



FINANCIAL
PLANNING
ASSOCIATION

MICHIGAN



FPA of Michigan

September 27th, 2024

Advanced Charitable Planning

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DAFgiving360™





Agenda

1. Charitable Planning best practices
2. Giving Account features
3. Complex Illiquid asset strategies
4. Ideal client case examples
5. Philanthropic resources
6. Q&A, adjourn



DAFgiving360™
helped donors make a
difference



\$6.6B grants

3,961 advisors served

141k charities



Our donors' generosity continues to make a difference locally, nationally, and around the world.

As of June 30, 2024

For institutional use only – not for further distribution.

Charitable giving conversations will help deepen client relationships

- Provides more value to clients
- Increases client loyalty and retention
- Builds relationships with NextGen
- Differentiates you from others
- Leads to more referrals from clients and centers of influence
- May increase or retain assets





Key components of a DAFgiving360 charitable giving account



Contribute

cash, investments, or other non-cash assets



Invest

charitable assets for potential growth that's tax-free



Grant

\$50 or more to eligible charities now or over time



Succession Plan

Plan to create a legacy of giving

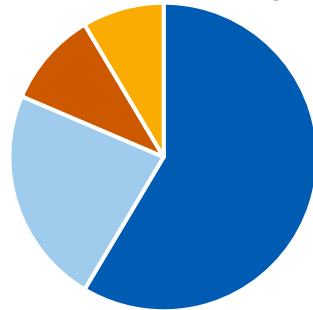
*Note: A donor's ability to claim itemized deductions is subject to a variety of limitations depending on the donor's specific tax situation. Consult your tax advisor for more information.

Core Giving Account vs Advisor Managed Giving Account (DAF)

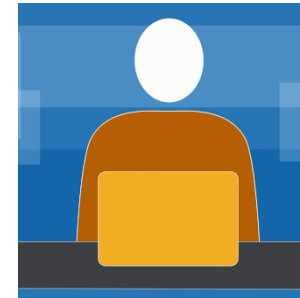
\$0+ - no annual fee or minimum

\$100,000+

Core – Fifteen
Investment pools



Investment Advisor
Managed Solution



Investment Pools

Equity & Fixed Income Index
Socially Responsible Index
International Equity Index

Investment Pools

Balanced Index
Growth Index
Money Market Fund

Investment Advisory Relationship

Publicly traded securities
Separate Account Managers
Private Investments (requires review)

Note: Professionally-managed accounts are available only through independent investment advisors working with Schwab Advisor ServicesSM, a business segment of The Charles Schwab Corporation serving independent investment advisors and includes the custody, trading and support services of Charles Schwab & Co., Inc. While donors may recommend an advisor, the Fund must approve the recommendation. Advisors must meet certain eligibility requirements and adhere to Fund fee and investment guidelines. You may request a copy of the investment guidelines by calling us at (800) 746-6216.

Core Account investment options

Asset Allocation Pools	Underlying Funds
Conservative Pool	JP Morgan Investor Conservative Growth Fund (ONCFX)
Balanced Pool	Janus Henderson Balanced Fund (JBALX)
Socially Responsible Balanced Pool*	Impax Sustainable Allocation Fund (PAXIX)
Growth Pool	T. Rowe Price Spectrum Moderate Growth Allocation Fund (TGIPX)
Single Asset Class Pools	Underlying Funds
Index Pools	
Income Index Pool	Schwab US Aggregate Bond Index (SWAGX)
Inflation Protected Bond Index Pool	Schwab Treasury Inflation Protected Securities Index (SWRSX)
Total Market Equity Index Pool	Schwab Total Stock Market Index Fund (SWTSX)
Small Cap Equity Pool	Schwab Small Cap Index Fund (SWSSX)
International Equity Index Pool	TIAA-CREF International Equity Index (TCIEX)
Actively Managed Pools	
Short-Term Income Pool	Principal Short-Term Income Fund (PSHIX)
Income Pool	Dodge & Cox Income Fund (DODIX)
Socially Responsible Fixed Income Pool*	TIAA-CREF Core Impact Bond Fund (TSBIX)
Large Cap Equity Managed Pool*	Parnassus Core Equity Fund (PRILX)
International Equity Managed Pool	MFS International Equity Fund (MIEKX)
Money Market Pool	
Money Market Pool	Schwab Government Money Fund (SGUXX)

*For those interested in socially responsible investing (SRI), we offer three pools with SRI.

DAFgiving360- What we offer

How it works



Donor
 Contribute cash or appreciated non-cash assets
 Receive income tax deduction & potential elimination of capital gains tax



DAFgiving360 account
 Manage investments for potential growth (by donor or advisor)



Charities
 Grant over time at donor's convenience



What it costs

Administrative fees – No annual fee

Average daily Value	Annualized administrative fees
First \$500,000	0.60% of assets
Next \$500,000	0.30% of assets
Next \$1,500,000	0.20% of assets
Next \$2,500,000	0.15% of assets
Next \$5,000,000	0.13% of assets
Next \$5,000,000	0.12% of assets
\$15,000,000+	0.10% of assets

Note: A donor's ability to claim itemized deductions is subject to a variety of limitations depending on the donor's specific tax situation.

