



## GUEST AUTHOR

Dawn Palazzo  
AM&M Financial Services Inc.

*Dawn Palazzo serves as chair of the Community Foundation's Development Committee.*

—The Advisor Viewpoint: In Today's Challenging Times—

# Get Back to the Basics of Giving

The global events of 2008 took a financial and emotional toll on our economy, communities, and families. It seemed that once we acknowledged that we were actually in a recession, global markets started to drop in conjunction with consumer confidence. Many were losing not only their jobs and homes, but a significant part of their savings. Now more than ever there is a need for charitable giving, but with all of the current economic uncertainty, how much should one give?

First of all, assess your situation by understanding how you typically give, your personal and financial goals, and your own personal financial situation. Your financial advisor will take into consideration your income and expenses, assets and liabilities, your goals, income tax rates and potential legislative changes, personal health situations and risk tolerance. If you do not work regularly with a financial advisor, it is important for you to take stock of your own situation by asking some basic questions: Do you typically make donations from your income, from your assets, or a combination? Has your income significantly changed? If your assets have declined, are you currently utilizing them to meet your goals?

Once you have a solid grasp of your situation, you can then assess whether

or not your current gifting strategy still works or if you need to modify it. Here are a few examples of how you can still maintain your desire to charitably give, yet meet your and your family's needs.

### Providing An Income Stream During Retirement.

If you want to give, but are afraid that you will not have enough income during your lifetime, consider creating a life income gift. You can do this by making a donation to the Community Foundation and entering into a contract to pay you a fixed sum during your lifetime (and/or other beneficiaries' lifetimes). The amount of income you receive is based upon your age, the amount of the cash or marketable securities you donated, and a corresponding return factor. Creating a life income gift offers peace of mind that your income needs are being met and your charitable interests will be fulfilled at your death.

**A Donor-Advised Fund.** You were considering creating a family foundation, but now the fees, excise taxes, and governmental parameters seem too onerous. Instead, consider establishing a donor-advised fund at the Community Foundation. With this fund, you and your family still maintain an active role for grantmaking

purposes, with greater administrative simplicity, potentially higher tax deductibility for donations, and professional management at a fraction of the cost of doing this independently.

**Extending Your Legacy.** More than ever, the Community Foundation is looking to strengthen and broaden its resources today to ensure that we have a solid foundation for the future. By creating a legacy, you ensure the future of our community and meet your charitable intent through a bequest in your will, trust or beneficiary designation. You also can make a gift of an insurance policy, naming the Foundation as the owner and the beneficiary. With this strategy, you make a contribution to the Community Foundation for the premium amount. They use your donation to pay the premium and then you can take advantage of the tax deductibility of that contribution. Since the premiums are typically a fractional amount of the face value of the policy, your final gift can be several times more than the premiums you have contributed.

These are a few strategies that you can use to meet your charitable desires while ensuring that you and your family remain on financially solid ground. Your advisors and the Community Foundation can help you get back to the basics of giving.