Please note: This is a transcription so there may be slight grammatical errors.

Hello everyone, and welcome to today's webinar, Enhance Your Charitable Giving. I would now like to introduce Nick Decenso, director of Wealth Planning and Solutions at CAPTRUST.

Nick Decenso:

Thanks, Trudy. Good afternoon everyone, and welcome to our CAPTRUST Quarterly Wealth Management webinar. Really, truly delighted that you're here. Our topic today is one that many are passionate about and that is charitable giving and strategies to enhance your giving. We have a wonderful panel of experts that I'm excited to introduce you to a bit later on. But before that, we're joined as always by my colleague Mike Vogelzang, our Chief Investment Officer. Hi Mike.

Mike Vogelzang:

Hey, Nick. How are you?

Nick Decenso:

Doing well. It's always great to see you.

Mike Vogelzang:

Thanks.

Nick Decenso:

We get to chat with Mike briefly each quarter to hear his viewpoints on the markets and the economy. So Mike, we are what, almost mid-July, excuse me, mid-August here. I know that because my kids just went back to school shopping today. So it seems fair to say that the equity markets have done well this year I think maybe in spite of what we would've thought, maybe against all odds. I guess, what's your view on what's transpired year to date? What do you see going forward?

Mike Vogelzang:

Yeah, thanks. It's great to be here. And by the way, I love your beard from the earlier picture you had on the bottom of the screen. So I guess we would characterize this year as one of heavy fog in a sense, right? When you're driving through fog, it's hard to see signs. It's hard to understand where you're going and how you're doing. One of the things we did at the beginning of the year to help us, we thought, understand that those patterns, understand, try to see through some of the fog, was to lay out four different scenarios for the economy and the stock market as we headed into 2023. Those four were on the left-hand side, and the way we laid it out was sort of the perfect landing, that the Federal Reserve raised rates, the economy slowed gently, didn't go into recession, we had inflation come down. And on the far right-hand side was a sort of deflationary spiral where everything sort fell apart and we had this terrible outcome with bad markets and a bad economy, effectively recession. And the two middle were just sort of points along the way.

We gave the sort of soft landing scenario about a 15% likelihood or so. The other three were all pretty negative for the equity markets. And so we were, if you think about weighting our expectations, we were looking a little more negatively at the markets and the economy. We thought the Federal Reserve could very easily tip us into a recession and so on. Well, the really great news for investors and for the economy, for the country, is that at this point, at least in mid-August, the Federal Reserve seems to have threaded the needle very almost miraculously, where we have this gently reducing inflation. We still have a very robust labor market, which is keeping the economy afloat.

And yet the housing market hasn't fallen apart. We haven't seen a significant move in towards a recession at all, and that's a remarkably good thing. And as a result, the stock market, because I think there was a fair amount of pessimism at the beginning of the year, the stock market has moved past all that pessimism, and as we speak here, I think we're about, it was a difficult day today, but I think we're still about 17 or 18% ahead in the year for the stock market. So a wonderful outcome so far. So clearly sort of beyond our expectations for the stock markets.

A couple of notes to make before we go on to the next couple of questions, and one is that this year, in the last year or so is really the first time in almost a decade that short-term rates provide really good competition for the stock market. It's another reason why we were a little nervous about the stock market. If you remember, for years, there was a phrase in the market, the TINA stock market or the TINA environment that is, there is no alternative to stocks specifically because if you put your money in cash, you were getting zero, bonds weren't much better. Then as a result, people were putting their money into the stock market. Well, now there is an alternative, and it's actually quite robust. You can get short-term interest rates at 5.5%, maybe even a bit more if you look harder, and that's an important distinction. The other interesting thing about this market, that even though the market's up 17 or 18%, almost all of the gain from this year's stock market has come from basically seven or eight different companies.

