

NAEPC Webinar:  
What's Trending in Charitable Planning –  
Tips for Advisors on  
Need to Know Strategies

September 13, 2023

Paul M. Caspersen, CFP<sup>®</sup>, MS (Financial Planning & Taxation), AEP<sup>®</sup>,  
Thomas M. Griffith, ChFC<sup>®</sup>, CAP<sup>®</sup>, AEP<sup>®</sup>,  
and Ginger F. Mlakar, JD, CPA, AEP<sup>®</sup>

# Accredited Estate Planner<sup>®</sup> Designation Qualifications & Requirements for All Applicants

- Active practice for a minimum of 5 years within the following disciplines: accounting; insurance/financial planning; law; philanthropy; or trust services
- Devoting at least 1/3 of one's time to estate planning
- Holding one or more of the following credentials in active status and good standing: CPA, CLU<sup>®</sup>, CFP<sup>®</sup>, CFA, ChFC<sup>®</sup>, CPWA<sup>®</sup>, CAP<sup>®\*</sup>, CSPG, CTFA, JD, MSFS, and MST\*\*
- Three professional references (unless council nominee)
- Current membership in an affiliated council

\* Applicants applying with CAP<sup>®</sup> only must take MSFP615 through The American College

- regardless of the years of experience

\*\* Applicants with MST as the qualifying credential must secure pre-approval from the

- national office before applying

Next Gen Philanthropy –

Ginger F. Mlakar, JD, CPA, AEP®

# What is “Next Gen”?

No set definition



Can include:

Gen X (born 1965-1980)

Millennials (born 1981-1996)

Gen Z (born 1997-2012)



Need to be aware of which “Gen” is included;  
programming needs to fit preferences of the group as  
much as possible

# Why is Next Gen important?

The future of philanthropy will be shaped by Next Gen donors



## Next Gen donors:

- will have an historic amount of resources to give
- are eager to be active in giving throughout their lives
- want to experiment
- are in the stage of life right now where they are crafting their philanthropic identities



Nonprofits must connect with Next Gen donors today to build a strong pipeline for the future

# Generational Giving Characteristics

## Gen X

- Pragmatic and value-driven
- Independent; prefer making individual decisions about giving
- Comfortable with technology; likely to use digital platforms for giving
- Strong sense of community
- Value authenticity
- Prefer direct engagement with nonprofits they support, especially volunteering
- Cautious; skeptical of hype
- Currently, the “sandwich” generation

## Millennials

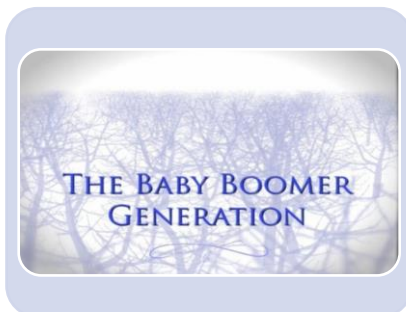
- Digital natives
- Socially conscious
- Prefer active involvement in causes
- Expect transparency
- Enjoy collaborative giving
- Interested in seeing impact of giving
- More likely to give via mobile devices and apps
- Active across various communication channels
- Skeptical of traditional structures

## Gen Z

- Digital natives
- Very socially conscious
- Prioritize causes over institutions
- Engage in digital activism
- More likely to make smaller, frequent donations than large one-time gifts
- Drawn to crowdfunding
- Highly influenced by peer recommendations
- Prefer hands-on involvement
- Have a global perspective

# Landscape in Charitable Giving

*Multigeneration Difference on the Lighter Side*



“When life hands you lemons, make lemonade.”



“When life hands you lemons, create a startup to market lemon juice as a healthy, low carb alternative to lemonade.”



“Hahahaha, as if life would ever just ‘hand you’ lemons.”

