

Davenport Asset Management presents:

Virtual Investor Summit Series

Financial Planning for Philanthropists

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Davenport & Company LLC Member NYSE-FINRA-SIPC

Introduction



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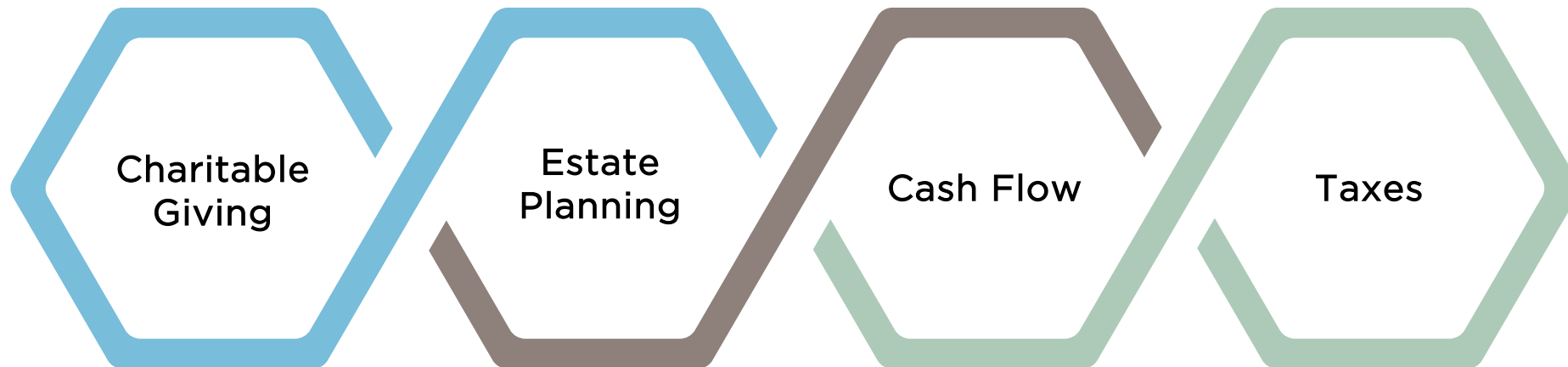


Topics for Today's Presentation

Agenda

- The importance of planning for your charitable giving
- How to get started or expand your giving
- Explore your options to give in smart ways: simple to complex

FINANCIAL PLANNING



How to Get Started

- Discuss your goals with your financial advisor
- Create a financial goal plan that incorporates your charitable planning
- Pair your plan with a family meeting - do your heirs understand your goals?
- Seek guidance from professionals to refine as needed

Simple to Complex

- Appreciated Assets
- Beneficiary Designations
- Bequests

- Donor Advised Funds
- Qualified Charitable Distributions

- Charitable Remainder and Charitable Lead Trusts

- Real Estate, Art, Coin Collections

Simple to Complex

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When is it a good time to make a gift?

- When it meets your goals and objectives
- When you are expecting a taxable event
- When you have appreciated assets



When is it NOT a good time to make a gift?

- When you've owned the asset for one year or less
- When the asset's cost basis is above its current value
- When you can't use the charitable deduction

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\$100,000 Gift of cash

- Charitable deduction: \$100,000
- Income tax savings: \$37,000
- *Net cost of gift: \$63,000*

\$100,000 Gift of appreciated stock with a \$50,000 cost basis

- Charitable deduction: \$100,000
- Income tax savings: \$37,000
- Avoided federal capital gains tax: \$10,000 ($\$50,000 \times 20\%$)
- *Net cost of gift: \$53,000*

Assumptions: The donor is in the 37% federal income tax bracket and 20% federal capital gains tax bracket. (State income and capital gains tax savings are not reflected but will further decrease the net cost of the gift.)

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-
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-
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Bequests

Gifts made to an individual or nonprofit organization through your will or revocable living trust (RLT).

Beneficiary Designations

- Retirement accounts
- Brokerage accounts and real estate (transfer on death or TOD)
- Checking and savings accounts (payable on death or POD)
- Life insurance contracts

Why do donors like bequests and beneficiary designations?

- You retain control of your assets during your lifetime.
- You retain flexibility to change what individual or entity receives your gift and how much they will receive.
- These can be used for endowments or restricted gifts.

Donor-Advised Fund: What is it?

