

# Optimize Charitable Giving

Helping clients find the perfect fit

## What motivates people to give their hard-earned, carefully saved dollars?

*The inspiration may stem from a sense of gratitude or the influence of family or friends. It may arise from deeply held values or ideals, or more pragmatic financial objectives.*

The reasons for giving are varied, as are the things people hope to achieve. Some believe giving is a choice, others see it as a moral imperative. Some give gifts in a spirit of reciprocity, others give expecting nothing in return. Some are concerned with maximizing tax benefits, others want to optimize social change.

To accomplish such divergent goals, people may give through their church, alma mater, hospital... social events or special campaigns... nonprofit organizations, charitable funds or foundations. They may give to alleviate immediate needs or foster long-term improvement. Some choose to construct new buildings, others to support human services. Some seek recognition, others are looking only for results.

Fortunately, there are as many ways to give as there are motivations for giving.

## Community foundations offer great giving options

Examples of funds that your client can establish are listed below, as well as potential community foundation services.

**Field of Interest Funds:** connecting personal values to high-impact opportunities  
*Assessing needs, accepting and processing grant applications, researching solutions, recommending and awarding grants, documenting results, providing customized donor reports, donor recognition and legacy programs*

**Unrestricted Funds:** meeting ever-changing community needs  
*Assessing all community needs and opportunities and services similar to Field of Interest Funds*

**Scholarships:** investing in deserving students  
*Soliciting and processing applications, selecting scholarship recipients, disbursing awards, monitoring student eligibility*

**Supporting Organizations:** high impact, high involvement, low hassle  
*Administrative support, investment management, research, governance and grantmaking resources*

**Donor Advised Funds:** a personal approach to giving  
*Donor services, investment management, grant recommendation and validation and grant processing*

**Designated Funds:** helping local organizations sustain and grow  
*Complex gift acceptance, endowment management and annual disbursements*



## Recommending the best option

As a professional advisor, you can help your clients select a giving option that aligns with their personal motivations, philanthropic objectives and financial goals.

Over the past decade, the trend in lifetime giving has been the establishment of Donor Advised Funds. They offer immediate tax deductions and ongoing involvement in making charitable recommendations. While some donors may be attracted to the prestige of a private foundation, many value the full service support of a community foundation Donor Advised Fund.

However, a client's needs may change during different stages of his/her life. A family may want to direct most of its charitable giving to organizations they know, while an aging widow may be interested in establishing an endowment targeting a special area of social change. Retirees may want to give and volunteer, while a working professional might want to invest for the greatest impact.

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### The art of gift planning

Like matchmakers of old, professional advisors are called upon to listen closely, interpret carefully, and counsel wisely... always hoping to recommend a solution that will be the perfect fit. The profiles below show how different charitable solutions may suit the unique circumstances of individual donors. Most are available through your local community foundation.

Donor Profiles	Personal Motivation	Philanthropic Objective	Financial Goal	Charitable Interest	Giving Solution
<b>Faithful servant</b>	give back to God	fulfill obligation to support temple, church or faith organization	maximize this year's deduction	support faith community operations and missions	Designated Fund in name of faith-based organization
<b>Loyal patron</b>	give back to the organizations that have contributed to my well-being and success	support alma mater and favorite charities	avoid capital gains, maximize this year's deduction	help at-risk youth	Scholarship for deserving local youth
<b>Grateful trader</b>	show appreciation for financial success and be recognized for generosity	give back to community that has supported my business	avoid capital gains, create permanent legacy	support the future of my community	endowed Donor Advised Fund
<b>Social giver</b>	socialize with friends and peers at charity auctions, events and galas	support favorite charities	avoid capital gains, create lifetime income	provide operating support to local hospital, hospice, art museum and symphony	some direct gifts plus charitable gift annuity that becomes a named Unrestricted Fund
<b>Family philanthropist</b>	extend family legacy of giving to next generation	support causes important to family's traditions and values	avoid capital gains, maximize this year's deduction	variety of deserving causes	Supporting Organization or Donor Advised Fund
<b>Selfless benefactor</b>	improve the lives of others because it's a moral imperative	support causes that align with personal goals and values	maximize the value of my gift	support food pantries and family centers in impoverished neighborhoods	Field of Interest Fund
<b>Prudent investor</b>	contribute to common good because it makes sense socially and financially	support the causes that do the most good through endowment	maximize the impact of my gift	increase opportunities for residents of my community	Unrestricted Fund

Donor profiles are based on *The Seven Faces of Philanthropy* by Russ Alan Prince and Karen Maru File.