decisions	35.6%	27.1%	24.5%
I view volunteering as the way to have the greatest impact	37.4%	28.8%	23.4%
Number of organizations with which I volunteer	3.8	1.9	2.1
I plan to increase my giving in the coming years	40.5%	24.8%	19.9%
I have family traditions around giving	37.3%	19.0%	15.5%
I have involved my children or grandchildren in my giving	44.3%	29.7%	18.0%

Source: The 2016 U.S. Trust Study of High Net Worth Philanthropy: Charitable Practices and Preferences of Wealthy Households, Indiana University, 2016

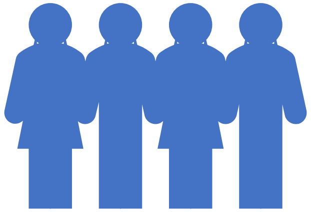
Preferred Information Sources

By Generation

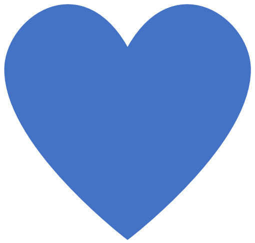
Where do you find info?	GEN Z	GEN Y	GEN X	BOOMERS	SILENT
Google Search	**59%**	**56%**	**60%**	**46%**	37%
Social Media	**48%**	41%	22%	9%	9%
Organization's Website	**47%**	**64%**	**64%**	**61%**	**60%**
Charity Review Site	34%	**49%**	**44%**	**45%**	**44%**
Word-of-Mouth	30%	36%	28%	20%	28%
Information in the News	30%	29%	40%	33%	**45%**
Annual Report	18%	29%	19%	30%	31%
Financial Statements	18%	13%	11%	15%	11%

Source: Blackbaud: The Next Generation of American Giving, 2019

What motivates Next Gen donors?

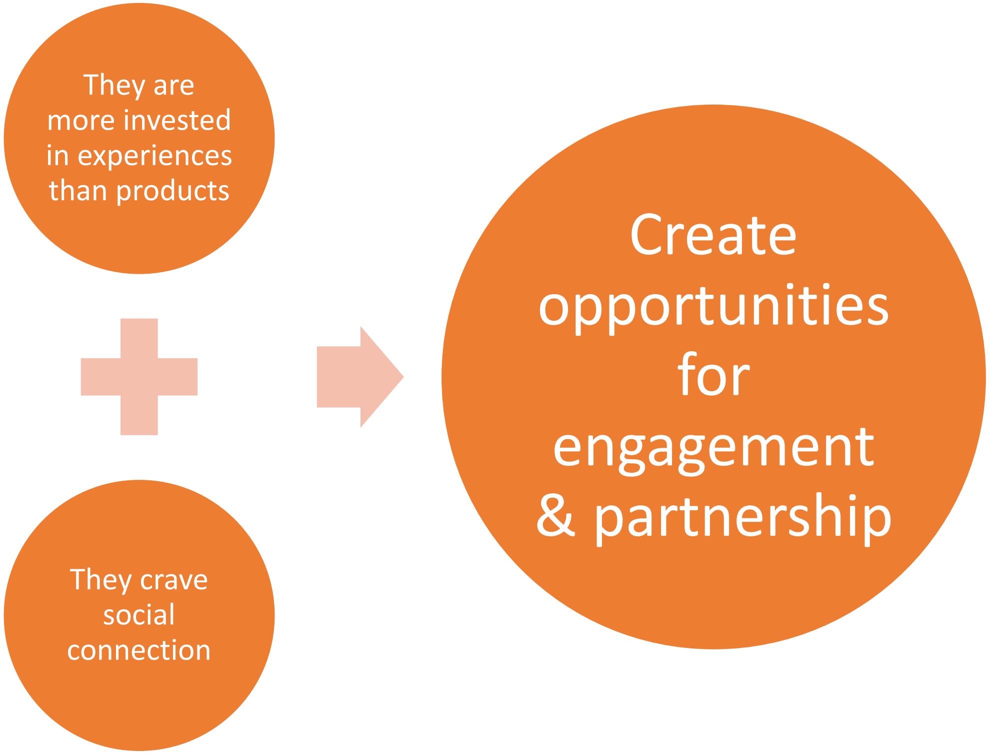


Philanthropy is part of their identity and values



They want to feel inspired by an organization

How can Next Gen donors be effectively engaged?