Is it easy to recommend a grant?

Log in to Client Center on any device and follow a simple, 4-step process

1. Grant Details 2. Grant Confirmation 3. Review & Submit 4. Submitted

Great! You've selected a charity for your grant recommendation.

U.S. Fund for UNICEF Change

Your grant will be mailed to the selected address

Primary address ✓

125 MAIDEN LANE 10TH FLR
New York, NY 10038-4715

➔ Add additional address

How much would you like to grant?

Grant Amount (Minimum grant is \$25, no decimals)

\$ 50

Which investment pool(s) will be used to fund the grant?

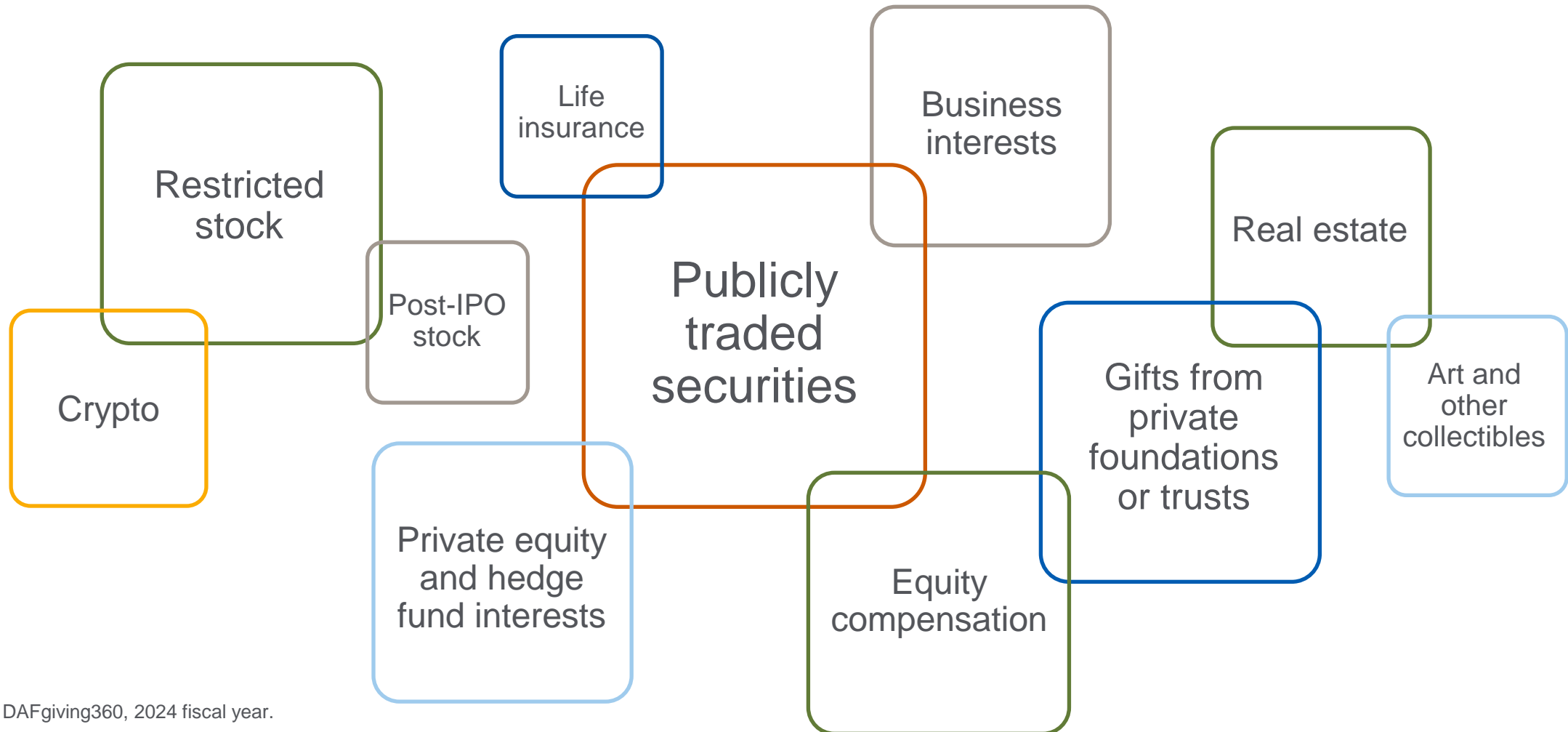
How often would you like to request this grant?

Over
 Monthly
 Quarterly
 Annually
▼ Show more frequency options

When would you like to submit the grant?

