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FINANCIAL

Guide to Creating Your Charitable Giving Plan

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Why Create a Personal Giving Plan?

All of us at Copper Leaf Financial believe in the power of purposeful planning. Having a goal, having a plan, and working your plan is a tried and true method for achieving a successful retirement, putting kids through college, or growing a business. Having a personal giving plan is also a powerful way to assure that your charitable dollars are truly having the impact that is most meaningful for you.

Over the years we've observed the dedication and passion that many of our clients and friends have for their communities and the depth of their generosity. Unfortunately, many people end up taking a disorganized approach to charitable giving and fail to apply the same focus and rigor that they apply toward lowering taxes or saving for retirement. We've created this workbook to help change that, and to help individuals and families apply a simple process to being more intentional about their charitable giving.

The goal of this policy is to:

Focus your charitable giving efforts

Establish charitable standards and practices

Organize your "community works" efforts to include charitable gifts and volunteering

To reach these goals you will:

- > Identify the values that are most important to you
- > Write a charitable giving mission statement
- > Identify priority cause areas
- > Select organizations that are aligned with your cause areas
- > Determine an annual charitable giving budget
- > Identify intentions for volunteer work and skill-sharing
- > Consider charitable giving strategies that are most tax advantageous
- > Share charitable intentions with your family

By following the steps outlined here, you will have crafted your own personal charitable giving statement and action plan. Enjoy the process and feel free to share this with family and friends.

Process

A

Identify core values, charitable giving mission statement, and priority cause area(s)

B

Select organization(s) that align with your priority cause area(s)

C

Determine a charitable giving annual budget

D

Consider long-term plan



A. Identify Core Values, Mission Statement and Cause Area(s)

Core Values

The road to establishing a charitable giving statement begins by identifying the core values that are most important to you. Articulating core values and beliefs will help to focus on your cause areas. This will also help to guide others who could have a stake in making decisions on your behalf.

Exercise: Ask yourself these questions to identify core values:

- What motivates me to give?

- What values have my family and other role models passed on to me?

- What past experiences have shaped my beliefs?

- What concerns me the most?

- What difference do I want to make in my community, nation, world?

- What difference do I want to make for myself and my family?

- What organizations have I donated to and volunteered for in the past?

Charitable Giving Mission Statement

Exercise: Once you've identified core values you're ready to translate those into a mission statement. Drawing upon core values, interests, and motivations write a 2-3 sentence mission statement for giving:

Example: To honor my father's service in the military, I will give to organizations that support veterans and help them successfully transition out of the military and into society. This includes funding programs that provide job support services, mental health services, and financial support services.

Priority Cause Areas

Once your mission statement is complete you're ready to identify priority cause area(s).