CLEVELAND Foundation
FOUNDATIONS FOR PHILANTHROPY

Foundations for Philanthropy

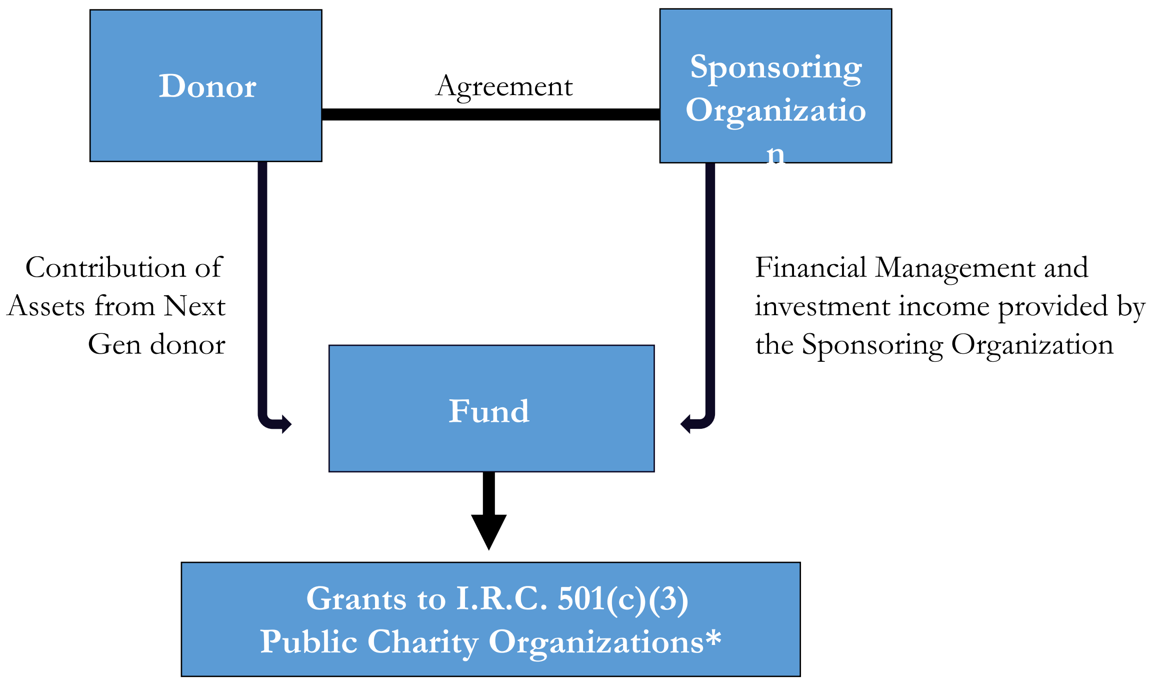
- Interactive cohort experience designed to launch individuals into lifelong philanthropy
- Teaches skills, strategies to leverage time, talent & treasure into meaningful impact for NEOhio
- 6-month program with monthly workshops led by experienced Cleveland Foundation staff
- Features:
  - Thought-provoking speakers
  - Engaging exercises
  - Interactive collaboration opportunities
  - Real-world grant making experience

Program Impact

- 74 program graduates since 2019
- Awarded more than $60,000 to 8 nonprofit organizations
- Participants have routinely rated the program as excellent

“I [now] understand who I am personally and professionally as a philanthropist. Before, I thought I needed to be in a certain place in life before I could call myself that.” - 2023 participant

Engagement with Donor Advised Funds



*Federally mandated rules make grants to an entity other than a I.R.C. Section 501(c)(3) public charity problematic, so restrictions may apply.