Now
 Later

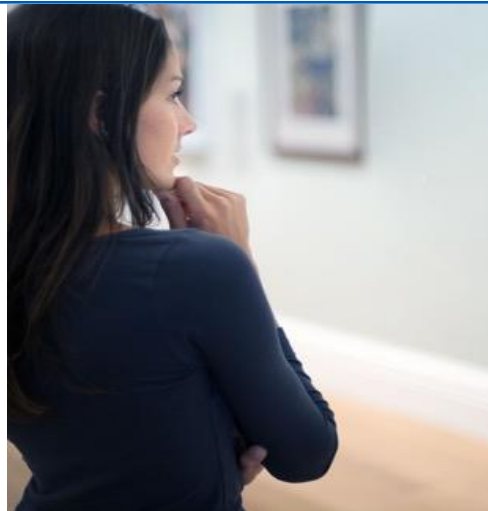
57% of contributions to DAFgiving360 were tax-advantaged non-cash assets, helping donors give up to 21% more to charities



Source: DAFgiving360, 2024 fiscal year.

For institutional use only – not for further distribution.

Donating appreciated non-cash assets and investments can help reduce taxes



DAFgiving360 accepts illiquid assets for contribution on a case-by-case basis.

For institutional use only – not for further distribution.

Tax benefits



Potentially eliminate capital gains tax, allowing donors to give up to 20% more to charity.



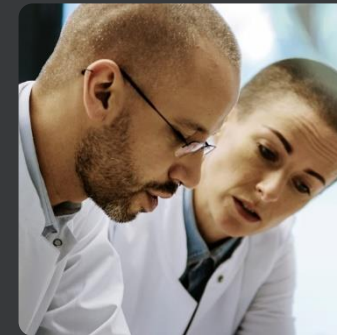
Generally, claim a fair market value charitable deduction of up to 30% of adjusted gross income on contributions of long-term appreciated non-cash assets. Excess can be carried forward five years.



Amounts contributed to a donor-advised fund can be granted over time to the donor's favorite charities.

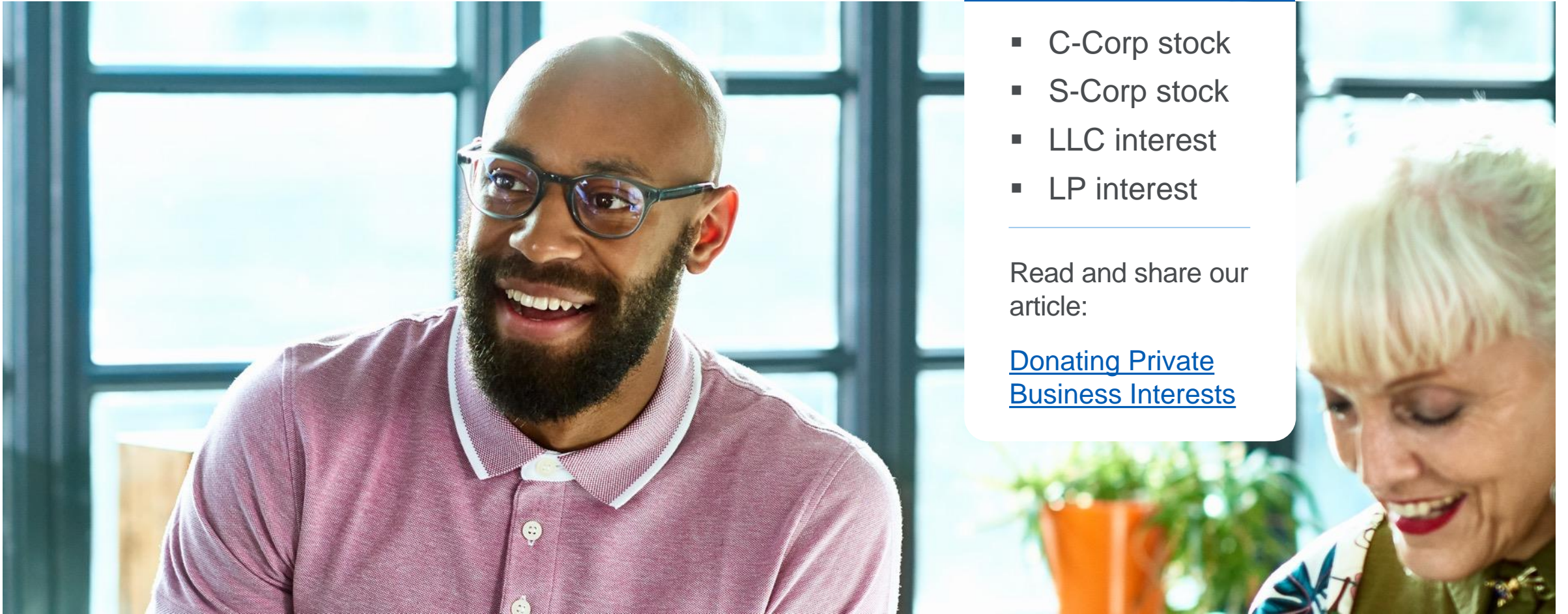


Five client types who could benefit from contributing non-cash assets to a donor-advised fund