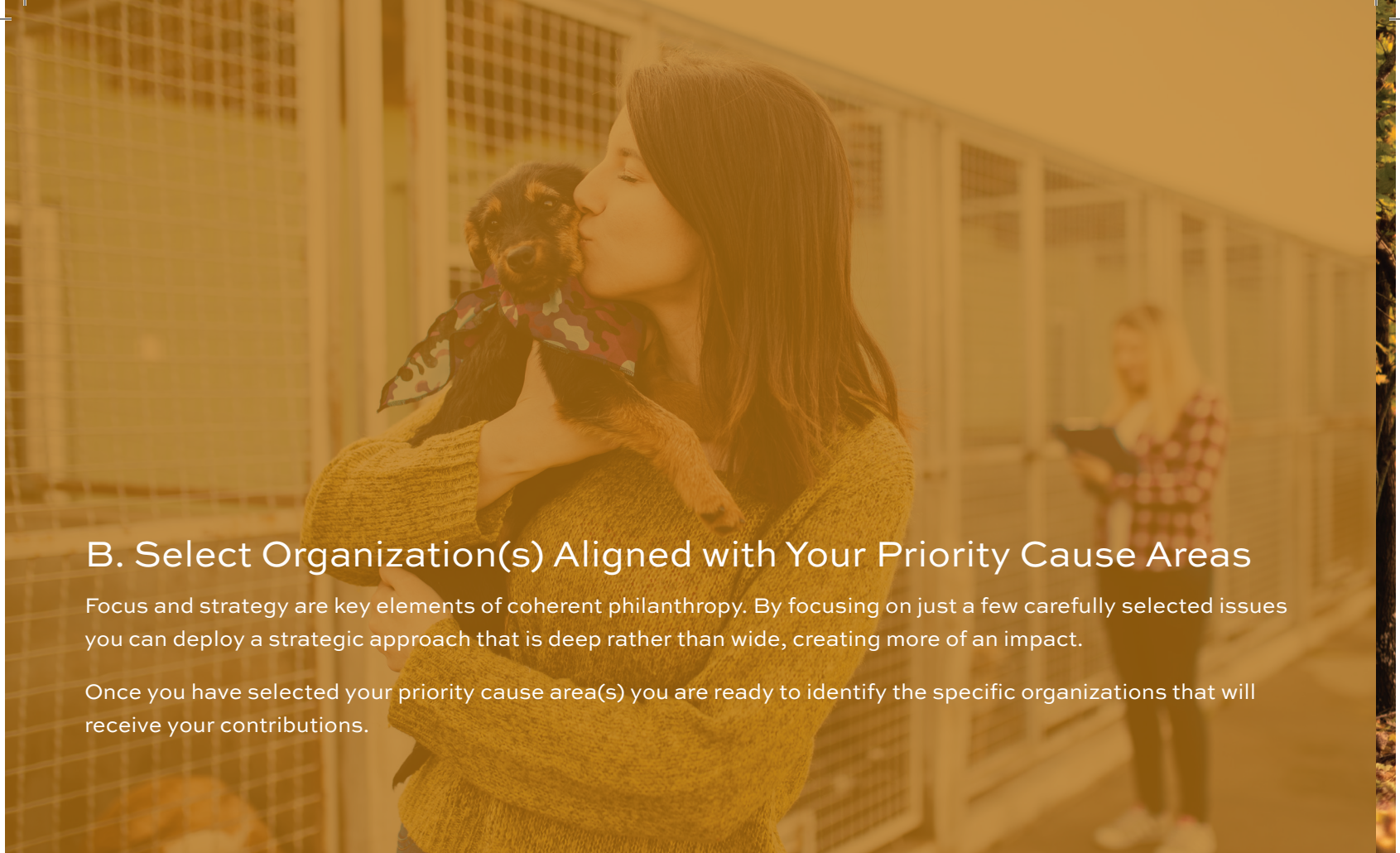
Cause areas are most often those issues and missions that are nearest and dearest to you – whether that be locally, nationally or internationally. Ultimately, the goal is to identify cause areas that align with your core values and support your mission statement.

For example: My core values are equality, environment, learning and health; then specific cause areas might fall under the headings of Environment, Health, Human Services, and Education. See below for examples of categories and specific cause areas.

Exercise: I have carefully chosen these cause areas based on my values and mission statement. Each is important to my ultimate charitable goals as outlined here:

Cause Area Examples:

Arts, Culture, Humanities Libraries Historical Societies Museums Performing Arts Public Broadcasting/Media	Community Development Community Foundations Housing and Neighborhood Development Sustainable Development Economic Justice Prison Reform Gun Control Electoral Reform	Animals Animal Rights Wildlife Conservation Animal Rescues	Education Early Childhood Education Youth Education Adult Education Special Education Education Policy & Reform Scholarship & Financial Support
Environment/Nature Environmental Protection & Conservation Parks Nature Centers Climate Change Land Preservation	Health Diseases Disorders Patient & Family Support Treatment & Prevention Services Medical Research	Human Services Women's Rights Seniors Children's and Family Services Youth Development Shelter & Crisis Services Food Banks & Food Pantries Homeless Services Social Services Domestic Violence Legal Aid LGBT Rights	Religion Religious & Spiritual Activities Religious Media & Broadcasting Spiritual Centers & Communities



B. Select Organization(s) Aligned with Your Priority Cause Areas

Focus and strategy are key elements of coherent philanthropy. By focusing on just a few carefully selected issues you can deploy a strategic approach that is deep rather than wide, creating more of an impact.

Once you have selected your priority cause area(s) you are ready to identify the specific organizations that will receive your contributions.

