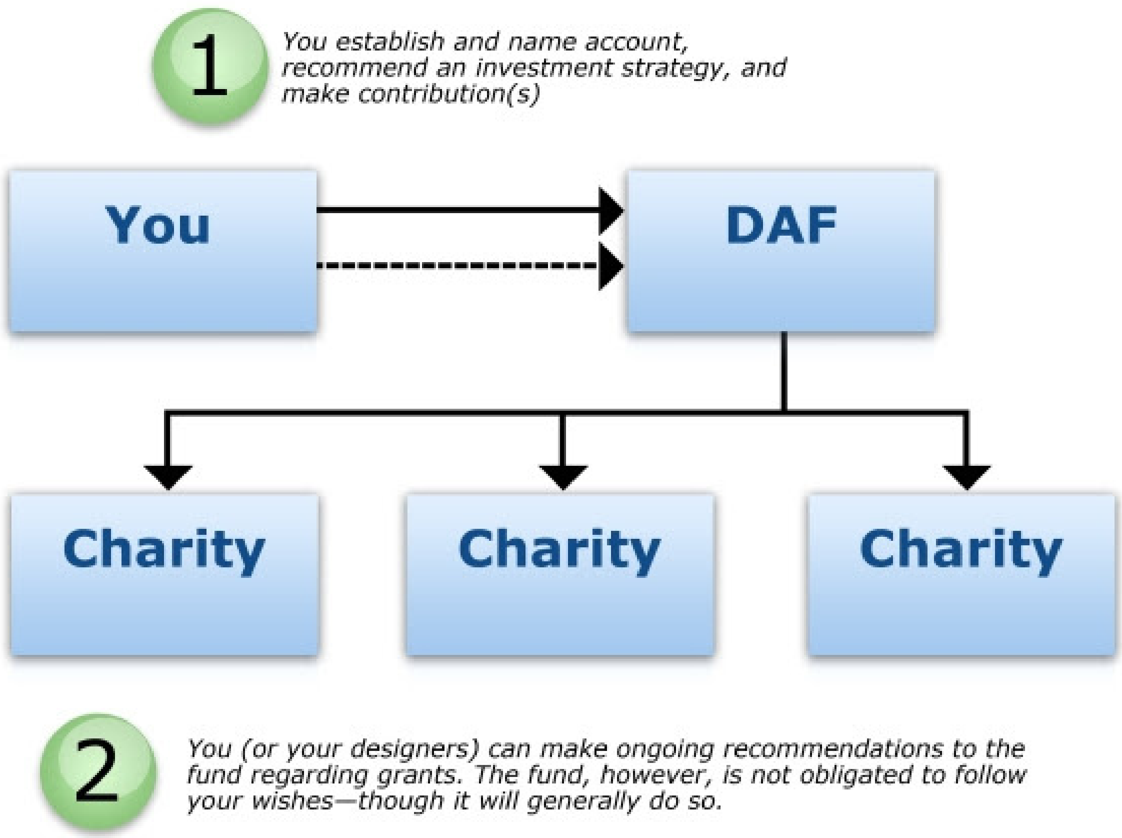
CAM
INVESTOR SOLUTIONS

Is There a Smarter Way to be Charitable?

Looking for another way to be charitable but not rush the process? The end of the year may be approaching, and you feel overwhelmed by having to decide NOW on who to donate your hard earned money to. Good news – you don't have to rush that part of the decision. All you need to do right now is open a donor-advised fund and decide how much money or assets you want to donate for the year! Continue reading to learn more about this unique investment vehicle.

What is a donor-advised fund?

Technically, a donor-advised fund is an agreement between a donor (you) and a host organization (the “Fund”, like Fidelity or Schwab for example) that gives you the right to advise the Fund on how your contributions will be invested and how donations to charities will be made. Contributions may be tax deductible in the year they are paid to the Fund, subject to the usual limitations, if they are structured so they aren't considered earmarked for a particular charity. Though they can bear your name, donor-advised funds are not operated as separate entities like private foundations are, but are merely accounts held by the Fund. The Fund owns the contributions and has ultimate control over donations.



How does a donor-advised fund work?

It's easy to set up a donor advised account. You first sign a letter of understanding with the Fund, establish an account, name the account, and recommend an investment strategy. Then, you make required minimum contributions of assets, which may include cash, marketable securities, and other types of assets, depending on the Fund. The required minimum contributions vary from Fund to Fund, but are usually less than those required by private foundations. Some are even just a few thousand dollars.

