



WEALTH PLANNING > PHILANTHROPY

Tips for Giving While Living

Questions to ask and charitable techniques to use.

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As older donors approach retirement, they often consider their life experiences and the skills they have to share – both personal and professional. They may look within themselves to goals that they wish they had achieved. Or they may want to use skills that they learned and honed in a different environment, seeking to apply their business, personal or professional expertise for social impact.

Voluntarism and philanthropy are two activities that promote well-being and satisfaction. Such engagement with the non-profit community provides dividends in health, enriches life, opens up potential collaborations with family and friends and contributes to feelings of purpose after raising a family and in post-career life. As the Baby Boomer generation continues to age, they create a growing market for your advice. If you're planning to step up your own involvement in philanthropy, or hope to encourage clients to do so, here are some thoughtful questions and steps to help you move forward.

Questions to Ask

1. Whose philanthropy is it? Is your retirement giving part of, or separate from, family philanthropic activities? Be clear about this if others don't share your interests. Will children or grandchildren be involved? The act of involving children and grandchildren in your giving can be fun and offers opportunity to transmit values, learn about what's important to them and provide skill training for future philanthropic leadership. (You may also learn how to use social media!)
2. How will it be managed? How many gifts do you anticipate making each year? What size is comfortable for you? Create a strategy and a budget. Will legacy gifts to certain organizations require the services of others in the future? Are instructions clear?
3. What are you committed to? What inspires you to give? Climate change? Voting rights? Music education, or brain cancer research? Do you lean toward advocacy efforts? Research? Direct service programs? How will you assess each recipient's progress?

4. Research organizations addressing your interests and learn more about philanthropy. Attend events, join philanthropic organizations or volunteer to serve on professional advisory boards. (Trust and estate professionals are often sought out.) Look for alignment between your values and philanthropic mission and those of charitable organizations. Assess organizational needs, values and leadership, as well as operational strengths and weaknesses.

5. Identify what you need to move forward – advice from peers and/or professionals or diving in to learn more about an issue you are passionate about. Consider professional assistance if you feel you need help getting started. Seek out learning communities to meet your goals.

Charitable Techniques

Everyone has their own philanthropic style, but certain charitable techniques can simplify giving for both the donor and the recipient. Here are a few:

1. Consider general support, which provides the most flexibility to non-profit organizations.
2. Make a multi-year gift. Such funding makes planning easier for the organizations you support and reduces paperwork for both you and the recipient. The relationships you'll develop create opportunities for learning and volunteering. Shining the spotlight on organizations and issues you care about attracts additional donors, engages partners and educates your community about their importance.
3. Consider global giving, directly or through U.S. organizations that pursue their objectives abroad. We live in an inter-connected world. A trip with family, friends or other donors to observe the impact of your support first-hand can be a life-changing experience.

To date, your role as an advisor has been to explain the benefits of alternative philanthropic vehicles to the client. The fund has already been established and the income tax deduction for the contribution has already been received in the high earning years. Now, the considerations are different: (1) how quickly do you and/or your clients want to spend down the charitable fund; and (2) how comprehensively do you wish to control the legacy of the fund after death.

Timing

An important concern, particularly for DAF donors and their advisors, is when and how quickly the funds in the charitable account will be spent down. Will grant recommendations be made to exhaust the fund completely during the donor's lifetime, or is it contemplated that the fund will survive the donor?

Gifts made during the donor's lifetime offer significant personal gratification; as the donor, your client (or you) has the pleasure of seeing your charitable dollars at work firsthand. Donors may also take satisfaction in a gift that survives them. A DAF or other philanthropic vehicle that bears their name assures a legacy of social responsibility and creates for their descendants an ongoing culture of concern for their community. Anonymous gifts or those made through a generic name (for example, The Hope Fund) offer different satisfactions to donors and their families.

Controlling the Legacy

If the DAF will survive the donor, does the client wish to control how the funds are ultimately distributed and who will make those determinations?

Many DAFs will allow original donors to name successor advisors who will have the continuing right to name the charitable recipients of grants. Most, but not all, DAFs will also allow those successor advisors to name their own successors, so that the fund may continue in perpetuity. Caution your clients that some community foundations take the opposite approach and don't permit a perpetual line of successor advisors; some don't even allow donors to name a default charity because they wish the community foundation itself to be the default charity.

Another consideration is whether the DAF will consent to the donor leaving detailed instructions for the ultimate disposition of the fund, even without naming a specific default charity. Will those instructions be written by you as their estate planner, by the DAF staff or by the clients themselves? In some cases, they'll need to be approved by the DAF.

This is a project with which you can provide invaluable assistance to your client in helping think through the issues and tips outlined above to arrive at a comprehensive considered philanthropic plan for their retirement and beyond.

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