Some best practices when selecting organization(s) include:

Look beyond the organization's name and look closely at their mission.

Listen to “deep divers” – groups that study nonprofits to find organizations that achieve the best results. (See Resources listed on page 7.)

When your list of organizations is narrowed down, visit each website or call to:

- › Determine how many people they serve.
- › Determine what percentage of donations go towards programs versus administrative costs.
- › Determine if the charity is financially healthy. Refer to their latest financial report. (Those that are both financially efficient and sustainable have greater flexibility and freedom to pursue their charitable mission.)
- › Determine if they are accountable and transparent. Are they forthcoming with their financial information? Charities that are an open book and follow good governance practices are less likely to engage in unethical or irresponsible activities.
- › Talk with the charity to learn about its accomplishments, goals, and challenges. Such conversations will give insight into how well the charity knows where it stands and where it plans to go.



Resources

GiveWell: GiveWell is a nonprofit dedicated to finding outstanding giving opportunities through in-depth analysis: www.givewell.org/.

Center for High Impact Philanthropy: They provide an annual guide to causes it believes will do the most social good, complete with examples of nonprofits that employ donations effectively: www.impact.upenn.edu.

Charity Navigator: For each of the cause areas listed here one can find local organizations including charity “ratings” on the Charity Navigator. Also, search by cause area and refine the search by state: www.charitynavigator.org.

Guidestar: Search by state, however you cannot segment by cause area. Guidestar can provide financial details about the selected organization(s): www.guidestar.org.

GreatNonprofits: Provides detailed information about nonprofit organizations by state; ability to sort by cause and rating: <http://greatnonprofits.org/state/Vermont>.

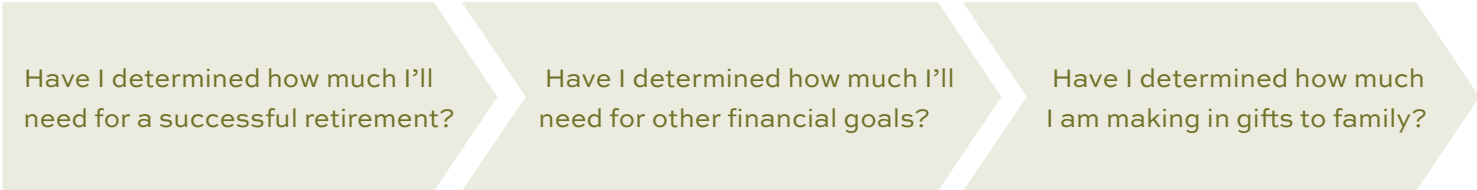
Common Good Vermont: Provides general information about the number of Vermont nonprofit organizations by sector, county, organization or type: <http://data.commongoodvt.org>.

IRS: Tax Exempt Organization Search: irs.gov/charities-non-profits.

C. Determine an Annual Charitable Budget

Before committing to an annual charitable budget it is important to identify how much you can afford to give.

Important considerations to ask:



NOTE: The giving budget should be part of your overall financial plan. A successful giving strategy also includes consideration of annual giving commitments and making special gifts now as part of your estate plan.



Legacy Giving Intentions

Consideration of “legacy giving” intentions should be included in the process of determining the overall annual charitable budget. Methods of legacy giving are detailed in a solid estate plan and can include testamentary gifts, bequests, and Donor-Advised Funds (DAFs).

Testamentary Gifts are outlined in your will or trust during the estate planning process and become effective upon death. There are two types of testamentary gifts, a devise and a bequest. A devise is a gift of real property (e.g., land) while a bequest is a gift of personal property. Bequests are gifts that can be given to an individual, a nonprofit, or a trust or foundation.

More information about the use of Donor Advised Funds (DAFs) and other approaches for legacy giving can be found in the Appendix.

Annual Charitable Budget Example

Note: We recommend scheduling an appointment with Copper Leaf Financial to assist with this calculation.

On an annual basis determine if your charitable budget will be based on a percentage of assets or percentage of your income (can be the same amount) depending upon what is most tax-efficient and how it fits best within your overall financial plan.

Based on my annual income and expenses I am going to donate the following amounts towards organizations within my cause areas?

