Douglas County Community Foundation
CELEBRATING 20 YEARS

Professional Advisor News

December 2021

What a year! (And déjà vu?)

Last December, we heard from some advisor friends that clients were hoping to maximize the charitable giving tax breaks included in the coronavirus legislation. You also reported that clients had expressed curiosity about how tax laws might change in the coming months, and at the same time clients were increasingly interested in involving their extended families in charitable giving.

Here we are, 12 months later, and we're hearing from you that these three topics are still top of mind — but with a couple of twists, which we'll cover in this newsletter.

With some of the mystery now eliminated regarding potential tax reforms, we know your clients are now looking at how to move forward creatively with specific charitable planning techniques, especially donor-advised funds as these vehicles are increasingly in the news.

Family philanthropy is no longer as daunting to many of your clients. Video conferencing has revolutionized the opportunities for families to connect about charitable priorities. Now, the conversation is turning toward how to make family philanthropy fun and rewarding for everyone, especially during the holiday season.

Thanks so much for the opportunity to work together! We are honored to help you serve your clients.

The ever-popular, handy-dandy, year-end charitable giving checklist

We've heard that many of you appreciate a quick checklist for charitable giving reminders each December. We know you receive this type of information from many sources, and frequently in great detail. It is our goal to break things down into a few simple points. Please reach out to us if you'd like to dive deeper. We'll jump in to help!

First, in the midst of recent flurry surrounding the Build Back Better legislation, clients won't want to forget about the charitable giving provisions from 2020 COVID-19 relief legislation that carried over to 2021, notably the $300 "universal deduction" even for non-itemizers. Helpful to itemizers is the allowance for cash contributions to charities to be deducted up to 100% of adjusted gross income. This allowance creates an ideal opportunity for your clients to "bundle" or "bunch" their charitable gifts this year, taking full advantage of the limited-time ability to offset significant levels of income. Donor-advised funds are not eligible recipients of these cash contributions; however, organization funds, designated funds, and field-of-interest funds at DCCF can qualify and are very useful philanthropy planning tools.

Second, never assume that your clients will remember the benefits of donating highly-appreciated securities to a charitable organization or fund at the community foundation. It seems obvious to those of us in the business, so to speak, but clients do not live and breathe the tax laws like we do. Remind clients that frequently the best way to fund their charitable giving is through highly-appreciated assets.

Third, let your clients know that charitable giving is still an important priority and that most people who give to charity still plan to do so, even this year after the wild ride of the pandemic. Indeed, clients might appreciate seeing the data, including a study recently released by Classy showing that 84% of donors planned to give to charities at the same or higher level this year as they gave in 2020.

Helping families stay connected across the miles and generations: There's a gift for that!

Your philanthropic clients will thank you for suggesting they consider giving the gift of giving in the form of a charitable fund instead of the more typical "I made a gift to my favorite charity in your honor."

More parents and grandparents (and friends and colleagues) are giving a child, grandchild, friend, or co-worker a charitable fund, pre-established and pre-funded, in the name of the recipient. Frequently taking the form of a donor-advised fund, this gift allows the recipient to experience the benefits of working with the community foundation to support important causes.

We can help your client create a gift fund, including granting the recipient online access. Your client can literally put a bow on the carefully rolled-up fund document, sign a card listing the URL and login credentials to view the fund online, and present the package as a gift. Both giver and receiver will love the experience.

Educational opportunities are a natural follow-up. Your client can find resources on our website and/or work with us to set up a family giving session via Zoom to learn the basics of charitable giving and be introduced to key issues facing our communities and across the country. This type of experience helps the family's values stay intact across generations.

Don't underestimate the power of philanthropy to help you build relationships with multiple client generations. We have the tools you need to inspire Baby Boomers, Gen X, Millennials, and Gen Z to make a lasting impact that is as meaningful to them as it is to the causes they support.

And (not so) suddenly, it's a thing: What's up with donor-advised funds?

For nearly 90 years, charitably minded individuals and families have established donor-advised funds to help carry out their philanthropic wishes. Popularity of the donor-advised fund steadily grew, especially beginning in the 1990s, eventually resulting in official recognition in the Internal Revenue Code under 2006 tax law updates. Today, over 1 million donor-advised fund accounts hold nearly $160 billion in charitable assets, according to the latest numbers.

The growth of the donor-advised fund as a useful charitable giving tool has made it something of a celebrity. You and your clients no doubt have begun to see articles about donor-advised funds pop up in mainstream financial publications, as well as in academic journals. And yes! We read those articles, too! One of our top priorities is keeping up with proposed legislation and commentary about charitable giving, including particular vehicles such as donor-advised funds.

You and your clients may find it helpful to review the types of funds available through the community foundation, which include donor-advised funds and much more. Here are some things to keep in mind:

1. As you're likely aware, a "donor-advised fund" enables a client to establish a specific account for charitable giving. Your client makes a tax-deductible contribution of cash or other assets to the fund, and then recommends grants to favorite charities during the current year and in future years depending on the client's goals and plans.

2. The community foundation has its finger on the pulse of the community's most pressing issues. An "unrestricted fund" provides your client with an opportunity to support community needs that can't be identified until the future. One of the biggest benefits of a community foundation is its perpetual structure that allows support to nonprofits to evolve over time as priorities in the region shift.

3. To target charitable giving to specific areas of community need (such as education, health, environment, or the arts), your client can set up a "field-of-interest fund" to establish parameters for grant making under the ongoing guidance and expertise of the community foundation's staff. Plus, field-of-interest funds can be a wonderful alternative to a scholarship fund and accomplish a client's charitable goals even more efficiently and effectively.

4. A "designated fund" allows a client to focus charitable giving on a specific agency or purpose. Over time, the community foundation's staff manages the distributions from the fund according to the terms the client establishes.

As you talk with your clients about options for their charitable giving plans, please reach out. We would be happy to share perspectives and ideas that take into consideration current trends and legislative developments.

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