

THE SILLER & COHEN REPORT



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Enhancing Your Legacy Through Philanthropy

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“What we do for ourselves dies with us. What we do for others and the world remains and is immortal”. Albert Pike (1809-1891)

In response to requests from many of our clients, and other advisors that we work with, this article is the first in what will be a regular discussion of the issues surrounding charitable giving. This article focuses on what motivates people to give to charity, and some of the issues a donor should be thinking about when considering making charitable donations.

The phrase “Charity begins at home” reflects the importance of family above all else, the sensible idea that before we begin to look outward with an eye toward helping strangers, we should first be sure that our family members are provided for. Importantly, that includes ourselves. Many of us can reasonably expect to live up to 30 years in retirement, and when considering possible charitable donations, the first order of business must be to confirm that we can afford to make the gift or gifts without jeopardizing our own financial security.

People choose to give to charity for many reasons, all very personal to them. They may feel strongly about a cause, or perhaps a charitable organization has touched their lives, or the lives of loved ones. They may want to create a family tradition of charitable giving as a way to keep their family involved, and to pass on their values to their children and grandchildren. They may wish to create a legacy, and inspire others.

It is often major life events that prompt charitable gifts, such as:

- Retirement
- Death of a loved one
- Birth or coming of age of a child or grandchild
- Overcoming an illness or disease
- Overcoming a family crisis
- Divorce
- Receiving an inheritance or other windfall
- The sale of all or a portion of a business
- Setting up a succession plan for a business

Here are some reasons *why* people give:

- Donating your money, or your time, to a cause that’s important to you can make a tangible, positive difference in the lives of others. There is so much need in the world, and our charitable efforts help meet that need.
- Taking positive action to help others can provide great personal satisfaction and a sense of purpose, and transform you into an important member of your community, whether your community is your hometown, your synagogue or church, your school, or the world at large.
- Giving can actually make you happier. Research has shown that above a certain level, spending money on ourselves doesn’t make us any happier, but that giving to others is directly correlated with an increased sense of happiness. The Harvard researchers write that “Happier people give more, and giving makes people happier, such that happiness and giving may operate in a positive feedback loop”.¹

- Giving to others can even improve your physical health, self-esteem and mental health. Another study, this one at Cornell University, looked at the impact on baby boomers of volunteering on environmental projects, and found that volunteering was strongly linked to greater physical activity, better self-rated health, and fewer symptoms of depression over a 20 year period. ²
- Giving to others selflessly is a key tenet of many religions. Taking action in line with your religious beliefs, by helping others, can bring a sense of inner peace and contentment, and strengthen your spiritual life.
- And of course, society rewards and encourages your charitable giving by giving you tax deductions for most charitable gifts.

If you've been considering making charitable donations, and you want your giving to be both impactful and personally satisfying, here are some of the things you should be thinking about:

- What are your *charitable interests*? You may have a focused charitable interest, for example, a particular cause or organization that's important to you. Or you may be more interested in a broader approach that identifies and addresses needs in your community as they arise. You can give to the arts, education, medicine, youth, your faith organization, the environment, your hometown community, and many more.
- What kind of *impact* would you like your gift to have? Do you want to help solve specific current critical problems, or would you like to address long-term systemic social issues? Would you like to help the largest number of people possible, or make a dramatic difference in the lives of just a few people? How much of the impact of your gift do you want to be local, rather than national or global?
- *How long* do you want your gift to last? Do you want all of it spent immediately on current needs, or do you want your gift to last forever, endowing your gift so that only the income it generates each year is spent on charitable goals, and the principal remains as a community resource?
- What is your preferred *timing* for making a gift? Do you want to make the gift at your death through your estate, or would you rather make some or all of your gifts during your life, so that you can see the results of your generosity?
- What *level of control* do you want to exercise over your gift? Some donors, having made a gift to a charitable organization, are happy to let the charity determine how it can have the most impact. Other donors want a greater level of control over the gift after it is given, so they can be sure it is spent in a way that meets their charitable objectives.
- How *involved* do you want to be? Do you want to write a check, or do you want to be more actively involved, supervising the implementation of the gift, encouraging others to donate to your cause, or perhaps be on the board of a charitable foundation?
- What *level of recognition* do you want for your generosity? Some donors like a tasteful level of recognition, because it attracts attention to their cause, generates awareness, and may inspire others to give. Some donors prefer to remain anonymous.