1

Private business owners anticipating a liquidity event



Potential asset types

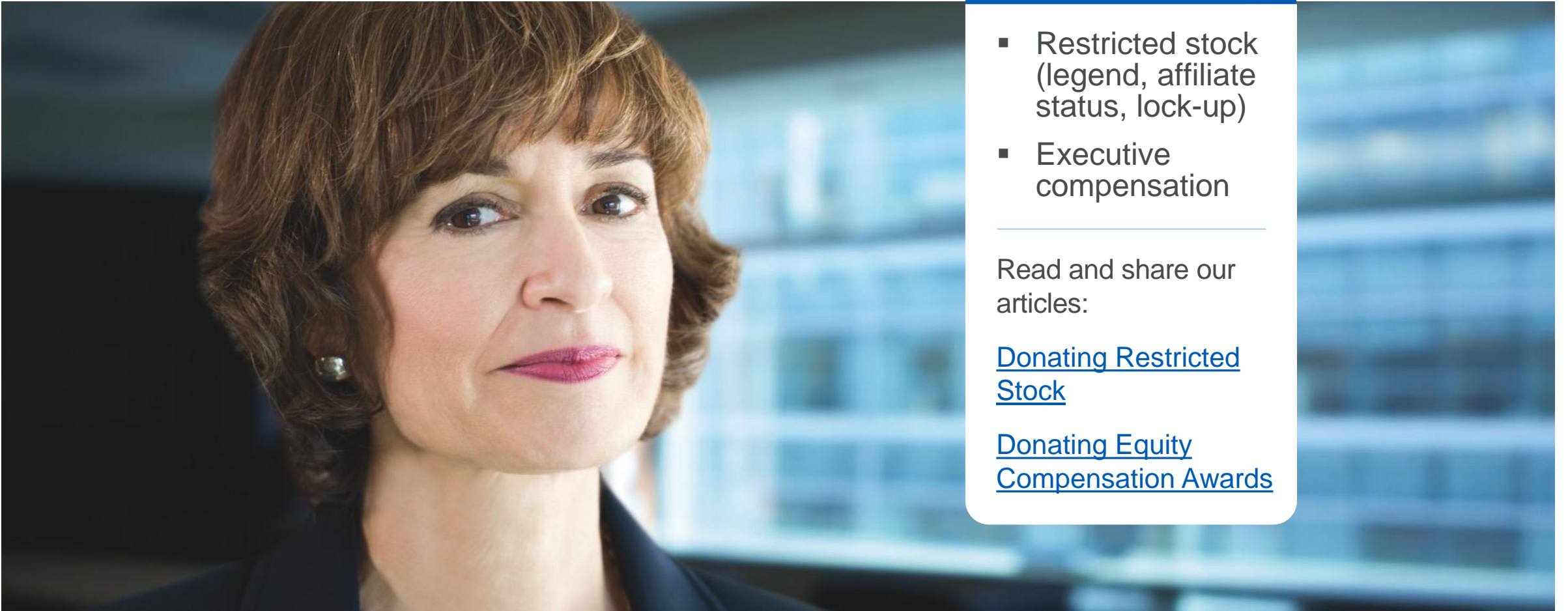
- C-Corp stock
- S-Corp stock
- LLC interest
- LP interest

Read and share our article:

[Donating Private Business Interests](#)