The stock market puts more emphasis, is weighted towards those bigger companies. They have what's called market cap weighting, and the size of the companies impacts the market more than a say a small company does. And what we've seen this year is things like Microsoft and Apple and Google and Meta, Facebook are the biggest companies in the country, in the world, frankly, in history actually. And they are the ones that are up. Meta is up 150 to 200% this year, for example. So a big company going up that much pulls the rest of the market along with it. So what it also means is that the average stock isn't nearly as strong. So if your portfolio, however it's structured, isn't up 17 or 18%, it shouldn't be a surprise because frankly, the average stock is only up about half it. So it's a really interesting dynamic, interesting study in distributions and statistics and how they work. But it is a wonderful headline number. But regardless, the stock market is doing very, very well. Most folks are up at least double digits in the stock markets.

So quick thought on the second half of the year, we expect the market to be less buoyant. We do think that a lot of the, as I said in the video, a lot of the risks have resolved in a positive way. So that's taken some of the risk out of the market. So we don't expect sort of a big market correction or a crash in any way unless there's something unexpected comes along. But we do expect it to be less buoyant, so maybe a little downward pressure, but not the end of the world. We're actually focusing on sectors that haven't done as well as those big technology stocks that we talked about a minute ago. We're focusing on things like materials and energy, focusing on housing stocks that have done well but they're still very inexpensive. So sort of looking under the rocks to try to find interesting places in the market that haven't gone up quite as much. And so lots of things going on, but generally a really good first half of the year with some weirdness, some anomalies that have been actually fascinating to study and be part of.

Nick Decenso:

Thanks. If you've just joined us, we're speaking with CAPTRUST's Chief Investment Officer, Mike Vogelzang. So Mike, before we let you go, you touched on short-term rates. I got to ask you about just interest rates in general, maybe inflation as well. What do you see going forward?

Mike Vogelzang:

The Federal Reserve is really committed to keeping and fighting inflation in a significant way. In the 1970s, there was the very similar pattern, and this is one of the risks that we see. There was a similar pattern of inflation. It rose high and came off quite a bit, and the Federal Reserve took their foot off the break. And as a result, we saw this resurgence of inflation. It had a lot to do with energy prices and other things, but there was this sort of double peak of inflation. The Federal Reserve is very aware of that double peak this time around and is insistent that they're not going to let that happen. So it appears to us that they may raise another time or two even in the short term rate, interest rate markets, the federal funds rate. So we don't expect short-term rates to fall anytime soon.

The worry here is that if the Federal Reserve tightens too much, we could end up slowing the global economy down, and we get lower interest rates as a result of that. So one of the interesting parts about that is rates have gone up a lot, particularly the 10-year Treasury. And as a result, mortgage rates have gone up a lot. And we thought for sure that was going to hurt the housing market, and it really hasn't for a couple of reasons.

One is there's not enough houses for people who want them. There's still just enormous demand, insatiable demand for housing in our country. We have under-built systemically for 20 years. But secondly, if you have a mortgage at 3%, the last thing you want to do is sell your mortgage and lose that 3% interest rate and buy a new home. So people are staying home, they're staying in their houses, and they're fixing them up and so on. But as a result, the secondary market is just dry as a bone. There's very, very little inventory on the market, and that is keeping prices higher. So what we thought would be really a difficult time for housing has turned out to be actually fairly benign. A little weakness here and there, but really quite a decent market for housing, even though interest rates came up a lot.

Nick Decenso:

Yeah. Well, it's fascinating as always. Thank you, Mike. Appreciate your time.

Mike Vogelzang:

Sure.

Nick Decenso:

You have a good rest of the summer and always appreciate all your communications with our clients, your videos, and your team does a great job. So thank you.

Mike Vogelzang:

Thanks, Nick. Appreciate it.

Nick Decenso:

Mike's got another commitment, but if you have questions, pop them in the chat and we'll be sure to follow up with you separately, so thanks [inaudible 00:09:49].

Mike Vogelzang:

Thanks, Nick. See ya.

Nick Decenso:

All right, so let's go ahead and bring up our panelists from our virtual green room. Here we go. Good afternoon, Bri and Heather, good to see you. And there's Melissa. Good to see you as well. All right, so a bit of introductions here real quick. Bri Smith is a financial planner and a wealth management advisor at CAPTRUST. Heather Shanahan is a director within CAPTRUST Endowment and Foundation team, and we're thrilled to have Melissa Spain join us as well. She's the CEO of The Community Foundation of NC East. Our panelists have just tremendously deep expertise in charitable planning, so we're thrilled to have them join us.

