

Philanthropy Is Not A Taxing Issue

The patriarch of the family lay on his deathbed. The relatives were summoned and gathered around the gentleman's bed. From the back of the room, one of the relatives assembled called out, "give him some chicken soup." In the silence that followed, the Doctor quietly said, "It wouldn't help." The response from the relative was, "So---It wouldn't hurt."

What does that fable have to do with taxes and charitable planning? A tax deduction, for income, estate or gift tax, is the "chicken soup" of philanthropy. Tax is seldom, if ever, the reason that individuals and families become philanthropists; however, like the soup, it wouldn't hurt. The Job Growth Tax Relief Reconciliation Act of 2003 (the Tax Act) reduced income tax, capital gains tax and income tax on corporate dividends. You might think, "My tax rate, therefore my tax deduction is lower; therefore, the amount of income I have to spend or save is increased. So what effect will this have on my charitable gift plans?" I submit that the probable answer is that it has very little effect.

With the supposed tax effect out of the way, let's take a closer look at charity or philanthropy. As we were growing up, charity was the weekly contribution out of our allowance to our church, mosque or synagogue. It was, and continues to be, a gift to provide help or relief to the poor and needy in our communities. It is our "benevolence to others."

Well then, is philanthropy any different than charity? Perhaps it is in one's point of view. To this writer, philanthropy seems to be:

- ◆ The effort to increase the well being of humankind by both financial support and active involvement in the community.
- ◆ A planned effort to improve our society. To make this world a little better place in which to live.
- ◆ The creation of a legacy of societal improvement as an educational and spiritual guideline to our future generations.

Ralph Waldo Emerson said: "To leave the world a little better – whether by a healthy child, a garden patch or a redeemed social condition; to know even one life has breathed easier because you have lived...This is the meaning of success." This is also a good working definition of philanthropy. Knowing that the finest legacy we may leave to our heirs is the means and ability to help "perfect the world."

"While more than 70% of Americans contribute to charity throughout their lives, only 8% continue support through a planned gift during their lifetime or as a part of their estate plan. In many instances, they simply didn't realize that this was an option." – LEAVE A LEGACY.® In reality, creating a family legacy is not something that only the wealthy may do; with planning and preparation, most of us are in the position to LEAVE A LEGACY.

The Global Gift Fund,® a Donor Advised Fund (DAF) through the MDRT Foundation, provides a unique philanthropic vehicle to conveniently take care of the family's annual charities and to facilitate the family's philanthropic planning for generations to come. Establishing a Global Gift Fund is an excellent means which permits you, the donor, the timing flexibility of contributions, and the choice of what, when and how frequently to support charitable organizations of interest to the family.

For the long range philanthropic legacy side of your family's foundation, your DonorAdvisor™ will provide investment counsel in order to provide long term investment growth of the fund you have established. You will be adding to its value year by year and may also wish to consult your

DonorAdvisor™ for suggestions regarding charitable plans that will mature in the future to add to the continuing growth of your family foundation.

The Global Gift Fund offers great flexibility in the choice(s) of assets that may be contributed to your family's foundation:

- ◆ Cash (always acceptable)
- ◆ Publicly listed securities (Stocks and Bonds)
- ◆ Life Insurance Policy (Paid-up or premium paying)
- ◆ Beneficiary of your IRA or other pension plan
- ◆ Charitable Remainder Trusts
- ◆ Closely held stock or Limited Partnership interests
- ◆ Real Estate (with or without a retained interest)

The Global Gift Fund is flexible in the ability to coordinate with your other planned giving strategies. Not infrequently, donors have assets they would like to contribute for their charitable planning and yet, have a wish or need to retain income. The Global Gift Fund staff and plan administrators can assist you and your DonorAdvisor™ in developing plans tailored to meet your family's particular needs. This planning for our donors integrates current tax and financial planning always with the clear mandate that whether a Global Gift Fund account or specialized retained income plan, the first place for charity is within your family and meeting their needs.