2

Public company executives, directors and founders



Potential asset types

- Restricted stock (legend, affiliate status, lock-up)
- Executive compensation

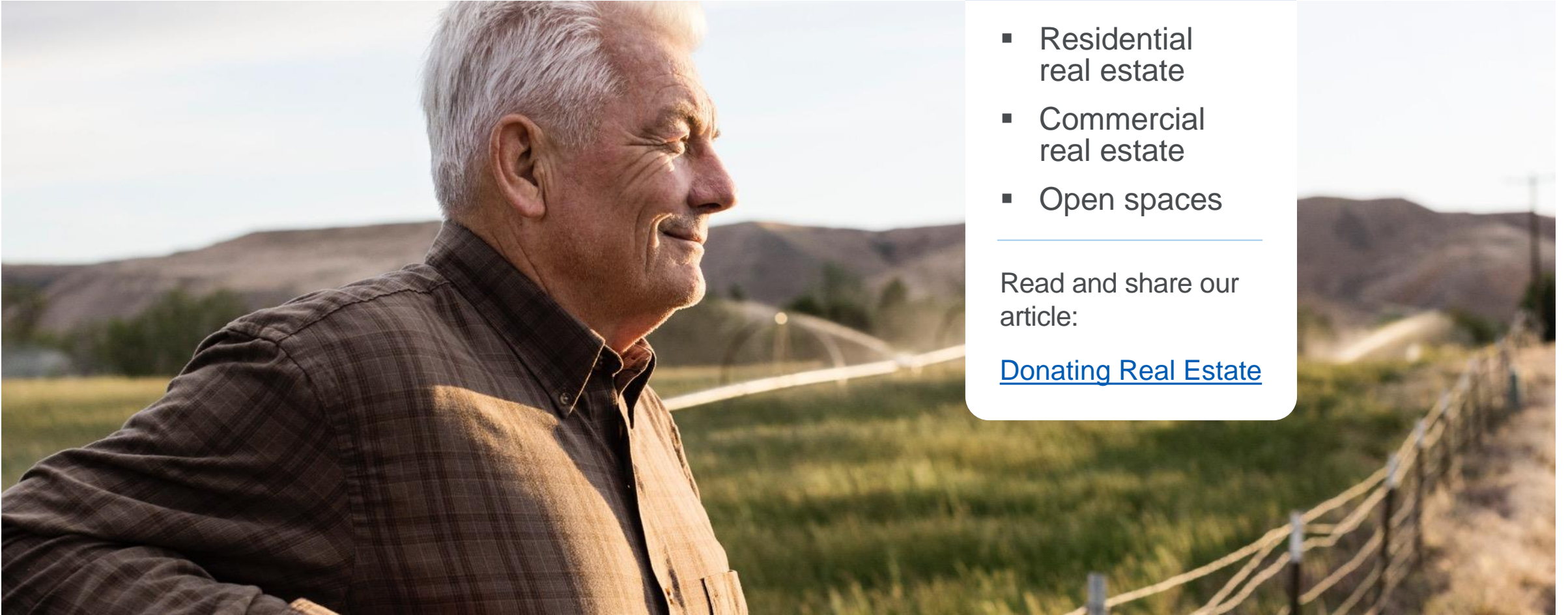
Read and share our articles:

[Donating Restricted Stock](#)

[Donating Equity Compensation Awards](#)

3

Landowners



Potential asset types

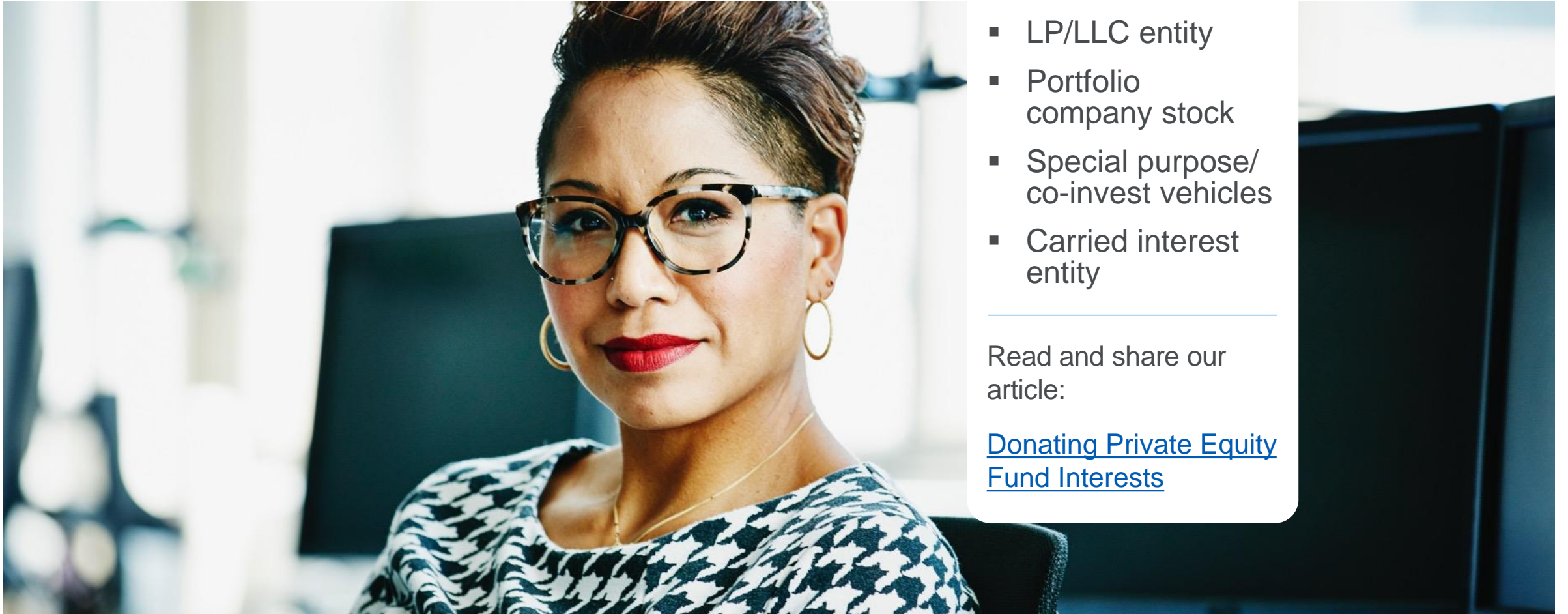
- Residential real estate
- Commercial real estate
- Open spaces