Simple to Complex

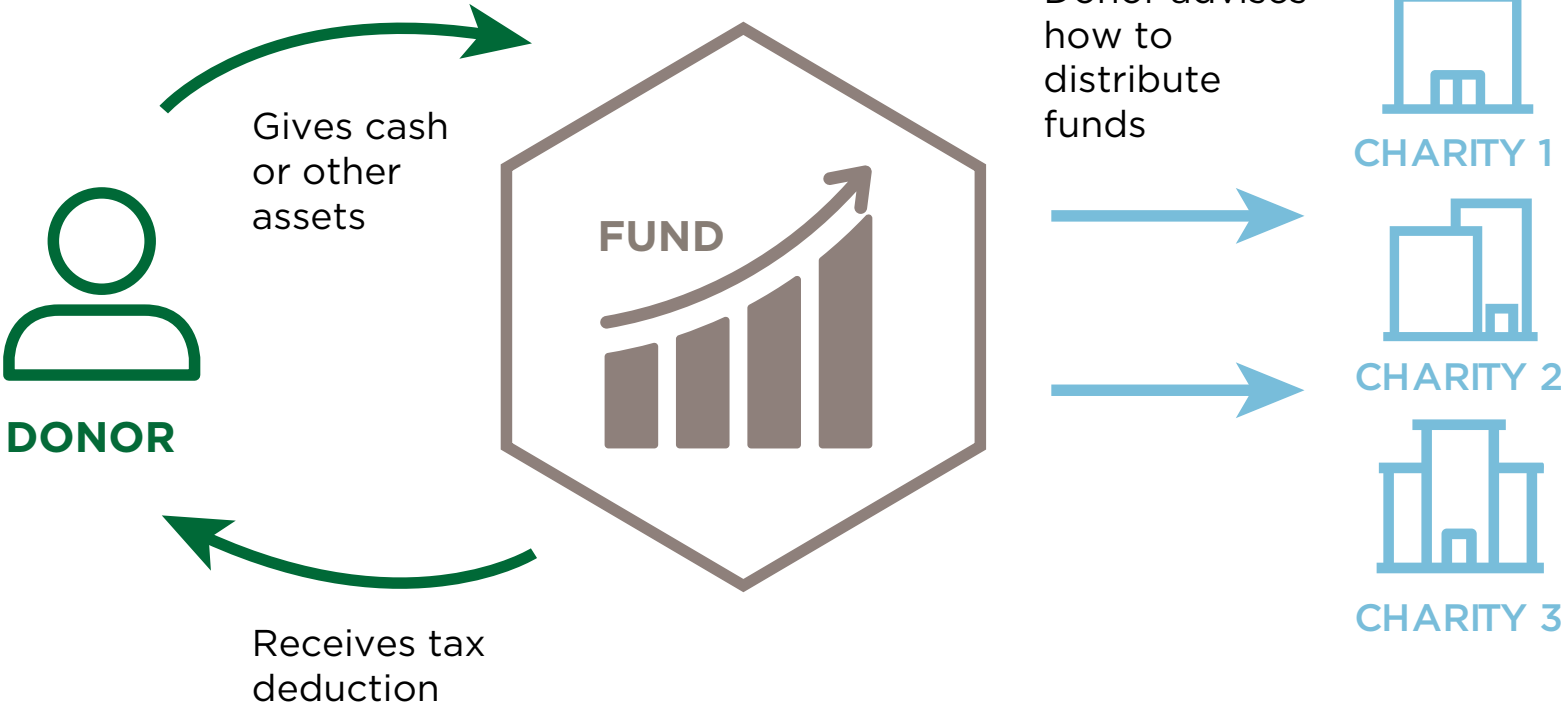
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Qualified Charitable Distributions (QCDs)

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- Donor must be 70.5 years old or older (no longer linked to RMD age)
- Annual limit of \$108,000 per person in 2025 (limit now indexed to inflation)
- Must be made during the calendar year (not before tax deadline)

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Lower taxable income has effects on other taxes due to:



Why would you consider a Charitable Trust?

Simple to Complex

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Living

Revocable trust usually established by the Grantor to supplement their will. Assets placed in living trusts pass outside of probate and avoid the related fees and delays. A living trust that includes a charitable gift is **not** a Charitable Trust under the Internal Revenue Code.



Charitable

An irrevocable trust made for the benefit of specific charitable purposes. It must meet certain tests and adhere to regulations outlined in the Internal Revenue Code. A charitable contribution deduction is allowed by the Internal Revenue Code when the trust is established.