And so let's jump in. We can keep this conversational and while we'll have questions, I'll have some questions to get us going here. Feel free as always to pop questions in our chat, and I'll make sure to monitor those and get to those when we can. Okay. Bri, let's start with some basics here if we can. You meet with clients all the time. Some of those clients are just getting started with charitable giving. So can you give us maybe a high level introduction to the topic?

Briana Smith:

Sure. I think I got stuck with the hardest question of the day, but I think one of the best parts of my job is charitable planning. It's something that I truly enjoy working with clients through. I think high level, you think of different sections of the topic. So you think of assets and what types of assets can be donated. You think of vehicles. So the different ways in which you could utilize some different options to donate to charities. You think of tax benefits and you think of strategies.

So high level assets that you could donate, there's a broad range. You could donate cash, which is definitely the most popular. You could donate securities, you can donate digital assets, you could donate shares of private company stock, you could donate real estate. So the list can go on and on. As far as different vehicles are concerned, you can use donor-advised funds, private foundations, charitable trusts, charitable annuities.

So there's a bunch of different options there as well. And then from tax benefits, that's my favorite part of it, is if we have a client that's charitably inclined, we have a lot of options to try to optimize their tax strategy, whether it's estate taxes, capital gains, or what income tax deductions they can take this year and then possibly roll over to the next five years. So there's a lot of options there as well. And when you think about strategies with clients, it's really about just opening their eyes and having a little bit of education for them. I would say about eight out of...

Briana Smith:

A little bit of education for them. I would say about eight out of 10 of our new clients consistently donate cash and they've been charitably inclined in the past. Maybe they itemized deductions, but when we can layer on some different strategies that is super eye-opening for them on the long-term impact to their financial plan. And overall we just want them to be smart with their giving. We know that their heart is in it, and that's the best part. As they're doing good, we just want to make sure that it makes the most sense in the way that they're giving to those charities that they love. And there's a bunch of different ways that you can consult to try to get very selective and intentional with that.

Nick Decenso:

Bri, would you say you touch on this in all of your clients' financial plans? Or I guess give us the big picture there.

Briana Smith:

Yeah, so not every client is philanthropic, but I would say since we start with financial planning and we're pretty comprehensive with it, we always find out very quickly if they are charitably inclined, whether or not that's through the goals discussion, or whether or not that's just looking at their tax return and their expenses to see what they've been doing and what they want to do in the future.

Nick Decenso:

Heather, you've got... Thanks, Bri. You've got a little different perspective, Heather, on this, working with some of our endowment foundation clients and you've got a career in this world. What else would you add on kind of the big picture of the basics here?

Heather Shanahan:

Well, you're right. I'm kind of on the other side of the equation. So I work with our clients from everything from big college endowments to religious organizations to arts and cultural organizations. And then we do a lot of work with private and family foundations and community foundations. So we kind of run the gamut.

And so we see the other side of the equation where organizations are really looking for the best way to engage with donors. And so I think it's so important for donors to get to know the organizations that they're interested in and passionate about and develop relationships there. So often, nonprofits receive assets often by bequest from donors, and there's just a lot of questions. We got, actually just yesterday, one of our advisors has a nonprofit in Atlanta that received a gift of $200,000, and there's just not much detail or instruction in terms of what to do with the assets. Great gift, but the communication with the organization is so important as you look to your planning.

Nick Decenso:

Yeah, thanks, Heather. You're exactly right. All right. So we've touched on some of the basics here. One thing that I want to highlight, and I heard Bri say this, is that gifts tend to be made with cash, and that oftentimes could be the least tax efficient way to do it. I found a quote this morning just on taxes that I wanted to share. It says, "Today it takes more brains and effort to make out the income tax form than it does to make the income." I don't know if that's true, but I guess the point is that no one enjoys filling out, doing their tax return, or paying tax for that matter. And there are some gifting strategies that can help. So Trudy, if you go to our next slide. Bri, I got to go back to you. You've got a client anecdote here that I think would illustrate a couple of these. Do you mind sharing that?