Read and share our article:

[Donating Real Estate](#)

4

Private equity and hedge fund principals and investors



Potential asset types

- LP/LLC entity
- Portfolio company stock
- Special purpose/co-invest vehicles
- Carried interest entity

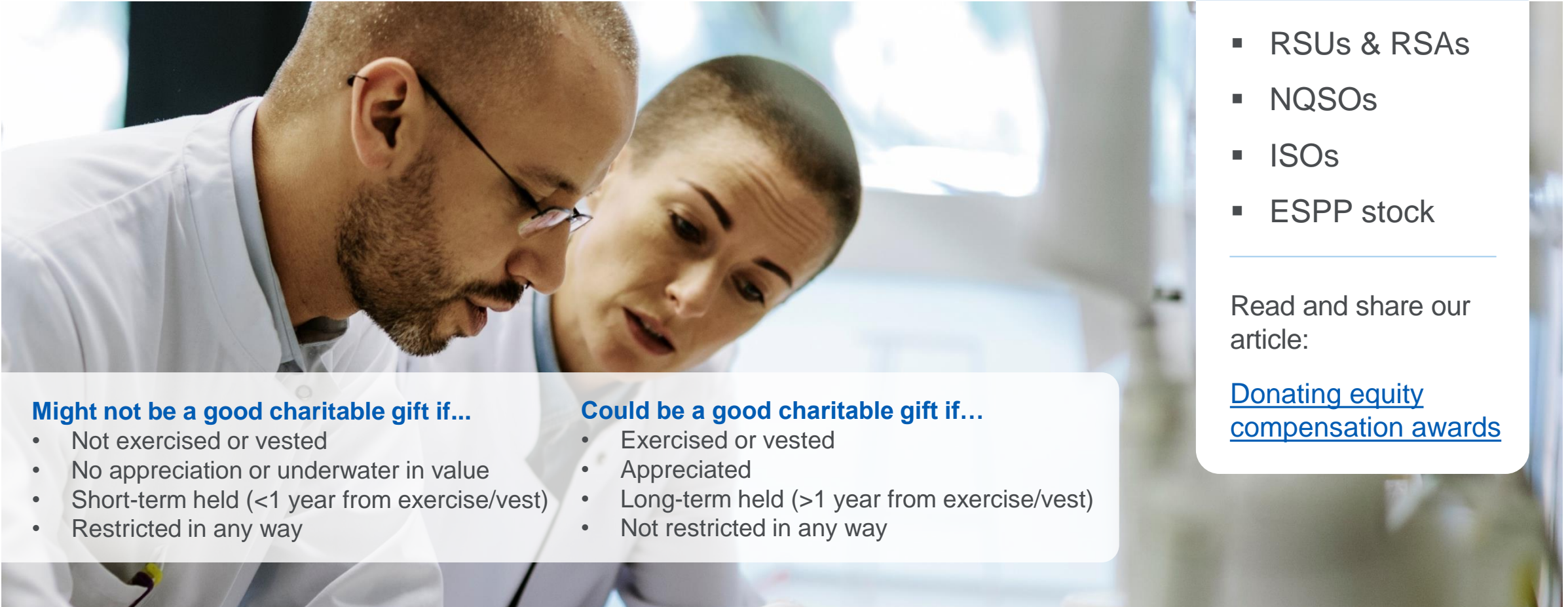
Read and share our article:

[Donating Private Equity Fund Interests](#)

5

Employees with equity compensation

(a form of non-cash pay that is offered to employees)



Equity comp options:

- RSUs & RSAs
- NQSOs
- ISOs
- ESPP stock

Read and share our article:

[Donating equity compensation awards](#)

Might not be a good charitable gift if...

- Not exercised or vested
- No appreciation or underwater in value
- Short-term held (<1 year from exercise/vest)
- Restricted in any way

Could be a good charitable gift if...