During your lifetime (or your designee) can make ongoing, non-binding recommendations to the Fund as to how much, when, and to which charities grants from the Fund should be made. Additionally, you can offer advice to the Fund regarding how contributions should be invested. You may suggest that, upon death, grants be made to charities named in your will or other legal instrument such as a revocable living trust. Or, you may designate a surviving family member(s) to recommend grants. However, the Fund is not obligated to follow any of your suggestions — hence the name "donor-advised fund." As a practical matter, though, the Fund will generally follow your wishes. Distributions to grantees are typically identified as being made from your account, but they can be made anonymously at your request.

Income Taxes

You can generally take an immediate income tax deduction for contributions of money or property to — or for the use of — a donor-advised fund if your itemize deductions on your federal income tax return. The amount of the deduction depends on several factors, including the amount of the contribution, the type of property donated, and your adjusted gross income (AGI).

Generally, deductions are limited to 50 percent of your AGI. For 2018 to 2025, the limit is increased to 60% for charitable contributions of cash to public charities. If you make a gift of long-term capital gain property (such as appreciated stock that has been held for longer than one year), the deduction is limited to 30 percent of your AGI. The fair market value of the property on the date of the donation is used to determine the amount of the charitable deduction. Any amount that cannot be deducted in the current year can be carried over and deducted for up to five succeeding years.

Additionally, donor-advised funds are not subject to the excise taxes levied against private foundations.

Gift and Estate Taxes

There are no federal gift tax consequences because of the charitable gift tax deduction, and federal estate tax liability is minimized with every contribution since donated funds are removed from your taxable estate.

Suitable Clients

- High-net-worth individuals
- Individuals who have no children or ultimate beneficiaries
- Individuals who do not want to leave too much money to their children
- Individuals who do not want to be actively involved in the ongoing operations of their charitable plan
- Individuals with highly appreciated assets

Advantages

- Lower contribution minimums (e.g., $10,000), easier and less costly to set up and maintain than private foundations or supporting organizations
- Some involvement in grantmaking
- Donors can obtain expert advice on grantmaking
- Donors may receive immediate income tax deductions
- Can reduce or eliminate capital gains, gift, and estate taxes
- No excise tax or payout requirements
- Accounts can be personalized or donors can give anonymously
- Accounts may be transferable to the next generation

Disadvantages

- Contributions are irrevocable
- Lack of control over investments and grants; investment options may be limited
- Grants may be limited geographically to a particular state or community, or by the fund's charitable mission
- Assets that pass to charity do not pass to heirs
- Duration of donor's philanthropy may be limited

Hopefully this has helped you understand donor-advised funds better and if this is the right option for you to achieve your charitable goals. If you have further questions, please reach out to us and we can help. At CAM we don’t sell products, we offer wholistic planning advice and we believe charitable giving should be part of that plan. Happy giving!

CAM

INVESTOR SOLUTIONS

CAM Investor Solutions Disclosures

M & A Consulting Group, LLC, doing business as CAM Investor Solutions, is anSEC-registered investment adviser. As a fee-only firm, we do not receivecommissions nor sell any insurance products. We provide financial planningand investment information that we believe to be useful and accurate.However, there cannot be any guarantees.

This content has been provided solely for informational purposes and does notrepresent investment advice or provide an opinion regarding the fairness ofany transaction. It does not constitute an offer, solicitation, or arecommendation to buy or sell any particular security or instrument or to adoptany investment strategy. Any stated performance does not reflect theexpenses associated with the management of an actual portfolio. Pastperformance is not a guarantee of future results. Diversification does noteliminate the risk of market loss. Charts and graphs provided herein are forillustrative purposes only. There are many different interpretations ofinvestment statistics, and many different ideas about how to best use them.Nothing in this article should be interpreted to state or imply that past resultsare an indication of future performance. Tax planning and investmentillustrations are provided for educational purposes and should not beconsidered tax advice or recommendations.

Investors should seek additional advice from their financial advisor or taxprofessional. More information about M & A Consulting Group, LLC, its services,and its investment advisory fees is contained in the firm's ADV Part 2. A copymay be obtained by calling the number below. For contact information, pleasevisit: www.caminvestor.com or call 720-575-7775.

CAM

INVESTOR SOLUTIONS