- And finally, should your family's charitable giving be used *as a tool to get the second and third generations involved* more meaningfully in the family's finances, as well educate them in the values that matter to you, and how the family's wealth can be used to positively benefit society.

Once you have determined that you wish to make a charitable donation, you will need to decide upon the best vehicle to accomplish your objectives, whether it's simply writing a check, or creating an account with a donor advised fund, or forming your own private foundation, or setting up a Charitable Remainder Trust or Charitable Lead Trust. We will review these options in future articles.

In conclusion, at the end of the day charitable planning is about giving of yourself to help others. Eventually, we will run our fingers across a personal balance sheet that lists not just financial assets, but the good that we have done, the values that we have shared, all of which will tell a story of love and death, successes and sacrifices, and what remains will be your good work.

We hope this information has been of value for you.

¹ 2009 Harvard Business School Working Paper, *Feeling Good about Giving: The Benefits (and Costs) of Self-Interested Charitable Behavior*

² 2010 Cornell University Study, *Environmental Volunteering Linked to Improved Mental and Physical Health in Retirees*. The Gerontologist, February 19, 2010

ECONOMIC HIGHLIGHTS

SMALL AMOUNT - An estimated 4,600 decedents in calendar year 2015 (out of 2.688 million projected deaths this year) will generate \$14.6 billion of federal estate tax receipts for the US government, just ½ of 1% of our estimated annual tax revenue (source: Tax Policy Center).

PARENTS OR KIDS? - A July 2014 survey found that 31% of US households are providing financial assistance to adult children, a larger number than the 21% of US households that are providing financial assistance to elderly parents (source: American Consumer Credit Counseling).

BOUNCE BACK - The value of Americans' equity in their real estate peaked at \$10.31 trillion as of 12/31/07, fell to \$6.39 trillion by 12/31/11, then climbed back to \$11.13 trillion as of 12/31/14 (source: Federal Reserve).

IMPORTANT NOTES

The performance of an index assumes no transaction costs, taxes, management fees or other expenses.

An investor cannot invest directly in an index. Past performance is no guarantee of future results. The Dow Jones Industrial Average ("the Dow") is made up of 30 stocks and is considered representative of the general state of the stock market.

The S&P 500 Index is considered a reflection of U.S. large company stocks.

 SILLER & COHEN: SPOTLIGHT ON...

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John A. Amirante has 18 years of experience in the nonprofit consulting and private wealth management space. Prior to being appointed the Director of Philanthropic Services for Siller & Cohen, he served as a Sr. Philanthropic Advisor, VP with Wells Fargo. In that role he worked with and managed non profit relationships for the bank in the Northeast and nationally. He also developed and implemented key initiatives that provided wealth management teams with a deeper understanding of the investment issues that nonprofits face in their role as stewards of donor gifted endowments, and the challenges facing families who wish to leave their wealth as a legacy.

John is a Certified Investment Management Analyst[®], a Certified Financial Planner[™] practitioner, and holds an MBA from Columbia University.

 ABOUT SILLER & COHEN

Siller & Cohen is a boutique family wealth advisory firm providing financial solutions for the past twenty-five years to institutions and high net worth individuals. We combine the detail and careful attention of a smaller firm with the deep resources of a national organization. Our team includes CPAs¹, Certified Investment Management Analysts, and attorneys.¹

While we offer our clients the full range of planning services, our core areas of expertise include wealth transfer, investments, and business succession planning.

This is the 11th year in a row that Barron's Magazine has recognized a member of Siller & Cohen as being among the top advisors in the nation.²

¹ Licensed, not practicing

² The list was compiled by RJ Shook, Financial Industry Consultants.
This is an objective ranking based on assets under management.

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