

Building Your Philanthropic Legacy



At 1919 Investment Counsel, our clients who are interested in making a difference often ask us for advice on how to leave a philanthropic legacy. There are two threads that need to be considered:

- The strategic object of our client's philanthropic interest and
- The best way to execute the strategy.

The process starts with identifying the issues that you are passionate about:

- What are your areas of interest?
- What needs have you identified?
- How do you want to make an impact?
- How are you affiliated with the organization you want to help?
- Who do you know in the field or at the organization?
- What sort of influence do you have that might induce others to contribute?

After helping you think through these important questions, we will work with you to form a mission statement, or a guiding statement of purpose, that addresses the following:

- What are your values?
- What are your philanthropic goals?
- What's in (and out of) scope?
- Who do you want to help?
- Where do you want to make an impact?
- When do you want to start?
- How much control do you want to have?
- How long should your philanthropy last?

A well-crafted mission statement will serve as a road map for your philanthropy. It will help guide you and others in realizing your vision consistent

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with your values. The mission statement will become the foundation on which your philanthropic legacy will be based.

Planning Strategies

Federal law provides tax savings incentives to donors making a significant gift for philanthropic purposes. These include income, gift and estate tax deductions as well as tax-exempt status for various types of charitable entities, including private foundations and Donor Advised Funds. However, the rules are complex and not easy to navigate. After meeting with you and understanding your mission and goals, we might suggest one or more of the following types of charitable planning vehicles:

- Donor Advised Fund
- Private Foundation
- Charitable Remainder Trust
- Charitable Lead Trust
- Outright gift or bequest to a charitable organization
- Gift of appreciated property
- Part-gift/part-loan structure
- Gift of an IRA during life or at death

Advising on these planning strategies requires an understanding of federal tax rules. Each vehicle has its advantages and limitations. Although 1919 Investment Counsel does not provide tax advice, we are able to guide clients through the planning process and help them think through the possibilities. You will also need to work with an

attorney and accountant when setting up and managing one of these charitable entities. Some of the issues that you will want to evaluate when choosing a vehicle for your philanthropy are:

- How much do I want to contribute?
- What type of assets will be used to fund the philanthropy?
- During my lifetime, will I need the income from these assets?
- How much flexibility will be needed to accomplish the mission?
- Will I be supporting individuals directly or giving to any foreign charities?
- How much privacy do I want?
- Do I want to involve my family?
- Do I want a board of trustees?
- Who will manage the assets and the charitable entity long-term?
- What are the tax issues I should be thinking about?
- How costly is it to set up and maintain one of these entities?
- How should success be measured?

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Oversight of the Mission

After establishing your charitable entity, you will want to make sure your philanthropy is having the desired effect. Oversight of the mission is a core aspect of sound philanthropy. Oversight begins with meeting with the organizations you are supporting, so you can understand what they are doing and how they are managed. You will want to make sure they understand your vision and values. As part of the grant making process, you may want to craft a memorandum of understanding to set goals and establish accountability for the grant. After a grant is made, you also may wish to conduct oversight of the charity's progress to make sure that grant monies are being used as intended. The level of oversight will depend, in part, on the size of the gift.

Socially Responsive Investing

Another important consideration is how the charitable assets will be managed over the long term. Many clients wish to invest in a way that is consistent with their mission and values. At 1919 Investment Counsel, we have a long track record of managing funds dedicated to client-driven principles. We have considerable experience working with large foundations as well as families who wish to have their assets managed consistently with their system of values. We are able to construct a customized investment policy statement and asset allocation model that meets your investment objectives and responds to your social attitudes and ethical beliefs. We can add even greater value by providing personalized reporting on all of your investments, including those with other managers, so you can understand how all of your investments align with your values and beliefs. Socially responsive investing is a unique capability of 1919 Investment Counsel and our ability to understand both sides of the philanthropic coin is central to the quality of counsel we provide.

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A Case Study: Integrated financial, estate and philanthropic planning

In our experience, philanthropic planning involves much more than investing and giving away money. Many of the following topics will arise in the course of our discussions with clients:

- Retirement planning
- Tax planning
- Family governance
- Working with attorneys and accountants

Recently, a new client came to us asking for financial planning advice. We reviewed his estate planning documents, balance sheet and tax returns. We saw that he was about to receive a large deferred compensation payment and would have a taxable estate upon his death. In the course of our conversations, it became clear that he wished to donate at least 10% of his income and wealth to

charity and that he wanted his college-aged children educated about the wealth they would one day inherit. He also wanted to instill in them a sense of philanthropic purpose. We devised a plan that included funding a Charitable Lead Annuity Trust, which allowed for a significant tax deduction to offset income taxes on the deferred compensation. We also helped him set up a Donor Advised Fund that his kids could use to support charitable causes they cared about. We worked closely with the client's outside advisors, including his estate planning attorney and accountant, to structure and implement the plan. In so doing, 1919 Investment Counsel added value not only by providing integrated financial advice but also by helping our client and his family continue their philanthropic legacy across generations.

Working with 1919 Investment Counsel

After helping you formulate the ideas that will drive your philanthropic mission, 1919 Investment Counsel can also work with you and your advisors on management and execution. We have strong capabilities in socially responsive investing and oversight as well as estate planning. We welcome the challenge to work with you to help bring your philanthropic vision to life.

Through careful planning, philanthropy can turn into a lasting legacy for you and your family. If you are interested in philanthropy in the near or long term,

we encourage you to consult your Portfolio Manager or Client Advisor at 1919 Investment Counsel to discuss these ideas and take the next step toward building your philanthropic legacy.

Here are a few of the ways in which we can help our philanthropic clients:

- Understanding your wishes and needs
- Creation of a mission statement
- Choosing the right type of charitable entity
- Research on potential donees
- Advice on grantmaking
- Advice on investing in line with your values
- Creation of metrics to measure success
- Administrative support
- Facilitating governance, communication and oversight
- Facilitating with attorneys, accountants and third party investment managers

1919 Investment Counsel has been advising high net-worth families for 100 years. We have counseled numerous donors and foundations and look forward to tackling new challenges. Always at the center of our work is the client. When we help you build a philanthropic legacy, it will be with your needs and wishes in mind.



WARWICK M. CARTER, JR
Senior Wealth Advisor

Warwick M. Carter, Jr. is a Principal at 1919 Investment Counsel based in New York. As a Senior Wealth Advisor, his primary focus is generational wealth planning for high net worth individuals and families. He also advises on philanthropic planning. When giving advice, Warwick takes a comprehensive approach to assessing all aspects of a client's tax, financial and family situation. Warwick works closely with Portfolio Managers and Client Advisors in all of our offices to integrate wealth strategies with a client's investments. He regularly meets with outside advisors to devise appropriate solutions that will help grow wealth in a tax-aware way over the long term.

Warwick is a graduate of Denison University and the Columbus School of Law at The Catholic University of America. He also holds a master's in taxation from Georgetown University. He is admitted to the bar in New York and the District of Columbia. Warwick is also a member of the New York State Bar Association and the Society of Trust and Estate Practitioners (STEP).

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About 1919 Investment Counsel

1919 Investment Counsel, LLC is a registered investment advisor. Its mission for 100 years has been to provide counsel and insight that helps families, individuals, and institutions achieve their financial goals. The firm is headquartered in Baltimore and has regional offices across the country in Birmingham, Cincinnati, Dallas, Houston, New York, Philadelphia and San Francisco. 1919 Investment Counsel seeks to consistently deliver an extraordinary client experience through its independent thinking, expertise and personalized service. To learn more, please visit our website at www.1919ic.com.

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