Briana Smith:

Yeah, there's an actual recent new client that comes to mind. So as I mentioned before, we quickly uncovered that they were philanthropic through our data gathering, and they did not have children. And most of their estate, some of it was going to their nieces and nephews, but most of it would be left to charity. Their annual gifts were conservative with no clear direction on their favorite charity by any means, and they had over a million dollars of highly concentrated position with high capital gains. So that's kind of the landscape that we walked into.

And through our planning process, we were able to provide them to alternate scenarios from their current path. So one was simply optimizing their gifting through a few strategies that are listed here, illustrating the impact of utilizing qualified charitable distributions from their IRAs once they hit that appropriate age and offsetting some income tax consequences by bunching a one-time gift of a larger sum of appreciated assets from that highly concentrated position to a donor advised fund. So that also helped diversify them as well.

And then we got to do the really fun extreme scenario, which was really maximizing everything. So first and foremost, we wanted to make sure they were okay for retirement, which they were. So this extreme scenario does not happen often, which was why I was so excited about it. So we layered on techniques of maximum QCDs, which are a hundred thousand for each spouse, growing with inflation now. So that was a huge amount going to charities right off the bat. We did some aggressive donations of their highly concentrated position, which they felt good about as far as diversifying, but also they loved that stock and they were still going to have plenty of it. So they felt good about giving that other portion away. And it also layered out to maximize that five-year carryover of tax deduction. So it was... A lot of thought went into that.

And then we finally added some Roth conversions because why not, with the tax optimization there. So the final drum roll moment, I won't say the exact numbers, but we ended up saving them millions of dollars with estate taxes, excuse me, as well as income taxes. And what people don't actually think about is when you optimize your gifts from a tax perspective for yourself, you can actually increase the amount that you're giving to charity. And we increased that amount by millions of dollars as well.

So the overall impact was a little bit mind-blowing for us to know that that was available for them. Again, we're not ripping the bandaid off, we're going year by year, but we know what is available down the line to us. So the best part for me was learning about what they did with that large lump sum grant. So they actually got super involved with one charity that they felt really good about. It was actually out in the Midwest, not a state that they lived in, and they were able to, due to the size of the donation, get more involved with the project that they were funding. So like you said, Heather, this grant came with some direction behind it, and so that really made it impactful for their passion and during retirement, they can focus some energy towards that. And so it really was a win-win situation for everyone.

Nick Decenso:

That's an awesome story. Appreciate that, Bri. There's a lot there to [inaudible 00:20:37].

Briana Smith:

I can draw out some of these. That would be nice.

Nick Decenso:

Yeah, little diagram would be great. So Heather and Melissa, I'll turn to you as you look at this, and certainly this is just six that we highlight, that there's more. I guess, what would you call out in particular? Any strategy or two? Heather, you want to jump in first?

Heather Shanahan:

Sure. I think the two or three strategies that we see most often are donor advised funds and charitable trusts. We do, of course, see private foundations set up as well, and it really is a matter of, obviously first, a tax issue. But secondly, what is your philosophy around family philanthropy? So the chance to bring along the next generation of family is important. The chance to really articulate your mission and impact, if you decide to go the route of a private or family foundation exists.

But it comes with some pitfalls, too. We run into situations where even in the next... If you get to the second generation, then passing to the third generation, and it's easy to lose track of the mission sometimes. And just as you find with the first generation wealth, not everyone's charitably inclined. So it's really important to have those conversations and to have values alignment and discussion among the family members.

And then again, important... I think the cool story of what Bri just shared is that while these clients are living, they can see the impact of what they're doing. So taking the time to do the planning now instead of just defaulting to gifts being by bequest. I think that's really important too, is to see the impact while you're living.

Nick Decenso:

Yeah, great point. Melissa, you've got a different perspective on this. What stands out to you?

Melissa Spain:

So I would love to have an opportunity to just share with all of our participants today, to sort of just go behind Bri and Heather and these great points that they have shared. I think people will be interested to sort of get a State of the Union, so to speak, on where are we with philanthropy as a nation.