- Exercised or vested
- Appreciated
- Long-term held (>1 year from exercise/vest)
- Not restricted in any way



Case study: Leah contributes private company shares



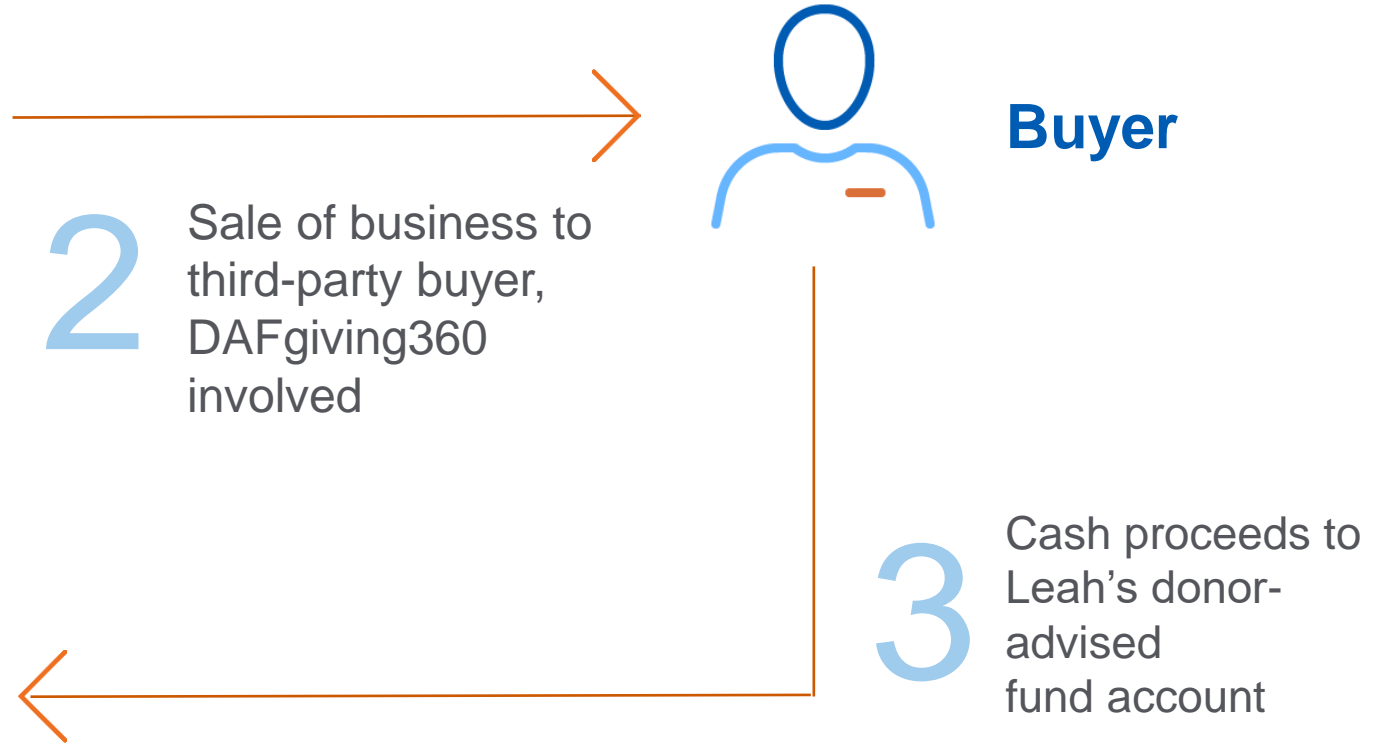
Leah's ownership of C-Corporation shares

1


Part interest in C-Corp to Leah's donor-advised fund account at DAFgiving360



Leah's donor-advised fund at DAFgiving360



- Fair market value deduction, substantiated by qualified appraisal
- May eliminate capital gains taxes
- More money goes to charity



Considerations when evaluating non-cash contributions

1

Transferability

Identify entity type,
understand nature
of transfer restrictions

2

Exit strategy

Understand
details and
timeline for exit

3

Valuation

Understand the
qualified appraisal
requirement

4

Risk Management

Avoid pre-arranged
sales, UBTI, excess
benefit transactions



Key points for client conversations

Would you be interested in donating non-cash assets to minimize your tax liability?

Consider contributing a non-cash asset if you are charitably inclined and concerned about paying capital gains taxes on the sale of an asset

You can potentially eliminate capital gains tax and qualify for a FMV deduction up to 30% of your AGI

DAFgiving360 must conduct due diligence on the asset prior to acceptance

Contribution must take place before any legal obligation to sell the asset

IRS requires donor to obtain a qualified appraisal to substantiate tax deduction

Designate family members or charitable beneficiaries to carry on a legacy of philanthropy