10	% of my annual income.	Total income:	\$200,000	Annual amount:	\$20,000
1	% of my assets.	Assets:	\$2,500,000	Annual amount:	\$25,000

Resources

<https://pacscenter.stanford.edu/the-philanthropy-toolkit/>
www.fidelitycharitable.org/tools-calculators/charitable-tax-savings-calculator.shtml

Charitable Giving Worksheet Example

Following are my 3 core values:

FAMILY

HEALTH

EQUALITY

Following is my mission statement:

To honor my father's service in the military, I will give to organizations that support Veterans and help them successfully transition out of the military and into society. This includes funding programs that provide job support, mental health and financial support services.

Following are charitable "cause" areas. Select as many as you want and then rank them in order of importance:

_____ Community Development	_____ 2 Health
_____ Arts, Culture, Humanities	_____ 1 Human Services
_____ Animals/Nature	_____ Religion/Spiritual
_____ Education	_____ Other
_____ Environment	

Cause Area 1: Human Services will be 60 % or \$ 12,000 of my annual charitable budget.

Cause Area 2: Health will be 30 % or \$ 6,000 of my annual charitable budget.

Cause Area 3: _____ will be _____ % or \$ _____ of my annual charitable budget.

Miscellaneous donations will be 10 % or \$ 2,000 of my annual charitable budget.

Total this year 100% or \$ 20,000

Identify the specific organizations within each of my cause areas that will receive my donations. Two cause areas are shown, however include as many as you desire.

Cause Area 1: Human Services 60 % of my budget

Organization: United Way will receive 30 %

Organization: Wounded Warriors will receive 15 %

Organization: Thanks USA will receive 15 %

Cause Area 2: Health 30 % of my budget

Organization: Operation 2nd Chance will receive 15 %

Organization: TAPS will receive 15 %

Organization: _____ will receive _____ %

Charitable Giving Policy Statement

I am committed to giving back and improving the world in which I live. Following is an outline of my commitment to annual charitable giving. I will revisit this statement every year to determine if any updates are required as a result of my personal circumstances.

Based on my annual income and expenses, my goal is to donate the following amounts:

- _____ % of my annual income.

Total income: _____ Annual amount: _____

Or

- _____ % of my assets.

Total assets: _____ Annual amount: _____

Cause Area 1: _____ will receive _____ % or \$ _____ of my annual charitable budget.

Cause Area 2: _____ will receive _____ % or \$ _____ of my annual charitable budget.

Cause Area 3: _____ will receive _____ % or \$ _____ of my annual charitable budget.

Miscellaneous donations will receive _____ % or \$ _____ of my annual charitable budget.

Total this year _____ 100% or \$ _____

The specific organizations within each of my cause areas that will receive my donations:

Cause Area 1:

Organization: _____ will receive _____ % or \$ _____

Organization: _____ will receive _____ % or \$ _____

Organization: _____ will receive _____ % or \$ _____

Cause Area 2:

Organization: _____ will receive _____ % or \$ _____

Organization: _____ will receive _____ % or \$ _____

Organization: _____ will receive _____ % or \$ _____

Acknowledgement of Understanding:

By signing, I/we acknowledge that I/we understand the Charitable Giving Statement. It is my/our desire to share this information with family members to ensure that everyone is aware of my/our lifetime charitable giving desires.

Signature _____ Date: _____



Optional: Volunteering

Volunteering is one of the most powerful ways you can support charitable organizations in your community. Through skills based and grassroots volunteering you can have a positive impact in your community.

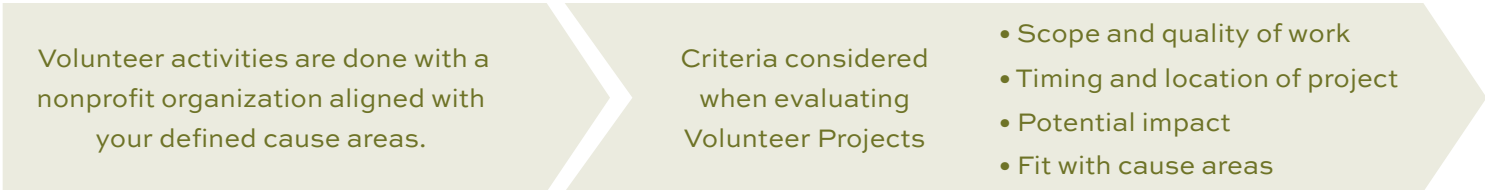
Overview

The first step in organizing volunteer efforts is to identify the skills and expertise you have to share:

Examples: Fundraising, Administrative/Office tasks, Finance, Bookkeeping

I will dedicate _____ hours per week/month/year to community volunteering activities.

