



GIVING BACK

With Planned Philanthropy

Strategies For Creating Change Through Your Legacy

Success in life is about more than amassing wealth. It's about the conscious legacy you leave behind for your loved ones, community, and society. We created this special report to share some of the financial and social benefits of a proactive approach to philanthropy.

Giving back to your community and supporting your values through the gift of your resources and time is an extraordinary way to consciously define your family's legacy. Affluent Americans are becoming more strategic about their giving and want to engage more with nonprofits in their focus areas. "High impact giving" is becoming increasingly popular among American donors who wish to ensure that their gifts are used properly and who want to measure the effectiveness of their donations.

Planned giving allows you to combine your charitable goals and values with your personal financial strategies. Working with a professional to include philanthropy in your financial objectives can help you develop an approach to giving that's right for your family and your values.

We developed this special report to help you understand how philanthropic planning can help you create a more robust legacy and increase the impact of your giving.

"To know even one life has breathed easier because you have lived – that is to have succeeded."

- Ralph Waldo Emerson

Why Is Philanthropic Planning Important?

Planned giving benefits both donors and the charitable organizations they choose to support. Today's world is complex, and many issues require informed solutions to address. Planning your giving allows you to educate yourself about causes and issues and develop relationships to ensure your gifts make the greatest impact on the problem you're trying to address.





Charities can plan more efficiently and fulfill their missions more effectively when they can be secure in their funding sources.

Charity Navigator, an independent charity evaluator that rates nonprofits based on financial transparency and accountability, has found that most highly successful charities spend as little as possible on fundraising and marketing activities.¹ By establishing a long-term relationship with a charity, you can help reduce the amount of time, money, and energy required to raise funds and help them get back to supporting the cause. Establishing a relationship with a charity can also help you influence their mission and motivate them to achieve goals to receive more funding.

Americans are some of the most generous people in the world. Collectively, Americans donated over \$449 billion to charity in 2019.²

Think about the long-term impact of your philanthropy. Responsible giving requires due diligence and a good match between your values and a charity's mission.

Planned Giving Benefits Donors

Philanthropic planning can work effectively as part of an overall financial strategy by allowing you, the donor, to set goals for your giving. When donors only give in response to solicitations from charities, it empowers others to determine how and when money's given. If you were to review your past gifts, what pattern would emerge? Has your gifting been intentional and driven by your passions and values? Or has it been primarily motivated by external solicitations from friends, family, and charities?

Planning your charitable activities also helps you ensure that your money is used as you intended and that your gifts make the most impact. The planning process also helps take a proactive approach to charitable work by allowing you to do the due diligence needed to understand a cause or situation and identify the major organizations committed to making a difference. By developing an informed understanding of the issues, you take control of your financial relationship with organizations and become a strategic partner and a financial contributor.

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Including charitable giving as part of your overall financial objectives can also potentially reduce your tax burden. While most people give to charities for non-financial reasons, it's important not to ignore the potential tax benefits such as donating directly from your IRA without that donation being counted as taxable income.³ By thinking proactively, it may be possible to identify tax-efficient strategies that are able to increase the amount of money you make available for your philanthropic goals.

Our firm is committed to supporting our community through philanthropy. Contact us if you would be interested in helping us organize a charity event.



Use Philanthropy To Support Your Personal Values

A personal or family mission statement can help you define your family's core values and clarify your philanthropic goals. Attached to this report is a worksheet that'll help you and your family explore your values and connect them to the charitable causes close to your heart. We recommend you complete the worksheet together and bring it next time you meet with your financial professional.

Philanthropy doesn't have to be all about money. Many retirees make valuable contributions of time to support the causes they love. The benefits of volunteering can be manifold: increased wellbeing, new relationships, community engagement, and the joy of knowing that you've made a difference in the world.

Become A Savvy And Engaged Philanthropist

Many Americans are becoming savvier about their giving and want to know that their donations make a difference. Financial efficiency is just one way organizations are evaluated. According to Charity Navigator, nonprofits ranked the highest spend an average of 65% or more of their annual budget on program expenses (actually delivering on their mission), less than 15% on administrative costs, and less than 10% on fundraising expenses. While some organizations may deviate from these norms for very good reasons, make sure you understand where every dollar you donate goes. As a donor, you should encourage transparency in organizations by asking them to make their financial statements publicly available.

