

Increasing Your Wealth thru Acts of Kindness: Charitable Giving

By: Jeffrey Fryer, Wealth Manager

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Just the other day I was watching a parent teaching his child a lesson of charity. A man was on a street corner with a sign asking for spare change, as he has fallen on tough times. I witnessed crowds passing the gentleman paying no attention when finally a father and son approached. The father quickly reached into his pocket and emptied the change into his son's hand and prodded him to place it in the man's cup. The child at first looked at his father funny and started to place the money in his pocket. The father said "son we are lucky to be going to the ball game today where we will have hot dogs, soda and maybe some ice cream. That man needs our help so he can eat too". The boy placed the money in the cup and instantly looked up at his father and beamed a huge smile.

I was reminded how giving feels good. That was the lessons I learned as a child. I also reminisced how as I got older and the more charitable I became the more I seemed to gain in return in all aspects of life. Granted it wasn't for the personal gain that I gave, it just sort of worked itself out that way. The most obvious increase in wealth came from the tax benefits of giving to charity. But the not so direct benefits came from social benefits of my community. By giving within my community it promotes a stronger community and better wellbeing for all within.

There have been many social economic studies over the years that point to the benefits, both personally as well as national prosperity, from charitable giving. Not just financial benefits but social and health benefits also. One study pointed out that for every dollar given to charity personal income increased by \$4.35 of extra income.

Most of the investing population is very charitable at heart. The question isn't about what to give but more about how to give. Many of you are already giving to your church and favorite charities without much thought about the timing or mechanics. You simply write a check and keep a record for your CPA. Some of you may have even created your own family foundation as a vehicle for giving. There are many ways to give, each with its own pros and cons.

One of the latest trends we have seen is giving through a Charitable Giving Account in a Donor Advised Fund. How this works is the Donor Advised Fund is in itself a Charity. It creates a giving account for you in which you fund. The assets are invested as you, or your advisor, direct and gifts are made to the charities of your choice at the time you choose.

There are many benefits to a Donor Advised Funds. They are less costly and don't have the reporting requirements of a Family Foundation. You can remain anonymous if you prefer and you can "front load" your donations and receive all the deductions in a particular tax year while giving over a longer period of time. Assets may continue to be professionally managed and there can be a structure of perpetual giving.

To learn more about the different ways you can be charitably minded and what the benefits are to the different ways of giving, call us today. We believe Charitable Giving is a crucial part of your financial planning and we are here to help you every step of the way.