I have served for close to 25 years as the CEO of the Community Foundation of North Carolina East and have watched many of these trends throughout my career. I think listeners will be pleased to know today, and these are numbers that literally were just released based on giving statistics, that we still, in spite of a global pandemic, we still are experiencing record levels of charitable giving and philanthropic practices throughout the United States. And that is really phenomenal to know.

In fact, Americans gave a record of $471 billion to charities in the year 2020. This was a 5% increase in total giving over 2019, even though adjusted for inflation, that was about a 4% increase. So keep in mind that means that 2023 broke the record for charitable giving despite a global pandemic. So I think that's really important for people to know that that still is the trend that we're seeing nationally.

And then giving in 2020 rose despite the pandemic and millions being out of work. And I think it's also nice to know that the majority of those making philanthropic contributions are still coming from private individuals and families and not corporate giving.

As Heather was saying, in terms of charitable giving nationally, one of the things that we do as a community foundation and working closely with wealth advisors like CAPTRUST, is we really help our donors specialize and focus on what their areas of interest are. The average charitable gift fund to start a gift fund in the United States is a minimum of $5,000. There's a huge misconception that sometimes people think they have to have 5, 10, 20, $30 million to be philanthropic, and in working with their advisors at CAPTRUST, and as they're researching this, the beauty is that they can reach out to you guys as financial advisors, and then we certainly encourage you to reach out to us because we have the expertise on the philanthropic side and allow us to help clients really customize their giving.

In other words, what is important to them in their lifetime, but also we really help them focus on after their lifetime, should they choose to bring in the next generation of wealth? Do they want to involve the children and the grandchildren in future giving? And so really having an opportunity to hone in on that and customize what clients are wanting to do is what we really enjoy specializing in, helping them identify the needs.

And it doesn't always have to be the charities. We could list 10 or 20 or 30 charitable org.

Melissa Spain:

The charities, we could list 10 or 20 or 30 charitable organizations that are household names that everyone would know and they're front of mind. But the beauty of customizing philanthropy with your clients is that sometimes they have individual passions or interests. Your children have individual passions or interests. I would say the most important piece of that is that we don't just send checks out to charities. We want to encourage due diligence. As a fiduciary, we're working with you and your advisors, with CAPTRUST, to keep these conversations moving forward. There's always due diligence that's taking place. That's to ensure that the funds that are being distributed on an annual basis are certainly being used properly, the way the donors certainly intend for the monies to be used.

Nick Decenso:

Melissa, I want to stay on that point just for a minute because I think it's a great one. I love that you brought up the trends. Are you seeing a trend of a slightly more donor engagement maybe with the charities that they're interested in, or is it what you've seen in the past as well? What are we looking at there?

Melissa Spain:

I think the trend that we see nationally is that clients really are becoming more engaged with their giving. Donors and donor family members, they want to do site visits. They often want to go to annual charity events. They want to be involved. If these are charities that involve youth or children, sometimes they want to go and actually meet the individuals and the organizations. We have seen that greatly increase, which I think is a really positive thing.

I would have to say, I'm excited to be able to share with you that seven of the nation's top 10 states for charitable giving are in the South. Being that the South is home for a few of us that are on this panel, I was really glad to see that come through today. We do believe that Southeastern North Carolina is extremely generous, but we also know that compared to other nations that the United States really does an outstanding job with our philanthropy here. We are very proud of that and that we seem to do a really outstanding job compared to other countries. We hope that we'll see that trend continue to grow.

Nick Decenso:

Thanks, Melissa. Heather, if you don't mind, Melissa brought up the trends that she's seeing. From your vantage point, any trends you would point out in charitable giving?

Heather Shanahan:

I ran across an interesting study the other day about generational giving. The younger generation wants to give differently. The retiring generation typically says, "Well, they align differently than their parents, but my kids think the same thing that I do. They want to give the same way that I do." The study shows that that's actually not the case at all. I thought that was pretty interesting. Again, I keep circling back to the conversation that you think about your own household and your own relationships with your parents, and people aren't always upfront about that. Those conversations don't always take place. I think communication is certainly important.

But I think also we see that donors are becoming more and more astute. It's very important to do your research. Melissa mentioned that too, of due diligence and understanding how an organizations run because they're not all created equal. The transparency options that are out there in terms of being able to look at GuideStar and understanding expense ratios within organizations is really, it's important. You should do your research before you make your decisions about where you're going to provide your support.

