

## PRIVATE WEALTH MANAGEMENT



CLIENT-FIRST FOCUS. VALUE-ORIENTED INVESTING. INTEGRATED WEALTH PLANNING. ALIGNMENT OF INTERESTS.

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# IMPACT OF FEDERAL ESTATE AND GIFT TAX CHANGES ON CHARITABLE GIVING

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Due to changes in the Federal Estate and Gift Tax:

- A. Families who would have paid Federal Estate and Gift tax will no longer have the same exposure to potentially significant taxes.
- B. Wealthy families often are seriously concerned regarding substantial inheritance that will pass to future generations, and how it may effect them, possibly hurt them, create loss of incentive (to be productive).
- C. One approach to reduce these concerns is to leave money to charity.
- D. Another benefit is to provide incentive to keep family together through joint responsibility for a charitable vehicle (Charitable Foundation or Donor Advised Fund.)

# FAVORED CHARITABLE VEHICLES

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## Donor Advised Fund

- A. Public Charity
- B. Can have multiple decision makers
- C. Easy to manage
- D. Not subject to required distributions
- E. Can possibly fund with interest in closely held business. (with plan to liquidate)
- F. No excise taxes
- G. Reasonable fees

# FAVORED CHARITABLE VEHICLES - CONTINUED

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## Private Foundation

- A. Controlled totally by family
- B. May use family name
- C. Trust or Corporate entity
- D. Excise Tax
- E. More restrictive regarding charitable beneficiaries and conflicts of interest than DAF
- F. More limited investment options than DAF

# FAVORED CHARITABLE VEHICLES - CONTINUED

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## Split Interest Trusts

- A. Charitable Remainder Trust – Increase lifetime yield, avoid Federal Estate Tax, avoid capital gains tax, support long term philanthropic goal after death.
  
- B. Charitable Lead Trust – Vehicle to provide Charitable Annuity and reduce Federal Estate and Gift Tax.

# FAVORED CHARITABLE VEHICLES - CONTINUED

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## Other Options

A. Outright Gifts – Lifetime use with appreciated securities  
– income tax deduction

B. Gift to establish Endowed Fund to replace annual commitments.

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# Summary