Simple to Complex

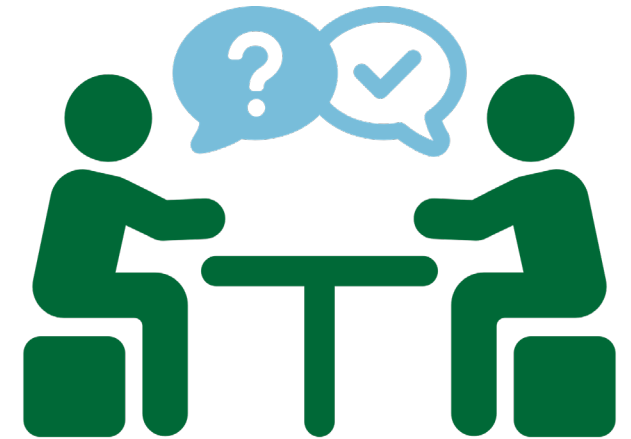
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- What kind of taxes are you concerned about?
- Who do you want to have the income?
- Who do you want to receive the asset ultimately?
- How will the income be determined?
- When do you want the trust to start?
- Who should be the trustee?
- How will this be funded?
- What are the fees involved?
- What are the level of interest rates?



Overview of Charitable Trusts

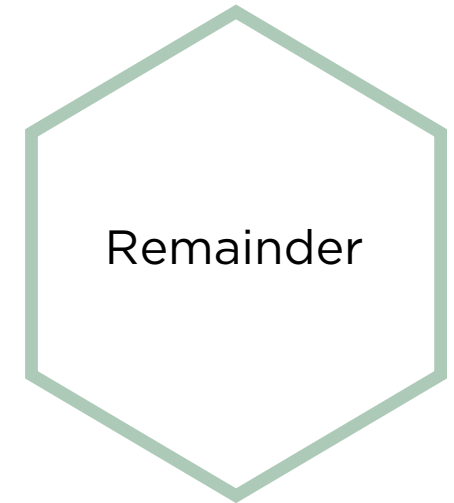
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Charitable Remainder Trust

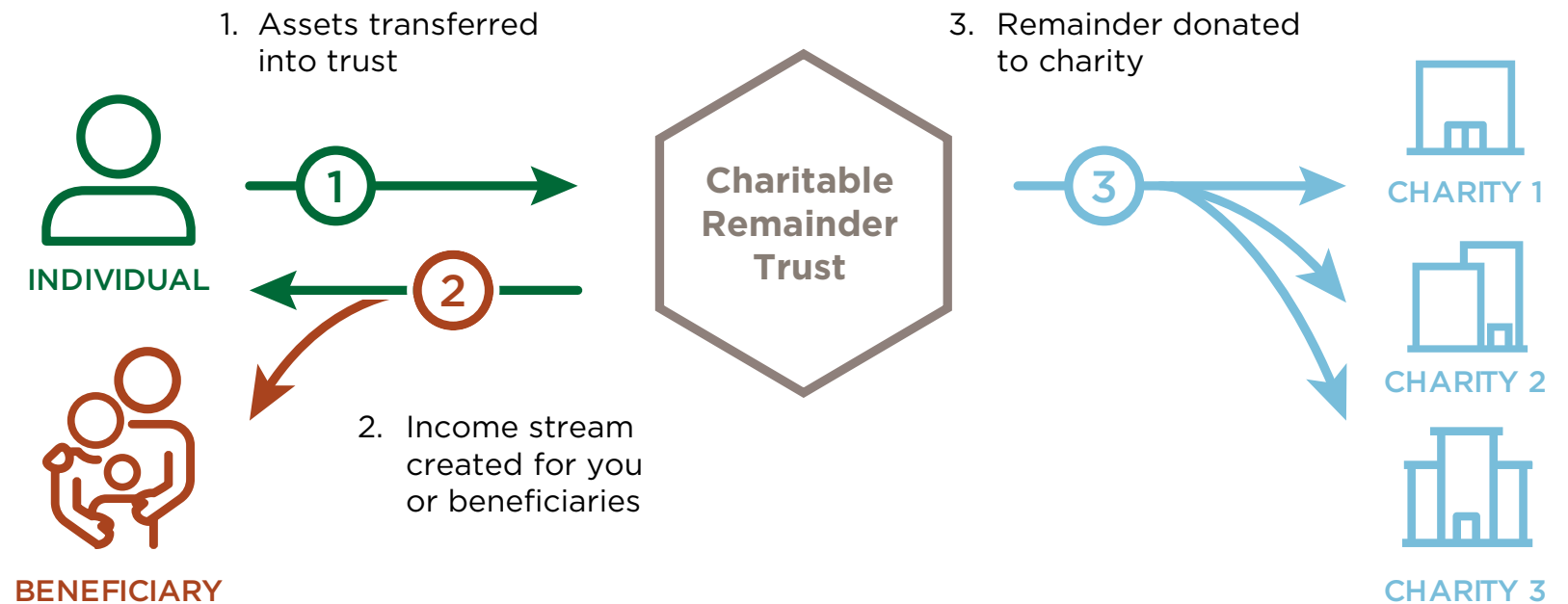
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Charitable Remainder Unitrust Trust Example

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Best for: Providing income and a charitable deduction

Example:

Marybeth aged 82, would like to provide support for her favorite cause but is worried about her adult son, aged 60, who has a disability and needs additional support.