Nick Decenso:

That concept of working with the next generation, kids or grandkids, on giving is actually a question we've already got a few times. I'm going to filibuster for one second here, Brie and Melissa, because I'd really like to talk about that. I think that's just a major topic that we address with our clients. I'm sure Melissa sees it in their community foundation as well. How do you see that come up with your client base, Brie, as far as bringing in the next generation of your client base and working on their charitable intentions?

Briana Smith:

There's a few different ways. A lot of times some of our high-net worth families may not feel that their successful 40-year-old children necessarily need that annual gift exclusion. When they look at that, they know that their kids are charitably inclined. They just, instead of their kids saying, "Mom, dad, I don't need a gift this year," they're just using that as extra charitable donations or putting it in their donor-advised fund.

There's also, I can't stress enough the joy of having family meetings. Not only to walk through their financial planning or pull back the curtain a little bit for their kids and really start to make sure that the kids in the second generation are good stewards of their wealth, but also what is the family mission? What are we talking about from the parents' goals from a charitably-inclined position, but also what are the kids involved in? Where are they volunteering? Maybe they work in the nonprofit space.

We actually had a fun example of a little sibling rivalry. The kids actually did the research and presented to the family their reasons why their charity of choice should [inaudible 00:32:09] a larger donation this year. Whose ever presentation won that charity got a larger donation. It was like a grant competition. I really enjoyed hearing about that because it really got the whole family involved. Every charity ended up getting something, but the winner got a larger amount that year. It was fun to hear.

Nick Decenso:

That's pretty cool. Thanks, Brie. Melissa, how about you, next generation gifting in philanthropy?

Melissa Spain:

Absolutely, and I think this question comes up often. I was with a donor family last evening here in a meeting having this very conversation. I think it would be really important to also share the perspective with individuals and families that when you're creating your documents for charitable giving, and of course donor-advised funds, absolutely the most popular charitable giving vehicle in the United States. The reason for that is flexibility that is offered through a donor-advised fund, extremely flexible. But also to help clients understand that when you come in and you meet with your financial advisor, you're sitting down with us at our foundation, and we're helping you create this specific, basically this giving document that is going to be for perpetuity.

I also think it's really nice to remind individuals that in their lifetime they can make changes to that. The reason that's really important to note today is because things change. Charities change from day to day. It could be religious organizations. It can be universities. It could be countless nonprofits. Maybe a client sets something up today and they list certain charities and then they come back to us in five years and they say, "Well, things have changed."

It's just really important to let people know that as long as they want to make changes in their lifetime, there is flexibility there. We can continue to work with them to really customize. Certain things could happen. They may want to add some additional charities to the ones that they're already giving to. There is really good opportunity to do that. As family members get older, children and grandchildren, they grow and become older in age, bringing them into the conversation at that point in time does become a little more relevant with most families.

Nick Decenso:

Yeah, for sure. I love that you brought up updating of documents and things like that. Gosh, we deal with that all the time. Folks feel like they made a decision and they don't have to think about it anymore, but guess what? Families change and life-

Melissa Spain:

Right.

Nick Decenso:

... circumstances change and we go through a transition. All right. We've got some questions queuing up. Feel free to pop more questions in our chat. But before we get to that, I do want to just make sure we put a bow on a few things. Brie, I'll go back to you. Any parting thoughts to wrap us up here?

Briana Smith:

A lot of parting thoughts.

Nick Decenso:

Okay, thoughts.

Briana Smith:

I mean, what is timely? As far as all of the different income situations, are you selling a business this year? Could you donate shares of that business prior to the sale? Are you retiring next year? Well, now might be your highest earning year for a few years to come. Now would be a great time to donate. If you're completing Roth conversions, you could offset that tax with some larger donations. People always talk about appreciated securities, but what if you have some losses you haven't taken advantage of yet? Combine tax loss harvesting with cash gifts.