Criteria



Resources

Volunteer Match: www.volunteermatch.org/

United Way: www.unitedway.org/get-involved/volunteer

Idealist.org: www.idealist.org

Appendix 1: Charitable Giving Worksheet

Following are my 3 core values:

Cause Areas & Issues – My most important causes and focus areas are:

Cause Area 1: _____ will be _____ % or \$ _____ of my annual charitable budget.

Cause Area 2: _____ will be _____ % or \$ _____ of my annual charitable budget.

Cause Area 3: _____ will be _____ % or \$ _____ of my annual charitable budget.

Giving Budget: This year my budget is \$ _____.

This is the total amount we wish to give via grants or direct charitable donations and it is to be divided between my cause areas.

Following are my 3 charitable “cause” areas:

Org: _____ \$ _____	Org: _____ \$ _____	Org: _____ \$ _____
Org: _____ \$ _____	Org: _____ \$ _____	Org: _____ \$ _____
Org: _____ \$ _____	Org: _____ \$ _____	Org: _____ \$ _____
Org: _____ \$ _____	Org: _____ \$ _____	Org: _____ \$ _____
Org: _____ \$ _____	Org: _____ \$ _____	Org: _____ \$ _____
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Org: _____ \$ _____	Org: _____ \$ _____	Org: _____ \$ _____
Org: _____ \$ _____	Org: _____ \$ _____	Org: _____ \$ _____
Org: _____ \$ _____	Org: _____ \$ _____	Org: _____ \$ _____
Org: _____ \$ _____	Org: _____ \$ _____	Org: _____ \$ _____
Total \$ _____	Total \$ _____	Total \$ _____

Total Grants This Year \$ _____



Appendix II: Tax-Savvy Gifting Options: Make the Most of Your Gifts

Donation Bunching

The 2017 Tax Cuts and Jobs Act increased the standard deduction meaning that itemizing tax deductions each year won't be a benefit for many donors. A tax-smart strategy to overcome this issue is to group together your deductions into a single year in order to surpass the itemization threshold. In off-years (or "skip-years"), you can take the standard deduction. Using this strategy, donors contribute multiple years' worth of their charitable giving in one year to receive a greater deduction.

You should also consider your tax bracket. You will generally get a larger reduction in your taxes from a charitable deduction if you make the gift in a year when you are in a higher tax bracket.

For example, let's say that you are in a 24% tax bracket this year and expect to be in the 32% tax bracket next year. A \$10,000 donation this year will generally lower your taxes by \$2,400, while the same donation next year will reduce your taxes by \$3,200. By making your donation in the high tax bracket year you will increase the amount of tax dollars that you save.

Donate Appreciated Securities Instead of Cash

Generally, donating appreciated securities rather than cash offers a greater tax benefit. As long as you owned the securities for more than one year, you can generally deduct their full market value and avoid paying tax on their long-term capital gains.

For example, let's say that you want to donate \$30,000 to charity. You could write a check for \$30,000, or you could donate appreciated securities (stocks, mutual funds, etc.) that you purchased longer than a year ago for, say, \$10,000 and that are currently valued at \$30,000. Regardless of whether you donate cash or the securities, you can generally claim a \$30,000 charitable deduction for your gift. But if you donate the securities, you can also avoid paying tax on the \$20,000 increase in their value.

Make Donations from Your IRA's Required Minimum Distribution (RMD)

If you are age 70½ or older and expect to claim the standard deduction in the current year, you may still be able to receive a tax benefit from your charitable gifts even though you are not itemizing deductions.