# Landscape in Charitable Giving

## *Engaging the Next Generation*



	Age ≤ 50	Age 51 – 70	Age > 70
Issues are the most important driver of my charitable decisions	35.6%	27.1%	24.5%
I view volunteering as the way to have the greatest impact	37.4%	28.8%	23.4%
Number of organizations with which I volunteer	3.8	1.9	2.1
I plan to increase my giving in the coming years	40.5%	24.8%	19.9%
I have family traditions around giving	37.3%	19.0%	15.5%
I have involved my children or grandchildren in my giving	44.3%	29.7%	18.0%

**Source:** The 2016 U.S. Trust Study of High Net Worth Philanthropy: Charitable Practices and Preferences of Wealthy Households, Indiana University, 2016



# Preferred Information Sources

*By Generation*

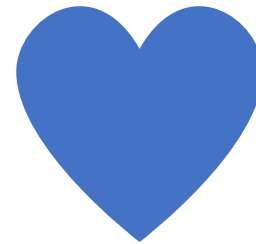
Where do you find info?	GEN Z	GEN Y	GEN X	BOOMERS	SILENT
Google Search	<b>59%</b>	<b>56%</b>	<b>60%</b>	<b>46%</b>	37%
Social Media	<b>48%</b>	41%	22%	9%	9%
Organization's Website	<b>47%</b>	<b>64%</b>	<b>64%</b>	<b>61%</b>	<b>60%</b>
Charity Review Site	34%	<b>49%</b>	<b>44%</b>	<b>45%</b>	<b>44%</b>
Word-of-Mouth	30%	36%	28%	20%	28%
Information in the News	30%	29%	40%	33%	<b>45%</b>
Annual Report	18%	29%	19%	30%	31%
Financial Statements	18%	13%	11%	15%	11%

Source: Blackbaud: The Next Generation of American Giving, 2019

# What motivates Next Gen donors?

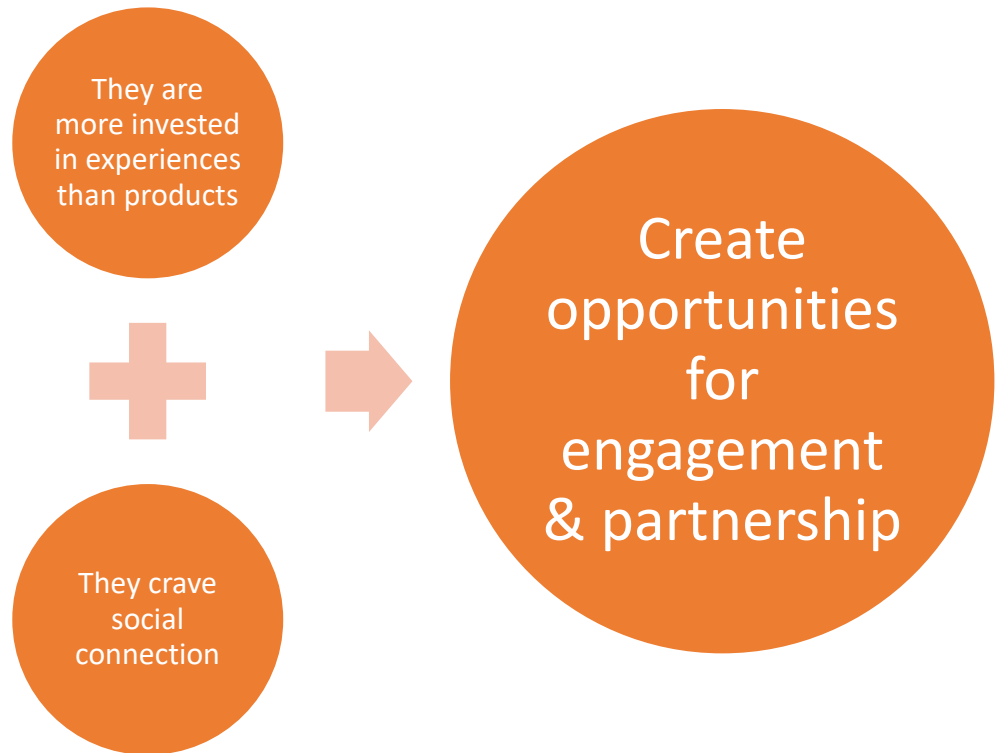


Philanthropy is part of their identity and values



They want to feel inspired by an organization

How can  
Next Gen  
donors be  
effectively  
engaged?





