



Powering people, ideas,
and institutions for good

Case Studies with DAFs, CRTs, and CGAs

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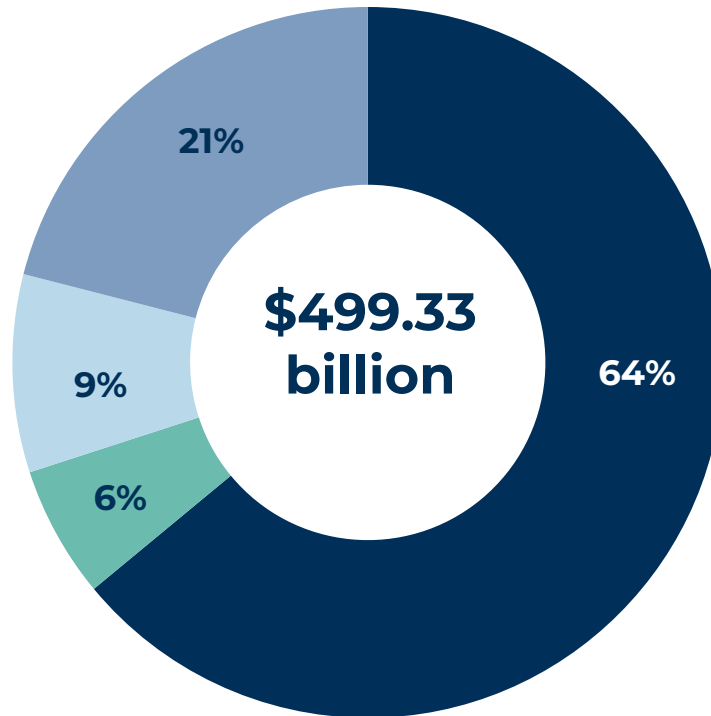
Charitable giving opportunity



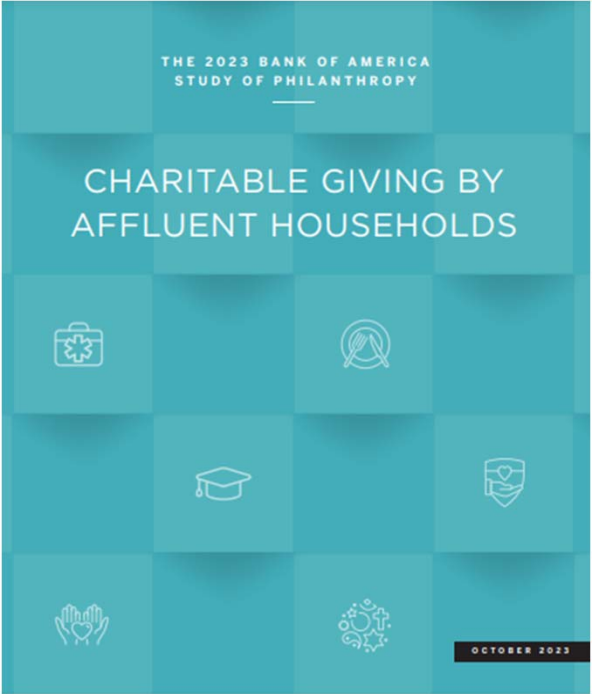
2022 contributions by source of contributions

(in billions of dollars,
all figures are rounded.)

- Individuals – \$319.04
- Foundations – \$105.21
- Bequests - \$45.60
- Corporations - \$29.48



The 2023 Bank of America Study of Philanthropy



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1. Jack and Dee Twain



Twain - Details

- Annual income of \$175,000
- Annual giving of \$5,000 to their church
 - to church, alma mater and local symphony
- Nearing retirement
 - Large IRAs
 - Investment account worth \$2.5M
 - \$100,000 AAPL bought many years ago
- 2 adult children
 - First grandkid on the way



Solution: Twain Family Foundation Fund (DAF)

