5 Ways to Pass Philanthropic Values to the Next Generation

Making charitable giving a family affair can be an effective way for parents and grandparents to pass down important values about the meaning and purpose of wealth from one generation to the next. Below are five ways to get the whole family involved in the philanthropic decision-making process.

1. Direct giving – Donating cash, appreciated stock, or noncash items directly to a charitable organization is an easy way to further your family's philanthropic goals. Depending on your individual situation, donations may be deductible from your income taxes. Even children and teens can participate in this type of giving by donating toys or clothing they've outgrown, setting aside a portion of an allowance for charity, or having a voice in choosing recipients for larger family donations.

2. Donor-Advised Funds (DAFs) – DAFS allow you to donate cash or other assets to a qualified charitable investment account and receive an immediate tax deduction. Since DAFs grow tax-free, you can choose to distribute funds over time to the organizations that are important to you. Although your contributions are irrevocable, you retain an advisory role over how to invest the assets and how much to contribute to various charities. That provides an opportunity to involve other family members in the decision-making process.[1]

3. Family Foundation – A family foundation is a tax-exempt 501(c)(3) organization that must follow the same IRS guidelines established for private foundations. Most family foundations are run by family members who serve as trustees or directors on a voluntary basis. Foundations are funded with cash, non-cash or other family-controlled assets and can be an effective way for wealthy families to reflect their philanthropic values across multiple generations. However, this highly structured approach can be costly and time consuming to set up and administer over time.[2]

4. Qualified Charitable Distributions - If you are age 72 or over (73 if you reached age 72 after Dec. 31, 2022) and subject to required minimum distributions (RMDs) from your retirement accounts, you can make a qualified charitable distribution (QCD) from an IRA of up to $105,000 in 2024, to one or more qualified charities.[3] This can satisfy your RMD requirement while providing important tax benefits. Specific rules apply so be sure to talk to your financial professional before initiating a QCD.

5. Volunteering – Donating your time and talent as a family through volunteering is a great way to introduce children and grandchildren to the concept of service to others. It can be a fun and effective way to work together to support the organizations and causes your family is most passionate about.

To make family giving part of your financial strategy, call the office to schedule a time to talk.

[1]Orem, Tina and Ayoola, Elizabeth, "Donor-Advised Funds (DAFs): What They Are and How They Work." Nerdwallet.com, 6 DEC 2023, https://www.nerdwallet.com/article/taxes/donor-advised-funds.
[2]"Family Foundations." COF.org, https://cof.org/foundation-type/family-foundations. Accessed 26 MAR 2024.
[3]"IRS Notice 2023-75." IRS.gov, https://www.irs.gov/pub/irs-drop/n-23-75.pdf. Accessed 26 MAR 2024.

3 Ways Volunteering Can Positively Impact Your Life and Health

April 20th is National Volunteer Recognition Day. If you currently volunteer your time and talent, congratulations! If you've been thinking about volunteering for a cause or organization that you're passionate about, this may be a great time to give back and reward yourself in the process.

According to the Mayo Clinic, volunteering is about far more than what you accomplish for others. Research shows that volunteering offers significant benefits, especially for older adults. Volunteering can help:[1]

1. **Improve physical and mental health** - Research has found that volunteering leads to lower rates of depression and anxiety, especially for people 65 and older. Because it keeps people moving and thinking, it helps to reduce stress and increase positive, relaxed feelings through the release of dopamine.

2. **Provide a sense of purpose** - For many not-for-profit organizations, the work volunteers provide is essential to delivering on their mission, giving volunteers a sense of purpose, especially when contributing their time and talent in areas they find meaningful. Older volunteers reported a greater sense of appreciation, both given and received, and a corresponding increase in life satisfaction and self-esteem.

3. **Build social connections** - Social connections are critical for counteracting loneliness and isolation, which can negatively impact mental and physical health, especially as people age. Volunteering can be a great way to make new friends, strengthen existing relationships, and interact with people with diverse backgrounds and skillsets.

Many volunteer opportunities offer flexible hours that can accommodate your schedule and circumstances. In many cases, you may be able to provide organizations with valuable assistance without even leaving your home. Often, needs in the areas of marketing, fundraising, event planning, bookkeeping, and more can be accomplished by volunteers working virtually.

Whether you're looking to expand your social network, sharpen certain skills, or stay active in retirement, you can find an opportunity that fits your interests and schedule. Talk to friends, family members, and local community and religious organizations about opportunities in your community or visit VolunteerMatch.org for a database of local and national organizations actively seeking volunteers.

[1]"Helping people, changing lives: 3 health benefits of volunteering." MayoClinicHealthSystem.org, 1 AUG 2023, https://www.mayoclinichealthsystem.org/hometown-health/speaking-of-health/3-health-benefits-of-volunteering.

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