<u>Charitable Case Study #1</u>

Background:

The family is sophisticated in their investment knowledge and is philanthropic in nature. The Estate did not have a charitable strategy. All philanthropic endeavours were performed randomly. Communication of finance and money between generations was limited and advisory relationships were fragmented.

Total Liquid Estate Net Worth	$3,488,533.96
Estate Capital Gain	$1,850,668.76
Estate Tax Owing (39%)	$360,880.41
After-Tax Estate Value	$3,127,653.55

If you could go back in time:

- Charitable Donation made In-Kind (contribution of common stock)
- Family philanthropic legacy to be passed from generation to
- Benefit to Estate – Capital Gain exception on the donated stock
- In The Sweet Spot – Donated stock has a Capital Gain over 80% of total donated value

How the numbers could have broken down:

	$3,488,533.96 (Market Value) - $451,904.00 (*Donation Value)
Minus	$284,066.59 (Tax)
Added back	<u>$225,952.00 (**Tax Receipt)</u>
	$2,978,535.37 (After-Tax Estate Value)

*Donation would have been two stock positions with capital gains in excess of 85% of donated value
**Tax Receipt would be equal to 50% of the donation

The Estate would have been out of pocket $149,118.18 *while creating the start of a family charitable legacy with a* ***donation of $451,904.00.*** *Additional contributions could be added to this total with 7% per year ($31,633.28) funding charities of the family's choice in perpetuation.*

Conclusion:

With a portion of advanced planning focused on charitable gifting an appropriate strategy would consist of the following:

1. Willingness to gift upon estate wind up or implementation while living
2. Family relationships and advisor support may influence an appropriate strategy
3. Control over funds while alive, through estate transfer and onto the next generation
4. Purpose of the strategy – one off donations or perpetual in nature
5. Dollar amounts and number of charitable relationships
6. Commitment to giving back