



Philanthropic Planning

Philanthropy should make you feel great and have the impact you are seeking to make! There are three important components in philanthropy: the cause, the organization and the gift. Follow five steps to Successful Philanthropy.



Three Components of Philanthropy

Cause



Organization



Gift



Five Steps to Successful Philanthropy

Cause

Research

Contact

Gift

Follow Up

<input type="checkbox"/>	Cause	Start by identifying which causes are important to you and be specific about the impact you want your contribution to have. Also consider if you want to make an impact locally, regionally, nationally or globally.
<input type="checkbox"/>	Research	Research and examine organizations (GuideStar.org, CharityNavigator.org, GiveWell.org)
<input type="checkbox"/>	Contact	After you have narrowed down your selection, talk with the organization to learn about their accomplishments, goals and challenges.
<input type="checkbox"/>	Gift	Consider if you want to share your time, talents or treasure. Create a budget and understand the tax benefits of giving.
<input type="checkbox"/>	Follow Up	Follow up with the organization to find how they're using your contribution and the impact they are making.

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A philanthropist is “anyone who gives anything – time, money, experience, skills, networks – in any amount to create a better world.”

What can we take from this definition?

- Philanthropy is more than just money.
- Everyone has something they can give.
- As opposed to charity, philanthropy is a proactive attempt to change the world. Charity provides temporary relief, whereas philanthropy attempts to solve problems at the source.

Strategic philanthropy involves leveraging one’s personal resources with thoughtful and intentional planning to achieve remarkable results. It often means developing strong and lasting bonds with the charitable organization(s) chosen.

Many people feel a sense of fulfillment by focusing their gifts on what they are most passionate about. Choosing fewer organizations to support and researching them before making a final selection will allow you to pick the very best organizations for the impact you want to make.

Be specific about your process and how you make decisions. This can build confidence in your method and serve as an example to family and friends looking to be more strategic in their philanthropy. Let’s walk through the **Philanthropic Planning Process** step-by-step.

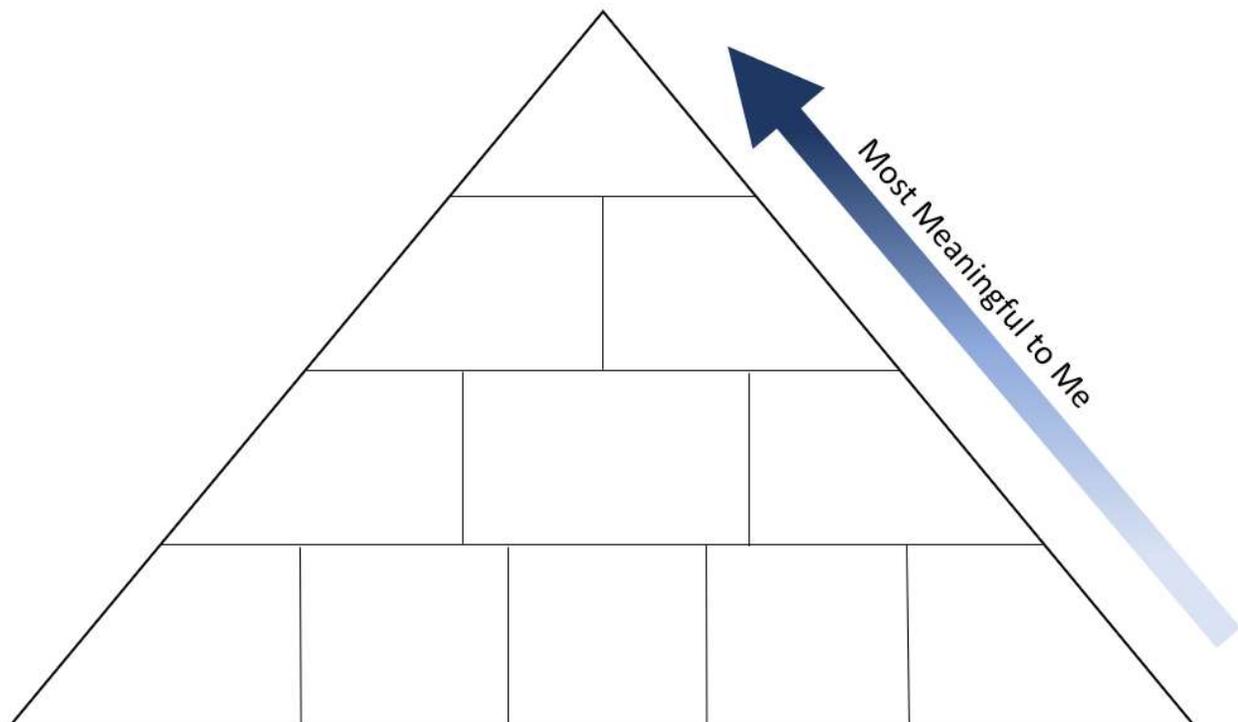
Step 1: What Cause is Most Important to You

Use the pyramid below to identify the categories that are most important to you. Further explanation of each category is provided on the following pages.