Proposal:

CRUT to be funded with \$1m in appreciated securities with a 50% cost basis. Payments will be made to Marybeth during her lifetime and then to her son for life after she passes.

Charitable Remainder Unitrust (CRUT)

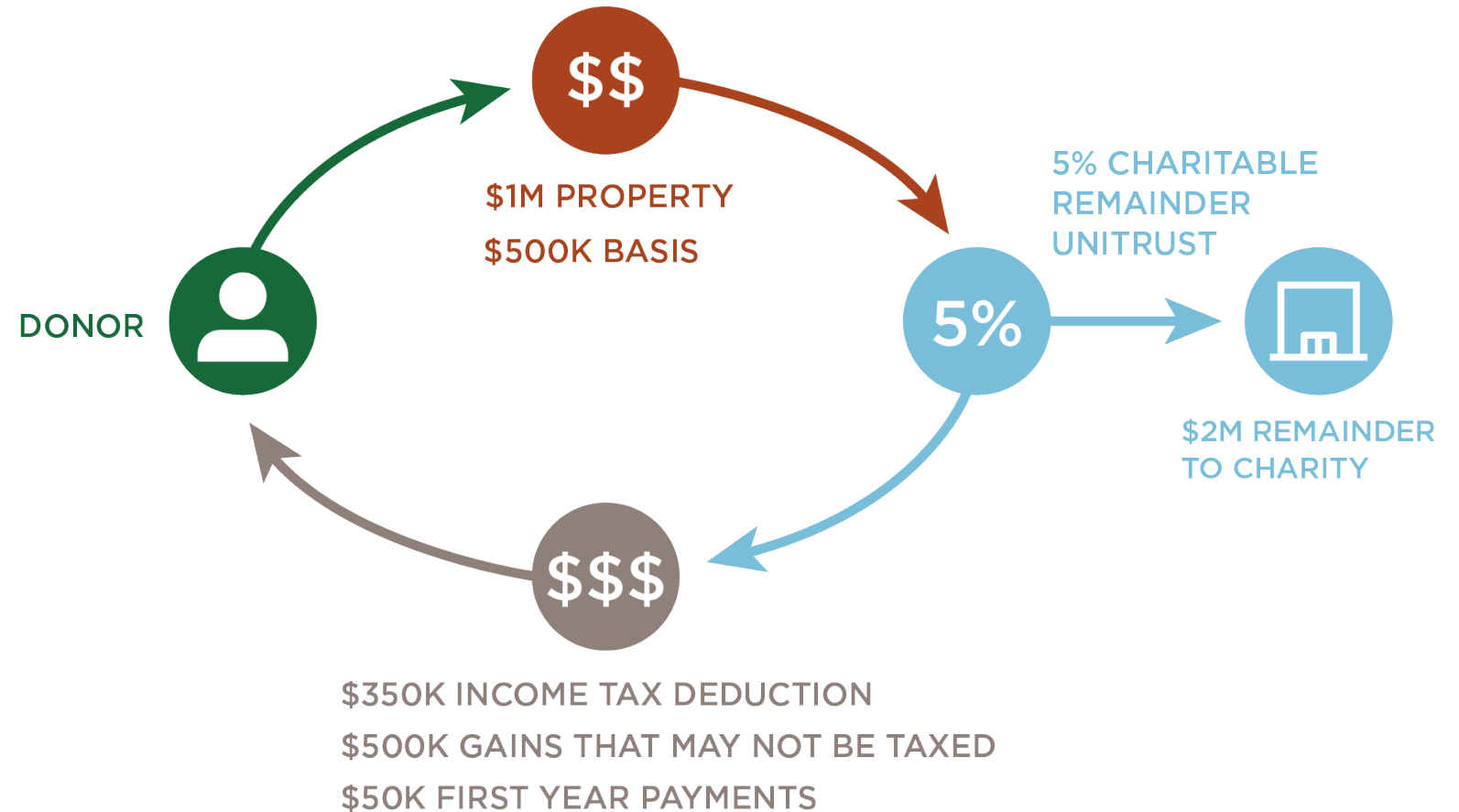
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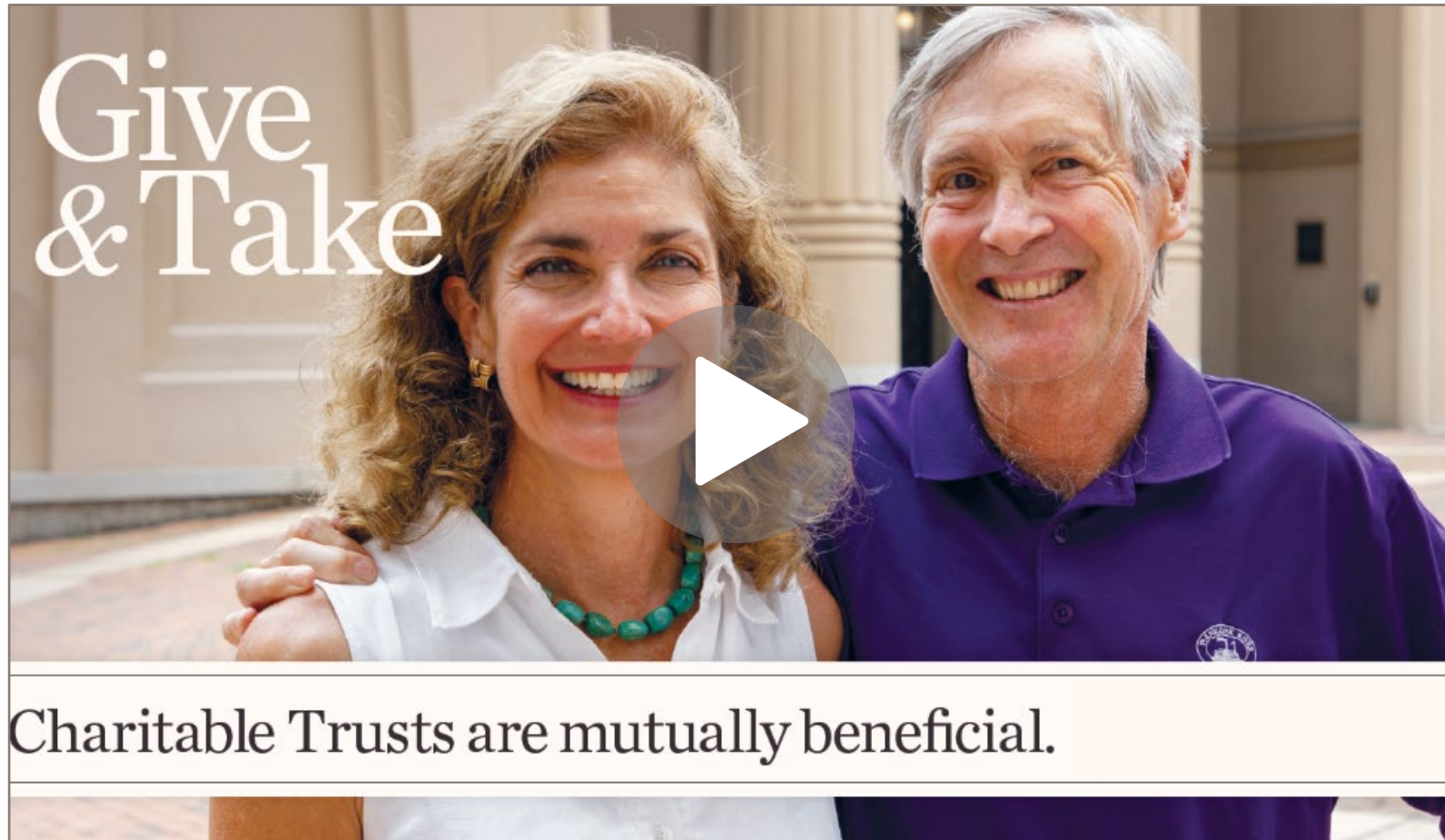
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Charitable Trusts: a Win Win Solution