# Foundations for Philanthropy

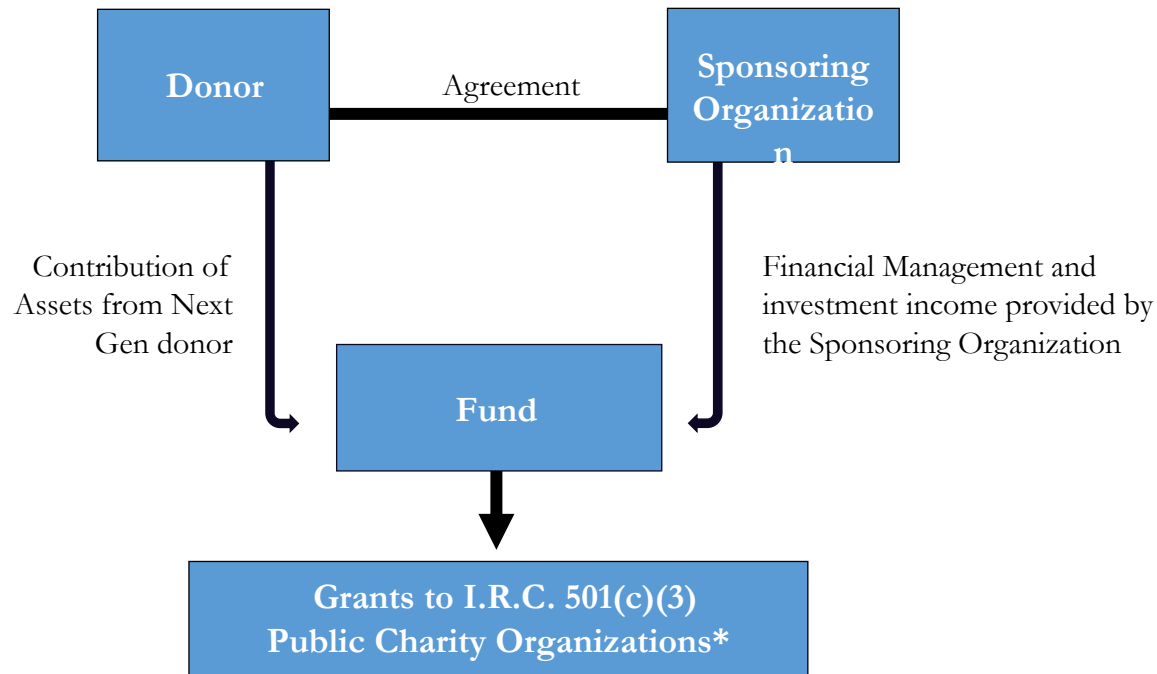
- Interactive cohort experience designed to launch individuals into lifelong philanthropy
- Teaches skills, strategies to leverage time, talent & treasure into meaningful impact for NEOhio
- 6-month program with monthly workshops led by experienced Cleveland Foundation staff
- Features:
  - Thought-provoking speakers
  - Engaging exercises
  - Interactive collaboration opportunities
  - Real-world grant making experience

# Program Impact

- 74 program graduates since 2019
- Awarded more than \$60,000 to 8 nonprofit organizations
- Participants have routinely rated the program as excellent

*“I [now] understand who I am personally and professionally as a philanthropist. Before, I thought I needed to be in a certain place in life before I could call myself that.” - 2023 participant*

# Engagement with Donor Advised Funds



\*Federally mandated rules make grants to an entity other than a I.R.C. Section 501(c)(3) public charity problematic, so restrictions may apply.

