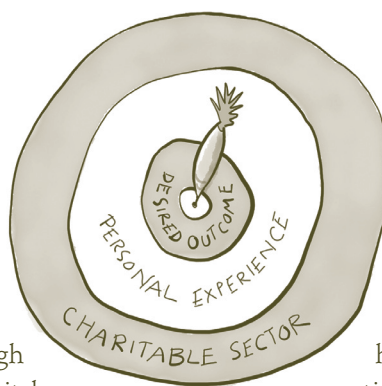


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H O N I N G Y O U R

CHARITABLE GIVING

S T R A T E G Y



A friend tells you about her fundraiser for Dravet syndrome, and you feel the need to help. Your church is trying to raise enough money for a mission trip, and you want to pitch in. You reconnect with a college friend and, remembering how much the school meant to you, decide you want to give back.

For many, this is how their philanthropic journey begins—by making smaller, sometimes off-the-cuff donations to organizations they know. And this can be a great way to make a tax-deductible gift to a charity or cause that is close to you. But as your charitable giving evolves over time, you may want to craft a strategy that ensures that you are making effective gifts to causes you care about in a tax-efficient manner. This article offers a step-by-step guide to developing that strategy. Whether you're just starting out on your philanthropic journey or you've been giving for years, formulating a strategic giving strategy can help make giving more meaningful for you and your family.

Step 1: Review

We suggest first looking at your giving history to help identify themes—what motivated you to donate in each instance?

For many donors, they are driven to give back because of values that were instilled in them as a child. Others may be motivated by religious faith or a personal, life-altering experience (impacting themselves, a family member, or a friend), such as those related to education, health, military service, arts and culture, the environment, and so on. And, as what should come as no surprise given that many of the largest gifts made annually in the United States are to universities, many major philanthropists give back to their alma maters as an expression of gratitude for providing the education, scholarships, and network that helped make them successful. As you review your giving history, think about which gifts brought you the most fulfillment and sparked an interest in continuing to offer support going forward. »

Additionally, assess which of your gifts were reactionary—such as giving to a friend’s fundraising campaign—versus those that were proactive and driven by your philanthropic motivations. If you find yourself reluctantly agreeing to requests for donations, having a defined charitable strategy can help you feel more comfortable saying no to requests that do not align with your strategy.

Step 2: Define

Next, think about where you and your family would like to focus your future giving. We suggest researching the landscape by exploring different charitable sectors—e.g., the environment, arts and culture, health, and education. (See the breakdown of the 2017 charitable landscape in Exhibit 1.) Learn about various issues in each sector, work that is currently being done, who the key donors are, and what potential funding opportunities are available. Attending conferences can give you the opportunity to hear from experts and network with other philanthropists who share your passions. Additionally, many philanthropists find it helpful to get hands-on experience by volunteering with organizations that pique your interest. Working with a giving circle or a local community

foundation, such as the Chicago Community Trust, may also create learning opportunities.

Once you’ve identified charitable sectors that you want to support, we suggest outlining parameters to narrow the scope of your giving.

Geography—Do you want to give globally, nationally, regionally, or locally?

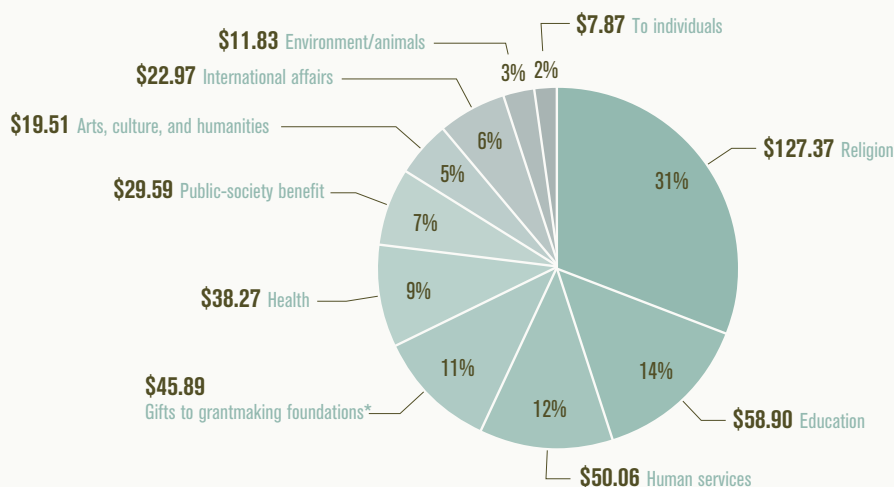
Beneficiaries—Do you want to support a specific demographic based on age, gender, ethnicity, profession, or socioeconomics?

Organizations—Do you have a preference for well-established institutions or start-ups?

Grants—What type of support do you want to provide, such as general operating expenses, capital, or seed funding?

Family members can also take divergent approaches within the same sector. For instance, let’s say a family is focused on supporting the environment. The parents »

EXHIBIT 1 CONTRIBUTIONS TO CHARITABLE SECTORS IN 2017
(IN BILLIONS OF DOLLARS)



Source: Giving USA 2018 Annual Report on Philanthropy for the Year 2017.

*Estimate developed jointly by the Foundation Center and Giving USA

might prefer to give to well-established organizations that protect the environment nationally. However, their children might give to small start-up charities that are more targeted, like an organization focused on saving local bees.

Step 3: Articulate and Document

Once you have defined your focus, articulate your plan for giving by documenting a mission statement. Think of it as a personal testimony of your charitable intentions; it does not need to be lengthy or something you would share publicly, although we do recommend sharing it with your family. It should also explain your motivations and grantmaking parameters, such as your funding interests, geographic focus, and any additional guidelines.

Step 4: Evaluate

As you find charities that align with your mission, conduct due diligence prior to making a gift. Ensure that the charity qualifies as a charitable 501(c)(3) organization and has a strong reputation. It can also be beneficial to review the charity's financials and governance structure to confirm that the organization is well run. This type of information is readily available on websites like Guidestar and Charity Navigator. Your advisor can also assist in the vetting process.

While this level of scrutiny may not be necessary for all gifts you make, we highly recommend investing the time and effort when evaluating a charity that is central to your mission or is a sizable gift.

Step 5: Execute

For many philanthropists, cash gifts are the default approach for grantmaking. However, before writing a check, speak with your advisor about how to be most tax efficient with your gift. Your advisor can discuss other potential funding options, such as gifting appreciated securities, directing charitable gifts from retirement accounts, or creating a charitable vehicle such as a donor-advised fund to help you and your family maximize your current and future giving. (For more about donor-advised funds, read "Amplifying the Rewards of Charitable Giving with Donor-Advised Funds" from the Summer 2016 issue of INVESTED.)

Step 6: Evolve

The philanthropic landscape continues to evolve, and your charitable strategy should too. Your motivations for giving may change over time as you and your family have new life experiences. Evaluate your giving annually to ensure that you are meeting your goals, which may also change as you find new interests, issues, and organizations that inspire you in different ways.

Philanthropy is a journey that should spark your passion and provide satisfaction. By creating a process for giving, your gifts will likely become more targeted toward helping you fulfill your charitable goals. Your RMB advisor is ready to help you navigate your philanthropic journey and create a legacy. ■

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