

YEAR END CHARITABLE 2017

Quick Tips on Donor Advised Funds		
<p>Charities Clients can Support 501(c)3 public charities: tax exempt nonprofit organizations *Always check the tax ID before stating can donate</p> <p>Donor Advised Fund Fees Administrative Fee: Greater of \$100 or 0.6% annually Investment Fee (Mutual Fund Fee): 0.015%-1.11%* *Depends on investment pool selected, WAM selects: Moderate Growth 60/40- 0.72% & Balanced Pool 50/50- 0.66%</p> <p>Grant Amounts Minimum Amount per Grant: \$50 Maximum Amount per Grant: Unlimited</p> <p>Timing Considerations Complete contribution by 12/31 in year you want tax deduction</p>	<p>Carryforward</p> <ul style="list-style-type: none"> • Carryforward unused itemized deduction amount for up to 5 years • To the extent possible, must use the carryforward in next tax year • Considered after any current year charitable contributions • Allows for frontload opportunity in high taxable income year <p>Tax Deduction Limits Cash Donation: up to 50% of AGI Appreciated Securities: full Fair Value up to 30% of AGI Note: Not a 1 for 1 deduction; Itemized Deduction</p>	<p>Reminder Discussion Points</p> <ul style="list-style-type: none"> • Nondiscretionary assets: WAM can help strategically donate nondiscretionary assets, specifically positions that are large and concentrated • Positions Not at a Gain: May consider donating positions that are not at a gain in client portfolio; DAFs gives WAM option and ability to shave positions when appropriate • No wash sale rules: can donate and buy stock back in client portfolio right away • Successor Elections: designation provides direction for the funds if something were to happen to the account holder(s) <ul style="list-style-type: none"> • Can name individuals and charities • Important to name successor to ensure funds are granted out as intended • If no successor, the funds are put into Fidelity Charitable's General Fund and granted out as Fidelity sees fit
The Countdown is On: Year-End Charitable Tax Strategies		
<p>Potential Impact of Tax Reform Proposal** Presentation's point of view: Charitable Itemized Deductions maybe more valuable now than ever before; Why?:</p> <p>1) Simplification of tax system:</p> <ul style="list-style-type: none"> • Fewer tax brackets- 4 vs 7 • Eliminate state and local tax (SALT) itemized deduction • Cap on mortgage interest itemized deduction • Repeal of the deduction for personal exemption <p>2) Increased Standard Deduction: Higher hurdle for itemized deductions</p>	<p>2017 Offers Charitable Opportunities Due to</p> <ol style="list-style-type: none"> 1) Potential Tax Reform 2) Unprecedented Long Term Capital Gains 3) Recent Natural Disasters all over the globe 4) Merger and Acquisitions at record highs 	<p>Strategies to Consider for 2017 YE Charitable Giving***</p> <ol style="list-style-type: none"> 1) Accelerate Charitable Giving; Frontload 2) Donate Appreciated Securities with low basis 3) Maximize Carryforward 4) Utilize IRA Charitable Rollover as a Qualified Charitable Distribution (QCD)

**Potential Impact of Tax Reform in more Detail

- High income tax filers are more likely to continue to itemize deductions than lower income earners with the right charitable giving strategy
 - What this could mean for most of our clients (High Income Earners):
 - With the potential increase in Standard Deduction and elimination of SALT itemized deduction, the need for charitable giving will likely increase for those who want to itemize
 - Charitable giving may take the place of SALT itemized deduction
 - 93.1% of individuals with an AGI of \$200,000 to \$500,000 claim the SALT itemized deduction
 - What tax reform could mean for some of our low income tax filers (second generation clients, retired individuals, etc.)-
 - Those who were once able to itemize, may need us to evaluate
 - Potential to frontload charitable contributions and carryforward into upcoming years with uncertain tax reform changes

***Strategies to Consider for 2017 Charitable Giving

- **Utilize IRA Charitable Rollover as a QCD-** May or may not be as beneficial as donating low basis, appreciated stock to charity, but can serve as an alternative for individuals who are at least 70.5 and are required to take a RMD
 - **Maximum Amount:** \$100,000 per person, per year
 - Reduces Gross Income and Taxable Income
 - Immediate Gift to Charity
 - Must contribute directly from IRA to a 501(c)3 organization charity to avoid tax consequences; cannot use a DAF or donate to private foundation
 - The client can use QCD even if they do not itemize- can be way to reduce taxable income for retirees who elect the Standard Deduction in the upcoming years
 - Could also be beneficial to those who continue to itemize deductions and meet the full charitable itemized deduction limits as the tax-free QCD can be done on top of the charitable contribution limits
 - The QCD must come out of the IRA by RMD deadline to count for the current year- need to start process well before year end to ensure the charitable distribution is qualified; WAM targeting key clients

** The information provided should not be interpreted as a recommendation, no aspects of your individual financial situation were considered. Always consult a financial professional before implementing any strategies derived from the information above.

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