Then we think about SECURE Act 2.0. A major takeaway from that is the delayed required minimum distribution age, but you can still complete the QCDs from 70 and a half on. There's increased limits. They're going to grow with inflation. Taking advantage of that as well as the one-time gifts up to 50,000 to charitable trusts or charitable gift annuities, especially in a high-inflation environment, that's something to explore if that fits your situation.

Then lastly, don't wait. We talk about charitable planning all year long. It's not solely for the fourth quarter. I know from being involved in boards and with nonprofits that they're sometimes hurting in the summertime, so why not? If you know you're going to donate, why not donate now?

Nick Decenso:

Great points. Heather?

Heather Shanahan:

I definitely support Brie on the don't wait and the seasonality of it having been part of a nonprofit organization myself, that July was painful. There's no need to wait until the fourth quarter. Also, I was reading recently that even just the heat that we've had nationally has been impactful in a negative way to many nonprofit organizations. There are other ways to provide support. Some of that is through your time and talent. If you can stomach the heat and go build a house with Habitat in August, go for it. They need your help this time of year too. Just another thing, usually people forget during summer months. They're on vacation and food banks run short and back to school is ramping up and there's all kinds of needs for supporting kids if they return to school. Look for those types of opportunities as well.

Nick Decenso:

Yeah, great points. Melissa, any final thoughts from you?

Melissa Spain:

Sure. In final thoughts in closing, one of the things I would like to leave with our guests that are listening today is that the number one reason that people give philanthropically is not for tax deduction. That is a proven fact over the last 20 years. A matter of fact, those that make less than $50,000 annually are the second-highest givers in the United States in terms of percentage of their income. The point in that to remember is that there is philanthropic interest and charitable opportunity every single day at every level. We welcome those conversations from high-net worth families to corporations that are distributing corporate wealth to everyday Americans that just want to contribute and make their communities and their regions and the state that they live in a better place to work and live and raise their families.

Melissa Spain:

... live in. A better place to work and live and raise their families. And so this is just an important conversation. Let it start with your financial advisor at CAPTRUST, and we are always happy to come in from the foundation side of things and really help with expertise to ensure that you can get things established in a prudent way.

Nick Decenso:

Yeah, that's fantastic. Thanks Melissa. So Trudy, let's go to our takeaway slide there. We're not going to catch everything worth taking away. Y'all hit so many great points, but here's just a few things to be thinking about. A few things that we heard throughout. So checkbook giving, while it's common for most donors, there could be more effective ways, more impactful ways even to consider. You heard about a number of those other strategies today. And then given beyond dollars and cents, engaging more directly with charities, possibly giving of your time or your expertise, volunteering is a great way, as Heather pointed out. And then lastly, timing of this doesn't matter. Year end is a common time to review charitable intentions, so meet with your advisor. These types of conversations can happen year round, but we're talking here in August and do think year-end is quite common.

So, all right, we've got a little bit of time left here, so let's pivot to a few questions. First one, this one came up in our prep sessions and well, I'm just going to give you the topic and see what folks are thinking about. The concept of donating to religious organizations and alma mater. It's just super common, right? It just comes up all the time. Is there anything in particular that we might be thinking about when giving to those common charities of a religious organization on alma mater? Heather, do you mind, it doesn't have to be Heather, but do you mind taking the first stab at it?

Heather Shanahan:

They have great vehicles set up typically. Usually especially on the institutional side, from wherever your alma mater is and maybe consider supporting your K-12 institution as well. Sometimes they get missed. Everybody thinks their college, but those organizations benefit greatly from help and support too. But meet with somebody from their staff, they have dedicated folks that'll sit down. And if it's a gift that's specific to a school within your university, then you've got options there. But again, this is a really important time to codify your intent because things get lost. And there's some really big historical examples of universities that 50 years later, the family revisits where those assets have gone and they didn't go quite where the original intent was mapped out. So really important to make sure everything is well documented there.

Briana Smith:

Yeah, I would just add, I think especially religious organizations, it comes up a lot, just the word tithing. So people will bring up, "Well, I want to donate a certain percentage of my income to my church." So that a lot of times when people aren't donating religiously, they come to us and say, "What should I be donating? What's the average?" And there's really no guideline for that, as Melissa said. You could make $50,000 or you could make a million dollars a year, and there's going to be a broad range. So I do think that tithing helps when you have a certain percentage of income in mind and then you can kind of adjust that as you get into retirement.