ABOUT PHILANTHROPY IN THE U.S.⁵



of wealthy Americans donate to charity



volunteer their time and talents



of wealthy donors use strategies to guide their philanthropy



donate to a nonprofit based on their personal values



donated because they believe in the mission of the organization



of married donors involve their spouse or partner in making giving decisions



believe their giving has the impact they intended

Options For Giving

A few of the more common ways to give through charity:

Scholarship donations to your alma mater or a school of your choice allow you to significantly impact the success of future generations of students.

Sustaining donations (regular donations of a set amount) allow you to provide ongoing support to charities without the financial burden of a single large donation.

A donor advised fund allows you to leverage professional management while choosing when and how to make charitable donations.

A charitable remainder trust is a tax-exempt trust that can make payments to you over your lifetime and distribute the remainder to charitable interests.

Life insurance can allow you to keep your assets while benefiting charitable causes after your death.

SHOULD I GIVE NOW OR GIVE LATER?

Our clients often ask us whether they should give money to charitable causes now or include the gift in their estate. Deciding when to make a philanthropic gift is a very personal decision that's based on several variables, including your overall financial health. A qualified financial professional can help analyze your unique situation and develop philanthropic strategies that meet your needs.

Giving Now Allows You To:

- Actively participate in charitable activities and manage your donations
- See the positive effects your generosity has on the causes you care about
- Establish an active culture of philanthropy in your family and build family bonds
- Engage with an organization and make your mark on its mission

Giving Later Allows You To:

- Keep control of your assets as long as you need
- Take advantage of potential market growth opportunities
- Gather information over time on what charitable missions are most successful



How Can We Support Your Philanthropic Goals?

Our expertise extends beyond the expected financial strategizing. We work with clients to move past immediate financial needs and discover their higher purposes. Our goal is to help you and your family define your values and support you during your philanthropic journey. We can help you:

- Explore your values and create a family mission statement
- Identify the proper structure for your giving and create a philanthropic strategy that fits your needs
- Understand how planned giving can fit into your existing financial strategies
- Develop your personal legacy and a vision for your family's future

In our experience, one of the greatest benefits of working with a financial professional is the reassurance of knowing that there's a team of passionate experts at your side. Together with our network of professionals, we can assist you in identifying charitable partners and conduct due diligence to help ensure your gifts are used as effectively as possible.

RESOURCES FOR FURTHER READING: Inspired Philanthropy by Tracy Gary is an engaging resource for understanding how to incorporate charitable giving and philanthropy in your family's legacy.

We hope you've found this information helpful. Whether you're already actively engaged in philanthropy or are considering it for the first time, thinking about the ideas we've presented here and working through the questions in the attached worksheet can help you make more effective and satisfying choices in your giving.

When you're ready to put your values into practice, we encourage you to reach out and give us a call so we can work together to incorporate philanthropy into your current financial strategies and start building your charitable legacy. Charity is one of our most cherished personal values, and we truly enjoy supporting our clients as they, in turn, help others. If you have any questions about philanthropic planning or any other personal aspirations, please give our office a call; we'd be delighted to hear from you.

Sincerely,

Carroll Ramer, President

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- ¹ "Charity Navigator Metric Mondays #10: Fundraising Efficiency" Charity Navigator. https://blog.charitynavigator.org/2017/01/metric-mondays-10-fundraising-efficiency.html [Accessed January 23, 2017]
- ² "Charitable giving showed solid growth" Giving USA. https://givingusa.org/giving-usa-2020-charitable-giving-showed-solid-growth-climbing-to-449-64-billion-in-2019-one-of-the-highest-years-for-giving-on-record/ [Accessed June 16, 2020]
- ³ "Tax Benefits of Giving" Charity Navigator. https://www.charitynavigator.org/index.cfm?bay=content.view&cpid=31 [Accessed May 2021]
- ⁴ "Financial Score Conversions and Tables" Charity Navigator. https://www.charitynavigator.org/index.cfm?bay=content.view&cpid=48 [Accessed June 20, 2020]
- ⁵ "2018 U.S> Trust Study of High Net Worth Philanthropy" Bank of America. https://scholarworks.iupui.edu/bitstream/handle/1805/17666/high-net-worth2018-summary.pdf?sequence =1&isAllowed=y [Accessed June 2018]