# Retirement Assets, Fundamentals, and DAF in the timeline of Giving –

Thomas M. Griffith, ChFC<sup>®</sup>, CAP<sup>®</sup>, AEP<sup>®</sup>

# DAFs, IRAs, QCDs and RMDs

- Can we think of any more acronyms to include?! 😊
- Two prominent tools in lifetime giving:
  - Donor-advised funds (DAFs)
  - Individual Retirement Accounts (IRAs)
- DAFs can be used at any point in a donor's lifetime
- IRAs impact gift planning after age 59 ½



# Donor-advised funds (DAFs)

- DAFs are a flexible tool
  - Disconnect tax aspect of giving from gifts to entities
  - Most useful for:
    - Taxable events
    - Complex assets
    - Taxpayers that itemize
- Investment and tax advisor uses
  - Rebalancing accounts
  - Resetting cost basis in a holding
  - Timing deductions

# Individual Retirement Accounts (IRAs)

- Simplifying the discussion by focusing on traditional IRAs
- Most people have significant portion of assets in IRAs
- Before age 59 ½ not useful due to penalties
- After age 59 ½ there should be an annual evaluation
  - Looking at tax bracket, income needs, charitable giving
  - Preparatory to required minimum distributions (RMDs) at age 73+

# Qualified Charitable Distributions (QCDs)

- Also known as the charitable IRA rollover
- Allows up to \$100k each year to go directly to charity
  - Avoids your tax return (no tax and no deduction)
  - Simple – usually a single form from your investment firm
- Important for funding legacy
  - Cannot go to a donor-advised fund or private foundation
  - Can go to a community foundation for a permanent fund

# Required Minimum Distributions (RMDs)

- Currently, required to start at age 73
- Forces you to take a percentage out as income
- RMD once received can be gifted to charity including a DAF
- Actuarial tables force drawdown but not until age 120
- Requires planning to balance taxation, income needs and ultimate beneficiary

# Working with Donor Clients and the Gift Agreement Process –

Paul M. Caspersen, CFP<sup>®</sup>,  
MS (Financial Planning & Taxation),  
AEP<sup>®</sup>

# INTRODUCTION

---

- Evolution of Philanthropic Donations
- Complexity in Gift Agreements
- Role of Professional Advisors

# PARTIES TO THE AGREEMENT & CHARITABLE PURPOSE AND RESTRICTIONS

---

- Identifying Donor and Donee
- Legal and Tax Implications
- Charitable Purpose and Restrictions

# CASE STUDY

---

## The Moritz-OSU Dispute



---

Background:

Michael Moritz's Generous Donation

---

Discrepancies Unearthed:

The Development Fee

---

Implications:

Legal Battles and Public Perception

---

Lessons Learned:

The Importance of Transparency



# CHANGES IN CIRCUMSTANCES & PLEDGES

---

- Anticipating Future Changes
- Donor's Priorities and Commitment
- Dartmouth Golf Course — *In re Robert T. Keeler Maintenance Fund for the Hanover Country Club at Dartmouth College*, Supreme Court of New Hampshire (7/13/23)
- Include contingencies in the Gift Agreement!



# ALTERNATIVES IF PAYMENT NOT MADE & PRIVACY AND RECOGNITION

---

- Scenario Planning for Unfulfilled Commitments
- Privacy vs. Recognition Challenges
- The Charity's Point of View
- Duke University and Aubrey McClendon



NAMING RIGHTS

UN-NAMING RIGHTS

MANAGEMENT FEES

ENFORCEMENT OF AGREEMENTS

- 
- Naming and Un-naming Rights
  - Accounting for Gift and Endowment Fees
  - Enforcement of Agreements

# ROLE OF PROFESSIONAL ADVISORS

---

- Get out in front of these conversations your clients are having with NPO's.
- Balancing Donor Involvement and Charity's Autonomy
- Role of Professional Advisors in Gift Agreements

# CONCLUSION

---

- “The Charitable Act”
- Universal Charitable Deduction
- Would raise the previous \$300/\$600 cap on the non-itemizer deduction (expired in 2021) to one-third of the standard deduction, equal to roughly \$4,500 for individuals and \$9,000 for joint filers.

Thank You