Charitable Lead Trust

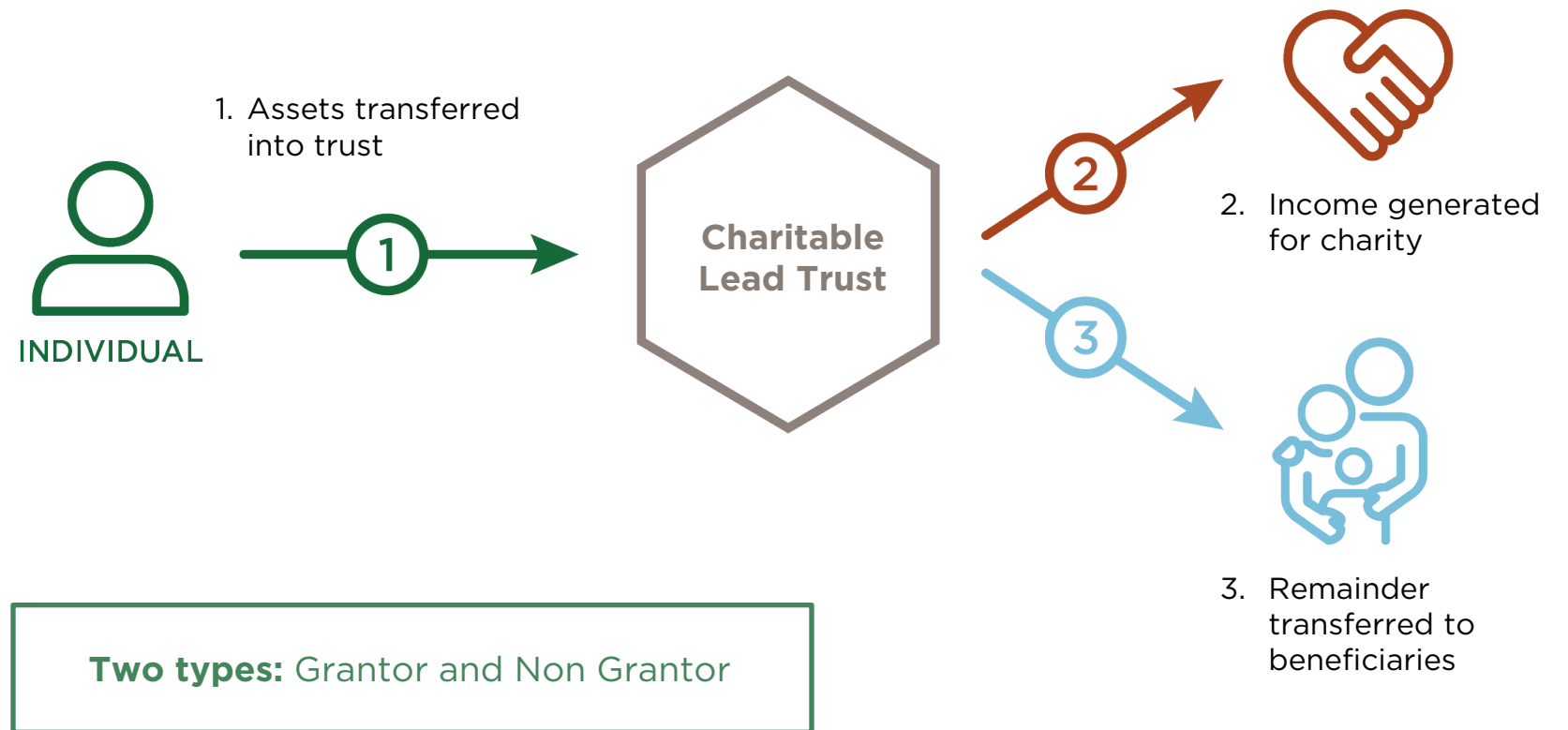
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Grantor Charitable Lead Trust

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Best for: Liquidity events and high income years

Example:

Miguel sells his business for \$5m and has more cash than he needs in the near term. He would like to give a gift to charity, and because of this liquidity event, he could now use a significant income tax deduction.

Proposal:

\$1m 20-year grantor CLAT funded with cash

Grantor Charitable Lead Trust

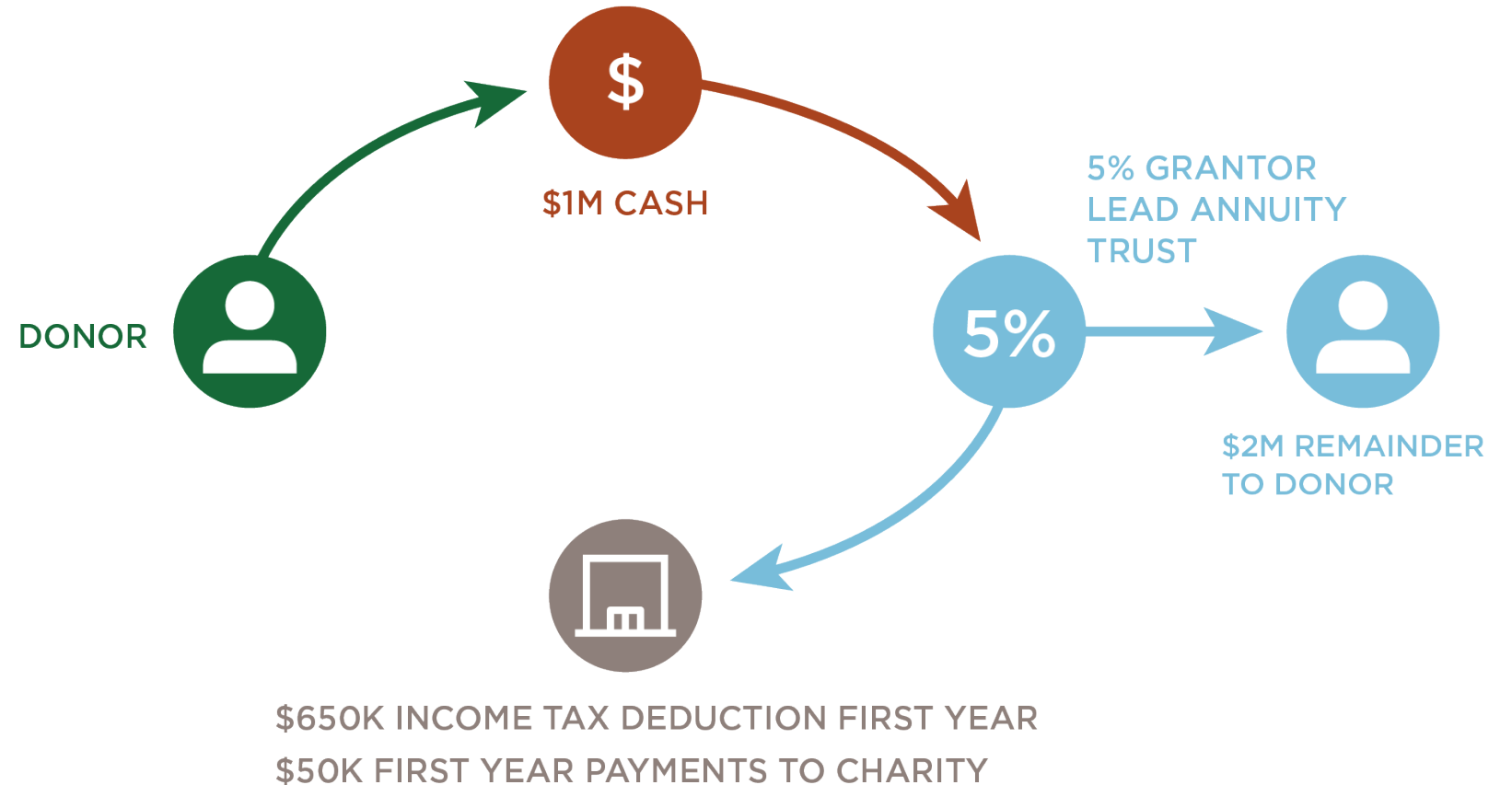
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Non-Grantor Charitable Lead Trust

Simple to Complex

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Best for: Addressing estate tax concerns.

Example:

Janice is an 80-year-old widow with adult children and grandchildren. She has a taxable estate and