Nick Decenso:

That's great. Couple questions, and this is just about the vehicles that y'all talked about throughout. So the difference between a charitable trust and a donor-advised fund, both are very common.

Melissa Spain:

Right. So I will just start on the donor-advised fund side. Donor-advised funds are extremely flexible and easy to set up. They can be funded with cash, appreciated stock as we discussed earlier. And what happens with the donor-advised fund is that it's established in the lifetime of the donor. And so the beauty is they get to basically create it and customize that donor-advised fund and be as specific as they would like to be in terms of listing certain organizations. They decide where they want the distributions to go. And so we oversee a tremendous amount of donor-advised funds. And on the backside of that, we are also doing the due diligence. So just when a donor creates a donor-advised fund and maybe they have 5, 10, 20, 30 distributions per year that they want to do, they're still relying on us to be doing the due diligence on that to make sure those funds are being used appropriately as Heather was referring to a little bit earlier.

So the flexible side of that versus the charitable trust does give them a lot of flexibility. And there again, a donor-advised fund can actually be amended. So in the lifetime of a donor, as their needs change or maybe their wishes change, we're constantly able to work with them on where those contributions are going from the donor advised fund. The other thing that's important to note is once a donor-advised fund is created for the client, whenever they gift a donation to their donor-advised fund, they're getting an immediate tax deduction. So in other words... And that's a very popular question that people ask when they're contemplating setting these funds up. So if they say, "Well, we'd like to put $100,000 in a donor-advised fund to open it in the beginning, do we have to wait and get the tax deduction once we distribute to charities from that donor-advised fund?" The answer to that is no. So you're getting an immediate tax deduction each time you're adding and making additions to your donor-advised fund throughout your lifetime. So there again, that flexibility is really what makes those very attractive.

Briana Smith:

I can touch on the charitable trusts quickly. This is probably more of a conversation with your advisor to get into the details, but the most common are the charitable remainder trust, which you make the contribution to the trust you get, either you or a beneficiary gets an income stream and then the remainder goes to the charity. So you might get a partial tax deduction in that case. And then there's the opposite, which is the charitable lead trust. So you make the contribution to the charitable lead trust and either for a fixed year of payments that goes to the charity and then the remainder goes to usually a family member or heir. So those are kind of the high level charitable trust topics.

Nick Decenso:

Okay. Here's one that I felt like we got maybe a year or two ago. More often this centers around crypto and digital assets. How often does that come up with charitable giving these days? Is it still a hot topic? Is it...

Melissa Spain:

So I can only speak from our perspective and to say that we actually, our investment policy statement for assets that we oversee for our clients does not allow the use of cryptocurrencies. So for us, there's little to no conversation about that in terms of how it relates to the giving side of things.

Briana Smith:

So Heather, if you want to jump in,

Heather Shanahan:

I think it's still alive and well with younger donors. And I think it's also by geography, certain parts of the country that's more common than others. So I think it's important to look at the type of vehicle that will take that. And not every nonprofit is set up to receive cryptocurrency gifts. However, there are third party entities that will serve as a bank or conduit for nonprofits to receive gifts of crypto. And it's also important... Some nonprofit organizations don't even have a gift acceptance policy that addresses cryptocurrency gifts. But I think it's still out there, but certainly not as prevalent as it was previously.

Briana Smith:

Yeah, that's what I was going to say. So serving on a finance committee of a small local nonprofit, we were doing that due diligence of what types of third party intermediaries could help this smaller nonprofit accept those types of digital assets. And there are plenty out there, and they seemed like they could help a lot of groups.

Nick Decenso:

Okay. Well look, I think our time is up. Gosh, I really thank everyone for joining us this afternoon. We didn't get to quite all the questions, but we'll follow up with folks for sure. A brief webinar survey will be sent to all attendees afterwards, and we always appreciate and welcome feedback. Big thank you to Mike, to Brie, to Heather and Melissa, thank you. Thank you very much. We look forward to hosting everyone again next quarter. Bye-bye. Have a good night.