IRA owners who are age 70½ or older can make tax-free distributions of up to \$100,000 per year directly from their IRAs to qualified charities. The distributions count toward your IRA RMDs for the year, but they are not added to your gross income as RMDs normally are and so they escape taxation.

Utilize A Donor-Advised Fund (DAF)

What is a DAF?

A DAF is a charitable giving vehicle established at a public charity. It allows donors to make a charitable contribution, receive an immediate tax deduction and then recommend grants for the fund over time. As a donor you can contribute to the fund as frequently as you like, and then recommend grants to your favorite charities whenever it makes sense for you.

- › You make an irrevocable contribution of personal assets.
- › You immediately receive the maximum tax deduction that the IRS allows.
- › You name your donor-advised fund account, advisors, and any successors or charitable beneficiaries.
- › Your contribution is placed into a donor-advised fund account where it can be invested and grow tax free.
- › At any time afterward, you can recommend grants from your account to qualified charities.

Tax Benefits

- › You can claim a charitable tax deduction for the contributions you make to your donor-advised fund.
- › Contributions of appreciated stock or other assets that you held for longer than one year avoid capital gains tax and can generally be deducted at their fair market value.
- › Your contributions avoid estate taxes because they are no longer part of your estate.
- › Your contributions can grow tax-free within a donor-advised fund account, potentially increasing the amount available to support your favorite charities and causes.
- › You have the documentation for your charitable contributions as required by the IRS.

Selecting a sponsor organization for your DAF.

Among your choices will be community foundations, universities, and others. There are some considerations as you narrow your choices:

- › What are the sponsor's minimum contribution and grant amounts?
- › What types of assets can I donate?
- › What are the investment options?
- › Can I name a successor advisor?
- › Am I required to donate a portion of my account to a specific recipient?

Charitable Gift Annuities (CGA)

A CGA is a contract between a donor and a charity. The donor makes a significant gift to charity using cash, securities or other assets. The donor is able to claim a partial tax deduction for the donation and receives a fixed stream of income from the charity for the remainder of his/her life.

Charitable Remainder Trusts (CRT)

A CRT is similar to a CGA in that it enables the donor to retain an income for life from the trust, with the amount remaining in the trust when the trust ends going to charity.

The donor sets up the trust and irrevocably transfers cash or appreciated assets to it. The person or organization who manages the trust (the trustee) invests the assets and pays a stream of income to you or other beneficiaries you choose. You can select the rate used to calculate the income payments. (Most donors choose a rate in the five to seven percent range.) You can also choose whether the income payments will last for the beneficiary's lifetime or for a specified period of years. When the term of the trust ends, any assets remaining in it are transferred to your selected charities.

Charitable Lead Trusts (CLT)

A CLT enables the donor to make a sizable gift to charity and potentially provide for heirs at a reduced gift and estate tax cost.

CLTs work differently than CRTs. Instead of the donor receiving the income and the charity receiving the remainder, the charity receives the income for a period of years and then the donor or his/her beneficiaries receive the amount remaining in the charitable lead trust.

Each type of trust operates differently from the other and is used to achieve different objectives. If the donor is interested in retaining an income from the assets donated, then a CRT may be the best option. If the donor is looking for specific tax benefits, such as the ability to transfer assets to heirs at a reduced gift or estate tax cost, then a charitable lead trust may be a better choice. The two types of trusts have one thing in common: There are significant costs associated with setting them up and running them so usually the charitable gift must be sizable in order to justify the expense.

Private Foundations

A private foundation is a charitable organization set up by a donor with a substantial initial gift. The funding derives from a single individual, family or a corporation, which receives a tax deduction for donations. Private foundations are overseen by a board of directors or trustees responsible for receiving the contributions, managing and investing charitable assets and making grants to other charitable organizations. Private foundations provide donors with full control over grant-making and the ability to support more than just 501(c)(3) charities. Much like CLTs, there are significant costs associated with the administration of private foundations so the gift should be sizable to justify the expense. *Note: An appointment with Copper Leaf Financial is recommended if you would like more information about tax-savvy gifting options.*

Resources

The Bridgespan Group: www.bridgespan.org

Fidelity Investments: www.fidelitycharitable.org/docs/how-couples-give.pdf

The Vermont Community Foundation: www.vermontcf.org



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