would like to make a gift to her favorite charity during her lifetime, but ultimately, she wants her family's assets to go to her heirs. She is concerned about capital gains on her stock portfolio as well as estate taxes.

Proposal:

\$5m non-grantor CLAT based on Janice's lifetime

Non-Grantor Charitable Lead Trust

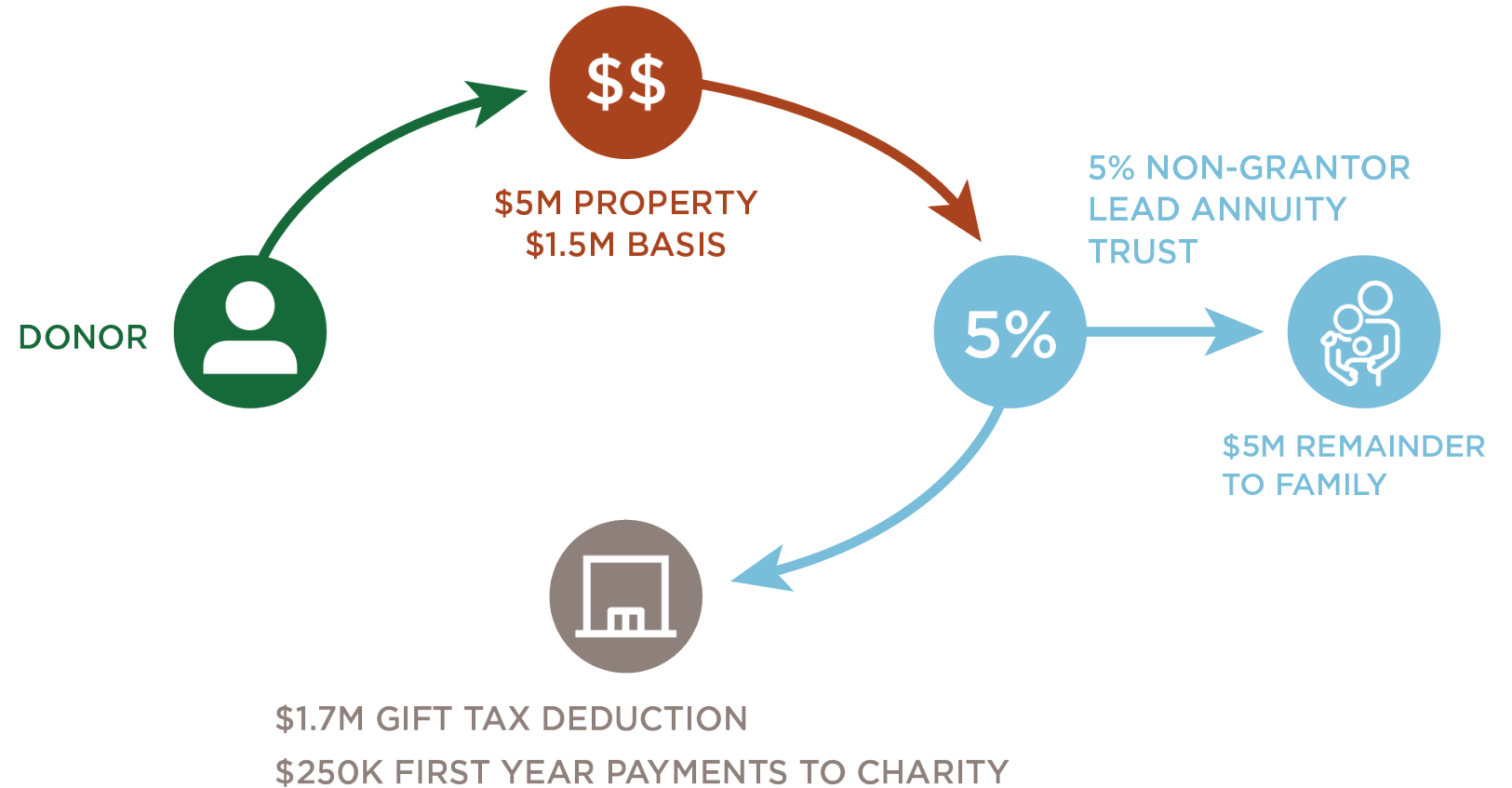
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Real Estate