Animals
Education
Human Services
Religion

Arts, Culture and Humanities
Environment
Human and Civil Rights
Research and Public Policy

Community Development
Healthcare
International
Other: _____



Categories

Animals

- Animal Rights, Welfare and Services
- Wildlife Conservation
- Zoos and Aquariums

Arts, Culture, Humanities

- Libraries, Historical Societies and Landmark Preservation
- Museums
- Performing Arts
- Public Broadcasting and Media

Community Development

- Community Foundations
- Housing and Neighboring Development
- United Ways

Education

- Adult Education Program and Services
- Early Childhood Programs and Services
- Education Policy and Reform
- Scholarship and Financial Support
- Special Education
- Youth Education Program and Services

Environment

- Botanical Gardens, Parks and Nature Centers
- Environmental Protection and Conservation

Healthcare

- Local Hospitals and Clinics
- Women and Children Services
- Diseases, Disorders and Disciplines (Neurological, Cancer, Cardiovascular)
- Medical Research, Education and Innovation
- Patient and Family Support (Hospice Care, Almost Home Kids)

Human Services

- Children's and Family Services
- Food Banks, Food Pantries and Food Distribution
- Homeless Services
- Multipurpose Human Service Organizations
- Rescue Missions
- Social Services
- Youth Development, Shelter and Crises Prevention

Human and Civil Rights

- Human and Civil Rights Advocacy and Education

International

- Development and Relief Services
- Humanitarian Relief Supplies
- International Peace, Security and Affairs

Religion

- Religious Activities
- Religious Media and Broadcasting

Research and Public Policy

- Non-medical Science and Technology Research
- Social and Public Policy Research

Source: CharityNavigator.org

Step 2: Research to Find the Best Organization(s)

Use this worksheet to identify and evaluate candidates for your philanthropic giving.

1. Decide what factors you will include in your evaluation. Below are some examples:

Cost-effectiveness
Shared Goals

Evidence of Impact
Shared Values

Transparency
Other: _____

2. Give each candidate a score of 1 to 10 for each factor and add them together for a total score. See example below:

Candidates	Cost-effectiveness	Evidence of Impact	Transparency	Shared Goals	Shared Values	TOTAL
Organization A	5	7	6	8	9	35
Organization B	9	8	9	7	8	41
Organization C	7	9	3	6	6	31

Online resources you can use in your research include:

- GuideStar.org
- CharityNavigator.org
- GiveWell.org

Cause: _____

Candidates Rank each 1-10							TOTAL

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Step 3: Contact a Select Few Candidates

After you have narrowed down your selection, talk with the organization to learn about their accomplishments, goals and challenges. This may be a long-term relationship. Take time to get to know the employees and volunteers. How did they get involved? What drives their passion? What impact have they made? What impact do they strive to make? How do they expect their organization to function differently a year from now? Five years from now?

Step 4: Determine the Gift

Consider if you want to share your time, talents or treasure.

Giving Time and Talent

[General Volunteering](#) is an excellent entry point to philanthropy. It allows you to get to know the organization better and understand their needs.

[Skill-Based Volunteering](#) can provide organizations with highly valuable services. TaprootFoundation.org and Catchfire.org are leading online matching websites pairing skilled volunteers with nonprofits that can utilize their expertise.

[Pro Bono Service](#) is another way to provide organizations with highly skilled and valuable services.

[Nonprofit Board Service](#) is an immense responsibility. The board works closely with the organization's executive team to achieve goals and overcome challenges. Board members must be fully engaged and contribute directly with their time and expertise.

Financial Giving Strategies

Create an [annual giving plan](#) to empower your philanthropy. It will allow you to know how much you can afford to give. It will prompt you to be thoughtful in your decision making. It will empower you to be intentional in your giving.

An annual giving plan will also be beneficial throughout the year when other organizations ask for donations – you can respectfully decline and let them know you already have a plan for your giving this year but will keep them in mind when you make your giving plan for the following year.

Unexpected needs may come your way such as disaster relief. Include an amount for unexpected opportunities in your annual giving plan.

There are a variety of giving options – such as bequests, donor-advised funds, charitable trusts and others. Choosing the right option(s) for you can be a complex process. Seek out the advice of a qualified and trusted advisor to help you make the best decision for you. A few common giving tools are listed in the table on the following pages.