DAFgiving360 Legacy Program

Create a pseudo 'mini-endowment' strategy

Account minimum at activation

- \$100,000 for core account
- \$100,000 for advisor managed account

Minimum annual distribution

- 5% of account balance

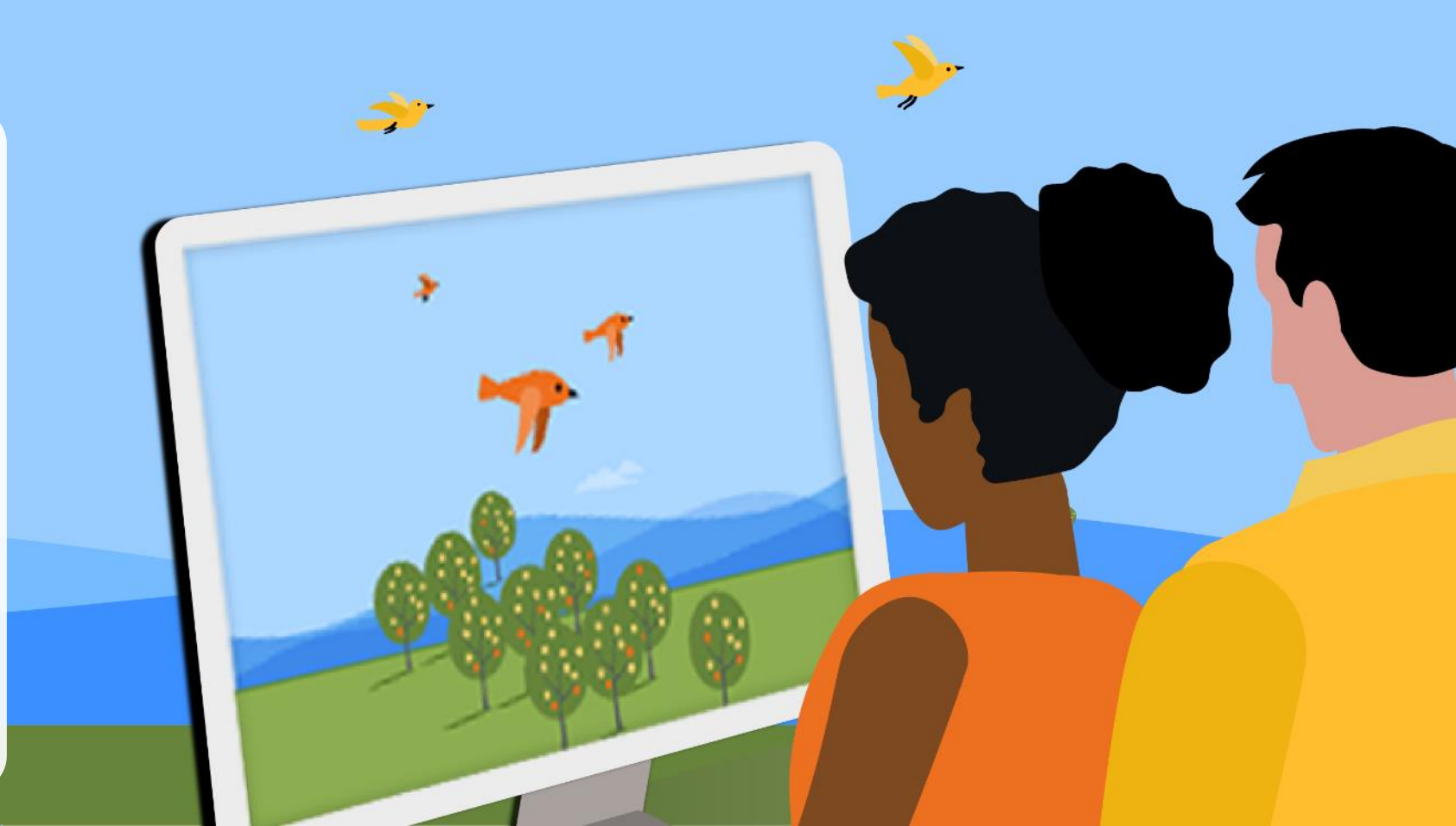
Minimum term

- Will terminate with lump sum grants if balance falls below \$5,000



DAFgiving360 Giving Guide

A powerful tool to help
your clients develop a
comprehensive giving plan



1

Define your
charitable
mission

2

Create a
giving budget

3

Involve your
family (G2, G3)

4

Choose your
giving vehicles

5

Find charities
that support
your interests

6

Generate a
comprehensive
giving plan

[Download](#) the guide and an advisor's guide: DAFgiving360.org



DAFgiving360
is here to help

For questions about the ongoing maintenance of a donor-advised fund account, and or complex giving needs please contact **DAFgiving360 Donor Services**: Call 800-746-6216

Contact the **DAFgiving360 Complex Strategies Group** to inquire about contributions of complex, non-cash assets: Call 800-746-6216

Important Disclosures

DAFgiving360 does not provide legal or tax advice. Please consult a qualified legal or tax advisor where such advice is necessary or appropriate.

A donor's ability to claim itemized deductions is subject to a variety of limitations depending on the donor's specific tax situation. Consult a tax advisor for more information.

Contributions made to DAFgiving360 are considered an irrevocable gift and are not refundable. Once contributed, DAFgiving360 has exclusive legal control over the contributed assets.

DAFgiving360™ is the name used for the combined programs and services of Donor Advised Charitable Giving, Inc., an independent nonprofit organization which has entered into service agreements with certain subsidiaries of The Charles Schwab Corporation. DAFgiving360 is a tax-exempt public charity as described in Sections 501(c)(3), 509(a)(1), and 170(b)(1)(A)(vi) of the Internal Revenue Code.

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