Wealth Management # 7 – Wealth Sharing

Charitable giving is the final aspect of advanced planning. Obviously, if you're giving away your hard-earned money, you'll want to ensure the money goes to causes you're interest in, and that your money can make a difference.

The planning steps are straightforward:

(i) Identify the various causes that interest you, for example: animals, children, adults, or an organization such as a church, school or college, etc.
(ii) Identify what you hope to achieve with your giving, for example: help cure a disease, provide an educational opportunity, support your church, etc..
(iii) Identify where you want to make an impact, for example: the local community, a national cause, maybe a global cause.
(iv) Decide when you want to give. It could be during your life, at death, or for an ongoing period even after death.
(v) Decide what to give. This could be cash, property, even your time and expertise by volunteering.
(vi) Decide how involved you want to be in the mechanics of gifting. Some strategies just require you to write a check, whereas others are more involved (a private foundation needs to be managed, have directors attending board meetings, file a tax return, etc.).

Once you have a plan, then it's easier to identify the most appropriate gifting strategies. Some of the typical approaches include the following:

1. **Annual Gifts**. These are just gifts of cash, clothes, other property, etc. during your lifetime. These typically stop at death.

2. **Bequest via your will**. This is straightforward, and is typically a one-time gift upon your death.

3. **Charitable Gift Annuities**. You make a donation to a charity. The charity provides annual payments to the donor (a portion of your money is returned to you each year). Upon your death, the charity keeps whatever money is left from your donation.

4. **Charitable Remainder Trust**. This is similar to the charitable gift annuity except the initial donation goes into a trust. You receive annual income from the trust (again, a portion of your money is returned to you each year). Upon your death, whatever is left in your trust

goes to the specified charity. This approach enables you to change the charity prior to your death.

5. **Charitable Lead Trust**. You set up the trust to which you make a donation. However, the specified charity receives the annual income. Upon your death the remainder goes to your beneficiary.

6. **Private Foundations**. These are more complicated. You set up your foundation, prepare a written gifting policy, prepare an written investment policy statement, identify board members, have meetings, decide upon gift recipients, publish meeting minutes, keep accounts, file the annual tax return to report how much money was gifted during the year. A foundation can not only make gifts during your lifetime, it can potentially keep on gifting for many years after your death.

7. **Donor Advised Fund**. This is similar to a foundation except that someone else does the day-to-day work of managing the fund operations. You set up your fund. You can contribute money while you're alive as well as at death. The fund then contributes in your name to your chosen charity (or charities) every year that there is money left in the fund. Again, gifting can potentially continue for many years after your death.

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