[Match the gift to the organization](#). Some gifts may be too large for smaller operations and even large organizations may not take non-cash gifts. Do your research ahead of time and speak to a representative with the organization before deciding.

GIFTS DURING LIFE

HOW TO GIVE	CHARACTERISTICS	INCOME/ESTATE TAX BENEFITS
Cash	A gift of cash is a simple and easy way to make a gift that does not involve a setup or ongoing fee. The donor can control who receives the gift and how much the gift is each year.	<p>Make an immediate impact on a charity's mission.</p> <p>Benefit from charitable income tax deduction up to 60% of AGI.</p> <p>Instead of cash, consider donating appreciated securities (30% of AGI)</p>
Non-Cash	A gift of used consumer goods such as used cell phones, computers, cars, boats, etc.	<p>Receive a charitable deduction.</p> <p>Clean out the closet, basement or garage.</p> <p>Less time spent selling unwanted items.</p>
Stocks & Bonds	A gift of appreciate securities allows the donor to avoid paying capital gains tax that would otherwise be due if sold by the donor and then gifted to the organization.	<p>Avoid paying capital gains tax.</p> <p>Receive a charitable income tax deduction.</p> <p>Can then use unused cash to repurchase the securities and raise cost basis.</p>
Impact Investing	Investing money in hopes of generating a measurable "impact return" oftentimes accepting a lower financial return or even below market return.	<p>Potential return on investment, usually below market rate returns.</p> <p>Social impact.</p>
Socially Responsible Investing (SRI)	SRI tends to focus on screening out companies that engage in activities that could damage the environment or do not support human development.	<p>Potential return on investment, usually market-rate returns.</p> <p>Social impact.</p>
IRA	Individuals over 70 ½ years can take a qualified charitable distribution (QCD) to support non-profit organization. QCDs can count towards Required Minimum Distribution (RMD) requirements.	<p>Donor may be able to stay in a lower income tax bracket or Medicare IRMAA bracket.</p> <p>Up to \$100,000 is allowed after age 70 ½.</p> <p>QCD's can count towards RMD.</p>

Donor Advised Funds	Tax-effective way to donate, accrue and recommend grants to non-profit public organizations.	Charitable tax deduction. Tax-free growth. Can support a variety of organizations.
Charitable Gift Annuity	Receive fixed income for life, avoid capital gains tax on the sale of your appreciated property and enjoy the benefit of tax savings from a charitable deduction.	Charitable tax deduction. Fixed income for life. Partial bypass of capital gain. Possible tax-free payments.
Charitable Lead Trust	Pass on cash or property to donor's family after making annual gifts to charity. Avoid substantial gift or estate tax.	Gift or estate tax deduction. Trust assets plus appreciation pass to family at a reduced cost.
Charitable Remainder Trust	Use cash or appreciated assets to make a charitable gift, save on taxes, and receive fixed income for the future.	Fixed income for life, lives or terms of years. Avoid capital gains tax on the sale of the appreciated assets. Charitable income tax deduction for the remainder portion of the gift.

GIFTS AFTER LIFE

HOW TO GIVE	YOUR GOAL	YOUR BENEFITS
Will or Trust Bequest	Maintain control of assets during lifetime and make a gift to charity after death.	Estate tax charitable deduction. Lifetime use and ownership of the property.
TOD Transfer on Death POD Payable on Death	Maintain control of assets during lifetime and make a gift to charity after death.	Estate tax charitable deduction if beneficiary is a charity. Lifetime use and ownership of the property.
Beneficiary	Maintain control of assets during lifetime and make a gift to charity after death.	Estate tax charitable deduction if beneficiary is a charity. Lifetime use and ownership of the property.

IRA, 401k Retirement Account Beneficiary	Maintain control of assets during lifetime and make a gift to charity after death.	Pre-tax retirement accounts are taxable as ordinary income to beneficiaries if not a charity and are good assets to designate for charitable donation.
Gift of Insurance	If life insurance policy is no longer needed or will no longer benefit survivors, donor can make a current or future gift to help a non-profit organization.	Income or estate tax deduction. Income tax deductions for annual contributions to help maintain the policy.

Step 5: Follow-up

Follow up with the organization in six months to a year to find out how the organization is using your contribution and the accomplishments they have achieved. Once you are assured that the organization is successfully making an impact on the cause you care most about, consider making additional contributions and enlisting others to support the cause. Long-term, committed supporters are critical to lasting impact.

The *Philanthropic Planning* guide is for educational and informational purposes only. It does not constitute as personal advice. For personal advice, contact Fran McKay, CFP®, AAMS®, CRPC® directly by phone at [309.643.1059](tel:309.643.1059) or by email at fran@catalystwealthplanning.com to schedule a consultation or seek out the advice of a qualified and trusted advisor.

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