- \$100,000 AAPL Stock
 - Income Tax Savings: \$28,000
 - Capital gains tax avoided: \$11,550
- Endowed Giving?
 - \$5,000/year
- Involve the kids



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Alternative Solution: CLT

- \$100,000 AAPL Stock
- \$5,000/year to charity
- Remainder to kids
- Name charity as beneficiary of IRAs



2. Ted and Laura Casey



Casey - Details

- Annual income of \$450,000
- Annual giving of \$25,000
- Net worth of \$5M
- Vacation Home in South Carolina
 - Planning to sell this year for \$400,000
 - Purchased for \$100,000
- Spending less time in South Carolina



Solution: Casey Charitable Fund (DAF)

- Donate vacation home
 - \$400,000 income tax deduction
 - \$148,000 income tax savings
 - \$60,000 capital gains tax savings
- More time with grandkids
- \$400,000 charitable account for all three generations
 - Cash contribution to cover home sale expenses



3. Sam and Sara Stack



Stack - Details

- Annual income of \$150,000
- Annual giving of \$10,000
- Standard Deduction
 - \$10,000 charitable
 - \$10,000 state and local taxes
 - \$2,000 mortgage interest
 - **\$22,000 total itemized (\$29,200 standard deduction)**



Solution: Stack Family Giving Fund (DAF)

- Contribute \$20,000
 - \$20,000 charitable deduction
 - \$10,000 state and local taxes
 - \$2,000 mortgage interest
 - **\$32,000 itemized**
- Give \$10,000 this year
- Give \$10,000 next year
 - Take standard deduction
 - Zero charitable expense
- Rinse and repeat



4. Steve and Michelle Caine



Caine - Details

- Age 45
- Gift of stock valued at \$500,000
 - Basis of \$100,000
 - Capital gain tax of \$77,000 if sold today
- Both working and don't need the additional cash now
- Expect to use the gift to supplement retirement income



Solution: Caine Charitable Trust (CRT)

- Transfer \$500,000 stock to 5% NIMCRUT
- \$72,000 charitable tax deduction
- Investment objectives
 - Grow at 8% annually
 - Invest to limit income for next 20 years
- At age 65, change investment strategy to produce 3% income annually
- Retirement Income: \$3,090,000
- Remainder to Charity: \$7,307,000



5. Steve and Becky Schmidt



Schmidt - Details

- Age 70
- Own stock valued at \$100,000
 - Cost basis of \$25,000 (\$14,437 capital gain tax if sold today)
 - Pays a 1% dividend
 - May need the stock to supplement IRA income
- Support local Boys & Girls Club



Solution: Boys & Girls Club CGA

- Contribute stock to Boys & Girls Club in exchange for deferred CGA
 - Deferring 14 years
 - \$61,966 charitable tax deduction
 - Diversifies their portfolio
- \$71,400 Lifetime Cash Flow
 - Based on 9-year life expectancy
- Estimated \$148,714 to Boys & Girls Club after their lifetime



More CGA Ideas



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More CGA Ideas

- Experiment with planned giving
 - \$25,000 to Iowa State Fair Foundation
 - Income not needed
 - Turned a planned gift “no” to a “yes”
- One-time QCD
 - Up to \$50,000
 - Tax free distribution
 - Can only occur once



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Your Turn!



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Your Turn!

- Think of a donor to your organization
- What do you know about them?
 - Age?
 - Family information?
 - Perceived wealth/income?
 - Any current or planned gifts to your organization?
 - Support of other charitable organizations?
- What charitable tool(s) might be of interest to them?

Questions to Ask

- **Do you use a donor advised fund or other charitable vehicle to give?**
- Would you like to talk about a more sophisticated way of giving that might have additional benefits for you and your family?
- Would you like to consider a way to consolidate your charitable giving?
- Would you be interested in learning how to donate appreciated assets to us, instead of giving cash?
- Have you considered creating an approach to continue your charitable legacy for future generations?



Questions?

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