Retirement Assets, Fundamentals, and DAF in the timeline of Giving –

Thomas M. Griffith, ChFC®, CAP®, AEP®

DAFs, IRAs, QCDs and RMDs

- Can we think of any more acronyms to include?! ☺
- Two prominent tools in lifetime giving:
  - Donor-advised funds (DAFs)
  - Individual Retirement Accounts (IRAs)
- DAFs can be used at any point in a donor's lifetime
- IRAs impact gift planning after age 59 ½

Donor-advised funds (DAFs)

- DAFs are a flexible tool
  - Disconnect tax aspect of giving from gifts to entities
  - Most useful for:
    - Taxable events
    - Complex assets
    - Taxpayers that itemize
- Investment and tax advisor uses
  - Rebalancing accounts
  - Resetting cost basis in a holding
  - Timing deductions

Individual Retirement Accounts (IRAs)

- Simplifying the discussion by focusing on traditional IRAs
- Most people have significant portion of assets in IRAs
- Before age 59 ½ not useful due to penalties
- After age 59 ½ there should be an annual evaluation
  - Looking at tax bracket, income needs, charitable giving
  - Preparatory to required minimum distributions (RMDs) at age 73+

Qualified Charitable Distributions (QCDs)

- Also known as the charitable IRA rollover
- Allows up to $100k each year to go directly to charity
  - Avoids your tax return (no tax and no deduction)
  - Simple – usually a single form from your investment firm
- Important for funding legacy
  - Cannot got to a donor-advised fund or private foundation
  - Can go to a community foundation for a permanent fund

Required Minimum Distributions (RMDs)

- Currently, required to start at age 73
- Forces you to take a percentage out as income
- RMD once received can be gifted to charity including a DAF
- Actuarial tables force drawdown but not until age 120
- Requires planning to balance taxation, income needs and ultimate beneficiary

Working with Donor Clients and the Gift Agreement Process –

Paul M. Caspersen, CFP®,
MS (Financial Planning & Taxation),
AEP®

INTRODUCTION

- Evolution of Philanthropic Donations
- Complexity in Gift Agreements
- Role of Professional Advisors

PARTIES TO THE AGREEMENT & CHARITABLE PURPOSE AND RESTRICTIONS

- Identifying Donor and Donee
- Legal and Tax Implications
- Charitable Purpose and Restrictions

CASE STUDY

The Moritz-OSU Dispute

Background:

Michael Moritz's Generous Donation

Discrepancies Unearthed:

The Development Fee

Implications:

Legal Battles and Public Perception

Lessons Learned:

The Importance of Transparency

CHANGES IN CIRCUMSTANCES & PLEDGES

- Anticipating Future Changes
- Donor's Priorities and Commitment
- Dartmouth Golf Course — *In re Robert T. Keeler Maintenance Fund for the Hanover Country Club at Dartmouth College,* Supreme Court of New Hampshire (7/13/23)
- Include contingencies in the Gift Agreement!

ALTERNATIVES IF PAYMENT NOT MADE & PRIVACY AND RECOGNITION

- Scenario Planning for Unfulfilled Commitments
- Privacy vs. Recognition Challenges
- The Charity's Point of View
- Duke University and Aubrey McClendon

NAMING RIGHTS
UN-NAMING RIGHTS
MANAGEMENT FEES
ENFORCEMENT OF AGREEMENTS

- Naming and Un-naming Rights
- Accounting for Gift and Endowment Fees
- Enforcement of Agreements

ROLE OF PROFESSIONAL ADVISORS

- Get out in front of these conversations your clients are having with NPO’s.
- Balancing Donor Involvement and Charity's Autonomy
- Role of Professional Advisors in Gift Agreements

CONCLUSION

- “The Charitable Act”
- Universal Charitable Deduction
- Would raise the previous $300/$600 cap on the non-itemizer deduction (expired in 2021) to one-third of the standard deduction, equal to roughly $4,500 for individuals and $9,000 for joint filers.

Thank You