

## The Heart of Giving

By Kimberly Dwan Bernatz, CFP®, AEP®

Many of our clients are engaged in philanthropy, and while there are tax benefits to charitable giving, rarely is that the driving force behind their generosity. The pure joy they receive by sharing their good fortune with others, and funding causes for which they have a passion, are typically the motivating factors behind their giving.

### *Motivation for philanthropy*

On numerous occasions, I have met with individuals and families who face a significant taxable event such as the sale of a business, the desire to diversify a concentrated stock position or a looming estate tax bill. A key responsibility to our clients is to present ideas on how to minimize potential taxable events, and one way is through charitable planning. Over the years, I've discovered that those not charitably inclined rarely choose to implement a strategy simply to save taxes. The discussions we have culminate in thoughtful conversations that address both the most appropriate method of giving for their specific situation and the criteria they may want to consider as they evaluate organizations to support.

### *Methods of giving*

The menu of giving options is as broad as the variety of causes a person may choose to embrace. Although many strategies are available, here is a short list of giving vehicles ranging from simple to more complex, and their tax benefit:

*Charitable Bequest* – a gift to charity through your will or trust that allows you to retain control and use of assets during your lifetime and minimize potential estate taxation at your death.

*Charitable Gift Annuity* – a gift that allows exchange of low yielding assets for a fixed lifetime income partially tax exempt with provision for current tax deductions.

*Charitable Remainder Trusts* – a gift, typically of a highly appreciated asset(s) that provides a current income tax deduction, may allow the asset to be sold without capital gains tax, and provides lifetime income to the donor with the residue to charity upon death.

*Donor Advised Fund* – a gift to a fund sponsored by public charities that allows donors to make a tax-deductible contribution to a fund in the donor's name. Donors can make additional contributions at any time and can grant from that fund to other non-profit organizations.

*Family Foundation* – a gift to a charitable organization created and funded by the donor to achieve one or more charitable purposes. Provides income tax deduction and capital gains tax advantages. Subject to complex tax rules that must be carefully followed. Family members typically play a significant role in governing and/or managing the foundation.

These descriptions provide a very high level overview of just a few solutions that are available to fulfill one's charitable intent. We partner closely with our clients and their legal and tax advisors to help them fully understand the opportunities and implications of these gifts on their overall tax situation and financial plan.

### *Criteria to consider*

I've found that those who get the most out of the non-tax side of their charitable giving experience take a very thoughtful approach to their giving. One of my clients shared, "We have observed needs in our community and realize our donations go a long way to making a positive impact on others." As a family, they have intentionally identified their passions and get a great deal of satisfaction from knowing that their financial support makes a difference.

A client who grew up in a family who provided her with every opportunity to succeed has felt empowered to choose where to invest to make the world a better place. She decided to give back by funding higher education for high school graduates in need. "I am a big believer in making progress one step at a time. One college education given may produce the next great thinker of our time."

Another client shared that one of his motivations for giving was "Being able to honor my father who was not financially able to be a donor but who felt so strongly in one's obligation to better our community." He cites the joy that he and his wife receive in giving, remaining actively involved in the causes they strongly believe in and setting an example for their children.

While giving gives great joy, donors also look for specific criteria from the organizations they support, such as:

- Is the mission of the organization aligned with our passion?
- How much of our donation will go directly to the cause that we want to support versus to administration and fund-raising costs?
- Does the organization publish specific metrics about their programs and how many people they are effectively serving?
- What opportunities exist to become actively involved if that is our desire?
- Are donors treated as individuals and not simply as a source of future donations?

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Since our inception, giving back to the community has been part of the fabric of First American Trust. We find it rewarding to guide our clients through the charitable giving process. We are fortunate to manage the assets earmarked for charity by many families and foundations and share in the excitement and results of their giving. We thank our clients for entrusting us with this responsibility and welcome the opportunity to help others who may need guidance in this area. It's good to remember that every dollar makes a difference, whether a contemplated gift is large or small.

— Kimberly Dwan Bernatz, CFP®, AEP® Senior Vice President  
kbernatz@firstam.com

## Events & Happenings

### Sunday, Monday, Happy Days!

One, two, three o'clock, four o'clock rock! But it was on a Tuesday, July 15, at 11:00 a.m. that we hosted the 40th anniversary of TV sitcom "Happy Days" at The Old Globe in San Diego's Balboa Park with stage and screen star Marion Ross, who is best known for her role in the series as "Mrs. C." First American Trust sponsored the event with a backstage tour followed by a luncheon and program that provided a magical afternoon of entertainment for some 80 guests that included lively stories from Marion about her celebrated stage, film and TV career with firsthand memories of the show that ran for 11 years. Pictured are Marion Ross and Pat Hodgkin.



### Day of Gratitude

This marks the fourth year we hosted a luncheon to recognize donor and volunteer support of Girls Inc. Orange County. The organization supports some 4,000 girls a year from four to 18 through life-changing programs that focus on improving self-esteem, grades and preparation for higher learning and successful careers. Pictured is Kimberly Bernatz with the MC at this year's Day of Gratitude, Helen Luna Benitez, an Alumna of Girls Inc., who, after graduating college and as a result of a networking opportunity between Girls Inc. and First American Trust, is now employed as an accounting assistant with First American Title Company.



### First American Trust Celebrates 20 Years of Fiduciary Excellence and Philanthropy in San Diego

This year, we marked two decades of investment management, trust, wealth planning, retirement plan services and philanthropy through our office in San Diego. "The First American Trust family is proud to have provided dependable, unwavering service to our San Diego clients throughout the entire 20-year span," said Kelly Dudley, president of First American Trust. To commemorate this milestone, we held a reception in La Jolla at the Lodge of Torrey Pines for our clients and current and retired staff pictured from left to right: Carol Powers, Steve Hubbs, Kathy Zickgraf, Jerry Lewis, Leslie Carrillo, Kevin Wilcox and Denise Mehus.



### A Day at the Races!

Some 40 guests partook in First American's annual event from Del Mar Thoroughbred Club's Pat O'Brien Suite. A light lunch was served as attendees guessed which horse and jockey would score a win.



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