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## LLBH Private Wealth Management LLC

Kevin Burns, Partner; Bill Loftus, Partner; Bill Lomas, CFP®, CIMA®, CRPC®, Partner; Jim Pratt-Heaney, CIMA®, Partner; Michael Kazakewich, CFP®, CRPC®, Associate Partner

# “What is the ‘triple impact’ of your philanthropic gift?”

By Bill Loftus and Sarah Simon

**A truly rewarding part of our job is working with families to structure their charitable gifts to support the causes they are passionate about.** But this is just one of the three impacts of a family’s philanthropic gift, because family members get to experience the emotional benefits of their gift; and the gift in turn becomes part of the family’s wealth management plan in a tax- and income-efficient manner. The components of this “triple impact” of philanthropic giving include:

### THE IMPACT ON THE CAUSE/CHARITY

Americans donate billions of dollars each year to various charitable causes, from water conservation to cancer research. These are dollars needed and appreciated by many. For example, Save the Children estimates that because of charitable donations from families, they have reached 3.4 million children in East Africa and delivered life-saving food, water, clothing and educational assistance.

Philanthropic gifting is an investment in making our world a better place, but the impact of your gift continues beyond the cause you are supporting.

### EMOTIONAL/FAMILIAL IMPACT OF PHILANTHROPIC GIVING

The term philanthropy means “love of humanity.” While the modern definition is “private initiatives for public good, focusing on quality of life,” both definitions spring from an altruistic desire to improve human welfare, to lessen the injustices in this world. This desire explains our satisfaction in supporting a cause we are passionate about.

In addition, philanthropic giving helps establish a family identity to pass down to future generations. Hesitations may exist about involving the next generation in the finances of a family and giving too much to children too soon. But charitable giving alleviates these concerns, allowing you to share your views on “giving back” and involve the family’s younger members in an important initiative.

### FINANCIAL IMPACT OF YOUR GIFT

Charitable gifts can take many forms and be gifted through various (including trust) structures. Just as you engage a professional advisor to manage your financial affairs, you should ensure that your charitable gifts are considered in the context of your wealth-planning strategy. Alternatives to making a gift directly to a charity include a private family foundation or a donor advised fund (DAF).

Contributions to qualified charities, including private foundations and DAFs, qualify for unlimited gift and estate tax deductions. This can reduce the gift and estate tax your children will pay. There is also an income tax deduction, up to 50 percent of AGI for cash gifts and 30 percent of AGI for appreciated securities. Additionally, gifting appreciated securities also allows you to avoid paying income tax on embedded capital gains and offers an immediate income tax deduction, which can be useful in a high-income tax year.

Many families have illiquid investments like private company stock, real estate, patents and royalties, just to name a few. These don’t generally come to mind when families contemplate a philanthropic gift. But they can be great assets for charitable gifts, and we have worked with appraisers to get valuations on some of these illiquid assets for clients. This way, the family may designate the target charity and avoid capital gains tax, get a tax deduction and leave more liquid assets available for other beneficiaries like children.

We are fortunate to work with families that are “doing well” by “doing good and doing more.” All three impacts of your charitable donation should be considered when making a philanthropic gifting plan/identity. ☺



*"Illiquid assets don't generally come to mind when families contemplate a philanthropic gift. But they can be great assets to use to make charitable gifts."*

—Bill Loftus

#### How to reach **Bill Loftus and Sarah Simon**

We look forward to discussing how LLBH can help you reach your financial goals. We can be reached directly at 203.987.3165.

Left to right: Jim Pratt-Heaney, Bill Lomas, Kevin Burns, Bill Loftus



#### About LLBH Private Wealth Management LLC

LLBH Private Wealth Management is an independent Registered Investment Advisor (RIA) which works with a select number of clients seeking a highly personalized level of service. Through an intensely thorough process, LLBH delivers a comprehensive suite of wealth management solutions tailored to the specific needs of its clients, including financial planning, asset management, concentrated stock hedging, lending, cash management, alternative investment due diligence and family office services. Founded in October 2008, LLBH is based in Westport, Conn., with offices in Greenwich, Conn. and Santa Barbara, Calif., which focuses on the firm's significant West Coast presence in the entertainment industry.

Assets Under Management  
**\$1.3 billion (as of 12/2013)**

Minimum Fee for Initial Meeting  
**None required**

Minimum Net Worth Requirement  
**\$10 million (investment services)**

Largest Client Net Worth  
**\$1 billion**

Financial Services Experience  
**200 years (combined)**

Compensation Method  
**Asset-based**

Primary Custodian for Investor Assets **Pershing, A BNY Mellon Company**

Professional Services Provided

**Financial planning, asset management, concentrated stock hedging, lending, cash management, alternative investment due diligence and family office services**

Association Membership

**Investment Management Consultants Association**

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