Art



Coin Collections

It all comes back to planning

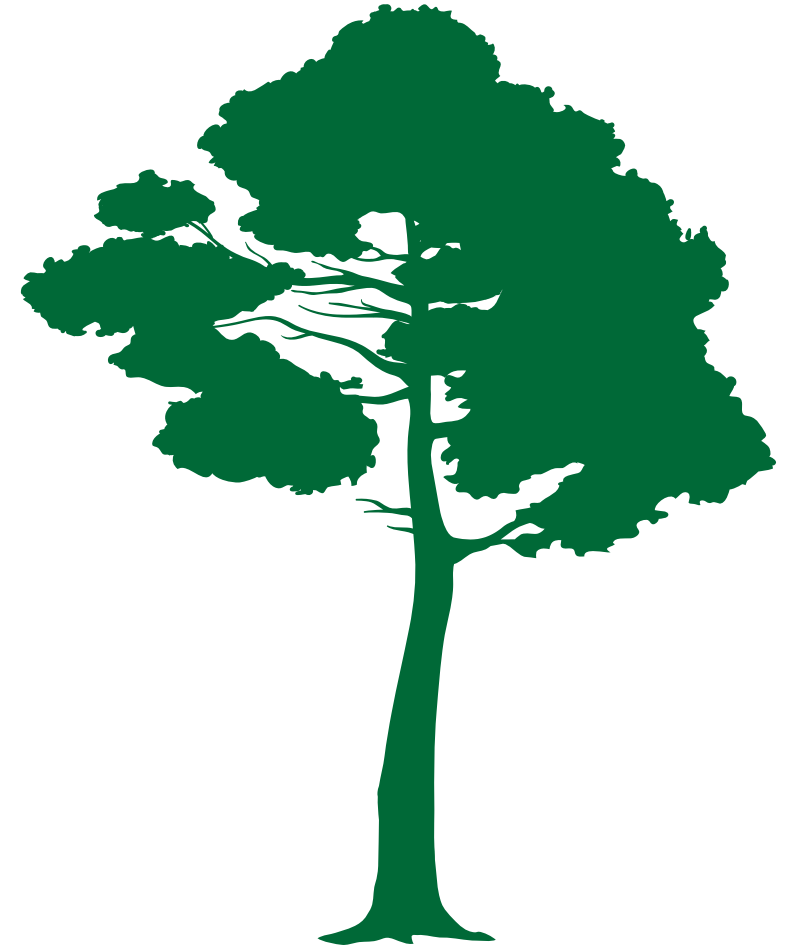
“

Someone's sitting in the shade today because someone planted a tree a long time ago.

- Warren Buffett

”

Warren Buffett has donated more than \$55 billion worth of his Berkshire Hathaway stock to charity.



Questions?



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