



Futures

A no-nonsense newsletter for estate planners and financial advisors from The Dayton Foundation

Talking to Clients about Charity and the Benefits of The Dayton Foundation

By John M. York, Senior Vice President of Investments, YHSA Wealth Management Group, Merrill Lynch

"I think we miss the boat somewhere when we don't address with our clients how much is 'enough'...."

—John M. York

As the financial services industry has evolved, financial advisors spend more time today helping clients with their overall planning needs. With challenging market conditions and the decrease in company pension plans for employees, now more than ever, individuals are having to be more investment savvy and more responsible for growing resources for their future retirement.

Because we are having more longer-term planning conversations with our clients, we also have more opportunities to enter into a conversation with them about their charitable interests. Just as our clients will want to plan for a good retirement, so too will they want to consider their ability to pass assets to their children and other heirs. The latter may include support for their places of worship and/or other charitable organizations or causes.

It's a natural progression when discussing planning for loved ones to include a discussion of whether they would like to plan to help

organizations or causes they care about. In my 37 years as a financial advisor, I have never had a client not appreciate the opportunity to discuss how they might best fulfill their charitable interests.

As part of this discussion, I frequently have the opportunity

to acquaint clients with how The Dayton Foundation – our regional community foundation – has many options that can help them with this. Since my wife, Becky, and I have a Charitable Checking AccountSM and an endowed fund with The Dayton Foundation, I also can share our personal experience with these vehicles and with the Foundation.

Charitable Checking Accounts As a Point of Entry

What I frequently suggest first to charitable clients is that they consider opening a Charitable Checking Account (CCA) with The Dayton Foundation. This is the simplest introduction to using the Foundation. As its name implies, this vehicle provides them with their own charitable checking account, from which they can direct grants to the charities of their choice. They can do this online easier and quicker than they can do it from their own personal checking account, using appreciated assets if they choose, avoiding long-term capital gains taxes, simplifying their recordkeeping and tax reporting, gaining the ability to deposit assets in one tax year and make grants in another tax year, if they wish, and with no fee for the service. I especially like that they don't need individual receipts for their charitable gifts, only The Dayton Foundation's gift acknowledgment, which makes it so much easier at tax time.

As CCA donors, your clients will have the opportunity to learn from The Dayton Foundation about other charitable vehicles – endowed funds and income-producing vehicles, for example – which may be helpful to them at some other point in their life. In my and my wife's case, a stock windfall gave us the op-

portunity to move from having a CCA to also having an endowment fund that would act much like a private foundation, but without the expense and the hassle. This gave us an additional opportunity to expose our four children to how we do our charitable giving.

The way I look at it is that we can bring our children up as best we can, pay for their education and send them out into the world. But before they left home, Becky and I wanted to teach them about the virtue of charity. It's an important part of life. Our family fund at The Dayton Foundation has given us a chance to do this. Now our children are teaching us with their care and concern expressed through their own charitable efforts.

Many of your clients who have children will share these concerns and may wish to discuss them. Some parents, once their children are educated, prefer not to leave too much to their children so they can make their own way in the world. Charity, then, may become the primary beneficiary of those parents' estates. The Dayton Foundation, with its 91-year history and fine reputation, is an excellent place to manage their charitable funds as they have directed, in perpetuity.

Working with The Dayton Foundation

We are fortunate to have a well-established, progressive community foundation in Greater Dayton that offers private foundation alternatives that don't require creating a lot of legal paperwork. With these alternatives, your clients don't have to worry about accounting, yearly filings, what's allowed and what isn't. They won't have the distract-

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“Ultimately it’s a win for everyone – including our community.”

– John M. York

tions, costs and concerns that come with setting up a private foundation, which can take away from the focus of why they are giving. What The Dayton Foundation provides is a way to be lifted past the distractions and fear of dealing with the IRS and other legal, accounting and administrative matters. They can concentrate on the giving. This is what I explain to appropriate charitable clients.

As advisors, when we refer clients to The Dayton Foundation to establish charitable funds, those funds can remain invested with us, assuming we meet the Foundation’s investment standards and criteria. Clients have choices about how they use their fund. For example, if they wish, they can let the income on the fund accumulate to be able to make larger gifts later – or they can pay out more now to meet charitable commitments. They’re not hampered by payout and other restrictions placed upon private foundations.

How Much Is “Enough”?

In my practice as an advisor, I see people worry about giving away too much money, because they never know what their future holds. Some people, however, have accumulated more money than they’ll require in a lifetime.

I think that we miss the boat somewhere when we don’t address with our clients how much is “enough” and challenge them to consider charity at a younger stage in their lives. With good financial planning, they can feel good about what they’re doing now. They can be secure about where they’re going and know that planned, charitable giving won’t take away from their children’s education or being able to provide for their own long-term care. While many clients will prefer

Greater Dayton – A Generous Community

Did you know that according to recent reports, residents in Greater Dayton give a larger percentage of their discretionary incomes than individuals in any of Ohio’s eight major metropolitan areas? An analysis of 2008 IRS tax returns released by *The Chronicle of Philanthropy* indicates that Dayton-area residents on average donated 4.6% of their discretionary income to charity. This represents a greater share of income than that of residents in Cleveland, Cincinnati or Columbus.

Our community’s generosity is further demonstrated by research company CF Insights, which ranked The Dayton Foundation third among community foundations nationwide in the number of gifts it received from donors and grants it awarded from donor funds in 2011. The Foundation also experienced a 31% increase in donations last year – several times the national giving average – and helped individuals open 181 new charitable funds through the Foundation, the most of any recent year. This says a lot about the generosity of our community’s residents and their trust in using The Dayton Foundation to help them help others.

charitable legacy gifts, I urge them to also think about establishing current giving vehicles so they can see and enjoy the good that comes from their giving.

I like to think that when we have the opportunity to encourage our clients and colleagues to be benevolent, we seize the opportunity. I encourage my fellow advisors to pursue with their clients some of the attractive alternatives provided by The Dayton Foundation to enhance people’s ability to give.

We are fortunate to have such a respected, successful community foundation right here in Dayton. Their history, their progressive, charitable vehicles, their knowledge of and unbiased support for the Greater Dayton charitable community as a whole are truly great resources. They can be a valued partner as we work to help our clients – and our own families – determine the best way to manage and employ charitable dollars. Ultimately it’s a win for everyone – including our community. 🌱

Note: Solutions will differ from case to case. The above does not constitute professional financial or tax advice.

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I Believe!

donor families who have stepped forward to become the 2012-2013 “I Believe!” Partners of The Dayton Foundation. Their commitment underwrites a full year of Dayton Foundation publications, thereby freeing resources for the Foundation’s other community work.

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